



## EUROPE - A CALL FOR CHANGE

### We must listen to Europe's voters

The S&D Group has one central demand of any candidate for President of the European Commission: the new Commission which he or she leads must be committed to policies which will improve the daily lives of those who have suffered most from recession and austerity, and above all the unemployed and the underprivileged in our societies.

The elections for the European Parliament have shown widespread dissatisfaction with the way that the EU has been run by the outgoing leadership. Many different factors have been in play in different countries, but the common thread right across Europe is that something has to change.

**The S&D Group's members fought the elections on a platform of far-reaching change** and we shall be the leading force for change in the new Parliament - with more MEPs, representing many more voters, than all the combined forces of the various anti-European and populist parties.

We aim to ensure that the voice of our voters is heard. The European Union must change direction. It must work in the interests of all its citizens - and especially the millions who feel left behind. **Our Group cannot and will not support a continuation of business as usual.**

To win our support, any candidate for President of the Commission will have to make an unbreakable commitment to promote investment, sustainable growth and decent, secure jobs; tackle poverty and inequality; safeguard freedom of movement while putting an end to social dumping; strengthen respect for fundamental rights; re-inforce territorial cohesion policies; establish an effective common immigration and asylum policy; and make the EU itself more democratic, more transparent and more accountable to the citizen. Having saved the common currency from disaster, the Commission must finish the job, by taking the further steps needed to make it a success story. We also expect the Presidential candidate to commit to the appointment of a gender-balanced Commission.

More than that, there must be an agreement between the Parliament, the Commission and the European Council on the broad direction of policy so that European citizens can be sure that the new President of the Commission is able to deliver on these promises of change.

### Some building bricks for a new Europe

The programme of the new European Commission will not be the programme of any single political family. But we set out here what we believe to be the key changes - in policy and in ways of working - which must be made. We believe they will command support far beyond our own voters. They should be part of a new programme for the next five years which will demonstrate that the European Union has indeed heard the voters.

## **Safeguarding living standards and strengthening solidarity**

- It must become a central objective of EU economic governance to reverse the alarming rise in poverty and inequality, including - but not confined to - adoption of a strategy to eradicate child poverty, backed by binding targets across the EU. These and other social policy targets, including a reduction in insecure work and the widest possible access to initial vocational training should be built into the coordination and negotiation process known as the European Semester.
- There must be a better legal framework for cross-border movement of workers, to ensure freedom of movement while safeguarding wages, social standards, collective bargaining and the autonomy of the social partners in the host countries. As a start, the Posting of Workers Directive must be revised to ensure equal treatment for cross-border workers, end social dumping and safeguard employment and trade union rights. We expect also a commitment to bring forward proposals for a European system of decent minimum wages, which must respect national practices and industrial relations systems and have the support of national trade unions. To ensure that social rights cannot be subordinated to economic freedoms, we call for a Social Progress Pact guaranteeing decent jobs, labour rights, quality wages for all, social protection, social dialogue and the right to organise.
- Intolerant, extremist, xenophobic and homophobic forces are challenging the founding vision of a tolerant, inclusive and open European Union. That vision must be more vigorously defended, through the passage of the Anti-discrimination Directive currently blocked in the Council of Ministers and the adoption of a European Roma strategy. The Commission should set up a scoreboard to monitor fundamental rights, democracy, media freedoms and the rule of law throughout the EU, drawing all necessary conclusions when they are not respected; and it should strengthen efforts to combat discrimination on the grounds of gender, racial or ethnic origin, religion or belief, disability, age, sexual orientation, or identity.
- Women have been hardest hit by the prolonged recession in the EU. We expect proposals from the Commission to close the gender employment and pay gaps and combat all forms of violence against women.
- The new Commission must bring forward proposals for a comprehensive European migration and asylum policy, including a system of legal immigration, temporary protection and the right to asylum. This system must be designed to preserve human life and the dignity of all in society. It should protect the vulnerable, including unaccompanied minors; strengthen procedural safeguards; establish proper channels for legal immigration; and combat human trafficking. There must be integrated management of common borders and mobility to deal with the problems faced on Europe's common borders by some Member States, such as those bordering the Mediterranean. The policy must also establish reliable mechanisms of solidarity and sharing of financial and other responsibilities, both among European countries and with countries of origin and transit. The policy must show greater commitment to tackling the problems that force people to leave their homes, and must include effective policies for integration and participation including procedures for extension of full citizenship, to maximise the positive contribution that migrants make to the European economy.

## Sustainable Growth and Jobs

The most urgent challenge facing the EU is to strengthen economic growth across all member states to levels which will reduce unemployment significantly and steadily over the coming years, with a special focus on youth unemployment, the long-term unemployed and the elderly unemployed. This must be the new European Commission's highest priority, and it must gear every relevant policy and instrument at its disposal towards this aim.

To that end, we expect the new Commission to use the European Semester process to mobilise and coordinate its own and member states' efforts in the framework of a European Alliance for Jobs.

