

**MINUTES OF THE MEETING OF THE COUNCIL OF THE SOCIALIST INTERNATIONAL**

**Cascais, Portugal, 4-5 February, 2013**



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OPENING

**Luis Ayala**, Secretary General of the SI, opened the meeting saying that democratic socialism, and our vision of growth, employment and sustainable development, had brought us here. This was its promise in Europe as in all the continents, but we had chosen to come together here at the side of Portuguese socialists in their battle for the Portuguese people's aspirations.

He was pleased to formally open the Council by giving the podium to SI President George Papandreou.

**George Papandreou**, President of the Socialist International, expressed the SI's solidarity with the Portuguese people, the Portuguese Socialist Party and its leader António Seguro, who had offered such wonderful hospitality. He especially congratulated Seguro for his passionate leadership in a time of great challenge, and his commitment to a progressive model of recovery and a more integrated Europe.

Having begun as a project for peace and cooperation beyond borders, Europe was now further challenged to become an experiment in pooling our capacities to solve problems that go beyond our individual countries, and to cope with a globalising world. The outcome would not only impact the global economy, it would shape our response to future crises. An introverted, conservative Europe would surely fail but would also have profound negative effects around the region and in the world at large.

A failed Europe would mean a failure to unite as we face financial crises, global warming, violence against women, inequality, poverty and corruption. Papandreou said he shared Seguro's belief in an alternative progressive path for Europe. He mentioned the crisis in Greece and the failure of the European Union to give a strong positive signal to the markets. If Europe were again to take no further action the sacrifices of the Portuguese people could also be wasted. Papandreou had had to clean up the mess left by the previous conservative government and Greece had survived, but debt and deficit were only the symptoms of deeper problems. Even the IMF now recognised that time was needed for the progressive reform of institutions and economies. He had fought to strengthen democratic accountable government against a concentration of economic and political power but European solidarity was needed and European investment to create a strong single market and a competitive economy which would be an investment in jobs and our youth. Reform must come before austerity.

Europe must be competitive based on quality, not inequality, he said. If northern Europe feared competition from emerging markets then we needed to fight in the WTO for better standards and wages in those economies. It must not be a race to the bottom.

A progressive Europe would not tolerate a lost generation of unemployed but would fund public service work, social enterprises, and programmes of re-training. The cost would be minimal compared to the cost of a lost generation.

Southern Europeans were neither lazy nor profligate, he said: according to the OECD Greeks worked more hours than anyone in the European Union, and he was proud to be a Greek or any other European

as we progressives build on diversity, not on prejudice. We believed in deeper democratic institutions and practices in Europe. His efforts towards greater democratic legitimacy had been shot down by a conservative Europe. Now we needed to examine the prospect of an elected president of Europe.

Socialists, democrats and progressives sought to unite our citizens rather than divide our countries. One example of a successful united struggle had been the passage of the Financial Transaction Tax in the European Parliament for which a member of PASOK, Anni Podimata, had been the rapporteur. It would specifically target speculators and bring important revenues to our societies. We could have similar results, he said, in fighting tax havens which rob our middle and lower classes of revenues for welfare and growth; we had been fighting for just taxes and fair trade, but these needed us to be united.

In that connection he wished to thank delegates from around the world for attending this first Council meeting since the historic Congress in Cape Town, historic in that it had implemented a direct electoral process open to multiple candidates for the leadership of our organisation, enhancing its democratic procedures and exemplifying the transparent governance we must promote. The democratic process inevitably left some who were not happy, but accepting the results demonstrated a commitment to democracy. The foundations for a safer, more prosperous and stable world required dialogue, respect for the other, and equality of rights. By this method he had reached agreement with Ismail Cem to initiate the Greek-Turkish rapprochement, and the SI must work hard in this spirit. All our collective wisdom was needed now in relation to Syria where the situation was deteriorating and there was the threat of an expanding cycle of violence.

Our thoughts were also very much with those affected by the situation in Mali, he said. The SI had fully supported all the multilateral efforts to help the Malian government towards the establishment of an African-led international support mission in Mali (AFISMA). We commended the willingness of those African countries who responded to appeals to provide troops, and also the assistance of the French President and government, with support from the UN Security Council, in helping to secure the territory of Mali. He welcomed the presence of comrades from Mali, Niger, Mauritania and other countries affected by the conflict.

In all those conflicts, he said, women were the major victims, and the recent focus on economic crises had drawn attention away from women's issues, but the brutal gang-rape and murder of a young woman in India, and the shooting of a 14-year-old Pakistani girl for advocating education had triggered huge public protests. This outcry should mark the start of a global movement to lift the veil of silence that shrouded violence against women and protected the perpetrators.

