



**A New Direction for Progressive Societies**  
**By PES President Poul Nyrup Rasmussen**

**Check against delivery**

**Delivered at the PES Congress, Prague, 7<sup>th</sup> December 2009**

Friends and comrades, I'd like to greet you here in Prague. Thanks to our host, Jíří Paroubek.

Our Congress comes at a moment of deep reflection for the European social democratic family.

It comes after several tough years. Yes, it's been tough for us.

The European elections were not our finest hour in most countries.

But this was not because our members did not campaign hard enough. I want to thank all those members, ECOSY, PES Women, our activists of all ages. Thank you for your efforts in this election campaign.

Where we won, our parties were already strong. Where we lost, our parties were already weakened.

And the biggest winner of all was the sofa party. People just didn't see the relevance of it all. 57 per cent of European citizens stayed at home at the European elections.

The role of the nation state has never been as strong in people's minds.

There was no bridge to the European level. To a vision and proposals for a different kind of Europe.

Many of us have difficulties in presenting a coherent answer on solidarity in a globalised world. On the answer to outsourcing, growing inequalities within our countries and across Europe.

Overall, people are not convinced that the financial crisis is a failure of right-wing ideology.

**And they are not convinced that we have a credible alternative.**

The nation state and Europe are now two sides of the same coin.

Our strength at European level is inextricably linked to our strength at national level.

In the 21<sup>st</sup> century, we will not win at national level in the long term if we cannot deliver a new kind of globalization and a new kind of market economy – based on people's interests - shaped by a proactive European Union.

**People have higher expectations of us than they do of the right-wing.**

**We promise to change society. To improve people's lives in a fundamental way. To protect them from crisis.**

**Where the conservatives lower expectations – with their promise of less government - we raise them.**

**And so when we don't deliver, people punish us even harder.**

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How things have changed from just ten years ago.

In 1999, we were in government in 13 out of 15 EU Member States. Some of our leaders thought that social democracy had become universally accepted. That we were becoming the natural party of government. The only party able to offer the unique combination of growth with jobs and social justice through an enabling state.

The economy was booming and we were distributing at least some of the fruits of growth to those who needed it most.

**We had the best of intentions.** But rather than mastering the challenges, we were constantly playing catch-up.

The instinct that we could not stay as before was right. In a globalised world, we could not promise a job for life. And we could not accept under-performing

welfare systems either. New partnerships were forged between private enterprise and public authorities. Competitiveness could go hand in hand with social justice.

**In the year 2000, we introduced the most progressive common European strategy ever adopted, to create the most dynamic, knowledge-based economy in the world, capable of social cohesion and sustainable development. Its equal pillars – economic, social, environmental – formed an ambitious new roadmap for our societies.**

At the same time, at global level, we were adopting the UN Millennium goals – the first bold step towards global social justice with clear targets and an ambitious deadline.

Our commitments were historic. And so too were some of our achievements. Bringing in the euro and leading efforts for European Enlargement – completing the unification of the European continent.

**We believed our own rhetoric: we were the change-makers.**

**But our promise of change did not change things fundamentally.**

**Where people wanted empowerment, we still left them vulnerable after years in government.**

Reforms were made, yes. **But they did not rewire the DNA of the economy and society.**

**Our achievements were all too easily reversed by more powerful forces. Neoliberal forces.**

**And we made promises that were never kept.**

**In October 2005, at a meeting in Downing Street, we made an agreement with Tony Blair, then holder of the EU Presidency, for a coordinated European investment strategy to create millions of new jobs. It was a strategy to help the 16 million unemployed in Europe at the time.**

**What happened after concluding that agreement? Nothing.**

**Today, there are 22 and a half million unemployed. Will that spur us into action?**

**For some in our family, the struggle to go beyond left and right – the third way - left us nowhere.**

**For others in our family, the desire to cling to old certainties and old instruments left no vision for the future.**

**Here in the European socialist family, we have agreed more than once to progressive policies we have never implemented.**

**In contrast, the right-wing is methodical in its pursuit and exercise of power.**

Now, some social democratic parties are in danger of becoming the natural party of opposition, forever kept out of government by a dominant right-wing.

