

← NEXT LEFT →



INSIDE

INTRODUCTION

The Leaders' Visions for Europe's Future

- 4 Ernst STETTER, Karl DUFFEK,
Ania SKRZYPEK

Responding adequately to contemporary challenges

- 12 Alfred GUSENBAUER

TIME FOR A NEW DIRECTION

- 24 Sigmar GABRIEL
54 Martine AUBRY
66 Borut PAHOR
72 Wouter BOS

ENDURING VALUES, ENDURING VIRTUES

- 94 Gordon BROWN
104 Jutta URPIILAINEN
112 Eamon GILMORE
122 Joseph MUSCAT
132 Mircea GEOANĂ

BREAKING DOWN NEO-LIBERAL MYTHS

- 138 Caroline GENNEZ
146 Elio DI RUPO
158 Yiannakis OMIROU
162 Jüri PIHL
178 Jānis DINEVIČS
184 Grzegorz NAPIERALSKI

TOGETHER, WE ARE STRONGER

- 192 Jens STOLTENBERG
198 Zita GURMAI
204 Pier Luigi BERSANI
220 Riccardo NENCINI
228 Algirdas BUTKEVIČIUS

JOBS, WELFARE AND PROSPERITY

- 236 Martin SCHULZ
248 Mona SAHLIN
266 Werner FAYMANN
278 Ildikó LENDVAI

BEYOND THE NATION STATE

- 290 George PAPANDREOU
300 Jiří PAROUBEK
306 José Luis RODRÍGUEZ ZAPATERO
314 Poul Nyrup RASMUSSEN

BIOGRAPHIES



"Next Left – The Leader's Vision for Europe's Future"

First published in Belgium in 2010 – By FEPS - Foundation for European Progressive Studies.

Editors of the "Next Left" series: Dr. E. Stetter, Mag. K. Duffek, Dr. A. Skrzypek

Designed by: Ogilvy Belgium

Copyright © FEPS – Foundation for European Progressive Studies and Renner Institut

This book is sold subject to the condition that it shall not by way of trade or otherwise be lent, resold, hired out, or otherwise circulated without the publishers' prior consent in writing in any form of binding or cover other than that in what it is published and without a similar condition being imposed on the subsequent purchaser.

ISBN 978-3-85464-032-5

Every speech, photo and biographical information has been authorized for the purpose of this volume by the international secretariat of the party of the respective leader.

The word clouds that are constructed of the most used words of each and every speech have been generated automatically. The aim of placing them at beginning of each speech is to provide the reader with the keywords of that speech.



Introduction



Next Left: the leaders' visions for Europe's future

The idea of this book was conceived within the "Next Left" initiative. It is a project that was launched directly after the European elections in 2009 by FEPS – Foundation for European Progressive Studies with the support of Renner Institut.

Throughout the past nine months, it has gathered academics, politicians and journalists from all over the continent. Under the leadership of Dr. Alfred GUSENBAUER, former Chancellor of Austria, they analyzed tirelessly the state of social democracy and possible future scenarios. The initial findings of their research, the reflections formulated during debates and comments received from the national round tables were published in the first volume of the "Next Left" book series in December 2009. The first book constituted an intellectual contribution to the pan-European debate on the renewal of social democracy and its launch at the eve of the PES – Party of European Socialists Congress in Prague, Czech Republic was warmly welcomed.

The reception of the first volume was an encouragement. The complex, yet essential debate on the future of the movement entered herewith into a new phase. The set of challenges changed. The focus moved from analyzing the causes of failure to the elaboration on possible scenarios that could empower social democracy to emerge stronger from the crisis and become a modern and vibrant movement, with a credible and trustworthy programme.

The variety and complexity of the issues that need to be examined, reflected upon and followed up, are best mirrored in the words of the movement's leaders. This was the inspiration to ask social democratic leaders from all across the continent for the transcripts of speeches that within the last 16 months shaped social democracy, naming contemporary challenges in front of it and indicating strategic choices for the future. The fact that this volume consists of 28 speeches, is thanks to the enormous support of the respective leaders and help of the international secretaries, to whom we are indebted for enabling this publication.

The speeches are insights into leaders' visions, expressed on different political occasions, in many languages, and on various locations across our continent and beyond. Despite these facts, they are united in the message that it is high *Time for a New Direction*. This path has to be decisively chosen, having regard for the values that have defined the movement for over 150 years. The speeches are bedded in the everlasting, universal principles of social democrats. They articulate policy agendas for a fairer future for all, together with solidarity and mutual respect among peoples, societies and states. Cultivating these values is the strategy that will empower the movement as it strives towards a modern vision for society in the tradition of social democracy. This vision cannot be achieved by single states or their leaders acting alone, that is why the leaders of social democracy call for a strong message of unity in the spirit of modern internationalism, beyond the nation state.

The content of this book consists of 6 chapters, each of which was named to emphasize the messages the selected speeches have in common.

The opening chapter, entitled '*Time for a New Direction*' is composed of four complementing speeches. Sigmar GABRIEL, Chairman of Sozialdemokratische Partei Deutschlands (SPD), in his passionate speech states that in these *days of political break and historical defeat, there is a scream for social democratic answers*. In order to deliver them, social democracy must define itself, which, as he states must take place *not through contrasting or deviating from other parties*, but is a matter of social democracy's own *content*. This is why now, 50 years after the Bad Godesberg programme, he calls for *a new prerogative of interpretation*. Martine AUBRY, First Secretary of French Parti Socialiste, joins him in his message, saying that social democracy needs *a new, fair, forward looking vision for society*. Her proposals outline the necessary reconstruction of the movement and its agendas, in the spirit of traditional values, civic utility (*Let's be useful for French citizens*) and democracy. *Politics is about a project for the people*, she claims. This thought links her speech with the deliberations of Borut PAHOR, Slovenian Prime Minister and leader of Socialni Demokrati (SD), who sets the agenda of common goals and new visions. He expresses the conviction that despite *we may be far from defeating the crisis, the crisis has not defeated us and we are facing now a prospect of emerging victorious in the coming years*. The chapter is finalized with the speech of Wouter BOS, Dutch Deputy Prime Minister from the Partij van de Arbeid (PvdA). His speech entitled *Beyond the Third Way* presents a fair evaluation of the recent history of social democracy. Describing how society has changed, how capitalism has evolved and what have been the socialist answers so far, also he makes an appeal for real alternatives and insists that it is the task of the movement to identify them. *Our ability to work in a politically relevant manner comes and goes with our conviction to make a difference*.

All the leaders quoted in this book are in agreement that the new direction, so much needed, must be chosen on the basis of the Enduring Values, which remain in fact the Enduring Virtues of the movement. Gordon BROWN, UK's Prime Minister and leader of the Labour Party, believes – in the second chapter – that it is values that ensure *hope for the future*. It is crucial that values remain the political compass, especially during the storm, in which globalization freed the market from values and rules. The same globalization can be turned into an opportunity, but only once the leaders take leadership with conviction that it is *to identify, to name and then to help shape the changes of this new global age in the interest of people*. It has been underlined by several leaders that the core values remain unchanged, even if their meaning had to be modified to respond with contemporary times. They need to be readapted, to continue to serve a purpose that Jutta URPIILAINEN, Leader of the Suomen Sosialidemokraattinen Puolue in Finland, calls *transformation achieved by social democracy – creating people with free choice*. She argues that social democracy must enter a new stage, in which the vision for *a next generation welfare state* must be implemented. Ms URPIILAINEN pronounced these words upon a jubilee of the movement, which is perhaps why it finds an echo in the words of Eamon GILMORE, the Chair of the Irish Labour Party. He supports the thesis that values such as *equality, solidarity, community, democracy are timeless*, but at the same time he advocates that *Labour* itself is to us a set of values. As Prime Minister BROWN, he also recalls idealism, seeing the implementation of values as a core of the alternative vision, a way to create an *opportunity society*, to find *a new purpose, cultivating a respect for one another*. Joseph MUSCAT, the chair of the Maltese Partit Laburista shares these views, broadening this into a concept of courage to believe in people, in their capabilities. The values, as Mircea GEOANĂ, President of the Romanian Partidul Social Democrat (PSD) recapitulates, are what makes the message coherent and will allow social democracy to write new chapters of Europe's and the world's history.

To move towards the new direction it is imperative to begin by *Breaking down Neo-Liberal Myths*, the subject that is highlighted in the third chapter. According to Caroline GENNEZ, Chair of the Belgian Sociaal Progressief Alternatief (SP.a), this is the way to move *from uncertainty of today to the honest society of tomorrow*. The new era, that the renewal of social democracy should generate, needs to put an end to what she describes as 20 ultra liberal years. Her compatriot, Elio DI RUPO, leader of Belgian Parti Socialiste shares this view, accusing liberalism of the expanding *crisis, hunger and poverty*. To combat the myths with a real agenda, Mr DI RUPO calls for the development of a *social and sustainable economic model*, for which he, as the speakers included in the second chapters, demands *the role of state to be redefined*. The state, however, should be seen as a player on the European level and within the broader

International context, argues Yiannakis OMIROU, leader of the Cypriot Kinima Sosialdimokraton EDEK. This view is reflected also in the words of Jüri PIHIL, President of Estonian Sotsiaaldemokraatlik Erakond. Holding the opinion that social democracy must implement the value of solidarity, which is *the solid foundation of society*. He proposes to fight with liberalism especially in the areas of: health, security, employment and knowledge society. Also for Jānis DINEVIČS, leader of Latvijas Sociāldemokrātiskā Strādnieku Partija (LSDSP), *solidarity in the times of crisis* is the leading message. Grzegorz NAPIERALSKI, President of Sojusz Lewicy Demokratycznej (SLD), perceives solidarity as a guideline in responding to the game of deception, by which he refers to the liberal policies implemented in his country.

In the struggle with liberalism on the one side, and with our own internal crisis on the other, it is important to remember that *together, we are stronger*. In the fourth chapter, Jens STOLTENBERG, Prime Minister of Norway and Chair of the Det Norske Arbeiderparti (DNA), states that *common problems* require *common efforts* in solving them. The economic crisis, which brought job losses has in his analyses *a meaning for persons and for communities*. Only people, who are united, who *all talk together*, who encourage one another can altogether solve the problems using *the abilities, courage and imagination of all*. Seconding this opinion is Zita GURMAI, President of PES Women, who reminds that any progress and any action to build a *progressive society* will not succeed, unless the principle of gender equality is fulfilled. This is why Ms GURMAI reiterates the demand for a place of strong social democratic women's voices in the renewal process. Openness as a new way to construct the party is the experience that Pier Luigi BERSANI, Leader of the Italian Partito Democratico presents. *We call ourselves Democrats because we want an efficient democracy for the country* says Mr BERSANI explaining that *representative democracy exercised within the party's structures translates into this party efficiency and credibility*. His compatriot Riccardo NENCINI, who presides Italian Partito Socialista, also reflects on the question of building a modern party, especially in the circumstances of *anxiety, fear of losing welfare and apathy*. It is also Lietuvos Socialdemokrātu Partija President, Algirdas BUTKEVIČUS, who calls for reflection on that matter.

The fifth chapter links fighting liberalism and empowering people, with the social democratic agenda of *Jobs, Welfare and Prosperity*. Martin SCHULZ, President of the Socialists and Democrats Group in the European Parliament inaugurates this chapter with a speech on *Social Europe – legitimating for the EU integration in the 21st century*. Outlining lessons from 5 decades of European integration, Mr SCHULZ calls for a *Social European Union*, recalling the *power of social rights*. This agenda, responding to everyday's fears and apathy among the people is the way for social democracy to *establish the link between what is to happen now and*

in the future. Mona SAHLIN, President of the Sveriges Socialdemokratiska Arbetareparti (SAP), strongly calls for the agenda of *jobs first*. In her speech she underlines that *work has been our starting point, our means and our goals*. Renewing this agenda and adapting that to contemporary times, Ms SAHLIN *calls for work for all*, with no discrimination. Responding to those, who may doubt if that is economically possible, she answers that *in order to afford future welfare we need to ensure every work hour*. In this context she describes a *full time job being a right – a part time – an opportunity*. Relating arguments can be found also in the words of Werner FAYMANN, Austrian Chancellor and Chairman of Sozialdemokratische Partei Österreichs (SPÖ). He advocates for the policy of full employment, stating that it is imperative to *recognize the value of work*, which is why it should be *taken for granted that work needs to pay off*. Referring to the necessity to ensure education, social security and possibility for balancing professional and private life, Mr FAYMANN underlines that there is a need to *define recognition of work beyond money*. This seems especially crucial to Ildikó LENDVAI, President of Magyar Szocialista Párt (MSZP). She describes the economic crisis and the *requirement for new answers*. In consequence Ms LENDVAI demands, next to the guarantees for more jobs and secure development, to establish *a new deal in which human potential and progress will be measured apart from economic factors only*.

The challenges of the crisis prove that no state acting alone is able to cope on its own with the problems of the global era. Several leaders call in their speeches for the recognition to have at least 5 levels of governance: local, regional, national, European and global. The vision for the social democratic agenda on the last two is encompassed in the last chapter of this book entitled *Beyond the Nation State*. George PAPANDEOU, Prime Minister of Greece, President of the Socialist International and Chairman of Panellinio Sosialistiko Kinima PASOK, repeats that also on the international level it is *solidarity that guides us in our responsibility to be agents of change*. Underlining the international interdependence of one another, he argues that as we are all to *share new reality*, mutual respect is required to design *a new partnership, new consensus* in the post-crisis reality. Mr PAPANDEOU believes that unlike conservatives, the socialists can do it. *Conservatives serve markets. We want markets to serve people*, he states. Jiří PAROUBEK, Chairman of Česká Strana Sociálně Demokratická (ČSSD), similarly believes that people are the point of reference in any political strategy. He states that respect for the people on one side and ensuring that the international, European level is close to them, is a way to make the social democratic agenda comprehensive. *If people are not interested, it is not their fault, but ours*, he says. Also José Luis Rodríguez ZAPATERO, Prime Minister of Spain and Leader of Partido Socialista Obrero Español (PSOE), agrees that the current crisis needs to be seen via the prism of people and therefore assessed as the *crisis of global governance*. He reiterates the

demand for multilateralism, as a way to *fight against hunger and poverty, fight climate change, and implement democratic values, human rights*. He sees recognition and *respect for civilizations* as a guideline for the international dialogue, and as he states it is worth the effort. The question on how to shape the international and European relations is at the core of the speech of Poul NYRUP RASMUSSEN, President of Party of European Socialists (PES). *What kind of state, what kind of Europe – with these words Mr Rasmussen introduces one of the core questions that social democracy must respond to*. This answer should, in his opinion, bring along *a coherent system of beliefs, a new governing ideology*. Announcing the old democratic contract broken, Mr RASMUSSEN calls for *a new partnership, based on a new socio-economic paradigm*. And in order to lead the social democratic family on the European level towards its creation and implementation he asks for all the parties to join in this *New Commitment, called a Mandate for Change*.

The journey through the six chapters is a stimulating adventure. All these words were outspoken, provoked emotions and actions in the moment they were proclaimed. They address the challenges, propose solutions and as such require to be considered as the words that shape our vision for Europe's future: TIME FOR A NEW DIRECTION - TIME FOR THE NEXT LEFT!

Dr. Ernst STETTER

FEPS Secretary General

Mag. Karl DUFFEK

Director of Renner Institut

Dr. Ania SKRZYPEK

FEPS Policy Advisor

Please note: Every speech, photo and biographical information has been authorized by the international secretariat of the party of the respective leaders. The “word clouds” that are constructed of the “most used words” of each and every speech have been generated automatically. The aim of placing them at beginning of each speech is to provide the reader with the keywords of that speech.

Next Left and responding adequately to contemporary challenges

The 21st century has become the most empowering age in the history of technological evolution. Never before has the world been so small for a human to grasp the latest news, take advantage of recent discoveries on the other side of the globe or travel just by moving a hand to guide a mouse on the mouse pad. With just one click every individual with access to the internet can bring change. This powerful ability, however does not translate to a feeling of emancipation, participation and belonging among individuals.

These new times bring with them permanent change and a feeling of uncertainty. This powerful sensation, experienced by individuals, can easily turn to fear; of what comes next, of the unknown. Furthermore, society realizes that the same problems of the centuries – such as inequalities, poverty and misery – remain unsolved. Moreover they are in scale, exacerbated in their gravity by new issues such as the degradation of the environment.

What has finally made our societies close to believe that scenarios such as *Armagedon* are no longer just a Hollywood fiction, is the recent financial crisis. Its deepening progress and speed, which can only be compared to the time needed to transfer the money from one account to another, has resulted in a tremendous economic and employment crisis, which has already turned into a “new social dilemma” of the century.

In these circumstances, what seemed a fair, innovative solution yesterday becomes in a mere moment, an outdated, inadequate response. It is time of challenge for all those who have dared to ask for support before, who said they had a plan to successfully transform the bitter and harsh reality of today into a fair and just one for tomorrow.

Socialists and social democrats, labour and progressives, have been out there with a solid agenda for a century and a half. It has been a continuous struggle for a liberating cause and striving for social change, rapid or gradual, but for Change for the Better. The movement has

survived all these years, both in opposition – in government, delivering ideologically guided answers to contemporary challenges. It is therefore for social democrats more so than for any other party, the time for the ultimate test. The ability to renew ourselves now, to emerge stronger, to regain a say is in these times when so many turn in disappointment away from politics. This is only a matter of survival as a political family. It is a challenge to safeguard democracy. This historical mission is a matter of urgency, which is why it is indeed *time for a new direction for social democracy*.

This conclusion is what has been our motivation in the FEPS “Next Left” Focus Group whose work since June 2009 I have had the honour and pleasure to chair. Months of scientific research, comparative analyses and vibrant debates brought us – academics, politicians and journalists – from the point of assessing the impact of the last European elections to the moment of reflection on what our proposals towards a renewed agenda could be. Our mission is not completed yet, as we still have numerous issues to elaborate and several events scheduled. Nevertheless, taking the opportunity of this book *Next Left – The Leaders’ Visions for Europe’s Future* I would like to share some of the preliminary findings, which I believe constitute a coherent, supportive analysis to the speeches collated in this book.

1. Respecting the past, united towards the future

The social democratic movement has a proud history. Both parties and individuals active on the left have tirelessly struggled for peace and respect, for solidarity and multilateralism, for equality and social justice. These values were implemented in policies, transferred from national to European and international level, and finally advocated among the people to ensure civilization’s progress. Despite all the criticism, frequently expressed as a way to campaign against social democracy, this inherited tradition is what the contemporary generation of socialists needs to be proud of.

There are two issues that used to strip us of this feeling of pride. The first one is connected with our recent performance in governments. The second is the division that appeared within the socialist movement at the end of the 1990s and is connected with the process of modernisation called the ‘Third Way’ and ‘Neue Mitte’. Let me reflect on both.

It is fashionable to be critical on the social democratic performance, in governments, in the last twenty years (a period I chose consciously as its beginning is marked by the collapse of the Iron Curtain). After two waves of rising in polls and entering into government (for

Western European social democracy at the end of the 1990s and for Central and Eastern European at the beginning of the century) the general electoral trend was one of decline. Consequently, the European Elections in 2009 brought disappointment. The bitter feeling, connected to losing seats in the European Parliament, as well as losing political ground in the Council and Commission, brought social democracy to the point in which the grave crisis emerged. At that point, both social democrats and all the other political families united on one point – bashing social democracy.

It is necessary to break through this phase. Surely, it is the voters who give the final mark of our performance on electoral day. Nevertheless, it is far too simplistic to say that the work social democrats have done for their states and consequently for Europe has been worth nothing, just because they failed to gain the upper hand in an electoral contest. Elections are a constitutional part of the democratic system, which is why failure in the elections – once it comes – has to be analyzed for the perspective of the lessons which need to be drawn, rather than from the approach that all the previous work was an utter disaster. What needs to be learnt is therefore how to include the electoral outcomes in our work as a correcting mechanism.

This approach means that on the one hand social democrats will be able to detect their own failures, take responsibility for them and show how we reformed our agenda in the context of the lessons learnt. On the other, it means that social democrats will not follow the voices that claim *we have been too right, too little ideological* while governing. This sentence sounds especially tempting at times when a 'more radical left' has grown to become a competitor of social democracy in many countries. It seems almost natural therefore to declare upon electoral failure that 'we will now become the true left and move further to the left'. These are not the kind of declarations that makes social democracy credible to voters. It is the policies that build further on values which encompasses solidarity, equality etc. – and they need to be examined. And this is the moral compass social democrats should be using to avoid repeating mistakes and improve for the future.

The second issue is the question of the Third Way. Even though it has already been a decade since this relevant ideological debate on modernisation of the left took place within the socialist family on the European level, the disagreements around that agenda still seem very vivid. The difference however is that at the end of the 1990s the arguments concerned the proposals, while nowadays they differentiate on the evaluation of their implementation.

Since the outburst of controversies and the memorable debate at the PES Congress in Malmö in 1997, the division has been present and clearly visible to the public. Bitterness within the movement, along with growing difficulty in reaching a unified position on key questions (such as the War in Iraq), has caused natural resentment among the voters and weakened social democracy internationally.

The renewal process of social democracy must not give a space for blaming and shaming. It was advocated above that a way forward is a constructive critical assessment of our own doings. It is imperative for the entire movement to draw common conclusions. The Third Way must be seen as an attempt to reform, which was at that point in time the opinion of some to answer to capitalism changing its character. What it brought in the countries in which it was implemented and what was avoided in the countries where the social democratic parties chose a different agenda, determines the state and position of social democracy nowadays. The only way ahead is taking responsibility for one another and revitalizing mutual respect for diversity of opinion in the spirit of shared values. Only together can we combat this common crisis of our movement – and this is a historical opportunity to bring unity and mutual support back to the family that we cannot afford to miss.

2. The compass of progressive values

Solidarity, equality, peace and freedom – these values have been the moral imperatives of our actions. They have preserved the movement's spirit through the toughest times and encouraged generations to emerge from defeats. The debate on the renewal of social democracy cannot and must not be diverted from the discussion on the core values and their meaning.

Despite the universal character of these values, throughout the years their scope has certainly evolved, encompassing new areas. Their complex nature can be presented by the enduring sense of solidarity, which translates into comradeship within the party and to multilateralism on the international level. This understanding is necessary in order to deliver a multifaceted and coherent political programme.

The apparent need for a complete agenda, which comprises the answers to the themes, which people fear of, doubt in or are excited of, is a difficult task for social democrats. In recent years, the socialist movement has been accused of becoming elitist and claiming to know all the answers. The parties were identified as solely managing human capital instead of being a peoples' movement. In these circumstances, any attempts to draft such a programme can

only succeed when they are undertaken in the spirit of openness and the acceptance that as the world changes, the answers will too. Therefore the process of constant debate with the outside world, putting ourselves out there, is a necessity. This issue is touched upon in a later part of this article, when elaborating on the possible party formula for the 21st century.

The Next Left Focus Group is going to hold a debate on values and how their perception has changed according to how reality and society evolved. Nevertheless, there are three elements that may be somewhat unrelated to this debate on which I would like to elaborate here.

First of all, values are guidelines not only for the policies through which we realize our improvements. They are crucial in shaping our society, in defining relations among the individuals and between the individual and the community. What needs to be brought back into focus here is the particular dimension of equality – and that is respect. There is too little debate on respect, on the attitudes we have towards one another as comrades, which mirror the character of the relations in a society. Social democracy needs to be the movement that not only ‘praises’, but also exercises acceptance for other human beings. We must be the organisation in which people feel responsible for one another. This is the most binding element in reorganising ourselves, in bringing back this empowering energy to the movement. This will translate – if we are able to trust one another, to stand for one another, to accept differences among us – to a powerful message, an example that may help us in overcoming individualism and distrust towards organised forms of social life.

Secondly, the culture we cultivate within the movement must be a culture based on values. Policy is and should be manifested in many ways. This is what makes it comprehensive and easy to identify with social democracy for so many groups. This link, which was so important in the past, has now for a long time been forgotten. Social democracy has abandoned the old patterns of the workers’ culture. Today no longer, not even by our own youth organizations, are the workers’ songs sung. Less and less people take part in demonstrations on the 1st of May. It is very possible that in the renewal process and, in analysing the trends of the post-industrial society, we may conclude that returning to these sentiments would indeed be too old-fashioned. But there is a need to fill in this vacuum, to raise spirits, to enlighten, and to encourage. Especially that the culture of the movement once again will translate into general social behaviour and, to the sense of belonging to a defined collective.

Thirdly, ‘labour’ needs to become our value. We briefly considered that idea at the end of the 1990s. By then it was drowned in the debate about the social democratic paradigm; namely

what comes first: (1) economic growth that creates jobs or (2) jobs that ensure economic growth. ‘Labour’ is so much more than that – and this is where the socialist movement can precisely mark the difference between its approach and the neo-liberal one. For us each and every individual must have a right to a meaningful, decent job, which is accompanied with the provisions of social security. It is imperative to remember this in times when the world is so harshly burdened by the economic crisis. For us, social democrats every worked hour is an impetus to ensure progress for a society, elevating it towards prosperity as a whole and emancipating the individual in question. It is high time for us to search and find a way to measure human progress in an alternative, more qualitative, manner. This is the way to show that we need welfare, and that there are fairer ways of redistribution and ensuring social justice.

3. United Europe as an answer

Continuing the thoughts from both the first and second paragraphs, one must repeat the conclusion – social democrats need to design their policies so they match the challenges of contemporary times. Having touched upon the revision of values and demands for a complex programme, it is necessary to add an additional element: the battlefield which social democracy needs to conquer in order to be able to implement them.

In the second half of the 19th century, when the socialist ideology found fertile ground to flourish, the point of reference of the slogan ‘Workers of the world unite’ was an opposite tendency, namely rising nationalism that led to creation of the national states. Analysing then the terms developed by the founding fathers of the movement to describe the workers’ cause one comes easily to the conclusion that descriptions such as ‘class’ and ‘ownership of the means of production’ refer to state circumstances. Today, in the era of globalisation, this way of relating to reality is no longer sufficient. The movement of capital no longer sticks to national borders, and multinational corporations can from one day to another change their location, leaving people empty handed behind. This trend will not be reversed, but the global market could be regulated, if there is a mutual understanding of its actors. For social democracy to play a decisive role in this process, it is crucial to redefine the role of state and the mission of the international community.

For social democrats the state has always been the main actor in designing policies. It is the state that needs to design, deliver and monitor. The problem with that assessment is twofold. Firstly, no single state alone can deal with the major challenges of our times. Secondly, economic downturn and changes within society (such as the allocation of a

large work force to the private sector and the growth in the field of services provision) require a new definition of the role of the state itself.

Regarding the former, in Europe there is a strong alternative to the scenario in which a state is left alone. This is the European Union. The 50 years of history of this Community prove that united countries can ensure technological and social progress, as well as boost potential while obeying principles of social cohesion. Surely with the Single Market, it is also more and more 'Europe' to be the one to decide on crucial matters such as migration and asylum policy. Of course, the history of European integration is not a smooth path – rather it has been a fluctuation of crashes and successes. But at the same time the position of the social democratic family towards this process has not always been clear or clearly positive. The attitude of the majority of the national parties in Europe remained ambiguous, not only regarding integration but also the wider concept of global governance through global institutions. This is true despite the movement's traditional internationalism, the significant rejection of skepticism in the 1990s, and its common manifestos in the European elections. It is no wonder, therefore, that the interest shown by the citizens themselves is declining, reaching the lowest level since 1979.

Paradoxically this is where the great opportunity for social democracy lies. We can redefine the way we see the state by placing it in a larger context. Portraying the European Union as the modern welfare state and hence as a powerful joint undertaking, it may reach two goals at the same time. The first goal is to give people a feeling that there is an instrument efficient enough to be used in the global era to safeguard their future. For that message to be credible, social democracy must elaborate on the issue of Social Europe, so that people can find their everyday life stories accommodated in this far-away, distant and bureaucratic project. Secondly, this is where the difference between us and others – conservatives, nationalists and populists – can be clearly exposed and hence the interest and possible support of the population won. In order for this mission to succeed social democratic parties must undertake all the efforts necessary to join in the process, that should have seemed natural from the establishment of the Liaison Bureau (pre-predecessor of the contemporary PES) namely the Europeanisation of social democracy.

4. A new socio-economic paradigm: 'jobs, welfare and prosperity'

Redefining the role of Europe is in fact a response to the question that many pose nowadays of; who will define the new partnership that shapes economy and society? If this

is indeed to be Europe, it is also the European context in which social democracy must be able to imagine the individual and communal life of a person – starting from birth until the end of his/her days. A centre point around which we should orientate this image is surely the question of this person's participation in the labour market. This perspective relates directly with the years spent on education and shall remain connected to the retirement years.

The challenge lies in elaborating a new approach to the lifecycle. In the past two decades it was cultivated, in the spirit of the knowledge based economic paradigm, that a professional life is composed of three segments: education, job and pension. The possibility to switch in between them was used as an answer to the problems such as unemployment. To give an example, for a middle-aged person, who loses his/her job, we would apply the principle 'ensure opportunity for retraining' as a way to bring him/her back to the labour market with new, more competitive skills. Surely such a return of an employee to the competitive labour market is not an easy thing and may end up in 'retraining-applying-retraining' cycle up to the point of hopelessness and opting out for an early retirement instead, thus becoming inactive. The same understanding of education, as a way to respond to the shortage of jobs, would guide policies to combat youth unemployment, which remains visible in the mechanism of internships. In the philosophy of social security, returning or remaining within the educational pillar would translate to the loss of the 'unemployed' status and thus loss of unemployment benefits. This would naturally make the situation of the people in question even more precarious. The fundamental issue therefore is to redefine the role of the state in the context of the above by ensuring jobs and being able to lay down the paths for all to benefit from it. Education and lifelong learning are the concepts, which must accompany this new approach. However, they may not be seen as the 'easiest' answer to the shortage of places in the labour market.

Surely free and high quality education for everyone empowers individuals to use their talents, in jobs that allow balance and develop of both private and professional skills as well as provide life, the highest quality health care system and decent pensions. These are all core elements of our social democratic agenda. I reiterated above my conviction that the core mission of social democracy is the construction of the welfare state on a European level. I have also explained the meaning of 'labour' as a value in itself among previous points.

Changes within society, both connected to sociological processes and to natural ones (determined by demography for example), shook to the core what we used to know well and

describe as 'working class'. The shortage of work on one side, the growing economic inequalities on the other led to a situation in which the largest conflicts lie no longer as the employer vs. employee cleavage, but rather employed vs. unemployed or full time employee vs. part time employee. Such cracks certainly undermine the position of social democracy as a workers' movement.

There is no answer to this, other than a complex political vision that would ensure equal opportunities for and among all, not only within the bounds of the certain social strata. In the context of the economic crisis, indeed new ways to ensure means to implement such an approach have to be found somewhere.

5. The new opening

The key to being able to provide compound answers is to be open to new ideas. This opening must manifest itself also in practice, in everyday work through a true opening of the party organisation. Arising in the past from the ambition to be the workers' movement and having to redefine nowadays the meaning of the 'working class', we must be cautious to be inclusive.

There are three core elements that the Next Left Focus Group elaborated on in relation to the *'new opening demand'*. First of all, it seems evident that parties' organizations need to be brought back to life. The trend widely described in political science handbooks of evolving towards an elitist structure in place of the mass movement party must be transformed. This is precisely the reason for which social democrats got "disconnected" from the voters and lost their ability to assess social processes. Where we have campaigned by talking to people and knocking on their doors and exposing ourselves their criticism we have remained stronger.

Secondly, the internal party processes must reflect our core values. Democratisation of the political process can no longer be a demand formed towards the state or the European Union. It must be parties themselves who are the protagonists, showing by example their commitment to the values they promote. These two elements together: openness and working by example, guarantee active involvement of party members. This is the most efficient way to convince others, to gain new members in the future – all of whom will feel co-responsible for the party and proud of its achievements. Such an approach, recreated among the members, will affect the way the party is perceived by others and will be the most efficient defense mechanism in the struggle with populist movements.

Thirdly, the social democratic party may never stand alone. It is together that we are stronger, it is in unity that we inspire one another – and this is why the renewal of the bonds with trade unions and civil society movements is absolutely crucial.

Chairing the FEPS – Foundation for European Progressive Studies 'Next Left' Focus Group, whose research and activities are organized with the support of the Renner Institute, is an extremely inspiring task, which I am honoured to carry out. Having departed from the point of post-electoral disillusionment, we turned our disappointment into a constructive motivation to bring an intellectual inspiration to the pan-European debate on the renewal of social democracy. Observing the consecutive phases of this process and keeping in mind all the conclusions we have drawn so far, I wish to end with saying – I strongly believe it is time for a new direction and I am positive that as a movement we are fully capable of emerging stronger while implementing it.

Dr. Alfred GUSENBAUER

Chair of the FEPS 'Next Left' Focus Group

Former Chancellor of Austria

1

Time for a New Direction



Dear guests, dear friends of social democracy, dear comrades, and dear Beate Sieweke from North Rhine-Westphalia! She was the penultimate speaker. Beate said that she could neither agree with the leading motion, nor with the choice of candidates for the party executive committee. I would like to ask her a favour. I would like to ask you to give the leading motion, me and the others a chance.

I don't just say this because I can't find a better way to start my speech.

You can't imagine, but even someone like me is a bit nervous before what comes next.

I said this to Beate because what is happening here is not self-evident. We have had discussions on the candidacies for the party leadership, the secretary general and the party executive committee, and they were good and necessary.

Basically, this is about two things: we run for office – this is permitted in social democracy. And we ask for your continued faith in us; because for the moment we cannot ask for more.

Dear comrades, we know that this party convention is not like any other party convention. For the SPD, but also for the political development of the country, this convention represents a political break. **We have suffered a historical defeat even though we live in a period of time which virtually screams for social democratic answers.** Those who run our country today are the ones who have for decades subjected ecological and social needs to the ideology of the market. They are the ideological pioneers of the financial and economic crisis. And nevertheless they won the elections. We could go for the easy option and say: *'you will get what you deserve!'* hoping that the voters will acknowledge the wisdom and accuracy of our policies with hindsight. I think we all know that something different is demanded of us now.

We need to take time to investigate why in public-opinion polls the majority of Germans give or ask for social democratic answers to the crisis, but at the same time did not believe in the Social Democratic Party's willingness to give these answers during the last elections.

Of course, we will criticise the CDU/CSU and FDP - this coalition for vested interests - for what they do or intend to do. But it is just as important to accept the election result. What we need the least at this very moment, dear comrades, are speculations over future possible or impossible coalitions.

The voters did not send us home with 23 percent of the votes so that we immediately start thinking about forming coalitions with other parties and sneak back into power. They don't want us to think about others. They want us to think about ourselves. And this is precisely what we will do, dear comrades.

It is about our own proposals, our own political projects, our own concepts and plans – and not about the relationship with other parties, even if they call themselves leftwing. To say this right away: German social democracy does not define itself through contrasting or deviating from other parties. It defines itself. Because what it means to be leftwing is a matter of content, not of calculated majorities.

There is no reason for me to rule out coalitions as a matter of principle; however, there is no reason to always form them either, dear comrades.

I want the SPD to grow stronger; so strong that others will need to think about how to change in order to be able to rule with us, dear comrades.

First of all, we need to examine our own policies. Examination means to distinguish between what was right, good and helped the country to progress in the past eleven years of social democratic governance, and what was not right, not so good, and where we misjudged certain things. Don't let us turn to all too easy explanations: that the people misunderstood us or that we did not bring the message across. The election result shows that this is more than a communication problem.

In the meantime, to the delegates behind me: I am sorry to turn my back on you. It is sometimes important to not only be polite, but also to see each other. I can feel your encouragement, but I would prefer to see you.

Dear comrades, don't let us be half-hearted. In government, we did many things we can still be proud of. Be sure: if we don't say it, the others won't do it for us.

Only if we are proud of our achievements will we have the inner strength to acknowledge what we did not do well and what needs to be changed. In the SPD, both things belong together, dear comrades.

The first acid test, to find out if in opposition we are doing a good job, is the question whether we succeed or whether we continue having internal party disputes about our analysis of the election results. In the last couple of days critical voices were raised about what Andrea Nahles and I have said during regional conferences, and I would like to say: during the last one and half weeks, we have met 6.000 SPD members. I don't see a disheartened, discouraged party! Of course they were critical, but they want to get out, they want the SPD to grow

stronger because they know that in Germany, people need social democratic policies. That is why they came.

After we issued a statement on the elections, newspapers interpreted this as a payback, the new leadership against the old. Since this has been written, I would like to say right away: I feel responsible for everything we have done in the past years - for what we all thought was good, and for what we had to admit afterwards was not so good and had to be changed. I don't think it is a good idea to divide the party in two, distinguishing between those who always knew everything and those who did everything wrong. This does not work.

I was happy about the applause Franz Müntefering received at the party convention. We all know that Franz wished for a different kind of farewell than bowing out at only 23 percent of the vote. By the way, even if nobody believes me: I would have personally preferred to remain Minister of the Environment under Frank-Walter Steinmeier as Chancellor.

Dear comrades, the SPD cannot, must not and does not want to deny its time in government. From the eleven years in government, much remains: the immigration law, the improved conditions for same sex partnerships, the lowering of the marginal tax rate, the defence of the health system against armies of lobbyists – many people will long for the return of Ulla Schmidt, dear comrades -, the all-day school programme, renewable energies. All this was part of the Agenda 2010. Dear comrades, even if it has been repeated many times: the 'no' to the Iraq war remains a social democratic merit, and we don't need to play it down.

And regarding the Grand Coalition: how many people in Germany would now be unemployed without Frank-Walter Steinmeier's programme stimulating the economy or the short-time work regulation by Olaf Scholz? And what would the financial crisis look like if someone like Peer Steinbrück had not given directions to the government, to finance ministers in Europe and the world?

By the way, years in government have never been easy for social democrats in Germany. Whenever the situation became difficult, social democrats were called upon: during the first economic crisis, the oil crisis, during the period of time known as Deutscher Herbst, and after Kohl when the country was heavily burdened, again in the middle of an economic crisis.

I say this because social democrats have always faced enormous challenges in government; some of which were more difficult than ever before. And they often included historical decisions. The reason why I am telling you this, dear comrades, is because sometimes, we treat our representatives in government, in the parliamentary group or party, pretty disrespectfully. I am quite open about this. The same applies to those who represent minority opinions at party conventions, who speak out and do not always join the majority. They existed, too.

Criticism of what we do is not new. First of all, I think that we have to become aware of the fact that the way we deal with each other within the party needs to change, dear comrades, it needs to change!

People outside the SPD observe the irreconcilable harshness of our political debates which we sometimes lead on a personal level. It seems to be so difficult for social democrats to forgive each other during the debate, and this does not leave a very attractive impression.

If we want the word 'comrade' to once again be said with pride, we need to understand it the way it was originally intended: as a sign of inner connectedness, as a symbol of equality within the party, no matter if you are the Chancellor or a party member in the local party group or a working group, and as a sign that we have much more in common than sets us apart.

Let us appreciate different opinions! Let us appreciate people amongst us or those who join us who have different ideas, and let us respect each other. I believe that those who observe us, who consider voting for us and trusting us, want to see first that we trust ourselves. The majority of people outside the SPD do not care about internal party disputes, leadership struggles, or about our factions. But they have a keen sense of whether we practise what we preach about a tolerant, open-minded and solidly united society, dear comrades.

If we debate this now, then this isn't an internal party fight to be won by one or the other. From now on we fight to win for society, dear comrades. If we succeed again, and if we stay together despite all necessary debates, then I am not afraid. If we concentrate on what strengthened German social democracy in the past 146 years, namely open-mindedness and connectedness, then we will become once more a strong SPD which stands for the tradition of renewal, the strength to change and the courage for more politics, dear comrades.

In its history the SPD has seen worse crises than the current one. Yet with the help of its members and supporters, it has always found the strength for new directions, and fresh starts. It has always resulted in a strong, self-confident, and also successful party. **This, dear comrades, is the purpose as I understand it of this party convention in Dresden, 50 years after Godesberg: to find a new direction, to make a fresh start with each other.**

I draw three conclusions from the results of the general elections. Having lost 10 million voters since 1998 means that we have lost half of our supporters. We have lost in all directions. A party experiencing this lacks one thing: a visible profile. This is the first bitter conclusion drawn from the elections.

The second is even more worrying: why now, of all times, did the SPD lose the elections during the biggest financial and economic crisis which, as I have mentioned before, screams for social democratic answers? Of all people it's the ideological pioneers of this crisis who have won.

Dear comrades, the third conclusion is one that puts me into a contemplative mood: not only us, but almost all social democratic parties in Europe experience this. The Dutch social democracy won less than 20 % of the votes. In France there is hardly a Socialist Party left. The same is true for Italy. And Labour can hardly look forward to a gigantic, huge electoral victory.

I believe that in order to explain this, it does not make much sense to refer to single policy components. The conclusion is: **the reasons for the defeat of social democracy in many European countries, including Germany, seem to be more deep-rooted than the surface of single political decisions.** The difficult decisions which have disconnected us from our electorate – labour market reforms, temporary work, and retirement schemes – are in reality only symptoms, but not the cause, in my opinion.

In my opinion, how did we get here? I believe that we haven't lost one election. We have lost in stages. I believe that this is rooted in a misunderstanding, or in other words: in an erroneous belief in where the political centre in Germany actually is. **For almost twenty years Europe has been haunted by a ghost: the ghost of the political centre, and to be precise: of the new centre. Everybody speaks about it, everybody claims ownership. Everyone thinks they know it, without being able to explain who or what the centre actually constitutes and what it stands for.** We have also claimed the political centre for ourselves and found it again and again in the post-war society: in the 1970s through Willy Brandt, later through Helmut Schmidt, and also through Gerhard Schröder. Each time the SPD won the political centre, it also won the elections, majorities and approval.

Nevertheless I say: the political centre in Germany has never been a fixed place, or a fixed group in society or electorate. **The political centre cannot be defined through groups of income or jobs, or through particular political attitudes which people should adopt. The political centre of Willy Brandt was something very different. It was not a fixed place, but instead the prerogative of interpretation ("Deutungshoheit")¹ within society. The political centre in a country is won by the person who, according to the majority of the people, asks the right questions and provides the right answers.**

The same person also has the prerogative of interpretation over current social challenges. This person stands on the political centre ground. Willy Brandt knew that. He knew that he had to conquer this prerogative of interpretation: from the left, with emancipatory answers to the challenges of the time. He also understood that at the end of the 1960s, people were fed up with the restorative era of Adenauer. Hence, with his social democratic answer under the

¹ "Deutungshoheit" also translates into English as moral authority or moral leadership, but the term employed in this translation ("prerogative of interpretation") suits this context.

headline 'Try more Democracy' he won the prerogative of interpretation at the end of the 1960s and during the 1970s. With his interpretation he stood firmly on the centre ground of society. Moreover he knew that people in Germany, regardless of their social background, wanted to end the Cold War. His phrase 'we want to be a people of good neighbours, internally and externally' was a programmatic phrase expressing what the majority of Germans were longing for at the time: a policy of détente. With both of these touchstone phrases he gained the prerogative of interpretation over the questions and answers of his time. He had the majority of our country behind him and therefore stood firmly on the centre ground of society. This was not a given fact. Fierce confrontations on the matter took place. Yet Willy Brandt and the SPD did not adapt their answers; instead they fought for the prerogative of interpretation in this society, dear comrades.

Its questions, the questions and answers of the SPD, and Willy Brandt's enquiries and answers were emancipatory, enlightening, and therefore leftwing. We won the people for these positions, we persuaded them, and then won majorities step by step. **At the end, the emancipatory, enlightened arguments of social democracy stood on the centre ground of society. The centre was leftwing because we changed it. The SPD conquered it, and this is what we need to repeat, dear comrades.**

The concept of the political centre ground as we have interpreted it in Germany in the last couple of years is something completely different. We, and with us many others within Europe's social democracy, were talked into believing that the political centre ground was something fixed which we would need to adapt to if we wanted to win elections. The belief of political scientists that you need to get closer to the allegedly fixed centre if you want to win elections, instead of winning the centre with our own answers and concepts, is – I believe – the actual reason for our electoral defeats.

After all, since the fall of the Berlin Wall, the prerogative of interpretation behind this seemingly fixed centre was not ours. It belonged every day a bit more to the market ideologists. Competitiveness in the era of Globalisation – which was the global prerogative of interpretation throughout the 1990s – would only be possible through the adaptation of the markets. Deregulation instead of worldwide regulation, an abandonment of the game rules for the economy instead of the creation of social and ecological limits for the globalised markets. And everybody who questioned this was labelled as belonging to the 19th century. Until a few months ago, when the financial and economic crisis kicked off, there did not exist a newspaper article, academic publication, or comment which did not adopt this interpretation of the market radicals. Workers' participation, collective bargaining, welfare state, even democratic politics itself, was seen as a burden in the era of Globalisation.

Not in all cases, but in many important areas we did not fight anymore for the prerogative of interpretation of our own answers. **Instead of shifting the political centre, we changed ourselves. Step by step, we adapted to the prerogative of interpretation of the time, and so did many other social democratic parties in Europe.** If there is a lesson to learn from the electoral defeat – here and in other parts of the world – then it is that the SPD should never adapt other people's prerogative of interpretation, but that we always have to fight for our own prerogative of interpretation.

Thank god we have not surrendered in all aspects. We have by far not agreed with everything these smart-aleck business-yuppies or those editors have said, dear comrades.

I can't help it, I have to say it: I still remember when in every discussion people made fun of us because we wanted to preserve employees' protection against dismissal. They called it an obstacle to competition. I think that some of those who spoke or wrote about this could now be grateful because we, during this crisis, kept this protection in place, dear comrades.

We have defended workers' participation, free collective labour agreements, employees' protection against dismissal, sick pay and much more. I believe that we can be proud of this, especially against the background of the current financial and economic crisis. However we have also adapted to the dominant mantra which we thought was the political centre, and thereby developed concepts which a better part of our membership did not accept. They needed social security and social justice, and for them, our concepts did not inspire hope but gave rise to fear instead.

I want to tell you openly what, in my opinion, is part of this. Of course, the old system of unemployment insurance and unemployment benefits created some unfairness. I remember very well – let us not forget – that many of our members did not agree with the fact that it was financially more lucrative to receive unemployment benefits plus working under the table than having a proper job and paying taxes. Let us not forget this.

On the other hand it is also true that a person who has worked for 20 or 30 years and then loses his or her job through no fault of his or her own, and then after 12 or 18 months receives as much or as little as someone who has never worked, must suffer a lack of recognition for his or her life achievements, and this is why they have criticised us.

Just like many trade unionists I hoped that temporary work would help someone who did not have a job before get into the company. After all, there was the basic principle: equal pay for equal work. What we did wrong was the following: We opened the doors for sham collective labour agreements and sham unions, so that for many people temporary work has become the rule. They have to live off very low wages, dear comrades.

And yes, it's true: the old formula of the pension scheme does not work anymore when less and less people work, when people start working later in life, but thank God live longer. But there is one thing I know. My mother was a nurse and I don't know of any nurse who at the age of 67 would still be able to lift a patient.

Therefore we will now need to have a debate within the party and face the criticism. But I'm telling you: it won't help if we turn the number 67 into a 65 or if we say: let's go back to square one. What matters is that we take the time to sort out the relationship of work and the social security systems. We need to sort out the question of how somebody who has worked and might not be able to work after the age of 62 can reach retirement age without dramatic loss of salary and pension. We need to clarify it now, dear comrades.

Andrea Nahles, myself and the others who join – and this is written in the leading motion – want to do it now, in fact in a bottom up way, including the party at local and sub-district level, the parliamentary party, the party at regional and district level, but also with the participation of those who could give us valuable advice, in fact the trade unions and social welfare associations and other actors in Germany. I would simply like us to take the opportunity and do it instead of pretending that we have the right answer to every detail. However, in a couple of months – twelve at most – we will need to have those kinds of answers.

Let me anticipate something: therefore I am in favour of our annual party conventions. And if we don't vote, we can at least discuss and decide policies. We need this even in opposition, dear comrades.

Social democracy has always been strong when it was not just content to adapt, but when it was more than the lesser evil. The SPD will only be successful if it produces a surplus of hope, which, by the way people need; a surplus of hope meaning that one does not need to accept the status quo but can do something to change it, dear comrades.

Social democrats want to change life, they don't want to adapt to the current circumstances. That's why we entered politics.

The centre is the place for political confrontation. And you cannot adapt to the centre. Because this is where in the end, social democrats, conservatives and neo-liberals fight for the prerogative of interpretation over central questions and answers of our time. Therefore I warn you, dear comrades, against a wrong alternative following the motto 'either Left or centre'. Some want to assume that this is what we want. This is a completely absurd confrontation, and on top of it, it is dangerous. It is absurd because this confrontation is non-political; because the Left is not a fixed place either. Willy Brandt knew this when he addressed his SPD saying: *'Always remain up-to-date. Each period of time needs its own answers.'*

However, leftwing politics is something different. It is not a political instrument, but the expression of an attitude; the expression of an image we have of the human being and society. This image concerns the ability of human beings to be emancipated. For us, the human being is able to live in freedom; but he or she is also able to feel responsibility and solidarity towards all the others who live amongst us or somewhere else.

If somebody asks me 'what is leftwing?', then I reply: **leftwing means that you defend societies which are fair, because freedom and responsibility, freedom and solidarity, freedom and fairness are linked with each other. It is this basic conviction which according to me and social democracy means leftwing.** If we understand leftwing in this manner, we do not need to open ourselves leftwards after all. Yet we need to examine our political concepts and see whether they live up to this entitlement to freedom and responsibility.

We would like to persuade as many people as possible of this basic conviction that freedom, responsibility, fairness and solidarity go together; this should shape our society. This thought should be deeply rooted at the core of society. It is therefore wrong to confront the Left and the Centre. Moreover it is dangerous, since CDU/CSU and FDP need this confrontation. Only if they succeed in excluding us, do they have a chance to keep the prerogative of interpretation and the majority. They need the confrontation between the Left and the centre. We need to avoid falling into this trap. It would make the others happy to see a divided SPD, discussing whether to move to the supposed Left or towards the centre.

It is, after all, not by chance, dear comrades, that in the chancellor's government declaration for the CDU/CSU and FDP you find the term 'coalition of the centre'. They want to reinforce the impression that the Left and centre are mutually exclusive. They want to distribute labels, portraying themselves as the moderates at the centre of society, while the others are fundamentalists or something worse. This coalition of the Union and the FDP does not like it if at the centre of society there are competing images of people and society. Because they can accept the fact that nowadays, almost a third of the citizens have given up on democratic politics. We, dear comrades, cannot accept this.

More and more people are turning away from the democratic process, from political parties, but also from social democracy. They have given up all hope that democratic politics could understand their every-day lives, let alone that it could be able or willing to change it. The coalition agreement of CDU/CSU and FDP reflects the fact that they could not care less about this situation. They don't care about those who are excluded. For them, citizens are mere tax citizens who want to spend as little as possible. For them, a person's achievement is only about competition. They hope that their image of the egotistic tax citizen will become rooted at the centre of society. They want people to accept the fact that competition rules

their lives. Therefore they are decreasing taxes for those who don't need it. And therefore they split the national health insurance, driving people into private insurance.

CDU/CSU and FDP are the Democratic Right of this country. We need to call them by their name, dear comrades.

Essentially, they only think about the freedom of the individual. According to the coalition agreement of the CDU/CSU and FDP, the role of the state is to first of all organise competition. Are there solidarity and responsibility to also include others? Error! This is being degenerated and turned into help for the poor. This, by the way, is the reason why they have nothing in common anymore with Ludwig Erhard and his social market economy. This is the reason why the ideological standard bearers call themselves '*Initiative New Market Economy*'; because in reality Erhard knew very well that the social market economy was meant to create safety for the common good, so to speak, and not for the profit-seeking individual.

What they do is neither liberal nor Christian, I believe. We need to offensively confront them with our image of society. People become active when they are challenged, when they can achieve something in life through work, and not if they continuously worry about unemployment, illness, or poverty among old people, dear comrades.

People achieve something when they can continue to improve their lives and the lives of their children. People are also willing to pay taxes when they notice that taxes make their life and the life of their children and other people more worthwhile – through better schools, better nurseries, through a clean environment and also through help for those who are ill or in need of care.

CDU/CSU and FDP can only keep their majority if they pretend that the Left and the centre mutually exclude each other; if they pretend to own the centre. Therefore they want to exclude us. For that reason they use the political language of the 1950s and 1960s. Haven't you noticed it? Once again, they talk about a coalition for the middle classes. Angela Merkel has moved: from cosmopolitan Berlin into Adenauer's Rheingold-Express.

Let us tell them something first and foremost: if there is a party in Germany which has defended democracy for the middle classes, it was the German Social Democratic Party, and some members and supporters had to pay with their lives and their freedom.

When the predecessors of today's so-called coalition for the middle classes buried the first liberal democracy of Weimar in the Kroll Opera House thanks to their support of Hitler's Enabling Act, the social democrats under Otto Wels defended those civil liberties at the risk of their own lives.

We do not need lectures about the meaning of liberal democracy and civil liberties, dear comrades – neither by them nor anyone else.

Now, dear comrades, we once again want to persuade the majority of our society that change is possible: for every one of us, for our society. The same applies to the rest of the world, by the way. This has been our task for the past 146 years. **When opening up towards the political centre we fight for the prerogative of interpretation over the social tasks we face. If we succeed once more to convince the majority of our ability to change, then we will have re-conquered the political centre, which will be on the left again, dear comrades.**

This does not mean, by the way, that we get out our old documents.
– Apparently those are the only ones who remember them.
I want you to write down the names.

No, but seriously: dear comrades, I don't know how you feel. I believe that people in Germany are sometimes tired of political parties always presenting them with ready-made, ideal solutions.

In some cases, our answers don't suit everyone, as Wolfgang Jüttner pointed out. For example, it is good to defend employees' protection against dismissal because it helps those people who work under normal conditions. But what about the generation of people doing internships?

How about the many young self-employed, who, essentially, can only earn a living by allowing themselves to be exploited?

Hence, we first of all need to listen to all of them and make sure that we understand their every-day lives in Germany correctly. And then, together with them, we can design concepts which allow those who do not necessarily fit into the classic social democratic model of business to progress and participate. Instead of going ahead and selling them old and new political concepts, we need to invite them: those who are interested in politics, works councils, trade unions, ecological associations, cultural initiatives, social welfare associations, churches, academics. **There can't be too many dialogue partners, and no initiative is too small to be taken into account, dear comrades.**

By the way: we also need employers, medium-sized family businesses, workers, the self-employed, but also the many intelligent and responsible managers who exist in Germany. They often suffer under the financial and economic crisis as much as their employees. In the biographies of employers and managers we often find commitment, achievement and a sense of responsibility. Dear comrades, those are our partners; not our class enemies. This is something we need to understand.

We need to discuss our concepts with other people. We need to be open for new suggestions, different views and critical ideas. This is how I interpret the opening of the SPD towards society. We need to be closer to the people.

Of course we still have many things which other parties lack, above all members. But also in this context, we need to be frank with each other. Peter Friedrich just mentioned it: the average age of our party members is too high. There used to be a lack of women, today there is a lack of young people and women. Moreover, there is a shortage of qualified workers, members of works councils, nurses, policemen, technicians, engineers, academics. We need all of them and many more if we want to understand what our differentiated society really looks like.

It used to be natural for the SPD to be represented in city and borough councils, in works councils, in the fire brigade, and in sports clubs – everywhere. **As a social democrat you were virtually born into a specific milieu: into the working class neighbourhood. Alternatively, when you were an employee in a large company, you were socialised as a social democrat. This social democratic milieu has ceased to exist long ago. Therefore we need to change our offers for those who are interested in politics.**

Many local party groups have started doing this long ago. Their general assemblies are open to everyone. There, new party members get a place, even some quite secure places, on the party lists at election time; not only for those who worked as minute takers in the department for the last twelve years and can provide evidence for the distribution of 400,000 flyers.

I know that for some of you the situation is different; but where I am from, new candidates are allowed to be placed in thirteenth position on a party list, and then only on probation. I believe this has to change. There are many local party groups who do not ask supporters whether they are party members or not; they just invite them to get involved. This allows him or her to join the local party group or the working group.

However, there is one condition for those who are with us and those we would like to invite: all of those joining want to participate in social democratic politics. Party membership as a means of financial support is no longer attractive, dear comrades.

Therefore, let us open the party internally. Let us define common topics to be discussed within a certain timeframe in every branch at local and sub-district level, and in every working group. Thereby we can summarise the emerging opinion of the party. Let us continue organising those open general assemblies as we did during this crisis, and not just when we are doing badly, dear comrades.

Let us organise annual working party conventions. I have mentioned this before. Why don't we let all members decide on important questions and organise referenda, dear comrades? A party which supports referenda in the basic law must not be afraid to let its membership decide over important questions. Otherwise we lose credibility.

We must not withdraw into offices and meeting rooms. Our policies sometimes look aseptic, sterile, styled and synthetic. This is another aspect we need to change. **We need to get out to where it is loud, where there is growing unrest, to places where we can smell real life, sometimes even in its stench. We have to go to where life is hard, dear comrades, because life takes place only where it is hard. Life takes place only where it is hard!**

We can do it; we have done all this in the past. It's not that we didn't know how to do it! The ones knowing best how to do it are our politicians at local level. Therefore, Andrea Nahles and I want to set up a permanent conference of local politicians together with the social democratic community for local politics (SGK) at the party executive committee. We need them. We need to involve local authorities more into the SPD's internal decision-making process.

Together with you I would like to develop a social democratic party which would once more look like a political workshop. The SPD has to be a political workshop for social progress. Not everything needs to be finished, and it's not about finishing our work, displaying it in the shop window and hoping that people passing by, get in and buy it. It is better to invite them in and say: watch out, you can participate. The coat we want to make here needs to be weatherproof. And by the way, it is also supposed to be red.

How to do this best: help us and participate. We invite everyone who is interested in contributing to a solidly united, free but at the same time responsible society. Politics as a workshop: this is the SPD, dear comrades.

All of those who said that closeness is a social democratic virtue are right; it's true. But there is a second virtue, dear comrades: openness. This is also part of it.

What we are working on is a difficult task. And it is one that only we face.

What do we want in this society? We want economic achievement to go hand in hand with social security and ecological responsibility. We don't want a little bit of everything, or a compromise. We want to think about all these things as a whole: that's what this is about.

We know exactly that economically successful companies can only exist in a country where people enjoy social security. However, social security can only continue to exist if the country and the company are both successful. Both things would not make sense if we

destroyed our future and the future of our children and grandchildren by destroying our natural resources. Therefore the SPD needs to do all three things at the same time. For us, economic achievement, social security and ecological responsibility go hand in hand. For us, this is social democracy.

By the way, **we have already found the formula for this, namely innovation and fairness. One is a hope and the other a promise; the promise that innovation and fairness will go together, in order to create policies for many and not just for a few; to make policies which create opportunities and enable participation.** However I believe that we have lost sight of this formula over the years. One part of this party discussed innovation while others discussed the lack of fairness. And when one person spoke about innovation, others heard: too little social justice. And when one part said: *'but there is not enough social justice'*, the others thought they were criticising policies based on competition and economic growth.

Dear comrades, a modern social democracy needs to combine both elements effectively. Innovation and fairness do not represent two factions within the SPD, dear comrades. It is clearly more.

It does not matter which terms we use: innovation and fairness, freedom and solidarity – it's always about the same. **We want to enable people so that they can make something out of their life.** And we don't want anybody to forget that there are people living under harder conditions, or the fact that we ourselves might one day face difficulties. We want people's life to improve by achievement and commitment; but we also want those to live in safety and dignity who have not achieved this yet.

And we want rules at national and international level, for the market and the companies working within it. Yet not only there, we also want people in our society to join the debate, to take part in the decisions and to participate. Yes, we want social market economy. But we want even more: we want a social democracy in Germany, dear comrades. That means more than getting companies to play by the rules.

By the way, CDU/CSU and FDP have a different viewpoint. You can read all about it on the first page of the coalition agreement. There is one suspicious sentence reflecting their image of society. They say: *'the basic elements of an economic order provide a framework for the social market economy'*. We can agree with that. But then they say: *'its highest aim must be that citizens and companies can develop their productivity and protect their property'*. Social market economy as a means to protect property! As if property was at risk! How little they know about life in this country.

Social market economy is meant to protect the common good from unbridled and uninhibited profit-seeking individuals, and not the other way around. In the past few months property was at risk because millions of people lost their houses, their pension schemes, their life insurances and their jobs, because there was a lack of rules defending the common good; not because there were too many of them.

However, we have to be careful, dear comrades. Our understanding of freedom, which is linked to responsibility and solidarity, is no longer shared by all groups within our society. What we might sense as normal might be broken for others; because many people think that other people's life does not concern them; and broken also because many of those who could lose their jobs don't believe in solidarity anymore – often, because they don't experience it themselves. The fact that many of our voters saw saving jobs at Opel, which the SPD did when still in government, as a waste of taxpayers' money, demonstrates that there is no longer a common understanding of solidarity everywhere.

I believe that the weaker the welfare state becomes, the less people believe in its value. Therefore: if we want to save our strong welfare state we need to fight for our values, the values of freedom and solidarity, innovation and fairness. This understanding of freedom and solidarity, of the opportunities of the individual to make the best out of his or her life and also the life of others, is what we need to embed again within German society.

Dear comrades, this is about a different understanding of a shared life in this country. We, social democrats in Germany, but also Europe, have to fight for it. I am deeply convinced of our chances to win; because the majority of Germans and Europeans do not want to create a two-class health care system; nor a state incapable of funding schools and nurseries. The majority of people do not want those very low wages. And by the way, the majority do not want an educational system providing grants for only a few, while millions of students don't receive loans, dear comrades.

I believe that with this political concept, Angela Merkel and Guido Westerwelle have reached neither the political centre nor a lasting majority. We tell them – and let us be clear and confident –: watch out! We are ready to fight to regain the prerogative of interpretation and the country!