Governments must advance women's rights through legislation, and civil society must promote a cultural shift that rejects women's marginalisation and mistreatment. Only by enabling women to realise their potential could countries ensure economic and social progress. Gender equality would remain a distant goal while women exerted little influence in governing bodies or in drafting new constitutions.

In March, he continued, the UN Commission on the Status of Women would meet to agree on a plan to eliminate violence against women, but without the political will, promises were meaningless. Even though 187 countries had signed the 1993 UN Convention on the Elimination of Violence Against Women, statistics showed little progress. He commended Ouafa Hajji and the efforts of SI Women to raise awareness of this ongoing war against women, and to empower women around the world to fight back. We socialists must take the lead in this cause.

Other looming challenges included the creation of a sustainable welfare system, transparency in governance, regulation of the markets and banking, balancing our budgets while protecting social services, environmental protection within growth strategies, and protecting democratic institutions from unaccountable élites with more capital than some national economies, who controlled the global media and financial institutions. If we wanted to be relevant and to earn the people's vote, progressives now needed to prepare for the post-crisis period, in a world with a new global balance of power. He felt honoured to have been re-elected in Cape Town and believed that the SI has the collective power to promote the progressive solutions the world so badly needed.

In concluding, Papandreou stressed the differences between today's conservatives and progressives and the SI concerning Europe. They spoke of fear, punishment, and austerity, whereas we spoke of hope, change, and reform. Instead of their race to the bottom, we saw a race to the top. They were fearful of the people but wanted to save the banks: we were sceptical of the banks because we wanted to save the people.

**António José Seguro**, SI Vice-President and Secretary General of the Portuguese Socialist Party, welcomed all the participants saying we were meeting to discuss the progressive vision of growth, employment, and sustainable development of the global economy. We were experiencing a global confrontation between the ultra-liberal ideology and our progressive alternative, with Portugal at centre-stage. Under the conservative-dominated European Union, Portugal's government was imposing a recipe of impoverishment and economic adjustment without worrying about the social effects and the dismantling of the welfare state. The ultra-liberals wanted minimal government, deregulation of the markets, and less social protection, claiming there was no alternative to such measures. But this was decimating the middle class, creating a class of newly poor, and colossal fortunes for a tiny minority. This disproportion in the distribution of wealth and its benefits was becoming the dominant feature of our time.

For us progressives, the solution was a strong and efficient government, a sustainable welfare system, a fair and transparent market economy and social cohesion guaranteeing that no one was left behind. We put economic growth and employment at the centre of political action and defended the welfare state as a condition for getting through the crisis. This confrontation was not new, but for the first time it was occurring globally, regionally and nationally: our strong response could succeed only through equally broad application.

Global financial markets had escaped regulation and transparency and had imposed their own instruments. Societies that had thrown off dictatorship had succumbed to the new tyranny of money and markets. Only the dominance of political democracy could end financial speculation and injustice. But how could global markets be regulated, and trafficking in people, drugs and arms be ended when there were off-shore havens, and when workers paid their taxes but speculators did not?

The essential condition for a more just world, for regulation of markets and the triumph of democracy was an end to fiscal havens. This, he said, must be given priority by the Socialist International. We needed global governance and international policies. International institutions urgently needed reform: we could no longer wait for fair representation of the people of Latin America, Africa and Asia in those organisations. He stood by his promise as candidate for Prime Minister to support that cause and defend it in the name of his country.

We also needed to lead a global agenda of active transparency and ethics in public administration and international commerce. Corruption was demonstrably the principal cause of hunger and poverty in our world; it was the main obstacle to strong democratic institutions, and it had prevented an effective response to environmental challenges. In this battle greater strength was needed from the SI.

A progressive response to the crisis required also a greater regional and international integration as the foundation for an efficient world governance to face the globalisation of financial powers.

The scene in the European Union was not encouraging, he said: aging populations, indebtedness, lower rates of economic growth, technology that improved productivity but not necessarily employment, and middle classes under pressure. These were the challenges for our movement Europe had not been up to its responsibilities in an increasingly global crisis. A moral debate was dividing north and south, but the problem was not moral, it was one of conservative policies having brought about an international financial crisis. In 2008 Portuguese debt had been a similar percentage of GDP to that of most of Europe. In 2009 its public expenditure in relation to GDP had been less than the European average. In 2010 63% of Portuguese families had no bank debts. Help to the banks had been greater than a billion euros, more than double the aid to Greece, Ireland and Portugal.

