



Five Guidelines for a Fair, Social and Sustainable Europe

Declaration of PES Economic, Finance, Employment and Social Ministers

Luxembourg, 15 October

We, Economic, Finance, Budget, Employment and Social Ministers of the Party of European Socialists, met together for the first time to discuss about the social and economic situation in Europe, and to stress that economic recovery and social progress are two sides of the same coin that can only be achieved if they go hand in hand.

We are convinced that the austerity-only response to tackle the economic and financial crisis is flawed. The fact that 27 million Europeans are unemployed and 120 million are living at the risk of poverty proves that the crisis is far from being overcome. As PES Ministers we have been actively pushing for changes in favour of restoring sustainable economic growth and the creation of decent jobs. Our vision of Europe is based on equal opportunities for all, on well-functioning welfare systems, on more and better jobs, on a fair and credible financial sector and sustainable economic growth. We aim to underline the following five guidelines for a fair, social and sustainable Europe:

1. European policies must contribute much better to **sustainable and jobs-rich growth to increase our citizens' living standards**. Unemployment in Europe must be overcome by supporting the creation of decent jobs, by investing in innovation and by improving education systems and promoting skills. Relaunching Europe's industry, especially by supporting future sectors such as green growth, ICT and creative industries, must become a top priority in Europe. To this end, countercyclical policies that create fiscal margins in public budgets to boost investment must be pursued, while fully respecting the rules of the reformed Stability and Growth Pact. It is similarly important to pursue those structural reforms that create decent jobs and boost growth in order to ensure the long term sustainability of welfare states.

2. Rapid progress must be made on **reducing youth unemployment**. We cannot afford losing an entire generation. Youth unemployment levels of above 50 per cent threaten our economic future, our social cohesion, and can ultimately undermine democracy in Europe. We are committed to ensure that the European Youth Guarantee will be fully implemented: EU Institution and Member States must do everything in their power, including providing sufficient funding, to speed up the introduction of comprehensive national youth guarantees, supporting the creation of new decent jobs for young people, strengthening education and formation systems, including high-quality vocational training and traineeships, and improving active labour market policies.

3. **Strengthening the social dimension of the EMU** is key to Europe's economic success. Overcoming social inequalities, avoiding social dumping and reducing the number of "working poor" will not only strengthen the social fabric in Europe, but it will considerably boost internal demand. To this end, the European social dialogue needs to be improved and strengthened and common social standards introduced such as living wages throughout Europe. The fight against social dumping and



the illegal posting of workers must be reinforced. An employment and social investment programme should be introduced and financed through measures defined in the 'Compact for Growth and Jobs'. The social dimension of the EMU should be fully integrated within the framework of economic policy coordination. The introduction of a separate employment and social scoreboard within this governance framework will ensure the review of qualitative indicators. Equally important is the assessment of the social impact of economic, monetary, and fiscal policies.

4. We aim at **creating a well regulated financial system** that encourages job-creating investments and ensures liquidity and protects deposits while serving the collective credit needs of society. Citizens must be protected from the possibility of failing credit institutions. Recovery and resolution rules must be put in place to gear the banking sector to absorb financial shocks at its own capacity. The creation of systematic risk should be prevented by separating the commercial and investment activities of large financial institutions. The debt of the banking sector must no longer undermine national budgets. Therefore, we urgently need to implement a strong and effective banking union with an emphasis on investor responsibility and with sufficient capital requirements.

5. We want to achieve **sustainable budgets** that contribute to economy recovery and eliminate social inequalities. Better timed fiscal consolidation can be considered in line with the Stability and Growth Pact in order to preserve our social fabric. We believe in a taxation system that improves the current highly unequal income distribution, discourages banking speculation and incentivizes the green economy. The Financial Transaction Tax, corporate taxation, and levies on high private wealth are some of the instruments that Member States can use to reach these objectives. Above all, we will continue our fight against tax evasion and tax avoidance. These are our priorities to ensure sustainable budgets and promote growth.

Economic recovery and social progress are two sides of the same coin. For too long, European conservatives have ignored this. They have created a false dilemma, saying that we need to choose either the economic or the social. We, on the contrary, remain firm in our commitment that one cannot happen without the other. Our economic policy is conducive to social fairness, and our social policy is conducive to economic sustainability. **It is with that understanding that we, Economic, Finance, Budget, Employment and Social Ministers of the Party of European Socialists will continue working together, to relaunch growth, to restore jobs, to protect our welfare systems, to achieve truly sustainable budgets, and to regain citizen's confidence in Europe.**

