



## EUROPEAN CITIZENS' INITIATIVE

**Title:** NEW DEAL 4 EUROPE - FOR A EUROPEAN SPECIAL PLAN FOR SUSTAINABLE DEVELOPMENT AND EMPLOYMENT

**Subject-matter:** A public investment plan to help Europe get out of the crisis through the development of knowledge society and the creation of new jobs especially for youth.

**Main objectives:**

- a EU special program of public investments for the production and financing of European public goods (renewable energy, research and innovation, infrastructural networks, ecological agriculture, protection of the environment and cultural heritage);
- a special European Solidarity Fund to create new jobs especially for young people;
- increasing the own resources of the European budget through a financial transactions tax and a carbon tax.

**Provision(s) of the Treaties:** Article 3 of the TEU, Articles 38, 39, 145, 170, 171, 173, 179, 180, 181, 311, 352 of the TFEU.



## **ANNEX : FOR A EUROPEAN SUSTAINABLE DEVELOPMENT PLAN**

In today's radically changing world, necessitating a rational and efficient use of natural resources (food, energy), Europe must implement a strict policy of control of resources, in order to bring about an equitable and sustainable transformation of its economic and production system.

The route of strict budgetary discipline (both for states and for individuals) and sustainable development is one that can be followed only through a common European effort. Growth can be resumed only through investments that make European businesses competitive, reducing the consumption and costs of energy and raw materials, maximizing the use of information technologies, developing and spreading the knowledge society, and re-balancing purchasing power.

But unless it is made perfectly clear that it is possible to start moving towards a new and different stage of development, this crucial opportunity to include the European economy in the new global cycle will be lost.

The capacity to produce high-tech industrial goods, advanced services and cultural goods is already widespread in many sectors and areas of the European economy, but this capacity will not spread, increase and improve unless it is part of a specific strategic choice.

The creation of the common market, and then the single market, allowed Europe to enter long expansionary cycles. What is called for now is a similar choice, geared at ensuring Europe's full integration into the new global economy. Although the proposals circulating in this difficult period for the European economy are often along the right lines, the fact that they are restricted to the single national frameworks reduces their feasibility, effectiveness and economic impact.

One need only consider the most outstanding example, that of investments for research – especially in the field of new energy –, in order to appreciate that purely national programmes, not integrated at European level, are an appalling waste of resources, completely incompatible with the necessary austerity policy that is now shaping budgets in both the public and the private sector.

It has become essential to launch a “European plan”, limited but decisive, in order to show Europe's economic and social actors the direction that has to be followed. It falls on the European Commission primarily to put the necessary measures to the European Parliament and the Council of Europe and to present them to Europe's citizens and political, economic and social forces.

This “plan” must also cover relations with those areas that, on account of their geographical proximity, are most closely linked with the EU, especially the Mediterranean countries that have recently started a process of radical political, economic and social change.

The investment plan once proposed with great foresight by Jacques Delors must now be realized in a form designed to create the conditions of competitiveness, sustainability and social coherence on which Europe's revival depends.

It is up to the Commission to indicate which projects to support, to make sure they are feasible and to ensure that they are managed in a rigorous and transparent manner. Ultimately, the European budget should be financed entirely by the EU's own resources: -and the carbon tax, the tax on financial transactions, and the new European VAT should be its key components. The proposals already put forward by the Commission with regard to the carbon tax and the tax on financial transactions are, indeed, essential elements of the “plan” and their adoption would secure it the funding it needs.



The carbon tax, moreover, could push the economic system in the direction of sustainable choices; in addition, it is compatible with transitional measures aimed at increasing the tax on goods imported from areas that have not adopted similar measures.

The tax on financial transactions, on the other hand, could be exploited as a means to ensure that the change of the economic system is socially sustainable in the transition phase, as it would allow significant refinancing of the European Globalization Adjustment Fund (whose tasks would be redefined) and the shifting of at least part of the tax burden from unskilled and precarious labor to financial returns. The launch of the “plan”, with its common, European wide taxation measures, should be accompanied by a reduction of the costs currently sustained by the single member states in areas of joint action.

Since its main purpose would be to stimulate investment, the “plan” would have to include major multi-annual projects and the financing should cover a number of years. This would mean starting to issue European project bonds and involving the EIB in the preparation and management of the said investments. These would be implemented through an “Assets Fund” which would retain ownership of the investments made (in areas funded by the “plan”), thereby ensuring the availability of resources for future generations – resources that will also be generated by deferred returns on these investments.

#### *Financial aspects*

The necessary resources for financing the plan should come from a financial transactions tax and a carbon tax (according to a mechanism similar to that regulating the assignment of a percentage of the VAT to the European budget) and the issuing of a European loan through Euro project bonds. The tax on financial transactions would have to generate around 30/40 billion euros of additional resources for the European budget in order to guarantee adequate funds for research and for the refinancing of the “fund” “set up by the Commission in 2006 to cope with the difficulties created by the adjustment of the labor market to globalization. This would bring the EU budget close to the ceiling of (1.27 % of GDP) previously agreed between the member states.

In past expansionary cycles Europe managed to create over 15 million new jobs. The present “plan”, being designed to boost competitiveness, particularly of the services sector, thereby halving the current unemployment rate, should allow the creation of at least 20 million new jobs.

The investments envisaged by the “plan” should amount to at least 300/500 billion euros, to be paid over 3/5 years. To cover the issuance, by the EU, of European project bonds or guarantees, the carbon tax would have to be capable of generating income in the order of at least 50 billion euros/year. The use of the carbon tax to support the investment plan in the start-up phase would be entirely justified by the fact that the tax itself would tend to diminish as the European economy – also thanks to the proposed “plan” – will make greater use of non-CO2-generating energy sources.

At the end of the “plan” the Union would have assets probably worth at least twice the investments made, thereby guaranteeing the upcoming generations adequate support. In particular, the “Assets Fund” could support the entry of young Europeans into the working world, through community service projects aimed at young people who have come to the end of their studies (along the lines of the “Erasmus” projects), training projects geared at eliminating the phenomenon of insecure employment, and projects promoting self-employment and the development of youth entrepreneurship.

#### *Partial or complete activation of the “plan” by a group of member states*

To guard against the possible emergence of insurmountable difficulties precluding the participation of all member states, the door should remain open to an enhanced cooperation between at least nine member states by applying the relevant rules of the Lisbon Treaty.