I have to admit that at the moment, they make it easy for us. Speaking of a remarkable false start would be a mild understatement. There really isn't any magic in this beginning. And compared to the current government, student assemblies in the 1970s were an example of discipline.

Dear comrades, there is one remark I would like to make regarding the spirit and the

moral orientation of this coalition. There is one example showing how they really think and act. I refer to the election of the vice-president of the German Bundestag three weeks ago. Thanks to the CDU/CSU and FDP, Wolfgang Thierse achieved the poorest election result of all vice-presidents. Those people who pretend to be shocked when coalitions between the SPD and the Left Party are formed; those who label those coalitions in the newspapers as a moral betrayal of civil rights in the former GDR; those people were not ashamed to vote for the candidate of the Left Party instead of the civil rights activist Wolfgang Thierse, dear comrades.

There is, by the way, only one reason behind this: when Wolfgang Thierse was president of the Bundestag, he acted above party lines, defending the rule of law of our liberal democratic state. In his role as president of the Bundestag, he had the control over party funding rules including the disciplinary action against illegal donations. In this context he had to deal with the CDU's behaviour. He imposed penalties according to the law. And now they punish him for having respected the law, dear comrades.

So much for the centre-right coalition; they should feel ashamed. That wouldn't be very centre-right-like, but at least it would be decent.

Dear Wolfgang Thierse, we know that the validity of your decisions has been endorsed by the Bundesverfassungsgericht. Until today, however, the CDU/CSU needs to take revenge on you for your irreproachable actions which defended the rule of law in a democracy. Therefore I'm telling myself: never mind; we social democrats are proud of having you as our vice-president.

This government defends an instrumental relationship between the economy and society. It does not support the protection of the common good; instead it represents vested interests, in the context of taxes, energy policy, nuclear power companies, the pharmaceutical industry and others. By the way, you won't find the term '*common good*' anywhere in the coalition agreement. Instead you will find some minor details, as on page 25, where it says: '*Germany needs clear targets in the area of space travel*'. There is no money left for education at regional level, however for space travel fairytales there is. This is what they are doing!

This is political comedy; not government action. Now that they are in government, everybody is allowed to join the game; even though some candidates did not even want to be at the top of certain ministries. Now Dirk Niebel has joined the government. He, by the way, is part of the cavalry of the governing regiment: flamboyant, but very narrow-minded.

You know that good development aid workers do not originate from the cavalry, but from social democracy. Don't you agree, Heidi?



Even the Handelsblatt, a daily newspaper not known for its social democratic attitude, concluded under the headings *'The Retro-Republic'* that the black-yellow financial and social policies are based on very out-dated assumptions. It writes: *'in two years, at the latest, social insurance contributions, taxes or both together will rise. This coalition is not just 'partially able to govern', as the Süddeutsche Zeitung writes; it is simply unable. It lacks a sense of what keeps society together. Herbert Wehner, an important citizen of this city, once said: 'the social democratic party has an idea. It's the idea of a community which achieves as high a standard of social justice as humanly possible. The others will need to find substitute ideologies and grow with them.' This idea is still valid. We represent the common good, whereas the others still believe in the blind forces of the market.*

Even the second SPD-critical newspaper, the Frankfurter Allgemeine Zeitung - this is the commercial break - wrote: *'the financial policy of the yellow-black coalition is a mess. There will be a hole of 250 billion Euros in the federal budget of the coming four years. Nevertheless, CDU/CSU and FDP want to reduce taxes at roughly 24 billion Euros per year. The audience can't believe what they see, wondering how this is meant to work. Fatally enough, the government is not able to present a credible budget.'* I think you should subscribe to this newspaper, dear comrades.

I'm telling you: this is the first government to break the official oath after only a few weeks in office. Because the oath says that they are supposed to avert damage from the German people. Right now they are doing the contrary, dear comrades.

We, however, need to dare to be more political. This means, above all, that we need to put fundamental social questions back on the agenda. We really want to solve them, and not just communicate. The best solution is to tell the truth and not to pretend that we know random answers. I am convinced that fundamental questions will dominate the political debates of the next years. Those who come up with fundamental questions do not need to find fundamental answers right away; they should, above all, invite many people to discuss the right answers with us.

Which are, in my opinion, the crucial fundamental questions? To begin with: who defines the economic and political rules? **The economic and financial crisis has demonstrated the danger of market fundamentalism for jobs, for the economy and also for democracy.** The economic and financial crisis, which does not seem to end in the foreseeable future, has destroyed within a few hours and days 25 billion Dollars. Approximately 50 million people worldwide have lost their jobs. The crisis has made poor countries poorer and showed us that not politicians, but the economy sets the rules. And let's be honest: part of the problem is that we have told our citizens for years that there is not enough money available for education, nurseries, or pensions. Yet all of a sudden, within a few hours, we had to raise billions to prevent

the worst. Nobody thought this was fair, dear comrades.

This is not simply about the moral failure of certain elites or managers, as some people claim. In his remarkable contribution in the Süddeutsche Zeitung, constitutional lawyer Ernst-Wolfgang Böckenförde dismantled a legend. Böckenförde asserts that the managers responsible for the crisis acted on the legal basis of capitalism and financial capitalism. They respected the rules of the system. Moral appeals like the ones by Mrs. Merkel are utterly helpless and insufficient. The game rules need to prevent future excess. And the black-yellow government does not mention concrete plans. Those who do not even want to discuss financial capitalism should not mention social market economy, dear comrades.

Maybe the most important challenge social democracy faces in Germany, Europe and the world, is how to discuss and define effective rules. For this reason I hope that Peer Steinbrück, even though he does not run for office anymore, will stay with us. Nobody has initiated and done more in the past months than Peer Steinbrück.

We do have allies, such as the trade unions, environmental associations and many more. It's the medium-sized companies, qualified workers – which I have mentioned before – working for business providers and industries, and also the managers, who do not know any longer how to handle this financial and economic crisis. They have to pay the bill and don't receive bank loans, and therefore have no assets left. At a high interest rate, they now have to pay the bills of those who did not care about checking the credits in the first place. Those are the ones we need, and they suffer under the chaos other people have created.

If now they vote for the CDU or FDP we need to tell them: do you actually believe that before the elections, the banks have donated money to those two parties because they thought that the CDU/CSU and FDP would create stricter rules for the banks?

On the contrary, let us tell them, dear comrades: don't vote for the wrong party!

We want to create an economic-political strategy which prioritises economic sustainability and the creation of jobs. The political, but above all social democratic aim has to be a policy of full-employment, dear comrades.

In no other area is there this extent of continuity; because Frank-Walter Steinmeier's Deutschlandplan is the basis. We need to aim for full-employment. Therefore it is absurd to lower the taxes for the well-paid. If you lower the taxes now, then do it with the aim to support investment. Sustainable investment creates jobs. If you lower the taxes, then do it with the aim of creating jobs, and not of helping people save money, dear comrades.

The second question is: prosperity and opportunities for many or only a few? The financial

crisis puts this old question once more on the agenda: who pays for what? Because in Germany, Europe and the world, we still need to deal with the question of fair distribution. Which shoulders carry how much weight? Or to be more precise: how should wages and wealth be distributed as an answer to this crisis, but also as a means to ensure that the economy still functions in a system which works under the motto: *'Cars don't buy cars'*? 10 % of the German population provide over 61 % of private capital. The highest percentage alone owns 23 % of the entire net capital. The share of income-related taxes in Germany's GDP is only 0.9 %. This is less than half of the share in France, Britain or the US. Poverty is once again a major issue in our society. 10 % of our population lives in poverty. 25 % are part of the so-called lower social classes.

Those few numbers show one thing: once again, we need a new social consensus in Germany; a situation in which better-off people contribute more to the common good and thereby help people to get out of poverty. This has nothing to do with social envy. I personally think wealth is great. Honestly speaking, I'd like to be wealthy myself. There is no need to stigmatise wealthy people, under the conditions that they pay their taxes here in Germany.

Yet one thing is clear: nobody gains wealth through his or her own effort alone. Many other factors contribute to this wealth: a socially peaceful country, a country promoting culture, economic development, education and universities. All this contributes to people's wealth.

At the moment the country is in difficulties. So, for God's sake, it is not social envy if we say: if the country, which helped you to be well-off or even rich, is in difficulties, then you need to help a bit more to get out of this difficult situation! This, dear comrades, is not social envy!

I call it social patriotism. We need to make sure that there is a new solidarity in our country. Questions of distribution aren't ideological. They are questions of fairness.

But let me put it bluntly: it won't be enough for the SPD to decide a new top income tax rate or to re-introduce personal property tax. As you know, I am the chairman of the personal property tax fan-club. I did not always represent the majority of the delegates on our party conventions – contrary to what the situation looks like today. Hans-Jochen, there are quite a few stories I could tell you.

But I won't do it today. Yet I do know that with the top income tax rate we could have received 3 Billion Euros extra; and when Peer Steinbrück and I were minister-presidents, we could have received possibly 8 or 9 Billion Euros extra if the personal property tax had been in existence. Yet we need to spend 25 Billion Euros per annum more on education in order to reach again the level of the industrialised countries. It means that it won't be enough to speak about it.

I am telling you frankly: I think that the lack of a stock exchange tax is just as unfair as the fact that we subsidise energy-wasting and fuel-guzzling cars with taxpayer's money, even though they accelerate climate change, dear comrades.

I believe that in order to create more fairness, a secure welfare state, and to invest more in education, we also need to develop our concepts for an ecological tax reform further. This is on our party's

The third question: solidarity with personal responsibility. **The welfare state is the core project of social democracy. I call it the most important achievement of modern society. The principle behind it is simple, but revolutionary. The welfare state is nothing more or less than the ten commandments of a fair society.** The principle is the following: **the person, who is in need through no fault of his or her own experiences solidarity, gets support and help from the community. Therefore, a poor person won't become ill, and an ill person won't become poor. We help the elderly so they can live in dignity; and help those who lose their jobs and make sure they receive training and can go back to work.**

In return, we expect people within this society to make an effort. Because only if everyone makes an effort, we can help those in need. For this reason, dear comrades, I don't want us to support the new project put forward by the Conservatives and occasionally the Greens, namely to pay a basic income to everyone, without asking for anything in return. It would not teach people in our society to make an effort.

I think we need to discuss this within our party. We have to invite the people who support this idea. They should discuss with us and we will explain to them why we believe that we want to help; but that everyone needs to make an effort, if they can, in order to provide this help in Germany.

Those who – like the government – want to privatise the costs of our health system and thereby end equality, do the contrary. Privatisation is the contrary of solidarity. Those who privatise destroy solidarity and support vested interests. We have to fight against this development, dear comrades!

However, the welfare state is more than just minimum wages. Fair wages, in sectors where there exist standard wages, are also part of it. I also know the saying: don't meddle in standard wage negotiations. I know it. Yet I think that as social democrats we can say in the trade unions' wage disputes, that from an economic and social point of view we find it fair that older demands of trade unions be met. If productivity and inflation increase, wages need to increase, too, dear comrades. It is still allowed to say this in Germany.

It's not just about wages. Now, during the crisis, everybody wanted to discuss with the state in order to find better solutions: the management together with the work councils and the trade unions. They all made the experience that working together with the trade unions and works councils is wonderful. At least, this is what they told us. Now I say: *if this is the case, then I believe that in Germany we need to involve workers more into the decision-making process.* I don't find it necessarily correct that only companies with more than 2000 employees let their employees participate on the supervisory board. Participation would also be possible in smaller companies, dear comrades!

The fourth question is: equal opportunities for many or just a few? This is about education. In the OECD states, 13.4% of public expenditure is spent on education. If Germany wanted to reach this level it would need an extra 20-25 Billion Euros. I'm telling you: parents, students, teachers, university students, but also employers and trade unions are tired of us telling them: we are sorry, but this needs to be decided at a different level.

I don't know a single person outside politics who cares about those responsibilities.

People want the situation in Germany to change; not only the responsibilities.

Don't worry; I don't want another federalism reform. However, I don't believe that the last one was actually helpful.

What we need is a social democratic concept to coordinate the financial burden-sharing between the federal, regional and local level. The education policy of Rhineland-Palatinate is an excellent example which all regions should follow, dear comrades. There you can see how these things work.

Education fosters social mobility. However, it can only be successful if the federation, regions and local authorities work together. We need to make sure that nurseries are better equipped to support children from an early age onwards; especially in deprived areas. We need to make sure that all-day schools are not only named as such and that they are equipped with a cafeteria; they also need enough teachers, social workers, psychologists, sport psychologists and drama psychologists.. They all need to be part of German schools.

This is the difference between our and Scandinavian schools. They spend the money on education.

By the way: **for social democrats, education needs to be for free, from nursery until university, dear comrades.**

Since education is expensive, and the money can only be spent once, it would be wrong to lower the taxes for the well-paid. It would be much more important to spend the money

on laptops, teaching material, warm meals at school, teachers and nurseries. This is what we need money for; not to lower taxes.

Let us discuss the usefulness of increasing child allowances; since we all know that only a few of us benefit from it.

There is something else I would like to mention in context with education. **A good education should not only be about gaining factual knowledge; it should also help people to get on in life.** A lively democracy needs politically aware citizens. Social democrats have learnt this from Wilhelm Liebknecht: *knowledge is power; democratic power.* However, dear comrades, you know how urgently this country needs an initiative for civic education. You only need to observe the afternoon entertainment on German television; or read certain political blogs, where anonymity breaks all limits of human dignity; or notice the small number of people reading newspapers.

The fifth question will deal with social mobility and participation; those are key concerns for the SPD, but they do not concern exclusively German citizens. Social mobility and professional qualification, thanks to education, but first and foremost integration, are indispensable for all people who have come to live with us from different parts of the world, or those whose parents have come from abroad. I believe that one of the most important tasks, of the most fundamental questions is the following: how can we ensure a better integration of foreigners who have come to live with us? Migrants are a natural element of our society, even though there are occasional problems in our common lives. These problems are mainly visible in big cities, but also in other places. As a consequence we will need to tackle these problems at local level, where we are still in power. I know that not all, but many of the problems migrants face are linked to the social conditions of the concerned families. Often, what we name a problem of migrants is in reality a problem of the lower classes.

However, I also know: integration and participation are only possible if we agree to create educational perspectives for these children, young people and families. Only then can we avoid the creation of ghettos in big cities and the social neglect as a consequence of criminal activity of young people.

Dear comrades, not the Migration Law decides whether or not Germans and young people get on with each other. Not the Children and Youth Service Act will decide whether children and young people will be supported or neglected. All of this will only succeed if there is enough money available for the cities and boroughs to fund nurseries, schools, playgrounds, sport activities, musical education, academies and everything else we need, dear comrades.

Cities and boroughs are more than just holding-companies responsible for sewerage.

They are places for social integration. The situation is as follows: Many of us experience a constantly changing world. Only a few people like this idea. Most people want to stand on a solid ground. Who could provide for this, if not the cities and boroughs? This is the place where it is decided whether Germans and foreigners, young and elderly people, men and women, underclass, middleclass and well-off people can live together.

I don't want to set up a permanent conference of local politicians within the party executive committee with the aim to create a new committee, or because I want Stephan Weil to continue voting for me. Instead I am in favour of this because I know that these social places of integration are the beacons we need to guide us, dear comrades. This is where the future of social interaction of people in Germany is decided. Therefore, we need to enhance the status of local politics within the SPD.

By the way: the first people we need to contact are migrants, foreigners, and the children and grand-children of those who came to live with us. Those are the ones we need first and foremost in the SPD. A party ignoring the environment of those people cannot design good policies. Therefore, let us invite them. The Frankfurter SPD is a good example. Let us invite them, let them vote for us. Not only hardware-integration based on funding and social workers will be successful. We also need software-integration with the chair of the local party group, the treasurer, with the members of regional parliaments, with parents or works councils; this is where it works best. Then they would be right at the heart of the SPD, which means that they would understand us better and vote for us, dear comrades.

The sixth point: what should the world look like, multilateral or old-thinking? German social democracy has a very long international tradition. We were the first ones, in 1925, to advocate a unified Europe. We initiated the policy of détente, which led to the end of the confrontation between the two blocks and to reunification. And by the way: we advocated a strong UN and thereby also supported the rule of international law in international relations.

Beate Sieweke and others asked me to mention Afghanistan. I want to do it at this point. I believe that our difficulties are the following. We know that the current situation in Afghanistan won't lead to a success. Karzai and his odd government de-legitimise military action even further. We take note of this.

I believe that 80-90% of the German population – possibly even of the party - want the troops to leave Afghanistan; we know this. But I'm telling you why we need to give ourselves a hard time and why we need to discuss this first within the party. Many of you pointed to the SPD's policy statements. In this document we find a very broadly defined mission. It says that we want NATO to be part of a collective security alliance with the United Nations. We have stated that military interventions should not be decided either

by the US or by NATO. We want the United Nations to take these decisions. This is the policy statement of the SPD.

It was the United Nations who decided to go to war with Afghanistan. And this created our problem. In the case of Iraq we were able to say with a clear conscience: no, we don't join the war, because the United Nations did not decide it, because this war breached international law. In the case of Afghanistan, we had to give ourselves a hard time, and we still do.

I almost have the impression that Helmut Schmidt was right when he said: in principle, every solution is dangerous. He used a different expression which I don't want to repeat here. However, our problem is that on the one hand we support the rule of international law; we have fought for it and we want to strengthen the United Nations. On the other, this decision challenges us to say not only A but also B, and therefore to intervene with our troops.

What we all need is a debate on how we want to deal with it. I have to admit right away: I don't have a quick solution. I can't explain it here. I go for the easy solution and say: let us simply put Frank-Walter Steinmeier's plan into practice and in year XY we are out of there. Some people would cheerfully agree to this. But I don't have such a plan. Frank-Walter's suggestions are good. However, none of us could right now come up with a date.

Let us discuss the content of this question with intelligent people within and outside of our party. But let us not pretend that there are easy solutions. Staying there is horrible, but leaving is horrible, too. So let us discuss this within the party in the coming weeks, dear comrades.

Today we moreover need a new project for international realities. **After western integration, after Ostpolitik, after EU-integration, we have now entered a phase where social democrats should advocate a new internationalism.** This new internationalism needs to take the changed realities – the rise of China, India, and Brazil - in all international institutions into account. This is about an international policy tackling poverty, but also climate change, fear and social misery, which create new forms of global terrorism. With Willy Brandt and other countries – just to name Gro Harlem Brundtland – we have shifted the dialogue with the global south on the global political agenda.

I think we need to repeat this in a different manner and context. It is a good thing that the SPD traditionally does not only look inwards, taking note of our own country's problems, but also outwards, trying to combat poverty together with other countries.

It is obvious that we cannot continue this way. The ecosystem earth has lost its balance long ago. The challenges human mankind faces need to be our political topic; and not just after having been to the Ministry of the Environment. It is, by the way, a topic many young

people are interested in. The question has been asked: how can we, once again, get in contact with young people? We should not leave this topic to the clever environmental associations or Attac. It is a social democratic topic which we need to discuss with young people and everyone else.

But we will only succeed if we don't limit ourselves to German social democracy. This is a task for European social democracy and the Socialist International. It needs to be more than just a book with beautiful quotations of Willy Brandt and Felipe Gonzalez. If we are serious about international politics, there has to be a European and worldwide Left giving clear and unambiguous answers; not different ones.

For me, those are important fundamental questions we need to ask, and in this area we need to fight for the prerogative of interpretation.

Dear comrades, 50 years after Godesberg we get together here in Dresden. 40 years after Willy Brandt's slogan *'Try more Democracy'*.

At the time, both broke new ground, Godesberg and the government declaration. Godesberg signified the opening of the workers' party SPD to the catch-all party, and Willy Brandt's call for *'more democracy'* encouraged everyone to participate in new forms of state and society. Both were ground-breaking moments for social democracy.

I believe that **we are about to break new ground with social democratic challenges.** The pedagogue Hartmut von Hentig once said that it is the school's task to strengthen people and to clarify things. He did not choose this order unintentionally. He intentionally said: *first strengthen people and then clarify things.* I believe this would be a good job description for social democratic politics. First of all, we always need to fight for a majority for our image of the human being and our shared existence in society. Once this image of a strong, self-determined human being in a strong, but also responsible society is shared by the majority, our legislative proposals will be, too.

The future prospects regarding the success of this idea are not so bad, by the way. Renate Köcher, a researcher from Allensbach, who is not necessarily close to the SPD – this was published again in the Frankfurter Allgemeine Zeitung –, has published an interesting finding. Under the headline 'The chances for the SPD' she declares: *'Amongst the population there is a broad consensus over which policies need to be pursued, and in this context, classical social democratic concerns play an important role.'* Moreover, Mrs. Köcher points out that 46% of the voters still put the SPD in first or second place rank in terms of popularity. 37% of the voters consider voting for the SPD at the next general elections. Let us seize the opportunity! After September 27th this might sound over-confident. Even I know. But I am deeply convinced that

we will succeed. However, if Mrs. Köcher's prediction will come true, lies in our own hands, dear comrades.

Only if we believe in ourselves, others will believe in us. Only if we are confident, others will be. Only if we succeed in convincing people that a social democracy is the better answer will our answers impress people.

By the way: in 2013 we will be 150 years old, now we are 146. One could ask the question: how did we succeed? How can a party exist for 146 years? It is not a given fact. How did we survive the empire and the Anti-Socialist Laws? How come we survived World War One, World War Two, Fascism, the Weimar Republic and Communism? Despite the ups and downs, there have always existed social democrats. How come? The reason is - and I hope you won't take this amiss – that we have always taken the right decisions. It is not that we have always had the best MPs, party leaders or government representatives - except those present here and alive. There have always been some who did not do such a good job – except those that are alive.

How can it be that despite of everything, there have always been people in the past 146 years who joined the party? Since the electoral defeat 5000 new members have joined our party.

This is due to one idea; an idea which made people join us. **It is the idea of freedom. Not only the freedom from misery, oppression and persecution; but also the freedom to make something out of one's life, to not be dependent on the parents' income, to not become the person that the parents wanted you to become, to be free regardless gender, colour of skin or religion, and to be independent from the neighbourhood you come from. It should be your choice how you want to live your life. As we know that there exist hurdles on everyone's path, we got together and said: Let's practice, so we can get over the hurdles; and the best solution is a good education. When we knew that the hurdles would be too high for even the best educated to overcome, we linked arms and pushed the hurdles aside. This is what we call solidarity.**

I believe that it is this idea of the open and free way of life, and of the fact that we help everyone to walk this way, which makes people want to join us time and again. We know that this idea is deeply rooted in society. We just need to wake it up again, dear comrades. This will be our task for the next years.

Our idea of a free and self-determined life and of responsibility towards others in our country and around the globe is still up-to-date in the era of Globalisation. Therefore we need in Germany a strong and unitary SPD; a brave SPD which is able to deal with conflict; which has clear thoughts and acts decidedly. We want to achieve this, dear comrades: Andrea Nahles,

Olaf Scholz, Klaus Wowereit, Manuela Schwesig, Hannelore Kraft, Barbara Hendricks, Martin Schulz, but also Frank-Walter Steinmeier, the members of Parliament and all those who run for the party executive committee. However, we won't be able to do this alone.

First of all, this team is important. Do me a favour: if you don't want to vote for all of us who run for office, please blame it on me. Stop blaming it on the left-right confrontation. In the context of this party convention, this is nonsense. We need everyone on board.

Secondly: don't believe that you can go home while we do the work for you. It only works if we do it together. More and more people call for grassroots democracy. It also means: more work. Don't fool yourselves.

You need to get prepared: we are going to bother you, dear comrades. As a team we will succeed together.

In the end, because I know that politicians – and in particular social democrats – like to walk around hunched under the burden of their jobs: I believe that people want something different. They want optimism and energy. So always remember this Chinese proverb: *A person who cannot smile should not open a shop. Let us open plenty of shops in Germany.*

Thank you very much!

This speech was delivered on 13th November 2009 at the Federal Party Convention of SPD, which was held in Dresden, Germany.



Dear friends, dear comrades,

I'm very happy to see you again here in La Rochelle for the Summer University of our party. I am happy indeed to start the political season 'with the family' amongst our activists and elected officials.

Let me warmly thank on your behalf the activists of the Charente-Maritime federation, without whom this event would not have been possible. My special thanks go to the federation's secretary, Olivier Falorni.

Thank you too, dear Maxime, for your warm welcome. One only has to take a walk in this beautiful city you have given so much to, to understand what the Left can do for our fellow citizens and for the environment.

My thanks also go to our host, Ségolène Royal, who has joined us for this summer university. Let me assure you, Ségolène, that we will be by your side and by the side of all the other Presidents of Regional Councils in this electoral year. The ones tackling the crisis are the regions, the cities and the departments and they are also the ones preparing for the future by developing their own environmental projects. Ségolène is doing just that and I salute her actions in Heuliez, which are a symbol of our fight to save jobs and develop an industrial fabric with a future. Ségolène puts all her energy and fighting spirit in this endeavour and we know what a relentless fighter she is.

I also would like to greet Antoine Déourné and through him, all our young members of the MJS. The Young Socialists Movement (MJS) is at the forefront of our collective struggle as they fight for young people, of course, but also for public services, health and education. At our rallies and in all our activities, you will always find the MJS flag flying high!

We all share a common goal here: we want to make sure that our three-day Summer University is useful to all French citizens.

During these three days, we want to come up with solutions to the crisis because whatever our government says, this crisis is far from being over. It is still affecting young people looking for a job, workers fighting for their companies, SMEs struggling to survive, families preparing for the start of the school year, and pensioners whose pensions do not increase. We owe them to be indignant at our government's policies, and most of all we owe them new proposals for a better life. This is why we demand from the President of the Republic that he takes action at

long last! The French are no fools: see those ministers and state secretaries à la Sarkozy, listen to those experts in self-denial, those managers and traders... They hasten to tell us that things are getting back to normal. Were they not the ones who did not see the crisis coming? The world has changed. They have not, neither in their analyses nor in their solutions!

If we want the Parti Socialiste to be of use to the French people, then we must be able to come up with an alternative project for society. The bonuses granted by banks to their top managers in the summer, with the collusion of the President, are enough evidence that financial liberalism cannot be amended and that we need a new, fair, efficient and forward-looking vision for our society. Our proposals should be creative but also credible, original but also sound, inventive but also realistic. We have made a good start, among other by being here in La Rochelle. Following this event, we will launch a 'Tour de France', i.e. a series of debates all over France on our vision for the future: we will discuss with the French people about the kind of society they wish to live in. **We will develop our proposals for a new model of economic, social, environmental, territorial and educational development, in short for the new development of our Republic.**

If we want the Parti Socialiste to be of use to the French people, then it should remain open to other forces of the left and to those citizens who are fed up with the unfair and inefficient policies of this government, who have had enough of the autocratic rule of President Sarkozy and who do not want our country to lose its credibility in the world.

The Parti Socialiste should be proud of its values. It should share those values with the rest of society and renew its practices. Enough words, enough debates: it is time to act!

In June last, I presented all our members with a roadmap for the Parti Socialiste: our party should get ready to fight Nicolas Sarkozy's policies, to bring about a transformational change for our society, to build a common house for the Left and to renovate itself. If we succeed in carrying out this roadmap, we will become a great left-wing party and this is why we must carry out these different tasks simultaneously. In the last years, our party has often appeared to remain inactive and therefore conservative and unable to take up today's challenges; it has often appeared divided because of personal ambitions, and therefore uninterested in the difficulties of French citizens. But the French are now turning to us; they are expectantly waiting for an answer and for actions from the Socialist Party. I hope we will not let the French people down!

The aim of our summer university is therefore to focus on the present stakes: to understand the crisis and think ahead! We have organized five plenary sessions around this topic. Our aim is to remain open to the rest of society and this is why we have invited academics from the entire political spectrum (among whom philosophers, sociologists, historians, economists and artists, etc.), trade unionists and civil society representatives. Half the speakers come from

outside the party because we are absolutely convinced that through this exchange of opinions, new ideas and a new vision of the world will emerge. With their presence, our guests testify to the will of the academia, the trade unions and civil society to engage in an exchange of views with us. Let me thank these speakers in advance on your behalf.

We are also very happy to welcome other leaders of the Left. We wanted to pay tribute to the Left as a whole and have asked representatives of other progressive forces to attend our workshops. They will also take part in the two round-tables tomorrow. Let me greet them on your behalf. We should start with a progressive assessment of the present situation in France and define our progressive ideas. **Before entering any kind of political alliance, we must define our own vision of society. Otherwise, we will lose our political distinctiveness.**

I would like to warmly thank Emmanuel Maurel and his team for having organized this event. They have done a wonderful job in ensuring high-quality and open debates, and they have introduced new initiatives, like for an instance a Political Film Festival. They have also foreseen social events, like the evening party where I hope to see you all, whether you are activists or outside speakers.

I chose not to speak about our roadmap before our event in La Rochelle because I wanted to do it right here with you, as a token of my respect for the internal democracy of our great party, for our activists, and for our elected representatives who dedicate all their energy and a large part of their lives to fighting to improve the living conditions of our fellow citizens. You know also that I prefer to take my time and develop sound ideas rather than hasten to come up with a quick fix, and that I prefer collective answers rather than solutions devised in isolation. The media society has its demands but for me, the party and those who fight for its values, and who are its body, soul and strength, will always prevail. What can I say? Old habits die hard!

We must carry out this roadmap with determination. Comrades, alternation is something you earn. In promoting our project, we must be eager but not impatient, convincing but not arrogant. The French people require a serious project from us, not glorious feats. This is what politics is about. You have asked me to lead the Parti Socialiste so that the French people put their trust in us once again. It is the only way they will regain trust in the future. You know that nothing can turn me away from this task, neither the media racket, nor the fluctuations of the polls.

On Sunday, after our three days of common work, I will address the French people on your behalf. I will present them with our proposals to come out of the crisis but also our alternative model of society. This afternoon, however, I want to address you, the party members but also the party's voters that we have the honour to serve.

First of all, **dear comrades, be proud of our party. Remember where we come from, our strong history and our struggles.**

At a time when neoliberalism has shown how absurd it is, what an economic and social failure it is, **let us be proud to defend values the world so direly needs: justice, equality and its sister values of liberty and fraternity, secularism and internationalism.**

Remember what brought you to become party activists. In moments of doubt, all of us should remember what made us join the Socialist Party. Was it a morning of hope or an evening of despair? It was at any rate a will to act for more justice, for fewer inequalities and for democracy, it was the will to do something useful, to change lives or just the pavement on your street that led you all to become members of the Socialist Party. Yes, let us remember the day we decided to join the party. Let us be proud and let us rekindle our will to change things. People need that. The French people need us.

Our great party should therefore act. Reform is an essential democratic requirement and socialism is based on absolute democracy, in society as well as in our party. We have been talking about reform and renewal for quite some time, especially in times of congresses in fact. The time has come to stop talking, to take decisions and act.

Let me say it once more: reforming our party will not make the French trust us again. **We need a strong agenda but we also know that no matter how good our proposals are, our credibility will depend on our practices and we therefore should build a great party that is open to society and to the Left; a party that is constantly able to renew itself.**

We have two tasks ahead of us: go back to our basic values and renew our Party. I have chosen to speak here in La Rochelle so that together we take up this double challenge.

Let us talk about renewal. To some, the word seems clichéd and it is, when you just talk about it but do not act upon it. It is however a thrilling challenge when a whole party calls for it, based on its history and its values and on behalf of society.

In the motion I tabled in the Reims Congress, along with many other comrades, I promoted the idea of putting an end to the 'cumul des mandats' (i.e. holding more than one term of office at a time), and of appointing our presidential candidate by means of open primaries. I presented these two ideas in the letter I sent our activists on our new roadmap. Many other have defended the same ideas and an increasing number of party members now share our points of view.

We are going to undertake this renewal from A to Z, or rather from A as in accumulation of terms to P as in primaries!



I make no big commitment today. I merely make proposals on some of the decisions to be taken, on a methodology and a calendar.

I suggest we organize an extraordinary national assembly to amend our constitution before the summer of 2010. I have heard many proposals, some concurring, and some contradictory, on what needed to be done. This is about the future of our party. It is therefore up to the activists to decide. I want them to be able to express their opinions and tell us what to do.

On October 1st, we will launch a consultation of our members. The National Council will meet on September 12th, so as to prepare this consultation. Once the guidelines are set, we will decide on the concrete method and on the statutory changes to be voted on before the summer.

I have identified five areas of reform:

- First of all, *putting an end to the accumulation of mandates*. We know this is a prerequisite for a generational change and to opening our party to society. If we want to be an example as a Party, we cannot sit and wait for legislations that never come, even when we are in power. I want us to go forward with our statutory amendments on the non accumulation of mandates, which we will apply soon after our extraordinary statutory assembly of summer 2010. I suggest we ask our activists if they share our will to push this proposal forward. They will have to tell us if they want us to fight for a single mandate for our parliamentarians and for a limit on the number of mandates held simultaneously or successively. I am in favour of this proposal. Let us jointly define the principles and work together on the methods.
- Secondly, everybody has already spoken about open primaries and it is logical (and I believe expected from me) that I should now take a stand on the matter. I think open primaries are a prerequisite. They should be an opportunity for us and not a problem between us. On this topic, like on many others, we need to work in all quietness and come up with serious proposals.

Open primaries should be an extraordinary opportunity for our party to renew itself, open up to society and create a large popular movement. This requires true political consistency from our side however. Think before you act: this should be our safety-first principle and I intend to abide by it. Primaries should not become a race between the supporters of this or that candidate to the presidential elections.

More importantly, primaries should be an opportunity for us to gain the support of those who want to help us build an alternative model of society and who will mobilize afterwards to take part in the implementation of that model. We want to welcome those 'activists' for an

alternative model to liberalism. And the Tour de France we will launch in a couple of days will be a first step. It is essential to establish a link between our open primaries and the preparation of our alternative agenda. The Ulivo primaries in Italy were indeed a very exciting experience but because no clear agenda was put forward, they did not result in a true mobilization of the country's citizens and unfortunately they ended up weakening the Italian Left.

With primaries and a clearly-defined agenda, we could actually appoint our candidate in the first half of 2011.

This being said, it is time to move forward. As I said in my proposal to the Reims Congress, I believe we should organize open primaries to nominate the Parti Socialiste's candidate to the presidential elections, to which all men and women from the Left should be able to take part if they so wish. Our members will be able to express their opinion at the consultation of October 1st.

Some may ask: are we to choose a candidate for the whole Left? I think we need to discuss it with the other parties of the Left. But I believe that to take this decision, we need to have a joint analysis and not decide on our own. We said we did not want to behave high-handedly: let's prove it! It is very difficult to know today if it is in the interest of the Left to present one or several candidates to the 2012 elections: politics is a question of dynamics, not of arithmetic. We will have to discuss with our partners and jointly decide.

- Thirdly, the issues of **parity, diversity and generational renewal. A party is strong only if it mirrors the society it is supposed to represent.** We should therefore create the necessary conditions for true equal access to decision-making functions. It is high time we enshrine integral parity in all our bodies in our statutes. In addition, I want to make sure we create the necessary conditions to guarantee diversity in the widest sense of the word, by giving access to our decision-making bodies to migrants, blue-collar workers, farmers, white collar workers, etc. They are at present underrepresented in our executive bodies and among our elected representatives. I believe it is our historical task to prepare a new generation of leaders for tomorrow.
- We should decide on other statutory issues in order to better articulate our principles and give better guidance to our political leaders, in order also to promote membership and reliable voting methods.
- Last but not least, our ethical code. **Ethical rules and solidarity between socialists at all levels are essential.** I suggest we finally get on with the task of drafting an Ethical Charter. We have so often talked about it but never done anything about it. A committee should be set up, under the leadership of our finest leaders, in order to see to the respect of our common ethical rules.



A renewed party more open and in tune with society, more democratic and efficient in the functioning of its bodies, implementing its own code of conduct and common rules: this is my proposal to you and to all our party members, who will have the opportunity to take a stand on October 1st.

In this huge debate, we must remain open and it is therefore essential that we use all communication channels, including the Internet. I am proud to tell you we will soon have our own social network. We are testing it at present but it will be available to all members by mid-October and to all our supporters by the end of November. This powerful and innovative tool will allow us to 'do politics', i.e. discuss, exchange and organise ourselves, in a new, freer and more cooperative manner. Its name will be CooPol: Coo, as in cooperative, cooperation, and Pol, as in politics. CooPol will be a platform to discuss about our founding values, a forum to revive our debate culture, and a place to meet among friends.

We aim to be a renovated party, hopefully able to rally all the left political forces. This is why I call for a common house of the Left. It is an open concept integrating all the proposals and visions we want to promote together.

However, we should first define our common project and priorities with our partners, before we talk of an electoral strategy.

To make sure this common house works and results into what I would call a united Left, there three golden rules to be complied with.

The first one is clarity. We need a clear project. Our house would be very unstable if we started with the walls and the roof before laying its foundations. We should be the bearers of a common project. This is a demanding task: **we must come up with an alternative model to the present financial liberalism.** To start with this task, we have invited our partners from the Left to all our workshops and I propose that we meet for two additional days to have a discussion on employment (the beginning of the school year promises to be very difficult in this field), and to prepare our common proposals for Copenhagen.

The second is to strike a balance between the right to an identity and the duty of solidarity. **Everyone deserves respect. Respect is something we should have for ourselves and demand from our partners in preparing our common agenda as well as in organizing our electoral campaigns.** I have talked to Cécile Duflot on a Charter of Good Practice for the regional elections. When you are part of a majority, you underline your achievements, discuss possible actions and promote your agenda together.

The third golden rule is accepting pluralism, as defined by the former Mayor of Venice, Massimo Cacciari, who said: "pluralism would be a calamity if every partner would not accept all the others".

These are the golden rules we should bear in mind, dear comrades, if we want to start building this common house with renewed strength.

Building our common house is a priority. While I am on the subject, and since we are on the eve of elections, let me make a few remarks on François Bayrou's MoDem.

I remind you that our members took a decision on the matter at Congress in Reims. Of course a lot of water has passed under the bridge and today more than before, François Bayrou insists on being anti-Sarkozy. But being anti-Sarkozy does not entail having a true political vision. Mr Bayrou is right in rejecting the present government's policies and stances, in denouncing its attempt to control the media, its fascination for money, its hate for intermediary bodies and opposition forces. He is right to call for an alternation of power. But it is not enough. We need to know what Mr Bayrou wants to do at the social and economic level.

We are more than ever convinced that we need a true left-oriented vision for the future if we want the French people to trust us again in 2012.

François Bayrou says he will challenge the UMP. Mrs de SARNEZ tells us we have a common enemy but... does that suffice to build the future together? I do not think so. I am totally convinced that it is not up to us to decide what to do with MoDem as long as it does not take a clear position itself. I have two questions to Mr Bayrou:

- Mr Bayrou, you tell us you want to get rid of the UMP. This is quite a change from your position and shifting alliances for the 2008 municipal elections. Act accordingly. As for us, we will see whether you behave consistently everywhere. You will have to tell us more. Will you or will you not support the candidates of the Left to the regional elections?
- We know what you are fighting against but what are you fighting for? Are you ready to join us on the economic, social and environmental field?

Dear friends, let us not be naive. How can we be sure that the covert advances from MoDem do not serve one sole purpose, i.e. divide us so as to allow François Bayrou to be the presidential candidate for 2012? For 2012, we want a candidate from the Left!

Being modern to win elections is not about having new faces on pictures. It is about being clear on our political choices. Every time we have sent mixed messages, we have lost.

If the Democrats and Humanists want to join us, they will be welcome but they must clearly say so and it is up to François Bayrou to hold out his hand to us, if he so wishes.

This, my dear comrades, is the roadmap for our party.

We have the historic responsibility to make sure the Left returns to power in 2012, not for our sake but for the sake of the French people.



We have heard a lot of socialists talk to other socialists and talk to themselves! Now we need to talk to our country and to our fellow countrymen, about what we propose and want for the future.

Let's make sure our country gets out of the crisis! Let us make sure we build the country we love! This is the true message from La Rochelle in 2009. We have less than 1000 days to succeed.

Let us be true to ourselves and let us be proud to be what we are!

Have a wonderful Summer University!

This speech, entitled "Let us be useful to French Citizens" was delivered at the PS Summer University in La Rochelle, France on 28th August 2009



Just over a year ago, I was sworn in as the new head of the Slovenian Government. At that time, I voiced concern about the extent of the imminent global economic crisis. I promised that the Government would do its best to tackle the crisis and its effects. I wanted to quote Winston Churchill who, in the midst of WW2, when the Allied forces had suffered severe setbacks, but just as the first prospects of victory began to emerge, said: *“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.”*

Resisting the temptation to overtake reality, I nevertheless dare to say – before this assembly and to our people here and abroad – that **we may be far from defeating the crisis, but the crisis has not defeated us and we are facing a real prospect of emerging victorious in the coming years.** Therefore, I see no better opportunity than the day we are celebrating today – the day our people showed the will to establish their own country – to talk about what we see as our victory for the present and future. What do we Slovenes seek to achieve now and in the longer term, and how? This is a matter of our common goals, and incorporating them into our visions.

Tonight, I wish to address these questions, above all, because throughout this difficult year it has too often seemed as if we had been left at the mercy of the economic and social crisis, without knowing where we were or which way we needed to go to escape from its grip. I see it as my responsibility that our people may have shared this sentiment, regardless of whether or not it was in proportion to the actual situation, and also the failure that our efforts were not presented in a meaningful way. But despite the impression, the goal of each and every one of the Government’s practical and strategic measures to battle the crisis was that Slovenia would emerge from the crisis an even more competitive economy and with greater solidarity than before.

One year later, I can confidently say that while we were not successful in all our efforts and did not address all the problems in time or in the right way, we did succeed in bringing Slovenia to a point where we can begin a fast economic recovery and strengthen our social cohesion. A year ago, I looked forward to the year that is now coming to an end with courage, but with concern, too. I now regard the coming year not only with more courage, but also with eagerness to carry out our plans and lead Slovenia out of the crisis. There is some concern, of course, but this time we have much more control over our present and future development

goals than at the time of the world’s biggest economic crisis since the Second World War. Technically speaking, 2009 has been the first year to see economic recession since Slovenia became independent, but we managed to find a way out of the crisis before the year ended.

If in 2009 we had to rely on the success of the international community in tackling the crisis, and although this will still partly remain so, **our future development will much more depend on us. It will depend on our judgment of what is right and wrong, on our ability to set common goals, and on our confidence and courage to fulfill them.** The Government is well aware of this responsibility. We have been drawing up a package of practical and structural measures for our partners in social dialogue to ensure around 1% positive growth, reduce the budget deficit by about 0.5% and bring ILO unemployment under 7.5%. The current unemployment rate in Slovenia is 6.1%, which makes the country the fourth most successful EU member state in fighting unemployment. The Government will do its best in the coming year – when unemployment is expected to become the main problem both here and in the EU – so that all unemployed people have jobs with higher added value as soon as possible, including through additional training and education. These annual goals should be regarded as part of a broader vision and strategy. I simply cannot put this more concisely: Slovenia – a learning society based on sustainable development. Several things need to be clarified here, however. Firstly, claims that the ethical dimension of the crisis has caused shifts which may end the market or competitive economy are exaggerated. There is no doubt that financial and other markets will face stricter regulation in the future, but they will still be markets. And our competitiveness will be determined there. And the level of competitiveness we achieve will determine the level of solidarity among us.

If last year I felt the need to stress solidarity, so that the crisis would not destroy the social fabric of our society, and the large share of the burden would not be shifted on the most vulnerable people, the present situation not only enables, but also demands that we stress the element of competitiveness, because our final victory – a safe society with a high standard of living – largely depends on it. Next year I will work toward drawing up an exit strategy, including tough reforms of public institution management, encouraging entrepreneurship, competitiveness, and the labour market, transport and energy infrastructure, and streamlining and adapting the system of social security and health care. On key guidelines, the Government will strive to reach a good compromise with social partners, which will enable progress.

The business environment needs to be developed so that it will be more attractive to domestic and foreign investment. It is of strategic importance that we reduce export dependence on the EU market, and that we diversify foreign investment in Slovenia and our investments abroad, including in non-European emerging markets, particularly China, India,

Brazil and some countries in the Arab world. This means the maximum effort from economic diplomacy. Speaking of maximising our efforts – our whole development strategy must be based on green technology. The environmental aspect of sustainable development is becoming increasingly significant, also for the competitiveness of national economies. It is a question of whether we will be in the forefront of green technology development, or follow behind because of our dependence on old technologies and the high costs related to pollution. **If, today, we cannot invest €1 in advanced green technology, we will end up paying €2 in ten years, because we will still be using old solutions.** The first option is not easy, but the second is virtually catastrophic. Today, this is still in our hands, and although we still have to catch up, there is still time for ambitious decisions. In this respect, next year will be decisive.

This year has been difficult for another, particular reason. Slovenia was compelled to interrupt Croatia's negotiations with the European Union, which was not a goal in itself, since it is in Slovenia's interests that Croatia join the European Union. It was a last resort intended to reach a solution to the 18-year-old border dispute between the two countries. I must say this. Few people in Slovenia and the international community know how long it took to find the right solutions. This could not have been postponed. It had to be done, and in such a way that the issue would be resolved fairly and impartially. We had to find the moment when there was a window of opportunity to reach such a solution this year. Now we have a solution. With this gesture, we have significantly increased our international reputation and prestige. We can now say that we are strengthening relations with all the countries of South-East Europe, and have genuine and sincere relations with their leaders. This is very important for our geo-political goals. When people decide on whether to support the arbitration agreement, I hope they will consider all these dimensions – when we succeeded in turning a problem into an opportunity.

At the same time, this is an inspiration for next year. We will be successful and emerge as winners to the extent that we turn problems into opportunities. Nineteen years ago, when we voted in the plebiscite, we created an enormous opportunity from an enormous problem. Today, we are a sovereign country, a member of the EU, NATO, the Eurozone and the Schengen area. Next year, we will become members of the OECD. And in succeeding years, we wish to exceed the EU development average.

Today's holiday is not only a day of independence, but also of unity. As one of the people with the greatest political responsibility in the country, I will do everything to strengthen our mutual trust and respect. Let us not reject the helping hand. Let us also believe good news. Let us be proud of those who succeed by keeping to the rules. Let them be a model and an inspiration. Let us strengthen our confidence. Let us show the best of our national character.

We proved nineteen years ago that we can and will do that. Today, we face different problems and challenges, but they are just as significant for us and future generations. Let us remember the dreams and expectations of nineteen years ago. **Let us reveal the best of our character, so that now the problems are grave and demanding, we can overcome them to the greatest possible extent.** With this in mind, I wish you a merry Christmas and a happy New Year.

This speech was delivered at the occasion of the state celebration of Independence and Unity Day on 23rd December 2009

Ladies and gentlemen, dear friends

I am truly honoured to give the 21st Den Uyl lecture tonight.

During my youth, at home Joop den Uyl was the symbol of everything that was good; and at school for everything that was bad. This is what sparked my interest in politics.

When I was an economics student, we met, when he was invited to our university to give a lecture on the 35-hour working week. We were all pretty much convinced that from an economics point of view the 35-hour working week was a bad idea, and we were going to tell him so. But he scored the first point, using the weighty argument of emancipation of women and equal distribution of work between men and women. He left us stuck for words.

Sadly, I met him only once. Since then, I have had to make do with memories, writings and of course his daughter Saskia. She knows that if she tells me after a speech, interview or debate what her father would have thought of it, it always still affects me deeply.

Tonight, for me things have turned full circle, because unbeknownst to me, my mother appeared to know Joop's cousin, Gerrit den Uyl, and she is here tonight, not so much as my guest but his. We all do our very best to revive the Socialist Family at moments such as these, it seems.

Dear friends, I am not going to make things too easy for you tonight. If you came here tonight with the idea that finally Bos is going to do penance in an old conventicle, renouncing the old beliefs of the sinful race of reformists, yes even the sinful race of the social-liberal Third Way adepts, you will be disappointed. Well, to a certain extent in any case. Because that darned Third Way is definitely worth a confession, but at same time it also merits an understanding reevaluation.

Beyond the Third Way, is the title of my story. Two things, the old wise man would have said. Two things: we can say something positive about the Third Way and we can say something negative about the Third Way. **The good thing is that after the impasse of the 1980's and 1990's, social-democracy went through the Third Way renewal and that it exchanged its wild post-materialistic stance of the sixties/ seventies for a direly needed new orientation of bread-and-butter issues: work and the economy. The bad thing is that the Third Way got bogged down in modern capitalism, but that we have to move on.**

Tonight I will attempt to see where, in the development of social-democratic philosophy, the Third Way fits in.

But first things first.

Recently, we moved out and in of our house because it got renovated. When packing I found in my office a large poster of a photograph Erwin Olaf had taken of me for the cover of *Intermediar*, probably in 2000 or 2001. I was struck immediately of course by the difference in girth and grey hair between the young Wouter Bos and the present one. After I had overcome the initial shock, something else struck me, the title over the photo, which read: The Prince of Purple (*Purple Government: coalition of social democrats and liberal conservatives*). I thought, hold on, I have to realise well that with everything I say about the Third Way, many people in my own party probably not only see me as a Prince of Purple, but also as a Child of the Third Way, and what was the difference again between the two?

A second anecdote with that in mind relates to a parliamentary-party meeting in 1998, in the early days of the second Wim Kok Government. We agreed to no longer call it the second Purple Government but the Kok II Government, to show that it was really Wim's Government and therefore ours. It was a good intention that died within a day, because apparently we could not bring ourselves to say it, so it was and remained Purple. And in recent weeks while writing this lecture I of course thought what that said at the time about how we reflect on our purple period and the Third Way which is often linked with it.

In order to answer that question I will take you back to the late 1980's, early 1990's. The heyday of market philosophy, neo-liberalism and the revolution of the right against the post-war welfare state consensus in the West. The days, and final days, of Ronald Reagan and Margaret Thatcher, who together with Milton Friedman did not think government to be the solution for social issues but rather as the main problem and obstacle. Thatcher uttered her illustrious words: *There is no such thing as society*. These words were not the epitome of an in-depth lecture on the foundations of her neo-liberal and neo-conservative revolution but just arose almost inadvertently in an interview with the *Woman's Own* magazine.

To make matters worse this appeared to be a popular revolution, resulting in left-wing and social-democratic parties losing election after election after election. The German SPD was confined to almost 20 years of opposition against Helmut Kohl trying in vain to turn the tide by replacing leader after leader. The British Labour Party struggled for many years in opposition against the Iron Lady, Margaret Thatcher. The Democrats in the US were also unable to kick the Republicans out of office and in the Netherlands the PvdA (*Partij van de Arbeid*) endured almost 12 years of opposition from 1977 to 1989, with a brief and unhappy interlude of 9 months in 1981.

Everywhere social-democratic parties were jeered. The famous German-English philosopher Ralf Dahrendorf talked openly about the end of the social-democratic century. The *Volkscrant* ran a series of humorous articles on the PvdA titled *De Partij van de Aftocht* (the Exodus Party, instead of *Partij van de*

Arbeid). In short, many thought social democracy was suffering from an existential crisis. But that wouldn't have been the first time.

It was during this time that the Third Way arose. In multiple countries and under multiple names, such as The Radical Centre or Das Neue Mitte. Everywhere it became the symbol of the road back to the political centre, to the work and income of modal earners, to the police officers and nurses, without whose support social democracy would have no significance.

In the Anglo-Saxon world both Clinton and Blair quickly became figureheads of this renewal. They both showed that **a progressive party could regain power after a long period of conservative rule, by returning to the political centre. The focus was turned on concepts like equal opportunities, equality, responsibility and community spirit.** In his 1998 State of the Union Clinton made the public at large familiar with the term Third Way. I quote: "We have moved past the sterile debate between those who say Government is the enemy and those who say Government is the answer. My fellow Americans, we have found a third way".

Neil Kinnock started the renewal of the Labour Party as early as 1987 but only when Blair became the leader the renewal really took shape and resulted in electoral success. We bade farewell to Thatcher but also to Old Labour. In Blair's words: "We are taking the historic values of the Left, and we are applying them to our new world of dynamic markets."

Where Clinton placed the Third Way between "those who say Government is the enemy and those who say Government is the answer", Blair chose a more political position where the enemy was also to be sought out within its own circles. For him the Third Way was specifically a way between the Old Left and the New Right. Market forces and earning money were no longer frowned upon by the left and were given free reign. But, the market and big bucks needed to be tempered by a policy of social justice. At the same time the old left-wing policy of high government spending and huge bureaucracy were deemed outdated; as was increased taxation for the higher incomes. We had to make do with Peter Mandelson's famous words: "I am totally relaxed about people becoming filthy rich".

At the end of the 1990s Blair and Anthony Giddens published their visions about the Third Way.

For them the Third Way had to provide first and foremost an answer to the social consequences of technological progress and globalisation, as a result of which knowledge and information had become increasingly important. These new challenges meant that the Left had to come up with new ways to propagate the traditional values. These values - equality, equal opportunities, responsibility and community spirit - were, and remained, essential for a just society. This radically different approach was in essence pragmatic. Ideology was part of the Old Left. What mattered from now on was getting on with things that worked. What

mattered was the objective and the ideals, not the means to achieve them. This pragmatism originated from the idea that the classic distinction between left and right was no longer relevant, but also from the realisation that the State alone was not capable of realising the left-wing ideals on its own.

Trying to substantiate from a broader perspective what this renewal of social democracy in fact entailed, I would suggest that **the Third Way was specifically about the following three elements. First: putting into perspective the idea of the State as the only instrument to change society. Second: a revaluation of the market, entrepreneurship and globalisation as welfare-creating forces which also enable us to pursue social policies. Third: creating space for personal responsibility and a reasonable balance between rights and duties while aiming at development.**

In practice, the combination of these three basic principles meant that the gap left by a retreating government had to be filled either by the market, market incentives and entrepreneurship or by empowered individuals who took or had to take their responsibility. This was counterbalanced by attempts to develop a community idea with ensuing rights and duties. To quote a famous slogan of New Labour: "The rights we enjoy reflect the duties we owe"¹.

Maybe this is a good moment to reflect on how things were progressing in the Netherlands, because according to those in the know the Netherlands was in the vanguard of it all.

"Wim Kok, from the Netherlands, actually was doing all this before we were. He just didn't know that - he didn't have anybody (...) who could put a good label on it". This is how American president Bill Clinton introduced Wim Kok in April 1999 at a meeting about the Third Way.

In the presence of Tony Blair and Gerhard Schröder the PvdA leader agreed with Clinton: "We put it into practice without having the label on it, the Third Way."

But Kok would not be Kok if he not immediately qualified his statement: "Sometimes I have the impression that the Third Way is a very broad Third Avenue, but anyhow, it is symbolic for renewal."

Although I think that Clinton's remark was probably more about the policy of the Purple Government than about the course of the PvdA, it is beyond doubt that a renewal had been under way in the PvdA for longer, along the same lines as that of Blair and Clinton.

¹ While this idea was being developed it was severely criticised by both the left and the right. Ralf Dahrendorf who earlier on had predicted the end of the century of social democracy, was not the only one who was not immediately convinced by this renaissance with Anglo-Saxon roots. It was thought to be incoherent, an elastic concept with many different meanings and criticism from the left was: it was introducing the neo-liberal Trojan Horse into social democracy. According to many it would explain the emergence of parties on the left of social democracy in coalition countries. Stuart Hall called the Third Way "The Great Moving Nowhere Show" and said that Blair and Giddens in fact accepted the world as it was - instead of wanting to change it. And Albert Hirschman argued that New Labour seemed to assume that all good things could be combined, whereas that was not the case, as if the Third Way tried to combine the uncombinable.

But, let it be clear, also with big differences. Both the PvdA and the trade unions had initiated the renewal earlier than their brothers and sisters in the United Kingdom which meant that the programmatic renewal of the PvdA was far less characterised by a big break with the past than for Labour.

Nevertheless, under the influence of New Left the PvdA of the 1970's had quite a radical profile. The centre-left government of Joop den Uyl and the new manifesto of 1977 are proof of that. The short coalition participation in 1981 was to a certain extent a last attempt to stay afloat with that program and that attempt failed.

From that moment on pressure built up within the party. Doubting the ability of the State and of the State alone to change society was not only fed by the fact that the party was not part of the first two Lubbers' Governments but also gained increased intellectual support from within the party.

Slowly but surely a strict ideal that only government policy can change society was exchanged for other concepts. Paul Kalma was one of the first to renounce the strict, planning state with *De Illusie van de 'democratische staat'* (*The Illusion of the 'Democratic State'*) in 1982 and *Het socialisme op sterk water* (*Socialism Preserved*) in 1988². And in 1987 at the behest of the party leadership a commission headed by Jan Pronk published the report *Schuivende Panelen* (*Sliding Panels*), which was intended as a basis for program renewal. According to the authors, changes such as the internationalisation of economy and culture, pollution, swift technological developments and increasing individualisation also had consequences for the position and views of social democracy and required a new program and strategy. A new organisation of solidarity and common responsibility was required. The report bade farewell to the far-reaching etatism and proposed, with many provisos, options such as deregulation, privatisation and decentralisation³.

² In this respect Kalma was preparing the road for the Third Way. However, in a number of other respects he was doing quite the opposite. He was for instance always wary of deregulation of markets and the introduction of market forces in the public sector.

³ Relevant quotes reminiscent of the Third Way from *Schuivende Panelen* are for instance: "This all has to lead to the conclusion that 'collective provisions are not sacred, also not for social democrats, but that each time they are to be assessed on the basis of the question whether they contribute to the intended objective: are they strengthening the foundation of productive investments and activities; do they really contribute to a (tertiary) income distribution; do they promote social independence of citizens. (. . .). Collective provisions which in economic terms are a reaction to 'market imperfections' are not intended to last forever. If the market can adopt them without significant damage, that should be stimulated, if only in order to create some space for new social needs that cannot be provided by the market or which the market does not want to provide." (p. 21). "All types of bodies and institutions dealing with civil affairs should be able to share more initiative and responsibility with the government. The government should draw up preconditions, but leave many decisions as regards content to the institutions themselves. The preconditions should concentrate on the quality, general accessibility, efficiency of the organisation and the costs. Depending on the activities and their importance for society that could either be achieved via the market, or by means of private initiative without a profit motive or by autonomous public administration bodies. Furthermore, the government could try to cooperate with corporations or create competing bodies itself. Users could, via elected administrators, influence and assess the implementation policy in a democratic way. In short, an active central government which remains responsible, and guarantees, the execution of core tasks, but which respects participation in decision-making and freedom of choice of independent citizens." (p. 126). What applied to Kalma also applies to Pronk: he also had views about certain issues (especially income policies) which differed from those of the (British) Third Way adepts.

As befits any good social-democratic party, there was a never-ending spate of reports and programs afterwards. In 1989 the manifesto *Kiezen voor kwaliteit*, (*Opting for Quality*) was issued, which was rife with optimism about emancipation, participation, development and independence and which expressly linked rights of citizens to their duties. In 1991 Jos van Kemenade wrote *Een partij om te kiezen* (*A Party to Vote for*) and in 1992 the Wolfson commission issued a report about the welfare state titled *Niemand aan de kant* (*No one on the sidelines*).

As regards contents there was a consistent development that included recurring issues such as a retreating government, increasing emphasis on the emancipation and development of the individual, linking of rights and duties and an increased openness as regards use of the market and market mechanisms for own political goals.

The core concepts which Clinton was to attach to the Third Way at the end of the 1990's – equal opportunities, equality, community spirit and responsibility – had for the PvdA taken centre stage as early as in 1992 in the publication *Niemand aan de kant*.

The manifesto *Wat mensen bindt* (*What binds People*) from 1993 was in many respects the crowning glory of this development. It was rife with terms such as strict justice, decent labour order and public responsibility. Jos de Beus, main author, described the manifesto as a "left-wing manifesto with libertarian leanings." I quote: "I consider this manifesto realistic. The left is associated with more subsidies, more rules and enforcement of all social rights. If that is left-wing, everything Kok does is right-wing. But that is an outdated definition of the Left." Similar to what Blair and Clinton had attempted, it was tried to break the classic division between the left and the right.

With this magnifying glass on the intellectual political changes we must not forget that in the meantime the practical political landscape also drastically changed. In 1989 the PvdA once again participated in a coalition government and in 1992 suffered the biggest crisis in its existence over reforms of the Invalidity Insurance Act (WAO) and despite a huge election defeat in the 1994 elections still provided the prime minister of the new government in which it cooperated with arch rival VVD (*People's Party for Freedom and Democracy, conservative party*). Not because it was the most preferred choice, but more because the election results did not leave much room for choice. Earlier, Kok had already embraced the concept of the activating welfare state and he viewed low unemployment figures as the best proof of a sound social policy. Reciprocity became increasingly important. This was demonstrated in his statement: "The emphasis on participation does not absolutely mean that everybody has to work, but that we must be able to count on all those who can work, in order to broaden the basis of the welfare state." And in his statement "Do your duty, demand your right", we can hear the echo of Blair's "The rights we enjoy, reflect the duties we owe."

Although Kok himself always kept his distance from the term Third Way and never wished to be associated with it, the heyday of the Purple Government is usually viewed as the heyday of the Third Way.

And maybe, now that we have reached this point, it is a good moment to stop with history and to continue with appreciation. What does this history tell us about the place of the Third Way in the development of social democracy, especially Dutch social democracy? And knowing what we know now..., what are we to think?

People who view the history of the Third Way, especially within Dutch social democracy, in this way must in the first place conclude that the Third Way is not just an Anglo-Saxon renewal which was subsequently to a certain extent copied by Dutch social democracy.

What seems to have been much more the case, is that where the Third Way needed to be presented by Blair as a break with the past, also of his own Labour Party, the Third Way in the Netherlands actually appeared to be a stage of a longer-term development, which had been focussing on certain concepts much earlier than Blair or Clinton, concepts which only later on were labelled the "Third Way".

In short, the Third Way did not come from outside for the Partij van de Arbeid, we did not copy others, no, it all came from within and in many respects we beat our fellow party members in the United Kingdom and the United States to it.

