

PES Fair Growth Conference 'Reinventing the European Economy'
Brussels, 12th of October
Opening speech by Sergei Stanishev

"Our lives begin to end the day we become silent about things that matter."

These words resonate today as they did half a century ago when they were spoken by Martin Luther King.

Dear friends, dear comrades,

This is why we are here today in this second PES Fair Growth Conference, to speak about things that matter. Things that matter to the workers and to the unemployed, to 500 million women, men, and children that want to lead a life in dignity.

We are here to speak about the European dream.

A dream, which - like MLK's dream - can and must become a reality.

We titled today's conference "Reinventing the European Economy". Because to reinvent the European economy, we must reinvent the vision of Europe. Europe as it should be. Europe as it must be. Europe as we want to make it.

What does that mean? What are those fundamentals?

3 things:

1. Societies that are inclusive and fair
2. Societies that are green and prosperous
3. Societies that are democratic and progressive

Since the first PES Growth conference here in Brussels in 2015, the European economy has shown signs of recovery.

We have seen some encouraging trends towards more growth-friendly policies in Europe.

Austerity policies have been widely recognised as a failure, whether or not the conservatives want to admit it.

The rules of the Stability and Growth Pact have been revised to give more flexibility for investments

Talks on a more social Europe are back on the table, with proposals for A European pillar of Social Rights.

We are very proud of these achievements, because much of this progress is the result of policies promoted by our political family.

We continue to struggle with worrying increasing inequalities between and within countries. The East-West divide is not only economic, but increasingly political too. And if we do not solve the economic, the political will only grow in time.

And we have tough new challenges to confront. We have to manage the transition to the digital economy in a way which ensures its benefits are shared equally and its negative fallout is contained.

We have to do the same when it comes to dealing with the forces of globalization and international trade. TTIP, ACTA, CETA have all proven how difficult these questions can be.

And, of course, we need resolute action that tackles the threat of climate change.

At a more general, and more fundamental level though, what has been damaged during the last year is the tacit trust between citizens and the EU, between citizens and politics.

This for me is the deeper source of the crisis of legitimacy in the eyes of many people.

Because dear friends, this battle is not over. The neo-fascists, national-populists may not have won as much as some feared in France, in the Netherlands, and elsewhere. But it would be a tragic mistake to think that the danger is gone. They will continue if we do not act decisively.

So is all hope lost?

In 2011, Bart Simpson told his father “This is the worst day of my life”. Homer tried to reassure him with this answer “...the worst day of your life ... so far”.

This sums up the attitude of some with regards to Europe and our societies. Things can only go downhill they say. And some rejoice at the prospect.

But we are here to counter this defeatist attitude. To counter the TINA theory, that “There Is No Alternative”. We are here because we know that we must, and we can, work for a better tomorrow. The PES and what we represent is the alternative.

Allow me to highlight what for me are the 5 key priorities of my vision of Europe.

First, we must bridge the inequality divide.

- This means proclaiming the European pillar of social rights by the end of the year. Going beyond words, it means making the EU a power that truly works for social convergence. And to get us started, as a very basic first step, let us fight for Europe to support decent minimum wages for everyone. This will be the first step of our Social Action Plan for Europe.
- I note that neither Juncker nor Macron had much to say about the social agenda in their much-advertised speeches. What a lost opportunity. Speaking about “A Europe that protects” is good – making it is better!

- And I cannot but regret that last week in Strabourg Commissioner Jourova on behalf of the European Commission has rejected the idea of presenting an new action plan on supporting the Social economy, a sector where 14 million people are working. An idea that is promoted by the S&D and the Economic and Social Committee among others. This comes to show once again that we must not give up the fight.
- This means prioritizing Youth. It means finally giving the Youth Guarantee the proper budget it requires. € 5 billion per year for Europe's youth. This should be a no-brainer. High youth unemployment in our continent will kill hope.
- This means organising the European Budget in a way that prioritizes citizens. Prioritize social cohesion. Prioritize territorial cohesion. Prioritize youth. Then the rest.
- Europe must have the means that match its level of ambition. Every 5 years Member States engage in a battle over the EU budget. The debate is usually about curing "zero point whatever percent" here, reducing there. It is seldom – and certainly not enough about matching expectations and needs. But this does not need be so. The answer is easy: in technical words "own resources". In normal speak: certain taxes, levies, etc go directly into the EU budget which then no longer needs to rely almost entirely on those negotiations. It is a simple, clean solution that will be of huge benefit to Europeans. Let's promote it!

Second, we must bridge the economic divide.

- This means reforming the stability and growth pact. The EU should not only impose sanctions or hinder growth and socially-oriented investments. For us the viability of the state is crucial, we want well-managed budgets to support strong welfare states.
- This means reforming the EMU and quickly moving to the second phase of the reform: The phase of solidarity. The phase where the Union encourages more public investments, and push for greater social protection, solidarity and convergence.
- The EMU, the Euro is not just a currency. It is the symbol as well as the realisation of our common European endeavour. So those who turn it into an instrument of austerity are in fact undermining the European dream.

