



Statement agreed by the PES Eurozone Leaders on 25th October 2011

The discussions that are going on this week in the European Council concern the lives of each citizen in every country of the Union. Europeans rightly expect the concrete and bold solutions that will put an end to this crisis, put Europe back on the track to recovery, jobs and growth and put European citizens back at the centre of political and economic decision-making. The conservative majority in Europe, ideologically obsessed with austerity and incapable of taking the right decision at the right time, bears a high share of responsibility for the situation we are in today.

For the last 18 months the PES has been calling for a progressive and comprehensive solution that is economically sound, socially fair, and can have an immediate positive impact on the lives of our citizens¹, while at the same time ensuring correction of a Member State whose economy runs the risk of losing stability. It is relevant today more than ever. Among other concrete proposals it includes:

- The introduction of a Financial Transaction Tax without loopholes that will create growth prospects for countries facing economic hardship;
- An ambitious initiative for growth and job creation, relying on boosting the level of private and public investment in high-potential sectors, notably through the mobilisation of private savings and an increased role for the EIB;
- The regulation of the international financial markets including the issue of tax havens, which has yet to be undertaken, and the taking of action to prevent speculation against states;
- The effective regulation and supervision of existing credit rating agencies and the setting up of a European independent credit rating agency;

Should public support to the banking sector prove absolutely necessary to safeguard the stability of the European financial markets, it must be accompanied by measures that will ensure total transparency and accountability. Supporting our banking system remains a priority. But this can no longer mean giving them a blank cheque without the guarantee of a positive return for the real economy. Banks receiving public support must take a clear commitment towards increasing significantly their capital buffers, maintaining their investments in the eurozone, in particular in countries under financial assistance, and resuming large scale lending operation to these investors and entrepreneurs that creates growth and jobs. Should this support take the form of a public stake in the capital of a bank, it should be matched by the possibility to exercise a degree of public control over its operations.

A plan to recapitalise our banking sector can only be part of the solution. Europe must also strengthen the European Financial Stability Facility by making it a collective lending mechanism. It is critical to leverage the ability of the EFSF to carry out its mission via the use

¹ http://www.pes.org/en/system/files/Adopted_Declaration_Progressive_way_out_100610.pdf

of innovative means. It would be equally crucial to ensure that this does not impose any additional direct efforts on the national budgets, on the taxpayers.

In addition, the crisis cannot be overcome without ambitious measures to overcome unemployment and inequalities. The financial and economic measures must be complemented by a strong social agenda. Investments for job creation, especially for youth employment, must be stepped up, education systems improved and European minimum social standards strengthened, including on wages, social expenditure and working conditions. Any discussion of creating a Europe that is more integrated at the financial and economic level must go hand in hand with a Europe that is socially stronger.

There is an urgent need for a major leap forward in Europe, and for Europe to regain its global credibility. This crisis has demonstrated beyond the shadow of a doubt that no country can overcome it alone. Europe is needed today more than ever. A stronger Europe with a system of European economic and social governance. A more transparent Europe that is solidly grounded on democratic legitimacy. A more balanced Europe that matches proper budgetary discipline with an equally strong growth and jobs agenda.