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Resolution n°1

People first: A Progressive European Agenda

The world is experiencing a profound and prolonged global financial and economic crisis. Ordinary families are suffering the consequences. The crisis has come at a time when our peoples were already facing the historic challenge of dangerous global warming and rising social inequalities due to a flawed conservative economic paradigm. We want radical reform for a new age of fairness and responsibility. And it is our conviction, as Europe's socialists, social democrats and progressives that to meet our goal of shaping a new globalization of human progress, we must forge a new, progressive European agenda in a strong European Union.

In today's globalised world, no single nation can shape the future for its people. We believe that through shared, democratic sovereignty, the European Union can give our countries and our peoples the power we have lost to global forces. We must give the European Union a strong and purposeful, common voice, so that other regions do not decide our futures for us. It is our conviction that we can only achieve social democratic objectives through decisive action and engagement at the European and global levels. The current crisis is accelerating the emergence of a new global order of regional powers. The election of progressive governments in the US and Japan gives us a unique window of opportunity to pursue a progressive agenda, so we must use it proactively.

The current crises – financial, economic, environmental and social - make it imperative to bring lasting transformational change to our economies and societies. While social democratic governments have been most proactive in taking strong action to avert an economic depression, we are threatened with many years of sluggish growth if we do not sustain our reform efforts and build a new growth model.

We believe that smart, green growth can successfully power our societies into the future, while protecting our planet. But the financial system – so divorced from people's needs – must become the servant of the real economy and of our collective interests. The European Union – as the largest economy and single market in the world – has a fundamental responsibility to ensure robust regulation and supervision. It also has the fundamental capacity to drive this new model of sustainable growth – through policies, coordination and resources.

The Party of European Socialists is Europe's second largest political family, represented in all EU institutions. It is our responsibility and our ambition to propose a new progressive European agenda to exert maximum influence on the next five-year strategy of the European Union and fulfil the vision and proposals of our PES manifesto "People first: A New Direction for Europe".



Our strategic priorities for the European Union

Our priorities for the next five-year strategy of the European Union focus on the main challenges Europe's peoples are facing. We believe that the new democratic provisions of the Lisbon treaty should now be actively deployed and all governance levels - from the local, regional, national, European to the global – should fully participate in achieving these priorities:

1. To secure a strong recovery and a new sustainable and socially just growth model
2. To achieve fundamental reform of the financial markets to preserve us from future crisis and serve the real economy
3. To fight climate change and secure clean energy into the future
4. To promote strong, fair and effective welfare systems in a globalized world: a New Social Europe
5. To shape a globalization of human progress in a new global order

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1. To secure a strong recovery and a new sustainable and socially just growth model

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The global economic crisis has destroyed the jobs and livelihoods of ordinary people across Europe. European and international coordination of economic stimulus and financial policies has been fundamental to avert even worse: economic depression. Social democratic governments have been at the forefront of these coordinated efforts. But other governments have not put fairness sufficiently at the heart of the crisis response.

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Sluggish growth could now lead to a lasting decline in people's living standards and new divides between Member States if we do not take stronger, coordinated action in the European Union and globally. It is crucial that we act collectively to avert alarming rises in mass unemployment and social inequalities.

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We are committed to undertaking a profound reflection on a new paradigm for the future of progressive societies. In the short term, what is urgently needed is a strengthened, progressive recovery plan of stronger coordination and European instruments, with an entry strategy into the labour market and European solidarity at its core. Conservatives and liberals advocate cuts to public economic stimulus and would leave the unemployed jobless, but we believe this would tip our economies back into a deep recession and destroy even more jobs. High public debt is not the cause but the result of this crisis. Public guarantees and supportive demand policies have saved our economies. So we must sustain these efforts until we're successfully winning the fight against unemployment, otherwise we will pave the way for a long-term recessionary debt crisis and a lasting decline in living standards. Targeted public investments and incentives for private investment and consumption will safeguard and create jobs. Social policies, especially those on lower incomes, will protect those hardest hit and benefit the overall economic recovery.

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The EU has for too long been mired in a myriad of different and sometimes conflicting policy strategies; the conservatives have allowed a drift to unbalanced and ineffective policies. This stronger, more progressive European recovery plan must pave the way for a new sustainable and socially just growth model. Our mutual interdependence within the European Union means that we cannot effect transformational change in isolation.

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80 Globalization has brought about massive restructuring to our manufacturing industries and
81 has challenged our industrial base. This has had negative consequences for social cohesion
82 in many of Europe's traditionally industrial cities and regions. We believe there is a future for
83 European industries. But this future must be nurtured through active partnership for renewal
84 amongst governments, industry and the social partners at national and European levels. We
85 want Europe's industries to play a central and dynamic role in transforming our economies
86 and developing our regions by fostering world-class innovation and green technologies.