This brings us immediately to the second conclusion. In social democracy, **the Third Way especially corrected the too high expectations of the State and asked attention for the government as a partner and facilitator instead of the government as a meddler. Now, instead of the welfare state making people dependent, the idea was developed of the activating welfare state. The importance of the growth of trade and industry was also correctly linked to implementation of social policies.**

This happened in the Partij van de Arbeid for a longer period during the 1980's and 1990's, evolving gradually and without any major obvious breaks with the past. Supported by the intellectual preparatory work of party intellectuals such as Paul Kalma, Jan Pronk, Jos van Kemenade, Dik Wolfson and Jos de Beus.

The Third Way, and I am now heading for the second conclusion, was not a victory of the social liberals over more traditional social democrats but consisted of mainstream social democracy, nothing more and nothing less. Unless you still wish to view Paul Kalma and Jan Pronk as diehard social liberals and Blair adepts but I think that would overstretch your imagination, and mine too for that matter...!

However, I am also intrigued by the fact that The Third Way is viewed as a neo-liberal aberration and that it also caused much anger within the party. I think I know what caused it. In some cases it falls into what René Cuperus calls "tragic timing". We have to realise that this stage of the development was at its peak while Wim Kok was Prime Minister and while the Partij van de Arbeid was leading the two Purple Governments. The scars of the Invalidity Insurance Act (WAO) dramas had not yet healed, and hey presto, the PvdA was forming a government with their arch rivals the conservative VVD. If at that particular moment a long-term substantive development of social-democratic thinking reaches its peak, putting market, deregulations and individualisation in place, it is not so strange that it was viewed with some suspicion. The suspicion was that the Third Way had especially been intended to intellectually and ideologically legitimise cooperation with the conservatives but that it was not really social-democratic. Just as we failed to rename the Purple Government the Kok Government.

The image was strengthened by the famous passage about the shaking off of the feathers in the Den Uyl lecture by Wim Kok of 1995⁴. This passage, but maybe even more the fact that the misconceptions about those feathers were allowed to simmer on and on and were not readily disproved, was for many a confirmation that the PvdA had definitively said farewell not only to its ideology but also to its ideals. After the Invalidity Insurance Act (WAO) drama and the cooperation with the VVD, which was hard to grasp for many people at grass roots level, this was yet another reason why the Third Way was viewed as a sort of neo-liberal collaboration, a view which unfortunately stuck. That this was not correct, neither ideologically nor historically as I have abundantly pointed out, was not given much publicity. It was not at all clear where the Third Way was purple and where it was PvdA.

The biggest tragedy⁵ of the Third Way, however, lies in the fact that the necessary change of social democracy to a more positive attitude towards trade and industry, free market and entrepreneurship, took place at the moment modern capitalism was changing character. The normalisation of social democracy vis-à-vis the private sector and the recognition of the productive side of social capitalism thus became the victim of a tragic timing problem. To express it graphically, **the Third Way progressives went to bed while there was a reasonably controlled free market, but awoke with an unchained monster.**

⁴ The shaking off of ideological feathers is for a political party such as ours not only a problem, it is in certain respects also a liberating experience. I quote Paul Kalma – we go back to 1987 – "a true renewal of the PvdA therefore starts with a final farewell to socialist ideology; with a final break of any ideological links with other descendants of the traditional socialist movement."

⁵ I now continue this lecture with the relationship of the Third Way with the market and capitalism. But, of course the Third Way had other weak spots. The most prevalent are: the win/win character, the absence of an ideological foe, the policy-technological pragmatism ('seminaritis'), the absence of social cultural analyses about integration and immigration and the interaction with social economic subjects such as solidarity, the absence of social psychological concepts such as trust, identity, security and pride.

But was that really the case? Because who had unchained the monster?

Let us take the situation in the City of London. New Labour viewed the markets, and maybe markets in general, in a very specific way. To use a term we are familiar with in our own history, the basic principle was in any case not to tame the market, but on the contrary, to increase its dynamics so that even greater welfare, individually and collectively, could be realised.

That also applied to the power of the City of London. Of course, Thatcher had made a good start with the deregulation of the City of London, but real deregulation started in 1998, under Labour and the then Chancellor of the Exchequer and current Prime Minister, Gordon Brown.

The ultimate legitimisation was that The City generated up to 30% of corporate tax revenue which Labour could well use on fine left-wing projects.

By now we all know that the financial crisis which brought economies all over the world to the brink of collapse, originated in places such as the City forcing governments all over the world to cut in the collective sector and / or to raise taxes.

Labour too is wondering how they could have been so naive. With drastic measures, Gordon Brown is now trying to combat the excesses of the financial market but obviously he suffers from a major credibility problem. It was this kind of liaisons with the market which caused social-democratic parties worldwide to be so little rewarded when the market failed so blatantly.

The only and scant comfort is that almost everyone was wrong and that almost no one had foreseen how wrong it could go. Conservatives, Liberals, Social Democrats, Christian Democrats, Greens, Social Liberals, all of whom had worried to a certain extent and criticised the excesses of capitalism, but no one had foreseen this crisis.

“Except us”, so claims the Dutch Socialist Party (SP). But they use the logic of the clock that has stopped, as Sweder van Wijnbergen called it. If you try to predict the time with a clock that has stopped you are correct, twice every 24 hours. Along the same lines, if you are always against the market, you are right, the one time that everything indeed goes wrong.

But, that does not mean that we are not forced to reorientation. What happened here? And what is the message that social democrats have to distil for their attitude toward the market?

In the meantime the c-word has been used four times. The c-word, that is how we called it in the manifesto committee if we were uncertain whether to talk about capitalism or not. The late Bart Tromp said we had to and he made that pretty clear. Taming or curbing capitalism was what social democracy was about. And yes, we cannot skip the subject tonight either.

It is also funny how quickly a new word becomes mainstream and appears everywhere.

Even appearing on teletext I noticed to my surprise. On 9 November 2009 a message appeared on teletext page 127 titled: *Steun voor kapitalisme neemt af (Support for capitalism is waning)*. I cannot resist to read it to you:

“Support for capitalism is waning. Worldwide only 11% of the people are happy with the capitalist system. According to a BBC poll among 29,000 people in 27 countries, the majority wants reform and a fairer distribution of wealth. The fall of the Wall was seen by many as the victory of the free market. Twenty years later only in the US and in Pakistan more than 20% of the population is enthusiastic about the system. People are negative especially in France, Mexico and Brazil. In most countries the majority wants the governments to interfere more. Only in Turkey a majority is against interference.”

I will put this intriguing message aside and try to reflect.

What happened to capitalism?

My view is that many followers of the Third Way, and with them many politicians of other movements, have underestimated the market dynamics in combination with globalisation. No doubt, they were sincere about their conviction that the market could be tamed and could be a servant of society. That, however, turned out to be wrong. It is especially the combination of deregulation and globalisation and the ensuing sharp rise of competition of the past decades which changed the face of capitalism.

A first obvious change was the increase of mergers and takeovers, to the detriment of entrepreneurship. So, it was more and more about shareholder value and less about employers and employees. New Labour saw all this, introduced stakeholder capitalism vis-à-vis shareholder capitalism but apparently was neither able to turn the tide.

Arnoud Boot as co-supervisor at the lecture last year of Willem Buijter pointed out clearly how in modern capitalism everything, including entire companies, become trading objects and that nothing is rooted anymore. No rooting in countries or nationalities, no rooting in the relationship between employer and employee and no rooting in a stable reference framework with views on justice and moral principles. International trade and industry, or at least parts of it, increasingly formed their own community, with standards and moral principles of their own. And the most striking example: the exorbitant remunerations which the world was lead to believe was normal.

A second change was the influence on power relationships. **Employees lost power vis-à-vis corporate governance. Governments lost power vis-à-vis multinational companies. And the dynamics on the market increased to such an extent that it became more and more difficult for governments to manage these markets well.**

It is interesting to wonder where it all started. And I think it is too simple to say; “with the bankers”. A year ago when I appeared on the Dutch TV program *De Wereld Draait Door*, I was also asked that question. And the answer I gave was “With us”. There was a spate of negative reactions on our website and also in the daily polls of the *Telegraaf newspaper* I was castigated. The multitudes were against me.

But the reason why I think this question is so interesting and that I gave that answer, lay in the fact that I had just read the book *Supercapitalism* by Robert Reich. His theory is that governments cannot take a hard line because citizens always lose against consumers and investors. The same applies to employees. What makes his theory really interesting is that he says that we all carry those four identities within us. Many of us are a citizen, consumer, investor and employee at the same time. However, **it is the consumer in us who always wants the cheapest product and the investor in us who wants the best return on his savings and pension contribution. They are stronger than the employee and the citizen in us who are unable to halt the ensuing market behaviour of increasingly lower costs and higher returns.**

We can come up with many examples in support of this analysis, also within the Dutch context.

For instance, the fact that for the consumer ‘made in China’ - meaning lower prices -, is more important than the fact that Dutch employees may lose their jobs. Or take a look at the relationship between employee, investor and citizen and see how some of the most active shareholders on the stock market, are the representatives of the Dutch pension funds. Represented on the boards of these pension funds are the trade unions who due to their management responsibility agree to massive bonuses if a market party performs well on their behalf on the stock market. The citizen who is irritated by this is probably the same person as the employee who is represented by the trade union and the investor who hopes that the fund will have a good return. But it is that citizen who loses.

This touches upon a third aspect of modern capitalism which is often mentioned by authors and that is the dominance of financial institutions and financial motives. In this context Arnoud Boot already mentioned the role of the stock market and shares and how everything can be traded. Another phenomenon is that banks no longer are at the service of the real economy and the companies active in it, but have become money-makers themselves and as such an economic force in themselves. The real profit makers of large companies are increasingly no longer the marketing or sales managers but the financial men on the board who came up, time and again, with new financial innovations. Nor would I be surprised if in the last decades increasingly the company’s CEO is recruited from the ranks of financial whizz kids instead of him or her having a corporate background.

A final aspect of modern capitalism which needs to be mentioned here is the ideological basis of this development. Neo-liberalism and neo-conservatism bent over this new capitalism with analyses rife with inevitability and lauded its blessings. “There Is No Alternative”, and “The World Is Flat” are the best known metaphors making it clear that you had to take part with this form of capitalism because you would otherwise be punished and would suffer a serious reduction of welfare.

One of the side effects of this was that the market model was not only victorious in the private sector but that it was so applauded that it gained popularity in the public sector too. There the experiences are, to put it mildly, mixed. It turns out in any case that guaranteeing public interests in a situation in which the market may perform its much blessed work, appears extraordinarily complex, that it may lead to an impenetrable bureaucracy and that it therefore runs the risk of losing all efficiency gains which were the initial objective⁶.

Worldwide, it is now time to learn lessons. In his Den Uyl lecture last year Willem Buitter indicated which lessons could be learned pertaining to rules and regulations and improved supervision. I am not going to repeat that subject. I wish to talk about social democracy. What does it mean for our market story and our relationship with capitalism?

Firstly: There are Alternatives. The neo-liberal idea of “There Is No Alternative” is counter-balanced by “There Are Real Alternatives”. Our ability to work in a politically relevant manner comes or goes with our conviction to be able to make a difference. **For too long the neo-liberals tried to make us believe that globalisation is an anonymous and inevitable movement which happened to us and which you cannot escape, heading en masse towards an ever increasing Anglo-Saxon economic system, an ever decreasing collective sector and increasingly freer markets.**

With last year’s crash and the administration change in the USA we know better. Globalisation can be effected by government policies too. Perhaps not in the Netherlands but definitely in the United States in an international context, for instance within the G20. All of a sudden globalisation no longer appears to be an anonymous and autonomous development,

⁶ The Dutch health care system is a good example. In name it entails market forces instead of state control. But the efficiency gains to be yielded by it are systematically annulled by compensating regulations. Consumers pay a high premium so that they are aware of the costs of care and to stimulate them to make an efficient choice; but for reasons of justice we compensate the majority of the consumers by means of a care allowance. Insurers are deemed to acquire care efficiently in order to make a profit; but if they are left with bad risks it is calculated later on and compensated. Care providers may provide on the basis of demand; but if it is too expensive the government imposes discounts. The result is a bureaucracy of such proportion and with so many rules and regulations that I like to ask which efficiency measures actually remain. Maybe the conclusion should be that market forces only offer limited advantages with regard to areas where income policies and accessibility are the public interests which may not be jeopardised; they after all require immense compensatory regulations which could annul the efficiency advantages.

but can be effected in Washington. Greater regulation of markets appears to be possible all of a sudden, politics may meddle with bonuses and investment policies of banks may be discussed.

For the Netherlands globalisation is still massive and hard to grasp and alone there is not much we can do. But in post-crisis America and with Obama at the helm globalisation in America and therefore the world can be influenced. That is the profit and that offers hope.

Subsequently: Size Does Not Matter. In the same neo-liberal arguments rife with inevitability it was argued that not only globalisation was inevitable but also that subject to a penalty of isolation and loss of welfare it is necessary to grow towards a more Anglo-Saxon economy system with a substantially smaller collective sector. That there was no empirical reason for this we already knew. **Scandinavian countries have shown us for years that, also with a large collective sector, economies can grow well, that they can pursue a well-balanced income policy and be in the vanguard as regards durability.**

In practice, the size of the collective sector does not have much to do with the growth of the economy but it does have to do with the composition of that collective sector. So here too, there are alternatives for the neo-liberal model, and they offer hope too.

But, before you all leave this room in jubilation to advocate a larger collective sector and the taxes it requires, a little warning. In April 2006⁷. I gave a speech about the Scandinavian model in which I pleaded that growth and welfare can coexist perfectly with a large collective sector provided that the money in that collective sector is spent wisely. A good amount on education and young children and young mothers for instance; less on early retirement. It was also the speech in which I argued that a large collective sector can only coexist with growth and welfare if the redistribution is heading in the right direction, from rich to poor instead of poor to rich. So therefore I was in favour of an adjustment of mortgage interest relief and of funding from general taxation of the General Old Age Pensions (AOW). Six months later we lost the parliamentary elections partly as a result of the unpopularity of these ideas. So yes, there are alternatives but, be careful.

My following point is chiefly a request to economists, also PvdA economists, of which there are quite a lot. We even have an official economist paradox, which says that 80% of leading economists in the Netherlands are members of the PvdA but that 80% of the voters have considerable problems with the economic recipes they come up with. First of all that is probably due to the relative ignorance of those voters but it is at least as much due to the

⁷ Why size does not matter, lessons from the north, speech at the NETSPAR conference "The reform of the welfare state", 28 April 2006. A year earlier I held a speech at Netspar about similar themes: Aging of the population and the future of the welfare state, 8 June 2005.

terms the average economist is using. In essence it is neo-liberal and everyone in The Hague knows that. This results in a constant overestimation of the blessings of the market and a constant underestimation of the advantages of government intervention. The financial crisis has taught us just how dangerous that view can be.

My request to them would be, to more than previously focus primarily on the broad welfare principle. The broad welfare principle is actually the only welfare principle. Each economy student learns that welfare is about satisfying needs. That could be the need for an expensive car or nice toys or a safe street or good care facilities. Or living in a clean country. Or in a just society. In a broad welfare principle that all adds up for the welfare of people.

There is only one small problem: it is so hard to catch it all in a model. The expensive car and those toys, that is no problem. But safety, care, environment and justice, that is difficult. Those economists all know that and explain precisely in their footnotes what the limitations of their models are. However, the effect on the public debate and policy making is in the mean time fatal.

Often it is a gradual process. For example, because of the chosen terms. Paying for good care is called *loss of earning power*. Financing of good education can only be achieved through *raised taxes*.

The fact that some things can be expressed in figures and others at most qualitatively also does not help. **Private purchasing power and growth are relatively easy to calculate. So are the costs of financing a good education system. And, too, the negative effect on taxation to be levied to that purpose. But how do you calculate the results of that educational system, that is not possible.**

So almost automatically far too much emphasis is put on private purchasing power to the detriment of collective welfare. And all those economists can tell you that growth is not the same as welfare and that tax money can of course also be spent on something beneficial for all of us but at the same time it is not so easy to express that in figures and things that can be expressed in figures form the basis of policies.

We have to break loose from that compulsive logic and it has been advocated⁸ by Sarkozy - of all people-, to systematically argue that our welfare is not just defined by what each individual has left in his wallet but at least as much by what we invest together in our common future.

One aspect of that broad welfare principle is the welfare that people derive from the fact that in a society certain discrepancies are combatted or not. In this respect the Third Way had

⁸ President Sarkozy has asked a consultancy group to see if and how the broad welfare principle can be used in policy preparation. Members of this consultancy group were among others Nobel Prize winners Sen and Stiglitz.

hardly anything to contribute⁹ and especially in this respect financial capitalism has been very disruptive. Together with Margalith, who held the Den Uyl lecture two years ago I cannot be enthusiastic about striving for a utopian unfeasible equality ideal, but I do think it is necessary to fight certain concrete inequalities. That also applies to income distribution. In a country such as the Netherlands the possibilities to redistribute between the fringes and middle groups of society are and remain limited for political and economic reasons. It is irrefutably so that income policy which aims especially at combatting excesses at the top is partly only symbolic. For many Third Way adepts the story about the high incomes would have ended there. Remember Mandelson's words "I am totally relaxed about people becoming filthy rich".

That attitude has long since ceased to be an option for us. Yes, tackling excesses at the top is merely symbolic. It symbolises neglected responsibilities, forgotten moderation and lacking helpfulness and how, as a society, we have a different opinion about it. Precisely that symbolic function we are looking for, it seems to me.

But also where it does not concern the excesses, but it merely concerns the question whether fair distribution means that in times in which you ask a sacrifice of everyone, you could not ask something extra from the highest incomes, our answer can only be positive. In that regard the distribution question has made a total come back in my view.

Next, the market. What do we do with the market? To begin with, let us not forget, in view of all the negativism surrounding the market at the moment, how markets around the world provide welfare, investment, employment and innovation. **The lesson we have to learn from the failing of the market in the current crisis is not that we escape and go back to our old beliefs in state intervention and an economic life dominated by the State. That would only result in the exchange of one failure for another.**

I would rather learn a different lesson and that is, that we, above all need to be realistic about the market.

From that perspective it may be wiser to protect the market instead of trying to tame it. The market sometimes behaves like Bokito. For a long time you may think you have him under control but one day it does what his instinct tells him to do. Eventually a very deep and wide ditch provides better security than a good animal trainer.

⁹ The Third Way was for instance in essence an optimistic version of social democracy saturated with the blessings of economic growth. That is one of the reasons why distribution questions were actually not dealt with. With the Theory of Justice of John Rawls in the background sometimes as an implicit and sometimes as an explicit legitimisation it was not necessary to pay too much attention to distribution questions: after all as long as there was enough growth everyone could profit. A sort of left-wing trickle-down theory. Everything was win/win, nothing required painful choices. The Third Way fitted well in the 1990's, the years of plenty.

Often it is like that with the market too. **The market can generate an enormous amount of welfare, innovation and employment but is in the end always about commercial gain. That motive can do a lot of good in many sectors of the economy and should be given much leeway. But it may also clash with public interests. The question is then how to guarantee it. I have been gradually convinced that it is sometimes easier and better to shield public interests from the market than to attempt to tame the market in order to not damage the public interests.**

This line is at variance with the usual supervision model where public interests function as preconditions in which the market is free to do what it wants with a powerful supervisor who makes sure all goes well.

I think that model is increasingly naive. Perfect supervision is an illusion. By definition supervisors are behind the times. Compared to market parties they are almost always lacking information. They have to constantly harass political sources for sufficient means and they almost never get them. And sooner or later, so it appears, they start to suffer from a type of Stockholm syndrome (regulatory capture) where one becomes a party looking after the interests of the supervised party.

In such a case it may be more effective to curb the scope of the market. A prime example is how Obama now aims to make smaller banks and to prohibit certain bank investments with savings. A blunt way to prevent that a bank once again may bring an entire economy to the brink of destruction and that governments have to intervene to rescue savings, but probably much more simple and effective than tightening of supervisory regulations.

This philosophy can also help us with regard to the forces of the market in the public domain. In theory you may curb the market by defining preconditions which are to secure the public interest. But apart from the fact that it is very difficult to do that in a watertight manner, and it often leads to a spate of rules and regulations so that many intended efficiency benefits are lost again¹⁰, the public-sector professional in such a constellation is primarily called to account for his market motivation and not for his motivation to serve the public. In the end that also leads to other choices. To the detriment of public interest. It is because of this that a few years ago I decided not to take Schiphol Airport to the stock market, contrary to what my predecessor had in mind. A management which first and foremost has to make a profit and shareholders value, may be imposed with as much as possible preconditions, in the end they decide differently from a management which is primarily motivated by the public task for Schiphol.

¹⁰ See earlier example about the health-care system

I am convinced that much bureaucracy, lack of clarity and slowness in our public sector is caused by the fact that we do not make a clear choice between market or public control. From health care to corporations. I do not plead against a role for the civil-society organisations but I do plead for clear control choices. Trying to combine too many different worlds with each other will especially lead to slowness, lack of clarity and loss of the efficiency advantages that were once the aim. It is better to keep it simple for the sake of efficiency.

In conclusion. **This crisis of capitalism also has a moral component. Social democracy is notoriously bad at naming them, let alone the Third Way adepts. Yet it is important.**

Robert Reich demonstrated how we are ourselves responsible for how companies and parties behave on the stock market. Why do we do this anyway?

Excessive remuneration has to be tackled, but it exists primarily because someone wishes to be paid such amounts. And why would someone want so much?

Supervisors do their best and yet, already, market parties try to wriggle out of it.

Why do they do that?

Modern capitalism has not led to large-scale urban decay and grinding poverty in the West. A high level of welfare has been achieved and we will survive this crisis too. But **human dignity is undermined by an incessant pressure of commercialisation on the public atmosphere, the systematic appealing to our primary needs to want more, more and more and now, now and now and the ever-present strengthening of individual interests and emotions as the only thing bringing happiness. In the end that disrupts society because it makes people indifferent vis-à-vis each other and it disrupts time and again the balance between private purchasing power and collective investments and thus the power of what we can be together and mean to each other.**

What we have seen in the previous years was therefore too a crisis of values about the balance between excesses and moderation, between long term and short term, between chasing status and helpfulness, between recklessness and responsibility. Our new and necessary attitude vis-à-vis capitalism does therefore also ask for a citizenship education and an elite serving the public interest. Our ideal of edification also relates to them...

As is so often the case the liberals have understood this better than the neo-liberals. Adam Smith, the man who first convincingly wrote how the market could create welfare knew like no other how important moral decisions were at the same time: "[The] disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition... is...the great and most universal cause of the corruption of our moral sentiments."

I think that Joop would have forgiven me this one quotation from a liberal. Ladies and gentlemen, thank you very much.

This speech, entitled "Beyond the Third Way" was delivered at the 21st Den Uyl Lecture on 25th January 2010 in Amsterdam, The Netherlands.

20th February 2010, PvdA broke away from the coalition government because of a dispute to prolong the Dutch military presence in Afghanistan. Wouter Bos resigned as Deputy Prime Minister together with all other PvdA ministers. 12 March 2010, Wouter Bos announced that he would not run in the national elections and indicated that Dr. Job Cohen – the popular mayor of Amsterdam – could be available to replace him as PvdA Leader for the upcoming election on June 6th 2010.

2

Enduring Values, Enduring Virtues



With my friend Kevin Rudd, the Prime Minister of Australia, I come here to St Paul's, a church of enormous beauty and monumental history, a place of sanctuary which amidst the passing storms of time has always been a rock of faith at the centre of our national life. St Paul's is a place to which over the centuries people have come in hope and in faith - a great national institution standing between Westminster and the City, midway on the horizon between the world of politics and the world of finance, and with a lot to teach us both.

So just as I came here, as the Bishop has said, to speak in this Cathedral before Gleneagles in 2005, I believe there is no more appropriate place to talk with you about the G20 summit which opens in London tomorrow. And let me say there is no more appropriate leader to join us in this discussion than Kevin Rudd, a Prime Minister of great courage, a leader of great conscience and a visionary for reform. And I welcome him to our country.

Today, you will be pleased to know, we do not want to talk about the details of specific or technical financial programmes or policies, but instead **we want to talk about enduring values - indeed the enduring virtues - that we have inherited from the past which must infuse our ideals and hopes for the future.**

And I want to suggest to all of you here today that this most modern of crises, the first financial crisis of the global age, has confirmed the enduring importance of the most timeless of truths: that our financial system must be founded on the very same values that are at the heart of the best of our family lives.

Instead of a globalisation that threatens to become values-free and rules-free, we need a world of shared global rules founded on shared global values. Now, I know it's hard to talk about the future when you're having a tough time in the present. You don't redesign a boat in the middle of a storm.

But we need to talk about the future because it falls to us to shape it. When Martin Luther King talked about the fierce urgency of now, he asked us to awaken to a tide in human history which if missed means you can end up being literally too late for that history.

It is usually only in hindsight that people can interpret the forces which have so transformed their lives - only in the classrooms of the future that the people of a country can stand back to identify and analyse the great turning points in their national story.

But we do not need the benefit of hindsight to know that the sheer scale, scope and speed of today's global changes is throwing up problems which, if we do not address, will condemn millions around the world to a life that is unsustainable, insecure and unfair.

There are four great challenges of this new global age which our generation must address urgently: financial and economic instability in a world of global capital flows; environmental degradation in a world of changing energy need; violent extremism in a world of mass communications and increased mobility; and extreme poverty in a world where there are still growing inequalities.

Answering these questions will determine whether people have continued faith in globalisation, in multilateralism, in modernity itself, whether they will have confidence in the future. And what all these challenges have in common is that none of them can be addressed by one country or one continent acting alone. None of them can be met and mastered without the world coming together. And none of them can be solved without agreed global rules informed by shared global values.

The oil-price crisis last year, the financial crisis this year, a climate-change crisis every year: it means that we are not at a moment of change; we are in a world of change. Twenty years ago only one billion people were part of the world's industrial economy; now the figure is four billion. For centuries people rarely moved even from their home town; now every single year 200 million people - the equivalent of the whole populations of Britain, Germany and France - move from their country of birth, and next year another 200 million will do so again.

In one decade the majority of the world's manufacturing, for two centuries focused in Europe and America, has shifted to Asia. The global sourcing of goods, services and capital means we now depend so much on each other that what happens anywhere can have an impact on what happens everywhere.

And this raises anxieties and questions for people about what will happen to them, and what it means for their dream that their children, the children of the next generation, will do better than the children of the last. **I recognise that for too many families anxious about jobs, worried about mortgages, uncertain about their future, the most important financial summits are those that take place around their kitchen table.**

And I understand that people feel unsettled, and that the pain of this current recession is all too real. And the danger is that, in every country, workforces will become so worried that they will try to pull up the drawbridge, turn the clock back and retreat into a dangerous protectionism that, in the end, protects no one. If people's fears are not addressed, they may choose to walk away from the benefits that the opening up of this world can bring. Managed

well, the same globalisation that has brought us so much global insecurity can also bring great opportunity.

Over the next two decades millions of people in emerging markets will move from simply being producers of their goods to being consumers of our goods, leading to the world economy doubling in size, with twice as many opportunities for businesses, twice as many round-the-world middle-class jobs and incomes. That is why I am an avowed supporter of open markets, free trade, private capital and a flexible, inclusive and sustainable globalisation.

Let us be honest: **the globalisation that has done so much to improve choice, driven down the cost of everything from computers to clothes and lifted millions out of poverty has also unleashed forces that have totally overwhelmed the old national rules and the systems of financial oversight.**

I have always said I take full responsibility for my actions, but I also know that this crisis is global; its source is global, its scope is global and its solution will be global. We've seen worldwide changes so fast that they have outpaced people's understanding of them, so that managers sitting in boardrooms were selling financial products they didn't know the value of, to traders and investors who didn't know what they were trading and investing in, covered by insurers who didn't know what they were insuring. Complex products like derivatives and securitised loans, which were supposed to disperse risk right across the world, instead spread contagion across that world. The sensible limits to markets agreed in one country became undermined by global competition between all countries and then a race in standards to the bottom. Instead of banks being, as they should be, stewards of people's money, too many of them became speculators with people's futures.

I say to you plainly: this old world of the old Washington consensus is over, and what comes in its place is up to us. Instead of a global free market threatening to descend into a global free-for-all, we must reshape our global economic system so that it reflects and respects the values that we celebrate in everyday life. For I believe that the unsupervised globalisation of our financial markets did not only cross national boundaries; it crossed moral boundaries too.

You know in our families we raise our children to work hard, to do their best, to do their bit. We don't reward them for taking irresponsible risks that would put them or others in danger. We don't encourage them to seek short-term gratification at the expense of long-term success. And in Britain's small businesses, managers and owners are the enterprising people our country depends on and we rightly celebrate. But they do not train their teams to invest recklessly or behave in an underhand way or keep their biggest gambles off the books.

Most people who have worked hard to build up their firm or shop understand responsible risk taking but don't understand why any company would give rewards for failure or how some people have grown fabulously wealthy making failed bets with other people's money. So it is absurd for those on the extremes to blame the private sector for our problems. What we actually need is the practice of most of our private sector to be adopted by all of our private sector.

And our task today is to bring our financial markets into closer alignment with the values held by families and business-people across the country. Yesterday I said there were five tests for our G20 meeting, and the first of these is to clean up the global banking system.

Most people want a market that is free, but never values-free, a society that is fair but not laissez faire. And so, across the world, our task is to agree global economic rules that reflect our own enduring values.

That means rules that make transparent the risks that banks take, rules that bring hedge funds and shadow banking inside the regulatory net, rules that force global banks to hold sufficient capital and ensure their liquidity, rules that require boards who understand their businesses and take responsibility for the decisions they take, and systems of pay and bonuses that reward people for long-term value and not short-term risk-taking. This is the world in which we will have trust, and in which we can genuinely say again, 'My word is my bond.'

Now, let me put markets in context. They can create unrivalled widening of choices and chances, harnessing self-interest to produce results transcending self-interest. When they work, they will fulfil the promise of Adam Smith that individual gain leads to collective gain, that even when people are pursuing private interests and private wishes they can nevertheless deliver public good.

But as we are discovering to our considerable cost, the problem is that, without transparent rules to guide them, free markets can reduce all relationships to transactions, all motivations to self-interest; as Jonathan Sacks has said, they can reduce all sense of value to consumer choice, all sense of worth to a price tag. So, unbridled and untrammelled, they can become the enemy of the good society.

And we can now see also that markets cannot self-regulate, but they can self-destruct and, again, if untrammelled and unbridled, they can become not just the enemy of the good society; they can become the enemy of the good economy. Markets are in the public interest but they are not synonymous with it.

And the truth is that the virtues that all of us here admire most and the virtues that make society flourish - hard work, taking responsibility, being honest, being enterprising,

being fair - these are not the values that spring from the market; these are the values we bring to the market. They don't come from market forces; they come from our hearts, and they are the values nurtured in families and in schools, in our shared institutions and in our neighbourhoods.

So markets depend upon what they cannot create. They presuppose a well of values and work at their best when these values are upheld. And that is why I argued controversially some time ago, in a view that is now, I think, more generally agreed, that there are limits to markets just as there are limits to states.

Just as in the 1970s and 80s people felt government was too powerful, in the grip of vested interests that had to be channelled to work in the public interest, so too it is now clear that financial markets can become too powerful, come to be dominated by vested interests of their own, and so it falls to us, supporters of free markets, to save free markets from the most dogmatic of free marketeers.

To say this is not anti-business; it is not anti-private sector; it is not anti-market. Quite the contrary; my point is that strong rules rooted in shared values are the best way to serve both ourselves and our market systems. Markets need morals.

The reason I have been long fascinated by Adam Smith, who came from my home town of Kirkcaldy, is that he recognised that the invisible hand of the market had to be accompanied by the helping hand of society, that he argued the flourishing of moral sentiments comes before and is the foundation of the wealth of nations.

So the challenge for our generation is now clear: whether or not we can formulate global rules for our global financial and economic systems; global rules that are grounded in our shared values.

Now that people can communicate so easily and instantaneously across borders, cultures and faiths, I believe we can be confident that, across the world, we are discovering that there is a shared moral sense. It is a sense strong enough to ensure the constant replenishment of that well of values upon which we depend and which must infuse the shared rules of our society.

And when people ask, 'Can there be a shared global ethic that can lie behind global rules', I answer that through each of our heritages, traditions and faiths, there runs a single powerful moral sense demanding responsibility from all and fairness to all.

Christians do not say that people should be reduced merely to what they can produce or what they can buy - that we should let the weak go under and only the strong survive. No: we say, 'Do to others what you would have them do unto you.'

And when Judaism says, 'Love your neighbour as yourself', when Muslims say, 'No one of you is a believer unless he desires for another what he desires for himself', when Buddhists say, 'Hurt not others in ways that you find yourself hurtful', when Sikhs say, 'Treat others as you would be treated yourself', and when Hindus say, 'The sum of duty is not do unto others what would cause pain if done to you', they each and all reflect a sense that we share the pain of others, we believe in something bigger than ourselves, that we cannot be truly content while others face despair, cannot be completely at ease while others live in fear, and cannot be satisfied while others are in sorrow. I believe that we all feel, regardless of the source of our philosophy, the same deep sense, a moral sense, that each of us is our brothers' and sisters' keeper.

Call it, as Adam Smith did, 'the moral sentiment'. Lincoln called it 'the better angels of our nature'. Winstanley called it 'the light in man'. Call it duty or simply call it conscience, it means we cannot and will not pass by on the other side when people are suffering and when we have it within our power to be both responsible and to support fairness, and endeavour to help.

So, I believe that we have a responsibility to ensure that both markets and governments serve the public interest, to recognise that the poor are our shared responsibility, and that wealth carries unique responsibilities too.

I know that there is one analysis which says that we must seize the opportunity of this crisis to reject materialism in all its forms - and crass materialism is unacceptable. But for me, the answer does not lie in asking people to forswear all material things, or give up on aspirations for the future, but instead of remembering what our pursuit of growth and prosperity is really all about: spreading freedom that ever more people can live the lives they choose, and do so with responsibility and by being fair to others.

But it is no repudiation of wealth to say that wealth should help more than the wealthy, it is no criticism of prosperity to say that our first duty is to those without it, and it is no attack on the life-long attachment I have to aspiration to say that each of us has a responsibility also to ensure no one is left behind.

I believe that today, **we must reaffirm these age-old truths about society: that when those with riches help those without, it enriches us all and the truth that when the strong help the weak, it makes us all stronger.**

Our meeting tomorrow is only the start, and world leaders only a part. I am still humbled by the memory of one of the protestor's signs at the Make Poverty History rally I saw in Edinburgh in 2005. It said: 'You are G8; we are six billion'. The campaigning groups, the faith communities, the companies, the social enterprises and trades union represented here rightly demand a lot of us as leaders in coming days. But you, too, are part of the solution, and I

believe that religious leaders, business leaders and leaders of the financial sector, charities and trades union, teachers at our schools and universities, must begin a conversation, a national debate as serious as anything I have entered into in my lifetime, about the shape of the economy and the society we have now to renew.

Let me conclude: the battle the leaders of the G20 are fighting is not the old one against old enemies, but it is a new one, against global recession, against climate chaos, unemployment, insecurity, poverty and hopelessness. And leaders meeting in London must supply the oxygen of confidence to today's global economy, to give people in all our countries renewed hope for the future.

- Our first test, as I said, is that we must clean up the banking system, curb the use of tax havens, and introduce principles for pay and bonuses, so instead of banks serving themselves, they serve the people.
- Our second test is that we must take the action necessary to prevent any suffering, as we have seen in the past, of mass long-term unemployment, and we must create and save more than 20 million jobs.
- Thirdly, by international economic cooperation, we must reshape the global financial system for new times, so that with early warnings and proper precautions, we can prevent crises like this happening again.
- Fourth, we must avoid the mistakes of the 1930s and not descend into protectionism and isolationism.
- Fifth, we must press ahead with the low-carbon revolution.

And we must never, ever forget our obligations to the poor.

Just yesterday I received a letter from Pope Benedict, reminding the G20 that positive faith in the human person, and above all, as he said: "Faith in the poorest men and women of Africa and other regions of the world affected by extreme poverty is what is needed if we are going to get through the crisis".

I can confirm today that, even while others may use this financial crisis as an excuse to retreat from their promises to the poorest, nothing will divert the United Kingdom from keeping to our commitments to the Millennium Development Goals and to our promises of development and aid.

So, today, I think I speak for all the leaders of the G20 when I say: the duty of leadership is to identify, to name and then help shape the changes of this new global age in the interests of all people. And so, we completely reject the idea that the only thing we can do in the face of a recession is to let it run its course and do nothing, as if the economy operated according to iron laws and the only role of men and women is to live by these laws and what these laws

dictate. This is to demean our humanity, because there are always options, always choices, always solutions that human ingenuity can summon.

A few years ago when economists were pressing the most dogmatic of free market policies on some of the poorest countries in the world, they argued for it by saying 'Tina' - there is no alternative. But African people came up with shorthand of their own not Tina, but 'Themba' - short for 'there must be an alternative'. In that cry, Themba, we hear everything that must guide us today, because while it was an acronym, it was also the Zulu word for the most important thing that humans can have hope.

Themba - the confidence, conviction and certainty that where there are problems there are always solutions, and we do not need to accept the defeatism of doing nothing. It is the conviction that through pursuing cooperation and internationalism, we need never return to the isolationism and protectionism of the past. It is the certainty that **there is always an alternative to fear of the future, and what conquers fear of the future is our faith in the future: faith in who we are and what we believe, in what we are today and what we can become; faith, most of all, in what together we can achieve.**

So, we are not here to serve the market; it is here to serve every one of our communities. Governed by rules which reflect our morality, it is our best hope of a better world. Let us imagine that world together. Let us fight for it together, and then with faith in the future, let us build it together, for the world we build tomorrow will be born in the hopes we share and agree upon today. Thank you very much.

This speech was delivered in the St-Paul's Cathedral in London, UK on 31st March 2009

Honoured guests of the anniversary seminar, dear friends, comrades

It all began here in Turku 110 years ago. And here we are in Turku today to pave the way to the next stage of social democracy to come.

European social democracy has achieved a lot during its over one hundred year history. As a result of the work of the labour movement, the working class that had no human rights transformed from a suppressed group into independent citizens who had the right to vote, participate and have a worthwhile existence. And, perhaps above all, it gained the right to tell its own life story and the freedom to follow its own dream as equal with others. Thus social democracy created people who had their own voice, ability and will to change the world.

From the point of view of history, the self-concept of social democratic parties has developed through two ways. On one hand, they have been parties of an interest group. This interest group included especially those who had no actual social rights. At the turn of the 20th century this included especially industrial workers but also the landless population in the countryside.

In the beginning, the class distinctions and conflicts were clearly visible and it was easy for a political movement to organise itself around this. As democracy gained a more stable ground, the labour movement took its twofold shape: the trade union movement on one hand, and the political labour movement on the other.

In addition to the interest group nature, social democracy also developed a value dimension. Social democracy had a clearly ethical foundation that was strongly based on the aforesaid values of freedom. Its appeal came from its clear propositions to improve current conditions but also from its values.

The support of the movement based on values has not been, nor is, connected to the class or later the labour market status of people, but rather on a worldview.

On the key values of social democracy, freedom, equality and solidarity, lie the foundations of the great story of the liberation of people. This means especially:

- the emergence of the informed and active citizen
- liberation from fear and patronage
- freedom of choice for the individual despite his or her background and free from the chains of traditions and conventions.

Thus the collective social democracy has also pleaded the cause of the individual.

The UN Declaration of Human Rights states that people are born free and equal in dignity and rights. Social democracy has always pushed for these rights to come true also in reality. Declarations and principles are not enough. The society must be built so that everyone has an actual possibility to use his or her rights of freedom.

Dear listeners, alongside freedom, the concept of equality is central for the self-concept of social democracy. However, there are many interpretations of equality. Pointedly, it could be claimed that all parties are for equality in one way or another but the interpretation of equality varies.

The objective of social democracy is a broad equality of opportunity that should also be manifested as a certain level of equality of outcome. From a socio-economic point of view, the target could be to achieve a situation where a person's social background cannot be deduced from his or her current status.

The concept of parity is central for social democracy and for a broad realisation of equal opportunities in practice. Also an equal society is characterised by the principle of parity. No-one should have to feel they are of lesser value than others. This idea is still current when European societies are fragmenting internally and the inequality between people is increasing.

Comrades, Friends, the new times and new challenges call for new answers that the European left has not been able to fully give.

In many ways, it is a question of the citizens being alienated from politics, especially party politics, and of a lack of trust. The lack of trust affects the trust in fellow-men, the functioning of the society as well as the left parties. It is a feeling of not being heard and understood.

The great achievement of social democrats, the welfare state, drifted from expansion and renewal into being on the defensive in the 1980s and 1990s.

Many political decisions, most central of which is the liberalisation of capital movements, diminished the ability of national states to steer the economy – and thus influence the key boundary conditions under which the society can be developed. The operating and steering possibilities of democratic decision-making diminished.

In short it can be said that the capital moved onto a supranational level, while the labour movement and the democratic state with its political parties still act, despite EU's integration, mainly on a national level.

The benefits of globalisation especially to export-dependent countries are undeniable. At the same time, however, globalisation has meant that new dividing lines have emerged within societies.

The ability and will of states to implement policies that reduce the income disparity or steer the market has decreased at the same time. Therefore the citizens' trust on the ability of the system to produce stable wellbeing has suffered. Particularly strongly this hits those who have the greatest responsibility of developing the welfare state or society. That is the social democrats.

Social democrats have been in the government for long in Finland and elsewhere. In Finland, the post-depression social policy emphasized work. This was justified in the context of massive unemployment after the depression.

At the same time, in the middle of rapid growth and increasing employment, a significant group of low-income and poor people remained in the society. In the fast structural changes they could not find their place in the labour market. They fell behind the general development and policy-making was unable to enhance their status.

An essential part of the reform of social democracy is to distinctly differentiate from the market fundamentalism that caused the current financial crisis. This must not mean differentiating from the humane ideals of liberalism: human rights and equality. Social democracy must continue to seek a leading role among a broad coalition of progressive powers. This means a wide circle from popular movements through the institutionalised trade union movement to political movements. They are united by the aspiration to the autonomy and freedom of people and the belief in equality and parity in practice as well.

A credible alternative financial programme combined with a vision of ecologically and socially sustainable society is, when successful, the ticket back to the vanguard of social development for social democrats.

Dear listeners, how to proceed then?

As mentioned, the 'trial period' of social democracy is not about election campaigns or images. Through our domestic examples we know that true regeneration and changing in time calls for deep ideological work and there are no quick fixes for that. Good campaigns and successful media operations may help achieve success in elections, but the success is useless if there are no visions, dreams or social objectives.

Also in the future, the justification of social democracy rises from the struggle against inequality. This is true both in Finland and the more widely in the world. We live in a world where a large majority of people suffer from poverty and hopelessness.

In an interdependent world, desperation and inhumanity are common problems. They give rise to terrorism, religious fundamentalism and insecurity that find their way to wealthy societies as well. This is why the standpoint to all policy-making must be pronouncedly global.

Similarly the climate change dictates the boundary conditions. Everything in politics must be assessed also from the point of view of how it can sustain and protect the environment. We need new, green economic growth that combines work and nature.

The financial crisis and the depression caused by it reveal the weaknesses of the past economic model concretely. Social democracy must be able to clarify its position in relation to the market economy and the nation-state. We cannot return to closed national economies, at least if we want to continue on the export-driven road leading to a high standard of living. However, at the same time we must notice that the market economy has grown supranational.

The only lasting solution is to take also the regulation of the market economy to a supranational level. Distributing democracy on a supranational level de facto increases our chances to influence matters that affect us. This increases the domain of democracy.

The European Union is a central tool for supranational economic policy-making. This is why the EU's ability to steer the economy must be increased. The objective must be to more efficiently direct investments to benefit real economy and employment.

At the same time the profits of the supranational economy must be directed more efficiently to the use of employees and societies. One central way to implement global redistribution is supranational taxes.

Dear audience, our world – and our country – is in a state of rapid change. We must choose whether we will try to protect structures or people with our political actions. Social democracy chooses the latter.

We must strive to empower people, to give them support and security by giving them opportunities to manage change and benefit from it.

In a society undergoing structural change, we need more – not less – public insurance.

British researcher Mark Leonard describes this union between a strong and competent state, viable business and the citizens as Stockholm consensus. It forms a counterpart to the Washington consensus that relies on the market.

The next generation welfare state is built first and foremost on the liberation and empowerment of people.

Through and with the help of society everyone gets the opportunity to improve him or herself, to participate in a meaningful way and to feel that he or she is a part of a larger community, though as a unique individual. People must be raised from being at the mercy of the market to being actual masters of their lives.

However, this must be done so that people feel that they are safe and can manage in the times of insecurity.

Alongside values, we need concrete ideas, a clear social policy programme. Work will be an important question for social democrats also in the future. Everyone has the right to meaningful work and to get a fair share of its profits. Work is not only a means of earning a livelihood but also a way to belong to and participate in the society.

The autonomy of workers and their security in relation to the employers must be increased. Among others, this calls for a high level of flexible social insurance and a comprehensive education system as elements that enable a new beginning.

The society must also be active in creating new jobs. The state can be an enabler and instigator, not just a powerless bystander or instrument of control.

An active and intelligent welfare state can participate in financing new businesses and try, on its part, to stabilise the market together with the labour market parties, take care of the sufficiency and skills of the workforce etc. The time when the state was seen as a barrier in competition is over. On the contrary, it is time to understand that a functioning welfare state is an absolute requirement for the Finnish competitive ability based on expertise.

Education is the most essential institution in a society that creates social opportunities. Therefore it needs special attention. The main point of the social democratic educational policy must be the concept of lifelong learning for all.

Fundamental differences develop between children in early childhood. Therefore early childhood education and comprehensive schools are at the forefront when discussing equality and subsequent freedom rights. We must do everything imaginable so that Finnish schools will not develop into poor and better schools but that every child has the right to the best possible education.

A broader question concerns the mutual trust between the members of the society. As I mentioned before, many problems in the modern society arise from losing trust. Losing trust leads to fear, anxiety and the crumbling of moral and caring in the society.

Everyone has the right to trust that the taxes he or she has paid are responsibly used for common good. Experiences of queues at health centres, poor service or news about malpractices of politicians cost the society dearly. Therefore we must make all effort so that people can trust the common services – and representatives.

Administering a society costs money. From the point of view of fairness it is justified that those who most benefit from its actions also participate in financing the functions of the

society the most. We must see that wealth is not generated in a vacuum but in interaction with other people. A tax reform that treats different forms of income in a more equal way has a central role in the social democratic reform programme. The emphasis of taxation must be moved from work and active employment toward environmental and property taxes.

Comrades, the development of the situation of those who are in the poorest position in the society can be seen as an indicator of the successfulness of social democratic policy-making. We can afford to and have the chance to enhance their situation. The everyday life of the disabled, elderly and those who are ill, those exhausted in a poverty trap or a spiral of appeals, is in many ways harsh and difficult. We must be able to enhance their relative status in the society but also take action in procedural justice, much referred to in the British discourse. It refers to the experience of fair, humane and just treatment. Everyone deserves respect.

Dear listeners, I ask again: How do we get there?

We must rekindle the spirit of doing and participating in the social democratic movement. The objective of the party's work is, above all, to enable the activity of people themselves. This concerns both those already in the movement as well as new people. **The party must open its doors on all levels of activity and allow different opinions that develop as we work together. Social democracy has a fine history. It will also have a great future.**

This speech was delivered at Social Democratic Party of Finland (SDP) 110th anniversary seminar on 8th August 2009 in Turku, Finland.



Eamon GILMORE
Leader of the Labour Party, Ireland



Colleagues and Friends

Thank you for being here today, at this, the first meeting of the 21st Century Commission.

As you know, the Labour Commission has been established by the NEC on foot of Conference motion, which mandates you to *'to examine and report on all aspects of the Party's organisation campaigning and political activity and in particular to make recommendations on the role which Labour should undertake in the modern Ireland'*.

The membership of the Commission is representative of the different elements of the party, including the PLP, the constituency organizations, Labour's councillors, our staff, and the party sections.

I am particularly grateful to Greg Sparks for agreeing to chair the Commission. He will have the assistance of a small consultation Group selected because of particular expertise or knowledge who will make their skills and time available to Greg.

Your recommendations will go to the NEC in the autumn, in time for a Special Delegate Conference in late November. That timescale set for you by the NEC is demanding, but the task is an urgent one, and I have every confidence that Greg, of all people, will ensure that your work proceeds expeditiously.

As the name implies, your task is nothing less than developing a blueprint for a 21st century Labour Party. A party that is relevant to, and successful in, contemporary Ireland. Successful in motivating people to join us, successful in winning elections, and successful in improving Ireland.

Before embarking on your work, it is worth pausing to reflect on the significance of the task - on the goals that a 21st century Labour Party must achieve.

Why does 21st Century Ireland need a 21st century Labour Party?

Labour is the authentic Irish expression of a great European political movement – socialism. The origins of that movement can be found in a gathering of activists and émigrés held in Paris in 1889 – which founded the 2nd socialist international. The groups represented at that Paris conference grew into a major European political force, each working in their own

countries in their own ways, but sharing a common set of aspirations and values about the kind of human society they wished to create.

Their success was not inevitable. There were other movements that might have captured the hearts and minds of the working people of Europe in the 20th century. **It was social democracy, in the main, that did so, partly because of its programmatic coherence, partly because of its organisational strength, partly because it had a strong focus on a better future, not an idealised past. Grievance is not enough in politics – you must have a vision for the future and a plan for achieving it.**

Our party must once again find that coherence of expression. All of us have come into the party for different reasons, motivated by different moments in our lives, or in the life of our country. We could, all of us, give a passionate and valid statement of what Labour means to us. The passion and commitment of our members is the core of our strength as a party. But we must go beyond individual stories. We must, as a party, bring together those individual voices into a common chorus. We must be ready to present the Irish people with a clear and understandable statement of what our party, Labour, stands for in modern Ireland. Not just pertaining to the immediate concerns of today, but to Ireland as it will be between now and 2020 – and indeed beyond.

That common statement must be rooted in our common values. As your terms of reference state, those values - of equality, solidarity, community, and democracy- are timeless. Our task is to express them in the language of modern Ireland, and to make them relevant in the lives of our people.

There is a need for us, in particular, to expand the meaning of the term 'Labour' in the way we speak and are spoken of. We must go beyond old images of a downtrodden proletariat and smokestack industries – beyond the idea of Labour as an interest group representing a particular form of paid manual employment. Yes, those are our origins, and we are proud of them. But the context of Labour today relates to work in a much wider sense.

Labour today applies to those who work for themselves, as well as those who work for employers. Labour is not confined to paid work, but applies to those who work at caring – for the elderly, for children and for those with disabilities. Labour is about the priceless work of those who volunteer, who make a contribution through their energy and genius to building our economy and our society. It is about all who contribute to the life of our community.

Labour is not a description of work – or simply a label for a political movement. Labour is a set of values.



Sometimes, the words which express those values – equality, solidarity, community, democracy – and which mean so much to us, may seem remote and abstract to a wider audience. What lies behind them is a simple but radical view of the purpose of politics.

To be Labour, is to see and recognise in others the common light of our shared humanity. To encounter another person, and to see just that - a person. Not to view them through a lens defined by others, such as gender, race or nationality; but to see a person as a person. And to see in others something of the essence of ourselves.

That is what equality means. And Labour is, above all, the party of equality. To deny equality is to categorise another person as something other than ourselves – to deny them the full quotient of our shared humanity. To be Labour is to cherish it, and insist on it.

Our commitment to universal human rights springs from that same notion.

With humanity comes potential. To be Labour is to see and understand the limitless potential of the human condition. A potential not defined by the here and now of where we find ourselves, nor circumscribed by circumstance of birth or arbitrary restrictions imposed from without. A potential seen and understood by the men and women who founded this party in the most hopeless of social conditions. A potential not sustained by hope alone, but by the certainty inspired by centuries of human advancement.

That is what social democracy means – extending the advances of human society from the privileged few, to the many.

To be Labour is to seek a society where all can fulfil their human potential. As R.H. Tawney wrote *'A society is free in so far and only so far ... as its institutions and policies are such as to enable all members to grow to their full stature.'*

The great insight of Labour is that individual opportunity depends on collective effort. That working together, we can each achieve far more than we would working alone. That making common cause need not be inimical to personal freedom – rather that individual freedom is only possible when we acknowledge the rights and responsibilities of us all. That as men and women we are at our best when supported by and contributing to those around us. That is what community means.

Our vision of society is one defined, not by the collective ownership and control of industry, or the size of the state, but by a community that takes collective responsibility for achieving the full potential of each individual, and by the breath of our duties to each other.

And while that duty begins at home, it has never been confined to these shores. Our commitment to solidarity has always been an international one.

Indeed, you could say, that our task today is to extend the benefits of human advancement, begun by a small elite in the 18th and 19th centuries, and spread, highly imperfectly, to the populations of the Western world in the 20th century – to extend those benefits to the whole world, in a manner which does not threaten the existence of the world itself.

Modern Ireland needs Labour's vision, but it needs all of that vision. We cannot, as individual members, or as a party, confine ourselves to the part of it that we find most comfortable. Labour's values are, of their essence, confident and assertive, and we must have the confidence to assert them in their fullest form.

Labour is the party of public services. That means we must be the party of the public who use them, as well as the public servants who produce them

Labour is the party of schools and hospitals. We must also be the party of universities and laboratories.

Labour is the party of rights. We must also be the party of responsibilities.

Labour is the party of artists. We must also be the party of scientists.

I do not say this because I believe we need to fundamentally reinvent what we stand for, or that we should dilute our values to appeal to a wider audience. I will not speak of a 'third way', because I am not suggesting or proposing that we need to apologise for ourselves or our past. In fact, the modern Labour party has, in its policy positions, steadily up-dated itself. But where we have modernised, we have not projected that modernisation. And where Ireland has grown and changed, we have been less than successful in bringing our vision to the new Ireland.

I am proud of the history of the Labour movement in Ireland. We can all still be inspired by the courage and idealism of Connolly and Larkin. By the ideals of Tom Johnson, author of the Democratic Programme adopted by the first Dáil. Idealism that the new Irish state could put people first. That despite appalling social conditions, progress and justice were possible. The challenge now is to build on our history, and to project to the Irish people what is relevant about a self-confident, assertive and progressive left. To go beyond the battles of yesterday and the immediate demands of today. To apply our values to the issues and challenges that will confront us in the decades to come.

For in that time, issues will confront us that will change the landscape of our politics and our lives. Advances in science and technology will expand the frontiers of human possibilities, not just in the economy, but also in medicine. As medicine advances, we may well be confronted with a new debate about the right to life – about who will have access to new therapies and treatments and who will not. In today's Ireland, where health is increasingly a

market commodity, it is not hard to imagine health care and life expectancy becoming more, not less, dependent on income.

As the threat of global warming and its effects become more acute, it is not hard to foresee deep political questions about who will pay for carbon abatement, or whether the state can and will take responsibility for delivering clean water to every home.

As Ireland adjusts to the reality that one in ten of our people were born outside the country, new issues and tensions may arise. As global economic forces make themselves felt, the demand will grow for an ethical, civilised and sustainable globalisation. As the reality of Ireland as a peaceful and prosperous country becomes less surprising to us all, new demands for Ireland to play a more prominent role in world affairs may arise.

How will Labour confront these new challenges? How will we apply our values to these issues?

Again and again, we will come back to the idea of an Opportunity society – an Ireland where all of our people have the opportunity to flourish.

Labour must be the party of opportunity, not just for the few, or for the strong, or for the young, or for those who have been here the longest, but for all our people. Opportunity does not come when the state stands back and lets everyone get on with it, sink or swim. It comes when you give people training and skills, a basic level of security in their lives, and when you remove the vested interests and the arbitrary blockages that hold them back.

Creating opportunity for all means waging a war on poverty. That is about more than supplying a minimum income when a person cannot support themselves. It means providing people with pathways out of poverty – not just the mantra that the best route out of poverty is a job. That is true, but it is not enough. Too many of our people have to cope with a welfare system that keeps them trapped in poverty, rather than providing the means and the path to make their way out of it.

The opportunity society must embrace those who have chosen to be Irish. It must be clear about the duties and obligations that we owe each other. Respect and tolerance certainly, equal treatment definitely. But also opportunity. The opportunity to make a full life in Ireland – to work, to bring up children, to take a full part in the life of our community.

Creating an opportunity society is not confined to those most obviously denied it. An opportunity society must have something to offer to all our citizens. It means extending educational opportunities to anyone who wishes to avail of them. Building a learning culture, that takes as a given the notion that learning never stops, and never ceases to be of value. It

means respecting those who see opportunities for fulfilment in caring for others. It means understanding that there are important and valuable opportunities for personal fulfilment outside the arena of paid work.

The questions that will confront us will not just be about resources. They will also be about the non-material aspects of our lives. About building a culture of respect for each other, about pushing back the tide of violence, about addressing the deficit of spirit that feeds the abuse of alcohol and drugs, and puts weapons in the hands of teenagers. About standing with parents who want to protect the ever-narrowing window of time we call childhood.

Creating opportunity for all means creating an atmosphere of mutual respect and security. That is the responsibility of the state, but it is also the responsibility of families and communities. We must somehow reverse the crude violence that has become a feature of our society. We must be rigorous in applying the law to those who break it, but neither can we ignore the fact that the criminals of tomorrow are too often young people who are falling through the cracks of our system today.

I believe too that, in the next two decades, Irish politics will increasingly focus on matters that go beyond the bread and butter of domestic concerns. With our prosperity has come a new self-confidence, which, together with peace in Northern Ireland, has provoked a new desire to define ourselves on the world stage. While there is a moral imperative for Irish society to reduce its own carbon emissions, we clearly have a role to play through the EU and the international institutions in tackling climate change. Equally, once we finally keep our promise to increase international aid to 0.7% of GNP, Ireland's voice on development issues will carry a new authority in the world.

Are we prepared to exercise that voice? Are we willing to ensure that Irish foreign policy is assertive and values-driven? If so, then we must, at a minimum, use our membership of the European Union to promote a democratic and social Europe. Our country desperately needs an infusion of values in its politics. I am not referring here to the moral vacuum that has engulfed the Governing parties, especially in recent times. Of course, we must have ethics in our politics. That is a necessary, but not a sufficient condition of good politics – of a politics that can answer the many needs of our society. After a decade and a half of unparalleled economic growth, Irish society needs to take stock of what has been achieved, and who we have become. About how a lasting and sustainable prosperity can be maintained, in which all our people can share.

Having left behind the closed, authoritarian society of the past, and provided for a far greater measure of personal freedom, we need to ask hard questions about the society that we have created, and about the responsibility we all have for the kind of society we will

bequeath to our children. About how we deal with the ills of our new society, from casual carnage on the streets to the desperation and pain of suicide.

As I said at our conference in Wexford, we need a New Purpose. Our country needs a vision of itself and what it can achieve, and a renewed sense of the values that we steer by. It is Labour's task to supply that New Purpose.

Labour must make it clear that politics is not about competing sets of technical fixes or electoral promises, but about alternative visions of society.

If Ireland is to prosper, it must be on the basis of a vision of a small, open, entrepreneurial economy in a global marketplace. **Our success will be built, not on low-cost competition, but on high productivity growth achieved through investment in infrastructure and people.** That investment in the skills and abilities of our people will not be sustainable in the face of gross inequality. We cannot face with indifference the growing trend towards low paid employment on one hand, and outlandish rewards for a small elite on the other.

Social solidarity is a source of productivity, not a drain on it. Equality is a complement to, not a substitute for, innovation and entrepreneurship. The New Purpose will be built on an economy that works for all, and has work for all.

That is not to say that there are not hard choices. As the halcyon days of the Celtic Tiger recede, political choices will become starker. Tightening public finances will force more exacting scrutiny of taxation and expenditure decisions. Already, we have seen the kind of choices that Fianna Fáil and the Greens are choosing to make. Services for homeless people are to be cut back, budgets for home helps are to be restricted, while at the same time new tax breaks for property developers are being introduced. Lip service will be paid to environmental goals, while the John Gormley Motorway is forced through Tara.

Labour has always been an engine of change in Ireland. Now the party that wrought so much change in Ireland, must have the courage to change itself. Now, as much as ever, our country needs new politics, based on the human and humanising values of the Labour Party. Are we up to the challenge?

The Irish Labour Party at this point in history has the potential to be the driving force for change and progress in 21st century Ireland. But we will only achieve that potential if we have the courage to make the changes in our party, which are necessary to make us more relevant and more successful in modern Ireland.

Change is never easy – especially when we are applying it to ourselves. Last September, when I was unanimously elected leader of this party, I pledged to lead a renewal of Labour in

Ireland. Our conference in Wexford decided to establish this Commission, to be the means by which we as a party would collectively assess and conclude on the changes which we should make in order to make our party more successful.

The report of this Commission, and the decisions which the special conference next November will make arising from your report, will determine Labour's future, certainly for the next decade or more. You have a very important job to do, and I wish you well in it.

We are not seeking change for its own sake, but transformative change, rooted in Labour's values. **It is vital that we as a party, give clear and united expression to what those values mean in modern Ireland.** To be clear, with one another, and with the Irish people, about what Labour is for. Giving our country a New Purpose, and creating a society where everyone has the opportunity to flourish. Giving concrete contemporary expression to the words of Tom Johnson, written nearly ninety years ago in a very different Ireland:

We affirm the duty of every man and woman to give allegiance and service to the Commonwealth, and declare it is the duty of the Nation to assure that every citizen shall have opportunity to spend his or her strength and faculties in the service of the people. In return for willing service, we, in the name of the Republic, declare the right of every citizen to an adequate share of the produce of the Nation's labour

This speech was delivered at the opening meeting of 21st Century Labour Commission on 29th March 2008 in Dublin, Ireland

With the electoral campaign drawing to a close, I'd like to deviate a little from the political issues which dominated this political campaign. I would like to talk about my views; why I have chosen to be a politician, why I have chosen to be in the political scene and why, most importantly of all I have chosen to be part of and lead the Labour Party.

