

A Green New Deal beyond growth for the EU: Executive Summary

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Policy Brief



Context

The European Union is currently facing a **crisis** on three fronts: **democratic**, **economic** and **ecological**. Trust in EU institutions is lower than ever, wealth inequality among Europeans is soaring, and little to no progress has been made toward reducing the EU's material footprint and protecting its plant and animal species in the past decade.

In 2020, the European Commission launched the **European Green Deal**, promising a revolutionary vision for a socially just and sustainable EU economy. However, this program has proven largely **insufficient to address the polycrisis**. Lack of public funding and the overreliance on private investments have diluted the transformative spirit of the EGD and turned achieving a green transition and social justice into a zero-sum game.

Problem diagnosis

The problem is that the deal operates on the **assumption that GDP growth is necessary to fund green programs** and can ultimately only benefit Europeans. However, multiple studies have proven that not only is GDP growth unlikely to foster the changes necessary to protect the environment and decarbonize the European economy, it is in fact **detrimental to these goals** since it involves expanding production & consumption and therefore increasing overall energy and material use.

Decarbonization with growth is like trying to run down an escalator that is accelerating upwards.

Rather than a growth-centric program that is largely reliant on private funding and market dynamics, Europeans need a *Green New Deal* that puts **social justice at its center** and that aims at satisfying their basic needs while **reducing the oversized ecological footprint** of the EU economy. Public financing and coordination of robust welfare measures will be necessary to this end.

Policy recommendations

In order to build a Green New Deal which does not rely on GDP growth for its financing, **four key policies** are proposed.

Progressive wealth taxation

The only way to shrink the carbon footprints of the wealthiest Europeans and to generate revenue for a green welfare system is by reducing their wealth through higher taxation.

Example: a **wealth tax as high as 90%** for individuals owning more than 10,000 times the average individual wealth in the EU.

New public financing tools

A two-tiered strategy to **expand public resources** without driving demand and excess inflation.

- **EU level:** the ECB can create money through monetary policies like quantitative easing. This was done in response to the covid crisis.
- **National level:** Member states can use taxation to regulate the exchange-value economy and to reduce excess private consumption.

Universal Job guarantee

Establish a permanent program that supplies **employment opportunities** on demand for **all who are ready and willing to work** at a decent, living wage, focusing on community needs not met by public services.

- Public authorities have the duty to fund the employment of anybody who wants a job but cannot find one in the private labor market.
- These jobs should cover **activities that are socially and/or ecologically desirable** but neglected by for-profit companies.

Universal public services

By expanding public services, we can enable people to **access the goods needed** to live well **without** needing high levels of income and therefore **additional growth**.

Adequately finance public providers in the sectors of healthcare, education, housing, transport, food, energy and water.

- Where possible, **provision systems should be nationalised** and **EU funds** should be allocated to national governments to support these systems. This most strongly applies to healthcare, education, and energy and water systems.
- For the **housing sector**:
 - limit the number of rental units that any individual or firm can own and require the sale of surplus properties.
 - empower city governments to buy units to expand the public housing stock and improve the quality of housing.
- For the **transport sector**:
 - public transit should be free and accessible to all.
 - in places where existing public transit infrastructure is inadequate, it should be developed to the point where people do not need cars on a regular basis.