87
88 The time has come to establish a 10-year development strategy for Europe's societies,
89 making economic, social and environmental reform the drivers of a new type of growth. A
90 radical shift towards smart, green growth: coordinated macro-economic policies to amplify
91 our growth potential across Europe; progressive industrial activism, taking green and digital
92 industries into the very mainstream of our societies; making full use of productive social
93 policies to fight poverty and serve society; a far-reaching shift to sustainable production and
94 consumption; turning a responsible immigration policy into a dynamic factor economic and
95 socially; and, developing an inclusive, knowledge society through coordinated and ambitious
96 lifelong learning, innovation and research policies. These are six essentials for a new
97 strategy.

98
99 Our 10-year strategy will require the reform of existing and new European policies, as well as
100 coordinated national policies and resources. The European budget must be reformed to
101 reflect today's priorities and challenges. The financial crisis has placed extraordinary
102 demands on public budgets. Member States should explore reinforced European cooperation
103 to attract international financial capital, for example through the pooling of national bonds.
104 The revised Stability and Growth Pact should give maximum flexibility to Member States to
105 make quality public investments.

106
107 We believe our new strategy should bind together all stakeholders – at all levels - to invest
108 their efforts together towards its progressive goal: a new, sustainable and socially just growth
109 model for a new age.

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111 **2. To achieve fundamental reform of the financial markets, preserving us from**
112 **future crisis and serving the real economy**

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114 There can be no lasting recovery or new growth model without fundamental reform of the
115 financial markets. The principle of all reform must be **never again**: we will not accept new
116 financial crises. Robust regulation and supervision must have two goals: to make financial
117 markets serve the real economy and ensure financial stability. Banks have to get back to
118 basics, serving people and businesses. The shadow banking sector must operate according
119 to the same principles and system of regulation.

120
121 Conservatives and liberals have only just begun to speak the language of financial regulation
122 in the past year. Their proposals are piecemeal; their commitment to fundamental reform
123 unconvincing. We must act decisively to overcome resistance to regulation. **There can be no**
124 **room left for regulatory arbitrage. Universal legislation** should cover all financial actors,
125 products and transactions, including hedge funds and private equity funds. **European and**
126 **international cooperation should put an end to** tax havens and offshore financial centres.
127 Transparency and accountability must run through the entire financial system. **Strong and**
128 **coordinated European, national and international supervision** must be established, with
129 clear competences for monitoring, sanction and intervention at the right levels.

130
131 We cannot allow the re-emergence of systemic risk, excessive risk-taking and excessive
132 leverage in the banking and shadow banking sectors. This will demand new mandatory



133 capital requirements, caps on leverage, and tough, new rules on executive pay. Workers'
134 interests must be protected: both their rights in the event of leveraged buy-outs and other
135 such financial takeovers, as well as their pension savings when they are invested on their
136 behalf on the financial markets.

137
138 Millions of jobs have been lost and companies bankrupted. People in poor, developing
139 countries have been hardest hit, despite their distance from the origins of the crisis. Public
140 budgets have been strained, which will result in tough spending choices in our countries and
141 internationally. Ordinary families and businesspeople should not be solely responsible for
142 bearing the weight of these massive costs. The financial sector should share the burden. The
143 European Union should therefore consider a new initiative for a financial transaction tax,
144 contributing to financial stability, by discouraging short-term speculators, and generating new
145 resources for public exchequers to tackle global challenges like climate change.

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148 **3. To fight climate change and secure clean energy into the future**

149 Climate change is accelerating at an alarming pace, beyond the worst scientific expectations.
150 The world is on course for dangerous global warming – which will irreversibly damage our
151 planet and put humankind at risk – unless we act now.

152
153 The European Union must play a leadership role for a new global climate deal at the UN
154 summit in Copenhagen. The agreement must reflect the historic responsibility of the
155 industrialised world and also the imperative of all countries to act. The PES believes that the
156 minimum target should be a 30% reduction in greenhouse gas emissions by 2020 and 80%
157 by 2050, in addition to binding mid-term targets. Binding emissions reduction targets are
158 needed for aviation, maritime traffic and agriculture. The mechanisms and financing means
159 must be established, including a global carbon trading system and an adequately resourced
160 global climate fund for mitigation and adaptation across developing countries. Innovative
161 financing instruments must be elaborated to meet the scale of investment needs. We believe
162 a new institutional framework is needed to govern, manage and monitor the implementation
163 of the Copenhagen agreement.

