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A Common Progressive Vision For a prosperous and progressive Europe

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Dear friends, dear comrades,

We are all well aware that Europe is still in the midst of a severe crisis. Some of the EU member states are even suffering a situation of economic recession. We have been repeating this over and over again. This is probably the hundredth time I reaffirm this simple truth in a speech, during a conference, a seminar, or a political meeting. But I am not tired of emphasising the seriousness of the situation. And I will not get tired of doing it, until we will be able to say, once and for all, that the crisis is over. That we have left it behind.

Because not only has this economic and financial crisis spilled over into the realm of politics, negatively affecting our societies' and fellow citizens' attitude towards national and European institutions, feeding their sense of disenchantment with politics and politicians, and mainly with Brussels and the European project; but this crisis risks becoming the only reality known to people. This Europe, this technocratic and "austerity Europe", might become the only Europe known to its citizens. It is a pessimistic scenario, and yet it is a plausible one and we cannot rule it out with carelessness. In fact, the recent edition of the "Eurobarometer" shows this worrisome trend: not only do Europeans live in a fear of the next stage of socio-economic decline, but they also fear that there is very little that can be done to prevent it.

We keep talking of the problems of the banks, of sovereign debts and spread indicators. But we must never forget, not even for a moment, that this crisis is primarily affecting people. Ordinary people. Our neighbours. Our youth. That behind the figures, there are young adults who are not able to find a job, pensioners who do not make it to the end of the month, women who are left out of the labour markets, or families whose incomes have constantly declined in the last few years. Europe had not seen such unemployment rates in decades and the social situation, mainly in Southern and Eastern Europe, is accordingly deteriorating. We are talking here of a real social emergency: growing impoverishment, social polarisation and marginalisation, growing numbers of unemployed. These are the shadows on the European horizon. They may not affect all the states and societies in the same way, but their impact will certainly be grave for all.

And the political response to this dramatic situation has usually been that there are no resources, no possibilities, no alternatives. **Is this the Europe that we really want to leave to the next generations?**

The European project was imagined and designed with very different goals. In the 1950s, when the integration process was set in motion, the key word was "solidarity". And solidarity was one of the founding values of the European Communities, which were built on the ashes of the war to prevent new conflicts, ensure cooperation among those European countries that wanted to be part of this undertaking, and achieve a new original mix between capitalism, on the one side, and social policies, on the other.

The expression "social market economy" conveys this idea of compromise between the market economy and the demand of solidarity which was realised in Europe, in different forms, in the post-war years. Today, the crisis and the subsequent austerity measures introduced so far to face it are reverberating in the failing of this balance, because they are questioning the very viability of the welfare states that have been developed throughout Europe in the last sixty years. The mechanisms of social inclusion and of solidarity are gradually weakening. And another ideological paradigm is prevailing: the neoliberal one.

The welfare state is nowadays more and more considered as a luxury that Europe can no longer afford. The result of this trend is the increase of inequalities. Inequalities among EU member states, with the consequent spread of nationalistic resentment among countries – Northern countries and creditor countries versus Southern countries and debtor countries. And also the exacerbation of inequalities within societies.

Employment and social indicators show an increase in the divergence between the Southern and peripheral countries on the one side, and the Northern and Central ones on the other side, which is the result of the different performances of labour markets and social systems in their reaction to the economic downturn. Furthermore, the risk of poverty has increased in about half of the EU member states and, according to a study carried out by the European Commission, “developments in the poverty gap, which highlights ‘how poor the poor are’ (...), indicate that poverty has generally become more severe since the crisis, with a rise in the indicator in all but a few member states (...).”

Of course, these developments have occurred within the context of objective transformations taking place on a global scale. Let’s only think of the pressure exerted on European economies by the emergence of new powers with lower labour costs, which have modified the conditions of global competition and determined the decrease of Europe’s competitiveness, forcing the containment of salaries also in the European states. Or let’s think of the question of different fiscal systems connected with the movement of capitals that have imposed the fiscal burden almost entirely on workers, enterprises and industry, creating imbalances which have affected the distribution of wealth.

Clearly, Europe has shown so far a serious incapability to tackle these phenomena and to guarantee adequate protection to the European citizens. At the end of the 1990s, it was promised that the European Union and its Social Model will be precisely the framework through which European citizens could be protected vis-à-vis globalisation, allowing, at the same time, the EU to enter and win the global competition. That promise has not been fulfilled and the European centre-left parties are those that, at the end of the day, are paying the highest price for this failure, because it was especially from us that people expected the capacity and the willingness to defend their social rights and the social achievements of the last decades.

I believe that today we cannot think of re-launching the European project without re-launching at the same time Europe’s social dimension. It being understood, however, that we will not recover from the crisis simply returning to the previous situation. This is simply not possible.

In the last two decades, part of the European socialist movement adhered to the neoliberal paradigm. Another one deluded itself into believing that it could be possible to preserve the traditional European welfare model, but it did not grasp the fact that this was no longer sustainable into the new conditions determined by the global competition. **Nowadays, it is only at the European level that the question of the development of a new welfare system can be dealt with.** It cannot be left to national instruments.

We must clearly and fearlessly say the truth: without a certain degree of coordination among the social right standards and social policies and without the harmonization of the fiscal policies – in particular concerning the capital incomes – a common currency area will not be able to last for long. Thus, we must re-think the standards of a new European welfare, taking into account that it will not be possible to restore the national welfare systems, as we have known them in the Twentieth century.