In 2011 70% of Portuguese foreign investment, about 7000 million euros, went to the Netherlands, and the seven largest firms quoted on the stock exchange had transferred their HQs to the Netherlands where they paid less tax and thus negatively affected the national budget. This was not a moral problem, he stressed, it was one of politics and solidarity.

From the start the crisis had continued to worsen and to affect more countries, not only in Europe. The current European leaders, mainly liberal and conservative, had no right to destroy the greatest humanitarian project of our times. They were directly responsible for the nationalism spreading across Europe and leading to less inclusive and less tolerant immigration policies.

We wanted a people's Europe where monetary union leads to economic governance and provides a political structure to respond to the people's problems, he said, not to the States' egotism which was destroying the European Union. This was why he was defending a new push for European construction, with a broad debate about revising European treaties, increased integration, and greater political responsibility from European decision-makers. We wanted a democratic federal Europe as the only way for equality between European states and people.

But we needed to act also on the national level where each one of us must take political responsibility. His own country was in a grave state and its people were in anguish, like others in southern Europe, victims of this senseless agenda of austerity. The Prime Minister had indeed said to the Portuguese people "Cost what it may" concerning the dismantling of the welfare state, unemployment, bankruptcies and youth emigration. The Socialist Party had warned against this way and the results were now clear for all to see.

Portugal now had 852,000 unemployed, 175,000 unemployed youth, 115,000 young graduates unemployed, 460,000 unemployed without unemployment benefit, and more than 100,000 Portuguese had emigrated in the previous year.

The ultra-liberals had made no provisions so there was now more unemployment, greater recession and debt, more poverty and social exclusion, all as a result of the ultra-liberal policy of austerity which had failed on every count.

The alternative, he continued, was very clear: political priority must centre on economic growth and job creation; this was the path of social inclusion, intergenerational solidarity and development. We were living in difficult times and could only succeed if we affirmed our ethical convictions and values. The SI must not be just somewhere to meet: it must act, take initiatives, and lead the causes of the world's youth. Internationalism was needed to respond to the most international crisis ever: now was the time for a renewed internationalism, with ethically regulated free trade, progressive values and a people-centred economy. It must have the responsibility to protect, to be more universally cooperative and less hierarchical, an international order tirelessly committed to human rights. We were here today, he said, to make this new internationalist commitment.

Concerning solidarity with the people of Syria, the Sahel, Egypt and Guinea Bissau, he said they were all fearful victims of intolerance often forgotten by the world's powerful. We had failed to protect the people of Syria: it was time to ensure a lasting peaceful transition to democracy.

In Mali we were seeing the terror of a pitiless radicalism. We must support the leadership of African countries in resolving the conflict, and we commended François Hollande and the French people's efforts in that direction. It was time for peace and reconciliation, he continued, but we must remember the displaced people and do all we can to support the UN High Commission for Refugees and other humanitarian organisations.

The recent violence in Egypt called for further efforts towards dialogue: the achievements of the Arab Spring must not be wasted. New political alliances for Egypt's future must be democratically based, ensuring human rights for all.

The people of Guinea Bissau and their right to democracy must not be forgotten. Portugal and the SI must now ensure the conditions for dialogue and reconciliation, a return to constitutional order, and the holding of elections in reasonable order. He assured our friends in the PAIGC that they could count on our support.

Leading was always politically important, he acknowledged, but in future it would be even more so, and more difficult. Technology diminished the time between events and the necessary response; political leaders had to be much more brave and innovative in their public policies. Those who could negotiate a new relationship between governments, societies and markets would succeed best. He renewed his support for a joint initiative by all socialist, labour and social-democratic forces to globalise the progressive agenda.

Addressing all the participants who had come to Portugal, he said it was a great honour to welcome them, and that their fraternal gesture would not be forgotten. It was 40 years since the Socialist Party had been formed to defend democracy and freedom. Their revolution of April 1974 had begun a democratic Spring of equality and solidarity that extended to Africa and Eastern Europe. Under their leader Honorary President Mário Soares, who today sent a special greeting, they had chosen democracy and the European project. And under former President António Guterres, who had also sent fraternal greetings, Portugal had consolidated the values of social solidarity. World history showed that it was parties of the SI that had contributed the most to progress and development in the world. Now we must

reclaim a new future of democratic socialism, renewed internationalism, development and peace, resisting nationalism and conflict, and believing in a global citizenship. Our challenge was to ensure a new era of justice, democracy and development for all.

Seguro expressed gratitude for the choice of Portugal as the venue for this meeting which he saw as a symbol of strong solidarity with the Portuguese people and the Socialist Party, a gesture they would not forget.