164
165 The European Union should step up its actions to meet a 30% emissions reduction targets
166 by revising all relevant policies and the European budget as well as establishing new,
167 ambitious emissions-reduction initiatives. The fight against climate change – such as by
168 radically stepping up energy efficiency and renewables – will also serve to secure Europe's
169 energy security by lowering our dependence on external energy sources. It is vital that we
170 develop a fully-fledged and effective common European energy policy. Massive investments
171 will be needed for this new generation of climate and energy policies. The success of the
172 European "Climate Awareness Bond" of the European Investment Bank points to the
173 potential of innovative forms of financing for these investments. Therefore, we believe the EU
174 and its Member states should consider the introduction of a specific Green Bond initiative at
175 national level and possibly also at the European level.

176
177 Preserving the climate should become a driver for new, sustainable growth. Technology
178 transfer to the developing world is crucial. All large, polluting sectors, such as aviation or
179 maritime, should be tied into emissions reductions. Deforestation is a central cause of
180 climate change and a threat to humankind. It must be halted and reversed.
181 There are no acceptable reasons for a failure to act. The future of humankind depends on it.

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185 **4. To promote strong, fair and effective welfare states in a globalized world: a New**
186 **Social Europe**

187 Europe's welfare states have been fundamental in protecting ordinary people from the
188 harshest effects of the financial and economic crisis. But there are now far higher pressures
189 – resulting from mass unemployment and an ageing population - in a context of tighter
190 financial resources. The risk of permanent social divides has grown due to the crisis.
191 European solidarity is essential to prevent these divides from rising. We must reshape
192 Europe's welfare states to meet these challenges based on proactive European cooperation.

193
194 European policies and resources should be geared towards promoting strong, fair and
195 effective welfare states to deliver for people in a new Social Europe. The PES manifesto
196 presents detailed proposals on how to achieve this goal. There can be no high, stable,
197 quality employment without a well-functioning welfare state – and no sustainable welfare
198 state without high, stable, quality employment. So, we must resolutely fight unemployment
199 through our strengthened recovery plan and entry strategy into the labour market and by
200 proposing a European Employment Pact, with new, short-term and longer-term solutions for
201 high quality employment throughout the life course. Attention should be paid to facilitating
202 entry into the labour market for young people – for example through large-scale support for
203 internships and apprenticeship programmes. The European-wide programme “New skills for
204 New jobs” should ensure a massive re-skilling for new jobs. Schemes to enable employers
205 to prevent job cuts, such as “intelligent work-sharing” combining reduced working time with
206 training programmes, should be implemented. European employment and social legislation
207 should be strengthened wherever necessary to maintain high standards and a level playing
208 field across the Single Market, for example to ensure mobility does not undermine working
209 standards and wages. Furthermore, gender inequalities are stifling progress: we need a
210 European Women's Rights Charter and implementation of all our manifesto proposals to
211 achieve real gender equality in our New Social Europe. It is also essential that European
212 business and competition rules must not conflict with our ability to deliver public services.
213 Therefore, a European framework for public services is essential for universal and equal
214 access.

215
216 The financial and economic crisis throws the challenge of building a new Social Europe into
217 stark relief. But we cannot falter. Strong, fair and effective welfare states are fundamental for
218 ensuring a better future for our citizens into the twenty-first century.

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221 **5. To shape a globalization of human progress in a new global order**

222 Today's enormous global challenges are deepening inequalities and compromising the ability
223 of developed and developing countries to secure progress for people across the world.

224
225 A new global order is emerging of regional powers. The European Union must ensure that
226 other regional powers do not decide our future for us. We now have a window of opportunity
227 to build strong partnerships with progressive governments, such as the US, Australia, Japan
228 and Brazil, to shape together a new globalization of human progress.

229
230 While conservatives and liberals want people to adapt to globalization, we want to shape it.
231 The Lisbon Treaty will equip the EU with a strengthened capacity to act: a unified office of
232 EU High Representative for Common Foreign and Security Policy and a President of the
233 European Council to give a stronger and clearer voice globally; the ability to pursue a **more**
234 **consistent and coherent external action** comprising CFSP, trade, cooperation,
235 humanitarian aid and the external dimension of internal policies such as energy, research,
236 education, employment; and, a service of external representation to promote our collective
237 interests in third countries.



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We must define a **progressive European external agenda** to shape a new globalization of human progress, aimed at ensuring a better future for people and planet into the twenty-first century. Decent work, environmental protection, social justice, peace keeping and peace building, financial market reform, fair, free and sustainable trade. These are amongst the ingredients for a better world. For this purpose, we must engage fully with the rest of the world: extending peace, stability and prosperity in our neighbouring regions through an energetic and expanded neighbourhood policy; deepening transatlantic cooperation with the new US administration; nurturing our strategic partnerships with key global players; vigorously pursuing the reform, representation and development of global governance institutions, building on the new momentum created by the G20 process.

It is our profound conviction that we must secure a **Global New Deal** for a new global order of social justice, sustainable development and democracy.