We experience every day the politics of "tribes"; the red versus blue, one says one thing and the other expresses the counter-argument. When I reflect on this reality, I know, deep down that I haven't involved myself in politics for this. I am here to bring about change to this country and to help all the Maltese and Gozitan population: all the population.

What were the values that inspired me and concerned me and made me determined to chose to be part of and lead the Partit Laburista? I was brought up to be open minded. So I was ready to weigh things and value different ideas; both left-wing and right-wing ideas. So what I do is consider the pros and cons, and search for what is good and distinguish from what is less good.

What attracted me to the Labour Party? **It's all in the values.** During this electoral campaign there was someone who monopolized the word "value" and tried to not only make it his, part only part of half the population can here today proudly point out the values of PL, the values that attracted me towards this group, this movement, which you all form part of, and which today I am honoured to lead.

First, all children are to be treated equally. When we see two children, we don't ask what their surname is, or whether they live in an apartment or a villa, we don't ask who their parents are, or whether they even have any, we don't ask them for the balance in their father's bank account, and we don't distinguish whether their father has a white or blue collar job or whether their mum goes to work by bus or works from home. We simply do not ask for their family background. We want these these children have equal access to their future success; real equality and the opportunity to give everyone a chance in which one can go ahead and make his or own way through real capability.

The second value: may those gaining success, gain even more success. Those who manage to attain success, let them aspire for more, let them accomplish and that man who is managing his own company and employs two people, let him employ two hundred. Our

effort must be also to cater for those whose school leaving age is sixteen and leave school illiterate, for those whose family conditions cannot afford for him/her to further his career, and is thus required to find employment, or that girl who is not positively motivated by her family to achieve success, be it academic professional or otherwise. We have to be there for these people, to help them and pave their way forward. This is the value of social justice, which we wholly believe in. **We believe that wellbeing comes from financial and economic stability, and thus believe in creation of employment; employment that is worth it, whereby one can advance personally, where one can be promoted, acknowledged and can engage in further study. An economy that flourishes helps the employer to invest money and thus helps him and all of us.** If someone wants to invest, we will back him up to do so. Thus, productive and dignified employment can help people from all social strata and help them go further up the social ladder.

What attracted me to the Partit Laburista? This movement gave birth to the middle class. It gave one the first opportunity to be part of this middle class, to have a decent home to live in, to be able to have a pension as a thanks for their contribution during their presence in the workforce; because yes, we have to rediscover our values. And these are the values: our value that when we help the lower class, we would be helping the upper class as well because when the lower classes make an advancement, so do the upper classes. When wealth is created, it has to be divided, and this should be done through social justice.

What attracts me to the Partit Laburista? The value that the state is there to regulate and to help. It is there to see that there are no abuses, that we let the free market move, but then, the free market must not hurt the people. For us, people come first, before money. We have to continue thinking, we have to continue believing in a situation where the state, and today many people around the world are thinking in the same line as us Socialists, has the role to protect.

Look at what happened in the last months around the world. The famous financial crisis. Why did it happen? This is a question that in Malta, we did not ponder deeply about, we did not discuss it enough. We discuss the outcome, but we (insufficiently) discuss the cause. What was the cause? The cause was those people, the politicians and those in economics, who wanted to make money not by creating real wealth, but by blinding people and creating money out of air; money that when you question, 'what is there to make good all of it?' you will ultimately find that there is nothing.

And so we need to create a real economy; an economy where the state takes the role of a regulator because ultimately, capitalists around the world, those who would almost prefer it if the state, did not exist. Yet they too had no other option but to resort to the same state

asking for bailouts. What is a bailout? It means that the taxpayers, all of us, had to come in and make good for the irresponsibility of those who blinded people with false hope, no real money and shifting sands.

And why does this concern us? We do not want an aggressive free-market. We want a market with a soul, a free-market with compassion for the middle class.

What attracted me to the Labour Party? The idea that the state stays out of the personal lives of people. I was attracted to the fact that it was the Labour Party, with Dominic Mintoff, that in the seventies, in a time when society was very conservative, decided to abolish the law which criminalised homosexuality.

It was the progressive movement in this country that first fought for minority rights, some of which were gay rights. It was the progressive movement in this country that first fought for the rights of children born outside of wedlock. It was the progressive movement in this country that gave voting rights to eighteen year-old youths. It was the progressive movement in this country that gave women the right to vote. If it was for someone else, they would not have a right to vote. It was the progressive movement in this country that said: 'Yes, female workers should have rights', and didn't have to wait for any ruling by the European Union. And also fought against the law, as it was during that time that women were scared to say they were pregnant, as they would have their job terminated. It was the progressive movement in this country that not only said: 'you have the right to have children and maintain them by being offered help', but also introduced the idea of maternity leave, way before other European countries.

It was the progressive movement in this country that way before other European countries (and today there are other European countries that still didn't follow, even countries in the European Union) in the seventies, through a Labour Government, said: 'the time when everyone pays the workers how much they want has ended. We will introduce the national minimum wage.' And at the time, the minimum wage was a decent wage, that sufficed the people, with which one could have had a good quality of life in this country.

It was the progressive movement in this country that said: 'We want to create wealth but ethically. We do not want to create it through war. We want to create wealth through peace.'

It was the progressive movement in this country that had the courage to say, when others were still scared and tried to scare people: 'no more foreigners will come militarily on this island' and built a strong economy, when no one had believed it could happen. 'The Birds of Lead' flew and flew for a long time.

The banks, who some people said that were impossible to maintain, were strong and are still strong. The telecommunications in this country was created during that time, Telemalta, which everybody knows how it progressed, made the state, with the help of the private sector, earn profits for a long period of time and now they threaten to terminate GO's employees' jobs!

The Labour Party created an infrastructure. It said: 'the first thing we need to see is, how we're going to unite the country with the rest of the world, the rest of Europe.' And so we created Air Malta, and Sea Malta and now, after they destroyed the latter, they are trying to destroy the former.

That is why I believe in the Labour Party. That is why I am here today, because I have these values. And I have another value that attracts me to this movement, wherein the state should be a partner with, but different from the Church. The concept that was introduced in the seventies by the Labour Government. We are friends, but the State and the Church ought to be different entities.

And the greatest value above all; perhaps some may see this as a weakness but I view it as one of its greatest attributes, the fact that this party, the Labour Party, does not lie. This party does not lie.

This party will not lie to government engineers and architects on the eve of a national election, just like last March, telling them that by May, if 'we are re-elected, everything will be sorted out.' More than a year has passed and the government has done absolutely nothing. This is not a party which sends (up to) three letters to hunters and trappers informing them that they need not worry about their pastime, when this is not true. We are not that party.

This is not a party which will gladly sign an agreement with nursing aides, healthcare assistants and care workers only to tell them, at a later stage, that it cannot honour that same agreement. This is not a party which will give guarantees to the bus drivers and then attempt to sort out the mess, on the eve of the election, after it has already informed them that it cannot live up to such guarantees.

This is not a party which will send letters to dry dock workers and take them for a ride. Lawrence Gonzi told our fellow dry-dock workers on the 27th of February last year:

"The workers know that my government has proven to do all that is possible to generate more work in the dry docks. I shall do my utmost so that together we can arrive to a position whereby the dry docks become more productive. This way you, your colleagues, and your families, will become more affluent by working more, earning more money, and paying less taxes."



This is a letter from someone who blatantly lied to dry dock workers. They claimed with much ceremony that dry docks' and Enemalta's workers shall have peace of mind. He sent an email to employees at Go informing them that there are no plans for them to be made redundant. These employees come to us today saying that if at least three hundred and fifty of them do not leave of their own accord they will have to consider laying them off.

Faced with such lies, you will find workers who now openly admit that they have been deceived. Others may claim that they have not been fooled because they did not vote for the Nationalist Party, but they are sick and tired nonetheless. Consequently, the Labour Party takes the blame and I understand your pain. I understand, fellow dry dock worker, how you must be feeling. I understand how the employees at Go, the bus drivers, the taxi drivers must be feeling.

But now, you have the chance that you have been waiting for. If you want to honour the persons who stole your employment or are planning to do so, the very same persons who have put your livelihood at stake, then you can easily do just that by not voting in this election. But if you really desire change, the dawn of a new day ushering new possibilities for you and your children, your choice is to vote for all Labour Party candidates next Saturday.

I look around me and I see great capability in these people, candidates who can reap success just as they have done in their lives. They can bring great success to the country. Their work as MEP's will be fruitful for you and your family. So too, will the candidates for the forthcoming local council elections achieve equally good results.

These candidates here in Fgura will do their very best to work in the interests of the locality. I understand that not everyone will be content with the work done in every council but who can possibly be content with everything in this world? Yet, the choice is clear. I sincerely believe that all local council candidates, if elected, will work in your interests and be closer to you as a citizen. This means that should a problem or dispute arise, they will not side with the bureaucracy of the central government but with you, the citizens of Malta and Gozo, and they will aid you by all means necessary.

If you still have not registered to vote, or if you are still undecided as to whom your vote will go to next Saturday, open your drawers and bring out your water and electricity bill. Take a good look at it and ask yourself if you want to thank the persons who sent you this water and electricity bill, devoid of social justice or do you want to send them a loud and clear message; a message that you will no longer be taken for a ride.

Let us gather courage, dear friends, not in the celebratory sense as if the election has already come and gone and we have already won, but courage to pull our socks

up and work. Remember that not too long ago we lost a general election and we must double our efforts and work together this time round. I want to send a message next Saturday and this message is not merely one declaring that Labour can achieve good electoral results. This is not the message I want to send. I am perhaps one of the few people who want to send a message that something new in this country is developing.

An election will come and go, but a political project will live on. Whoever wants to join us next Saturday, in writing history, in building a new kind of politics for this country must send this message. A message that politics should no longer focus around who votes for the reds and who votes for the blues, who is prosperous and who is less prosperous, who is part of one social class and who is part of another, but a message that in this country, there is the beginning of something new.

A new era has begun, a new coalition has now been endorsed; an alliance formed by people who never met, people that have never spoken to each other, people that might not have the same tastes and lifestyle, people coming from all walks of life. But people who believe; people who believe that our county needs the winds of change for the better. This political transformation should be directed to a successful change; a coalition that gathers all time Labour voters and those who never voted Labour. My fellow friends, do not look with doubt at those who are new to us today. With open arms, we welcome them as part of this movement.

A coalition that brings people together and not detaches them, a coalition that is not interested whether you opted to vote for or against the referendum for European Union membership, a coalition that brings all those voters together. Bringing the country together, where there will be serenity, and that the brighter future will include us all and where this coalition will disprove jealousy. This progressive movement brings practical help to those who want to attain success in life, and let those gaining success further their success; a new movement that includes workers, those people that travel by bus every day, employers who have the courage to invest and create a workforce, who feel uninvited amid this suffocating bureaucracy, and who are stranded by the high taxes they are forced to pay and that employer who feels disrespected because he pays his taxes to the full and some other person gets away without paying one single penny within an entire network of corruption.

A coalition that gathers pensioners, whose pension is not sufficient for them to be able to live up to a certain standard of living, and that student at MCAST, Higher Secondary, Junior College, and University, who aspires to be the very first of her family to be a university student who happily smiles at her parents and cheers them with a successful attainment of having managed to enter university; that student, who studied, sacrificed herself so many things,



worked for a well-deserved result manages to be employed for what she achieved and not for whom she or her father knows. For those who have not managed to find the right job that suits his/her capabilities, this new movement is there to help.

A coalition that gathers those students together, those who have not managed to obtain a certain educational level not merely due to their fault, but to ours, because as a society and as a country we did not manage to perceive their talent. We should provide these talented people with equal opportunity.

To those people who are feeling alienated from their workplace who tells you:

“I’ve been working as a welder all my life and I’m good at it, and now I’m doing something completely different. How can this be? I want to be respected, with a decent job.”

Work gives dignity to the people. Men and women out there want to feel useful and capable of work. They want to feel valuable and thus can contribute properly to their family and society itself.

This is the core, the heart of this new progressive movement; this is what I want to feel, that pumping heart longing for a better tomorrow. Let us feel this pumping heart together next Saturday, let us all together merge into one coalition. Let us all aspire for a better tomorrow; a coalition that will prove that this progressive movement, is capable of uniting all Maltese and Gozitans together, for a better tomorrow.

This speech was delivered within the framework of the European election campaign on 7th June 2009 in Malta



Ladies and gentlemen,

Shortly after the fall of communism, a reputable political scientist here in Romania told us that it would take about two decades for us to learn the habits of democracy. He attracted a loud and strident opprobrium for what we now know was a rather optimistic forecast. However, the twentieth anniversary of the fall of communism has come and gone. And we have a more appropriate debate that our nation needs to engage in. A debate about our future. Not our past. A debate about the next two decades.

For Romania's social democrats, this debate starts with a simple premise. With a necessity we are acutely aware of. The end of the current crisis cannot possibly have Romania apply the same socio-economic framework that it had when the crisis started. It is not enough for us to aspire to get through the crisis with the fewest bruises possible. We must decide what kind of society we want to build. What kind of economy we need.

Romania's path out of the crisis will not be born out of a miracle. We need sustainable development. Sustainable development doesn't happen thanks to state handouts, but thanks to opportunities. These opportunities must either be identified or created, on a large scale, across all sectors of the economy, for the highest number of citizens possible.

In this context, the party I've had the honour of leading has decided to go against the grain. We will not fit into a political landscape in which the urgent crowds out the important. A landscape in which real problems are swept behind false controversies. We have a golden opportunity in front of us. That of recognising the shortcomings of the ideological fundamentalism that made this crisis possible.

Ladies and gentlemen, make no mistake. Our opportunity is nothing less than to write a new page in the history of political economy, by embracing a new path, that of the modern progressives.

Our platform aligns itself to the tenets of left-of-centre politics as defined by visionaries like Tony Blair in the UK and Bill Clinton in the US. They not only saw the flaws of extreme economic liberalism and of the construct of a minimalist state. They also understood the dogmatic excesses of leftist politics stuck in the statist politics of the '60s and '70s. From this realisation was born the framework of the modern left, of the Third Way that seeks to and succeeds in blending social protection with economic dynamism.

This new Left does not stray from the basic tenets of social democracy: social justice engendered through secure and well-paid jobs. The key difference is that, unlike previous left-

wing politicians, **we realise this goal cannot be achieved by forsaking macroeconomic discipline. We have realised that social justice becomes a pipe dream without macroeconomic stability, which results in low inflation, low interest rates, and a vibrant private sector for whom the state must be a partner, not a taskmaster.**

What leads us to these objectives are the conclusions of a quick analysis of the current context: We cannot speak about economic growth, and real development, if only a third of the population benefit from them. There can be no social protection without the prosperity generated by market forces. We cannot invest in education, healthcare or infrastructure without access to capital markets, reasonable interest rates. Without low inflation and without an intelligent approach to financial markets at home and abroad.

In other words, we can only build the Romania of the 21st century by resorting to a modern and pragmatic interpretation of progressive ideals.

This is how we shall develop and adopt the public policies that Romania needs. They cannot afford to merely respond to short-term fluctuations in markets or the economy. They must, they must meet Romania's long-term development needs, in a pro-active fashion. There can be no doubt about this.

That is because of the reason why our country finds itself in its current state: the inability to stick to a path not beholden to election cycles. To adopt policies strategically, not changing them after every poll.

Real development, sustainable development that creates prosperity for as many Romanians as possible can only come out of long-term policies, out of pro-active policies designed to find real solutions, not some misleading quick-fix.

Our country needs – no, it **REQUIRES** – a platform made of such public policies, a platform that can build a fairer society, one in which dynamism and social justice can and must co-exist. A society in which opportunities for the strong do not come at the expense of the most vulnerable, but lift them up as well.

To this end, Romania needs the kind of ambition and thirst for success that it has never seen. Romanians deserve nothing less.

Social-democrats must rise to the occasion. And rise we shall.

20th February 2010 the Partidul Social Democrat (PSD)
Congress elected Victor Ponta as a new President of PSD.

3

Breaking down Neo-Liberal Myths



Ladies and Gentlemen,

I am both honoured and pleased to be speaking to you here today. This may be an unusual place for the Chairperson of a socialist party, but on the other hand it does offer me some major advantages. For example, I can express a wide range of opinions since I did not come here with any specific communication goal such as winning over hearts and minds - although I will be happy if I do! I also have the opportunity to give you an honest insight into my vision of things. Today, I would like to talk to you about three topics: firstly, I will discuss the supposed crisis affecting the political left in general and socialism in particular, secondly I will discuss a few aspects of the current economic crisis in a little more depth, and thirdly I will combine the first two topics to arrive at a number of conclusions regarding them both which I hope will be enlightening.

The supposed crisis within socialism

For many people, being the Chairperson of a socialist party doesn't really sound like the most enviable job around. Poor results in opinion polls, a change of name which didn't go particularly smoothly, a hard time in the opposition, and a general feeling of crisis engulfing European social democrats. Thankfully, every once in a while you get invited to give a speech at a delicious lunch.

But in fact, the reality is quite the opposite. I truly enjoy doing my job. What's more, I'm actually not overly pessimistic about the state of Flemish socialism.

It is true that opinion polls have not been kind to us and that the social democrats are hurting throughout Europe. Gordon Brown and Wouter Bos are not doing well among their electorates while Martine Aubry is having a hard time just keeping her party together.

But I can see light at the end of the tunnel, and this for a very simple reason. Just as I can clearly point out what went wrong with social democracy. Let me explain.

Socialists have traditionally supported strong government and are generally expected to defend the interests of blue-collar workers. And this is exactly what we did for many years, until it became clear to everyone that the government had simply become too big. On top of this, the number of blue-collar workers in the workforce continued to drop over time. One of

my predecessors, Patrick Janssens, made an analysis in this regard six or seven years ago, and he was right. Socialism had to be modernised; it had to reinvent itself. For this, Tony Blair, Wim Kok and Gerhard Schröder had shown the way.

Unfortunately, the so-called Third Way made one critical error: it lost sight of its core business. What I mean here is, for example, when Tony Blair became Britain's Prime Minister in 1997 he had been elected having promised voters that he would put things right in the education and healthcare sectors after years of inadequate financing. It was clearly a necessary promise, but the problem was that it took three years before Britons started seeing the first results in 2000. By that time, many voters had given up on Blair's promises and saw the man first and foremost as a spin doctor. This feeling was only fuelled further by the war in Iraq. Voter apathy rose, with record low turnouts at polling stations in 2001 and 2005. Wim Kok experienced the same situation, but the other way round, because he invested hardly anything in community services. Portugal's successful Prime Minister, António Guterres, is another example. He won multiple elections in a row and turned his country into a bona fide European country. Things went well until 2002, when a road bridge collapsed and the poor condition of Portugal's roads and the slow pace of investment in public infrastructure came to light. Exit Guterres as Portuguese voters lost faith in him. There was a now an atmosphere of mistrust between the traditional electorate and the socialist leaders within the government.

Social democrats became increasingly obliged to turn to floating voters, with some successes and some outright failures. If you look at the recent electoral results garnered by social-democratic parties, you will see more and more of a yoyo effect. Case in point: in the spring of 2006, Wouter Bos had stratospheric ratings, but by the autumn he had very painfully come back down to earth. In 2003, we had 23.5 percent, but in 2007 this was down to 16.3 percent.

So what does this actually mean? A socialist party's objective consists of two elements, the first one being to put our traditional electoral base at ease. This means that a strong social welfare system and affordable healthcare are and will continue to be the mainstay of our political ideal. We should never lose sight of this, yet we did so all too often during the "Paars II" legislative period in the Netherlands. The political left now has some fixing to do. We once again need to have a solid base, a broad foundation providing the certainty which is one of the two critical elements required for an honest society.

Secondly, we must constantly reinvent ourselves, implement radical change, create opportunities. All the more so during an economic crisis. This brings me to the second point of my speech, but I will come back to this remark in point three.

The economic crisis

The economic crisis: I am certain that all of you hear and read about it every day in the news. It is not my place to make historical comparisons, because after all the numbers are bad enough in and of themselves. What makes history today is tomorrow's old news. So where are we today? In short, we can sum up the current economic situation in three points:

1. When the market for the huge amounts of debt incurred mostly in the UK and the USA collapsed, this led to a massive loss of value everywhere. Belgium lost EUR 150 billion out of a total of EUR 900 billion in assets. These are gargantuan figures with significant repercussions for our economy.
2. The financial crisis gave rise to a full-on economic crisis which threatens to render entirely meaningless the difficult efforts made over the past 15 years to reduce both the national debt and unemployment levels. In 2008, we had achieved the lowest unemployment rate since the 1960s. The longest lasting damage done to our economic potential might very well be slower activation and fewer professionally active people.
3. The financial and economic crisis came right after a major drop in purchasing power and a bout of strong political friction, all of which meant that Belgium got off to the worst possible start. Reduced purchasing power was a problem throughout Western Europe, but we actually made it worse here in Belgium with our inadequately regulated energy market and an ideologically-motivated refusal to take action. Inflation in Belgium peaked at 4.5% in 2008, which was 1.5% more than the rest of the euro zone. About 80% of that difference was attributable to higher energy prices. As an example of this, we can compare the Belgian increase in energy prices of 30% with the increase in the Netherlands of just 4%. The current majority at the federal level had in fact structurally derailed the budget to the tune of at least 1% of GNP even before the crisis started. In other words, our economy had already been weakened by poor policymaking before the financial turmoil hit.

I am not saying this to score political points, because that is not why we're here today, but I am saying this because this crisis worries me and in fact almost scares me. Why? Because the political problems of the past several months have sapped our governments' credibility and energy, just when we need them most. We saw the worst side of Belgian politics just when the markets failed in an unparalleled manner. These are the hurdles preventing us from better defending our welfare and common values, and we cannot take this fact lightly. But we also cannot lose sight of the broader significance of economic developments.

The end of the liberal doctrinaire approach

We are now seeing the end of a political era, the end of perhaps 20 ultra-liberal years.

Some are saying that our time has come, that the socialists can now bask in their glory. Saying "we told you so" would be too easy. First of all, we also played a role in developing policies as the seeds of this crisis were being sown. It is true that we were never the instigators of the changes that were made, but we did take part in certain reforms, such as getting rid of the distinction between deposit banks and commercial banks. This has come back to haunt us. As I have already said, the political left also has some fixing to do.

Yet there are a number of indications which make me think that we are indeed witnessing the beginning of the end of the liberal doctrinaire approach.

1. **We have seen that it is completely false that unregulated financial markets are so sophisticated that they can efficiently distribute risk themselves based on price signals alone.** The financial markets as they are today have failed the market test, much less the test of the welfare state which aims to provide equal opportunities and honestly redistribute wealth. Frankly, the financial markets fell flat on their face.

And today we have no choice but to bail out the banks because the alternative is even worse, although we cannot just go back to business as usual. As Winston Churchill said in 1925, we need to "see finance less proud". Banks will go back to being banks, a dull and relatively tedious business where money borrowed for the short term is invested for the long term and the resulting risks are carefully managed based on a culture of responsibility and strict rules. We can achieve this if we want. As a case in point, last year the European Parliament approved the REACH Directive, which forces the chemicals sector to extensively screen, test and register all new potentially toxic chemical products before they are put on the market. The industry cried out that this would mean the end of the sector, but the Directive was implemented and Europe is now safer and more sustainable. And of course the chemicals sector is still there. If we can do it for chemical products, why not for potentially toxic financial products? Why should we not screen them, test them and have them certified by a regulator before they can be sold? Such an approach would certainly benefit the safety and solidity of people's savings. This would not kill the industry; quite the opposite as it would help it win back the trust of investors.

2. **Our industries are being hit by a recession which began as a financial crisis.** The question now is who we look to for help? The shareholders who want a quick increase in the value of their portfolios, if necessary through major restructuring, or managers and works councils who are trying to survive the crisis, maybe with bridging loans, to get their companies back to where they were before this deluge? Such a question would have

been ridiculous a few years ago since shareholder capitalism was the best thing that could ever happen to us. But do we still trust the judgement of those fund managers who bought out and indebted our family businesses only to discover that share values had been exaggerated but that the debts were anything but virtual? Does not the government now suddenly appear, stimulating the industrial project and sustainable growth with a positive cycle of investments?

3. This finally brings me to globalisation. Clearly, **the period of “happy” globalisation is over.** Yet the idea that globalisation has made us politically weaker is wrong; we have simply made a political decision not to use that power. While it is true that the national level is not always the best level to create rules, it certainly is true that it is the right level for investing in people and the economy and for pushing through rules. In actual fact, the political choice remains largely intact.

Socialists break with trends

And now for the conclusions. In the first part of my speech, I said that **we as socialists must provide people with a broad base offering them a good level of certainty. The current economic crisis has only served to increase this need further.** However, I also said that we always had to reinvent ourselves, now more than ever. I will again illustrate this idea using three specific examples.

1. Firstly, our social security system. Suppose for a minute that we had, as suggested by the liberals, transferred a much bigger part of our pension reserves to investment funds and that we as a result had been much more exposed to the vagaries of the stock market. And what if on top of this we had also loosened up the rules for investments in the second pension pillar? We would now be witnessing a social disaster. Socialists must never yield to this, and this is the certainty which we want to provide.

But we must look further still. Everyone understands that many people can no longer afford retirement home costs. I am talking about people who have worked hard all their lives and paid their taxes, but who have to reach the painful conclusion that when they need help their pensions are not enough. That is simply not fair.

Yes well, here we have to try to break out of the traditional way of doing things and once again dare to argue in favour of a revolution in our social safety net. For this reason, we want it to become law that retirement home costs may never exceed the amount of someone's pension. This is a simple principle which provides a good deal of certainty to many people.

2. Secondly, financing this social security system continues to be a major challenge and the proportion of professionally active people is a critical factor here. Over the past few years

we had been able to gain a few percentage points with great difficulty, but this progress has been reduced to nothing because of the crisis. And that is the true threat to social security. Much more than temporary budget shortfalls, the erosion of our social capital is the biggest danger facing the long-term financial viability of social security. It is for this reason that we feel it is so important to invest and create enough jobs along with training opportunities to ensure that people stay professionally active. We can be sure that many of the jobs that are now disappearing will simply not come back, but they will turn into other jobs. This is why we are also in favour of targeted reductions in employer social security contributions and support the granting of credit facilities so that the companies which create these other jobs can survive. However, the policy of generalised and permanent cuts in employer social security contributions no longer works. Those days are over and other political parties need to let go of this obsession. What our businesses need now is customised solutions.

3. Thirdly, there is our economic structure. Everyone is saying that innovation is the way to stay competitive, and this is why we have to invest right now in projects which can help promising sectors weather the crisis. Everyone agrees that it is better to switch to a low-carbon economy and drastically reduce our use of raw materials. So this means that we can take advantage of the economic recovery to alter our course, for example through wind farms out at sea. We have many things working in our favour in ecological industries, but we can also kick-start our businesses ourselves by being policy trendsetters. In the meantime we will also be creating a genuinely competitive energy market, because it is illusory to think that further deregulation is a good short-term solution to either our excessively high energy prices or our energy dependency. With projects like the North Sea ring main, we can once again dare to be trend-setters, create thousands of jobs and work to ensure the quality of life of our future generations.

To me, this last point perfectly sums up what contemporary socialism can represent. It sums up our quest to move from the uncertainty of today to the honest society of tomorrow.

Thank you for your attention!

This speech, entitled “From the uncertainty of today to the honest society of tomorrow” was given in ‘De Warande’ Club in Brussels, Belgium on 24th March 2009.

The founding myths of economic liberalism

The economic and financial crisis we are undergoing at present is first and foremost the result of economic liberalism, an ideology based on so many “myths”, that in the end it becomes a sham.

Let me dwell on two of them: the myth of self-regulation and the myth of an inherently inefficient State.

Let us start with the myth of self-regulation.

The basic premise is that markets have their own antidotes. Thanks to the variety of stakeholders (buyers, sellers, and middlemen) and their antagonistic interests, markets are allegedly naturally balanced.

Oposing interests therefore are not a source of problems but of balance and mutual control.

In short, for the followers of liberalism, the market has an intelligence of its own, and the ability to come up with solutions to its own problems.

For this reason, we are told, markets cannot go wrong, and if they do, arising problems can only be marginal.

As the head of the Brussels Stock Exchange Bruno Colmant declared in the beginning of the crisis, “Capitalism is resilient and can overcome its own obstacles and mistakes”¹.

Advocates of economic liberalism have used this argument for decades to get rid of any kind external, i.e. state, intervention on the markets (whether they actually believe in it or not is another matter).

In addition, they aim to extend market rules to goods and services that have remained outside of the mercantile system so far: let us recall the European and global discussions on culture, public services, and postal services, etc.

The second myth promoted by liberalism is related to the “inherent inefficiency” of the State.

According to liberal tenets, state intervention on the markets should be as minimal as possible and it should mostly be rejected. It is therefore essential to demonstrate that markets are self-sufficient and spread the idea that the State plays a negative role.

Repeated attacks on public services follow that rationale.

Some more extremist liberals (there are a couple in Belgium) even believe that the best State is a symbolic State.

Always keen on denouncing the “excessive numbers of civil servants”, they expect a minimum service from the State, which should only take care of security problems anyway (“a penal State rather than a Welfare state”).

Always keen on exposing the malfunctions of public services, they rarely denounce financial and economic scandals.

Always keen on complaining about a “tax overload”, they rarely condemn tax evasion and tax havens.

Always keen on backing employers’ demands on labour costs, they only started discussing the issue of golden parachutes after the financial crisis had started, and with great reluctance.

All these stands, contradictions and political discourse stem from a total mistrust towards the State, which Liberals harbour and promote.

However, to the Right’s great dismay, this crisis has shown that these two premises are totally unfounded.

The Right’s utter unwillingness to regulate financial markets and its frenzy to reduce public intervention and the state’s authority have led to the economic disaster we now face.

This economic crisis is first and foremost a crisis of liberalism.

What are the concrete consequences of liberalism?

Some figures to give you an idea about the scope of the damages:

- The subprime crisis left 3.5 million Americans without a roof over their heads;
- World hunger has increased by some 9% in a year.

An expert’s report presented in the American Congress underlined the clear connection between the financial crisis and the sharp increase in grain prices.

After quitting the subprime market, speculators massively invaded the grain market, buying forward millions of wheat bushels and stocking them to better speculate on a price increase.

¹ Bruno COLMANT, in *Trends Tendances*, 18 September 2008; Bruno COLMANT is the President of Euronext.

FAO has clearly identified the consequences of such a speculation: in 2007, the number of human beings suffering from malnutrition went from 850 million to 925 million, as a direct consequence of the increase in prices of basic foodstuffs.

- Most European countries will undergo a recession... or at least a sharp decline of their growth.

In the OECD area, mainly made up of rich countries, growth for 2009 is expected to reach -0.3%, with a serious economic slowdown in countries like Spain, Italy, Hungary, Ireland, Iceland, Luxemburg, the United Kingdom and Turkey.

In the USA, the GDP should decrease by -0.9%.

For the Eurozone, the OECD has forecast a recession of -0.5% for 2009.

These are not just abstract figures. The crisis has very dire social and human consequences:

- Numerous industrial sectors (the car and metal industries, and soon the building sector) have already announced the closing of several plants;
- On October 29th, the ILO announced 20 million job losses at world level for 2009;
- The OECD has forecast an additional 8 million unemployed workers in the OECD countries for 2009 (i.e. a total of 42 million unemployed);
- In November, 533,000 jobs were lost in the United States, against 403,000 in October and 320,000 in September. From January to December 2008, the number of unemployed increased by 2.7 million in the US²;
- In one year, the number of unemployed workers in Spain increased by one million, going from 2 to 3 million. In November only, 171,000 workers lost their jobs. 190,000 had already lost theirs in October. Spanish Employers' Organisations forecast 4 million unemployed in Spain in 2009³.

Spain has unfortunately become a benchmark, and as the French daily *Le Monde* puts it: "Mainly built on property speculation and easy credit, the Spanish economy is now collapsing like a house of cards."⁴

- Belgium should be hit by a negative growth of -0.2 %, which should mean 8,000 job losses in 2009 according to the National Bank of Belgium.

Let us not forget that behind these numbers, there are men, women, and families, who have borrowed money to pay their mortgages and who will lose their incomes overnight.

We are facing a social disaster.

- With consequences on public finances: a sluggish growth, or worse, a recession, means a decrease in State revenues.

² AFP, *Le Figaro*, 5 December 2008 ;

³ *Le Monde*, 3 December 2008 ;

⁴ *Le Monde*, 3 December 2008

And yet, these monies are used to finance our education, social protection and health care systems, to preserve our solidarity towards the more vulnerable groups of society, etc.

Not content with reducing the State to the role of a passive observer, liberalism also aims at impoverishing it!

In the end, this liberal crisis is depriving States of their necessary resources to fight precariousness and therefore, it only increases social inequalities.

In his book on Belgian Liberals, Hervé Hasquin asserts: "If you think about it, liberalism is a true social benefit, allowing millions of households to live a decent life all over the world". One cannot help but shiver in front of so much blindness.

What accounts for such a financial crisis?

Pierre and Poul have already talked about several elements accounting for this crisis. Let me dwell on some of them.

A massive financialization of the economy

Of the 2 million of billions of dollars' worth of yearly financial exchanges, only 2.2% (i.e. 50,000 billion) account for exchanges of goods or services⁵.

Almost all financial transactions today are linked to derivatives and exchange operations.

The rights to purchase, sell and exchange these derivatives have given their right-holders certain positions on their markets, which can themselves be put to work and are therefore negotiable.

This development contributed to a financial speculative bubble that was totally disconnected from the real economy, i.e. from the real value of the assets underlying these derivatives.

Transactions on derivatives represented less than one thousand billion dollars in the beginning of the eighties. Twenty-five years later, they amount to 1,406,000 billion dollars⁶.

The vicious circle of unregulated finance: the subprime crisis

In the absence of adequate public control, the financial world constantly innovates and sets increasingly complex and risky products on the market. These products are very popular and are boosted by easy credit. The anticipation of making huge profits leads to a speculative frenzy, which almost invariably ends in a «krach».

States are then called to the rescue.

⁵ *Le Monde*, 5 September 2008

⁶ *Le Monde*, op.cit. ;

The subprime crisis, at the root of the present crisis, is a perfect example of this pattern.

American banks securitized mortgages that had been granted to American households who were not highly creditworthy.

They sold these securities on the financial market to investors such as banks, pension funds, insurance companies, big enterprises, etc., which in turn resold them.

The aim for American banks was to spread the risks linked to these credits among a large number of investors.

Securitization created a gap between the lender (the banks) and the borrower. For normal mortgages, bankers always check their clients' creditworthiness.

However, in the case of subprime loans, bankers knew they would securitize and sell the loans and hence they were not as thorough when checking the solvency of their clients.

The whole operation was built on the hypothesis that property prices would increase in the US.

But in actuality, the reverse happened: prices plummeted and the (adjustable) interest rates increased.

This double phenomenon created panic on the markets: the holders of these securities massively tried to get rid of them, thus decreasing their values.

As a consequence of the increase of interest rates, and therefore of their monthly instalments, American households were no longer able to pay off their loans.

This stock exchange crisis soon turned into a bank crisis and many subprime loans ended up in the hands of banks or bank-related operators: several banks had in fact created off balance sheet financial vehicles to manage these securities.

As they found no buyer for them, they were consequently forced to integrate them in the financial vehicles they had created and pass them on as dubious assets.

On the other hand, as borrowers found themselves in default of payment, banks took possession of their houses and sold them for a lower price than the granted loans, in a context of increased real estate crisis due to a massive influx of newly foreclosed properties.

This accounts for the huge losses suffered initially by American banks, and then by banks all over the world.

Because of their respective difficulties, banking institutions no longer trusted one other.

As a result, the more fragile ones found it increasingly difficult to have access to liquid assets on the interbank lending market and they were forced to call on the States to bail them out and avoid bankruptcy.

Hedge funds – Weapons of Mass Speculation

Hedge funds resort to very aggressive speculation techniques, like short selling⁷, with the aim of reaching high profitability on the very short term.

By the beginning of 2008, their capital (a true speculative strike force) amounted to US\$2,250 billion, and was purportedly distributed between different owners as follows:

- 31 % to private individuals (often well-to-do owners);
- 31 % to "funds of funds" (in the hands themselves of all kinds of investors);
- 14 % to pension funds;
- 12 % to companies and institutions;
- 12 % to foundations.
- 60% of this capital is invested in tax havens.

The Cayman Islands and the British Virgin Islands seem to be particularly attractive for hedge funds: they allegedly host 39% and 11% of them⁸ respectively.

This total lack of transparency only exacerbates the deregulation of financial markets⁹ since thousands of billions of dollars can put to work from these countries, without anybody knowing who is behind them and without any kind of State control.

The present crisis however hit these tax havens very harshly.

Tax havens: the black boxes of global finance

Non-existing or symbolic taxes, total lack of transparency, bank secrecy, hosting of enterprises with no economic activity: with such features, tax havens are major contributors to deregulation.

Not only do they deprive other States of substantial tax revenues (amounting to billions of Euros), but they also contribute to making the functioning of financial markets totally opaque.

⁷ Short selling is particularly symptomatic of the way global finance works: on Day 1, you sell securities you do not own but that you have borrowed and that you will effectively buy on Day 2, in the hope that in the meantime, when these securities are actually purchased, their value will have decreased. The aim is to make maximum profit based on the price difference between the selling price of Day 1 and the purchasing price of Day 2, by speculating on a downward trend on the financial markets (this tends to speed up the decrease in value...).

⁸ Le Monde, 23 November 2008 ;

⁹ For a more accurate analysis on the ventilation per tax haven, see http://www.ifsl.org/upload/CBS_Hedge_Funds_2007.pdf

Some figures:

- The OECD has identified 38 tax havens at present¹⁰.
- Most banks and hedge funds massively invest their capital in tax havens¹¹.
- 11,500 billion dollars are purportedly hosted in tax havens¹², i.e. 8,000 billion Euros or 23 times Belgium's GDP!

On the basis of a report from the US Senate, the Wall Street Journal¹³ recently revealed that in the last couple of years, a number of investment banks caught in the turmoil of the present crisis (among which Lehman Brothers and Merrill Lynch) allegedly contributed to tax evasion amounting to more than 100 billion dollars per annum.

They may have allowed hedge funds established in offshore areas to avoid American taxation by carrying out complex financial transactions without any economic basis, going to and fro between different tax havens.

Because of their lack of transparency, tax havens become true "black boxes" for financial transactions transiting through them, thus increasing the deregulation of financial markets.

As indicated by the Wall Street Journal, they are by definition at the root of economically 'fictitious' financial operations (since their sole purpose is tax evasion), thus further contributing to the financial bubble with hundreds of billions of dollars¹⁴.

Commercial banks playing casino economy

The losses suffered by commercial banks (as opposed to investment banks like Lehman Brothers or Merrill Lynch) are also the consequence of a lack of supervision.

These banks, the primary aim of which is to collect deposits and lend money to companies, households and public authorities, took unreasonable risks on financial markets.

They invested in risky products or did business with very dodgy financial operators.

In fact, they exposed themselves to huge losses, which jeopardized their credibility on financial markets and put them further at risk in terms of their solvency.

¹⁰ http://www.oecd.org/document/32/0,3343,en_2649_33745_34003040_1_1_1_1,00.html : Anguilla, Antigua and Barbuda, the Dutch Antilles, Aruba, Bahamas, Bahrain, Belize, Bermuda, Cyprus, Dominica, Gibraltar, Grenada, Guernsey, the Cayman Islands, the Cook Islands, the Isle of Man, the Marshall Islands, Mauritius, the British Virgin Islands, the US Virgin Islands, Jersey, Liberia, Malta, Montserrat, Nauru, Niue, Panama, Samoa, Saint Christopher and Nevis, Saint Lucia, San Marino, Saint Vincent and the Grenadines, Seychelles, Turks & Caicos, Vanuatu. Absolutely NOT cooperative : Andorra, Liechtenstein and Monaco ;

¹¹ International Financial Services, London, Hedge funds, City Business Series, April 2007, http://www.ifsl.org.uk/upload/CBS_Hedge_Funds_2007.pdf

¹² Tax Justice Network, briefing paper, « The price of Offshore », March 2005, quoted in Chambre des Représentants, Doc 51 2762/001, 2006/2007, page 7; see also A. Carasco, La Croix, 16 May 2008;

¹³ Wall Street Journal, 11 September 2008;;

¹⁴ It is difficult to imagine what these transactions amount to, considering they reach a staggering 100 billion of dollars in tax evasion per year.

Default and bankruptcy would have been the following steps if States had not bailed these banks out.

The problem is that next to their core business in deposits and loans, banking groups developed business and investment activities that soon took exponential dimensions.

When the risks they took in their "business" and "investment" sectors turned into losses, entire banking institutions were destabilized.

What can we do?

There is a need for three urgent actions:

1. Cope with the serious economic crisis we are undergoing: at Belgian, European and global level, ambitious recovery plans should be implemented to support the economy but also employment. Recovery plans should also support workers and their families, as they are harshly affected by the crisis.

Economic activity should be boosted, notably by encouraging public investments (e.g. in housing) and in sectors with a future, such as renewable energies.

2. Change our economy and develop a social and sustainable economic model. The speculation frenzy on financial markets must be stopped.

Finance must serve the real economy, i.e. the provision of goods and services, and not destroy it.

It must serve an economy providing goods and services to fulfil the needs of people.

This economy should benefit from the support of the State, which thanks to its subsidies can put it to the service of a true development project.

With clear rules and the help of the State, the economy is able to resist the attacks of financial speculators from all over the world, who play around with the assets of companies like they play roulette.

The economy should be able to combine the wellbeing of populations with the interests of both workers and employers.

The economy makes it possible to finance solidarity schemes and our collective needs thanks to the wealth it produces.

There should be a fairer redistribution of resources between labour revenues and capital revenues.

Financial predators, such hedge funds, which adopt aggressive speculation strategies and aim at very short-term profits, should be fought against, both legally and politically.

They bring liquid assets to financial markets but in the end, they are harmful to the real economy by destroying jobs and putting maximum pressure on companies and wage-earners.

The economy should act in solidarity with future generations. It should be based on a positive dynamic for our environment.

3. Regulate financial markets and restore the role of public authorities

The Parti Socialiste, the Party of European Socialists and Socialist International have already put forward their proposals:

- Establishing a European or even global supervision and control authority for financial markets;
- Banning banks from taking unnecessary risks on financial markets and bringing them back to their core business (deposits and loans);
- Putting offside hedge funds transiting through tax havens;
- Establishing a European framework for loans and credits granted to families and private citizens;
- Introducing a certification for financial products and banning those which are too high a risk for small savers and investors (such as subprime mortgages);
- Establishing public rating agencies.

These are but a few proposals among many others.

This speech entitled “The crisis of the financial markets and the economic crisis: Understanding and acting” was delivered on 11th December 2008 at the occasion of an evening debate organized at the Université Libre de Bruxelles (ULB), Belgium.





Yiannakis L. OMIROU

Leader of Kinima Sosialdimokraton EDEK,
Cyprus



Lastly, in order to face the financial crisis and push back the frontiers of poverty and inequalities around the globe, we need to ensure firstly and foremost the predominance of human rights and respect for international law and UN resolutions. On these principles, our common endeavors should also be directed towards the solution of long - standing international problems, such as the situation persisting in the Middle East and Cyprus. It is therefore our duty as the representatives of our parties to guarantee that our governments act collectively to reaffirm the power of the United Nations and the supremacy of international law.

Dear comrades,

As we all very well know, the world economy is now facing a big and deep crisis. **The price of this international crisis is paid by innocent working people all over the world as it offers them nothing but exploitation, poverty and repression.**

This crisis is the great defeat of neo-liberal capitalism. A radical change is therefore necessary in the basic organization of the world economy. Our duty, the duty of Socialist International, of the Socialist, of Social Democratic and Labour parties is to act. To act and work on the basis of our ideology, on the basis of the socialist way, in order to develop again a well regulated social market economy.

Thus, now it's time to work on implementing our vision and our social – democratic ideology for the society. The conservative ideology of the deregulation and neo liberalism has failed to maintain a healthy and strong economy when the first signs of the financial crisis appeared. A solution to the pressing problems facing billions of people can be found only through the socialist reorganization of economic life which will meet social needs and not private profit.

The results of the economic crisis such as poverty and diseases led all states to adjust their policies in order to meet the Millennium Development Goals. Initiatives and progress that are actually taking place in terms of relieving developing countries, mainly by addressing the debt problem and also by exploring more equitable financing and trading mechanisms are steps in the right direction.

In our common efforts, we should learn from past failures and be in position to offer assistance more efficiently, sensibly and rightfully, primarily in creating the basic infrastructures in affected regions, such as the improvement of public health, transportation, education, child welfare, position of women in society, housing, etc.



Dear party members,
Dear friends,

It is a great honour for me to stand in front of you as a candidate to the position of the chairman of the party, but also a great responsibility, on the other hand. This is the responsibility to the party to make us stronger in the Estonian politics. This is the responsibility to Estonia because **social democrats have got an alternative to the neoliberal ideology that has prevailed so far. There is no one else on the political scene, however, that could provide another alternative. And we are not afraid of taking the responsibility in hard times.**

The financial and economic crisis that has seriously hit the world affects Estonia and also other countries in the world, both the public and private sectors. It definitely has an effect on the people's daily life, and in the most serious way. Today society expects a responsible and realistic programme how to take Estonia victoriously out of the crisis.

It definitely is a complicated time, but it is also a promising time for new opportunities. I am not talking about developing the economy only, I am also talking about the opportunity to change the values - make our society more coherent and more united, replace money by more important values. Still, it is also an opportunity to change the structure of our economy; it is a compulsion to implement significant reforms. The state and economy have to be built on a more solid base.

For years social democrats have been talking about the significance of regard, justice and cooperation. Today the others are doing the same, also those who recently referred to solidarity as an illusion. This is by no means a coincidence; our values have stood the test of time. Our values are a solid foundation for society.

Dear supporters, the crisis in Estonia is wider than economic problems only. We can say we have lacked the vision and lived in the crisis of ideas. At the time when Estonia joined the EU, one important milestone was achieved, but our society lost the direction and aspiration. A period of rapid economic development and seeming prosperity started, complex discussions and criticism were thrown overboard as useless.

In the flood of populist promises, when taxes were lowered simultaneously and subsidies and public services increased, the structural changes remained undone, but they ought to have guaranteed long-term stability. Last important reforms in the public life of Estonia

occurred in the pension administration and unemployment insurance several years ago when the three parties were in power, and the leading role was held by social democrats. Therefore, it is much easier nowadays and it would be considerably easier if the Department of Labour Market and the Unemployment Insurance Fund were already merged as the social democrats have considered reasonable and required it.

Estonia itself has thought we are a tiger of economy and IT. The President of the Republic, however, was much concerned and had to admit in his Independence Day speech that in good times Estonian enterprises had invested into the real estate 10 kroons and into innovation only one kroon. This is only part of the truth because almost a half of the contribution into innovation is made by one company - Skype.

We have been talking about the necessity of structural changes in the Estonian economy for years. It is true that in the global economic environment we can be competitive if we focus on knowledge-based economy, creativeness, expensive and complex work. The knowledge-based economic model can only be achieved with people who are highly educated, have an open mind, and are fit and hard-working. Alas, our indicators of the population and social development in the comparative table of the European countries are the lowest. The health of the Estonians is poor, life expectancy short, too many young people do not complete their studies and despite high rates of parental benefit, the number of children born is still small.

In order to guarantee the successful development of Estonia, first and foremost, a change of mindset is needed. **The myth that low taxes inevitably bring about prosperity has fallen into pieces. Greed and regarding money as the measure of everything, looking down upon the role of the state and social state have led us into the situation we are at present.** It is the time to throw those views into the discard. The ideology represented by the Reform Party is dead.

Today we can see that also profitable enterprises may offhandedly give up their operations in Estonia. In today's situation foreign investors do not consider low tax rates but the state's vitality.

Estonia needs a vision, the vision we desire to achieve. Jaan Kross, being a Social Democratic Party candidate to the Riigikogu in 1992, has appropriately worded our vision about the Estonian society: *"We do not want a state that would be well-disciplined but looks like a bleak barrack. Nor a state that would be a smiling pink but strange department store. We desire a state that would be, as far as it can be possibly realized in social dimensions, an expanded home."*

In fact, besides the present gains Estonia needs the skill to look into the future. Instead of indifference Estonia needs regard for others. The main resource of Estonia is its people.



Therefore, we must offer the people of Estonia the best possible environment to live in so that no one has to go and find it somewhere else in the world.

The mission of social democrats is to create a welfare state, based on democracy and solidarity among people. Estonia is the home of our people, offering opportunities for self-realization and security to all. Everybody's duty is to take care of their home. The basis for the development of Estonia is to evaluate work, justice and equal opportunities for all.

Unlike the slogans based on the cult of success and money, our ideas are universal, valid also as directions in the more complicated circumstances - or mainly in such circumstances. Economic difficulties bring about a shift in people's values, which makes the social democratic mindset more understandable and closer to the heart for many people.

Nevertheless, we cannot limit ourselves to the vision only. An Estonian voter desires to get an answer to the question how we are going to achieve it, and what is more important, how we are going to get the country out of the economic crisis.

From the parties people expect the solutions how to go on. They expect to have the solutions that would be based on arguments, not on an advert text containing seven simple sentences, or a propaganda poster hung on the wall of a bus station.

Dear party members, in the forthcoming years the social democratic politics has to focus on five main areas where making major changes contribute to the people-centered and sustainable development, raise the quality of life and create the feeling of security for everyone. The areas where changes are inevitable include health, security, employment, knowledge and the revenue policy.

Health

Health means a lot to everyone. The ability to work or study depends on it; good health is a precondition for a versatile and gratifying life. For society good health means an increase in social wellbeing, a positive economic development, competitiveness and productivity.

The Estonian healthcare system is not bad, on the contrary - the World Health Organization has considered it exemplary: we have good doctors, proper hospitals, the system of general practitioners covering the whole territory of Estonia but... the health and life quality indicators of the Estonians are continuously among the lowest in Europe.

The main reason is the unhealthy way of life, and disregard for one's own life and the lives of the others. We can do a lot by prevention, timely interference and by changing the attitude.

Instead of the healthcare policy focused on providing medical care we need the policy encouraging healthiness and fitness together with good medical care services.

The objectives of social democrats in turning Estonia into a healthy country are the following:

- by doing active preventive work, decrease the number of accidents resulting in people being killed or injured,
- it is necessary to get the Estonians exercising. We need to promote healthy lifestyles and create opportunities for leading a healthy life daily - traffic has to be organized in such a way that it is more pedestrian-friendly and cyclist-friendly; there is a need for bicycle parking places and bicycle rentals. We want to have quality public transport so that instead of a motorized country a pedestrian culture would start to take shape. In cities but also in the countryside we need nature parks and hiking trails so that it is possible for the people to do sports and exercise daily,
- among the young people there is a need to put a limit on drug addiction. We need a zero tolerance policy toward drug-related crime.

We will create an insurance coverage for occupational diseases and occupational injuries, we will abolish taxes on the investments into employees' health, we will continue the work with the police and rescue department on the active prevention of accidents resulting in human losses or injuries, we will increase the availability of healthcare services; here the key responsibility lies with local governments.

Healthy and smart people are our main resource. Healthy and smart people are the engine of our economy.

Security

Internal security is one of those core functions of the state that the private sector or the civil society cannot provide us with. From the state we expect protection against crime, protection in case of accidents or emergencies, but also that the state and local governments are not corrupt and do not give way to injustice or unethical behaviour.

Our ambition in joining the government was to achieve a considerable and rapid increase in the people's feeling of security - to provide the people with a better and more secure life. In 2008 we managed to considerably reduce the number of victims in traffic and fire accidents. The free movement of the citizens of Estonia increased remarkably thanks to our joining the Schengen Area and the agreement on visa freedom concluded with the USA.

But we should not put up with what we have achieved, in increasing security our aims are the following:

- continuously decrease the number of accidents that cause deaths and injuries by actively doing preventive work and efficient supervision. A smoke detector, hazard communication, cooperation among different organizations, speed cameras - just to mention a few key words here;
- guaranteeing security of people, especially the young and elderly people as the most vulnerable groups, which due to the decline in jobs and intensifying social problems will bring about more and more street crimes;
- fighting against drug crimes and reducing substance abuse among the youth;
- uprooting corruption in government agencies and local governments of Estonia.

Security is not a concern of the police and rescue forces only. Security is based on cooperation. The government, the private sector and the citizens, and especially the local authorities - all have their own possibilities. Our message in the upcoming elections of the local councils this autumn is, besides the important issues of public services, to focus on honest governing because power corruption destroys the economic environment, and what is even more important - it destroys people's respect for their own state.

In "good times" we started with the merging of the police, the border guards and the Citizenship and Migration Board in order to be able to use the budget money more efficiently. The effect is even more important in the times of economic downturn; it enables us to offer more security for the same amount of money. The establishing of a merged organization is definitely a significant step forward in providing more security.

Employment

Currently, when the number of the unemployed is rapidly going up, the way how people cope with their everyday life is complicated, also their homes burdened with loans are endangered and their dignity, too. Both the employees and the employers are waiting for the actions from the government - a plan how to avoid the worst and lay the basis for a new growth.

We need additional opportunities for the unemployed to cope with the situation, our main focus ought to be put on the families with children and mainly on those families where the breadwinner has lost the job. The unemployed single parents have to be given a better position in participating in the refresher and retraining programmes, and finding a job.

The aim of the social democrats in combating high unemployment rates is to expand the opportunities for getting refresher or retraining courses, which should proceed from the changes in the labour market and take into account the fact that today there are people with

different educational backgrounds and job skills queuing up in the offices of the Unemployment Insurance Fund of Estonia. Help is expected by the young and elderly people, unskilled and skilled labourers, and also white collar employees. We need separate employment programmes for the youth.

The merging of the Unemployment Insurance Fund and the Labour Market Board gives us an opportunity to regulate national labour market measures by making them more efficient and using available funds in a more rational way.

The only instrument for securing the positions of those who have lost their jobs is the Unemployment Insurance Fund and in the circumstances where the unemployment rate is continuously going up, our main challenge is to guarantee the Fund's sustainability. The only way out is to raise the unemployment insurance tax. It will definitely make people complain, both the employers and employees. It would have been better to keep the rates higher in good times to provide for the reserves and in hard times and in a difficult economic situation ease the burden on the economy by lowering the tax.

If the unemployment insurance tax rates had remained at the level of 1.5% since 2002, the net assets of the Unemployment Insurance Fund would have amounted to 4.14 billion Estonian kroons by the end of 2008, i.e. 1.3 billion kroons more. Such a volume of net assets would have enabled us to meet the obligations resulting from the new law also in 2009 and 2010, even though the unemployment rate was going up.

The populist and non-statesmanlike decision to reduce the unemployment insurance tax rates in good times, unfortunately, is a second-guess today.

Dear fellow social democrats, the creation of jobs will be the key to success in the parties' programmes and also the evaluation criterion of success. We cannot get out of the economic crisis by losing more and more jobs, the only way out is by increasing employment opportunities.

I would like to put special emphasis on some of the targets that ought to be included in our agenda:

- subsidies to small size enterprises and sole proprietors for starting their businesses,
- supporting business initiative in regard to technological innovation,
- private-public partnership projects in order to involve private capital in the development of the public services and infrastructure, which nowadays means a possibility to offer better public services and involve capital essential for preserving jobs,
- a family-friendly employment policy - child day care services, part-time jobs and implementing other flexible employment types.

We need principal decisions that creating jobs requiring high qualifications and specific skills could be more cost-effective and less expensive. If we are targeting a structural change in the economy, we will also need the changes in the tax system in order to make doing innovative work more productive.

The first and also the single unused resource of the state in creating jobs at the moment is the euro funds. The government and local governments, as well as the private sector have to find common solutions, carry out common projects, not to get stuck in red tape. At present it is beneficial for both the public and private sectors to develop the infrastructure. Build roads, municipality buildings, universities and laboratories - it gives work and creates better basis for developing entrepreneurship. This way it is possible to liven up economy and create preconditions also outside Tallinn. For these projects we will have to benefit from the euro funds available, instead of the cuts. I think that social democrats have to aim at taking advantage of 2/3 of the European funds available for the current fiscal period over the next couple of years.

We will have to boost the economy with the euro funds available, but invest those funds in such a way that Estonia's competitiveness would improve, which in the long-term perspective is possible only if the economic structure is changed - knowledge-based economy, highly qualified jobs, creating value added, creative economy and rise in productivity - those are the key words. Without accomplishing them we will remain underdeveloped.

Knowledge

The success driver of Estonia has been educated, hard-working and healthy people. A sustainable economy is not based on borrowing, but on production and creation. Our key advantage in the economy cannot be low taxes but a good educational system and people who are studying, whose work has quality and is productive.

The decreasing number of schoolchildren endangers the quality of education, especially in rural regions. The development of the school network has to choose a cooperation model instead of a competitive model; therefore it is inevitable to develop education, at least on the gymnasium level, in local government cross-border cooperation on the county level.

We will have to promote lifelong learning, people of various age groups, professions and levels of education taking part in it. Among the adults of Estonia the number of those participating in lifelong learning is four times smaller than in Europe. The programmes of refresher and retraining courses have to be made available also for those who are less competitive in the labour market.

At present it is important to quickly create the retraining opportunities also for the young people having graduated from higher educational establishments, whose current knowledge

and skills are actually not needed in the economy. Instead of real estate brokers we need technology specialists, engineers, scientists.

Here I would like to quote Marju Lauristin and her words about the knowledge-based society: *"In order to reach the so-called higher league of Europe, Estonia needs innovativeness and creativeness at all levels of society. This does not come into being by using commands, neither is it possible to buy it in. It can only be created by having open communication among ourselves, mutually recognising and enhancing good ideas and preferring cooperation to defeating"*.

Sure, a knowledge-based society is something wider than an educational system, lifelong learning and an innovative economic system. It is an integral organisation of society where knowledge and science are valued both in the economy and state governance, in private enterprises and civil society. It is the responsibility of social democrats that namely we could be the leaders of the new governance culture.

Revenue policy

Talking about the revenue policy, may I first quote Jaan Kaplinski who has nicely summarised what we should consider in the tax policy: *"We have been told that low taxes are good. Nevertheless, it is not claimed that cheap things are always good. A cheap country is not a good country. If we pay little to the country, we will get a cheap and bad country in return. But we all need a good country. A good country is not cheap."*

Dear friends, the myth about low taxes as a guarantee to wellbeing and economic development has collapsed.

In 2011 we are going to have parliamentary elections and one of the key topics there will definitely be the question of the tax policy. It is evident that in the society with an aging and decreasing population it is not possible to build up a Nordic country having low taxes. I am of the opinion that decreasing the income tax, giving up the taxation of company profits and building on the consumption taxes in the formation of the revenue basis of the state has not been a reasonable policy for Estonia.

Limited funds mean limited choices. A tight financial position makes us choose: either a budget deficit or a deficit in the public services. In the present situation we cannot tell the people that jobs have disappeared and social guarantees will also disappear. The most statesmanlike behaviour would be to offer protection to the people and make choices that would preserve the state's vitality. Thus, we will have to make changes in the whole tax system.

Estonia needs a tax system that is based on solidarity to a greater extent than it has been before, in which case company profits are taxed and personal incomes are taxed in a more equal way. It is inevitable that the contribution of the well-to-do people is going to rise.

The national revenue cannot depend on consumption to such a great extent as it does, it has to be based on a more solid ground. This means we have to increase the proportion of direct and resource taxes in the budget compared to indirect taxes.

Differences in taxes have their definite role in the tax policy, which allows having a positive effect on necessary changes. By restoring the corporate income tax the state will have a tool that makes it possible to support exports, enhance innovation and direct private investments and corporate contributions to human capital, i.e. to employee education and health.

The strengths of our revenue policy lie in the same principles the social democrats proceeded from in creating the unemployment insurance system and changing the pensions system into the so-called three-pillar pensions system. It is common-sense wisdom - in good times it is necessary to save so that in bad times there would be something to eat. The national revenue policy has to be guided by the stability and sustainability requirement.

Dear party members, as the candidate to the Chairman's position I consider those five areas - health, security, employment, knowledge and revenue policy - the foundation of our political programme. Every person can build up a quality and happy life on those pillars, by relying on those pillars society is vigorous and the state successful. Both in times of economic growth and decline. With a platform based on those pillars we can meet the upcoming parliamentary elections to be an acceptable alternative to the current policy of a thin state. We can meet the elections ambitiously and by being strong.

Goals for elections

The basis of the social democratic policy is much wider than the election results have exhibited so far. Our results have been the criticism of the activities of the party, not of our ideology.

Gaining trust and support consists of smaller steps. With our everyday activities we have to demonstrate that we ourselves follow our principles, that we are sincere. I believe one of the small but significant steps differentiating us from the other political forces was to voluntarily give up part of the budget allocation to our party as a sign of solidarity.

We have proved with our activities that we are the party of civil society and social partnership. When the new Employment Act was being drawn up, the requirement of ours was considered that only such a draft would be adopted the clauses of which had been agreed on between the social parties in the negotiations. The ministries led by social democrats

are the only ones who have concluded collective labour agreements about salary and works conditions of their employees for the year 2009.

Our aim is to prove to our supporters that we are capable of successfully implementing our positions. In case the party's summit trusts me to lead the party, it will be my main challenge.

At this point I would like to thank Ivri Padar. Under his leadership the party has overcome a really serious decay. The most outstanding among the election results are of course the results of the elections to the European Parliament in 2004 and the presidential elections in 2006. But also the elections to the Riigikogu in 2007 and the elections of 2005 when local governments were elected. We improved our positions and today may talk about higher aims than exceeding the election threshold.

This year we are facing two elections. We are going to elect our representatives to Europe for the next coming years and new promoters of local life for the next four years. The social democrats have proved that they are the most competent and pro-European party. We have many experts: Sven Mikser, Katrin Saks, Marianne Mikko together with my predecessor Ivri Padar are the guest speakers expected and welcomed to many high-level conferences, and they are also well-known in the lobbies of Brussels.