There is a real danger of drift towards regressive societies. Fearful and turned in on themselves.

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I propose that today we resolve to fight this danger of drift for society and irrelevance for our parties.

We want more for our political movement and our people than to limp aimlessly from one election to the next.

**That's why I want to make a pact with you and a commitment to define a new direction for progressive societies.**

Progressive societies that give every person the resources and capabilities to fulfill their talents, whatever their background, gender, race or birthplace.

Progressive societies that nurture our planet, its richness and diversity.

Progressive societies that are truly free, breaking the shackles of poverty, prejudice and inequality that constrain the human spirit.

**We have to commit to shaping a new vision, presenting a new programme and to making our way back to influence and power.**

**Without a new, coherent system of beliefs, a new governing ideology, we will be powerless to shape the world in which we live, to create the progressive societies we believe in.**

We leave the past behind. **And start with fresh intent and the most radical of ambitions.**

**Because today's social ills are as pressing as they were in the nineteenth century when our forefathers formed the first socialist trade unions and political parties.**

Almost half of the world's population – living on less than 2 dollars a day - whose children go hungry or die. The most extravagant wealth coexisting with the most grotesque misery.

Over twenty-two and a half million unemployed people in Europe alone. 80 million living under the poverty line.

**We have a lost generation in the making. Their lives devastated by mass unemployment.**

**We have lost elections on the way into the crisis – people were not convinced that it was the failure of right-wing ideology.**

**Now we've got to win them back for the way out of the crisis. Fighting mass unemployment and defining the way forward.**

Our values and our cause - democracy, freedom, solidarity, human dignity, equality and social justice – driving us just as they did the founders of our parties.

**We must be the progressive party of conviction and action. Our central purpose: human progress and sustainable development.**

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**Pursuing politics as we have done before in the nation state is doomed to fail.**

**Because of three profound threats to people and planet in the globalised world:**

- **Instability:** globalization has increased instability. Putting people under constant pressure to change. Magnifying the impact of destabilising forces through ever closer global interconnections.
- **Inequality:** globalization and technological change have deepened inequalities of power, of knowledge, of wealth and of opportunities.
- **Un-sustainability:** globalization has accelerated the deterioration of our environment, creating an existential climate threat on our planet.

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The first. **Instability.**

**Rising sources of instability in today's globalised world have more global reach and a deeper impact than ever previously imagined.**

**Security threats like terrorism reaching into the heart of a country, wreaking havoc.**

**Migratory pressures – due to conflict, persecution or inequalities – causing massive flows of people across regions or continents. Climate change is raising these migratory pressures even further.**

**Nuclear proliferation – still an imminent threat twenty years after the end of the Cold War.**

No single nation can tackle global sources of instability alone. Stronger global governance is the only way forward. And a new global order is emerging of regional powers.

**But European countries will only be able to influence this new order in the long term through a stronger common European foreign and security policy.**

**And these sources of instability are not just in the domain of classical foreign policy.**

**The dramatic instability caused by the near-meltdown of the financial system – its unprecedented nature and scale - raises a whole set of new questions for how we regulate and govern the market economy in our countries, in Europe and globally.**

**The crisis has brought an entire intellectual edifice tumbling down.** The efficient market hypothesis, its notion that naked self-interest automatically generates benefits for society as a whole, has been destroyed.

And the profit-driven homo economicus has proved himself to be totally irrational and a danger to his fellow man.

**Chancellor Merkel, President Sarkozy and other European conservatives like to portray the financial crisis as a clash of capitalisms: of the continental vs the Anglo-Saxon models.** But the uncomfortable truth for Europe's right-wingers is this: continental European banks – Deutsche Bank,

BNP Paribas, Société Générale – were amongst the most highly leveraged in the financial system.