In closing he quoted a progressive Portuguese thinker of the past, Antero de Quental: Where there was injustice that was where socialism must be. This phrase had always touched him and he kept it alive in his political action. Never before had we so much needed socialism; never before had we so much needed democracy; and never before had we so much needed to unite to combat injustices in Portugal, in Europe, and in the world.

### **First working session, morning of 4 February**

#### **FIRST PANEL: "The Eurozone Crisis: From here, which way forward?"**

**Luis Ayala** pointed out that two emergency items had been added to the original agenda: support for peace and security in the Sahel; and the current situation in the Arab world's fight to advance the democratic agenda.

The agenda was adopted.

He then summarised the arrangements for discussion of the main theme, the World Economy, in two panels, one on the crisis in the euro-zone led by SI Vice-President Alfred Gusenbauer, former Chancellor of Austria, with Attila Mesterhazy from Hungary and Purificación Causapié from Spain, the new leader of the Democratic Party of Serbia Dragan Djilas, Philippos Sachinidis, former Finance Minister of Greece, and Eurico Dias and Jamila Madeira from Portugal and the other concentrating on emerging economies and the development of multilateral institutions, with Prime Minister José Maria Neves, Richard Parker of the USA, Francisco Sardinha of the Congress Party of India, Liu Jieyi Vice-minister from China, Kemal Kılıçdaroglu from Turkey, Marian Lupu from Moldova, Obed Bapela from South Africa, Mikhail Marzuqa from Chile, and Habib El Malki from Morocco.

**Alfred Gusenbauer**, Austria, SPÖ, SI Vice-President, said we were starting with the problems of the euro-zone because we were meeting in one of the countries most severely affected by conservative and neo-liberal policies. Although some economies in Asia, Latin America and Africa were growing, the prospects generally were not very encouraging unless Europe could serve as a major market for export-oriented economies around the world.

He agreed with President Papandreou how crucial the lack of democratic legitimacy was for European institutions which make decisions that affect millions of people. For example the delay by Germany of support to Greece for political reasons had sent a signal to the international markets that euro-zone members might not be rescued. This minor step had led to a downward spiral involving Portugal, Ireland, Spain and Italy and to enormous increases in interest rates on loans.

It was clear that austerity was not the solution but was a major obstacle to solving the economic and social problems of Europe. That ultra-liberal concept must be rejected. Liberals claimed that a free

market would lead to the wellbeing of the people but we could see that only a tiny proportion of people were benefitting.

We must define the aims behind European policies, he said. He was in favour of competition for positive goals such as how to provide basic civil rights to a country's citizens, but not competition on the basis of abstract goals of liberalisation. We needed political democracy in Europe, with the wellbeing of our people being the testing ground, not stock-market evaluations.

It was vital that we break out of the vicious circle introduced by conservatives and ultra-liberals in Europe. We must adopt the progressive agenda President Papandreou was proposing, that should lead to growth and jobs, with the state and public institutions being servants of the people not of the financial markets. The suggestion that there was no alternative to such punitive policies was disgraceful, undemocratic and totalitarian, suggesting there could be no social progress, only stagnation. There was always an alternative, he said, and now we had a progressive social democratic alternative putting people first and requiring support for democratic institutions in Europe to bring about a European revival that would benefit all the rest of the world too.

**Purificación Causapié**, Spain, PSOE, said people in Spain were talking about the growth in unemployment, about corruption in the right-wing government, and about how they were surviving the loss of social rights to education, health, and security that had been built up by Spanish democracy. All this of course had led to a worrying alienation and political distrust among the people and a crisis in political life that was strongly affecting the Left and social democracy in Spain, in Europe and, she believed, throughout the world.

Spain had repeatedly said it needed the support of the European Union to overcome the crisis, and it needed a change in the economic policies of the EU and the European Central Bank that were strangling the economies of many countries and certainly of Spain. The PSOE had put forward an important proposal to strengthen growth and create jobs especially for youth and for women who were most severely affected by unemployment. Austerity policies that did not allow public investment and credit also did not allow the growth and investment that Spain and other countries needed in order to create wealth and employment which would improve people's quality of life, this being the most important thing for PSOE. Seeing the investments going to banks but not to citizens, was causing the alienation she had mentioned. Spain believed in the EU which had helped it grow richer and provide a welfare state. Now they were becoming very anxious and sceptical about Europe and its parliament. As in other countries the Right was saying that there was no alternative but to reduce the welfare state and the rights of citizens. People were getting the message that politics could not help because the markets were making the rules. This was what we socialists had to refute through strong institutions guaranteeing rights and wellbeing for the people. We had to work to stop the erosion of social cohesion and to make the institutions serve the people who day after day were losing out.