Europe is facing difficult challenges, and social democratic solidarity and rapport are the only things that help the European Union to survive in the severe economic struggle for existence. Today we see if the words about the undivided family of Europe hold true or it will be replaced by protectionism, which could result in the disintegration of the EU. We believe and work for the integrated Europe where value is created in the free movement of people, goods, services and capital, in greater integration and closer cooperation. The adoption of the Lisbon Treaty is the key.

In the vision of the social democrats the European Union has to work, first and foremost, for the brighter future of its citizens: new and better jobs, combating the climate change, promoting social justice, security and equal rights – those are the principles in the name of which the social democrats in Europe are working daily.

The forthcoming local government elections are of key importance. In the 2009 local government elections my aim is to achieve a good result in the most influential local governments of every county. I see social democrats in coalitions in Kärkla, Narva, Paide, Rakvere, Tapa, Tartu, Türi, Valga and Viljandi. We do not plan to give in in any local government where we exert power. Our values and ideas are suitable for organizing the life of both smaller and larger local governments.

In the capital city we will challenge the Central Party. The competition in Tallinn is not a conventional competition in public services. This is not a personal fight between Mr Pihl and Mr Savisaar, but a principal confrontation between the approaches to democracy, honesty and different styles of governance. Those are the values we do not compromise in. It is a competition to prove that Tallinn can and must be governed in an honest way. Our goal is, no more, no less, a principal change in the governance of Tallinn.

The change of the values of society will reshape the political lines and as a candidate to the position of the Chairman of the Social Democratic Party I see my responsibility that after the elections the social democrats have a more important role to play in the political life of Estonia. Our aim is to increase the support to our party and by having a larger mandate from the people to participate in the next government coalition with more ministers. By doing a good job and having a piece of luck it is not impossible that we can take the responsibility of the leading party in the government coalition already after the 2011 parliamentary elections.

Of course, getting into the position of a determiner of political developments means a lot of work. Also engagement, both inside the party and of the best specialists and experts from outside. It means cooperation, it also means courage to start something that has been a taboo so far.

I am convinced that the prerequisites for the rise of social democracy in society are there.

Dear party members, we have the potential, we have the vision but we will have to answer very important questions over the two years that are left until the next parliamentary elections during which Estonia has to survive the most complicated times. People ask us now and at the very moment - what is going to happen with our economy? Why don't we allow a large-scale economy bailout package?

Let's be honest, there are only a few good choices because our opportunities are not comparable to those of the countries that have already joined the eurozone.

The experts unanimously say that the most significant rescue plan for the Estonian economy is switching over to the European common currency. The currency reform is relevant in order to re-establish credibility, which is of key importance in getting investments to Estonia. Therefore, our next steps are also limited, we will have to consider the Maastricht criteria because in the next growth phase of economy we will not be able to meet the inflation criterion, which would probably postpone the adoption of the euro for 10-15 years. Neither is it realistic to change the criteria.

In the circumstances where the steps the government takes in improving demand or injecting capital into our economy are the only measures in managing the economic crisis,

the state of Estonia cannot say that we are unable to do anything. We have approximately 52 billions kroons to use to enliven economic activities, eliminate development obstacles, perform structural reforms, develop human capital. Those are the finances from the European Structural and Cohesion Funds. In addition, the international financial institutions such as the EBRD offer low interest long-term loans for the restructuring of the economy. Those means have to and can be used.

One of the criteria of using the euro funds must be the creation of jobs. Also, more rapid use of the euro funds has to be made possible. The key role in managing red tape lies with the Minister of Finances together with his ministry. But in the first place the Ministry of Economic Affairs and Communications, the Ministry of Social Affairs, the Ministry of the Environment have to act in a more energetic way and consider the current economic situation.

Today the crisis in the economy is also the crisis in values. We will have to draw two major conclusions: first, our consumer behaviour has to be radically re-evaluated. Second, in order to spend one has to earn.

The economic crisis coincides with the energy crisis and the global crisis resulting from the climate change. Those are the developments that endanger the existence of the whole mankind, and we cannot overlook them. In order to have the mankind continue its existence, the economic model based on wasting has to be switched to the economical and sustainable mode.

Our vision is a green and sustainable economy. We will have to be among the first who radically change their economy and the way society is organized. Thus, we will do a favour to ourselves and to future generations and build up a future economy that would offer jobs and income for many years to come. We require an extensive energy saving programme and an ambitious and long-term approach to renewable energy.

These and many other solutions will be important growth sectors in the future. Many new solutions require the efforts of our scientists, some of them only a bit more creative approach from our side. The right portion of government regulations, long-term perspective, financial and other stimuli, and first and foremost, our own common will to learn from the crisis - these will enable us to have a running start in the future.

Among the first steps to take, we will have to make the use of the means of the European Structural Funds more rational and systematic. The programmes that were drawn up during the boom time when unemployment was not a problem do not take today's developments into account. It is urgent to change the principles of training courses and support projects financed by the social fund to be able to offer solutions to those who have lost jobs among whom there are skilled specialists, skilled workers or

unprecedented numbers of white-collar employees. This is the potential we cannot let to go to waste.

Secondly, in order to preserve the jobs and create new ones, we will have to support exports through the guarantees of KredEx. The investments made into the public physical infrastructure with the support of the European structural funds are the direct assistance to the economy. In order to guarantee self-financing that is getting more and more problematic we will have to rely on the public and private partnership to find additional possibilities. KredEx's guarantee capability has to assist in providing credits for self-financing of the euro projects directed to the private sector.

Special attention has to be paid to small and medium-sized enterprises. Among the Estonian enterprises 97% have fewer than 250 employees; the number of the people employed in the small enterprises reaches 80% of those working in the private sector. Getting Estonia's economy on its feet depends on the small enterprises able to export. Something can be done for small enterprises by making administration issues less complicated and encouraging their participation in public procurements, but today small enterprises need credit guarantees from the government even more than large enterprises. They also need facilitation in entering export markets, better access possibilities to the results of research and development, and in particular, facilitation in entering the future growth sectors – energy-saving and eco-friendly technologies.

In addition to using the euro funds, it is necessary to guarantee an adequate basis for the budget revenue, therefore the lowering of the income tax and raising the tax exempt income together with benefits have to be stopped, and in preparing the budget of 2010 the income tax percentage most probably has to be increased.

Still, it is evident that having the current division of forces in the Parliament, the more principal changes in making the tax policy fairer or balancing the proportions of direct and indirect taxes will not succeed. Those debates we will have to have during the 2011 election campaign and obtain a strong mandate from the public. Today, with the system available, we will have to guarantee the vitality of the state in order to preserve elementary public services.

Dear party members, social democrats have had a soft image. We are considered to have competence in social, cultural and educational spheres. In the current government we have proved that social democrats can be successful also in other spheres.

When I started as the Minister of Internal Affairs, I aimed at reducing the number of those losing their lives in traffic or fire accidents despite the scepticism of the public and my officers that this target cannot be achieved. To the distress of my opponents, year 2008 probably

convinced also the most pessimistic people that the state has the possibilities to achieve such things that initially seem impossible.

Many people, though, did not believe that the Minister of Finance, a social democrat, could manage in those hard times, and what's more – increase his popularity while carrying out a realistic and tough budget policy. Ivari has proved that social democrats have a responsible attitude towards the state and taxpayers' money.

There are difficult times in the world but we cannot surrender. The Estonian society needs changes. We need a more people-centred society, we need the state that would not wobble with the first gust of wind. Estonia needs the politics the priority of which is the development of human capital and quality of life. We need a secure society where people are protected against crime, accidents and social crises.

Dear party members, I believe that together we will reach these targets.

This speech was delivered at the SDE Congress in Tallinn, Estonia on 7th March 2009.

Today we have to talk about solidarity. Who of us has it, who does not, where it can be found and where it is lacking.

At the brink of the economic crisis, Latvia's former neo-liberal Prime Minister I. Godmanis invited us to huddle together like penguins to keep each other warm. One would think that after having rescued his party's favourite „Parex bank“, he will finally have time to focus on social solidarity. However, it soon turned out that the liberals practiced solidarity by, firstly, rewarding a bountiful interest to the unfair bankers, squanderers of public money, secondly, by shamelessly subsidizing the bank's leading employees with incredible unemployment benefits, and, thirdly, by appeasing the interests of the oligarchs and “owners” of right-wing parties.

The cynical benevolence shown towards the perpetrators of this financial and economic crisis by the government lead by I. Godmanis, created, as we well know, a crisis of national power and violent riots at the Parliament house in January and lead to the fall of his cabinet. Nevertheless, the corrupt state administration formed by the conservatives and liberals did not fall. Those were lead actors that changed. A new Prime minister, V. Dombrovskis, seemingly without connections to the oligarchs, entered the spotlight, and the seat of the finance minister was taken by the unsuccessful real-estate profiteer and large-scale debtor E. Repshe. However, the radical rightist policy remained the same. This illusionary change proved beneficial to the big bankers as well as pilferers of the state. Even though widely known as suspects and criminally accused, still the “untouchable” oligarchs remain as the directors of this political show. Now, in league with the rightist government and their pocket politicians, they are deliberately weakening the rule of law and democracy while the invoice for the crisis which they themselves created, has already been issued to the people of culture and education, farmers, owners of small and medium businesses - to the working people in general. They require solidarity of the people to abide, to pay and to stay calm.

They require solidarity of their allies only as much as is needed in order to empty the State Treasury.

They preach that we, not them, should be the ones who have to learn to save money and that the wages of the already impoverished and socially vulnerable should be cut, while not harming their own lavish ways.

Are the supporters of the social democratic movement today able to demand that the rulers pay for their own crisis, that they first give back to the state the stolen funds and only then discuss an international loan, which by then might not even be necessary anymore?

Are we ourselves closer to the people than those who hold common cause against them? Will the society, stunned as it is by new values of consumerism and flashy advertisements, hear our voice? Even now, having lost our former ideals and values, will we still feel shame about our leftism, about our sympathy for the socially abused, about the principles of social justice which the “right” rightists have tried hard to mock during the recent years, while at the same time systematically forming a society of submissive, inferiority complex-ridden employees?

In the end, will we be able to convince about the benefits of a socially balanced state in contrast to the liberal jungle of Social Darwinism?

The upcoming elections will provide at least a partial answer to these questions, as well as provide one of the toughest trials for the Latvian social democrats in our more than 100 years history.

Our party being one of the oldest in the whole Europe is also older than its country - the Republic of Latvia. During last century our forefathers have overcome many difficult trials, like the multiple outlawings of the party and the repressions of the Imperial Russia and the Communist regime of the Soviets which were especially ruthless against the social democrats. In spite of these hardships the LSDSP has functioned uninterrupted, if not in its country then in immigration, since its very founding in 1904. Whenever the opportunity arose, the party always resurfaced for legal operation.

The trump card of Latvia's social democrats today is the close cooperation between our party and the social democratic movement in both Europe and the entire world as well as the affiliation with the Party of European Socialists and the Socialist International. In a way it safeguards our democracy, the stability of our principles and the ideological basis of our activities. Its importance has only increased now that our country is a member state of the European Union.

We do not try to declare ourselves to be the best, the ideal, because those who do so are lying. We are people who simply wish to live in a humane state, not one ruled by banks and oligarchs, not in an arrogant state which confronts the small and the weak.

At the same time we are confident that our ideas about solidarity are the best and the only ones capable of averting our country's economic fall and moral decline. Affiliation with the international social democracy is a convincing proof to our opponents that the LSDSP is a party looking towards the West and that it has nothing in common with the barracks socialism

introduced in Latvia by the Soviet occupation army. This affiliation strengthens our confidence and power despite ours not yet being either among the largest or the most influential parties.

We have people capable of leading this country and their numbers are only growing. Thus the continued existence of social democracy in Latvia is especially important to many. Furthermore, voters capable of rational thought have always viewed this as the most important prerequisite for democracy and the development of the country in general. Without an influential social democratic movement, as the years after the fall of the Soviet system have clearly shown, the vast masses of employees, small entrepreneurs and farmers couldn't and haven't been able to defend their interests on the parliamentary and municipality levels. Strange as though it may seem, the survival of a green world, the care about green industry and green energy have hitherto been more important to Latvia's social democrats than to the Green party consisting of rightist farmers and oligarchs.

Let us remember that our national symbol, the poet, idealist, statesman and social democrat Janis Rainis dreamed of a humane Latvia within a humane Europe, a state of progress and social justice with equal rights and prosperity, a high level of social protection and education for everyone. In spite of anything, even our failures, we, the European social democrats of Latvia, have to keep an open face towards the people and towards ourselves. Because the country which now depends on our ability to succeed, is the country of Rainis and it bears his face. And in the face of Rainis, as in his writings, one can see a socially balanced, spiritual Europe of the Future.

This inspiring revelation lets us keep our belief that Latvia's future holds widespread and successful social solidarity which the former powers have tried to struggle against. We go to fight and eliminate cowardice, ignorance and lack of belief. **We go to fight and overcome depression which has been sown in our people by unjust business practices, arbitrary bankers and corrupt politicians. Come and join us!**

This speech, entitled "Solidarity in a Time of Crisis" was delivered as an address to the party activists on 1st May 2009 at Esplande Square, Riga, Latvia



Just as Lech Wałęsa never managed to make a second Japan out of Poland, so will Donald Tusk never manage to turn our country into a second Ireland. When the neoliberal economic model goes bankrupt right before our eyes the demand for PR myths drops and the need of an alternative for people seeking protection and care of the state arises. To properly respond to the game of deception played by the Right we need to present a clear vision of Poland in the next 10-15 years. This is the true challenge for the Polish Left. It's not just about winning elections but about a real dispute over the future of Poland and its place in Europe.

On the poverty line

The glorified invisible hand of the market has reduced income and stolen jobs from people. Ireland – the dream state Donald Tusk has been trying to follow – is facing the biggest crisis in years. Work, which is a foundation of left-wing identity and policies, has become a rare good also in Poland. The neoliberal model of transformation in our country excluded worker's issues from the public debate and regarded trade unions only as a force aimed at halting reforms.

Today the Left needs to deliver draft amendments in tax and labour law, which would strengthen the position of workers and trade unions in unequal fight with the corporate world. Success stories of countries, which chose the welfare state model show that high taxes and social spending can be reconciled with high economic efficiency. Today we know that this model – the one so ridiculed not long ago – turned out to be better than the neoliberal order. Even the most doctrinal liberals admit that in times of recession it is not the invisible hand but state budget spending which can boost economy.

In the past years we have had many discussions about economic growth in Poland. It was, however, perceived as a sign of bad manners to remind that the fruits of growth were being consumed by a small part of the society. In effect the deep special divisions have deepened even further. More and more people live on the line of poverty. They won't be able to change their situation without the support from the state. Our proposal to legally bind the minimum wage with the level of average wage (minimum wage and minimum pension ought to comprise 50% of an average wage) is one of the points of the left-wing offer.

State parachute

Another thing is social benefits. We need to show that social sensitivity does not mean distributing money. Ensuring minimum income is simply the basic condition of participation in social life. This "state parachute" can help those who – for different reasons – have gotten themselves into trouble.

A Swedish or Danish entrepreneur knows that if he or she goes bankrupt they will not be excluded from the society and branded as losers. They can count on quick support and another chance. The young generation, which sets pace on today's job market in Poland is finding it more difficult to survive the rat race. They take part in the competition because their employer is cutting expenses and demanding more and more. They are constantly in a hurry, feeling the breath of their bankers who gave them loans for their dream apartments. They are afraid they might lose everything in an instant. They worry they would be left alone without any perspectives for the future and with big loans to repay.

A responsible state must react in such cases and the Left has a task to work out proper solutions. True Left can never approve of the liberal rhetoric of equal chances. For us the equality of opportunities is a priority. And talking about opportunities we mean education. Modern, open and available to all. That is why we have invented a start package, which would include basic spending and development of a network of public and family kindergartens (in cooperation with local governments and companies).

It is also necessary to change the system of scholarships so that it would target children in actual need of support. We know that Poland's future will be all about education, science and new technologies. For years we've witnessed an explosion of promises to increase spending on science and research but as usual it ended in nothing. We need system solutions so that the state is obliged to increase spending on science every year. We need actual results – research, innovations, international achievements and development of a network of science and research centres based on the idea of public-private partnerships.

Wind energy and bio fuels

Simultaneously we must remember to link the whole system of education with the job market. We cannot afford to train a generation of future unemployed at the time when many sectors of economy lack qualified personnel. We are aware that better future awaits only those countries whose economy will be knowledge-based. The best example is the issue of Poland's energy security. It won't be long before we face a problem of how to obtain green energy. While we are focusing on the development of terminals, gas and oil pipes Sweden invests in bio fuels (using the opportunity to register many patents) and Denmark is turning into a world pioneer of wind energy. And these are just a few examples.

Secularism and Neutrality

The value of the Left lies in its attachment to the idea of equality. Nobody should feel discriminated because of their religious views, skin colour or sexual orientation. Constitutional provisions cannot just be a law on paper. The state must implement, promote and execute them. The Right has marginalized this issue and when they can't find arguments they say: "first we need to work on our welfare, and then we'll deal with matters of gender, body or identity". We don't agree with that approach.

Freedom from discrimination because of sex orientation is not just an addition but an inalienable right. On issues such as liberalizing the antiabortion law, family planning, refunding of IVF treatments and contraceptives or sexuality education in schools we will not compromise. We have paid the price for our compliance many years ago, for our inconsistency and lack of courage. We will never let it happen again. This is what Poles want as well – it is evident from public opinion poll results.

People will not change their minds regardless of the protests and statements of Church hierarchy, which often are very distant from the ideals of loving one's neighbours and showing understanding for others. We can see very well how far we have drifted from secular and neutral state.

Poland cannot become a modern country without facilitating access to the job market for women. And that – aside from legal solutions safeguarding women's rights – requires developing a broad network of childcare facilities (crèches and kindergartens for younger and additional after-school care for older children). For the Left equality is not a thing of mercy but something that women have the right to enjoy.

A Left-Wing Compass

The Left regards the further process of EU integration in terms of a challenge. Democratic Left Alliance has always supported European integration. Contrary to politicians of PO and PiS, who are trying to present themselves today as pro-European, we have never tried to scare people that joining the EU meant losing independence or – according to the "best case" scenario – buying out of Polish land. While the Right played on Polish fears and worries politicians of the SLD negotiated the actual conditions of our accession to the European family. They made sure these conditions were good.

The future is going to bring us challenges individual countries will not be able to deal with. These problems ought to be solved by international institutions. This is the reason why the SLD has been in favour of further EU integration. We must do all in our power to prevent the division of the EU into a strong, pro-European core (concentrated around France and Germany) and the rest, pushed to the peripheries. Only then will we be certain that we can compete for a better level of life, development and social security on equal terms.

Politics is an art of compromise. We know all too well, however, that we cannot lose our left-wing compass on the way. We are not interested in doing politics based on opinion polls alone: today supporting chemical castration of paedophiles [idea of Civic Platform and PM Tusk] and tomorrow being against it because studies showed social mood has changed. "*I am for but also against*" is the good summary of the approach to politics represented by two biggest right-wing parties. Today one of these parties says it favours European integration while at the same time voting against the Charter of Fundamental Rights and making the whole "Solidarity" generation look like a joke. The other party praises the idea of social solidarity and simultaneously it reduces the pension premiums and eliminates the highest tax threshold, introducing a de facto flat tax.

Historical Truth

We need to put an end to political lies. We must bring back the meaning of basic left-wing ideas, which have been taken over and spoiled by the right wing. These people shout that the Left is over and useless and next thing they do is apply the left-wing ways of thinking. Speaking about the future, new opening and challenges to come we should not forget about historical truth.

We cannot allow a group of unfulfilled historians, prosecutors and judges to manipulate the minds of Polish people. We want to move forward but respecting past generations. We will defend the Round Table because without it we wouldn't be living in democratic Poland, member of the EU. We will continue to fight for our historical vision with strength and without the feeling of guilt.

The European elections have shown that there can be no strong Left in Poland without Democratic Left Alliance. In our country there has been and will always be a huge group of left-wing voters. Studies indicate that the most common attitudes in our society are open-mindedness and support for economic equality.

We admit that many of our voters have moved back or were seduced by the other party. We can win them over again, however. How do we do that? By building a non-populist, well-designed and consistent offer. We must act more offensively and end the right-wing monopoly of the public debate. This will work. Does this vision of the Left have a future? Nothing but the future.

This text served as a basis of the speech that was delivered at the SLD Convention in Warsaw, Poland on 19th December 2009. In the format presented above it was published by the daily Polish Newspaper "Rzeczpospolita" on 17th December 2009.

4

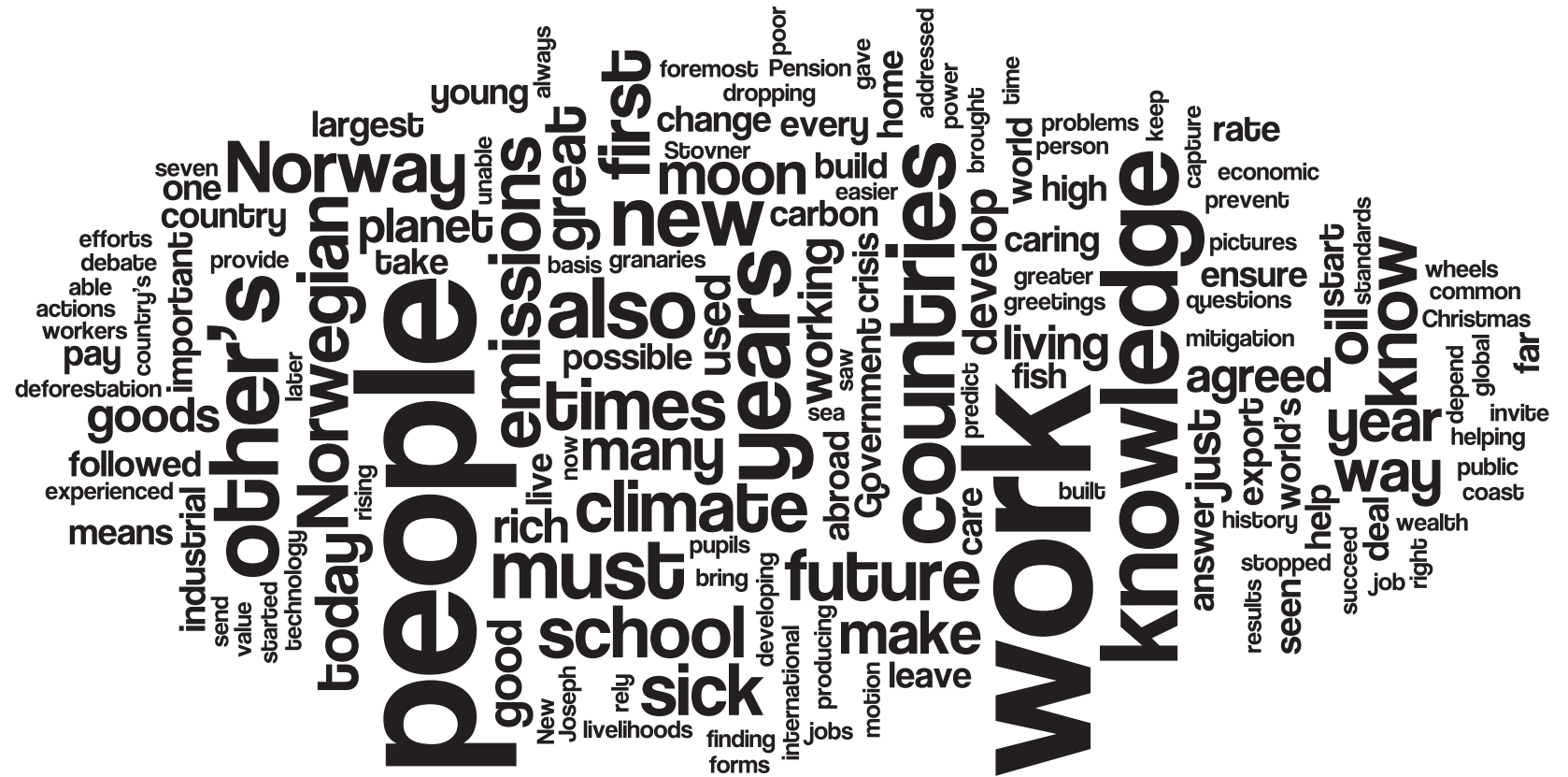
Together, We Are Stronger





Jens STOLTENBERG

Leader of the Det Norske Arbeiderparti
Prime Minister of Norway



Among the first public buildings we know of from the earliest civilisations are granaries. They were used to provide emergency relief in years when crops failed. We remember the story of Joseph advising Pharaoh to build up a store of grain because the seven good years would be followed by seven years of famine. This is ancient wisdom: we should save when times are good so as to be prepared for hard times.

Over the last year, the world has experienced the most severe economic crisis since the 1930s.

This international crisis has also affected Norway. We have a small, open economy, and half of what we produce is sold abroad. When export markets disappear, people at home are hit. Some of those who used to manufacture car components, smelt aluminium or build ships lost their jobs because people abroad stopped buying these goods.

Losing a job is first and foremost a blow for the person concerned. But unemployment also harms the community. With fewer people producing goods, there is less to go round. During this crisis, we have injected a great deal of extra funds to keep the wheels in motion. We have been able to spend more during these difficult times because we were careful when times were good. In this respect, you could say that we have followed the advice Joseph gave to Pharaoh, albeit in a rather different way. The Egyptians built granaries. We built the Government Pension Fund – Global.

History is full of examples of the disastrous results of forgetting, in times of prosperity, that the wind is bound to change. In the 16th century, the Spanish started to bring home huge amounts of gold from America. This was used to buy luxury goods for the ruling class, to provide tax relief for the aristocracy and to wage wars. Work was looked down on. However, work was valued elsewhere, for example in England, which was busy producing textiles and other goods for export to Spain. Soon the English far surpassed the Spaniards in terms of both living standards and development. When a royal advisor to the Spanish King finally realised that it was unwise to rely on the country's large gold reserves while having such a low rate of production, and acknowledged that work means wealth, it was too late.

In 1946, the Norwegian Minister of Finance, Erik Brofoss, said the following: **'We must free ourselves of the misconception that money forms the basis of high living standards and welfare. Let us always remember that our livelihoods depend on each other's work, and I underline each other's work, not others.'** This is the answer to one of the questions I am most frequently asked: 'What will we live on when the oil runs out?' The answer is that we will live

on each other's work. As we do today. The value of the Norwegian people's manpower and knowledge is far greater than the value of our oil wealth.

To put it simply, if the unthinkable were to happen and we all simply stopped working and lived on the Pension Fund, it would run out in just over a year. It is work that forms the basis for our welfare system. And this is why we must at all times seek to ensure that as many people as possible have jobs. By building bridges back to working life for those who are disabled but who wish to make a contribution. By enabling the many fit and active elderly people combine work and retirement; by helping those new to this country to learn Norwegian, so that it is easier for them to find a job. And not least by finding a way of reducing sickness absence. No employee should worry about becoming ill. Paid sick leave is a right that we have fought for, and a right that we will protect. But we must do what we can to ensure that as few as possible need to rely on such arrangements – first and foremost out of consideration for those who are sick. We will defend the sick pay scheme, but not the high rate of sick leave. We will establish a working environment where there is room for all and where each individual is taken care of. Employers who care about their employees are our most important means of combating sickness absence. We know that our livelihoods will depend on each other's work in the future, but we don't yet know much about what this work will be.

In 1958, the Government received a report concluding that there was no possibility of finding oil in the continental shelf off the Norwegian coast.

Ten years later, we saw the start of the oil saga. We were unable to predict the greatest industrial venture in Norwegian history just ten years before it began. When I meet people today who seem certain about what we will be living on tomorrow, I am always sceptical. We did not predict what we are living on today. At the start of the previous century, there were few who saw the economic potential of our waterfalls. But a few years later hydropower transformed the country and created a new industrial Norway.

For a long time, most of us thought that fish farming would only ever be a small sideline for a few eager entrepreneurs along the coast. Today we export more fish from farms than wild fish caught out at sea. For those of us who grew up with the old Norwegian Telecommunications Administration and were used to waiting for many months to have a telephone line installed, it is almost unbelievable to see that the telecommunications industry is one of the most dynamic and successful in Norway today. Statoil, Hydro, Statkraft, Marine Harvest and Telenor are now among our largest companies. None of them could have been envisioned before their time.

There is a great deal we don't know about the future, but what we do know is that knowledge will be vital.

It was knowledge that enabled us to harness the power of our waterfalls. It was knowledge that made it possible to extract oil from the darkest depths of the sea. Nature has given us a

great deal. But it is only through knowledge that we have been able to make use of it. It is our skilled workers, experienced engineers, good teachers, competent health workers, creative innovators and bold entrepreneurs – people with ability, courage and imagination – who will lead the way. It is the children who started school in the autumn with great expectations and slightly-too-large school bags who will build this country and bring it into the future. It is the love of learning they start off with that we must nurture and keep alive.

One of our most challenging problems is that too many young people do not complete their schooling. This autumn, I visited Stovner Sixth Form College in Oslo. For many years, it had a high drop-out rate. But now it has addressed this situation. Every pupil is seen. Pupils who don't turn up are followed up. The school contacts them and their parents, a follow-up team is brought in, and a representative of the school may even turn up at pupils' homes to fetch them if necessary. This too is all about caring. Just as committed employers can work wonders by caring about every single person who is off sick, Stovner School has achieved impressive results by caring about pupils who are at risk of dropping out of school. It is these young people who are our future. We know that the best thing we can equip them with is knowledge. Knowledge is the ultimate trump card.

It is each other's work and each other's knowledge we will live on in the future. This is why the Government will initiate a broad public debate in the new year on these fundamental questions. This is **an invitation to work together: to look at the way we work; how we can develop a future-oriented business sector and make it easier for people to set up new businesses; how we can develop the knowledge and technology we need; how we can prevent young people from dropping out of school; and how we can reduce sick leave and exclusion from working life.** Together with the most relevant ministers, I will invite people from different groups and communities to discuss these matters in the coming year. We will also invite people to take part in the debate online. What we are dealing with here is this country's most important resource – people.

It is over 40 years since the far side of the moon was first seen by human eyes. On Christmas Eve 1968, the Apollo 8 expedition was the first manned space mission to orbit the moon. The pictures the crew brought home were completely new. Not just the ones of the moon, but also those showing the Earth as seen from the moon. These pictures of the blue, life-sustaining planet Earth, with the desolate surface of the moon in the foreground and the never-ending universe behind, touched the whole world. They gave us new understanding of the uniqueness of our planet. But also of its vulnerability. So the question is, are we taking proper care of our vulnerable planet? And the answer is no. The globe is warming. The polar ice is melting. Sea levels are rising.

Before Christmas, the world's leaders gathered in Copenhagen to negotiate a new and binding climate agreement. We failed to reach this goal. But we took an important first step.

We agreed on the key target of preventing the global average temperature from rising more than two degrees Celsius. We agreed that we must move beyond the Kyoto Protocol, which only covers some industrialised countries. Now, all the major polluting nations are included. We agreed on how we will ensure that climate mitigation actions are implemented as promised. And most importantly, we agreed that the world's rich countries will help to pay for climate adaptation and mitigation actions in developing countries.

The rich countries have historically been the great polluters, but developing countries will be responsible for the largest proportion of emissions in the future. China has overtaken the US as the world's largest carbon emitter. We became rich by increasing our emissions. The problem is that if poor countries today develop in the same way, our planet and its climate will be unable to withstand the strain. That is why climate change can only be addressed if rich countries help to pay for emissions cuts in poor countries. And that is why Norway is investing so heavily in efforts to prevent deforestation. If we succeed in halting deforestation, we will achieve a third of the total emissions cuts needed.

In addition, we must develop climate-friendly technology that enables us to combine growth with lower emissions. If we succeed in reducing emissions from power stations and industrial plants through carbon capture, we can really make a global impact. Conservation of forests and carbon capture. This is where Norway will make a difference.

Our history is characterised by commitment and a willingness to take action, and as a result we sometimes play a greater role in the world than our size would suggest. We have been entrusted with a legacy that spans from Nansen's dedication to helping refugees to Gro Harlem Brundtland's international leadership in environmental issues. This means that we must continue to take responsibility. This is why we will persevere in fighting poverty. We will also maintain a presence in Afghanistan and Chad, providing troops and civilian personnel to contribute to security and reconstruction. And we will strive every day to address climate change. These are common problems, and we can only solve them through common efforts. And we will do so with the help of each other's knowledge and each other's work.

This evening, I send greetings to all of you who are at work, keeping the wheels in motion this New Year's Day, and to all who are serving Norway abroad. I also send greetings to the Royal Family and thank them for all they have done during the year that has just ended. And to each and every one of you – Happy New Year!

This speech was the Prime Minister's New Year's Address delivered on 1st January 2010.

Dear Friends, dear Activists,

Two days prior to the PES Congress in Prague, PES Women held its Annual Conference on Feminism in the 21st Century, debating and reflecting along the same lines as we do here today at the Congress on progressive societies but focused on this topic from a gender perspective. I would like to convey to you the main messages from that conference, which I believe are an essential part and contribution of the reflection on the vision and future of progressive societies.

First of all, I would like to introduce Prime Minister Zapatero, leader of PSOE's, motto „I'm a feminist because I'm socialist". With this slogan he affirms that a progressive society is not possible without gender equality, which is an excellent example and refreshing approach for building progressive societies. During his first campaign he promised to tackle equal political representation and gender violence. Calling himself a feminist, he has kept his promise and made legislative proposals. He went even further during his second electoral victory, when he appointed a gender balanced government and a third time, yet still to come, the Spanish Presidency's priority on gender equality underlining once again the importance he personally puts into this issue.

Other social democratic leaders are equally setting good examples. Recently, George Papandreou, Greece's recently elected Prime Minister appointed twenty five percent of women in his government. He realises this is a small step in the right direction, but certainly a good step forward. Furthermore, he extended his commitment at European level and nominated a woman commissioner, Maria Damanaki. Also in Norway, led by our sister party, the government is gender balanced at ministerial and adviser level.

Seeing the examples of feminist male leaders, especially from our family, is a true encouragement.

PES Women launched a deep internal reflection on today's feminism through the lens of social justice, social welfare and solidarity, equality between women and men and human rights, including the urgent need to address violence against women and trafficking with women. We urge socialist and social democrats to continue this reflection on feminism and learn from our best practices. This means above all, for us socialists and social democrats

launching a broad reflection within our parties, intergenerational, inter-gender, from local, regional to national level, to develop our positions vis-à-vis a European Women's Rights Charter and our coherent vision as PES on such Charter. **We NEED activist politics and societal partnerships.**

We must continue building on what social-democrats have achieved and have always been the frontrunners of, i.e. the political participation and representation of women through the introduction of quotas. Some parties starting with as low as twenty five percent of representation on electoral lists, to parties ensuring eligible places for women on electoral lists or even to parties guaranteeing zip systems and real parity on voting lists. In the EU we have only five countries out of twenty seven that have legislated quotas, which are written in the constitutions and/or electoral laws to target the gender composition of electoral lists; Belgium, France, Spain, Portugal and Slovenia. Unfortunately, even with quota and parity systems for electoral lists, women's representation is not guaranteed and only half of our job is done. In national parliaments women are only represented by twenty four percent. This average includes the good examples of national parliaments as Sweden with forty eight percent, Finland with forty two percent, the Netherlands with forty one percent, Denmark thirty eight percent, Spain with thirty six percent and Belgium with thirty five percent.

To achieve women's representation we need a strong women's movement that will fight to campaign for women, encourage and strengthen women's candidates, convince people to vote. We started with convincing women to vote for women and enhance women's solidarity. But we need to go beyond this.

Women's political representation is not an issue any longer of women's rights and solidarity; it is an issue of the society, a simple fact of democracy. Isn't it in everyone's interest but also everyone's aim to achieve democracy? Women represent fifty two percent of the EU population or in figures around two hundred and fifty million women. Not including them either in political processes or in political debates, including decision-making level, is not only neglecting more than fifty percent of the electorate, but also wasting more than fifty percent of capacity, intellect and experience. Despite the good examples I have given, I believe that we should always remain vigilant on women's adequate participation and representation, including young women. Younger generations, and I understand their point, are not always in favour of quotas. But we have seen even as recent as the European Election or even for the formation of the European Commission, that women's representation was not as progressive or as guaranteed as we thought and thus it proves equal representation is an ongoing fight. We should never, including younger women, take gender equality for granted. We also need

to start thinking about the needs of young lesser-educated women, single mothers, women aged between thirty and forty five when trying to defend and formulate women's rights in today's society.

Gender equality goes beyond finding equal political representation. Thanks to the support of the PES President Poul Nyrup Rasmussen and Philip Cordery, our Secretary General, we presented a strong and clear chapter on gender equality in our 2009 election programme, including 9 proposals covering employment issues, the fight against gender based-violence, trafficking of women, childcare, gender equality in external affairs relations and the creation of the European Women's Rights Chapter.

The PES proposed in its Manifesto programme the creation of a European Women's Rights Charter to guarantee the same rights for all women through Europe and to achieve true gender equality in all fields.

Mr José Manuel Barroso, re-elected President of the European Commission, took this issue up and promised to deliver such Charter. PES Women agreed, with the support of the PES, that we urgently need a European Women's Charter. We urged President Barroso to keep his promise and present a Charter that is carried by a platform that is visible, effective, target-driven and has a sufficient budget to ensure that the content is implemented and respected in all Members States. We cannot afford having another symbolic non-binding agreement with no impact on the development and implementation of gender equality proposals. Gender equality can only be achieved with accompanying legislation, an implementation of a gender roadmap, incentives and monitoring mechanisms.

Therefore PES Women calls upon and counts on the cooperation and support of all PES Member Parties, members and activists to put in place this vision for a Europe of the twenty first century. We must also tackle the current political, economic, social situation and underline that we cannot accept business as usual. Women wear a heavy burden due to the crisis. But they are agents of change, a force to be counted with and a vehicle of finding joint, socialist and social democratic responses, to the challenges of the day and in developing a new vision for Europe and the world.

Today, for me, the feminism (and thus socialism) in the twenty first century is about finding balance in society, including for gender equality. Gender equality that is not only trying to be pursued by women, but by women and men together that believe that a social and progressive society cannot be a society without equality, and I would even go further a progressive society cannot exist without gender equality. We need more feminist men, such as Prime Minister Zapatero, in order to build and achieve more gender equal societies.

Finally, as Marc Tarabella, our Belgian comrade at the European Parliament, formulated in his message to the PES Women Conference, let's launch „Femhommenism“ – the feminism of partnership and the cause of ALL – women and men to achieve true gender equality.

Thank you!

This speech was delivered at the 8th PES Congress on
7th December 2009 in Prague, Czech Republic.

Dear democrats, dear friends and dear comrades,

First of all, on behalf of our Assembly, let me send our warm greetings to the President of the Republic, Giorgio Napolitano, as well as a big thank you to him for being the strong and brave person that he is in his important capacity as custodian of the country.

Allow me also to greet Romani Prodi on your behalf. He was with us from the very beginning of our great adventure and we know how much he appreciates our work and how closely he follows events both in his and in our party.

I would also like to thank all those who have made this complex, difficult but exhilarating project possible so far. My particular thanks go to Dario Franceschini, who preceded me in this capacity. Along Ignazio Marino and myself, he was a candidate for the position I now hold and we all share the same will to offer better perspectives to the Party. In our discussions, I always tried to listen to them and though a lot of the topics I will deal with in my present speech are close to my heart, I have also taken on board quite a number of theirs.

I would also like to welcome the representatives of the forty embassies that are today and who, with their presence, testify to the importance of our event.

I have said it often enough: I do not believe in a one man's party but rather in a party led by a team of people. I know very well that we need to find new, modern ways of building this team but if we want to be a party for the people, we cannot do away with this idea.

I address you not as a crowd of people but as the large group of leaders that you are and with whom I share the responsibility of undertaking this extraordinary adventure. Let me present you at once the main tasks ahead of us: we need to build this party and prepare our alternative proposals. These are challenges that require a long and committed work. There are no short cuts and there will be obstacles along the way. Let us therefore try to gain in strength and confidence on the basis of clear objectives. The last months have shown we have the strength. On the eve of the primaries, I said that my victory was the victory of us all. And it was truly a victory for all of us. More than 400,000 people (466,573, i.e. 56% of those entitled to vote) registered and took part in the local congresses; more than 3 million (3,102,709) citizens voted in the primaries. What a huge incentive! What a huge encouragement!

We now understand so many more things, so much better: about Italy but most of all about us. For instance, those who registered to our primaries and citizens at large are both obviously on the same wavelength. We had doubted this in the past but we can now assert with certainty beyond our specific situation, that **it is possible to create a big party and organise activists on the one hand, and open up to society on the other, because these aims, far from opposing or altering each other, reinforce one another.** It is a decisive factor, which points to the way ahead. In addition, our experience has put a new word out in the open throughout Italy: the word Party. It is a word that we need to keep alive because it has to do with our country's open democracy and its future perspectives. We are proud to say that we are building a Party, especially in the last few weeks. We are proud because by building this party, we are living up to our Constitution, which talks of parties and not of peoples. By building a party in a new manner and through mechanisms of active participation, we are saying in fact that there is another alternative to the populist drift of our political and constitutional system. We can renew our parties according to rules that we are ready to discuss, in accordance to Article 49 of the Constitution. We can also reinforce and reform our parliamentary system, and adopt an electoral law which hands the citizens back their right to choose their parliamentarians.

At our Convention a month ago, I described how, in many countries of the world, representative democracy suffers from an increasing lack of efficiency and credibility. This is due to the nature of problems we face and the powers at play today in the world, both of which are difficult to grasp and to put back under the control of the citizens supposed to be represented. I tried to outline how in the Italian context, this can lead to distortions and simplifications that damage our representative system and may undermine the role of our country among the world's main democracies, by not allowing it to modernize itself and leaving it confined to its own backwardness.

I also said and I repeat it today that we cannot take up this challenge on the defensive or by being mildly conservative. **We call ourselves Democrats because we want an efficient democracy for the country. We call ourselves Reformists because we want reforms.** We firmly reject the idea that consensus should come before rules, that democratic participation is just about electing a leader, and that civil society should be reduced to being a huge fans' club. In the framework of the world's major democracies, we recognise the importance of balanced parliamentary and presidential systems. But for our own country we demand a renewed, reinforced and efficient parliamentary model based on our great constitutional tradition and our social, cultural and historical background. This is why we promote our concept of reform, not based on a so-called dialogue (the word has been so used and abused that it has become ambiguous), but rather on a transparent debate in all the relevant assemblies and in Parliament.

Our four starting points are:

1. A full reform of the bicameral model, a federal Senate, reducing the number of parliamentarians, reinforcing the mutual functions of the government and Parliament;
2. A coherent and modern legislation on political parties based on Art. 49 of the Constitution;
3. A new electoral law granting citizens the right to elect parliamentarians, a true debate among political forces, starting with the opposition and without excluding the possibility of a popular initiative ;
4. New measures on political spending with clear and stable parameters in order for the country to reach the average of the main European countries;

These are our priorities on the institutional and constitutional front. I will address the economic and social aspects later on. We certainly do not want to impose our own priorities but we will not accept that the reform agenda be dictated by others. I would also like to say a word on the topic of justice, on which the Government and the Majority seem to insist so much but without presenting any clear proposal. Purely from a service perspective, our present system is not doing well. Apart from the usual exceptions, it is inefficient and denied to a large number of citizens. In the present economic crisis, for example, recent reforms in the field of civil justice seem to be mere palliatives for a system in which economic relations do not really play a role, and those claiming their own rights find themselves often abandoned and desperate.

In this crisis, we want to discuss the urgent and radical rules that are required in the field of civil justice. We want to talk about a reasonable calendar and on that basis, address the relevant constitutional problems. We know how difficult it is to have a debate solely focused on the balance of powers when it is overly tainted by issues referring to the personal situation of the President of the Council and hampered by his aggressive will to avenge himself on the judiciary and magistrates. These bad feelings and intentions objectively contaminate the debate. Is the majority able to get rid of these issues? That is the question!

I have tried to put one topic at the heart of our campaign and I would like to address it once again. There is an extremely close link between democratic and social issues. If we separate and disconnect the two, we fail. Only by acknowledging that the two are closely linked will we be able to define a successful alternative. More concretely, nobody really speaks of the actual state of the economy and of society neither in the public nor in the political debate, simply because information and communication channels are biased and because the system is distorted by more structural aspects, i.e. by its decision-making process.

They said it was all blue skies with only occasional clouds and they forced us to immobility and impotence in front of the real issues. But they could never have sold us that story if we hadn't been constrained by our decision-making and law-making system. This system allows Parliamentarians to be appointed, it is flooded with votes of confidence and omnibus decrees and it generates passiveness not only in the political class but also in society at large. Like a Three-Card Monte, the time and place to discuss real issues constantly change. The absence of debate is covered up with downright contradictory digressions. People stop caring. A couple of days ago, we discussed the tenure system while dozens of thousands of precarious workers find themselves permanently... at home!

All this creates a dangerous rift between social aspects and institutional and political reality. We become aware of the fact that without the political and parliamentary debate there is no social discussion and no possibility to manage problems that are very tangible to people. Let us therefore speak the truth about this crisis. The crisis is not a psychological one, it is not an occasional cloud and it is not behind us! We do not want to spread doom and gloom. We merely want our government to acknowledge that we have a serious problem, which will not be solved by itself and which others will not solve for us. After 17 months of crisis, we want the government to turn to the Parliament and the country and present realistic analyses and proposals that finally show that it is aware of the international and national situation.

At the international level, is the financial crisis really behind us? One could think so when looking at the profits and bonuses of the major banks around the world. But this is due to the inflows of free money that has been pumped by the Central Banks and invested in shares and bonds rather than into the real economy. Meanwhile the households' debts could still increase as companies face more and more difficulties and the level of capitalisation of banks remains inadequate. This indicates a more general tendency. Banks do not take on new risks on behalf of the real economy and nothing is really undertaken to reform financial markets. There is a danger that we go back to where we were before. As for the real economy, world demand is low, exporting countries are particularly hit and there is an overproduction that is difficult to absorb. Public measures to support demand, as taken in major countries of the world, are essential but they also put the burden of the debt on future generations and the danger is that economic relations be once again ruled by the same unbalanced models that caused the crisis. Only the USA and Japan are talking of correcting their growth models, though very timidly. Elsewhere the debate has not even started. We need to devise progressive policies, including corrective measures for our economy, and create a new international order. In the present circumstances, we cannot expect others to solve our problems. We have gone through long years of sluggish growth and need to correct our system. If not, our recovery will be slower than in other regions.

If nothing is done, it will take a long time before we go back to the 2007 indicators. We cannot afford to wait that long. If we allow the impact of the recession to further undermine our production system, the damages will be difficult to repair. If we allow recession to further undermine our fragile commitment to promote technological changes, the damages will be difficult to repair. In essence, we are faced with a possible structural reorganization of labour and it will be very difficult to offer job perspectives to the younger generations. We therefore call for a national response and effort, with the help of those who do not suffer from the crisis, to tackle the risks that we face with renewed strength. No more budget proposals, no more irrelevant indicators! We need concrete measures.

We need to make up for lost time and have an agenda to respond to this emergency and undertake the necessary reforms.

Time presses! Many small and medium enterprises will not be able to endure the crisis much longer. Their survival depends on liquidity. Their liquidity depends on payments, on subsidies from the Public Administration, on tax relief, on their having access to credit and on reducing the costs of credit. In this sense, they need much more concrete and stronger solutions than the ones presented so far. I will not go into details. We are ready to present our answers. The capitalization of companies can also help, provided it is not paired with complicated and strange mechanisms that do not make any sense to our entrepreneurs.

Time presses! Let's talk about measures to alleviate the effects of unemployment. It is not true that everything works fine. We have a problem with ceilings, with the sustainability of state subsidies to companies who have difficulties paying their workers' salaries, with securing support for specific cases, and precarious workers remain largely uncovered by such systems of protection. Many working families are faced with huge difficulties and some find themselves in dire straits.

To boost consumption, it is essential to start supporting the low to medium incomes that have been undermined (wages and pensions) and those living below the poverty line. To minimally boost the economy, we need a large plan of immediate small-scale measures at the local level and we need to develop energy-saving and energy-efficiency measures. All this has a cost. But it is not more costly than the ill-advised plans of our government, who in the beginning of its mandate abolished the local property tax, did away with the traceability of extraordinary payments, created a mess with Alitalia, and made us spend more than ten billion in the middle of the crisis. We know very well that in order to act quickly for change, it is essential to have balanced public finances, which can only be reached in three ways:

1. Abandon flat rates and change the mechanisms that generate public expenditure, starting with the main departments and the purchase of goods and services, in order to compel all levels of government (local, regional and central) and all the centres of expenditure to follow best practices and reorganize public administration on that basis;
2. Increase fiscal compliance not only through technical deterrents but also through mechanisms that actually contribute to decreasing tax avoidance and evasion and transfer the tax burden from labour to revenues, starting with those of the financial sector;
3. Improve growth rates with reforms that boost the market forces.

These are sometimes difficult measures to carry out and hesitation is normal. But we cannot pretend there are no thorns in the Government's roses. The Government must take on its responsibilities in an explicit, concrete and visible manner and so must we. But if we keep on hearing that there is no problem or that the problem can be solved with stopgap measures, there is not much left for us to discuss. An extraordinary instrument to tackle the crisis is the system of local autonomy. Although local and regional authorities could play a more active role in terms of investments or at the social level (and bring forth solutions to the new poverty and to the acute issues of migration), they are being truly left aside and do not even know how to draw up balance sheets or how to mobilise the resources available to them. I therefore propose that the first meeting of the Party should be a conference gathering a thousand PD local representatives, open to all political groups, in order to call for a true effective federal system. Let us say to everyone, starting with the Lega Nord: stop lying to us, don't expect us to remain quiet!

Let's talk about reforms. Preparing the alternative means putting together our agenda for economic and social reforms. In the 10 years of Berlusconi's government (a record about which he boasts), the government has made a lot of propaganda but undertaken close to no reform. **Just as for the crisis, our starting point for our reform plan is labour. Employment is the Number One priority for the country and it must be put at the heart of our party's agenda.** Employment and entrepreneurship. We must start with small and medium enterprises. Let me assure you that we will define our own approach and our own autonomous position in this field as well as on a whole range of other reforms, as befits a large popular party like ours. We acknowledge and promote the autonomy of social partners, trade unions and employers, and we insist on an exchange of opinion with all of them but we will go on defending our own concept of society, without having to be 'towed' by anyone.

Our concrete priorities are:

1. an income policy to fight the decline of labour income, including a guaranteed minimum income, minimum wage and minimum pension;

2. the set-up of a more unified and secure pathway allowing young people to enter the labour market;
3. the need to provide a new outlook for the pension system in view of its effects on younger generations;
4. a review of the legislation on migration and citizenship.

Let us also focus on renewing our industrial and research policies in the light of the Industria 2015 objectives and on reorienting investments and consumption towards the green economy. From now on, green growth will have to be the guiding principle for the industry, the building sector, transports and renewable energies. We have detailed proposals in this regard. The last thing Italy needs right now is to stick to third generation nuclear energy.

We want to be the party that modernizes welfare and is able to manage such goods as health, education and security with a true culture of government, also bearing in mind financial sustainability. We do not intend to subject these goods to the laws of the market and we want to preserve their universality. Our analysis is the following: we mainly witness a reduction and degradation of the offer, expenditure in these fields is drastically cut down and justified by ideological half-truths and instead of tackling public administration issues with a reorganisation plan, the approach is to call people to order. We see the results of this approach: an undermined system of education and training, with a negative impact on students, families and teachers; and appalling working conditions for security agents. All the decrees and votes of confidence in these fields have brought about more problems than solutions. We therefore call for a true and open debate, starting for example with the new legislation on Universities. Some of our proposals have been taken on board but we want to reopen the discussion with the sole purpose of having the government reconsider the drastic cuts it has imposed on Universities and Research Centres. We are a party promoting a modern social protection as well as inclusion and integration mechanisms and therefore, we are also a party fighting for the opening and regulation of markets, opposed to any kind of monopoly or to any measure sacrificing the citizens' best interest to the private sector (as could happen with the draft legislation on local public services). We are a party standing on the side of those knocking on our door, not of those who want to keep it closed; a party that wants citizens to be respected also as consumers and users, that believes in a fair distribution of the fiscal burden and considers tax amnesties as shameful and disastrous.

In Italy, a legislation to open and regulate the market would be extremely relevant and it should be a priority somehow: for instance, it would help us avoid the present domination of certain groups in the field of information and communication. Our party aims at promoting reinforced civil rights because part of its DNA are articles 2 and 3 of the Constitution, and they

do not allow for any exceptions to the unalienable rights of the people; our party does not accept that women be discriminated in the economy, in society and in government. On this subject, a political force like ours, with so many women among us, cannot accept that Italy should rank fourteenth in Europe, and fifty-first in the world in terms of women's representation in elected assemblies, not to speak about their presence (or rather their absence) in our companies' boards. I believe that it is in these decision-making bodies that discrimination must be fought through legislation, with a transitional quota system that the Partito Democratico should promote and open a debate on. Last but not least, we want to be the party of unity for the country at local and federal level, and this is why we want a holistic debate on the dramatic and acute problem of the Mezzogiorno. We want to talk about the economy and employment, about political, civil and administrative reforms and the promotion of legality. This discussion cannot be reduced to our being in favour or against the Banca del Sud.

We want to organise an open party forum, with intellectuals, critical thinkers and younger generations in order to come up with a new project for legality and growth, get rid of the plethora political and administrative measures, promote reciprocity between North and South, and prepare and train new generations of leaders.

These are key messages. But I do not want to make a programmatic speech. I just want to underline one thing: we cannot define a winning alternative agenda without creating trust in our reform plan and in civil and social progress. But reforms will not be supported, especially not by the more dynamic sectors of our society, if the country does not become less defensive and acts within a broader context, i.e. above all at European level. This seems to be for me the best legacy and the strongest signal stemming from the Ulivo under the leadership of Romano Prodi.

Being in Europe means being on a par with the best European experiences, not being left behind, as so often happens at present; it means making of our country a leading actor of integration. With the right-wing in government, this role has totally slipped out of our hands but we must absolutely win it back.

On December 1st, the Treaty of Lisbon will come into force. Things are changing. In spite of the uncertainty and complexity of the matter, we are happy and proud that an Italian politician like Massimo D'Alema should be considered as candidate for a high EU post. This candidature did not stem from the classic intergovernmental negotiations but was a signal from the European progressive forces, which is new, and it is equally important that it has been backed by almost all Italian political forces. We want to discuss the innovations of the new treaty in the light of what President Giorgio Napolitano underlined when he said that "If we don't get rid of the hobbles of an intergovernmental Europe, then European integration has no future, and if integration stagnates or regresses, there is no future for Europe (and

therefore also none for us in the world)". No-one could have put it better. We therefore want our country to be at the forefront of the reinforced cooperation processes provided by the new treaty. We want to make sure that in the new multilateral forums, from the G20 to the International Monetary Fund, European countries speak with one voice. After the euro, we want a true coordination of budget policies and in the midst of crises, we want Europe to speak to its citizens with its own investment initiatives, with unambiguous rescue policies for banks and companies, with true industrial policies and a strong drive for the integration of the single market. We want Europe to regain its political profile, that same profile that the European Right has debased and that progressive forces have not yet managed to take ownership of.

We want Europe to have a true political dimension.

It has been twenty years since the historical revolutions of 1989 in Eastern and Central Europe, which put an end to authoritarian socialism. The end of Communism in Europe seemed to be the end of an era and to definitively close the twentieth century, ten years before its actual chronological end. During those years, some said that the Cold War would be followed by a "clash of civilizations" and that the world's destiny was to be marred by conflicts between different cultures; some even asserted that we had come to "the end of history" and that the fall of the Berlin Wall was the climax of universal history. The changes we have witnessed in the last couple of years, however, totally contradict these predictions. The world has undergone profound changes, among which an extraordinary scientific and technological revolution in the field of communication technologies. This world has witnessed the emergence of countries such as India and China; it has undergone democratisation processes but it also suffers from new rifts between Western and Muslim countries. This world is still striving to find a new balance. Twenty years after the fall of the Wall, we are living an era of huge potentials but also of huge contradictions and dangers. The world has become increasingly interdependent, when looking at economic exchanges and communication means, but at the same time it suffers from a huge lack of regulation of global factors and it has not rid itself from war, terrorism and violence. **Europe must help us build a new world order that is so urgently needed. But only a united Europe can carry out this task... for no European country can face that challenge on its own.**

Barack Obama's America provides Europe with the possibility to reinforce transatlantic relations. The two pillars of the Western world can cooperate in a more open and multilateral framework and better promote rules of governance for the economy and the financial system, peace and security and the fight against global warming.

Some of the open wounds of the world affect us more closely. Developments in Afghanistan in particular are extremely worrying. We are convinced that should the International Community forces fail to stabilise Afghanistan, it would have very serious

consequences for the entire region. The Partito Democratico expresses its strong and committed support to the Italian forces deployed in Afghanistan under the auspices of the UN. They carry out their duties with great resolve and professionalism, which they sometimes pay with their lives. We believe however that a reflection is needed on the Afghan situation. To put it bluntly, without the active support of the Afghan population to the peace efforts promoted by the International community, stability can never be reached in the country. The stakes in the region are high for the Western world but we can only win the battle by creating better living conditions for Afghan citizens. This is why it is essential to follow Barack Obama's call to review our strategy. Europe also needs to play a more active role on all issues related to the Middle East Peace Process, which has reached a worrying and dangerous dead end. Next to the Palestinians, the rest of the region would certainly welcome it. I will leave it at that.

The Partito Democratico believes that all foreign policy decisions should be backed by all major political forces represented in Parliament. Today, we see the need to work hard so as to avoid that Italy be marginalized on the international scene. We are concerned that our country may have totally lost its influence in the last months. We denounce it only because we worry about Italy's good name: for instance, extremist positions on migration can only damage our country. The problem is huge and we are convinced that the European Union must do more, but our country cannot shirk its duty to provide asylum and protection to those who need it and who are entitled to it and we cannot accept that Italy should choose the most backward and short-sighted positions on the issue of citizenship.

In conclusion, from the opposition today and in government tomorrow, the PD will make every effort to make sure that Italy remains equal to its European destiny, that it consolidates its alliance with the United States by establishing a decent and fair relationship, that it keeps the profile of an open nation to the needs of more vulnerable countries and that it strives for a true governance of global processes.

Building the Party, preparing our alternative agenda

Dear democrats,

We need to build the Party we promised the citizens who now turn to us, the activists who support us, the millions of people who have asked us to go forward and pursue our big project with confidence. We know what we are fighting for. Let us not look back to our past with nostalgia! On the contrary, let us take the commitment to build something new. In our bipolar system, let us be a Party covering the whole centre-left, without making distinctions or attributing roles to anyone. We do not claim to be exclusive. We just want to fight for our ambition to grow and be stronger together. We have chosen to occupy the vast

area of the centre-left; we do ourselves no injustice by saying that we sometimes need to go more to the centre or more to the left or by dwelling on political values or words from the past. In our complex society, one cannot expect too much from age-old political groupings or “bend” politics to sociology; what counts is the project for the country that we want to promote, especially towards those strata of society supporting the Right when it wins. To make our project attractive, we need many elements, which can be defined individually as centrist or leftist but which on their whole, have to do with the fundamental values we share, the country we want and how we intend to strike a balance between different interests. Without such an ambition as a party, it matters little whether we are from the centre or the left: we will simply be a small party condemned to its own limitations. There is no contradiction between our not wanting to be a marginal political force and our acknowledging that we are not alone in the political arena. We bring to the whole centre-left our political proposals and our profile, which I define as social, civic and liberal; a profile that represents a new concept in the concert of European progressive forces, to which we want to contribute with our own specificity and with the ambition to go beyond old tenets while following the line that we have started to concretely implement in our European Parliamentary Group. We will not leave a legacy of old ideas to the new generation of Democrats but rather a modern, clear and solid identity. We have excellent material, both old and new, to this end: the ‘Popolarismo’, the governing left, the workers’ left, the social democratic and liberal Catholic movements, the civil and environmentalist groups. We find inspiration in centuries of emancipation and resistance movements, of constitutional fights, and in our vibrant civil society, which in the last decades has played an increasing role and has defined a new way of engaging in politics. No-one stops learning or living; everyone moves on and opens up generously to change. There is no doubt that we will have a plural party. This does not mean however that we are building a house where everyone will have a room. Those who want to live in it will be free to do so provided they abide by our basic principles and remain within the walls of this common house. All this will not happen overnight and in the abstract, but in the field, through many fights and political debates, and with real structures making up our Party.

We have said **we wanted to be a Party for the people in the field. By that we mean that we will choose our new leaders ‘from the field’**, and work at the local level with the necessary resources and side by side with the students and workers. There is a problem however. Until now we have organised more than 7,100 local congresses. Only 70 were organised at the workplace and only 10 in educational centres. I therefore want to launch an initiative to be discussed with the regional secretaries, in order to open up 500 new clubs in the coming months at the workplace, in universities and schools. Let us also try to build the central

structure we lack today to the service of the Party’s activities in the different political fields. There is still a lot to be done to build our Party. In the last two years, we have built the backbone of our organisation and we are still fine-tuning and improving it. I will immediately call a meeting of the leadership we will elect today, to discuss the state of the party and how to reinforce its structures, before we start with any kind of organization chart. In accordance with the statutes, today we will not only elect the leadership but also the president, the vice-secretary and the treasurer.

I repeat what I have always said during our long process of local congresses. This Party needs everyone on board and we all need to work together to promote the emergence of a new group of leaders. This is why I want to put representatives of a new and more experienced generation in the party executive and create around them a group of active political leaders to go forward with our process of change while mobilising our vast network of supporters. We will attribute functions and responsibilities in an open, non partisan spirit.