- The new Commission must establish a better balance between fiscal rectitude and growth. A change of policy, resting on three pillars, is needed to create sustainable growth and jobs:
  1. Our Group has always challenged the way that the stability and growth pact has been designed and implemented, which has damaged public investment, growth and jobs. The new European Commission must immediately develop a strategy which eliminates the dramatic shortfall in public and private investment, without putting further consolidation of public budgets at risk. Existing rules must be implemented in such a way as to stimulate public investment and support stronger sustainable growth and job creation. Countries with a significant cumulative output gap, and those carrying out important structural reforms, should be permitted to deviate temporarily from medium term deficit reduction paths to allow growth-enhancing public investment within the framework of the Europe 2020 strategy in areas such as research, education and key infrastructure projects. The Commission should also take care that Member State governments reduce their public debt to sound levels at a rate and rhythm compatible with sustainable growth and employment objectives
  2. The European Commission and others have documented the extent to which the European economy is in need of private & public investment - estimates converge around €200 billion a year until 2020 just in transport, infrastructure, energy renovation and efficiency, renewable energy, and electrical networks. The new European Commission must rapidly submit an operational proposal on how to meet these investment needs through coordinated action by the EU and Member States, framed within a new sustainable growth and investment plan to be presented to Council and Parliament by the end of 2014. Consideration should be given to a much more significant use of project bonds leveraged through the EU budget, or a further increase of the EIB's paid-in capital by around €10 billion, or both.
  3. The new macroeconomic imbalances procedure must be used to stimulate much-needed reforms across member states - which must be introduced in a socially just way - and must ensure that surplus as well as deficit countries make a balanced contribution to Europe's growth.
- The new Commission must make the fight against growing social and territorial inequalities among its top priorities. The new scoreboard for employment and social indicators must become a central part of the European Semester, to be fully reflected in future country specific policy recommendations. While such social criteria are non-binding, committed action by the European Commission must contribute to the emergence of a solid social dimension in EU economic governance and notably in the EMU.
- The new Commission must pursue the completion of economic and monetary union. While important advances have been made, further progress is needed: stronger instruments for the

banking union, a redemption fund, a system of Eurobonds and more transparent and independent EU own resources.

- The Commission must bring forward proposals to strengthen European industry, including more flexible application of competition rules, to encourage R&D and innovation while preserving a level playing field. It should rapidly set out an action plan for employment creation- giving special attention to the problem of youth unemployment, with the aim of putting an end to mass unemployment among young Europeans - and an ecological and digital transition in European industry. This must include targeted policies for re-industrialisation and a better environment for SME, high-quality education and training and plans for a common energy policy, with integrated energy markets and networks, based on ambitious and binding targets for energy efficiency, use of renewables, reduction of emissions and an increase in energy security, as demanded by the European Parliament in February 2014. To restore public finances and ensure fair taxation, the Commission must take ambitious action against tax evasion and avoidance, and against tax havens, to recover a substantial part of the €1 trillion a year lost by European governments to tax cheats. It should also propose principles to ensure a level playing field in corporate taxation and to prevent damaging tax competition and should press ahead with the introduction of the FTT, based on the Commission's 2013 proposals.
- The Commission must start work rapidly on its review of the EU's medium-term budget framework. We expect a commitment from any candidate for Commission President to propose a substantive revision of the MFF not later than the end of 2016 in order to make real reforms and find increased resources to implement the proposed sustainable growth & investment plan, notably through investment in innovation and measures to boost employment. The Commission must ensure that sufficient resources are available to allow the full implementation of the European Youth Guarantee as of 2016 and its extension to everyone under the age of 30.
- The Commission must continue to give priority to equipping the European banking system to better serve the real economy and must work with the EIB, ECB and Member States to ensure that European businesses, and in particular smaller firms, have adequate access to credit for investment, along with households and public administrations. It needs to explore the scope for alternative sources of financing, to make the European economy more resilient in the face of financial markets, and to break the vicious circle between banks and sovereign debt.
- The task of establishing a resilient and sustainable banking system must be completed. In response to the reforms already achieved, some business is moving to the less regulated shadow banking sector, which is equally capable of endangering financial stability and the wider economy. The EU must establish proper regulation of all financial sector activities and actors, and it must follow up on the proposals for a clearer separation between retail banking, investment banking and other high-risk activities.

#### **A more open, democratic and responsive EU**

- The troika which has overseen severe austerity measures in the crisis-hit countries, falling disproportionately on the most vulnerable, must be rapidly replaced by open and accountable economic governance.
- EU economic and social policy-making must be fully integrated into EU law, subject to the Community Method and to democratic control through the European Parliament, with also a stronger voice for national parliaments on subsidiarity issues and an effective role for social partners throughout the process. This should in particular apply to the European Semester, the implementation and revision of the Fiscal Compact and the European Stability Mechanism.

- To enhance EU responsiveness to voices beyond Brussels and take better account of the concerns of its citizens, the Commission must review and improve its handling of Citizens' Initiatives. The new Commission must unblock the longstanding proposals to create clear rights of access to documents, in order to make the workings of the EU more transparent and open to European citizens.
- The new Commission must respond in a comprehensive and timely manner to legislative initiatives proposed by the European Parliament.
- EU trade negotiations must be much more open and transparent, notably in the case of the current negotiations on a Transatlantic Trade and Investment Partnership (TTIP). Globalisation needs rules and trade agreements can bring rules to globalisation. Social democrats are ready partners in that venture, but trade must play its part in fighting against poverty and enhancing development abroad; any trade agreement must also safeguard our public services and protect the environment, high standards of public health, welfare and food safety, rights at work and fundamental human rights – including data protection. The S&D Group will not allow hard-won social and environmental protections in the EU to be undermined. We expect any candidate for Commission President to make a commitment to involve the European Parliament in a comprehensive and timely way in all trade negotiations; to ensure that the views of citizens are heard; and to share information as widely as possible (while protecting confidentiality where necessary for the EU's negotiating position). We also expect a commitment that the EU will not agree to any investor-state disputes procedure.

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These few changes, particularly the proposals to strengthen democracy, are no more than a start. We do not believe they are sufficient to answer all the critics who see the European Union as remote or unresponsive. We propose therefore that the European Parliament and the European Council should give the new Commission President a mandate to set up, in consultation with the Parliament and Council, a review of democracy and transparency in the EU institutions, in which not only the institutions themselves, but also a plurality of voices - from within and beyond Brussels - will be heard; and which will have the authority to propose ways in which transparency and accountability can be improved within the existing EU Treaties.

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