



The Greens | European Free Alliance
in the European Parliament

Green proposals and policy options for the way forward in Greece

The Greens/EFA group urges Eurozone governments, the European institutions and Greece to work towards a solution to address the social and humanitarian crisis in Greece, ensure economic recovery and, to this end, make Greece's debt burden sustainable and believe this includes the following elements:

- A more sustainable debt burden: Greece's debt burden is unsustainable. The two adjustment programmes have been based on overoptimistic underlying assumptions regarding growth, with the result that Greece has been stuck in a vicious circle of ever-increasing austerity measures in exchange for loans. A country in such a deep crisis cannot be expected to prioritise the repayment of debt over urgent social needs and the provision of basic public services. Greece's primary surplus target of 4.5% of GDP needs to be reduced, starting at 1.5% for 2015 and gradually increasing to 3.5%. There is a need to both extend the maturity of the current loans and reduce the interest rate paid. There should also be the provision to enable the swapping of debt held by public creditors with GDP linked bonds in response to adverse shocks.
- Socially fair burden-sharing: a substantial wealth levy needs to be put in place to ensure a socially fair sharing of burden in Greece, with a view to also recovering resources lost through large capital outflows from the richest part of society over the past few years.
- Third assistance programme: a third assistance programme will also be required covering the roll-over of debt coming to maturity (around €55bn in total by 2020). The programme could be financed by funding already foreseen for 2015 and 2016 in the second programme, combined with the purchase of additional GDP-indexed bonds by the ESM, an additional precautionary credit line under the ESM and market financing. The ECB's Quantitative Easing programme could also play a role. In combination with assistance, the programme should focus on improving public governance, including measures for tackling tax evasion and tax fraud, judicial reform, party financing, media freedom, as well as measures to tackle the privileges of oligarchs and other protected sectors such as the Church and the ship-owners.
- Reducing the burden of bank recapitalisation: significant debt relief could be provided to Greece by means of an ex-post direct recapitalisation of Greek banks, under the new programme, as foreseen by EU governments under the European Stability Mechanism (ESM).

- Economic governance and the role of the Troika: the new programme must be defined and negotiated outside the Troika framework under the provisions of the EU's economic governance rules ("two pack"), which include a debt audit obligation, and hence within the community method so as to ensure full control of the European Court of Justice. The ECB should play a non-negotiating role of 'silent observer'.
- Green Recovery Plan for Greece: a properly conceived and designed EU investment plan could provide €30bn of investment stimulus in Greece over the next three years without adding public debt to the Greek public sector. Such stimulus is required on top of the debt relief measures so as to allow the Greek economy to start a recovery on a Green and sustainable basis.
- European conference on debt and the Eurozone: an EU-wide conference should be convened with a view to reassessing the overall sovereign debt burden on the basis of an enlarged debt sustainability concept. Furthermore, the conference should aim to take decisions on a common financial and economic policy for the Eurozone democratically controlled by the European Parliament.

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