



PES General Resolution **adopted by the PES Council on 24 November 2011**

The crisis that Europe is facing is not over. We are not heading towards more growth. We are not heading towards more jobs. On the contrary, Europe is heading towards more unemployment and a new recession so long as policies are not changed.

Millions of European citizens continue to suffer the consequences of the most serious economic, financial and political crisis in recent times. They did not cause this failure but they are left with the burden. This was a double failure. It was a failure of the financial system and a failure of response. The financial system failed because of greed and the response failed because of the reluctance of the conservative and neoliberal majority in Europe to confront that greed.

For too long, Europe has been left in the wrong hands. Now is the time for change. Now is the time for a new progressive majority to bring Europe back on track. The political tide is turning. As new majorities are being formed, we will press forward with our progressive way out of the crisis.

We, the PES and all our member parties and organisations, are ready to take responsibility, and carry Europe in a new direction. Our plan is ready and it is clear. It is a plan that will create jobs, foster growth, and secure strong and stable public finances. We are ready to revive a Europe that means prosperity, confidence and hope.

Our way is the only fair and sustainable way out of the crisis. The key pillars of our plan include:

1. **An investment plan for green growth, jobs, social and territorial cohesion.** Reducing public expenditure is not a sufficient approach to overcoming the crisis. On the contrary, an adequate programme for the EU27 of **€ 210 billion of public and private investments annually - entailing an increase of 1.1 percentage point for public investments - would create 12 million new jobs over the next 10 years**, pushing unemployment back at 7.7%, while allowing for the public deficit to be reduced to an average of 1.2% of GDP between 2016 and 2020. Such **large scale investments are needed to create new and better jobs and generate sustainable growth.** Innovation and revitalised industrial production, improved health and care will create many of the decent jobs urgently needed in Europe, especially for young people, women and elderly workers. Better education, skills and innovation are key policies. Our plan is based on a system of broad social contribution and deep social protection. It strives for a green and carbon-free economy. It strengthens Europe's industrial base, and promotes the better use of EU funds to protect and promote fair growth and solidarity in the whole region.

We have a concrete plan to finance this programme. It is based on fairness. A Financial Transaction tax and green taxes must be part of a new fair financing plan for investment. Tax evasion must be fought, and our tax systems must be made more progressive. Wage earners' organised saving in pension funds and insurance companies should be protected against new losses in financial markets. They should be shifted



towards the financing of long-term investment in public-private partnership projects. This will also ensure more jobs as well as stable revenues to wage-earners' pension savings.

2. A 'democratic spring' for the financial sector. This must include the establishment of a European Independent credit rating agency and of a Financial Transaction Tax without loopholes. We must separate retail and investment banking to shelter the savings of our citizens, a ban on naked short selling and Credit Default Swaps and other harmful practices, and provide the newly created European Supervisory Authorities with sufficient powers. The financial markets should never have been allowed to become the masters of our societies. **We are three years after Lehmann brothers, but in reality, financial reform is 30 years overdue.** We need to reclaim the ground that has been lost in recent years. We need to put finance back where it belongs, back where it was: as the servant of the real economy, as the servant of our societies.

3. A stronger and more democratic system of economic governance: As an immediate first step to stabilise the eurozone sovereign bond markets and thus make public debt sustainability possible, it should be considered to allow the EFSF to be directly refinanced by the ECB. The creation of a Eurozone Stability Agency that could include the possibility to issue Eurobonds, would allow the eurozone to manage in common a determined part of public debt and finance cross-border investments for growth and job creation. This would also pitch the full weight of the eurozone against market speculators. We, the PES, are placing these reforms in the framework of a broader common economic and social strategy for the eurozone. Therefore it must include measures to reinforce mutual surveillance and fiscal responsibility which should not be to the detriment of the European social model, without European interference on national wage policies. We must also ensure strong democratic accountability and legitimacy. In this respect, the European Parliament must be put on an equal footing with the Council. This is the Europe we want. Not one where key decisions are taken by two conservative governments behind closed doors. At the same time, we must use the flexibility built into the Stability and Growth Pact to leave room to maneuver for member states that need it, including for non-eurozone countries. The clear principle in Europe is that only a sound economy based on more jobs and better public finances can create the success of the European people in the future. The first priority is that the member countries should, as part of a common European approach, promote a balanced and stable economy avoiding excessive deficits while at the same time creating growth and better employment.

4. A united Europe on the global stage. In this period of high financial, economic and social turbulences, the EU must speak with one progressive voice within international organizations (UN, IMF, WB, ...) and the G20. In this new multipolar world, the EU must take the front role for progressive solutions on Financial regulations, Trade, Jobs, and decent work. Tackling climate change and a sustainable globalization process, the EU must promote democratic governance, the development of UN Social Protection minimum standards for all

Our model is a social model. Our model is a democratic model. And it is a model that we are not developing alone, but one that is solidly grounded in our societies. Our Progressive European Convention on 25 and 26 November, which includes over 100 different parties, trade unions, NGOs, citizens groups, and activists, is a powerful statement of this intent. It represents the widest consultation a European political party has ever undertaken. We do not do politics behind closed doors. Our way of doing politics is that which engages with society, that which finds its inspiration in society, that which is there to serve society.

In contrast, the result of the right-wing response to the crisis can be summed up in three words: *austerity, austerity, austerity*. There is no room for doubt: their way is not working. All it does is to worsen the lives of ordinary citizens. It is time for change. European citizens are fed up. They are wary. They are nervous and worried for their futures. They are angry because they are the victims



of a crisis for which they are not responsible. They are angry because they are paying the price of austerity. They are crying out for a different type of politics that will not make them the scapegoats for the failures of the market and for the failure of the wrong policy decisions that are driven by a biased neoliberal ideology. They must be put back in the driving seat of society.

We, the PES, said it time and again. We have been warning for the last two years that Europe is heading in the wrong direction. Today, our warnings have become the reality: some 25 million people throughout Europe are left without a job, without a tangible power to earn. 25 million citizens are wondering why they lost their jobs. 25 million people are questioning their role in society. There is a hunger for a new direction. A direction where a knowledge-based economy is thriving, towards life-long learning for all citizens.

We can offer this new direction. We have a clear way out of the crisis that will preserve the welfare state and use it as an instrument of growth and recovery. A way that will not punish ordinary citizens for a crisis they have not created, but that puts them back in the driving seat. A way that will solve the crisis by addressing its root causes, that is fair and sustainable, and that builds on the principles of European solidarity. A way where trade unions get their legitimate right to bargain for collective agreements, with fair pay and decent jobs.

The crisis is not only economic. It is not only social. It is also a crisis of our European ideal and of democratic values. The democratic legitimacy of the European project has been seriously damaged. Progress on gender equality and women's rights are facing a serious backlash across Europe. The sense of community, of solidarity, of pride to be citizens in our European welfare societies, the sense of confidence and hope have been eroded. Years of neo-liberal policies have allowed financial markets to gain an inordinate amount of power. This must be stopped. The bottom line is this: we can no longer allow the financial markets to dictate public policy. We are determined to put politics back in the hands of the people. To put politics back at the service of our societies. To regain full democratic control in our countries and in Europe.

Let's win back Europe. Our alternative is possible. By regaining a new progressive majority, we will be able to realise our plan for the benefit of all Europeans. Where there is a will, there is a way, and we have both