There is one issue that we will need to discuss. We have been debating and competing for years (and these debates will go on with the necessary adjustments) but if we do not find the right centripetal and cohesive mechanisms that are necessary to every organisation, we might be faced with anarchy and the creation of factions in our party. I believe that the Statutes Review Committee appointed by the Convention will have to deal with this issue: how to combine for instance the dialectic, the values of freedom of speech and pluralism with the preservation of the authority and unity behind the Party’s positions. When speaking of this, ethical issues immediately come to mind but these are not the problem. I am speaking of a more ‘organic’ aspect of the Party, which is more directly related to life in our local communities, like the layout of roads or a waste-to-energy plant or someone’s appointment to a particular function.

If we want to be a force that is able to govern (and we are), if we want to be the Party of real participative democracy (and we are), we must be equal to the task we have set ourselves and remain consistent and reliable in the eyes of citizens, who expect clear answers and positions on problems related to their daily lives.

There are also the more ‘borderline’ topics, which can truly divide public opinion. It will not be easy to find the instruments appropriate to this field, beyond the mere common sense. As regards ethical and anthropological questions, we should not lose sight of the political and cultural dimension and in our discussions and commitments, we should lay emphasis on the extraordinary cultural heritage and the strong secular and religious humanistic thinking that inspire us. Let us capitalize on this strong humanist tradition as a huge source of strength for us, which will help us do politics in a responsible and



autonomous way and take decisions, however transitional and fallible they may be, to serve the common good.

The Convention also appointed a Committee currently working on the Partito Democratico's Ethical Code. I want to underline how important this is. In the light of our objectives, we could not survive in politics and in public administration without dignity and a good name. When the two are tarnished, the Right grows stronger and we pay the price. We must therefore act on the more general issue of how to reinforce the civic and ethical dimension of politics and we must start with ourselves. This issue cannot be solved with mere legal measures, for instance, as often is the case. Measures are important but there may be too many or too few of them and they do not exonerate us from our responsibilities.

The party is not a moral authority but in a way, it should see itself as the guarantor of our dignity in the exercise of public duties foreseen by the Constitution. This dignity also requires from us that we behave in private in a credible, respectful and consistent way with our public duties. We should ask ourselves why in the last two years, in different parts of the country, it has not been possible to take sanctions against those whose behaviour appeared to be inconsistent with the principles we had set in our founding charters. I therefore ask the Ethical Committee to come up with proposals not only on the principles but also on efficient operational instruments in order to dissociate the Party and its reputation from the deviations of a few individuals.

I talked in the beginning about building a party and preparing our alternative agenda. We are the Party of alternatives: I like the word 'alternative' because it also implies the concept of opposition, whereas the concept of opposition does not always involve the idea of alternative choices. We clearly see the kind of power that Berlusconi holds today and how impossible it is for him to define a credible project for the future of the country and for his own political majority. We do not differ from other opposition parties in our articulation and lack of homogeneity. But things will not move if we do not move. What is now important is how we position ourselves. We therefore turn to all opposition forces, with full openness and though we recognize their specificity, we will work hard to reduce the distance between us. We ask the others to do the same; no-one should evade their responsibility to offer an alternative to the Italian people. This is a long path and there will be a lot of hurdles and contradictions along the way. But let all the opposition parties now know that they can discuss with us in a constructive manner and in a spirit of mutual respect. This applies to the political forces in Parliament (Italia dei Valori, Unione di Centro and the Radicals) and those who are not (Sinistra e Libertà, the Greens, other citizens' groupings, socialist and republican groups). On the topic of democracy, we have also opened a communication and debate channel with groups with

which we have no strategy of alliance, like Rifondazione Comunista. We will work with a wide perspective and in full awareness of our differences, so as to bring our positions closer on institutional and electoral topics as well as on economic and social issues. We will prepare for the regional and local elections with the same approach, with the objective to prepare democratic and progressive coalitions, in the respect of the federal dimension, in order to choose and promote the best candidates, even if it entails resorting to alternative participation mechanisms.

Dear democrats, dear friends, dear comrades,

Let me conclude. I said at the beginning of my speech that I turn to you as a group of leaders. I hope you have understood me. I am well aware of the relevance and the difficulty of our commitment and I know we can become a great political force. Together we will act with confidence in our project, with tenacity and strength in its pursuit. Above all in front of this new challenge, we will give a renewed meaning to the ideals that made us engage in politics with enthusiasm and act with generosity. In the end, this is what it is all about. To be a young party requires of us that we remain young at heart.

This speech was delivered during the National Assembly of the Democratic Party on 7th November in Rome, Italy.

In present days, we live in a condition that is spiralling down into a mass anxiety, sustained by the actual fear of losing wealth and welfare. We perceive globalization as a subversive event, and we lock ourselves within our communities, in which we trust, having become suspicious of every difference. Italy is stuck: lower employment rates, a strong decrease in consumptions, and the nightmare of the 4th week of the month is already tormenting the 34% of the Italian families. To make things worst, it is already clear that salaries will not be increased in the next future, even if the per capita income has already decreased by 13%, compared to the other EU countries.

Fear is becoming a life's companion, it strikes not only the working class, but even the former middle class, and it grows together with personal insecurity.

Aldo Schiavone¹ wrote: "In the West, the public discourse has been run over by this wave of fear, and the linkage among politics and fear is paramount".

Berlusconi restyled his party to address the widespread fear. He substituted his originally optimistic approach with the motto "God, Fatherland, Family". The Left proved unable to get in tune with the new pessimist mood. At the national elections, and then at the following European ones, voters rejected a closed, bureaucratic, elitist vision, and a selfish attitude. It has been a punishment.

The fall of the Italy's big political parties has sharpened certain shortcomings, which have their roots in the Italian history, from the State/Church conflict to the North/South divide. The lack of a State intervention opened gaps that are now becoming deep social gashes where the State is missing at all.

We face an unfair division of the "available security", i.e. the certainty that the rich will be richer and the poor poorer, the awareness that what was achieved by the vast majority in the last 20 years is at risk of being lost.

More than open discontent we should fear apathy, loss of hope, indifference. The widespread fear, the poor state of our institutions, which were never resolutely reformed in spite of these long years of a never-ending transition, the serious mistakes done by the

¹ Aldo Schiavone (b.1944), historian and academic

politicians, as well as the "quick" and fashionable answers which cannot be relied upon, all this patch together the crisis of our democracy.

While the New Right plays with transitory solutions against the fear, while unsolved problems stand still, the word "freedom" is no longer spoken and the real needs are not met.

Partito Socialista Italiano, as born again in the congress in Montecatini² is a new party, aimed to the Future of Italy. Of course, the roots of Italian Socialism will always be the moneyboxes of our values, because Past has never been a forgotten land for us. Past is the good history of the working Italy, the century of the social achievements and private freedom, for us, and for all those who has always been on the side of justice.

"Courage is a more-costly-than-oil item, cowardice instead is cheap". That was recalled to Oriana Fallaci³ (a Socialist, in her own peculiar way) by a colleague who did not like the dangerous life of a war correspondent.

Our vision of Italy has never been the one of a fading, afraid, uncertain nation. We are proud Italian citizens, while we have no responsibility in the current state of the affairs.

We have to think of a party that people can see as a model of open participation, a party able to provide answers to the current crisis of Italian democracy and to protest the conformity of the pensée unique which ruled after real political parties ceased to exist. Today, it seems like we are driven back to the old times of Ferdinando I, king of Two Sicilies, who used to declare: "My people do not need to think".

Partito Socialista Italiano belongs to the wide stream of the European secular culture, therefore has also a strong national identity, is a citizens' party and a Republican party. Our party has a federalist heart and a clever brain at the center, strong branches in the municipalities and the regions, and a renewed leadership; it has undersigned pacts with clubs and Ngos, has a good number of party members and acts through single-issues campaigns. The party has a foundation (*Fondazione Socialismo*), not a museum of holy icons but a working tool talking to the Italian society and involving academics and young intellectuals, and the same can be said for our magazines, *Mondoperaio* and *Avanti della domenica*.

Partito Socialista is a secular party, although faraway from secularist orthodoxy, and stands firm for human and civil rights. We have our compass, pointing at merit, inclusion, responsibility, and we base on these values our political initiatives.

² Congress hold in 2008

³ Oriana Fallaci (1929-2006), journalist and author

Our *first initiative* aims to extend civil and social rights to any kind of family (unmarried and same sex couples included), that is nothing more, nothing less than what is provided in the EU Nice Charter.

Our *second initiative* will deal with the issue of labour mobility and flexibility, to provide the proper labour rights to every kind of worker (included temporary and short-term workers).

Promoting merit, talent, individual skills and abilities is not rightist. An approach to flat egalitarianism -which is not equality- was and is still carried on by a certain kind of Left. But meritocracy can promote the value of persons regardless of their social origin. In our society, social hierarchies are established and stabilized according to the family status (4 out of 5 children do not move forward from the status of their parents, especially in the professional sector) and therefore social mobility is extremely constrained. Individual merit, talent, excellence must be valued, respected, rewarded, at school and at workplace. School must reward the best students. If marks are the same for all, children of the rich will always prevail. This is going to be *our third initiative: it's about merit with responsibility*.

We want to live in the Republican Italy of our Constitution. Today's endless race to show faithfulness to Church's requests calls us to defend our Constitution's legacy: we have to confront a vision considering the teachings of the Church as the cornerstone of civilization, and criticism of these teachings as the root of any evil, and democracy, science, freedom of thought and research as mistakes. According to such a vision, only believers would be able to find a meaning in life. Without faith, they claim, there would be only indifference, relativism, egoism, Dostoevsky's 'without god, everything is allowed'. On the contrary, freedom has similar moral force than faith, the way of the freedom being at least as dignified as the way of the faith.

The "perfect sovereignty" of the State and the authoritativeness of its institutions are the pre-condition for a final cut to the never-ending transition of the Italian democracy. Ilvo Diamanti⁴ defined Italy today "a Republic invented by Berlusconi, and based on Berlusconiism and anti-Berlusconiism". Berlusconi's main political antagonists have actively sustained this role-play.

In short, there has been an attempt to face the actual crisis of the "First Republic" by delivering the decision-making to a leadership not consistent with our Constitution, shaping a model that was merely based on blind trust for a leader.

However, in the past sixteen years, nine different cabinets followed each other and majority coalitions dissolved (in 1994-96 and afterwards), notwithstanding that top politicians had announced the successful landing on the safe ground of a stable, "European" bipolar system.

4 Ilvo Diamanti (1952) is an Italian political scientist.

The novelty of the "Second Republic" caught Italians at the eve of the election campaign of 1994. We are still wondering if such "Second Republic" actually exists or it's been just a media hoax. Our parliamentary system was deeply changed, merely by a re-engineering of the voting system, and not through the main road of a comprehensive change of the Constitution: then we had liquid political parties, flexible institutions, continuous interfering among the judiciary, the executive and Parliament. That's just living day-by-day, novelties that never became stable reforms.

A Great Reform is needed, able to push our democracy out from this long-term crisis, and such reform must be based on the sovereignty of the people, not on blind trust for the leader.

We proudly claim our identity, our autonomy, as a party, but this pride must be put into service for viable political alliances, aimed to a new idea of Italy and a new idea of reformism. The evolution towards a bi-party system is not defined once and for all. On the contrary, it seems slowing down and distressed. We have a second chance.

We need a bi-polar (not bi-party) political system, with a common political program making the two political sides cohesive. Leadership must be chosen in agreement among all the members of a coalition, and also through the citizens' participation.

Sergio Romano⁵ noted that "Democracy does not necessarily requires dialogue among the two sides, but, more simply, the mutual recognition, the acknowledgment that who has won the elections has the right to rule".

We have never considered Berlusconi a sort of Devil in double-breasted suit. Others may still fall in the same trap of 1994⁶, offering to the President of Council of Ministers an unlimited life insurance.

We have had too much change, in too short a period of time, swinging among soft opposition and calls to popular fury, between calls for a comprehensive agreement and opposition and implacable animosity.

The right way to oppose the Government is the one based on facts, fighting on those laws to be approved and decisions to be undertaken. It's called *riformismo pragmatico*⁷. Or we do take distance, very clearly, from any excess, from being too soft or too hard with Berlusconi, or we will be defeated again.

5 Sergio Romano (1929), journalist and writer.

6 When Berlusconi's decision to run in the elections was insultingly scorned by all his political opponents, actually making him able to appear as courageous outsider, the victim of an arrogant political nomenclatura.

7 "Reforms in practice"

The Left will need a Reformist barycenter, and need also a reference to remarkable Socialist and Labour models in Europe. That's an old and unsolved question.

The main reason for the great defeats of the Italian Left in times of crisis and transition has always been the lack of Reformist culture. We might even track this from the 1860, from the defeat of the democratic Republicanism facing the winning Monarchy.

In 1948, 1994, 2008, and even in 1919, but not in 1963-64 nor in the 80^{es}.

In 1948 Christian Democrats' leader De Gasperi won over the Popular Front. After Saragat⁹ had left, the Italians understood the Socialist-Communist alliance, at it was indeed, as unable to deliver. The Left was beaten.

In 1994 the 'wonderful war machine', the coalition called Progressisti, gave élan only to Berlusconi's success. The Left was beaten.

In 2008, the weak Romano Prodi's coalition, which was already worn out by the daily friction among its partners, and by a double, competitive leadership between Prodi and Veltroni, faced an unprecedented defeat. Left was beaten.

Left may win, instead, when it faces the transition with innovative ideas, courage, and when it is able to provide a shared vision, a proposal for a common future.

In the 60^{es}, the great change called centrosinistra (Center-Left), had the names of Pietro Nenni, di Riccardo Lombardi, di Ugo La Malfa, di Fanfani e di Aldo Moro. A courageous choice, which was good for Italy. Fifteen years after, it's been the new course led by Craxi, who was able to dictate the political agenda. Courageous choices, effective governments. There is not such a kind of Reformist capability, at the moment.

Our autonomy, our identity, we just can't renounce to them! We start just from our identity, though we are well aware that Reformists today are scattered in different parties. An effective coalition can be established, as it has been already established at local level, in many regions and cities. To trace the future, we need free ideas, political passion, an independent organization, and the capacity to risk without a safe tynet.

Pietro Nenni¹⁰, on the 3 January 1923, stated: "Our flag is not to be thrown in a corner, as useless"

We have to push forward our history, into the future.

8 When Socialists and Christian Democrats agreed on rather successful "Center-Left" coalitions on with a Reformist program.

9 Giuseppe Saragat (1898-1988) has been a Social Democrat leader, mainly known for his refusal to join the Popular Front established by Socialists and Communists in 1948.

10 Pietro Nenni (1891-1980), prominent post-war Socialist leader.

It's the courage that Vasco Rossi¹¹ sees in Sally's clear: ' *Sally jas already seem what can fall on your head/and she thinks in her mind/maybe life was not for nothing*".

This speech was originally delivered on 6th July 2008 at the Congress of Partito Socialista Italiano, which took place in Montecatini Terme, Italy. For the purpose of this book its content was updated by Mr Nencini.

11 Not a politician, the most famous Italian rocker instead



Algirdas BUTKEVIČIUS

Leader of Lietuvos Socialdemokratu Partija, Lithuania



It is a paradox – we have created an independent State with independent economics and ascertained ourselves that modern economy can be created only by way of integration into large united markets. Only this way provides export of our products, and in turn, import of the goods we do not produce ourselves but need for a provision of a civilized mode of life for our people – a variety of things – from natural resources to cars. We became sure that agreements with individual partners will not be the right way. Therefore, the European Community, the union of 27 countries with a total number of half billion of population is of a vital importance to us.

United Market – is actually the most important reason and a very complicated and active mechanism. The rules of this mechanism operation must be a concern of all the members because only this can assure honest competition. The European Parliament has made much efforts to reach this goal. It serves as an excellent kind of a filter of the proposals rendered and afterwards implement by the European Commission and a Council of Ministers of Europe.

The uncontrolled market is apt to harm the weaker members of the society, therefore namely the elected European Parliament can and must represent the social interest, and prevent the monopolist from raising prices (e.g. for a mobile phone), the employer from making the workers to work the unlimited working hours and assure a proper remuneration for work to all the citizens of EC in the entire territory of the European Community. We will suggest a validation and implementation off the European employment future pact. The pact must ensure a creation of qualitative and safe jobs, employment opportunities, including the persons to whom a competition in the labour market is more difficult.

Apart from the above-said, our seek is the unanimous system of VAT taxation rules, control mechanisms of other duties, which could prevent from fraud and profit “launder” in off-shore companies, as well as excise duties for alcohol. Besides, of the most importance is a creation of a unanimous power system, provision of power security, and a unanimous transport system. Everybody understands without saying the importance of nature protection and a fight with a climatic change! There are many points which we could never solve if acted individually, or only by way of concluding several international agreements.

Unanimous observation of finance markets, unfortunately is not yet created. However, it is obvious that 27 countries concluding bilateral agreements (the total demand of these is 351), would not be able to provide a control of the banks with branches in four or five states. Consequently, **we must act together**. Even if we come to a common agreement on the observation institution later (the ardent discussions on its necessity still continue), the mutual standards of transparency, the unanimous „ruler“ of risk assessment and even the overall ethics rules of bank managers (including the establishment of the wages control) – are very necessary measures, and in the creation of these the input of European Parliament, of the individual committees and fractions, and especially a socialist party of Europe, is very strong and valid. A reconstruction of finance markets is a complicated task, it is like a walking in a field „mined“ with very different interests. It is necessary that a reconstruction contributed to a real economy, employment and a versatile development. One of the recent important solutions is a unanimous rule according to which the population deposits in all the EC banks are insured up to 10.000 Euro. The basic challenge of the European Parliament of the present tenure is a prevention of finance crisis recurrence.

Solidarity budget

Usually one of the most difficult tasks faced by the European Parliament is a formation and approval of a proper EC budget. The so-called „trialog“ – i.e. draft budget adjustment (coordination) among by the European Parliament, the European Commission and the European Council of Ministers – is always a collar-work and a process demanding much patience. The result of this work is a budget, including also a structural support to the EC members. EC support for Lithuania is very useful: we pay to EC budget approx. 1,2 billion Litas per year, and in a form of a structural support to agriculture and in other forms, we receive more than 6 billion Litas per year, it is really a very valid amount if compared to 20 billion Litas of internal budget income in a form of taxes. The use of this support in a proper way is of extreme importance! The European Parliament of the new tenure will contribute to the reform, which has already started with a purpose to direct a „vessel“ of the EC budget towards priority financing of science, innovations, modern competitive technologies.

Euro – is our target and a guarantee of economic and financial stability of our country.

Euro zone – is a unique monetary union, it has already demonstrated and proved its activity and is a good model for many countries of Latin America, South-East Asia and South Africa. Euro introduction is a great responsibility which we will have to undertake and of course, home exercises, we shall have to do. We will also need a support and backing of the European Parliament members.

Unanimous space of payments

Not so long ago, the international bank remittances was a costly pleasure, and the money reached the receiver only after several days. Now we have an active unanimous space of payments in Euros – SEPA – supported by all the commercial banks of Europe, the central European bank and all EC members. This space provides a unanimous numbering of bank accounts, no mess in bank addresses and the money remittance is carried like inside the country and the cost is several times less. These instruments must be stimulated, especially we, the leftists, because it simplifies a life of ordinary people and a small business, saves the expenditures which is usually a profit of various intermediates.

Social vision of Europe – is not only the above points but also much more. The EC has already grown on technical trade or competition rules. It is more and more involved in the demands of individuals and the society. Therefore, it's imperative that the EC's importance grows, as well as its conversion from a consultative to a decisive body.

This is suggested by us - a turn of Europe to the left. This is our strive, our aspirations and implementation together with all the socialists of Europe.

Many experts of Europe state that the world will get out of the recession only by way of essential renovation of technologies, by labor efficiency increase. The energy-saving cars, new communication means, advanced medication, new power sources – all these things will contribute to the same goal. Legal acts of the European Parliament, in turn, will contribute to a development and acceleration of these processes and EC, as we know, has the greatest scientific potential as well as the most qualified labor power in the world.

It is not a secret that the recession was provoked by banks, financial institutions, the their owners and chief, who abused their positions and financial secrets. However, who created the conditions for this? It is long years of the rights (the conservatives and the liberals) domination, a policy of ill control resulted in actually free actions of greedy bankers, without any interference of the state.

We see that the rights are trying to put the costs of the recession onto the shoulders of ordinary citizens. They act this way, especially in the countries where they reign. Lithuania, reigned by the populistic conservatives, liberals and the rights, is namely in such a situation, and, more over, it is done without any competence. Even the so called anti-crisis programme which did not justified itself, as is obvious today, was dictated to A. Kubilius Cabinet by commercial banks.

Socialists of Europe, among these, socialdemocrats of Lithuania, as a part of the European socialists family, seek for totally different aims. Their declaration is : "People first"

and they suggest a new course to Europe and Lithuania. Their concern is not banks, not shares, but the people, investments into education and social security. However, the most important task is a creation of new jobs. This is the main course suggested by socialists.

This speech was delivered during the campaign for the European Elections in June 2009.

5

Jobs, Welfare and Prosperity





Martin SCHULZ
President of the Progressive Alliance of
Socialists and Democrats in the European Parliament



The European Union has a breathtaking track record. After centuries of suffering under precarious balances of power, devastating conflicts and the catastrophe of the two World Wars, a new era dawned with the European Coal and Steel Community. The idea of creating peace between peoples through regional integration has become a reality. The European peace project grew out of the legacy of wars, bloody battlefields, deep wounds and ruined cities. The absence of war, together with Europe's open borders, has made one of humankind's oldest dreams come true. Transferring a very few sovereign rights from the nation state to a supranational institution helped set in motion a spiral of integration. From the Schuman Plan in 1950, to the 1957 Treaty of Rome that paved the way for the common market, to the introduction of the European single currency, the 'monetary non-aggression community' has taken hundreds of small steps forward to create a degree of integration that constitutes a unique historic achievement. In the area of economic and monetary affairs alone, the EU has practically acquired statehood through the creation of the single market and the adoption of the euro. The community of the original six founding members, which comprised France, Germany, Italy and the three Benelux countries of Belgium, Holland and Luxembourg, has grown through several waves of enlargement to the current union of 27 states. Peace, freedom, democracy, prosperity and social development were extended to include Spain, Portugal and Greece, after the collapse of their dictatorships. Eastwards enlargement in 2004 finally brought an end to the artificial division of Europe by the Iron Curtain and has done much to establish peace and stability throughout the European continent. A war between EU Member States is unthinkable today. I am the first generation, in Europe, that will be living in peacetime from the cradle to the grave and I wish the same for my children and grandchildren.

Paradoxically, the very success of the European peace project has been one of the main causes of the EU's current legitimisation crisis. Without doubt, removing the fear of war and settling conflicts by democratic and constitutional means have represented a fundamental turning-point in the continent's history. For the younger generation the peaceful Europe of open borders is a living reality. In their eyes, the Europe's conflict-ridden past is but a chapter in the history books. Yet this also means that the momentum for 'no more war' has lost its unifying force. And here we have to heed the warning: peace is never more in danger than when it is taken for granted – peace has to be fought for every day.

Yet, to understand Europe merely as a historical community with a shared destiny and solely put the legitimisation of the EU on the peace-making mythology of the past is not sufficient. **Integration as a precondition for peace and prosperity - the guiding principle of the European project for many years - no longer arouses any real enthusiasm among the citizens of Europe. In many Member States there is now a growing sense of mistrust towards any further consolidation of the EU, with people also developing an increasing detachment towards Europe.** The rejection of the European Constitution by the people of France and the Netherlands, and the Irish 'no' to the Reform Treaty, clearly showed the deep unease that is felt towards the EU institutions. Europe's government apparatus is regarded as a bureaucratic construct lacking in transparency. Dissatisfaction with EU legislation, which is perceived as being agonisingly slow and detached from the day-to-day needs of the citizens, is increasing just as much as the apathy towards European enlargement. Very often the EU is regarded as part of the problem and not as part of the solution. The responsibility for this widely-held but nonetheless mistaken belief lies mainly at the door of Europe's Heads of State and Government. This sentiment is unlikely to change as long as national governments remain set on taking all the credit for the EU's successes and on blaming Brussels for any setbacks. The Eurosceptics seek to exploit these weaknesses and claim that the EU is opening the gates to unrestrained market forces. And these views are gaining ground among the population. By comparison, the protectionist nation state is portrayed as a reliable bulwark against the negative side-effects of globalisation. At first glance, the national political arena seems to operate better and seems easier to understand. By conjuring-up nostalgia for the lost idyll of the nation state and by parading national interests before them like a monstrosity politicians may win elections. But they severely hurt the interests and the well-being of future generations by suggesting that 19th century ideologies can provide answers for the challenges of the 21st, that a retreat of politics behind national boundaries is both desirable and feasible. In fact, a renationalisation of European policy-making would be entirely the wrong approach and would only lead us into to the blind alley of a fragmented and powerless Europe.

Half a century after its founding, the European Union again stands at the crossroads. Ever since the Irish said 'no' to the Reform Treaty we have been haunted by the spectre of a creeping degeneration of the Union in the form of a 'two-speed Europe' or the renationalisation of politics. The EU needs a vision for the 21st century whose cohesive force will revitalise the integration process! The founding fathers and mothers of the European peace project had a vision, and their enthusiasm for the idea that integration, reconciliation and cooperation could create peace on a war-riven continent rubbed off on the people. Today Europe needs again a political elite that examines all the options for the future development of the EU, goes back to the drawing table, and communicates the fascination for Europe. This does not mean replacing the core concept but

rather involves finding an answer to the fundamental question: what can and must the EU do in the 21st century to win back the trust and confidence of the people of Europe?

The answer to this question contains the key to safeguarding the future viability of the European project. I would now like to set out my response to this question. To put it in a nutshell: **the European pledge finally has to be honoured and a veritable Social Union must be developed to complement the existing Economic and Monetary Union.**

In the early years of European integration people had faith in the European project. Europe promised to deliver peace, democracy and prosperity – and everyone could see that peace, democracy and prosperity were indeed created. The expectations matched reality: the predominant belief was that economic growth could no longer be generated at national level alone and that the creation and development of the single market would yield added value. People also nurtured the hope that economic advancement and social progress were two sides of the same coin and that more Europe would also mean more social security. These hopes were fulfilled in the first decades of European unity. Economic growth helped drive up real wage levels and social advancement became a real possibility for broad sections of the population. However, since the 1980s we have seen a growing gap between company profits and workers' wages and salaries. More Europe is no longer equated with more social security. From this thwarted ambition sprung the current legitimisation dilemma and crisis of confidence facing the European project.

Since the 1957 Treaty of Rome, the core project of European integration consisted in the creation of a common market. Fifty years later, the European single market has become a reality for 500 million people in 27 countries. Together with the Economic and Monetary Union, the common market is now the prerequisite for European growth, employment and international competitiveness. As the world's largest industrialised economic region, the EU now accounts for one third of global GNP and one fifth of global trade. Being an economic superpower comes with the opportunity and a responsibility to influence and shape international policy-making. The EU can and must do its bit when it comes to tackling the global economic crisis and climate change, restructuring the international financial markets, safeguarding peace, and combating hunger and poverty in the world. Facing outward the economic heavyweight EU is able to face up to the inter-continental competition and to work towards a fair and social management of globalisation. Looking inward, the EU has the power to prevent ruinous competition breaking out between the various production centres. **Europe is not a low-wage area when compared with other parts of the world, nor can it allow itself to develop into one and to be drawn into competing for the lowest production costs.** The battle for international competitiveness will not be won by driving down wage costs and by

introducing compliant employment rights and lax environmental and health standards - for this would come at the price of destroying our European social model. In fact, quite the reverse applies, for the European Union should be seen as a framework within which the European social model can be strengthened and safeguarded for the future. If Europe reinvents itself as a project that increases prosperity and creates employment by improving Europe's global competitiveness while protecting the basic social framework thus enabling people to live a decent life - then the European project will win back the trust and confidence of Europeans. Let Europe develop into the protecting power for social rights – that is the answer to the key question and the ultimate objective of European unification.

Without doubt, today's Europe suffers from a socio-political deficit that has to be rectified, but first we have to understand the problem. **Social policy is something that came late to the integration process and progress here has been halting to say the least. The founding Treaties did not delegate any significant socio-political tasks to the European Community and even today we still have a fairly low level of 'communitisation'. What is particularly striking is the deficit of the social dimension, especially when viewed in comparison with other areas of EU competence: this applies particularly in the context of the common market and Economic and Monetary Union, which have now practically been completed, whereas no equivalent social union has yet been able to develop alongside it.**

The very name of the European Economic Community, which was set up under the Treaty of Rome, illustrates the primacy that was attached to economic interests in the unification process. At the heart of this great project was the creation of a common market. However, the Heads of State and Government were generally neglectful when it came to backing-up the new economic liberalisation with socio-political measures. As a result, legislative powers in the area of social policy were left solely in the hands of the Member States. The role of the European Commission is merely to promote 'close cooperation between Member States in the social field' (Article 118 of the EC Treaty). However, the Community is responsible for promoting freedom of movement for workers, removing obstacles to labour markets and eliminating disadvantages for migrant workers in the area of social insurance (Article 51 EEC). Although these first socio-political measures at European level were targeted less at the containment of market forces and more at improving economic efficiency, the process of economic integration did in fact have various socio-political consequences. In 1958 the Council laid down conditions guaranteeing equal access to social insurance and the cross-border transferability of acquired entitlements. The European Court of Justice endorsed the Treaty provision on workers' freedom of movement in a series of legal rulings and declared that socio-political objectives were just as much part of Community policy as economic targets.

The setting-up of the European Social Fund, which was also provided for in the Treaties establishing the Economic Community, was aimed at improving employment opportunities for workers in the common market and by this means helping to improve their quality of life (Article 122 EEC Treaty) – however, up to the 1970s the Fund played no more than a subordinate role.

The 1970s were a heyday for European social policy – indeed this period is often referred to as the ‘golden decade of European social policy’. At the Paris Summit of 1972 the Heads of State and Government committed themselves to an action programme that was designed to bring about social advancement and full employment through harmonisation and aimed adding a Social Union to the Economic and Monetary Union being planned for in 1980. In October 1973 the Commission presented an ambitious programme of action that was in fact signed by the Employment and Social Affairs Ministers in 1974, but which was then less well received by the governments could not be implemented and because of the unanimity rule. The harmonisation idea was consequently abandoned. However, the Heads of State and Government were able to reach agreement – often after years of negotiations – on directives laying down minimum standards.

The most important milestones in the development of the social dimension included European rules and standards in the area of gender equality, anti-discrimination, employment legislation and industrial health and safety. The EEC Treaty called on Member States to apply the principle that men and women should receive ‘equal pay for equal work’ (Article 119 of the EEC Treaty). However, this appeal did not lead to an agreement on the principles of such a policy. Not until the Defrenne ruling did the European Court of Justice decide that the principle of equal pay established a subjective legal right on the part of the disadvantaged person, thereby inducing the Council to adopt a series of directives giving entitlement to equal pay, equal access to employment, vocational training, professional advancement and social security.

A second major milestone was reached with the agreement on employment standards and the regulations governing health and safety at work. This was followed by a directive on collective redundancies and on the protection of workers’ rights and entitlements in the event of the sale or insolvency of the employing company. These measures laid the framework for Europe’s current employment and social security legislation and the European social dimension began to take on a concrete form.

In the years that followed, the hard-line attitude adopted by the United Kingdom under the Thatcher Government led to a stagnation of social policy, as all socio-political legislative proposals put forward by the Commission were vetoed by the UK.

The Single European Act of 1986 then signalled the revival of a social Europe. The Single European Act made the Community responsible for improving the working environment in

such a way as to protect workers’ health and safety. Decisions in this area could henceforth be taken by qualified majority. This led to the adoption of directives on protection against hazardous substances, machine safety, the work with display screen equipment and general workplace conditions. The Commission was also given the task of developing the dialogue between the social partners at European level, a role that was later to become much more prominent with the adoption of the Maastricht Treaty, whereby trade unions and employers’ organisations were given the opportunity to negotiate collective wage agreements that were then to be converted by the Council into generally binding legal instruments.

The Treaty of Maastricht also gave the Community responsibility for broad areas of employment law, including working conditions, protection against wrongful dismissal, the provision of information to employees and workers’ participation, which meant that it could adopt directives in almost every area of employment and social legislation. Admittedly, this could only be achieved at the cost of a British opt-out, as the UK was not prepared to submit to these regulations. The 1994 European Works Council Directive laid down procedures for informing and consulting employees in companies operating on a Community-wide scale. The Posted Workers Directive followed in 1996.

In order to strengthen the social dimension, and in response to pressure from the trade unions, the European Council adopted the ‘Charter of Fundamental Social Rights of Workers’ in 1989. Generally speaking, however, the Treaty of Nice brought few improvements in the area of social policy. This is one of the main reasons why the incorporation of the Charter of Fundamental Rights into primary law, as intended by the Constitutional Treaty, was an important milestone. The laying down of a socio-political objective for the Union as ‘a highly competitive social market economy aiming at full employment and social progress’ (Article I-3,3) would also have created the foundations for extending the social dimension by way of socio-friendly legal rulings by the European Court of Justice.

In spite of these successes, **there is no denying the fact that the EU suffers from a social imbalance. While the economy of the single market has become ‘Europeanised’, control of socio-political regulations remains largely in the hands of the Member States.** As a result of this, the economic freedoms acquired at European level are now threatening to erode the socio-political achievements and basic social rights that have been built up in the Member States.

Recent judgments by the European Court of Justice are particularly alarming in this respect. In the past, the ECJ supported socio-political advancement for workers and consumers through its interpretation of Internal Market regulations. But judgements in the Laval, Viking, Ruffert and most recently Luxembourg cases have called into question established employment rights and recognized social standards of Member States. In these decisions the ECJ put the Internal Market

freedoms, such as freedom to provide services and freedom of establishment, above key and fundamental social rights such as free collective bargaining and the right to strike. Furthermore, it held certain national legislation, such as laws on collective bargaining, to be in breach of EU law. In other rulings, the ECJ weighed fundamental human rights, such as freedom of expression and association and human dignity against Internal Market freedoms.

Add to this the fact that the Court turned the Posted Workers Directive on its head. The provisions of the Posted Workers Directive establish a hard core of minimum European protection – but the Court of Justice has now interpreted it as a ‘maximum standard directive’ that provides a level of protection beyond which Member States may not go, even though the EU Posted Workers Directive specifically sets out the principle that, in case of conflicting standards, the worker should benefit from the more favourable.

The Member States must still have the option of applying even higher protection standards for posted workers on the basis of established national collective bargaining systems. There is no doubt that the recent rulings of the Court of Justice have made a clarification in EU primary law necessary. Neither economic freedoms nor competition rules can be allowed to take priority over fundamental social rights. Protecting workers is a common European task to be shared by all. Equal pay and equal working conditions for equal work in the same place should be made a binding requirement Europe-wide and must be strictly upheld.

EU primary law must now be changed to correct the existing socio-political deficit! A clear commitment in EU primary law not only to economic progress, but also to social progress will augur well for better living and working conditions for the people of Europe.

The entry into force of the Treaty of Lisbon will make both the Charter of Fundamental Rights, with its advanced social rights and freedoms, and the social impact assessment legally binding for legislative proposals. The horizontal social clause within the Reform Treaty commits the EU, when laying down and implementing political measures of all kinds, to take account of objectives such as promoting high levels of employment, guaranteeing reasonable social protection and combating social exclusion, along with a high level of education, advanced training and health protection. And I believe that there is another vital step to be taken: we need to embed in all this the principle that social rights have precedence over economic freedoms. The proposal from the European Federation of Trade Unions to make a legally binding ‘Social Progress Protocol’ part of the European Treaties seems to point the way ahead. Such a protocol would give added weight to the important social rights that are highlighted in the EU Charter of Fundamental Rights. This includes in particular the recognition of the freedom of assembly, free collective bargaining, the right of trade unions to strike and measures to safeguard the practical exercise of these rights.

All too often Member States have sought to prevent the development of a social dimension for Europe because they were not willing to transfer socio-political competences to the EU. In view of the diversity of national social models, it is admittedly often difficult to find a common denominator. Nevertheless, it is essential to have some form of socio-political regulation at EU level, for a strong Europe is in a position to enforce social and ecological standards in those areas where the power of the nation state has reached its limits in face of market forces. The European Union must be seen as an opportunity to build a framework in which the European social model can be strengthened and advanced. But let it be understood that this does not mean creating a European welfare state, for social security systems relating to sickness, pensions and unemployment should and must remain a national responsibility. **The European social model is not a uniform system but rather an objective as to how the societies that exist in the different EU countries should be organised and a collection of shared values and principles within which the Member States can apply different methods and measures.** Europe currently has various models in operation and a distinction is generally drawn between the continental, the Scandinavian, the British, the Mediterranean and the Central and Eastern European versions. And yet their shared values far outweigh their differences. **At the heart of the European economic and social model we have to combine solidarity and economic growth with social justice and sound employment rights.** Social rights and workers’ participation in company decision-making are a prerequisite for social cohesion and, in the longer term, economic growth, too. Indeed, economic success and social progress are not opposites but rather mutually dependent developments. With the EU having concentrated for years on harmonising the single market and on deregulation, it is now time to reinforce the social dimension of the EU. **A social union has to be set up alongside the Economic and Monetary Union and we need to ensure that the economic freedoms of the single market do not take precedence over fundamental social rights and objectives – in any conflict of interests, social rights should be given priority.**

We live in times of rapid change. Interdependence between economies and societies is growing, distances are shrinking, and borders are increasingly becoming open for people, money and ideas. New communication technologies have created a world more interconnected than ever before. The growing interdependence of the world has ambivalent effects. Globalisation generates both positive and negative dependencies, and gives birth to both winners and losers. Globalisation creates global change and risk, but also huge opportunities. Negative side-effects such as economic and social marginalisation, climate change and resource shortages are just as much part of this process as are the positive consequences of an unprecedented increase in global prosperity, mobility and access to education and knowledge. Financial markets are becoming integrated worldwide, while the production chains are becoming fragmented. Over the last 20

years, the international trade in goods has grown twice as fast as global production. Decreasing transport costs, new information technologies and new forms of organising production are resulting in a global fusion of markets for goods, capital and labour. But the rise of new economic powers and the intensification of competition that may place social systems under ruinous competitive pressure from the global economy can have serious consequences for the social fabric. Pressure on wages is increasing, accompanied by threats from companies that they will relocate their production facilities to low-wage countries. The undermining of state governance and the increasing incapacity of countries to fulfil the functions that endow them with legitimacy, namely assure peace, security and economic and social well-being, are now causing real anxiety. The desire for separation and protectionism, which is borne out of a fear of change, is quite understandable – but this does not represent a practical solution. The false promise that we could in some way evade this long-term process of change will only prevent us from adapting to new circumstances and would weaken us in the long run. The key question is not whether we should face up to the challenges of globalisation but how. Whether globalisation turns out to be a curse or a blessing will depend to a large degree on how we manage its processes.

Nation states are not necessarily the best vehicles for protecting our social achievements and adapting to change. The globalised economy makes it impossible for states to perform adequately when it comes to meeting socio-political aspirations and the demand for public goods and services. In today's interdependent world, clear-cut strategies and answers to global challenges can only be found by acting together at European level. A functioning single market, along with Economic and Monetary Union, is a basic prerequisite for maintaining Europe's international competitiveness and for promoting growth and employment. The common market is a place where the 'race to the bottom' can be avoided and where the growing gap between rich and poor, the expanding low-wage sector and uncertain employment conditions can be more easily and effectively combated than on the national level. However, this all depends on the market economy not developing into a market society but rather into a community where people are put first – in short, the creation of a European social union. If we are to confront the challenges of a globalised world, we need to place social justice at the heart of a reformed EU in the 21st century. There is no alternative to a further juridification of European social policy and the creation of a true social union.

I would welcome it if all European institutions, the European Parliament, the Council and the Commission, could take steps now to acknowledge social advancement as part of an interinstitutional agreement – that would send a strong signal that Europe takes seriously its role as a protector of the people.

Europe can look back over a unique track record. But half a century after its founding, the European Union once again finds itself at a crossroads. Are we to accept the creeping degeneration of the integration process, or even the renationalisation of the continent, thereby destroying the best tool that we have for tackling the global challenges and improving the lives of our people? Or will the EU succeed in developing and demonstrating to the Member States and their citizens a common vision for the 21st century that we will all need in the future and one that goes beyond what has already been achieved? Without a strong, united and democratic Europe we will not succeed in shaping the globalisation process according to European interests and values. **If we are to secure peace, prosperity and social justice in Europe and promote peace, prosperity and social justice outside Europe we need a strong, democratic and solidly united European Union.** To quote Hillary Clinton, who in a recent speech in the European Parliament referred to the current predicament as an opportunity: 'Never waste a good crisis.' The present economic and financial crisis does indeed present opportunities that should not be wasted:

- The opportunity to restructure the international finance markets and to furnish them with a set of new and fair rules for all the players.
- The opportunity for all political figures to realise that it is high time to remove the national blinkers – because in Europe we are all in the same boat.
- The opportunity to learn at last the key lesson of the last five decades of European integration – 'going it alone nation by nation makes us weak; only by acting together are we strong'.
- The opportunity to build the European Union as a framework in which the European social model can be safeguarded, strengthened and continually developed for the future.

In the early years after the Second World War the people of Europe needed European integration to erase the belligerent and conflict-laden history of their continent. **Today, in the 21st century, the citizens of Europe need the European Union in order to overcome global challenges, shape the globalisation process in a fair and socially equitable way and protect the social achievements of the past.** The time has come at last to honour the forgotten European promise of making Europe more democratic and more socially just. I am certain that Europe will then win back the support and trust of its people.

This speech, entitled "A social Europe as legitimation for European integration in the 21st century" was delivered in the Senatssaal of the Humboldt University on 12th May 2009 in Berlin, Germany.



Mona SAHLIN

Leader of Sveriges Socialdemokratiska Arbetareparti



I will move on to talk about our policies. What we social democrats want to achieve, what our dreams are, the sort of Sweden we want to build.

I will talk about the steps we will take to meet the challenges that Sweden faces. What we will do about jobs, education, health care and schools. How we will arrange for young people to take their place in society.

I will do that shortly.

First I want to go through how the government has run Sweden during this parliament. And to the sort of Sweden it inevitably leads to.

Why are we here at a congress for jobs?

Work for all.

Full employment.

Jobs first.

No matter how we say it we social democrats have always had our roots there.

Work has been our starting point, our means and our goal.

We have chosen to build up the country on the basis of work. The sons and daughters of work, they is our labour movement. We have wanted to work – for a wage, for our upkeep, for community, for participation, for children and for the future.

We have believed in work as a ground for the economy of the country, as a ground for welfare, as a basis for the sense of togetherness that we want to characterize Sweden.

I have since becoming leader of the party been unshakably determined that we must never again loose the initiative when it comes to work. Our party is, must be and must be seen to be the most reliable when it comes to the struggle for jobs. That was my first and most important goal as party chair.

For this reason I have demanded that we develop a sharper and clearer policy on work. All our advisory groups have had work as their starting point.

We have travelled around the country and both propagated for and discussed work. We have taken in proposals and facts from entrepreneurs, researchers, trade unions, and tradesmen. We have taken in proposals from members and supporters.

Many of you sitting here today have struggled and worked hard on this for months now. We are now there.

Today we have a new and sharper policy on work for all. A policy for full employment in a new globalized economy. A stronger line on work. A modern view on entrepreneurship.

Here at this congress on jobs we will make decisions.

And today we have regained a sense of confidence. The voters have understood and appreciate our review of our policies. We social democrats stand for a stronger policy on jobs today. This is the single most important shift in Swedish politics during this parliament.

We social democrats can enter an election campaign from a new position of strength.

In the most important question. We will not give an inch: work for all! On the opposite side we have an alliance for unemployment. They promised more jobs but have delivered fewer. They promised that fewer people would live in social exclusion but today there are more. They have been just as active in increasing social divisions as they have been passive in meeting unemployment.

Almost 100 000 jobs have disappeared in the past year. Over the coming years the government plans to cut back on jobs for 60 000 teachers and nurses and other welfare workers. Social exclusion, in the Moderates own definition, has increased by some 70 000 persons since the election. This is the result of their policies. So far.

Here we have the main issue in the coming election campaign. More jobs with a social democratic led red and green government. Or increased social divisions with a centre-right government.

Sweden is being torn apart. People are being sorted into those who make a contribution and those who live off others. The gap between employees and the unemployed is growing. Between men and women. Between the healthy and those who are ill. Between different parts of the country. Between those who have their roots in Sweden and those who have their roots somewhere else.

The gap between wage earners and pensioners is widening. When the Moderates say that they that they give priority to those with jobs and not to those on benefits - then we have a clear message to them...Pensions are not a benefit! The gap that is widening between pensioners and wage earners cannot be motivated in those terms. Pensioners have worked so that the next generation could grow up in a better and more just society. And we have had it better. For this reason they must be met with respect and dignity. For this reason the tax on pensioners is unacceptable. It is indecent. If I am given the chance to lead a red and green



government after the election in 2010 then I will from day one work to close the gap between pensioners and wage earners step by step. Wages and pensions should be taxed on the same terms.

No government has ever had greater opportunities to reduce social divisions and eradicate social exclusion as this one. They inherited a surplus in public finances, high levels of employment and every opportunity to invest in the future. They inherited the resources to expand education, improve welfare, and prepare for the jobs of a new age – or prepare for a coming period of crisis and unemployment. But how did they use the opportunity? What did they make of them?

When we social democrats warned that the American financial crisis would spread, then Anders Borg, the finance minister, got up in parliament and said that there was no cause for concern. Then he proceeded to dismantle security and education. Then the financial crisis arrived. When the record high number of notices started the Labour Market minister, Littorin, said that they were just notices of lay-offs, we faced a couple of “shitty” years- I know what we must do...we must stick it out. Then mass unemployment exploded under our feet.

When the job crisis spread and the municipalities warned that they must begin to lay off personnel then Anders Borg pulled his sower over his brow and started to mumble about bitter winters and proclaimed in his best ministerial tones that it would be irresponsible to provide more cash for health care, schools and care services. Then the collapse in welfare quality started. And the government had to back down with at least a once for all payment in the election year. They were not prepared to do any more.

When it is obvious that tax cuts do not lead to more jobs, that different measures are called for in order to end unemployment then they turn up with more tax cuts - now on borrowed money!

This is their work.

This is how they have managed good opportunities. This is how they have made the most of the trust given them by the voters when it comes to jobs. They have believed blindly in that miracle cure they have always clung to – reduced taxes. They have believed in economic theories that most of the world has left behind, theories that claim that divisions create development and the market fixes everything as long as politicians stand back. The result is that Sweden is falling behind other EU countries. The result is larger social divisions, growth falling and the number of jobs getting smaller.

The budget deficit is out of control. The tax cut debt is growing. There is a sour reaction waiting, as Thomas Östros puts it. The result of their letting people down on jobs is a let-down in welfare.

The government that comes to power after October 2010 will inherit anything but high employment and money saved in the coffers. That is what makes it all the more important for Sweden to get a government that puts jobs first. We have every chance of achieving that.

On Election Day the government will be evaluated. Then it is results that count. Then the Moderates will be judged according to their own most important election promise of more jobs. Then we social democrats will get rid of Fredrik Reinfeldts alliance for unemployment. Nothing less will do.

One is tempted to ask how things could go so wrong.

But is it wrong according to the Moderates’ book? One must suppose that they want to take from the sick their sickness insurance by a certain date regardless of whether they are well or not. Otherwise no one needs to do so. One must suppose that want to hive off services despite the fact that it means a transfer of wealth from us all, the many, to a few. That they want to have separate waiting rooms in publicly financed hospitals for those who have private health insurance.

Practically situated right in the middle of the tax financed Southern General in Stockholm we have Arrhythmia. There you can get help with irregularities in your heart beat despite the fact that there is a waiting list of six months. That is as long as you can cough up 15.000 crowns.

That is what they have done. That then is how they want things.

One must suppose that they want to lower taxes most for the richest tenth of the population, so that they can enjoy a boost to their incomes that is bigger than 60 percent of the population have jointly. That they want more money for men than they do for women. That desire is apparently very strong since they are prepared to finance it with a loan.

They could have done something different.

Politics is a question of will.

Not even the financial crisis has forced them to do this. It is a question of political priorities. With their policies in this parliament the government has demonstrated its vision of Sweden’s future. For those who want to find out more I have a few tips on books to read. Read “The people sleep” by Fredrik Reinfeldt and “Universal welfare – just magic words?” by Anders Borg.

Our own political idea, the social democratic idea is very different. Our starting point is that we can be stronger together. We have an idea as to how society, what we share in common, can be built up. Not in order to steer people, but to liberate them. The foundation for this is citizens’ freedoms and rights.

But just as important is the fact that **it is not one's wallet that determines the right to education, health care or a secure support when one is elderly. That right must be the same for all. Unemployment or illness must not be allowed to shatter a family's economy and force massive sudden changes in daily life. There must be an economic protection in the event of illness or unemployment just as there must be the means and the support to end unemployment and to return to work after a period of illness.**

It is a question of equality. The equality that creates equal opportunities for freedom. Equality is not the opposite of freedom it is the precondition for it. Equality is not about everybody being the same. One can say that equality is about the same opportunities to chose differently and thus be different. And still be treated with respect.

No one is an island. People become people first when they meet others. This has been said in many different ways. But we never live our lives independent of others and of the society around us. Much of what is important in our own lives must be shaped together with others. No one can build a hospital alone just for himself. No one can build wholly private roads through the forest or cities. Or a complete educational system for her own children's journey in learning. Very few have the resources to finance their own economic security when they get older or ill.

But we can do it together.

There is only one reasonable starting point for such a joint, democratic construction.

On that word rests my social democratic soul and the whole of my social democratic heart. Solidarity!

Now more people starting to think about what is going on. Will I and my family really be winners in a society whose only starting point is a reduction in taxes? What will happen with wages? How much higher will we see the charges in welfare? Will we see charges in education and areas that were previously paid for through taxes? What is the real price for the tax cuts?

It is welfare that is the price of the tax cuts. A place in a preschool for a child costs around 13.000 SEK per month. A university education costs around 40.000 SEK per year if you study a course in the humanities. The education of a doctor costs 230.000 SEK per year. A hip operation a knee operation costs somewhere around 100.000 SEK. Who can afford this? With our model of welfare these costs are spread over the course of a life time, between generations and between people – instead of coming in a lump sum as a bill in the letterbox with 30 days to pay. It makes it cheaper for the individual but also cheaper for the country.

Sweden's tax-financed health care is both more effective and cheaper than is the health

care in countries where individuals pay for it themselves. It is true that a small number of people can gain from living in a society where everything is run on a private basis and where taxes become lower and lower. The richest tenth of the population. The group that gains from the policies of the Moderates - and who make me say that they should be a ten percent party – nothing more. The richest can perhaps manage to pay higher charges and insurance premiums.

But not even they win in the long run on a society with ever greater social divisions and social exclusion. Just how far can we go with alarm systems and fences in a society that has lost the knowledge that we are stronger together.

We social democrats do not believe in the sort of society that grades people in the Moderates' Sweden. **We do not believe in a class society – we hate it. It is our foremost enemy. We want Sweden to be a decent society. A society that recognizes that people are different – but equal. A society that recognizes that we are stronger when we hold together.**

Our social democratic idea has been shown to work. The Swedish model has hitherto been unbeaten in creating equal terms – and because of that a strong development, high growth and jobs. And it has led to greater social mobility. Something that is ever more important in a rapidly changing world. The land of opportunity lies in the Nordic area, perhaps in Sweden.

That has been the case and it can be so.

If we want to keep it that way and are prepared to fight for our dreams.

And we social democrats are!

And we believe that many of Sweden's citizens are with us on this issue.

Just compare that dream with others.

Compare that dream with the paltry dream of lowering taxes that little bit more. The Moderates' dream of average Sweden. No, our dream is about creating something much bigger and better. It is about developing equality, gender equality, freedom and the possibilities in a new age.

The election in 2010 will in that sense is a very clear choice of direction. It will not only be a fight about tax scales. It will be a conflict of ideas. Do we want to live in a class society, a society that grades people that follows on from the journey towards some sort of average European society?

Or do we want to build a land of opportunity together with others? It is all about the many- about everyone, not just the a tenth. I will fight every day up to Election Day.

Just as all of you will do.

I am prepared to carry our social democratic dream all the way to Rosenbad (the prime minister's office). Fredrik Reinfeldt has criticized our red-green friends because they have zero years', zero months' and zero days' experience of sitting in government. I imagine that he was talking about himself since that is exactly what he had.

I have many years', many months and many days' experience of being in government. Fredrik Reinfeldt has on the contrary zero years', zero months' and zero days' experience of running a just and fair policy for jobs.

So how do we want to lead Sweden? What are our political answers? We - you the delegates will set out very clear priorities in six areas in this congress for jobs.

It is a question of jobs, education, welfare, the climate, the conditions for children and young people and the larger cities. All these areas where a renewal of our policies will be noticeable. All areas that are decisive for achieving equality and gender equality in our country just as Malin Pekgul points out every day because we are a feminist party and that perspective we always bear always with us.

First of all jobs. We will invest both in classical industry and the service sector – from the knowledge that without the one the other will lose competitiveness and potential. We will invest in more opportunities and more security for the small businesses, the entrepreneurs and the solo businesses – in the knowledge that if they can grow so too can Sweden.

We will invest in research and development, not least in the research and development that can push forward a change in our climate policy and lead to new green jobs. We will actively use the EU in this work. We will invest in creative businesses, IT, design, culture, computer games. We will invest in education – broad and recurring – in the knowledge that what businesses need in order to develop is a well educated workforce that can feel secure in adapting to change.

Let us make this very clear at this our congress for jobs. Sweden will enter the path that leads forward. We will move up the chain of refining products. Move forward in the power to develop. To better jobs and better aid jobs. To jobs that demand more education. That is where the jobs of the future lie! For this reason Sweden will compete with knowledge and skills – not with low wages.

We need strong trade unions for this and security in the labour market. People who feel secure, businesses that feel secure – they are prepared to take risks.

The winners in the future are those countries that are the best educated, those that are the most creative, the most flexible and prepared for change. I know that Sweden can be that

winner. And I know that Wanja, Ylva, Ella and the whole trade union movement agrees with my analysis. I believe that it is hardly possible to find anyone in industry and commerce who has a different opinion on this one.

For this reason we must take care of and protect our tradition of trade union – political cooperation. For this reason we will defend the cooperation between the social partners. For this reason we will fight for collective agreements. It is this and nothing else that is the Swedish model.

It stands to reason that a country like Sweden that aims to compete successfully must have an unemployment insurance that contributes to a speedy and secure change of jobs. The charges to the unemployment insurance funds must not depend on the risk of becoming unemployed. The ceiling on payments must be raised. Our goal must be that 80 percent must have 80 percent of their previous wage in unemployment benefits. Nothing else is acceptable.

Let us together at this congress for jobs make it clear that every hour worked is needed. Among the disabled in Sweden the level of participation is only around 50 percent today. Among people with a non-European background the level is about the same. How many millions of working hours lost in a couple of years does that represent?

We want to introduce mentorship and trainee places in welfare services – both for the young and for the experienced. We want to introduce jobs for senior citizens. We want to work more on the offensive with jobs where wages are subsidized so that more people can go from temporary early retirement to a job. We want to introduce what we call Kraftsam – the opportunity for persons with complex problems to work as best they can. We will continue to work against discrimination.

Every hour worked is needed. There is therefore a decision I do not want to make at this congress for jobs. That is a general reduction in working hours. Or sharing jobs as some say. There is no fixed number of jobs in a labour market that we can share out.

The problem in Sweden is that there are too few jobs. Not that there are too many who want to work. That can never be a problem for a labour party like the social democrats.

The willingness on the part of people to work is the foremost asset of any nation. We will not shorten working hours. We will invest in more jobs and in more people who are prepared to take them.

We will invest in helping people change between jobs and that as quickly as possible. We will not raise the age for retirement but we will invest in better jobs so that people both want to and can work longer in. For that is what we must do if we are to manage our welfare obligations in the future.

This applies to both women and men! **A full time job must be a right - part time an opportunity.**

The work in health and safety must be improved, not least in workplaces dominated by women. We will continue with the work of developing model workplaces in welfare services. A more even sharing of parental insurance will be initiated – that is what I want to see. Both women and men, mothers and fathers are needed on a strong and gender equal labour market. The payment to parents staying at home to look after their own children will be stopped.

Women will not be made dependent on the Christian Democrats.

We will not budge an inch: the whole salary – and half of the power! That is the starting point for a feminist party.

The next area is education. The challenge of today is to ensure that lifelong learning is made a reality for all. The competitiveness of Swedish companies and their productivity come from the fact that they are successful. For this reason a line on work that is not also a line on education is no strong line on work.

For this reason we will make the employment centers into competence centers where all the educational resources in society are made available – regardless of who a person is or how much or how little education the person has had.

Quality must be raised in all forms of education – all the way from preschool to cutting edge research. We will expand university education and improve it. We will expand adult education. We will complement existing education with competence insurance. Sweden needs a new knowledge hike.

We will make it possible to go into further education – for the young, for employees, for business operators or during the period people are changing from one job to another. Knowledge must always be a possibility. The great thing about knowledge is – that it grows when it is shared by many.

The educational system can be used to grade people to retain a class society. Or it can be used to tear down barriers and make development and class mobility possible. It is by means of politics that we decide which of the two will be done.

You just listened to the actress Ewa Fröling reading a short piece “It is not because you are smart that you get on in life. It is because there are opportunities.” These opportunities are our social democratic ambition and our vision. There is a tremendous difference between that and Jan Björklund’s school where children have not even lost their milk teeth before they are graded and given marks.

The third area is welfare. First the most important: We will never abandon the idea of care according to need. We say no to insurance patients in tax financed welfare. No to the centre-right policy of allowing people the right to set up welfare services that aim to provide a freedom of choice for the producer.

No to the system of free choice in Stockholm that leads to differences in different parts of the city and the municipality.

We want to sharpen quality requirements in all tax financed services – and they must be crystal clear. So that providers know what is required of them. So that one knows as a citizen what one will get in terms of service. And so that tax money for welfare goes to welfare.

We want to shift the focus in welfare back from the producer to the patient. What we must guarantee is access for citizens to welfare services of the highest quality on equal terms. That is our task.

We have put a lot of effort into this in our consultative work. We will discuss this more at this congress for jobs. We want to leave the position that we ended up in and where we defended the system and forgot at times the people the system was supposed to be there for. We must do that once and for all. We do that now at this congress.

We social democrats have the will, we have the strength and we dare to do things and we will face the challenge of ensuring quality welfare for the future – and of financing that welfare. The challenges facing welfare will be costly. For this reason we must have the courage to defend the fact that quality requires many hours of work – and tax money.

The result of a tax cut is a cut in welfare. Or as our friends in Norway would say: tax cuts for some – the rich, become welfare cuts for everybody. And this is why we must put jobs first.

This is why I say if we do not get the job equation right then we will not get it right when it comes to the Swedish economy. And then we will not manage to secure welfare either. Three starting points - in flaming red lettering: **jobs first, tax according to ability to pay, welfare according to need.**

There are times that we social democrats have been up against the wall because we were said to be against freedom of choice. Today we take a clear stand for the citizens’ right to choose. The fact is that the Reinfeldt government has got stuck in the issue of management. They are selling off the pharmacies despite the fact that it will make things more expensive for patients – and doing so just for the sake of it, because the state should not own an operation even if it is best for the citizens that it does. They are forcing the county councils all over

Sweden to introduce a Stockholm style choice in care by the 1st January 2010. Despite the fact that the model creates social divisions in health care.

They are hiving off other services not so much for the sake of the pupils or users but for ideological reasons. They are hiving off – this “newspeak” from the Moderates because the phrase sell-off has such a bad ring to it. No matter what we call them, new or old moderates – the problem is that they are Moderates.

There will be a conflict over freedom of choice in the election campaign. And it is the centre-right that will find itself in difficulties this time round. Tibble secondary school was sold for 9.2 million SEK but was worth 40-50 million. Vantörs home help service, the preschool in Årsta – there are many examples and the sums involved are hair-raising. The money was raked in by individuals. But it belonged to the taxpayers. And it should be taken back – from the coffers of the Moderate party.

The fourth are a “Young people are forced to turn to the church for food.” (Metro last week) “More young people are applying for social welfare benefits” (Swedish TV and radio in the past month). “For Linnea, aged 5, pizza is a luxury” wrote the evening paper Expressen in a series of articles on poor children. The number of children growing up in poor families has increased by 50 percent over the past three years.

Something is going terribly wrong in Sweden. The children and young people of Sweden are becoming the big losers in the wake of the job crisis. This can never be a policy for the future. **I want us social democrats to take it upon ourselves to ensure that a perspective on young people colours every area of policy in the coming parliament. A society that throttles opportunities for young people and that tramples on their hopes for the future is a society that has lost out!**

We will achieve our goal of 50 percent of all the young people entering university. For this reason we will expand university education. To give more the opportunity we will expand adult education. Away with the centre-right so called job guarantee that merely guarantees passivity. In with a Job-start and a start in education. Youth centers, meeting rooms, sports, theatre and culture. Invest in culture-schooling that is a fantastic invention that we have not used as much as we could.

Improve the economic situation for single parents and for students with children. Everyone must have somewhere to live. We must have more go in housing construction so that young people can move away from home.

The large batches of young people are no excuse for pushing young people aside, as Jytte Guteland says (president of the social democratic youth). It is a challenge to make room

for them. Some of you must remember the social democratic youth campaigns against the graying of our party in earlier decades. Bosse Ringholm was a driving force then and now he faces up to the consequences of his age and retires from parliament. (Ringholm is a former president of the social democratic youth and former minister of finance and chair of the local party organization in Stockholm).

The youth are on the warpath again. Jytte, the president, is leading a campaign and a youth movement eager to fight for its cause. And today I support their case and encourage all of you – in local labour party organizations and district organizations: make room for the young and get them onto the social democratic candidate lists for the coming election.

