



For a programme of progressive reforms **Declaration adopted by the PES Presidency on 19th November 2015**

Thanks to the efforts of our political family, a consensus has now developed in the European Union that more investment is needed to create growth and jobs. Yet, much progress remains to be made. Another battle of political ideas is taking place in parallel as to **what kind of reforms should be implemented to promote a strong European social model. So that we are ready to face the challenges of the 21st century with high social standards, decent work and strong economies.** As progressives, we cannot let the reform agenda be misused or monopolised by conservatives.

Since the onset of the crisis, the conservative majorities in Europe have tried to promote their vision of structural reforms. This is reflected in a model of reforms that boils down to squeezing labour, blind reduction of public expenditures, systematic privatisation and the limitation of the State's role in the economy. Their vision of reforms is synonymous with dismantling the social acquis, with the deregulation of the labour market and with the aggravation of the social impact of the crisis. Because of this, many people now see reforms as a threat. For us in the Party of European Socialists, there is another way, with progressive reforms that put people and the public good at the centre.

As the PES Presidency, **we welcome the conclusions of the PES Working Group on Progressive Reforms**, as a valuable input to the ongoing debate on reforms. These conclusions set out a progressive alternative for a programme of structural reforms in line with the three following objectives:

- **To boost Europe's growth capacity and quality job creation;**
- **To improve the economic, environmental and social sustainability of Europe's development;**
- **To reduce social inequalities, fight poverty and increase solidarity.**

Nobody should be left behind. Our vision of structural reforms is designed to fight unemployment, inequalities and to strengthen our European social model. Structural reforms must favour investment, sustain Europe's growth and strengthen sustainability. They must restore social cohesion as well as equality of opportunity for all European citizens and ensure that everyone contributes their fair share. Our progressive reforms promote long-term positive budgetary effects, and improve the long-term sustainability of public finances and economic performance.

Progressive reforms have to promote a sustainable European Social Model

The European Social Model is an essential economic and social feature of our societies, not a burden. A Europe that progresses, a Europe that performs, is not possible without a Europe that protects and enables. A fair and sustainable welfare system is essential in this endeavour. We are convinced that reforms, along with social investment and particularly investment in education and innovation, should support the consolidation of our social model. Therefore, our reforms focus on decent work, on efficient protection, on strong social systems and on meeting the challenges of a changing economy. The crisis will only be over if Europeans across the board feel the effects of an improved economic situation in their daily lives.

- *Progressive reforms are those that support decent work in a fair, reinforced and competitive labour market, strong social protection for fair growth. They are those that allow us to adapt to the challenges of a changing economy while strengthening social rights. They are those that have a direct long-term positive effect.*

Progressive reforms have to promote innovation for a new growth model and quality jobs

The crisis is still a bitter reality for Europeans and the threat of a deflationary spiral with long-lasting social consequences is ever present. Investments are needed to create jobs and improve Europeans' quality of life, both in the short and longer term. Investing in education and innovation must be a core feature of our answer to the crisis, in terms of new technologies, qualifications, new ways to address new societal needs and new ways to organise work and companies. Budgetary responsibility is necessary but that alone will not allow to exit the crisis.

- *Progressive reforms are those that lead to real progress towards an innovative, knowledge-based economy; those that support a European industrial policy, and a shift to a greener economy as a source for growth.*

Progressive reforms have to promote investment, and a fair and efficient fiscal system

The sovereign debt crisis, austerity-only policies, large-scale tax avoidance and aggressive tax planning have strongly limited the capacity of public authorities in many Member States. To restore their capacity to invest in sustainable growth and to act as public services providers, it is essential that European public authorities are given back the means to accomplish their missions and contribute to tackling the effects of public debt on economic growth. This implies that tax collection must be decisively improved, new sources of revenue need to be found and the best use made out of tax revenue.

- *Progressive reforms are those that promote a better and fairer taxation, and an efficient fiscal system that ends tax fraud. They are those that regulate the financial sector and promote the best use of tax revenues.*

Progressive reforms have to put social issues on a par with economic considerations

We want a programme of positive change, supported by the appropriate governance, and strengthened democratic legitimacy at the European level. The EU and the Eurozone need a new policy mix where social issues are on a par with economic ones. It is essential to develop a real socio-economic governance. We want such governance to ensure re-convergence in Europe, a strong investment capacity as well as national ownership of reforms rather than one-size-fits-all measures. We will continue our efforts to review European economic and fiscal policies and rules. We want to ensure that public budgets can play their role as social protection mechanisms and promoters of investments, making full use of flexibility provisions.

We call on our member parties to take this set of proposals into account when defining social and economic policy for next year in the framework of the European Semester and the National Reform Programmes.

We, Party of European Socialists, stand for positive reforms. We have a detailed, progressive agenda of reforms addressing key structural challenges that Europe faces. Our reforms are geared towards competitiveness based on increased productivity, full employment and well-functioning public sectors. We stand against the conservatives' vision of reforms that focuses on labour cost-cutting and privatisation which have resulted in near-deflation and rising inequalities.

We are convinced that the EU and Member States need such a shift in their policies. Progressive structural reforms will not only permit economic recovery, but also set Europe on a sustainable growth path that benefits all its citizens.

Annex: Conclusions of the PES Working Group on Progressive Reforms