**However, the right-wing has so far done well out of the crisis. They have been most offensive in the fight against bankers' bonuses.** But the PES was the first European party to make concrete proposals on the need to regulate the financial markets, even before the financial crisis began. **Some of our leaders were slow to speak out and even slower to act. In Germany, we were not seen as the champions of financial market reform.**

**Today, we can take the lead once more. Fairness has to be our answer to the way out of the crisis.** Hard-working families did not cause this crisis! It was greed in Wall Street, the City of London, Frankfurt and Paris.

Finance executives still don't want to share the burden of the costs for the crisis or for preventing a new one. They are happy to privatize the profits and socialize the losses.

And their lobbying tactics are becoming ever more undemocratic. Buying politicians to lobby against regulation in Europe, like the Mayor of London Boris Johnson, 77 per cent of whose mayoral campaign was financed by hedge funds and private equity funds.

Meanwhile, **ordinary European citizens could end up bearing the costs of this crisis three times over.**

- First, financing the bail out of the banking system;
- Second losing their jobs and livelihoods;
- And, finally, suffering cuts in public spending on their welfare and on much-needed investments for their futures.

**Whatever the right-wing claims, they are not going to establish a new social contract between the financial markets and society. But we make that commitment.**

**A financial transaction tax. Curbing socially useless speculative transactions, ensuring financial actors pay their fair share to society, like the rest of us, as well as allowing us to finance the long-term investments now urgently needed in developed and developing countries.**

**Good banking. Regulation of the banking system to get back to their role of serving the real economy – creating jobs, supporting businesses and households.**

Regulating all financial players and instruments. Preventing the build-up of new financial bubbles wherever the risks.

**The regulation of the market economy – and the definition of a new model of human and sustainable development – are as great a challenge today for social democratic parties as was the construction of our welfare states one hundred years ago.**

Export-driven growth in some European and emerging countries - forfeiting rises in domestic wages and living standards to build up a larger share of the global economic pie – has left many losing out in the good years.

Elsewhere in Europe and the US, consumption and debt-driven growth has not delivered the dreams that people were chasing.

**Our task is to frame the market on people's conditions. If we don't do it, we will die as a political movement.**

**A new economic paradigm.** Based on the ethical values that have enabled the progress of our civilization.

**One that challenges the deep-seated imbalances of power that allowed 20 skyscrapers in the US and Europe to destroy the jobs and livelihoods of tens of millions of people across the developed and developing world.**

One that enables new paths to our fulfillment as people. That has a space for diversity, culture and community.

**Financial markets must become servants to societies that unleash the potential of all our people.** Through entrepreneurship, creativity and innovation.

**We need a whole new set of coherent actions. The labour market cannot be treated like the capital or commodity markets. Now people have to take centre stage in our new paradigm. They have to come first.**

**We can build a new vision for regulating the market economy.**

**With people driven by a purpose that is greater than the next profit margin.**

People who are spreading opportunity to the many – like Muhammad Yunus, founder of the Grameen Bank – or who are powering growth through sustainability, like the world class Danish wind power companies.

**I believe that change is possible. A coalition for a different kind of market economy.**



Composed of productive entrepreneurs, social businesspeople, workers, academics, trade unions and NGOs. The vast majority of people who want a better future for themselves and their families.

The financial elite is outnumbered by the millions who are crying out: Never again!

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**The European Union is a key battleground for our fights for financial regulation and fairness for the way out of the crisis.**

**The case for a new Social Europe has never been stronger. Growing inequality is a fundamental threat to human progress in a globalised world.**

Up to 57 million jobs could disappear by next year in Europe and the industrialized world. Worldwide, we risk seeing a lost generation as the ranks of the jobless are inflated annually by 45 million young men and women failing to enter the labour market.

The crisis has hit some more than others in Europe. Lithuania and Latvia have both lost almost 20% GDP this year alone, leading to plummeting living standards for their people.

**The European Union has looked on and done virtually nothing.**

**In the absence of European solidarity, it is the IMF – normally expected to bail out fragile developing and emerging economies – who has had to step in.**

Europe's right-wing majority is letting vulnerable Member States and their people sink. **Our vision for European solidarity is another one. The EU has a duty to act against new dividing lines on our continent.**

**For social democrats and progressives, Europe has to be more than just a marketplace.**

**We believe in competition between enterprises, yes, but also cohesion between Member States, and solidarity between citizens.**

Europe's cohesion policy and crisis response mechanisms must be strengthened as a matter of urgency. **Eurobonds** – allowing Member States to tap into global capital markets more cheaply and easily - must be developed as an instrument for investment.