We social democrats do not conclude that a solution to the financial crisis must come first. Our conclusion is that the financial crisis and the climate crisis require the same solution. **More social democratic influence, more international cooperation more joint regulations. More winner t-shirts, more courage more of a change in life-styles. In short, more politics.**

At the climate summit in Copenhagen we want to see an agreement that covers all countries. The EU and the rich must take the lead and shoulder their responsibility – in order to get the growing economies to shoulder theirs. We have principles.

We will push for the following demands in Copenhagen: An international charge on emissions from air and sea traffic. Global emission trading within the competitive energy intensive industry sectors. A climate fund within the framework of the climate convention financed by the rich countries and the global trade in emission rights.

The fact is that a climate crisis is not something that we will discover later on, it is noticeable today and that mainly in poor countries. **That is why our green dream is re. Or our red dream is green.** It must continue to be so.

Hjalmar Mehr was mayor of Stockholm in the 60s and 70s and he once said: Stockholm is also people. Even if there are a lot of us. He was right about that.

I am a Stockholmer, but I was born in Väster Norrland. Ibbe is a Stockholmer but he was born in a mountain village in Turkey. Ingvar Carlsson sitting down here is from Tyresö in Stockholm but he comes from Borås. Göran Persson, who hasn't arrived yet came via Vingåker, Norrköping and Örebro, then by way of Stockholm and Malmö – and he is now back in Sörmland. And my children live in the USA, IN Hultsfred and in Nacka. So far anyway.

This is what Sweden looks like - not only in the social democratic party- millions of people find their way to the big cities. That true of the rest of the world as well. This must be our

starting point when we leave the old way of thinking about town and country as separate entities. They are not. People move around. Here and then back again.

I want to see our congress shifting its way of looking at big cities. A large proportion of the population in big cities has moved in from outside. Their journey has often taken gone by way of the educational system. This is a development that we social democrats have pushed for in a deliberate policy. Not least by expanding universities and colleges of education. It is our most important means for ending class society.

Today more people can apply for qualified jobs. And more people move in this way into cities – to stay there for longer or shorter periods. This we want to build on and now is the time to recognize the dreams of those living in big cities.

The labour market for bigger cities is variable and must be variable. Public transport and communications must be good. The child care centers must have flexible opening hours. The housing market too must be variable and we social democrats want to see a mixed housing and we want to see more action in constructing homes. The proposals for this will be discussed and decided on at this congress for jobs.

There are also challenges facing bigger cities: segregation, social divisions and an increasingly unequal access to welfare services. This must be ended. And we must renovate the million homes estates that are run down. Let us work together to protect welfare services – both in places with a small population and in the bigger cities where they are threatened by increasing segregation.

Let us also work together to share responsibility for refugees – the current way of dealing with this issue is not working. This is something Anders Lago has taught us a lot about (chair of the municipal council in Södertälje) There are success stories to be shared.

Let the bigger cities grow with businesses and with jobs, their diversity of cultures and values. Let us see them as the motors of growth that they are ! Carin Jämtin, Ilmar Reepalu, Anneli Hulthen and all the other comrades from the bigger cities can go back home on Sunday with a strong support in gaining a good election result in our larger cities. You are important for the rest of us! Stick to your guns!

We have a quotation in our proposals for guidelines that I would like to mention. It is from an interview with Facundo Unia: Many people I meet blame themselves and are reluctant to report. 'If I were not gay, if I gave my partner in my hand, if I had not had these clothes and these clothes so it would never have happened' ... Imagine a hetero couple that might have been mishandled and think "If only hadn't held my girlfriend's hand" That does not happen." No and it shouldn't need to happen to homosexuals either.

All love is equally valuable - and now we have taken a step further on the right to marry. There are other steps we must take. I want to thank our church politicians and their fight for marriage in the church for all couples who wish!

Today I mention Facundo Unia for a different reason. Facundo was assaulted and battered by the National Socialist youth as he walked in the Pride parade in 2003. The attackers were members of a youth organization whose mother party is and has been represented in several municipal councils in our country - including Haninge and Södertälje.

Their brothers and cousins are trying today to the parliament. The tie and blazer and full of self-confidence. And a policy based on prejudice, on open xenophobia. On anything but the democratic principle of the equal worth of all.

Stieg Larsson (after his death better known and respected than ever) has written a lot about the Swedish Democrats. That was how we first met. His advice was always: Address the Swedish Democrats as the political movement they are. They cannot be fought with a ban, violence or social care. React with a political counter movement that defends democracy and freedom of speech!

Such a resistance movement, we must be - and we are in our social democratic party! Therefore, we have accepted the challenge to debate. Therefore our red-green government alternative has made a clear statement of our standpoint. We will never give the Swedish Democrats room to exercise influence – never ever, never anywhere, never once!

If you only knew how it warms me that it is when I talk about this that your applause is strongest!

I recently met Parvin Ardalan from Iran. Last year she was awarded Olof Palme Prize. But she could not attend the awards ceremony. She was arrested on the plane, was stripped of his passport and was prohibited from leaving Iran. Time and again she has been harassed and thrown in jail.

Now she has at last been here for a visit. Parvin said this: - I must be brave. We who live here must have the strength to fight for change. I work for men and women to have equal rights, and I cannot understand how that can be criminal. No, it is clear that it is no crime.

Human rights is about the rights of everyone - everyone! Human rights are also women's rights - even in Iran! I still wear the green band in support of the struggle for democracy in Iran.

The Foreign Minister Carl Bildt should perhaps be informed - as he constantly blogs about the world, but for him women seem to be a blind spot. In more than 500 blog entries that he

wrote the word woman occurs only on seven occasions, the phrase gender equality only once. That is a scandal.

If we claim to be a strong voice for human rights, we must also dare to sing solo against the major powers and the extremists wherever they are when they violate human rights.

Remembers Pela and Fadime.

Our movement is global. For us, solidarity must always be boundless.

Now we will start working. Now, many dreams grow into a larger one. Many ideas will turn into a coherent clear social democratic policy. Then we will bear a common idea, our dream and our concrete policies to the election.

We Socialists have an idea for a community that we can build together.

I have called it the land of opportunity. It is a Sweden based on the understanding that we are stronger together. The same understanding will also shape the Job Congress. Time to get down to it, full speed ahead! And I am so proud to lead our social democratic party in the struggle.

Thank you.

This speech, entitled “Stronger together – we will build a country of opportunities”, was delivered at the SAP Job Congress on 28th October 2009 in Sweden.





Werner FAYMANN

Leader of Sozialdemokratische Partei Österreichs
Chancellor of Austria



Approximately every seven minutes, a child is born in Austria. It means that in the past twelve months, 75.000 children were born in our country. We are all responsible for how these children grow up. In a country in which either respect or human dignity count; or greed and fast financial profit. In a country in which, despite differences of opinion, we have more in common than sets us apart. In a country where we can all rely on each other, counting on solidarity; or counting only on our own elbows against each other? In a country, where rather than working against each other, we work with each other?

When one year ago we were asked how to form a government and how to integrate the most important tasks for the country into a government programme, I – as you know – said: enough fighting. Or one could also say: fight less and achieve more. Some people say that fighting can be good, and I personally don't mind if different opinions are expressed and discussed, perhaps controversially, in order to find the best solution.

However it was my task to form a new government quickly. The economic crisis originating from the U.S., which nobody in Austria had chosen, befell us. In that situation it was crucial to be in a good position, so that we could respond to the crisis, to defend what we value in our country: social cohesion, the trust of our citizens, economic success and its distribution. Hence it was – and I am convinced of this – right to form this government quickly and to call the government programme 'Together for Austria' (*Gemeinsam für Österreich*). It could be extended to "Together with Austria", since all initiatives also make us answer questions, so that citizens never feel we take our decisions somewhere detached from society, but that instead, together, we take notice of citizens' worries, problems and needs. Hence together for and together with Austria.

The true strength of our country will always be measured in terms of how well the socially vulnerable are doing. Particularly in economically difficult times many people all over Europe are at risk, especially of impoverishment. People belonging to the middle classes run the risk of social decline. It was therefore all the more important that we took measures quickly and decisively. There were some promises we had made before, and other additional aspects which we had to address in order to counter the crisis. If one says: 'Fight less, achieve more' then in my opinion, 'promise less, keep more' is also valid. The same applies to the reduction of taxes by three million Euros, a wage reform. One year ago it was still unclear whether we would implement it together. But it has happened. We have had many discussions on the future of healthcare, and we are still far away from the solution. However, we have

spent an extra 700 million Euros on the restructuring of health insurance and social security organisations, while obliging them to make savings of up to 1.8 billion Euros. We can quote many facts you are familiar with and which are worth remembering. This relates to the support of families and children, but also to the strengthening of training positions with the police. We can add measure to measure, economic stimulus and banking packages and much more, which I will get back to later. Yet its worth can best be determined through a comparison. I would like to single out one particular aspect that always worries me: youth unemployment. Throughout Europe, there are currently 5.3 million young people who are unemployed. 20 EU Member States out of 27 have a youth unemployment rate of more than 20 percent. Some of these countries have a youth unemployment rate of 40 percent or more – such as Spain, at 41.7%, or certain suburbs of Paris, and parts of Italy. Places across Europe where young people can't find work. Which is even more dramatic, since it concerns the future of these people and therefore our society, is that 1.2 million young people are long-term unemployed and do not know when they will find a job. Being long-term unemployed means for longer than 12 months or, like many among them, for two or three years. We belong to the minority of countries in Europe where youth unemployment is in the single-digit range. We have the second lowest rate of youth unemployment in Europe. It is the most favourable indicator of progress we can identify after one year, because those who fight unemployment create a future for these people. This has turned out well thanks to the many measures we took last year. Well, I know that in public debate some people say: Why do you need these packages for the banks, including participation capital and liabilities. Do you think that banks are more important than others?

No. The stabilisation of our banks and financial markets means that in Austria not a single person would ever have to fear the loss of his or her savings. Nobody needed to worry about his or her savings. As difficult as it is at the moment for business people in this country to receive a loan on good conditions or on a long-term basis. The reason why we stabilised the financial market all across Europe was to secure the orders which are written down in order books for the sake of employment, and the businesses, and employees of this country. Therefore I am convinced that by taking these measures we acted correctly, decisively and quickly. It would be easy to turn people against each other in times of economic crisis. Young against old, business owners against employees, poor against rich. But what is it good for? It would not take us the smallest step forward. Moreover, in these difficult times, we need to strengthen those companies, innovative industrial firms of our country, who have themselves become victims of financial sharks. Because it will, at the end of day, also determine our own success. This means, however, that we need to discuss the distribution of costs and burdens again and again. Fair taxes, which are supposed to relieve employees, the strengthening of

the real economy, avoiding speculation, taxing asset growth wherever it is possible. In some areas simply taking action against speculators. This, too, is an obligation: **if we want to strengthen the real economy, we must not lose sight of fairness.** Because those who abuse the common good – and this is what speculators do – find in us his or her merciless opponent. Therefore we have prepared fairness-supporting measures. All across Europe, the introduction of a transaction tax is being discussed - an initiative Austria brought up and strongly supports. With this tax and the logic of the market, all those who contribute more to the financial sector than to the real economy or the provision of services will be taxed. Europe cannot afford a second crash of this kind if it values social safety, social equality and prosperity. Hence, through measures of all kinds, which we have at our disposal, we need to do all we can to draw conclusions from this crisis and avoid a comparable one in the future. We have, as I have mentioned before, the second lowest youth unemployment rate in Europe. We have the second lowest increase in unemployment and the second lowest youth unemployment rate. However, this is no reason to rest on our laurels. The example of the crisis shows that good interconnectedness, good cooperation between state and public possibilities, combined with the initiative, commitment and energy of private companies can avoid much and create a lot of new things. Approximately 56.000 people in Austria had a job saved thanks to short-time work. We know that short-time work is no long-term solution. However, short-work, in addition to qualifications and training, prevents people from becoming unemployed, and they will certainly be needed when our country's economy recovers. This and many other examples show that only cooperation is the right way for the future. Or, as Jean-Claude Juncker once said jokingly: 'it is nice to know that governments are needed again.'

Across Europe the same question is being asked. **Yes, this European Union has proven to be something. Not only can it, as it has proved in the last years, be labelled the biggest peace project of our history; it has also countered this crisis.** The EU did not give in and do nothing; on the one hand, it organised and coordinated economic recovery packages. On the other hand, it stabilised the financial markets. This was very important, and particularly for us, since we export 60% of the goods we produce. It was important for the whole of Europe that the European Union stabilised the financial markets. Just think one year back, think of all the predictions, and the dreadful and horrible scenarios discussed. The fact that these predictions did not come true is not necessarily because they were incorrect. The European Union was a good fire brigade for Europe. If you use the metaphor of the fire brigade what is crucial is whether the European Union is strong enough to provide fire protection – to prevent all these catastrophes from happening through measures taken in good time. We have every reason to do this.

In Europe, there still exists a great imbalance. Between those who receive plenty of social benefits, experience safety and prosperity, and those who make do on very small incomes.

There is no country in which everything works perfectly well. In Berlin, I had the opportunity to speak to Hilary Clinton. She told me that she would like to come to Austria for a couple of days to relax, saying it is a country which experiences virtually no problems. However, we know better, and we know the numbers. **Every unemployed person is one too many. Every grievance in our country is one too many.** Look at the situation in the European Union and its Member States, and notice that people now desperately call for fairness. There are 20 million women over 65 who do not have a pension to support them. Neighbouring states, such as our friends from Hungary, have an average pension of 300 Euros and a minimum pension of 100 Euros, and because of the budgetary deficit, they had to make cuts. Wage dumping, precarious working conditions, people who need two or three jobs and even then don't have a decent standard of living.

This is untenable. We don't want that. **We are in favour of a European Union which defines prosperity according to peoples' well-being. Therefore I am in favour of a social European Union, in addition to this strengthened union for peace, in addition to this strong union for crisis management. One should not pretend that at national level, we could tackle everything ourselves, like an island, when we are concerned with combating climate change, avoiding speculation and abuse, when we are concerned with the creation of additional jobs. The better organised we are at the international level and the stronger our performance as Austrians is, and the more of those proposals we push through in Europe, the more possibilities we have at our disposal in our own country.** This, however, is not meant to be an excuse for not ensuring sustainability in our own country. So, we can regulate a number of things, but we must not lose sight of the big picture, which is essential. The same applies to other areas, such as crime. We know that for the citizens of Austria, combating crime is one of the most urgent priorities; because data proves that there is a need for action. However, even the example of crime shows that only together can we protect the external borders of the European Union. Even the example of crime shows that crime tourism can of course be combated most effectively at European and international level. It is crime tourists who worry us most and who force us to take measures which are only enforceable at all three levels: national, European and international. However, the limit of common interest is reached when politics is targeted against minorities, against the so-called people of different faith. We don't need this in our country! Never in our history have political problems been solved through incitement. Never will this become the basis for action. Not in Austria, not in the European Union. Work needs to pay off, which in principle is a given fact. Therefore we need to explain what we mean by work. It is more than the mere sum of economic performance, more than the total sum of paid work, of financial performance, expressed through money. Obviously, it is without any doubt a success when somebody expands and enlarges his or her

business. Yet it is also an achievement when a nurse looks after ten or more elderly people. It is moreover an achievement when our Alpine farmers tend the steep meadows. It is an achievement when women balance their career, household and everything else. It is an achievement when someone pulls him or herself together after the umpteenth negative response of a job interview and gathers their strength and tries another job interview or submits another application. Indeed, **the value of work cannot be expressed through money alone. The recognition which all of us give is so important. Less envy and resentment; more respect and recognition.**

This includes those people who cannot do this work like others in our economic system because they might be deprived. They need the protection of a supportive community. They need a measure which we are aiming to implement next year: basic social security provisions. These basic social security provisions must not be mistaken for a social hammock. These basic social security provisions are supposed to provide for a dignified life without counteracting the measures of an active labour market administration.

As head of government I want full employment for the country, yet I know that because of the crisis we are further away from it than we were before. I know that it is an important task to tell the people clearly that the crisis is not over yet. The crisis will be over when employment rates increase again. And therefore, the Minister for Social Affairs together with other colleagues is preparing for the new year a third package of the qualification for the labour market it implies: do not just observe, take actions. This also means that we present an additional package from which around 100.000 people are expected to benefit. Which areas will it include? It is supposed to strengthen and multiply measures in those areas which have proven successful. When the Minister for Social Affairs can report that two thirds of the people who joined professional training courses are back to work afterwards, then it means that the measures we have undertaken in the field of qualification are excellent. 10.000 low-skilled workers, meaning twice as many as this year, are expected to receive professional training in order to become qualified workers, which will be funded by this package. 4.000 are expected to start an apprenticeship in nursing next year. Next year we will massively extend the qualification bonus, and for those people who look for a job over a longer period of time, professional training will be subsidised with 200 Euros per month. Short-time work will become flexible and will, in combination with professional training, be further strengthened. On top of this, 5.000 people will be employed in the non-profit sector, working closely with communities. I prefer regular employment for the people. If we know, however, that without economic growth of two percent employment won't increase, we have to make the effort and undertake growth-stimulating measures at international and European level, but also in Austria.

Then there is education. **Education is key to the opportunities of young people in particular; for the future, and therefore key to the opportunities of our country.** Those 75.000 children I have mentioned, who were born in the past twelve months, might not be able to attend the best school in Austria; however they should attend one which is significantly better than today's schools. We have achieved one goal at least in these past twelve months. The year before children enter elementary school, also called preschool, part-time, free, compulsory across Austria, and in order to support skills - not only language skills, but all kinds of skills. And if you look back, a couple of years ago it was a highly contested matter, yet today it is reality. This is how we should prepare the next big step in education policy: persuading ourselves that a small-minded, ideological way of thinking does not help us in this context. This is not about enforcing all-day schools against the will of people, this is not about creating a one-fits-all solution, and this is not about bemoaning standards of education. No, this is about the opportunities of young people and about their support. If today 80 percent of children whose parents went to university attend secondary schools as opposed to only 20 percent of workers' children, this is a sign of inequality of opportunity. There is simply a difference in how parents can support their children, and how the chances of children growing up in our society can be realised. Indeed, some kind of fee has been re-established. Many parents have to pay high amounts of money for private tuition, because otherwise success cannot be guaranteed. And some parents cannot afford the high amount of money. **If in a knowledge society we want all children in our country to have the same opportunities; then we have to invest more in new models.**

On the one hand, comprehensive schooling of 10 to 14 year-old students is a milestone in the dismantling of social barriers in our educational system. A doubling of the numbers seems necessary; and the 10 percent limit we set ourselves for school pilot projects is actually already exceeded regarding the demand. It is not about enforcement, but about the offer. We are talking about all-day schooling. Those all-day schools can also replace private tutors. Those all-day schools can respond much better to the needs of mixed small groups, to interdisciplinary courses, if you want them to be more playful and motivating. Now join me in guessing how many all-day schools there are available in Austria for those who would like to choose them? There are 700.000 students between 6 and 14 and we have 4.000 places available. In addition, there are a higher number of nurseries and other facilities which I don't want to play down. However, I'm looking at 4.000 places in all-day schools for 700.000 students, it is far too few. I believe that by 2018 we should prepare 200.000 places in all-day schools for those who want them. For those who believe that they need a better school and better opportunities of their children. Because if we talk about medium-term aims – and in educational policy it is also about medium-term aims – it will certainly be very expensive. But in this context, one can

always quote John F. Kennedy, who said: 'Education is very expensive, but the most expensive thing for a country is no education'. And when those 75.000 children who were born during our first year in government go to school, which won't be perfect, but better, and you ask them: 'How was school today?' and they say, as my daughter often does: 'It was nice', and you have achieved something that measurably improves the opportunities of our children, then it is the nicest signifier of the future of a country, for the assessment of a policy.

The same applies to universities and academies. The need for action has been proved convincingly. However we noticed ourselves that we need more university places; looking at the European average we know that we have to catch up and need more people with a university degree. Moreover we knew very well that we needed certain basic rules for the creation of additional university places. We are not talking about a knock-out entry exam. It is meant to be a common challenge according to the motto less social barriers and more equality of opportunity. Then there is the area of regional policy. Because the regions will become particularly important. Since infrastructure decisively influences future economic growth and opportunities, and because this portfolio in particular includes social equality through training programmes and ecological programmes, I would like to suggest that next time I would prefer to have a different kind of discussion regarding the commissioner. However: all's well that ends well. We are represented by a commissioner who is suggested for a very important portfolio. Related to this, our next subject will be environment and research, which belong together. And if there aren't any new technologies, or if they aren't developed in Europe; if Austria does not contribute significantly to the development, many future questions, for example relating to environmental policy, will not be solved. Ecological disasters should not have to occur before they are taken seriously; they need to be avoided beforehand. Hence, research and the development of new technologies are of paramount importance. New technologies which aim to develop cars reliant on other kinds of fuel and, above all, considerably less fuel; and which also aim to develop new engines which do not only reduce our CO₂ emissions by 50%, but which will almost eliminate them, even in the field of transport. Research and development are related to logistics and rail technology, but also to the maintenance of the railway. We need to invest 20 million Euros until 2020 in order to reach the level of rail technology the Swiss have already reached today. We can take those who are ahead of us as an example. In 2020 we will have, comparably, the same rail network and the same number of tunnels because we are both countries with mountains. However, these 20 million are often in jeopardy for 2020. In day-to-day politics, a topic is sometimes forgotten and no longer plays a role after a couple of weeks. Nevertheless, we must not subordinate the development of eco-friendly technologies, the research or infrastructure budget to day-to-day political interests or even make political capital out of it. The question of whether politics

can fulfil the assigned tasks is too important for the future of our country. There is one area in which we perform worse than others, and in which we don't want to change anything. In statistics, nuclear power plants score well. However, we think that we have taken a right decision in Austria. And my position is very clear. We don't need nuclear power plants in Austria; we don't want them, regardless of what the rankings say. I would like to discuss very seriously: to eliminate indirect research funding while introducing a bonus of 12% of the money spent on research. This is more direct and will better reach those who might be in the early phases of their research or work, or who are starting a new company. Those who show courage and determination, and dare to do something in the context of science should know that with this bonus we respond to their needs, in addition to the direct funding instruments which are already in place. Since research is a decisive determinant of a country's future, direct research, a competition between the best ideas, is so essential, and not only for the environment. For example, we are one of the leading nations in the area of cancer research. And in many other areas we can be proud of our achievements which would never have occurred if education, training, research and the support of research were not a founding principle of our country.

We are moreover proud of dealing better with the crisis because on the one hand, we have many committed companies and employees, and on the other, because we provide basic social security. Part of this is health and nursing. If our hospitals can save some money, and if we could add one billion Euros via a transaction tax and the elimination of speculation periods, we could add up to 2 billion Euros to a generation fund, creating 40.000 to 50.000 jobs in nursing, education and other valued areas. Nursing is a particular concern. It is therefore our task to move from payment in money to payment in kind; and in order to achieve this, payment in kind needs to be developed first. As in the area of nursing: mobile services and in-patient nursing care facilities. If you take a look at our map, you will find too many white spots. The shift from money payment to payment in kind can only be successful if there is demand. And especially in nursing, which is one of the future careers of our country – since we are all so proud of the fact that health policy and above all research and doctors in our country have achieved so much, and have increased life expectancy. There should be the possibility for our health and nursing system to create new careers. And those careers are funded best via payments in kind and through jobs which, as it is already the case as regards mobile care services, already exist in Austria and are, in some cases, exemplary. We have invested 700 million in social security because we don't want a two-tier health care system. Because we don't want to allow for the development of a system which can only be afforded by those who have access to wealth, while those who can't afford doctors' bills do not benefit from this progress. Yet we will take note of what happens to these 1.7 billion-savings we

agreed upon. Because there is one thing we know very well: without efficiency and cost-conscious thinking we won't be able to fund all the things we appreciate and value, and in which we have invested; the prosperity and safety we have inherited from our parents and grandparents. I would like to come to a conclusion and tell you that somebody who is as proud as I am to live in such a prosperous country knows that there is no simple way in which we could ensure that in 50 years, the social security we enjoy today will still exist, and that other aspects may even improve. No, this is a daily task; it is a difficult task which demands a high level of initiative and commitment. **We are not responsible for the profit maximisation of a few, but for the maximisation of opportunities of society. Our success is not measured in terms of how much the individual gains.** No – together we should be measured in terms of how much we have achieved in increasing everybody's gains. I am very happy to be the Chancellor of a country in which employment and tackling unemployment are not treated as mere statistical figures. To be in a country which has so much culture, identity and diversity. To be in a country in which decisions are taken with compassion and sometimes with strong arguments. I am proud to live in a country which, as we know, is widely recognised in Europe for its economic, political and social achievements. And I know that it is a great responsibility which we bear together, for those who live here today. For an Austria in which those ten children who were probably born during this speech will find their happiness and can one day be proud of their country. I would like to thank you for your support and wish you all the best.

This speech was delivered on the occasion of the first anniversary of the Austrian government on 2nd December 2009 in Vienna, Austria.



Ladies and Gentlemen

All over the world the economic crisis gave politicians, among many others, a difficult task to do. When new problems crop up, old prescriptions are no more worth buying at the drugstores of politics. For this reason, serious new drug tests are undertaken and, of course, some even pose as magic healers.

Many – including the leader of the Hungarian right – predict the final destruction of the left. In contrast to this, the truth is that the crisis has cast doubt rather on the sustainability of the Neoconservative–Neoliberal model. President Obama won the elections exactly by his criticism of the Bush Government’s Neoconservative politics, and although inter-party relations in the United States can hardly be “translated” into the European conditions, Obama can in no way be positioned right of Bush in the political spectrum! This much is certain: we are experiencing historic times. Similarly to all other European left-wing parties, the Hungarian left has come to a crossroads. The current global crisis has replaced the full-stops at the end of numerous sentences – meant to be declarative – with question marks. Old truths have been undermined and long-standing questions now require new answers. The crisis has shed light on and new conflicts have pointed out the fact that our societies and economies call for changes at numerous points. **People in Hungary and all over the world want a higher level of security and order, complete with a predictable future. Today, security is the item most in demand on the political market.**

The reason why the value of security and predictability has undergone the fastest increase of all during the crisis is clearly intelligible: each of us had to see frightful cracks in companies, banks and entire economies once believed to be firm, and the collapse of personal and family standing, jobs, countries and lives. No matter how much the world has lost in US dollars, euros or forints, the largest loss was suffered in confidence. This is the reason why supporters have abandoned leftist parties in the largest numbers indeed. So far mostly these parties have been expected to – and in many case actually did – provide for security in the form of rights, supply and institutions for those who lacked the capital reserve to provide it for themselves: the traditional leftist constituents. Thus when the crisis made this security fragile, the largest number of people were disappointed with the left.

So now everybody is looking for models that could incorporate new kinds of guarantees to reinforce security and predictability.

Politicians can react in two different ways. **One of them includes improved security only for a few people at the cost of limiting freedom and democracy, and building an uncontrolled power. This is what the Hungarian right has on offer and the radical rightists gaining ground in Europe tend to support. This is the wrong path. The other one is a solution offered by the left. We are convinced that Hungary needs changes to improve security, progress, order and freedom simultaneously.**

The left challenges those who wish to quickly mend the roles and proceedings applied prior to the crisis instead of undertaking profound structural changes and want to continue everything in the old ways wherever they stopped last time. We also contest those who want to implement changes by limiting employee and civic rights, and hold out promises of safety in economic progress at the expense of social, political and legal security.

We are convinced that the pitfalls of the current system must not be carried over to the post-crisis social and economic structure. What we want is not a “new change of regime” – as the general slogan and the code-name for withdrawing democracy and working up temper and infatuation in Central and Eastern Europe goes. The regime must be kept but its operation must be changed at numerous points. The system must rest on the tiers of social market economy, multi-party democracy and the concentration of European forces, all remaining significant, useful and necessary factors. Higher safety may only be achieved at the cost of significant changes. This is not the first time we face such a task. In the past fifty years social democracy made adjustments in the operational model of market economy on several occasions. These resulted in the welfare state after World War II, and the concept of the “third way” in the 1990s. In both cases the objective was to bring the drivers of market mechanisms in alignment with the legitimate demand for a comfortable life for the widest possible spectrum of people. The objective remains the same, and in order to achieve it, we need another adjustment in the market economy model. The international leftist movement is also looking for means to achieve this goal. Changes must serve improved security and protection for our citizens. Government involvement, the economic structure and drivers, social mobility and the protective system of guarantees to counter dominance must be changed. MSZP’s programme takes the initiative to make changes and adjust the model in these four significant fields.

1. New defence must be set up against new inequalities!

The entire political history of the left is about struggle against injustice and defencelessness. So far, the most successes in this struggle have been achieved in the arena of work, in our fight for employee rights and the improvement of employee statuses and incomes. The current

global crisis has highlighted that new kinds of defencelessness have appeared in the labour market, and the distressing preponderance results in disadvantages in other fields of life: consumption, borrowing, the energy market and in the labyrinth of bureaucracy. This means that the left must look beyond employment relations if it wishes to go on bearing the standard of struggle against inequalities. This requires the identification of new target groups, a new language, and the expansion of the traditional left-wing political agenda.

We need to organise new means and movements of social self-defence, and restore balance and genuine partnership in employment and beyond. We must develop legal and structural guarantees in defence of the consumers and SME suppliers vis-a-vis giant multinational organisations, strengthen consumer protection in energy supply and bank proceedings, apply more severe means in the field of food safety and competition regulation, and protect those afflicted by disadvantageous legal standing or various prejudices. This was the Socialist Government's motive when it took the initiative in wording a code of ethics for banks to extend bank customers' rights. We will also stand up for a similarly strict regulation applicable to energy suppliers in order to achieve that comprehensible and transparent energy bills are issued, and realistic costs are charged that can be cut by energy efficient consumption. We will press for a more stringent regulation on bureaucracy in order to prevent trifling, long waiting times and unnecessary administration and promote fast, client-friendly action.

We will fight to counter privileges and disproportionate arrangements. The left must not tolerate the creation of a new privileged order that is free to do anything it wishes. We support competition, but refuse illegitimate competitive advantages. We acknowledge differences in incomes, but will never reconcile ourselves to conspicuously disproportionate income variations and privileges. We will initiate new regulations regarding fund use by companies financed from public funds. We need tighter control and a more severe punishment of corruption, the abuse of position and authority, political complicity, the exchange of mutual gains, the practice of trading favours and other forms of logrolling.

In its fight against defencelessness, MSZP offers co-operation to consumer protection, interest representation and legal aid organisations, everybody who stands up for equal opportunities for women, all trade unions, and the various organisations of people living with disabilities, and supports the co-operative movement.

2. We must guarantee more jobs and a more secure development!

In the countries that performed a change of regime, including Hungary, privatisation has been completed. Changes in the ownership structure can no longer be considered as driving forces in the economy. We need new driving forces which can develop and use the "human capital" from among the economic factors. We manage this capital poorly: one and a half of

the 10 million Hungarian citizens lost their jobs at around the change of regime. Hundreds of thousands fled to early retirement and have been making a living by alternating black market jobs, odd jobs and unemployment. The most difficult task in the Hungarian economy is to lead these people back to employment. We need to find new means to provide jobs for people living with disabilities and young mothers who wish to work, and protect people in their 40s and 50s who have been dismissed for no reason. We need to pay attention to the unskilled masses and find ways to create jobs for them.

The only way for the Hungarian economy to make progress is to adopt **two foci** in job creation. We must accommodate the centres of the most modern sectors: innovation, the knowledge industry, R&D in Hungary in order to attract foreign capital, create good jobs and assume a highly developed research and scientific background. Simultaneously, new ways must also be found to provide jobs for the unqualified and uneducated poor participants of the economy, and domestic capital – labour, land and natural values – must be capitalised more intensively.

In 2050 the world will need approximately 70% more food than now. This is where we can capitalise on our competitive advantage: the excellent features of our agriculture, provided that it is improved to have a capacity to produce large amounts of food in a reliable quality. We promote the use of biomass for power generation.

The global crisis highlighted the deadlocks of economic development and the lack of sustainable progress. Similarly to other countries, Hungary also needs a new programme, a "greener" economic policy. Following the "New Deal" that got the economy afloat after the previous global crisis, now we require a "Green New Deal". Only the development plans meeting the requirements of sustainability may be given the green light. We must not use up the future of the next generations. We must reckon with changes in the environment and the atmosphere, and the exhaustion of classical energy sources, and cannot afford supporting plans that increase the related risks.

3. We want a more mobile society and opportunities to rise!

In addition to the various Hungarian political sides, gaps between the strong and the weak, the rich and the poor, multinationals and small organisations are increasing all over the world. The differences between wealthy and poor countries, regions and social groups, the so-called "centres" and "peripheries", are hardly reconcilable. As the structure of the Hungarian society has grown rigid, dropping behind can easily become final.

For this reason we must launch new drivers to encourage social mobility, make frozen social structures easy to shape again, and stop lockup and isolation. We need a kind of social

and economic “accessibility” to facilitate employment, online relations, access to information and digitalisation. Realisation of the programme against children’s poverty, measures serving a more mobile school system, and the concentrated development of disadvantaged regions, micro-regions and locations must be accelerated. **We need to find new ways in social intervention to prevent temporary family difficulties from becoming permanent backlogs afflicting several generations, and disadvantages from becoming hereditary. We need to elaborate new methods and statutory regulations that do not catch people in the gridlock of living on aid, poverty and the lack of education, but encourage them to rise, work and study,** and – wherever possible – require self-support and personal responsibility.

In terms of social mobility, the most appalling problem is the integration of the Roma. The left must not just sit back and watch the hope of rising from poverty and humiliation vanish for thousands of our Roma compatriots and their children. Hungary simply cannot make any progress before integration of the Roma hundreds of thousands. The inclusion of the Roma in social and economic co-operation is not simply a matter of minority protection: this is also in the vital interest of the majority. We need to continue and accurately schedule the recently announced integration programme, extend kindergarten enrolment, set up new educational facilities, special health programmes and specific development plans for the most disadvantaged micro-regions. In addition to the Roma, unskilled people in general may be provided sensible jobs in flood control, forestry and water management programmes, and employment opportunities may be created in the construction industry and in connection with the re-organisation of household farming.

3. These new tasks require a stronger, more cost-efficient, nevertheless democratic state.

Based on the experiences of the global crisis, most people envisage the redrafting of government functions.

Naturally, the increased value assigned to “security” requires the reconsideration of the role of the state as one of the “security providers” (but not the single one). However, at this point the various ways depart. The dividing line in this issue is not primarily between rightist and leftist parties (despite the fact that traditionally the left was more likely to assign more functions to the state). It depends much more on the level of control the individual participants wish to delegate to government. We agree that the government, by community authorisation, is supposed to exercise a kind of a control over market regulation in new ways, limit those who abuse competition rules and protect defenceless participants. However, similarly to the question “Who teaches the teacher?”, the pivotal question here is the participant who controls and the method of control over the state in control. Is there any control at all or does political power work without limitations, counterbalances and any serious control? Uncertainty and

living at the mercy of capital, the irresolutely fluctuating market conditions, or the owners of business privileges and monopolies is awful. There is only one thing more terrifying: a life exposed to an unbridled but concentrated political and economic power, deprived of freedom and security. Obviously, this threat is more imminent in Central and Eastern European countries, where democracy has had a shorter period of time to strike roots. The more the left or the right expects the government to act and intervene, the more, even thousandfold, democratic guarantees are needed to prevent uncontrolled governance and the political monopolisation of the state and its institutions.

The Hungarian right assumes that the government will tell people what to do. Neoliberals keep to their idea we need a small and weak government that has no say in anything. On our part **we want a strong government to represent citizens’ interests under a powerful democratic control, genuine interest reconciliation and social partnership.** In our opinion, any government is primarily authorised by the community to maintain operation, keep development going, and provide for social protection and assistance. For this reason, the government should undertake a powerful and active role in development, support job creation, regulate the market and competition, and enforce fair market activity.

The government is responsible for the sustainable operation of the large supply systems by way of implementing the required changes and reforms. It must continue to assume responsibility for public benefit services and improve their quality wherever possible. We are all aware of the fact that the extent of state involvement changes from time to time in line with the current requirements. At this moment we recommend increase in the involvement of the government and local councils in public education. However, the power of a state must not be understood to manifest in the size of its machinery, the costs spent, or – not in the least – its uncontrolled overdominance. Active governance must not be made tantamount to a government that puts people wise, intrudes homes and dictates a compulsory philosophy of life.

When government functions are reconsidered, in Hungary the focus is on the reinforcement of public and legal security. Failure to take steps in these fields will open the ground for rightist and extremist views identifying democracy with “disorder” and offering totalitarian, anti-democratic, sometimes even Neonazi, patterns of “making order”. Confidence in the democratic rule of law is similarly jeopardised by corruption, unreasonable privileges, and the experience that certain people always “have the narrow escape” and remain above law and morals. We need to restore value to lawful action. No crime may go unpunished, and those who refuse to capitalise on the opportunities inherent in backstairs influence, quid pro quo and the mutual trading of favours and services must not be disprofited. What has been achieved so far is insufficient. Far too often things unacceptable for public morals are declared lawful. For this

reason we shall take the initiative for statutory regulations against unjustified privileges, disproportionate income differences and corruption. In the public sector we deem wage limits, special taxes on strikingly high incomes and bonuses, and a ceiling on severance payment justified. We want a more efficient protection against local political predominance, political protectionism, and disadvantages suffered for political reasons. We want clean public affairs, safety in the streets, and lucid relationships in politics and party financing. We want order in Hungary.

MSZP expects recommendations and programmes from all responsibly thinking citizens, specialists and organisations primarily in order to achieve these objectives: progress and security, order and freedom, national interests and the European spirit in a way to complement one another instead of enforcing them at the expense of the others.

This speech was delivered during the meeting of the Board of the MSZP on 28th November 2009 in Budapest, Hungary.



6

Beyond the Nation State



Dear friends, dear comrades,

I am very happy to be here with you today, in Santo Domingo, at this Council hosted by our member party Partido Revolucionario Dominicano (PRD). I would like to thank the President of PRD and all the members of the party who have worked very hard to make this meeting possible.

Thank you all for your support and solidarity for the struggle for change, also in my country, in Greece. The people in Greece decided to open up a new chapter, a new path of democratic change. And I am honoured to have been given the task of leading our nation, after the recent elections.

Your support, your ideas, your experience have been invaluable to me, and will continue to be a source of inspiration and knowledge, both for me personally, but also for using the best practices we have amongst us, best practices in changing each of our countries; I will also use this in changing my country, Greece, for the better of our people. So many thanks to you all for the support.

We progressives do have a big, a great responsibility, the responsibility to make things happen, the responsibility to be the agents of change. We need democratic change, as the system of today has failed us. In the past years we have seen the failure of our democracies as our political institutions, our democratic institutions were captured.

They were captured by big business, corporations by the lack of transparency of the banking and financial system and in some places even by authoritarian forces. This is why we speak of democracy.

We need social change, as we see that today's global economic system has not delivered social justice. More and more, we face inequality, poverty, so many seeking escape from their conditions in their countries through migration. We face rising unemployment and the alienation of our younger generation. This is why we speak of equality, we speak of redistribution of income.

We need green change, the change of our model of development, one that protects our environment, our traditions, our cultures, our people. Climate change, greenhouse gases, deforestation, desertification, floods, the melting of the polar ice, the loss of so many

diverse species in our planet are only the early signs of the looming danger, of capital that cannot take into account the public good, the common good, our common wealth of humanity as well as of our planet. A market failure which has created an environmental apartheid between the haves and the have nots, those who have access to water, those who have access to oxygen, those who have access to clean environment, for as long as the climate change does not affect them also.

And those on the other hand that have become the dumping ground for our waste. This is why green development for us is linked both with democracy and with social justice. This is precisely why during the past few years of predominantly conservative leadership around the world, our problems have become deeper.

They, conservatives, see that people must serve the market. We see that the market must serve people. They see the state must bail out banks. We see the state must bail out families. They hide behind their dogmas of free markets. We believe in the real freedom of our citizens.

We put the human being at the center of our politics. "People first" is our slogan and our belief. And it is this case, it is this core belief that today will allow us to deal with some of the most complex and difficult problems humankind has ever faced.

It is our core values that must become the force for change in our global society, in a global society where we are all today interdependent, a global society where we need global governance. Yes, we need to govern our planet. This is what historically we must do today.

But how? And this is where we need our values. We need a global governance which is democratic. We need a global society where social justice must be paramount. We need a global society where a new partnership exists of respect, and is developed between humanity and our environment.

And in our global society, in this global society today, local issues, regional and international issues form a common agenda. Yes, this is why our international movement, the Socialist International, is so important, is so relevant. Because our agenda today is an agenda for local It would be unfortunate and a global failure if Copenhagen were not able to agree on important framework and policy agendas. This is, if you like, to paraphrase; this is an issue too big to be allowed to fail. And it is true that different countries do have various different concerns and interests. This is legitimate. It is expected. And we have to be very sensitive to all of the concerns.

Particularly we have to know that developing countries are vulnerable, much more vulnerable, over time, to the adverse impact of climate change. Phenomena like droughts,



desertification and floods have been obvious and detrimental to the effects on the developing world. Emerging economies, to face the consequences of climate change.

Developed countries, on the other hand, are also affected. But they must and can effectively help, by providing sound financial and technological support. Transferring technology, assisting in capacity building is critical in bridging the north-south technological and economic divide.

Education, educating the people, both on a national and a local level as well as on an international level, will be crucial. And our youth, the younger generation, can and will play a key role in transforming our world to a green economy.

These differences between different regions and economies cannot on the other hand be an excuse to avoid action. We need to talk seriously about the necessity of adopting, for example, a global carbon tax, a carbon tax which will be redistributive. The proceeds from this tax will be given to those countries that need the technological transfer, and the investment, to become low-carbon economies.

We need to talk about measures at the national and transnational level, as for example the adoption of green bonds, to get the financing for this transformation and to combine the ways that we respond both to the financial crisis, as we will have funding for investment, but also investment in environmental protection and a low-carbon economy

We also need to look at new forms of providing for revenue, such as the Tobin tax, the transaction tax, which will help us in getting revenue both for the green economy but also for aid to the more poverty-stricken parts of the world.

These are important ideas, some of them newer and some of them older, but they are ideas which we have begun to develop and be promoted also in the Socialist International. Because we see that green development can bring new investments, strengthen our economies, address deforestation, improve the quality of tourism, create quality products, and of course provide ways to tackle unemployment.

So therefore, as we move towards Copenhagen, as we are getting closer to that point, there is still much difference amongst different countries and regions in the world. We can be proud, we in the Socialist International, can be proud that we have been able, through our work, to bridge important differences and concerns, different approaches, and to arrive at common conclusions on how to tackle the climate change.

And therefore I would like to comment the Commission we have established for a Sustainable World Society, headed by two important political personalities. Ricardo Lagos and

Göran Persson who prepared last September a detailed report, which unfolds the path from a high-carbon economy to a low-carbon society. And we were able to present this report at the United Nations in New York only a few weeks ago.

This is a very important exercise, which shows the capacity we have as a movement to create a new consensus and bring ideas, political ideas but also innovative ideas, to the debate around the world. One of the first priorities is to set criteria for carbon emissions reductions in each country.

Time is short, but the moment must be utilized, and our movements, our parties, must use this moment, this short time until Copenhagen, to show real progress. We can, and I say we must be at the forefront of this debate, as we as socialists or labor parties should make this issue on the new model of development one which is our issue. It is not an issue only for the green movement.

The green movement has provided much help and ideas and impetus, but now I think it is our time to incorporate these ideas into our thinking, so that they link with the issues of democracy, social justice and a new model of development which is equitable. And I think The financial crisis, the food crisis, the energy crisis, the environmental crisis are all factors that threaten global stability. They are becoming major factors for new conflicts in our geopolitical reality, conflicts which do not necessarily have to do with neighbouring nations, but conflicts which are global.

In fact, most developing countries were hit not only by the financial crisis but by a succession of crises. They were hit by the food crisis, by the energy crisis, by pandemics. And these crises have been undermining the already deteriorating national economies and The International Labour Organisation, the ILO, warns that world unemployment in 2009 could increase between 18 to 30 million people, in comparison to 2007. The worst-case scenario would show us that 200 million workers originating mainly from developing economies could be pushed into extreme poverty. Needless to say that women and young people will suffer mostly from this situation. Needless to say we have more and more economic refugees. Needless to say exploitation and inequality will be the consequence.

The IMF predicts that growth in developing countries is expected to slow sharply to 3.3 in 2009, from a 6.3 in 2008. That means that more will suffer from poverty. The World Bank estimates that one per cent, a one per cent only drop in growth in developing countries could lead to another 20 million people into poverty.

To face the consequences of the financial crisis in the developing world, obviously major global actors must honour their aid commitments and improve aid effectiveness. This effort

should aim at sustaining economic activity, sustaining employment, revitalizing agriculture, investing in green growth, stimulating trade and private investment, but also protecting the most vulnerable.

These are some of the conclusions that our other commission, the Commission on the financial crisis, headed by Joe Stiglitz, have come to. And again, our movement has been playing an important role in this debate, in bringing out ideas and proposals.

One political objective to which our progressive movement is committed is full employment. Employment is a high priority for us all. We must not forget that the crisis has been used by many conservative governments to reduce social rights, to decrease work safety, to decrease welfare benefits and rights to the working class movement, to workers around the world, the working class movement that has gained these through long and painful struggles. And this we cannot allow.

This brings us also to the third theme on our agenda. **Factors that threaten world stability and security make it even more urgent to coordinate our efforts for international disarmament, for peace, for non-proliferation.** Next May the review conference on the Treaty of the Non-Proliferation of Nuclear Weapons will take place in New York. We need to see a successful conclusion.

And there are some positive signs that this could be achieved. The Security Council Resolution 1887, as well as the ongoing negotiations between the US President Obama and Russian President Medvedev to cut American and Russian nuclear arsenals by a third, will allow us to be optimistic. This latest development lays out the path to replace the Strategic Arms Reduction Treaty, so-called START, that will expire in December 2009.

In the coming months, the Socialist International will step up its efforts to contribute in this process of achieving a nuclear-weapons-free world. The construction of the necessary framework for global security and stability is a prerequisite for promoting our other goals, because conflicts are always used. Conflicts are always used as a pretext for authoritarian governance and social inequality.

The election of Barack Obama as President of the United States has generated certainly new possibilities for constructive global cooperation. This has been his stated purpose. The first year of the Obama administration showed important and positive signs.

Still, the greatest challenges are ahead of us. We need to bring together all the major actors of this increasingly interdependent global economic order, to achieve consensus and make progress in resolving pending issues.

Brazil, Russia, India, China must be part of this process. And we, in the Socialist International, have been in contact with these countries. For example we were recently in China to discuss the global warming issue, the climate issue. So it is important that we get all these actors involved.

But at the same time we must provide for a voice for all, for the small and medium-sized countries, if you like, for all our peoples, in having a say in this global crisis. To promote a just society with equality of opportunities, we need democratic and open societies. And **democracy is a main theme of our agenda.**

We have the responsibility to show solidarity with all our friends and comrades who are suffering from repressive regimes in all continents. Even in cases where democracy is consolidated, we must engage in an ongoing effort to improve, to give new life, new oxygen, if you like, to the quality of our democratic institutions.

As our societies are changing, we need to see how democracy continues to be viable. For us, democracy is not simply elections every four or five years. It means many things. It means that our parties represent the people, not the few, not the rich, not the powerful.

It means we represent the liberation of the oppressed. It means that if one individual is suffering, suffering injustice, we all suffer with him or her. It means we find solutions through dialogue, not through violence. It means we empower everyone to participate, not to hide in passivity.

It means we want to see women strongly involved. We want to see youth, we want to see migrants, we want to see all involved in our parties. It means, our democratic tradition, that we have an aversion, a condemnation of dogmatism, of fundamentalism, of authoritarianism. It means we seek the human being in all of us, and that is our core for our values.

But let's take the example of our parties. We need to find innovative practices that can help us open up our parties to more democracy, to our societies. And I think we can learn from each other. I think that for example the primaries that the PRD organized a few months ago to elect its leader, are primaries which give wide participation to the people.

We did the same in Greece; other parties also have taken this, as a new concept to develop and to implement. I was elected through open primaries, with the participation of close to one million citizens. More and more parties all over the world are adopting such practices, to become more participatory.

Also in using electronic media, Internet, for more deliberation and participation in something which we have begun in Greece, even in governing our country, in putting out the

problems and asking for the views of our citizens. In our big family of the Socialist International, we have a chance to share our experiences, as parties with very different historical, geographical, cultural and political backgrounds.

And that is why we can use these experiences as best practices – or bad practices, if we want to learn from our mistakes too – so that we can become a movement which can be helpful for us all, in our countries but also for the world. A movement which can understand the complexities, but also look through these complexities to our core values and our core goals.

This is why the Socialist International must have a real presence in different parts of the world. And that's why we are proud to be here, in the Dominican Republic, today.

Internationalism must show that we are at every locality, in every part of the world, and that we are aware and sensitive to the problems of our fellow human beings throughout our planet.

Internationalism can be persuasive and convincing only in practice, and not simply in theory. It is our duty, our tradition, the bond that makes us today a vibrant and powerful organization.

Through this process, we can learn from each other, and together we can make a difference. And today we are becoming more and more relevant for the problems of the world.

So I wish us success in our meeting. Thank you very much.

This speech was delivered at the opening of the works of the Socialist International Council on 23rd November 2009 in Santo Domingo, Dominican Republic.



Dear Friends,
Ladies and Gentlemen,
Comrades,

First of all, let me welcome you - the delegates to the Congress, PES representatives and guests – in Prague, the city that is quite justly said to be the heart of Europe.

This Congress is the first to be held in one of the so called new EU states. We do appreciate this state is the Czech Republic.

ČSSD has been in the past fifteen years one of the two strongest political parties and our strongest opponent is the right wing ODS (Civic Democratic Party). Our party builds on the deep historical tradition of social democratic movement. It came into existence after the Velvet Revolution in 1989 not through transformation of the Communist party but as a follower of the Czech social democracy in exile. Between 1998 and 2006 we participated as the main ruling party in the governance of the country which in this period recorded significant economic growth, reduction of the gap dividing us from the so called EU old countries and fast growth of wages and pensions. In the last year's regional elections into our regional governments we won in all 12 regions where the elections were held and thus all the regions have social democratic governors. Last but not least we have also significantly improved our representation in the European Parliament from 2 to 7 MEPs. Currently, in the situation of caretaker government, we are the most influential Czech political party thanks to our influence on the government, on the parliament, in which were strongly represented, and also thanks to our extremely strong position in the regions. In order to confirm our influence on the society we "only" have to win the Parliamentary elections in May 2010. That will naturally be the most difficult task.

If the course of events had been standard, I would have probably welcomed you here today not only as ČSSD Chairman but again as the Czech Prime Minister. It is not our fault the events took a different turn. For reasons not quite clear even to us the Constitutional Court cancelled – just one month before the planned date - early elections that should have been held this year at the beginning of October and in which we should have beaten according to practically all opinion polls the conservative ODS by 6 – 8%. Yet, we accept the situation as it is and do not worry about it.

I can promise you one thing: We shall do all we can to make sure that the government to be established in May next year is led by the Social Democracy.

After the fall of the coalition government led by the conservative ODS in March this year we have a strong influence on the so called government of experts headed by Jan Fischer even though the ministers nominated by us are not in majority. For this reason we have e.g. succeeded in ensuring the nomination of Štefan Fülle, the Minister of European Affairs, to the position of the Commissioner for the Enlargement. Our nominee will intensively cooperate with the PES club in the EP.

Dear Friends,

The 8th PES Congress is held at the time the socialist movement in Europe as well as many social democratic parties got to an important crossroad. One of the paths leads up to new victories, the other to stagnation and possibly further weakening of our position.

The deep economic and social crisis – the deepest since the Great Recession in the 30th of the last century – continues. It would seem logical that the socialists must win the votes of the citizens crushed by growing unemployment, loss of social certainties and by the bankruptcies of banks and companies.

Yet, it is not so. With rare exceptions we are not winning and surprisingly conservative or even liberal parties gain support in the European Parliament as well national parliaments elections. We should be absolutely clear:

On the whole we have not really succeeded in the elections to the European Parliament. Similarly, we can be satisfied only with some results of national elections, in other cases they resulted in handing over the government responsibilities.

It is good we could meet now as this is the best time to consider how to proceed in future.

I am convinced the tabled resolutions define the problems correctly. And I think it will be necessary to extract from them the principle and inspiring issues that will win the hearts and brains of our potential voters.

There is certainly more than one reason why we have not succeeded. Yet the first communication is clear.

It is the role of us, the socialists to persuade the Europeans we are competent, we have the recipe for the revival of healthy, environmentally and socially just growth. We must not recklessly give up our positions and allow the right wing to believe they understand better the economic processes and manage to rule Europe and the member states. We must not think we will do only with the protection of social certainties. That is not enough anymore.

On the contrary: **Our policy must be based on prosperity and certainty, renewal of healthy growth as well as on massive creation of conditions for the creation of new jobs.**

Renewal of prosperity, healthy growth and concentrated endeavour to create new jobs are the basic pillars of our battle with the global financial and economic crisis.

To outline for you briefly the situation in the Czech Republic I can say we have been struck only by the economic and not financial crisis. This was not the result of a divine miracle. The reason was that already 10 years ago the social democratic government had to cope, at enormous fiscal costs, with the crisis of our banking system that developed during the ODS conservative governments. Just one note: the crisis was caused by the same neo-liberal practices that subsequently caused the global economic problems. Our great luck then was, besides others, that derivatives and other controversial banking products were in the early stage of development the same as asset stripping of commercial banks.

This painful experience led to the unification of financial market supervision into one institution and I believe this approach should be adopted also by all the other EU member states. EU should endow the European supervisory authorities with greater powers. Without consistent regulation of financial markets we may see the global financial crisis any time again. After all, today, one year later we see a number of bankers acting as if nothing has happened.

I would like to express clear support to PES attempts to introduce Tobin tax that is the financial transactions tax. Financial sector should be able to remedy its failures itself and stop transferring the consequences of failures caused by fabulously paid bankers to the average tax payer or disassembling social state in order to remedy the situation of the banks.

This is politically unacceptable, it is immoral, it is unjust.

Dear Friends,

One of the main challenges of this Congress is the Green Growth program.

I believe our party has a moral duty to contribute to this new progressive policy with its own commitment.

On the eve of Copenhagen UN summit on climatic changes I feel it is necessary to announce that if we are entrusted with the formation of government after the next June elections, the Czech Republic will adopt voluntary commitment to cut down green house gases emissions by 50% by 2050. This would represent average reduction of emissions of CO² equivalent by 2,3 million tons a year, a value to be carefully monitored every election period. It will not be an easy task. It will be a demanding and responsible but still a viable commitment. We plan to achieve it by application of several instruments: greater utilisation of nuclear

energy, which enjoys in the Czech Republic, contrary to other countries, lasting and unambiguous support of the society, maximum energy savings and emphasis on the employment of renewable resources in heat production.

Dear Friends,

I have already mentioned one of the main objectives of our Congress being a new PES vision that would succeed in the European competition of political parties and that would be a driving engine of changes.

First of all we must know exactly what our voters really expect from PES, from our parties.

We must know precisely what the public likes and dislikes about the functioning of European institutions. Which of our ideas people endorse and which they are indifferent about. We must bring the execution of political decisions closer to the public.

The background materials criticise indifference of our electorate to the European Parliament elections.

Yet this is not how the question stands!

It is our duty – political duty – to encourage interest and to come up with attractive topics. Attractive by their content as well as by their form.

If people are not interested, it is not their fault but ours. .

We must be more clear and more understandable.

We must come up with issues people are really concerned with and we must come up with clear solutions.

Dear Friends,

I have come to the end of my introductory address and I have now only thing to say:

We need change.

We must restore trust in politics among the EU citizens. We must restore trust in our strength among the EU citizens, our ability to take up actively their problems and solve them.

On behalf of the Czech Social Democrats I wish all of us much success and energy in this endeavour during this Congress and in future.

This speech was delivered at the 8th PES Congress on 7th December 2009 in Prague, Czech Republic.

Dear President,

Scarcely more than one year ago we faced, with great uncertainty, the fall of some of the financial titans of the richest countries in the world and that financial crack brought about a world economic crisis we are still facing, in spite of the recent signs of recovery. We discovered then, with great cruelty too, that we did not have the necessary norms and rules to prevent something that was already happening in the global financial system, in spite of the fact that it was something global, already. And now, after the G-20 Summits in Washington and London, we have set up the grounds to provide a solution, but we still need to culminate the process in Pittsburgh.

This has not been the first crisis of globalisation – in spite of what has been said – instead **it has been the first crisis of global governance, the crisis of an insufficiently governed globalisation; and it is up to us to profit from the opportunity and learn the lesson, of course, as far as the financial and economic crisis is concerned, but also as far as the rest of the global challenges are concerned, for this demands a collective decision and also the necessary instruments for a multilateral coordinated political action.**

Because, moreover, these challenges are interrelated. We cannot intend to achieve economic and social development if we lack the adequate peace and security conditions both for our nations and for our citizens. And the contrary is also true: durable peace and security are not possible without development, without sustainable development.

Thus, this willingness to become jointly responsible about the problems and the solutions, a willingness that has revived strongly over the last few months is what should help us to find an answer to the conflicts and threats that world peace and security must still face. This should help us to succeed in the fight against hunger and extreme poverty. This should help us to keep up our commitment and fight the effects of climatic change or fight organized crime, terrorism or piracy. Thus, this is a great opportunity for us.

Right here, right now, during this general debate of the United Nations, one year after the financial crack, which almost destroyed welfare in the most developed countries and the possibility for many other countries to try to attain welfare; here, dear President, I would like to

claim that Spain is committed with multilateralism, with the need to keep on articulating a global governance system; and it is also committed with each of the challenges I have just mentioned.

But before going through those challenges I would like to say that multilateralism is not just a procedure to adopt decisions and solve conflicts at an international level. It is that, sure, but, for multilateralism to be effective and long-lasting it also – or rather first of all – demands two material premises.

In the first place, **multilateralism goes hand in hand with the faithful observance of democratic values, human rights and the de facto equality between men and women in the world.** I am highly satisfied, with regards to this issue, with the last Resolution passed by the General Assembly, which will make it possible for a single entity to deal with all issues concerning gender.

But right now, the stern defence of democracy has a name and is represented by a country: Honduras. It is there that our Latin American brothers, who had witnessed the consolidation of democracy and of the welfare prospects over the last few years, have decided – with the support of Spain and of the International Community – to win this battle, the battle of Honduras. We are not going to accept an antidemocratic coup d'état and democracy will be restored in Honduras.

And last, but no least, **multilateralism demands a culture or atmosphere based upon dialogue, respect and recognition among countries, regions and – in general – among civilisations.**

Five years ago I spoke for the first time before the General Assembly in order to propose the creation of an Alliance of Civilisations in order to favour understanding and cooperation among nations and peoples with different cultures and religions, and so as to face those who promote extremism and put peace in danger.

We can be happy for that initiative has a Group of Friends, whose members keep increasing, reaching more than one hundred at present, including the different associations and organisations and representatives of civil society, which comes to prove that this project is going to keep going on. Furthermore, the fact that the 3rd Forum of the Alliance is going to be held in Río de Janeiro, next year, comes to prove the universal character of the principles behind it.

Respect for civilisation, culture and tradition diversity is a condition for the efficiency and durability of multilateralism, of the multilateralism we want to strengthen according to the paradigm of human rights and of the universal values we share as responsible members of the International Community.

When five years ago now I put forward the Alliance of Civilisations, from this very platform, we were living a moment that was less favourable than the one we are currently going through. Yesterday, after listening to the President of the United States of America and to other international leaders, I thought: it was worth the effort. Now, the Alliance can use all its potential to serve the efficient multilateralism we want and can implement now. This initiative was worth the effort and it proved to be successful – let me put – for it is now under the auspices of the United Nations, represented by its General Secretary, Ban Ki-Moon, and his predecessor, Kofi Anan.

Spain must feel happy for the President of the General Assembly has proposed the debate to open the new year to deal with the question of efficient answers to global crises: the strengthening of multilateralism and dialogue among civilizations for international peace and development.

Now we must move a step further. The Alliance of Civilisations, which structures and implements those principles and values in the United Nations, should form part, structurally, of its main organs and at all levels. The moment has come for this General Assembly to approve a Resolution to provide the Alliance of Civilisations with that structural dimension.

Spain and Turkey and the Friends of the Alliance will work together so that this Resolution may be endorsed before the end of autumn this year. I am sure that it will contribute highly positively to the task that is being developed by organs such as the Human Rights Council, the Economic and Social Council and, even, the Security Council. The dialogue of civilizations must become the mother tongue of the United Nations.

Dear President,

The new multilateralism has been essential to take a few relevant steps in the areas of disarmament and armament control, including the banning of anti-personnel mines and cluster bombs. Now, the world has the chance to take the most important step: the abolition of nuclear weapons.

President Obama has had the courage to raise this subject and the United States and Russia, a country that is and will keep being essential for Euro-Atlantic security, are negotiating the greatest reduction ever for such weapons. We encourage them to do so and we look forward to the summoning of a special Summit of the Security Council on the fight against the spread of nuclear weapons.

Spain, a nation that refused to develop or have nuclear weapons, shares this goal and we will support it with all our might. In the first place, this should make us reinforce the Nuclear Non-proliferation Treaty, whose assessment conference will be held next May 2010, during

the Spanish EU Presidency. I hereby undertake to do everything I can, from Spain and from the European Union, so that this important Conference may yield real results in order to move on towards the prospect of a world without nuclear weapons.

Dear President,

We will keep working with determination and zeal in order to build up and consolidate peace at all levels and in all areas. My country feels proud of having contributed over the last twenty years to the peace missions of the United Nations. In these twenty years we have cooperated in twenty two missions, sending more than one hundred and thousand soldiers.