- We are working hard to bring about the socialist vision of the EMU, based on 3 principles: Efficiency to bring growth, jobs, investment. Solidarity to bring convergence between and inside Member States. Democracy to give citizens the control they deserve over their future.
- I am glad that work is progressing. But we need more concrete action. And we need to remain vigilant. There is much talk these days of proposals to turn the European Stability Mechanism into a European Monetary Fund in a way that would take control away from the Commission, away from the ministers. This contradicts the democracy principle so we must say no to such plans. Change, yes. But change in the right direction. The ESM is not only about crisis management. It must also be about crisis prevention.
- This means enhancing the role of the European parliament. We need to step up the discussion about a European finance minister who would be a bridge between the Commission and the Council, and be accountable to the European Parliament.
- This means completing the Banking Union so that citizens are never again called to save an ailing bank and can be rest assured that their savings are secure.
- This means continuing the battle for flexibility in budget rules, and the introduction of a new Golden Rule that will give states the means to invest where and when it is most needed.
- This means putting in place fair and redistributive tax systems. Fighting against tax evasion and fraud. Making sure that every business traditional or digital, small or multinational, pay their taxes where they make their profits. We need to close the loopholes that internet giants have been benefiting from – with a so-called GAFSA tax.
- This means keeping up the pressure to finally implement the Financial Transaction Tax (FTT), because also the financial sector has to pay its fair share.

Third, we must bridge the industrial divide.

- This means investing in green growth and ensuring that climate action doesn't come at the expense of employment, industry, industrial communities and affordability of energy. These concerns exist in Europe, among many of our citizens.

- Donald Trump is playing with these fears, protecting a status quo that is unbearable in the long run or denying reality.
- The EU needs a just transition strategy with the involvement of social partners. We must encourage Member States and regions to anticipate challenges brought by decarbonisation that workers will face. Such a strategy will be key to provide new employment opportunities, and create the new local economies of our low-carbon, resource-efficient future.
- We all have been shocked how some car producers cheated on their customers. Transport must become cleaner. Therefore, the future of Europe's car industry is dependent on better batteries. I second Commission Vice-President Maros Sefcovic's idea to create a European consortium of battery companies, an "Airbus for batteries". The EU needs a fund to support European efforts in green energy. We cannot sit idly by as China takes over a field (first solar panels, e-bikes batteries and soon e-car batteries) that our continent should champion.
- This also means harnessing the digital revolution. We are not against technical evolution. We must be the ones that frame the changes brought by the digital revolution so that they benefit workers and society. We cannot let them destroy social rights that were won through decades of struggle.

Fourth, we must prevent a democratic divide.

- This means defending the rule of law wherever it is challenged. This is a complex political issue that needs careful consideration. We have to be careful not to alienate citizens in any country or play into the hands of those who threaten the rule of law in the EU. Yet we must also show that the EU is stepping up to defend its core values. And here I want to commend the work of Frans Timmermans in working within the EU framework to uphold the rule of law.
- This means enhancing European democracy. Running with a common candidate in the 2019 European elections, whom we should select in an open, transparent, and democratic way. Let's discuss the idea of primaries, why not? Let's make sure that the next Commission President is chosen by the largest coalition in the European Parliament

– as happens in all our democracies. And let's put on the table the possibility of introducing pan-European electoral lists.

Fifth, we must bridge the East-West divide.

- This means concluding the Posted Workers debate. The PES' priority is for all Europeans, women and men, to have a decent job and adequate social protection that allows a good quality of life. This is why we promote fair mobility. On top of being a very real and substantial issue, posting of workers has also become an emblematic issue in this regard. There is a real risk that it will increasingly divide our countries and societies. Europe needs to introduce a European-level social inspection to tackle abuses.
- We must also use financial instruments carefully. This means promoting a strong Cohesion envelope in the next MFF budget. It means drastic action in relation to the EFSI. Did you know that in its first year of operation, 92 % of all EFSI investment was concentrated in the EU-15 while only 8 % reached the EU-13? If this continues, it will become an instrument for divergence, not convergence.
- And we must complete the reform of the Common European Asylum System. A new Dublin regulation is needed. European countries must show the responsibility and solidarity to which they have already committed, and enhance the relocation of asylum seekers. It means opening legal channels, disrupting activities of criminal smuggling groups, and engaging in integration policies to overcome prejudices.
- Europe cannot continue to treat its Member States and citizens differently. It is high time for the EU to make the necessary steps into accepting Bulgaria and Romania into the Schengen Zone. These two countries have fulfilled their obligations and deserve to fully enjoy the benefits of the Schengen Area. Continuing to deny this right goes against the European spirit of solidarity but also against the core interests of an EU.

Dear friends, I will listen carefully to all your interventions, answers and questions today. Because I know that whether you are a speaker or a member of the audience here today, we all have to contribute to this common effort for a better tomorrow.

Your contributions will constitute the bricks that we lay in the building of a new economic model for Europe. A new economic model that reflects the Europe that we want.

A Europe that is :

the most inclusive continent,

the most equal and prosperous continent,

the most green

and the most democratic continent.

This is how we will bridge those divides and be the continent with the best quality of life for all.

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