**The recession is intensifying the pressure of globalization and ageing on our welfare states.**

**Inequalities will deepen further if we don't reform our welfare systems.** We need better social policies, not fewer, in this new age. Social policies that end marginalization, create an inclusive labour market and leave no place for wasted talents.

**A new personal and social security in an age of permanent change.**

**A transformational shift towards education throughout life** for new knowledge, skills and creativity that liberate people and dynamise our societies.

Inspiring people to create new forms of work with new meaning.

**Welfare systems that do not guarantee a job for life, but enable education and employment throughout life.**

**And our new social agenda cannot just be about new growth and jobs.** We cannot just be concerned by the injustices we have traditionally championed – like unemployment or material poverty.

**In the catwalk of modern politics, social democrats will not appeal to people if we wear our policies like an old coat.**

The push towards ever increasing competitiveness in our countries has amplified the pressures on the individual.

Work pressures due to the drive for higher productivity; economic pressures from squeezed wages in a context of rising housing and living costs; social pressures due to the rise of consumer culture; and the pressures of combining work and family life.

Inequalities also persist between men and women. In the 21<sup>st</sup> century gender equality is no longer just an issue for women. But today it's fundamental for the whole of society, to create stronger and more dynamic welfare states, economies and communities.

If we believe in a progressive future for our societies – for men, women and children - we've all got to become campaigners for true gender equality.

**To reach people, we must also address the invisible injustices suffered in their daily lives – the lack of power, of capabilities, to improve their lives for the better.** The cultural changes and loss of community that have left them insecure and fearing for their very identities.

**New answers are needed - on culture, on identity, on quality of life, on gender equality – that address the injustices, pressures and fears people experience.**

**As parties, we will only be relevant by offering a new social agenda that connects with people's real life experience.**

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**The planet's environmental problems more than match our social ills. Un-sustainability is the third threat we're facing.**

**Environmental degradation has worsened in the past decades of high global growth.**

We'll be confronted with a humanitarian disaster on epic proportions within just a few decades as some parts of the world become uninhabitable. People across the world, including Europe, will suffer untold consequences.

We know that industry will not by itself respond to environmental concerns: the failure of large parts of the motor industry to adapt is proof of this. Voluntary codes have failed.

The European Union, our governments and our parties must take the lead. Yes, concluding an ambitious global climate deal in Copenhagen this month. **Providing global targets, but also new sources of financing to meet the challenge. Spreading the opportunities and sharing the costs of transition fairly.**

**In Europe, setting out the roadmap for how we're going to change the way we live and work, the way we produce and consume.**

**It is a radical shift in our way of life, which will require billions of euros of investment in changing our industries, energy supplies, and transport.**

Smart green growth, based on new sustainable forms of energy, technology and knowledge, coordinated across Europe.

We cannot wait any longer.

**Smart, green growth should be the core of a new EU2020 strategy. With new sources of financing, including green Eurobonds, as proposed by George Papandreou, our Prime Minister of Greece.**

Our commitment in 2000 was to make Europe into the most dynamic, knowledge-based economy in the world, based on social cohesion and

sustainable development. **The right-wing blew Europe off course. But it's still valid today. We need more ambitious instruments.**

In a world of finite resources, we cannot continue as before. Business as usual would be catastrophic.

We must determine a new measure of human progress, beyond GDP, to guide the development of our progressive societies?

The right-wing speak warm words about sustainability. But they have not moved from words to action. **The only way forward is the progressive way forward together in Europe.**

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**The old democratic contract is broken.** Globalization has taken sovereignty away from the nation state, leaving people vulnerable to forces outside their control.