Right now, we share the feeling of uncertainty and the concern about the situation in Afghanistan. Yet, I am sure that the International Community will be able to find a solution, a solution that cannot be, that is not just military. The shared belief in the strategic value of the region and the solidarity among the countries that are present in that region are more powerful than ever and this is going to be of paramount importance to face the existing difficulties.

I would also like to stress the need to persevere and keep searching for peace formulae for the Middle East, given its capacity to irradiate and influence the other regional conflicts, conflicts such as the one I have just mentioned. The world has to restore peace in the Middle East, with two safe States, the State of Israel and the State of Palestine, which the International Community should recognise in a reasonable time. This has been and still is the main strategic priority for the International Community: peace in the Middle East.

Dear President,

According to the latest estimates, more than one thousand million persons starve all over the world. This is nearly one sixth of the total world population. We must say this as often as possible. This type of data entails deep human suffering and hit our consciences as leaders of the International Community and as citizens too.

It is unfair and unacceptable to enter the 21st century with such a sharp unbalance in the conditions of survival of Mankind. It is unfair, unacceptable and also unsafe; a permanent source of instability. We cannot attempt to create a safer world with the current levels of inequality and poverty in the world.

Thus, our commitment with global peace and safety must go hand in hand with a renewed attempt to eradicate poverty, using our leadership in a responsible, supportive way, and avoiding the temptation – in times of economic crisis- to reduce our degree of commitment with the poor and most vulnerable persons.

Attaining the Millennium Goals must be a central aim in the international agenda. We still have five years to go and by 2015, if we implement a constant collective effort, these Goals can still be attained and in the next General Assembly we must reach specific agreements to guarantee the observance of such goals.

Let me stress the relevance of this peremptory common effort referring to the commitment of my country, of citizens in my country, and referring to Africa, in particular. The 21st century must be the century of a continent that has been long deprived of a role in the history of Mankind: Africa.

Spain has become the seventh international donor and the eighth UN donor, assuming an overt commitment at the level of food safety.

Dear President,

Over the last two years, we have stirred the conscience of Mankind about the serious consequences of climatic change. This awareness is sufficiently spread, the awareness that we have to fight climatic change and also the awareness about the opportunities to found a new model of economic development: a sustainable development.

With climatic change we have passed from the awareness-raising period to the moment of commitment. We need no more words; it is the time of facts, considering the specific circumstances, but moving on together, ready to go on.

We have seen the effects of the economic crisis and we still have to react against the effects of a more devastating phenomenon for the generations to come. It is paradoxical and incomprehensible, even more if we consider that in order to overcome the crisis it is necessary to guarantee the only possible form of development: sustainable development.

We have 75 days to go before the Summit of Copenhagen. 75 days to enter the future or to fail, 75 days for responsibility or for impotence, 75 days to reach an agreement or to set forth a useless pledge in favour of our particular interests.

Copenhagen must provide the world with two answers concerning what and when: an ambitious emission reduction and a close, clear horizon, respectively.

In order to attain those goals we must also think about the how. We know that research, innovation and technological development in the area of energy favour the fight against climatic change. Thus, Spain has proposed each State to devote at least 0.7% of its Gross Domestic Product to Research, Development and Innovation in technology and energy. This is a reference figure which, as has already happened in the case of the cooperation policy, will serve to identify a commitment before the International Community.

Besides, my country intends to promote the agreements we all are obliged to subscribe in Copenhagen during the Spanish EU Presidency, the first semester of 2010.

Dear President,

I am about to conclude. Just one year ago we were hit by a financial crack that was felt in the four corners of the world. During the last few months we have suffered the consequences of this crisis but we have also become aware of the need to move on and build global governance and we have taken solid steps in this sense.

Let us keep on moving that way and not just to fight the crisis and enhance employment, but also to overcome this crisis together and keep facing the other global challenges successfully.

Let us make the most of this moment for lucidity and of this opportunity. Let us build an efficient, responsible and supportive multilateralism, because since 1945 we had never had the adequate conditions to transfer the desires of the founders of the United Nations to the international community. Those desires were intended for the generations to come and we, our generation, is the first generation that has the chance to implement the old beautiful illustrated dream of a rightly-governed world, a world governed by all. Let us do it.

Thank you very much.

This speech was delivered at the UN General Assembly on 24th September 2009 in New York, USA.

Friends and comrades, I'd like to greet you here in Prague. Thanks to our host, Jiri Paroubek.

Our Congress comes at a moment of deep reflection for the European social democratic family.

It comes after several tough years. Yes, it's been tough for us.

The European elections were not our finest hour in most countries.

But this was not because our members did not campaign hard enough. I want to thank all those members, ECOSY, PES Women, our PES activists of all ages. Thank you for your efforts in this election campaign.

Where we won, our parties were already strong. Where we lost, our parties were already weakened.

And the biggest winner of all was the sofa party. People just didn't see the relevance of it all. 57 per cent of European citizens stayed at home at the European elections.

The role of the nation state has never been as strong in people's minds.

There was no bridge to the European level. To a vision and proposals for a different kind of Europe.

Many of us have difficulties in presenting a coherent answer on solidarity in a globalised world. On the answer to outsourcing, growing inequalities within our countries and across Europe.

Overall, people are not convinced that the financial crisis is a failure of right-wing ideology.

And they are not convinced that we have a credible alternative.

The nation state and Europe are now two sides of the same coin.

Our strength at European level is inextricably linked to our strength at national level.

In the 21st century, we will not win at national level in the long term if we cannot deliver a new kind of globalization and a new kind of market economy – based on people's interests – shaped by a proactive European Union.

People have higher expectations of us than they do of the right-wing.

We promise to change society. To improve people's lives in a fundamental way. To protect them from crisis.

Where the conservatives lower expectations – with their promise of less government - we raise them.

And so when we don't deliver, people punish us even harder.

How things have changed from just ten years ago.

In 1999, we were in government in 13 out of 15 EU Member States. Some of our leaders thought that social democracy had become universally accepted. That we were becoming the natural party of government. The only party able to offer the unique combination of growth with jobs and social justice through an enabling state.

The economy was booming and we were distributing at least some of the fruits of growth to those who needed it most.

We had the best of intentions. But rather than mastering the challenges, we were constantly playing catch-up.

The instinct that we could not stay as before was right. In a globalised world, we could not promise a job for life. And we could not accept under-performing welfare systems either. New partnerships were forged between private enterprise and public authorities. Competitiveness could go hand in hand with social justice.

In the year 2000, we introduced the most progressive common European strategy ever adopted, to create the most dynamic, knowledge-based economy in the world, capable of social cohesion and sustainable development. Its equal pillars – economic, social, environmental – formed an ambitious new roadmap for our societies.

At the same time, at global level, we were adopting to the UN Millennium goals – the first bold step towards global social justice with clear targets and an ambitious deadline.

Our commitments were historic. And so too were some of our achievements. Bringing in the euro and leading efforts for European Enlargement – completing the unification of the European continent.

We believed our own rhetoric: we were the change-makers.

But our promise of change did not change things fundamentally.

Where people wanted empowerment, we still left them vulnerable after years in government.

Reforms were made, yes. But they did not rewire the DNA of the economy and society.

Our achievements were all too easily reversed by more powerful forces. Neoliberal forces.

And we made promises that were never kept.

In October 2005, at a meeting in Downing Street, we made an agreement with Tony Blair, then holder of the EU Presidency, for a coordinated European investment strategy to create millions of new jobs. It was a strategy to help the 16 million unemployed in Europe at the time.

What happened after concluding that agreement? Nothing.

Today, there are 22 and a half million unemployed. Will that spur us into action?

For some in our family, the struggle to go beyond left and right – the third way - left us nowhere.

For others in our family, the desire to cling to old certainties and old instruments left no vision for the future.

Here in the European socialist family, we have agreed more than once to progressive policies we have never implemented.

In contrast, the right-wing is methodical in its pursuit and exercise of power.

Now, some social democratic parties are in danger of becoming the natural party of opposition, forever kept out of government by a dominant right-wing.

There is a real danger of drift towards regressive societies. Fearful and turned in on themselves.

I propose that today we resolve to fight this danger of drift for society and irrelevance for our parties.

We want more for our political movement and our people than to limp aimlessly from one election to the next.

That's why **I want to make a pact with you and a commitment to define a new direction for progressive societies.**

Progressive societies that give every person the resources and capabilities to fulfill their talents, whatever their background, gender, race or birthplace.

Progressive societies that nurture our planet, its richness and diversity.

Progressive societies that are truly free, breaking the shackles of poverty, prejudice and inequality that constrain the human spirit.

We have to commit to shaping a new vision, presenting a new programme and to making our way back to influence and power.

Without a new, coherent system of beliefs, a new governing ideology, we will be powerless to shape the world in which we live, to create the progressive societies we believe in.

We leave the past behind. And start with fresh intent and the most radical of ambitions.

Because today's social ills are as pressing as they were in the nineteenth century when our forefathers formed the first socialist trade unions and political parties.

Almost half of the world's population – living on less than 2 dollars a day - whose children go hungry or die. The most extravagant wealth coexisting with the most grotesque misery.

Over twenty-two and a half million unemployed people in Europe alone. 80 million living under the poverty line.

We have a lost generation in the making. Their lives devastated by mass unemployment.

We have lost elections on the way into the crisis – people were not convinced that it was the failure of right-wing ideology.

Now we've got to win them back for the way out of the crisis. Fighting mass unemployment and defining the way forward.

Our values and our cause - democracy, freedom, solidarity, human dignity, equality and social justice – driving us just as they did the founders of our parties.

We must be the progressive party of conviction and action. Our central purpose: human progress and sustainable development.

Pursuing politics as we have done before in the nation state is doomed to fail. Because of three profound threats to people and planet in the globalised world:

- Instability: globalization has increased instability. Putting people under constant pressure to change. Magnifying the impact of destabilising forces through ever closer global interconnections.
- Inequality: globalization and technological change have deepened inequalities of power, of knowledge, of wealth and of opportunities.



- Un-sustainability: globalization has accelerated the deterioration of our environment, creating an existential climate threat on our planet.

The first. Instability.

Rising sources of instability in today's globalised world have more global reach and a deeper impact than ever previously imagined.

Security threats like terrorism reaching into the heart of a country, wreaking havoc.

Migratory pressures – due to conflict, persecution or inequalities – causing massive flows of people across regions or continents. Climate change is raising these migratory pressures even further.

Nuclear proliferation – still an imminent threat thirty years after the end of the Cold War.

No single nation can tackle global sources of instability alone. Stronger global governance is the only way forward. And a new global order is emerging of regional powers.

But European countries will only be able to influence this new order in the long term through a stronger common European foreign and security policy.

And these sources of instability are not just in the domain of classical foreign policy.

The dramatic instability caused by the near-meltdown of the financial system – its unprecedented nature and scale - raises a whole set of new questions for how we regulate and govern the market economy in our countries, in Europe and globally.

The crisis has brought an entire intellectual edifice tumbling down. The efficient market hypothesis, its notion that naked self-interest automatically generates benefits for society as a whole, has been destroyed.

And the profit-driven homo economicus has proved himself to be totally irrational and a danger to his fellow man.

Chancellor Merkel, President Sarkozy and other European conservatives like to portray the financial crisis as a clash of capitalisms: of the continental vs the Anglo-Saxon models. But the uncomfortable truth for Europe's right-wingers is this: continental European banks – Deutsche Bank, BNP Paribas, Société Générale – were amongst the most highly leveraged in the financial system.

However, the right-wing has so far done well out of the crisis. They have been most offensive in the fight against bankers' bonuses. But the PES was the first European party to make concrete proposals on the need to regulate the financial markets, even before the

financial crisis began. Some of our leaders were slow to speak out and even slower to act. In Germany, we were not seen as the champions of financial market reform.

Today, we can take the lead once more. **Fairness has to be our answer to the way out of the crisis. Hard-working families did not cause this crisis! It was greed in Wall Street, the City of London, Frankfurt and Paris.**

Finance executives still don't want to share the burden of the costs for the crisis or for preventing a new one. They are happy to privatize the profits and socialize the losses.

And their lobbying tactics are becoming ever more undemocratic. Buying politicians to lobby against regulation in Europe, like the Mayor of London Boris Johnson, 77 per cent of whose mayoral campaign was financed by hedge funds and private equity funds.

Meanwhile, ordinary European citizens could end up bearing the costs of this crisis three times over.

- First, financing the bail out of the banking system;
- Second losing their jobs and livelihoods;
- And, finally, suffering cuts in public spending on their welfare and on much-needed investments for their futures.

Whatever the right-wing claims, they are not going to establish a new social contract between the financial markets and society. But we make that commitment.

A financial transaction tax. Curbing socially useless speculative transactions, ensuring financial actors pay their fair share to society, like the rest of us, as well as allowing us to finance the long-term investments now urgently needed in developed and developing countries.

Good banking. Regulation of the banking system to get back to their role of serving the real economy – creating jobs, supporting businesses and households.

Regulating all financial players and instruments. Preventing the build-up of new financial bubbles wherever the risks.

The regulation of the market economy – and the definition of a new model of human and sustainable development – are as great a challenge today for social democratic parties as was the construction of our welfare states one hundred years ago.

Export-driven growth in some European and emerging countries - forfeiting rises in domestic wages and living standards to build up a larger share of the global economic pie – has left many losing out in the good years.

Elsewhere in Europe and the US, consumption and debt-driven growth has not delivered the dreams that people were chasing.

Our task is to frame the market on people's conditions. If we don't do it, we will die as a political movement.

A new economic paradigm. Based on the ethical values that have enabled the progress of our civilization.

One that challenges the deep-seated imbalances of power that allowed 20 skyscrapers in the US and Europe to destroy the jobs and livelihoods of tens of millions of people across the developed and developing world.

One that enables new paths to our fulfillment as people. That has a space for diversity, culture and community.

Financial markets must become servants to societies that unleash the potential of all our people. Through entrepreneurship, creativity and innovation.

We need a whole new set of coherent actions. The labour market cannot be treated like the capital or commodity markets. Now people have to take centre stage in our new paradigm. They have to come first.

We can build a new vision for regulating the market economy.

With people driven by a purpose that is greater than the next profit margin.

People who are spreading opportunity to the many – like Muhammad Yunus, founder of the Grameen Bank – or who are powering growth through sustainability, like the world class Danish wind power companies.

I believe that change is possible. A coalition for a different kind of market economy.

Composed of productive entrepreneurs, socially minded businesspeople, workers, academics, trade unions and NGOs. The vast majority of people who want a better future for themselves and their families.

The financial elite is outnumbered by the millions who are crying out: Never again!

The European Union is a key battleground for our fights for financial regulation and fairness for the way out of the crisis.

The case for a new Social Europe has never been stronger. Growing inequality is a fundamental threat to human progress in a globalised world.

Up to 57 million jobs could disappear by next year in Europe and the industrialized world. Worldwide, we risk seeing a lost generation as the ranks of the jobless are inflated annually by 45 million young men and women failing to enter the labour market.

The crisis has hit some more than others in Europe. Lithuania and Latvia have both lost almost 20% GDP this year alone, leading to plummeting living standards for their people.

The European Union has looked on and done virtually nothing.

In the absence of European solidarity, it is the IMF – normally expected to bail out fragile developing and emerging economies – who has had to step in.

Europe's right-wing majority is letting vulnerable Member States and their people sink. Our vision for European solidarity is another one. The EU has a duty to act against new dividing lines on our continent.

For social democrats and progressives, Europe has to be more than just a marketplace.

We believe in competition between enterprises, yes, but also cohesion between Member States, and solidarity between citizens.

Europe's cohesion policy and crisis response mechanisms must be strengthened as a matter of urgency. Eurobonds – allowing Member States to tap into global capital markets more cheaply and easily - must be developed as an instrument for investment.

The recession is intensifying the pressure of globalization and ageing on our welfare states.

Inequalities will deepen further if we don't reform our welfare systems. We need better social policies, not fewer, in this new age. Social policies that end marginalization, create an inclusive labour market and leave no place for wasted talents.

A new personal and social security in an age of permanent change.

A transformational shift towards education throughout life for new knowledge, skills and creativity that liberate people and dynamise our societies.

Inspiring people to create new forms of work with new meaning.

Welfare systems that do not guarantee a job for life, but enable education and employment throughout life.

And our new social agenda cannot just be about new growth and jobs. We cannot just be concerned by the injustices we have traditionally championed – like unemployment or material poverty.

In the catwalk of modern politics, social democrats will not appeal to people if we wear our policies like an old coat.

The push towards ever increasing competitiveness in our countries has amplified the pressures on the individual.

Work pressures due to the drive for higher productivity; economic pressures from squeezed wages in a context of rising housing and living costs; social pressures due to the rise of consumer culture; and the pressures of combining work and family life.

Inequalities also persist between men and women. In the 21st century gender equality is no longer just an issue for women. But today it's fundamental for the whole of society, to create stronger and more dynamic welfare states, economies and communities.

If we believe in a progressive future for our societies – for men, women and children – we've all got to become campaigners for true gender equality.

To reach people, we must also address the invisible injustices suffered in their daily lives – the lack of power, of capabilities, to improve their lives for the better. The cultural changes and loss of community that have left them insecure and fearing for their very identities.

New answers are needed – on culture, on identity, on quality of life, on gender equality – that address the injustices, pressures and fears people experience.

As parties, we will only be relevant by offering a new social agenda that connects with people's real life experience.

The planet's environmental problems more than match our social ills. Un-sustainability is the third threat we're facing.

Environmental degradation has worsened in the past decades of high global growth.

We'll be confronted with a humanitarian disaster of epic proportions within just a few decades as some parts of the world become uninhabitable. People across the world, including Europe, will suffer untold consequences.

We know that industry will not by itself respond to environmental concerns: the failure of large parts of the motor industry to adapt is proof of this. Voluntary codes have failed.

The European Union, our governments and our parties must take the lead. Yes, concluding an ambitious global climate deal in Copenhagen this month. Providing global targets, but also new sources of financing to meet the challenge. Spreading the opportunities and sharing the costs of transition fairly.

In Europe, setting out the roadmap for how we're going to change the way we live and work, the way we produce and consume.

It is a radical shift in our way of life, which will require billions of euros of investment in changing our industries, energy supplies, and transport.

Smart green growth, based on new sustainable forms of energy, technology and knowledge, coordinated across Europe.

We cannot wait any longer.

Smart, green growth should be the core of a new EU2020 strategy. With new sources of financing, including green Eurobonds, as proposed by George Papandreou, our Prime Minister of Greece.

Our commitment in 2000 was to make Europe into the most dynamic, knowledge-based economy in the world, based on social cohesion and sustainable development. The right-wing blew Europe off course. But it's still valid today. We need more ambitious instruments.

In a world of finite resources, we cannot continue as before. Business as usual would be catastrophic.

We must determine a new measure of human progress, beyond GDP, to guide the development of our progressive societies.

The right-wing speak warm words about sustainability. But they have not moved from words to action. The only way forward is the progressive way forward together in Europe.

The old democratic contract is broken. Globalization has taken sovereignty away from the nation state, leaving people vulnerable to forces outside their control.

Europe is the only means to regain this lost sovereignty and to empower people once more.

But if we do not act now, the danger we face is the withdrawal of democratic consent from the European project.

It will happen slowly but surely if we do not change the way we do politics. And if it happens, let there be no doubt in this room, social democracy will die with it.

Europe is an integrated part of the democratic chain that is fundamental to the future of social democracy. If this chain is broken, powerful global forces – ones we cannot imagine and do not know of today – will unleash themselves, unfettered, on our people.

We need Europe.



But what kind of Europe?

We have a choice to make. We have a new commitment to make to people. I believe our choice – and our commitment to people – should be:

- A Europe fighting the threats of instability, inequality and un-sustainability, shaping a new globalization for people and planet
- A progressive recovery from the crisis, paving the way for sustainable development
- A Europe establishing a new social contract between the financial markets and society
- A Europe of jobs, jobs and jobs. Not a job for life. But the guarantee of education and employment throughout life.
- A Europe of better not fewer social policies, more cohesion, not new dividing lines.
- A Europe forging true equality between women and men for stronger, more dynamic welfare states, economies and communities.
- A Europe creating the new personal and social security during permanent change.

A united PES must be the driving force to make this Europe a reality. Fulfilling our new commitment to people.

That is the only way to restore trust our democracy and accountability in Europe.

We will not win people back to our movement in this new century if we do not build a new bridge to this political Europe.

And a bridge can only stand if it is strong on both sides. In our countries. And in the European Union.

Ours has to be the new politics of engagement.

People want to be listened to and respected.

People want to be engaged, not watch passively as decisions are taken for them behind closed doors in distant European meetings.

So I want to conclude a pact with you today. Between the PES and our member parties and organisations.

We share a common destiny. We're in this together.

We cannot close our borders. Instead we must open our minds.

As parties that integrate the European dimension into everything we do, that communicate

and engage with people on the democratic power of acting together across the European continent for a progressive future.

I ask you to join me in concluding this pact today - committing us together – to forge this new politics of engagement in Europe.

We lost people on the way into this crisis. We have to win them back for a way out of the crisis.

We must involve our party members to build a real cross-border political movement.

And we must reform our parties. How we integrate Europe into our work. How we communicate and engage with people in everything we do.

Every party leader and official in this room bears a historic responsibility.

I want to make these reforms with you in this next mandate as President of the PES.

1. We must change the political priorities of Europe in the next 5 years:

- a. A progressive recovery and long-term development strategy;
- b. Reforming the financial system;
- c. A global climate deal;
- d. Gender equality and a new Social Europe;
- e. Progressive external action.

2. We must increase our influence in the European institutions:

- a. Equipping ourselves with a vision, a programme and a candidate to win the European elections and take the Presidency of the European Commission;
- b. Supporting PES opposition parties to win at national level and enter government;
- c. Coordinating our action in the European and national institutions;
- d. Mobilising all our members in national parliaments and in the European Parliament to shape a new progressive European agenda, using the increased powers they have thanks to the Lisbon Treaty;
- e. Revitalizing PES networks, mobilising the most relevant decision-makers and thinkers of our member parties and organisations.

3. We must strengthen our political family

- a. By renewing social democracy;
- b. By modernising our way of doing politics;
- c. By building the bridge between our national and our European parties;
- d. By stimulating the development of grassroots engagement, through our networks, organisations, PES activists, and citizens' initiatives.

We exist as political parties to win and exercise power in order to shape progressive societies. We can only do this by acting with the same objectives at local, regional, national, European and global levels.

We will fulfil our commitment to people – to create truly progressive societies - by becoming the natural parties of government, both at national level and in the European Union.

We can be the party of engagement, freedom and hope. Giving people the means for their own empowerment. Turning apathy into a new aspiration.

Today, let's decide in unison, let's break out of our national prisms.

Let's make a commitment to people for a new future of progressive societies.

Let's make a pact for a new way of doing politics.

Reform or die.

This is our moment of truth.

This speech was delivered at the opening of the 8th PES Congress on 7th December 2009 in Prague, Czech Republic.



Biographies





Martine AUBRY, born in 1950, is the *First Secretary of PS – Parti Socialiste, France*. Ms Aubry holds several degrees, among them: in economic science, a diploma of the Institut des sciences sociales du travail and of Institut d'Études Politique de Paris. Ms Aubry started her professional career in 1975, when she became a civil servant in the Ministry of Labour. From 1981 till 1983 she was a chief of the Cabinet of the Minister of Labour, after which period she became Director for Work Relations in the same Ministry. Between 1991–1993 she was a Minister for Labour, Employment and Professional Formation. That function she also held between 1997 – 2000, after having been elected as a deputy from la 5^{ème} circonscription du Nord. Since 2008 she has been a Mayor of Lille and since 2009 also President of the Lille Métropole-Communauté Urbaine. Ms Aubry is an author of several publications among them: «Il est grand temps...» (février 1997, Ed Albin Michel); «C'est quoi la solidarité?» (janvier 2000, Ed Albin Michel); «Culture toujours... et plus que jamais!» (avril 2004 Ed de l'aube); «Immigration, comprendre, construire» février 2006. Ed. de l'Aube.



Pier Luigi Bersani, born in 1951, is *leader of Partito Democratico, Italy*. Mr Bersani graduated in philosophy at the University of Bologna and spent the first years of his professional life working as a teacher. After having joined the party, he became a Vice-President of the Mountain Community of Piacenza, and subsequently was elected into a Regional Council of Emilia-Romagna Region, becoming its Vice-President in 1990 and serving as its President in years 1993 – 1996. After the elections of 1996, he was appointed by Prime Minister Romano Prodi as a Minister of Industry, Commerce and Craftsmanship – which position he held between 1996 and 1999. Afterwards he served as a Minister of Transports in years 1999 – 2001. In 2001, after the Congress in Pesaro, Mr Bersani entered the National Secretariat of Democratici di Sinistra (DS) – in which he was appointed Responsible for Economic Policy. Three years later, he was elected as a Member of the European Parliament for the North-Western constituency. The EP mandate he held until 2006. In 2005, by the decision of the DS Congress in Rome, Mr Bersani succeeded Bruno Trentin as a Head of the “Project Committee” of DS with a task to coordinate the work over the future party electoral manifesto. After the victory of the centre-left Unione in 2006, Mr Bersani resigned from the seat in the EP and became Minister of Economic Development in the so called “Prodi II Cabinet”. Mr Bersani was one of the protagonists of the Partito Democratico, becoming in November 2007 the member of its National Committee. Since 7th November 2009 he has been serving as a party leader – having been elected with 55,1% support among the party members and hence defeating two other candidates in this

race. Mr Bersani is a founding member of NENS (“New Economy, New Society”) think tank and a Chairman of Nuova Romea Society. Mr Bersani is married to Mrs Daniela Ferrari and they have two daughters: Elisa and Margherita.



Wouter BOS, born in 1963, was a Deputy Prime Minister and Minister for Finances for the Netherlands and *Party Leader of the Partij van de Arbeid - PvdA*. After completing his secondary education, Mr Bos did voluntary work for a year at the YMCA National Centre in Curdridge, United Kingdom. From 1981 onwards he studied politics and from 1982 economics at the Free University, Amsterdam, graduating in both subjects in 1988. Having graduated, Mr Bos went to work for Shell. Until 1990 he was a management consultant at Shell Nederland Raffinaderij BV in Pernis; until 1992 a policy adviser at Shell Nederland BV in Rotterdam, and then until 1993 a general affairs manager for Shell Romania Exploration BV in Bucharest. Mr Bos was subsequently employed as staff planning and development manager at Shell Companies in Greater China, based in Hong Kong. In 1996 he became the new markets consultant at Shell International Oil Products in London. From 1998 to 2000 he was a member of the House of Representatives for the Labour Party (PvdA). From 24 March 2000 to 22 July 2002 Mr Bos was State Secretary for Finance in the second Kok government. From 2002 to 2007 he was again a member of the House and, in the same period, leader of the PvdA parliamentary delegation. On 22 February 2007 Mr Bos was appointed Deputy Prime Minister and Minister of Finance in the fourth Balkenende government. *Please note that Mr Bos resigned his governmental functions and later from the party leadership once this book was in preparation of printing, to be replaced by Dr. Job Cohen.*



Gordon BROWN, born in 1951, *Prime Minister of the United Kingdom of Great Britain and Northern Ireland and leader of the Labour Party*. Mr Brown did very well at school from an early age, He took his exams a year ahead of his contemporaries - his 'O' Levels at 14, his Highers at 15. When he came top of a bursary competition, he went on to university at the age of 15 - one of the youngest students to go to Edinburgh University since the war. Having gained a First Class honours degree and a number of prizes for his studies, Mr Brown became the youngest ever Rector of Edinburgh University in 1972. Mr Brown became MP for Dunfermline East in 1983. Identified early on as a rising talent, Mr Brown became Shadow Spokesman for Trade and Industry, working with John Smith, and the two formed a close working relationship.

When John Smith became leader, he appointed Gordon Brown to be Shadow Chancellor. After John Smith's sudden death, Mr Brown continued to be Shadow Chancellor and backed Tony Blair for the leadership of the Labour Party. Working together they won a landslide majority in 1997. As Chancellor of the Exchequer, Gordon Brown presided over the longest ever period of growth. He also made the Bank of England independent and delivered an agreement at the Gleneagles Summit in 2005 to support the world's poorest countries and tackle climate change. Prime Minister Brown is married to Sarah Brown and they have two sons, John and Fraser.



Algirdas BUTKEVIČIUS, born in 1958, is leader of the *Lietuvos Socialdemokratu Partija* since 2009. Mr Butkevičius graduated as an engineer economist from Vilnius Gediminas Technical University in 1984 and with a Masters degree in management from Kaunas University of Technology in 1995. After having graduated, he followed several internships abroad: in

Germany, in Denmark and in the USA. Mr Butkevičius became a member of the *Lietuvos Socialdemokratu Partija* in 1992. Between 1995 – 1997 he served as a chairman of the party district of Vilkaviškis, and two years later was elected a Deputy Chairman on the party's national level. He has been consecutively elected as a member of the Lithuanian Parliament (Seimas), starting from 1996 and held there several positions, such as Chair of Budget and Finances Committee, member of the Committee of the European Affairs. Since 2009 has been also the Chair of the Parliamentary Group of *Lietuvos Socialdemokratu Partija*. Mr Butkevičius held several public functions: he was a Deputy Governor of Vilkaviškis District from 1991 till 1995; a Minister of Finance from 2004 till 2005 and a Minister for Transport and Communications from 2006 till 2008. Mr Butkevičius is married to Janina and they have a daughter Indrė.



Jānis DINEVIČS, born in 1948, is leader of *Latvijas Socialdemokratiska Strādnieku Partija*. He graduated from Riga Polytechnic Institute, where he began his professional career as a lecturer and has reached the position of a Senior Lecturer. He is an electrical engineer and has been also a Head of Microprocessing Management Equipment Laboratory of Riga Technical

University. In 1988, facing the dramatic political situation in Latvia, which fought for independence from USSR, Jānis Dinevičs became an active member of Latvian Popular Front (LPF). He has been one of the leaders of LPF and leader of LPF group in Latvian Parliament, thus, largely contributing to restoration of independence of the Republic of Latvia, which is one of the most

significant events in modern history of Latvia. Mr Dinevičs has been a member of Foreign Affairs Committee of the Parliament of Latvia. From 1990 till 1993 he has been Minister of State and Head of Latvian Delegation in talks with Russian Federation on normalization of relations and withdrawal of Russian army from the territory of Latvia. In recognition of outstanding civil merits in the service of Latvia, Mr Dinevičs has been awarded with the Order of the Three Stars. In recent years, Mr Dinevičs has been an active both Secretary General in 2001–2006, and leader of the party, was also nominated as candidate Prime Minister of the party before parliamentary elections in 2006. From 2007 till 2009 he has been Vice Mayor of Riga.



Elio DI RUPO, born in 1951, is leader of *Parti Socialiste, Belgium*. His political career began in 1982 when he became Municipal Commissioner in Mons and became Alderman in 1986. In 1987 Mr Di Rupo was elected Deputy of the Mons-Borinage until 1989 when he became Member of Parliament. Senator in 1991, he reached his first ministerial post in 1992, when the PS

assigned to him the Department of Education of the French Community. His success led him in 1994 to become Vice Prime Minister and Minister of Communications and Public Enterprises. Following the 1999 elections, he was one of the main negotiators of the new government. When the task was accomplished, he became Minister-President of the Walloon Region. In October 1999 he was elected *President of PS – Parti Socialiste Belgium*. After the municipal elections in October 2000, he became Mayor of Mons, elected by an overwhelming majority. On May 18, 2003, the PS made a huge leap forward, both in Brussels and Wallonia, and reinforced its position as the largest francophone party. Elected as a Member of Parliament, Elio Di Rupo was called "Informer" by the King in 2003 and laid the basis for the formation of new "purple" coalition between Socialists and Liberals, in July 2003. In September 2005, he was one of the main initiators of a Marshall Plan for Wallonia, which aims to leverage the efforts undertaken so that the area is reviving its prosperity. On October 6, 2005, Mr Di Rupo became Minister-President of the Walloon Region. In July 2007, after being re-elected with over 89% of channels at the head of the Socialist Party, he renounced his position as Minister-President of the Walloon Region for the benefit of Rudy Demotte mayor and reverted fully to Mons.



Werner FAYMANN, born in 1960, is a leader of *Sozialdemokratische Partei Österreichs (SPÖ)* and the Chancellor of Austria. Mr Fayman has been politically active since his early years, becoming a member of students council and signing in for *Sozialistische Jugend Österreichs*, which

organization's Vienna branch he presided between 1981 – 1987. In 1985 Mr Faymann was elected as the youngest member of the Vienna Parliament. Till 1994 he remained a member of this assembly, as also a member of the local council, becoming in 1988 secretary general of Vienna Tenant Association. Between years 1994 and 2007 Mr Faymann was President of the Vienna Housing Fond in the Council for Apartments, Buildings and Renewal of the City and the Chairman of Vienna Economic Subsidies Fond. In 2007 he became a federal Minister for Transport, Innovation and Technology and from June till August 2008 held the position of the secretary general of SPÖ. On 8th August 2008 Mr Faymann was elected the party leader with 98,36% of votes at the party Congress in Linz and subsequently on 2nd December the same year the Chancellor of Austria. Mr Fayman is married and has two daughters.



Sigmar GABRIEL, born in 1959, is the *Chairman Sozialdemokratische Partei Deutschlands (SPD)*. Mr Gabriel graduated from the University of Göttingen as an academic secondary school teacher of German, Politics and Sociology. He started his political career in 1976, when he joined SJD – Die Falken. A year later he became a member of SPD, which was followed by the membership in trade unions' and workers' organization's (ÖTV, IG Metall, Arbeiterwohlfahrt). Between 1990 and 2005 Mr Gabriel served as deputy of the regional parliament of Lower Saxony, during which period he held different functions: member of the environmental committee, domestic policy spokesperson of SPD, deputy chairman and then chairman of the SPD Group in this assembly. In 1999 Mr Gabriel was elected member of SPD Executive, which mandate he held till 2005. Same year he became Minister President of Lower Saxony, in which office he spent over 3 years. In 2005 Mr Gabriel won the elections for the German Bundestag in the constituency 49 (Salzgitter-Wolfenbüttel), which was followed by his appointment as Federal Minister for the Environment, Nature Conservation and Nuclear Safety, this function he held till November 2009. On 13th November 2009 the SPD Congress elected him as a chairperson. Mr Gabriel is married and has a daughter.



Caroline GENNEZ, born in 1975, is *leader of sp.a*. She started her political career as a member of the young socialists (Jong Socialisten). As their chair, she reformed the youth organization in 2001. A symbol of that reform was the change of name of the organization to "ANIMO, which stands for a broad, open and progressive youth section. As chair of Animo, she became a co-opted member of the Senate. The party leader at that time, Steve Stevaert asked her to

move to Mechelen to restart the local sp.a branch there. In 2003, sp.a members choose Ms Gennez as deputy Party Leader of sp.a. During the 2004 regional elections, she was elected as member of the regional parliament. She became one of the youngest delegation leaders in the Flemish parliament. During the regional elections in 2006, Ms Gennez was a head of a diverse and young electoral list. It became a success and sp.a could participate in the local government in Mechelen. She was appointed alderman for employment, youth and education. Due to the election loss of sp.a in the federal elections in 2007, Party Leader Johan Vande Lanotte resigned. Caroline submitted her candidature with running mate Dirk Van der Maelen. At the Party Congress of October 21, 2007, she was elected as *Party Leader of sp.a*.



Mircea GEOANĂ, born in 1958, was *Chairman of Partidul Social Democrat (PSD)*, Romania between 2005–2009. He is also the Chairman of the Romanian Senate. In January 2006, he was elected Chairman of the Socialist International Committee for South-Eastern Europe. Prior to his political activism, Mircea Geoană had a successful diplomatic career. Appointed Ambassador Extraordinary and Plenipotentiary of Romania to the United States of America at 37, in February 1996, he was the youngest ambassador in the Romanian diplomatic corps. The excellence of his work was reconfirmed when he received the rank of Ambassador, in March 2000, the highest position in the Romanian diplomatic corps. From 2000 to 2004, Mr Geoană served as Minister of Foreign Affairs of Romania. In this capacity, throughout the first year in office, he also served as OSCE Chairman-in-Office in 2001. Mircea Geoană has a PhD in world economy at the Economic Studies Academy of Bucharest. He is married and has two children: Ana and Alexandru. Mr Geoană is an expert on Trans-Atlantic integration. an author of various books and articles on the subject, he was also a NATO fellow on democratic institutions in 1994. He has lectured on foreign policy, transitional economies, and globalization at major American universities and think-tanks. *Please note that Mr Geoană resigned from the party leadership once this book was in preparation of printing.*



Eamon GILMORE, born in 1955, has been the *Leader of the Irish Labour Party* since September 2007. Born into a small farming family in Caltra, since his teenage years he immersed himself in some of the nation's most important political and social campaigns. Through the peace-train initiative, he worked to assert civil liberties and promote a peaceful resolution to the Northern conflict. To promote a reasonable standard of living for individuals

and families, he led the tax marches in the 1970s and was one of the key strategists behind the election of Mary Robinson. As a student leader, he was the youngest elected leader of the Union of Students in Ireland (1976); as a trade unionist, he worked to promote employee rights and secure dispute resolutions; he worked across political parties and the environmental movement to keep Ireland nuclear-free; and in politics he was one of the strategists behind the historic merger of Democratic Left and the Labour Party. Mr Gilmore was elected to Dublin County Council in 1985 and was first elected to the Dáil in 1989 to represent the people of the Dún Laoghaire Constituency and has been re-elected in the 1992, 1997, 2002 and 2007 general elections. During the 1994 – 1997 Rainbow government, he served as a Minister for State for Marine. He is married to Carol, together they have three children.



Zita GURMAI, born in 1965, is *President of PES Women*, to which position she was elected for the first time on 21st October 2004. Mrs Gurmai graduated in 1988 from Karl Marx University of Economics and this is where she also defended her Ph.D. thesis in 1991. Mrs Gurmai has been active in Hungarian and international women's movements since the early 1990s. In 1995, she became involved in the women's section of the Hungarian Socialist Party, after which she was elected President of the organization in 2001. Elected as an MP in April 2002, Zita worked on the Hungarian Parliament's Committees on European Integration and Foreign Affairs. In the first European elections of the EU of 25 member states (June 2004), she was elected Member of the European Parliament. During the 2004-09 European Parliament term, she was Vice-President of the Parliament's Women's Rights and Gender Equality Committee, member of the Regional Development Committee and substitute member of the Transport Committee. In 2009, Mrs Gurmai was re-elected for her second term as Member of the European Parliament, where she continues working on Gender Issues as a Member of the Women's Rights Committee. In addition to this engagement, she also took up the responsibility as Vice-chair of the Constitutional Affairs Committee and substitute member of the Transport Committee. Mrs Gurmai is a Vice-President of FEPS – Foundation for European Progressive Studies. She is married and has two sons."



Ildikó LENDVAI, born in 1946, is *leader of Magyar Szocialista Párt*, Hungary. She graduated from the Eötvös Lóránd University of Budapest as a teacher majoring in Hungarian language and literature, history and philosophy in 1972/1974. She has been employed as a secondary-

school teacher, a university lecturer, an official in the Hungarian Socialist Workers' Party (MSZMP). Between 1989 and 1995, Mrs Lendvai acted as director of Gondolat, a publisher of scientific and awareness raising books. She has been a Member of Parliament since 1994. Mrs Lendvai has been an active participant in the work of the Hungarian Socialist Party (MSZP) ever since its 1989 foundation. She was the head of the women's division between 1992 and 1994. Between 1994 and 2000, she chaired MSZP's Budapest presidium and also acted as a member of the national presidium. Between 2000 and 2002 she worked as vice-president, and from 2002 to 2009 she headed the Parliamentary Group of the Socialist Party. The 5th Congress of the Magyar Szocialista Párt held on 5th April 2009 elected her Party President. Ms Lendvai is married and has one child.



Joseph MUSCAT, born in 1974, is *leader of Partit Laburista, Malta*. Mr Muscat holds following diplomas and degrees: "Bachelor of Commerce in Management and Public Policy from the University of Malta (1995), Bachelor of Arts with Honours in Public Policy (University of Malta, 1996), Master of Arts in European Studies (University of Malta, 1997) and Ph.D in Management Research (University of Bristol, 2007). He served as the Education Secretary in the Central Administration of the Party from 2001 till 2003 and Chairman of its Annual General Conference (November 2003). During the Labour government of 1996-98 he was member of the National Commission for Fiscal Morality since 1997 till 1998. In 2003 he was nominated a candidate for the election to the European Parliament. Mr Muscat was elected to the European Parliament in 2004, which seat he resigned from while becoming the Leader of Partit Laburista, hence leader of the Opposition and a Member of National Parliament. Mr Muscat is married to Michelle née Tanti and they have twin daughters, Etoile Ella and Soleil Sophie.



Grzegorz NAPIERALSKI, born in 1974, is *leader of the Sojusz Lewicy Demokratycznej (SLD)*. He holds a MA degree in political sciences from the University of Szczecin, where he studied political marketing and European integration for his majors. In 1995 he joined the left-wing party Social Democracy of the Republic of Poland (SdRP), which was later transformed into the SLD. While being a student, Mr Napieralski worked as an assistant to MPs. Parallel, he also was an advisor to the Governor of the Zachodniopomorskie Province. One year after graduation, he became Regional Secretary of SLD in the Zachodniopomorskie Province. At the age of 27, Mr Napieralski was elected Chairperson

of the SLD of this Province. One year later he was elected member of the City Council. In 2004, Mr Napieralski became Member of the Polish Parliament, fulfilling the vacant seat left following the election of Professor B. Liberadzki to the European Parliament. Same year he became Deputy Chair of the SLD National Council and a year later he was appointed Secretary General. On 31st May 2008 he was elected President of SLD. Subsequently he became chair of the parliamentary group. Mr Napieralski is married and has two daughters.



Riccardo NENCINI, born in 1959, is the *First Secretary of Partito Socialista, Italy*. He graduated from historical sciences at the Faculty of Political Sciences "Cesare Alfieri" in Florence, Italy. The University of Leicester (UK) conferred the honorary degree of Doctor of Letters on him in February 2004. Mr Nencini is the author of the novel "In giallo al Parco dei Principi", which was a Sport Prize winner 1988, the historical essays "Corrotti e corruttori nel tempo antico" and "Il trionfo del trasformismo"; the novel "Il giallo e il rosa which is the "Selezione Bancarella Sport Prize winner, the historical novel " La battaglia Guelfi e Ghibellini a Campaldino nel sabato di San Barnaba". His last publication is "Oriana Fallaci. I'll die standing on my feet". Mr Nencini was a deputy during the XI Legislature and a member of the Culture Commission and of the Special Commission for the European Community Policies. He served as a member of Deputy at the European Parliament 1994-1999. In the years 2002 – 2003 he was a Coordinator of the National Conference of the Presidents of Assembly, Regional Councils and Autonomous Provinces and between 2002 and 2004 a President of the Conference of the European Regional Legislative Assemblies. Following that, Mr Nencini became a President of the National Congress of the Regions, which function he held from 2003 till 2005. Mr Nencini has been President of the Regional Council of Tuscany since May 2000.



Yiannakis OMIROU, born in 1951, and he has been since 22nd July 2001 *President of Kinima Sosialdimokraton EDEK, Cyprus*. During his studies in Greece he was actively involved in the student union movement and the anti-junta struggle. He took part in the sit-in at the Law School and in the Polytechnic School uprising. He resisted the coup of 15th July 1974 as editor and broadcaster at the Pafos Free Radio Station. As a result, he was arrested and imprisoned by the coupists. At the parliamentary elections of

24th May 1981 he was elected Member of the House of Representatives standing as a Socialist Party EDEK candidate in Pafos and was re-elected at the parliamentary elections of 8th December 1985, 19th May 1991 and 26th May 1996 (until 1998, when he was appointed Minister of Defence). At the parliamentary elections of 27th May 2001 he was elected Member of the House standing as a candidate of the Social Democratic Movement (KISOS) in Pafos (on 19th February 2000 the Party changed its name). At the parliamentary elections of 21st May 2006 he was elected Member of the House standing as a candidate of the Movement of Social Democrats EDEK in Nicosia (on 29th June 2003 KISOS changed its name). He was parliamentary spokesman of the Socialist Party EDEK, chairman of the House Standing Committee on Defence Affairs and deputy chairman of the House Standing Committee on Legal Affairs. Mr Omirou is a member of the Committee of Selection, chairman of the House Standing Committee on Defence Affairs, a member of the House Standing Committee on Legal Affairs, of the Ad Hoc House Committee on Rules of Procedure and an alternate member of the Special House Committee on Declaration and Examination of Financial Interests.



Borut PAHOR, born in 1963, is the *Prime Minister of the Republic of Slovenia and a Chairman of the Socialni Demokrati*. Mr Pahor graduated from International Relations from FSPN (now the Faculty of Social Sciences, Ljubljana). For his diploma project he received the Prešeren Award and the Zore Award. In 1990 he was elected for the first time to the then Assembly of the Republic of Slovenia. He led the Committee for Youth Affairs, while in the second half of his term he assumed the position of Deputy Chairman of the Commission for International Relations. From the very beginning he participated in, and subsequently headed, the Slovenian Parliamentary Delegation to the Council of Europe. In 1996 he was appointed one of the Delegation's Deputy Chairmen. In 1998 he was elected to the Bureau of the Socialist Group within the deputy group of the Council of Europe. Borut Pahor was Deputy Chairman of the Associated List of Social Democrats from its founding in 1993 to the 3rd Congress of the party held on 15th March 1997. At this time he was elected party chairman by a large majority. In June 2004, before the end of his term in the Slovenian National Assembly, he was elected via preference votes as an MEP at the European parliamentary elections. On his initiative the party was renamed to Social Democrats (SD) at the ZLSD's 5th congress in April 2005 held in Ljubljana. Mr Pahor was sworn on 21st November as head of the government. Mr Pahor and his partner, Tanja Pečar, have a son – Luka.



George PAPANDREOU, born in 1952, has been *Prime Minister of Greece* since 4th October 2009 and *Leader of Panellinio Sosialistiko Kinima PASOK* since February 2004. The Prime Minister also serves as Foreign Minister of Greece. Mr Papandreou was educated at schools in Toronto, at Amherst College in Massachusetts, at Stockholm University, at the London School of Economics and at the Harvard University. He holds a Bachelor Degree in sociology from Amherst and MA in same subject from LSE. He was a researcher in immigration issues at the University of Stockholm in years 1972 – 1973 and was also a Fellow of the Foreign Relations Centre at Harvard University in 1992-1993. In year 2002 Mr Papandreou was awarded an Honorary Doctorate by Amherst College and in 2006 he was named a Distinguished Professor in the Center for Hellenic Studies by Georgia State College of Arts and Science.” Since 2006 he is an elected President of the Socialist International, the largest global political organisation that counts more than 170 member parties. Prime Minister Papandreou was first elected to Parliament in 1981 and has served as Minister of Foreign Affairs and Minister of Education and Religious Affairs, in addition to numerous other institutional, governmental and party positions. He is also the Vice-Chairperson of the International Olympic Truce Centre.



Jiří PAROUBEK, born in 1952, is *Chairman of Česká Strana Sociálně Demokratická*. He is Member of the Chamber of Deputies. Mr Paroubek graduated in 1976 from the University of Economics in Prague. Mr Paroubek was Prime Minister of the Czech Republic in 2005, Minister for Regional Development between 2004 and 2005, Vice-Chairman of the CSSD Prague Regional Organization from 2001 till 2003, Deputy Mayor of Prague for Financial Policy between 1998 and 2004, Central Secretary of the Czechoslovak Social Democrats in 1990 and held various managerial positions in years 1979 – 1990. Mr Paroubek is married. He has two children: a son Jiří and a daughter Margarita.



Jüri PIHL, born in 1955, has been since 7th March 2009 *Chairman of the Sotsiaaldemokraatlik Erakond*, Estonia. He studied law at the University of Tartu in years 1977 – 1982 and is currently also deputy mayor of Tallinn. Mr Pihl held the following positions: Minister of Internal Affairs in between 2007 – 2009; Chancellor of Ministry of Justice from 2005 till 2007; General Attorney of the State, between 2003 and 2005; Director of the Security Police of Estonian Police Board between 1991 and 1993; Director of the Security Police of Estonian Police Board between 1991

and 1993; Head of Tallinn Criminal Investigation from 1990 till 1991; Head of Võru Militia in years 1988 – 1990; Head of the Criminal Investigation Department in Tallinn from 1986 till 1988; Inspector of Criminal Investigation since 1975 till 1986..



Poul Nyrup RASMUSSEN, born in 1943, is *President of the Party of European Socialists (PES)*. Mr Rasmussen is one of the most prominent centre-left figures in the European politics. Born in working class family, he graduated in economics at the University of Copenhagen in 1971. In 1988 he was first elected to the Folketinget (Danish Parliament). In 1990 he became leader of the Danish Socialdemokraterne and in 1993 led this party to an electoral victory, becoming himself Prime Minister. After nine years of progressive government and a narrow election defeat in 2001, Mr Rasmussen continues to maintain a high profile in Danish politics, whilst having taken on new commitments on the international stage. He was elected to the European Parliament in 2004, where he became member of the Economic and Monetary Affairs Committee and the Foreign Affairs Committee. In 2004 he was also for the first time elected President of the PES. This role has involved coordinating the overall political line and vision of the PES, and representing the Party across Europe. In December 2006 together with Jacques Delors, he presented a report “A New Social Europe” and two years later he oversaw the unanimous ratification of the PES Manifesto “People First: A new Direction for Europe..” Subsequently he travelled across the continent representing the party in the campaign preceding the European Elections. Mr Rasmussen is also chair of the Global Progressive Forum (GPF), which he had initiated in year 2003. He remains also Vice-President of the Foundation for European Progressive Studies (FEPS). As President of the PES, Mr Rasmussen has been active in calling for a better regulation and supervision of financial markets. In 2007 he co-wrote “Hedge Funds and Private Equity – a Critical Analyses”, which is a landmark study that includes concrete recommendations for reforming Europe’s financial markets. This was the basis for the ‘Rasmussen’s Report’, which was presented in May 2008. He has since played a leading role in ensuring that the European Commission gives a satisfactory response to the report. In 2009 Mr Ramussen was placed 5th on the Financial News’ Annual List of the 100 most influential people in the European capital markets.



Mona SAHLIN, born in 1957, is *Chair of Sveriges Socialdemokratiska Arbetareparti*. Mrs Sahlin is its first female leader. Mrs Sahlin entered the SSU (Swedish Social Democratic Youth League) in Nacka, Stockholm County in 1973 and was vice chairperson of the Swedish Students’

Association (Swedish: Elevförbundet) from 1976 to 1977. Thereafter she worked at a private company and later as a trade union representative for the Swedish National Union of State Employees. In 1982 she was elected for the first time as Member of Parliament, in which she became Chair of the Committee of Working Hours, Board Member of the Centre for Working Life. She held served on several positions, among them: as Minister for Sustainable Development, Energy, Housing and Head of Ministry in years 2004–2006; as Minister for Democracy, Integration, human rights, sports, metropolitan affairs and gender equality at the Ministry of Justice from 2002 till 2004; as a Minister for Employment, Integration, Metropolitan Affairs, IR and Telecommunications at the Ministry of Industry from 1998 till 2002; as Deputy Prime Minister and Minister for Gender Equality in years 1994–1995; and Minister of Labour in years 1990–1991. Mrs Sahlin was Head Director at Bommersvik Education Centre (the Education Centre of SSU) in 1998 and Chair of the European Year against Racism for Sweden in years 1997 – 1998. Before becoming the Party leader in 2007, she also held several positions in the SAP, among them: Secretary General in years 1992 – 1994; member of SAP Executive Committee since 1990. Mrs Sahlin is married to Bo Sahlin. She has three children.”



Martin SCHULZ, born in 1955, is *President of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament*. In 1977 Mr Schulz finalized his education as apprentice bookseller, after which during the period of the following five years he worked in various bookshops and publishing houses. In 1982 he established his own bookshop in Würselen, which he run till 1994. Mr Schulz signed in as member of the Sozialdemokratische Partei Deutschlands in 1974. For the first decade since joining, he was an active JUSOS (youth organization of SPD), being entrusted with numerous functions as chairman of local and regional levels. From 1984 till 1999 he served as city councilor of the city Würselen and from 1987 till 1998 he served as mayor of this city. Mr Schulz became member of SPD Aachen in 1984 and from 1996 he has been presiding this branch. In 1994 he was elected as Member of the European Parliament for the first time, which was followed by re-elections in 1999, 2004 and 2009. In 1999 he became member of the SPD Board and Presidium, and in between 2000 – 2004 he led the SPD delegation in the EP. In 2002 Mr Schulz was elected as Vice-President of the PES Group in the European Parliament, which was followed by his election to a position of the Group's President in July 2004. After the European elections in 2009, Mr Schulz was re-elected as President of the group, which changed its name from “PES Group” to “the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament”. Mr Schulz is married and has two children.



Jens STOLTENBERG, born in 1959, is *Prime Minister of Norway and leader of Det Norske Arbeiderparti*. Mr Stoltenberg has been Candidatus Oeconomia (economist) at the University of Oslo from 1987. Mr Stoltenberg has held several offices, among them: was Prime Minister 2000-2001, Minister of Finance 1996-1997 in Thorbjørn Jagland's Government, Minister of Trade and Energy 1993-1996 in the Gro Harlem Brundtland's Third Government, and state secretary at the Ministry of the Environment 1990-1991 in the Gro Harlem Brundtland's Third Government. Mr Stoltenberg has been member of the Storting (Parliament) for Oslo since 1993, and was deputy member of the Storting 1989-1993. He was Labour's parliamentary leader at the change of government, member of the Storting's Standing Committee on Social Affairs 1991-1993, leader of the Standing Committee on Oil and Energy Affairs 1997-2000 and member of the Standing Committee on Foreign Affairs 2001-2005. Mr Stoltenberg has been leader of the Labour Party since 2002, was deputy leader 1992-2002, and has been member of the party's central board since 1985. Jens Stoltenberg was part-time journalist on the national daily Arbeiderbladet 1979-1981, information secretary at Oslo Labour Party 1981, executive officer at Statistics Norway 1989-1990 and lectured in economics at the University of Oslo 1989-1990. He is married to Ingrid Schulerud. They have two children.



Jutta URPIILAINEN, born in 1975, is *leader of Suomen Sosialidemokraattinen Puolue*, being its first female Chair in the party's history and also an MP representing the Ostrobothnia constituency in Western Finland. Ms Urpilainen has been actively involved with international affairs, both in political and non-political organisations, for the length of her career. She served as chairperson of the Finnish UN Association and JEF-Finland, been active in ECOSY - Young European Socialists and served as member of the Federal Council of the European Movement. Within the Finnish Parliament, Ms Urpilainen has been working in number of committees, including EU-committee, Education and Culture Affairs committee, Legal Affairs Committee and Committee for the Future. She is currently member of the Foreign Affairs Committee.



José Luis RODRÍGUEZ ZAPATERO, born in 1960, is *Prime Minister of Spain and a leader of the Partido Socialista Obrero Español (PSOE)*. Mr Zapatero graduated in law at the University of León. He entered PSOE in 1979. Mr Zapatero was Secretary General of the Socialist Federation of León in years 1988–2000), Secretary General of the Partido Socialista Obrero Español and

President of the Socialist Parliamentary Group in the Congress of Deputies in year 2000. He was elected as national deputy for the PSOE by León in: 1986, 1989, 1993, 1996, 2000. Mr Zapatero was elected deputy by Madrid, as a leading candidate of the PSOE for the Presidency of the Government in the general elections held on 14th March 2004. Mr Zapatero was reelected, by the same province, in the elections of the 9th of March 2008. Subsequently, Mr Zapatero leads the Spanish Government for the second time since 12th April 2008..

TEAM OF EDITORS



Karl DUFFEK, born in 1962, is *Director of Renner Institut and Vice President of the Foundation for European Progressive Studies (FEPS)*. Mr Duffek finished his studies of German Language and Literature, English and American Language and Literature, Political and Social Sciences at the University of Vienna, Austria and the University of Hagen, Germany. In 1986 he graduated as Mag. Phil. In years

1985 – 1987 Mr Duffek served as Member of the Representative Body of the Department of Humanities of the University of Vienna, chairing its work in the years 1985 – 1986. From 1988 till 1992 Mr Duffek was a fellow of Renner Institut (the Political Academy of the Sozialdemokratische Partei Österreichs (SPÖ)), in charge of education policy and social sciences. In 1992 he became Deputy Director of this Institute, which function he held for six years. Since 1997 till 1998 Mr Duffek was Secretary of the Programme Committee and Coordinator of the new Political Platform of the SPÖ and following that he served as the SPÖ Federal Secretary for Education. Since 1999 Mr Duffek has been Director of Renner Institut and a Special Advisor to the SPÖ party leadership on the Programme and Ideological issues. He published several books, among which there are: “Social Democracy and Education” ed. F.Becker, K.Duffek, T.Mörschel, Amsterdam 2008 / Graz-Wien 2007; „Sozialdemokratische Reformpolitik und Öffentlichkeit“, F.Becker, K.Duffek, T.Mörschel, Wiesbaden 2007; „Moderne Österreich“, ed; P.Filzmaier, P.Plaikner, K.Duffek, Wien 2007; „The EU – A Global Player?“, R.Cuperus, K.Duffek, A.Fröschl, E.Mörschel, Wien-Berlin 2006. Mr Duffek has also been co-editor of the FEPS “Next Left” book series.



Alfred GUSENBAUER, born in 1960, was *federal Chancellor of the Republic of Austria and member of the European Council* between January 2007 till December 2008. He led Sozialdemokratische Partei Österreichs (SPÖ) between the years 2000 and 2008. Mr Gusenbauer studied law, philosophy, political sciences and economy at the University of Vienna and there obtained Ph.D. in political sciences in 1987. Mr Gusenbauer began his political career in

Sozialistische Jugend Österreichs (SJÖ), of which he was President since 1984 till 1990. In 1985 on SJÖ’s behalf he was elected Vice-President of the International Union of Socialist Youth (IUSY), in which function he served till 1989. In 1991 Mr Gusenbauer was elected SPÖ chairperson for Ybbs an der Donau and member of the Lower Austria party executive. Same year he became member and Deputy of Lower Austria in Bundesrat (Upper Chamber of the Austrian Parliament). During the following years of his political activism, Mr Gusenbauer held several positions and functions: was Member of Parliament between 1993 – 2007; served as Leader of the Opposition from 2000 till 2007; was Member of Parliamentary Assembly of the Council of Europe from 1991 till 2007; and was Chairman of the Social, Health and Family Affairs Committee of the Council of Europe since 1995 till 1998. He has been actively engaged in the Party of European Socialists (PES), as the party’s Vice President since the year 2000 and in the Socialist International as its Vice President since 1989. Mr Gusenbauer is Professor-at-Large at the Brown University Providence / Rhode Island and a James Leitner Fellow for Global Affairs at the Columbia University of the N.Y.C. Furthermore, he is President of the Renner Institute, President of the Austrian Institute for International Studies, President of the Austrian-Spanish Chamber of Commerce, member of the supervisory board of F.C.C. (Construction) – Spain and Alpine Construction and a CEO of Gusenbauer Projektentwicklung und Beteiligung GmbH. Mr Gusenbauer holds an honorary doctorate of the Hertzliah University of Israel and is Senator of the European Academy of Sciences. Since June 2009 he chairs the Foundation for European Progressive Studies (FEPS) “Next Left” Focus Group.



Ernst STETTER, born in 1952, is *Secretary General of the Foundation for European Progressive Studies (FEPS)* since its creation on 30th January 2008. He is an economist and political scientist, and a regular commentator on EU affairs in media. Mr Stetter studied at Universities of Tübingen and Heidelberg in Germany, focusing his research on the issues such as:

international trade, finance, economic, development and social policies. In 1976 Mr Stetter started his professional career as a lecturer in economics at the DGB Trade Unions’ Centre for Vocational Training in Heidelberg. In 1980 Mr Stetter obtained his Ph.D. in political sciences for his dissertation entitled “The Association of ACP countries (Lome I and Lome II) with the European Community and the STABEX-System”. From 1980 till 2008 he worked for the Friedrich Ebert Stiftung (FES) in various positions, among them: as a Director of the Paris Office from 1997 till 2003 and the Brussels office from 2003 till 2008.

Mr Stetter has also been co-editor of the FEPS “Next Left” book series. Mr Stetter is married and has two children: Matthias and Isabelle.



Ania SKRZYPEK, born in 1979, is *Policy Advisor at the Foundation for European Progressive Studies (FEPS)*. Ms Skrzypek holds a Ph.D., which she obtained cum laude at the University of Warsaw in March 2009, for the thesis "Cooperation of the socialists and social democratic parties in a uniting Europe. From Liaison Bureau to the PES. 1957 – 2007." As a researcher in comparative politics, she specializes in the political history of the European Union, party political systems across Europe, and labour market and social policies within the Union. Therefore in FEPS she is in charge of the "Next Left" and the "Social Europe" projects. Prior to obtaining her Ph.D., Ms Skrzypek studied at the Faculty of Journalism and Political Sciences at the University of Warsaw, Poland and at the Freie Universität in Berlin, Germany. From 2003 till 2009 she was a younger researcher at her Alma Mater in Warsaw, lecturing in social sciences and in sociology of organizations, and from 2004 – 2005 worked as a scientific coordinator of the research group of "Sociology and Social Psychology" of the Faculty of Journalism and Political Sciences of the University of Warsaw. Before joining FEPS in May 2009, Ms Skrzypek served two terms as a secretary general of ECOSY – Young European Socialists, for which position she was elected twice by the Congresses in 2005 and in 2007. Ms Skrzypek published several Polish and international works, including books and, more than 30 articles and comments. Within FEPS, MS Skrzypek has also been a co-editor of the "Next Left series "Renewal of Social Democracy – Contributions to a pan-European Debate", Brussels 2009 and editor in chief of the 1st issue of the FEPS Scientific Magazine "Queries", Brussels 2010.