To this end, it will be necessary to re-orient the welfare systems towards growth and in such a way as to benefit the younger generations. One of the greatest social emergencies in Europe, in fact, is that millions of young people are excluded from the labour markets, with tragic psychological, social and political consequences. According to the latest surveys, the number of unemployed people in the EU has almost reached (in September 2012) 25.8 million. 2.4 million more than in April 2010. An upward trend that we find in the majority of the member states and, not surprisingly, is worst for young people: 22.8% of active

people (between 15 and 24 years old) were unemployed last September; 23.3% if we consider only the euro zone.

To address this problem and offer viable solutions, it will be essential to focus on labour, as mentioned, and on real economy; that is, we will have to reduce the weight of the financial revenues and regulate the financial markets. And we will have to launch a growth-oriented strategy that cannot and must not be based on the formula “austerity plus structural reforms”, which has, thus far, unmistakably shown its huge limits. But **there will be no growth without some fundamental preconditions: first of all, the implementation of a wide-ranging European investment strategy; second, a flexible interpretation of the Fiscal Compact that allows national investment measures, mainly in the fields of innovation and research, with the aim of increasing European productivity and competitiveness; third, a fairer redistribution of resources in order to boost internal consumption.**

We live in a different world compared to that of a hundred years ago, and those who declare that recover must be based on austerity and exports, do not take into duly account the fact that in a world in which all countries, from China to India, Indonesia and Brazil, growingly export, unless we do not find new original ways to sell our products to the moon, we will be inevitably forced to sustain the internal markets. And the latter will be supported only by only fighting poverty and increasing the middle classes’ salaries and living conditions.

What we need is to trigger a virtuous cycle: because without a renovated capacity to produce wealth, we simply do not have wealth to redistribute. Therefore, without the re-launch of economy we cannot develop a truly European welfare.

As German sociologist Ulrich Beck wrote in his book “German Europe”: “If people are to experience Europe as something meaningful, the appropriate slogan must be ‘More social security through more Europe!’”. But, as mentioned, this welfare cannot be the same for everybody, as it happened in the past, when Europe was in another stage of its development and we could afford it.

Let me quote Beck once more: “The new social contract that aims to win over individuals to Europe must attempt to initiate a social-democratic era on a transnational plane. In so doing, it must determine how to design a utopian but realistic system of social security that will not be doomed to end up in either of the two blind alleys: in the nostalgia for the national welfare state or in the reformist zeal of neo-liberal self-surrender.”

In the future, Europe’s welfare systems will be able to count on reduced resources, compared to the past, therefore they will have to be oriented towards those social groups that are excluded or risk exclusion and poverty. To achieve this goal we need a strong European solidarity. The competition between progressive and conservative ideas must exist – no doubt about this – but we must avoid that this will degenerate into forms of mutual nationalistic incomprehension. Phenomena that Europe has tragically known in the past and that we have left behind when we undertook the European integration process.

From this point of view, what President Hollande recently said is correct. A special relationship between France and Italy against Germany would be senseless. Any anti-German feeling would be wrong and would damage the European project. I appreciate the latest positions taken by Mr Hollande, concerning the prospects for an acceleration of the process of political integration. **I strongly believe that a Federal Europe based on the principle of subsidiarity – therefore not a “superstate”, but a strong political union – is essential if we want to reach a real turning point and move in the direction of more solidarity and development.** It is up to us, as socialists, to be the champions of such political union. We cannot leave the initiative in Mrs Merkel’s hands. From that position it will be easier to criticise Mrs Merkel’s policies. Because, it is exactly those policies that are slowing down Europe’s development and growth and will eventually harm even Germany’s industry and workers.

As Ulrich Beck wrote, **what we would like is a European Germany and not a German Europe**. This was, indeed, the same spirit that permeated Helmut Schmidt's inspiring speech at the SPD party conference in Berlin on December 4, 2011. A speech that the Foundation for European Progressive Studies decided to publish in sixteen different European languages to make it available to everybody in the EU.

In his speech Helmut Schmidt defended with strength the European democracy and underlined the fact that "umpteenth thousands of financial traders in the USA and Europe, plus a number of rating agencies, have succeeded in turning the politically responsible governments in Europe into hostages". But above all Mr Schmidt underlined Germany's responsibility in the defence of Europe's unity and the importance of the principle of solidarity. Let me quote his beautiful words: "We Germans have every reason to be grateful. At the same time we have the duty to prove ourselves worthy of the solidarity we have received by exercising solidarity ourselves with our neighbours".

It is evident that Germany plays and will continue to play in the future a central role within the European Union. Nowadays, in the EU, the internal political dynamics of a member state have always an impact on its neighbours. This is even more true when Germany is concerned. Therefore, we cannot but look with interest and participation at the political confrontation that is taking place in Germany and at the SPD campaign together with its candidate Peer Steinbrück.

For this reason, I thought it was extremely important to decide to dedicate to Europe this day of study, on the eve of the celebrations for the hundred and fiftieth anniversary of the German Social-Democratic Party. A long history of which you must be extremely proud and that represent a heritage for all progressives and socialists of Europe.

Before closing this very interesting seminar, let me just add a few words on our next challenge. **We are very quickly getting to the 2014 European elections. This is the moment of making clear, through the elaboration of a common progressive programme, that we are presenting ourselves as candidate for the government of Europe. With the aim of making the EU more democratic and capable of guaranteeing more security and opportunities to all European citizens.**