**Europe is the only means to regain this lost sovereignty and to empower people once more.**

**But if we do not act now, the danger we face is the withdrawal of democratic consent from the European project.**

**It will happen slowly but surely if we do not change the way we do politics. And if it happens, let there be no doubt in this room, social democracy will die with it.**

Europe is an integrated part of the democratic chain that is fundamental to the future of social democracy. If this chain is broken, powerful global forces – ones we cannot imagine and do not know of today – will unleash themselves, unfettered, on our people.

**We need Europe.**

**But what kind of Europe?**

**We have a choice to make. We have a new commitment to make to people. I believe our choice – and our commitment to people – should be:**

- ✓ A Europe fighting the threats of instability, inequality and unsustainability, shaping a new globalization for people and planet
- ✓ A progressive recovery from the crisis, paving the way for sustainable development
- ✓ A Europe establishing a new social contract between the financial markets and society
- ✓ A Europe of jobs, jobs and jobs. Not a job for life. But the guarantee of education and employment throughout life.
- ✓ A Europe of better not fewer social policies, more cohesion, not new dividing lines.
- ✓ A Europe forging true equality between women and men for stronger, more dynamic welfare states, economies and communities.
- ✓ A Europe creating the new personal and social security during permanent change.

**A united PES must be the driving force to make this Europe a reality. Fulfilling our new commitment to people.**

That is the only way to restore trust our democracy and accountability in Europe.

**We will not win people back to our movement in this new century if we do not build a new bridge to this political Europe.**

**And a bridge can only stand if it is strong on both sides. In our countries. And in the European Union.**

**Ours has to be the new politics of engagement.**

**People want to be listened to and respected.**

**People want to be engaged, not watch passively as decisions are taken for them behind closed doors in distant European meetings.**

**So I want to conclude a pact with you today. Between the PES and our member parties and organisations.**

We share a common destiny. We're in this together.

**We cannot close our borders. Instead we must open our minds.**

**As parties that integrate the European dimension into everything we do, that communicate and engage with people on the democratic power of acting together across the European continent for a progressive future.**

**I ask you to join me in concluding this pact today - committing us together – to forge this new politics of engagement in Europe.**

**We lost people on the way into this crisis. We have to win them back for a way out of the crisis.**

**We must involve our party members to build a real cross-border political movement.**

**And we must reform our parties. How we integrate Europe into our work. How we communicate and engage with people in everything we do.**

**Every party leader and official in this room bears a historic responsibility.**

I want to make these reforms with you in this next mandate as President of the PES.

**1) We must change the political priorities of Europe in the next 5 years:**

- a) A progressive recovery and long-term development strategy;
- b) Reforming the financial system;
- c) A global climate deal;
- d) Gender equality and a new Social Europe;
- e) Progressive external action.

**2) We must increase our influence in the European institutions:**

- a) **Equipping ourselves with a vision, a programme and a candidate to win the European elections and take the Presidency of the European Commission;**
- b) Supporting PES opposition parties to win at national level and enter government;
- c) Coordinating our action in the European and national institutions;
- d) Mobilising all our members in national parliaments and in the European Parliament to shape a new progressive European agenda, using the increased powers they have thanks to the Lisbon Treaty;
- e) Revitalizing PES networks, mobilising the most relevant decision-makers and thinkers of our member parties and organisations.

**3) We must strengthen our political family**

- a) By renewing social democracy;
- b) By modernising our way of doing politics;
- c) By building the bridge between our national and our European parties;.
- d) By stimulating the development of grassroots engagement, through our networks, organisations, PES activists, and citizens' initiatives.

**We exist as political parties to win and exercise power in order to shape progressive societies. We can only do this by acting with the same objectives at local, regional, national, European and global levels.**

**We will fulfil our commitment to people – to create truly progressive societies - by becoming the natural parties of government, both at national level and in the European Union.**

**We can be the party of engagement, freedom and hope. Giving people the means for their own empowerment. Turning apathy into a new aspiration.**

**Today, let's decide in unison, let's break out of our national prisms.**

**Let's make a commitment to people for a new future of progressive societies.**

**Let's make a pact for a new way of doing politics.**

**Reform or die.**

**This is our moment of truth.**