She referred to the growing gap between rich and poor arising from the global economic crisis, the growth of discrimination, violence against women, and of inequality in political life. With the increase of profoundly conservative ideologies, women were also losing their reproductive rights.

PSOE was seeking new ideas to combat these difficulties and needed socialist and social democratic parties around the world to join in this work. It was a challenge to construct a proposal for growth and job-creation and to pursue the regulation of the global economy. No one should be excluded. There must be concrete policies and laws to ensure that men and women move forward side by side in our

political and social lives. To this end she concluded by urging the SI to guarantee equality between men and women within our parties and to ensure the inclusion of all the people without discrimination.

**Attila Mesterhazy**, Hungary, MSzP, SI Vice-President, said his country was of a similar size to Portugal, with a similar-sized population, and unfortunately similar problems. They too had an economic crisis with recession, GDP growth of minus 1.5, and a disastrous right-wing government that had not learned anything from what had happened in Europe. Hungary had a historically low rate of foreign direct investment, hence few jobs, and the bad economic policy had led to a social crisis.

Of ten million inhabitants about four million were living below the poverty line and almost 500,000 children were starving. In the last two years many were emigrating, especially young people who often had no desire to return. Democracy was disappearing under the current government, he said.

His party had to face all these crises at the same time and find alternatives and solutions. This was what they were aiming to do.

He agreed with António Seguro that the EU was not just a community of people with the same interests: they shared the same values and principles. Everyone was happy to cooperate when things were going well, but when there was trouble, some countries were not ready to help. We had to work together as António had said, we had to cooperate and pool our resources. The only solution for Europe was for those parties that shared the same values and aims to stick together.

In closing he said there was a Chinese letter meaning crisis and it was composed of two letters meaning opportunity and danger. It was up to us which meaning we would choose for our crisis: he hoped it would be opportunity.

**Dragan Djilas**, Serbia, DS, said that for two decades his party had been advocating democracy and social justice to cooperate with the democratic world. They had come a long way and were now struggling against poverty. Despite Serbia's clear orientation towards joining the EU and its current status as candidate, support for European integration was now very low due to the problem of Kosovo. Being a young democracy faced with the economic crisis, Serbia needed reform and support from Europe. The new government's public debt was already 61.5% of GDP and unemployment was reaching 30%. Austerity measures were affecting mostly the poorest citizens. State intervention was needed so that company profits could reach the workers in a more socially equitable way.

After ten years of Milosevic, they now had a conservative government. Private companies were cutting their costs by reducing salaries or the number of employees which of course meant fewer people able to buy their goods. His party tried to support and protect these people.

The DS was up against serious difficulties because the president of the biggest party is coordinator of all the secret services and the police. It seemed pointless to hold elections because results in 50% of local elections that produced a change were being declared valid for state elections. People were under great pressure with votes being bought for 200 euros and job offers for friends or relatives, which the people who voted for the Democratic Party of course did not receive. There was altogether too much pressure which was leading to aggression on both sides.

Finally, he said, some of the parties in his region were talking of joining an alternative organisation to the SI. He wished to assure everyone that his party was remaining with the SI.

**Eurico Dias**, Portugal, PS, said that on first considering the theme of the crisis in the Eurozone, he had thought of his own country and a possible subtitle: Condemnation to Impoverishment. This crisis was not essentially an economic crisis, but was fundamentally a crisis of the European model in which markets and most currencies had been united, but Europeans had not been united as citizens, and nor had policies of solidarity in times of instability or insecurity.

When we questioned the self-regulation, or lack of regulation, of financial markets and when it became clear that the states had to demand sacrifices from their citizens in order to confront a grave financial crisis, our own Europe had allowed itself to be hijacked for national interests, blaming the weakest countries of the South. This seemed to become the hallmark of the conservative Right who chose nationalist, not internationalist, values condemning southern countries to impoverishment and the erosion of their young, sometimes fragile, welfare states.

He urged honest recognition that his country and its people had not reached their potential. As a member of the EU, Portugal had always welcomed new members, believing that free trade would create more joint wealth for all. His country had wanted to prepare for the new scenario of international competition created by the Uruguay Round, the birth of the World Trade Organisation, and subsequent EU enlargements to the east, but its path had been interrupted by the crisis of sovereign debt and it was now evident that what the EU, under mostly conservative right-wing parties, was proposing for his country was impoverishment, without any future or jobs or growth. Portugal's record rate of unemployment was now over 16.5%. Other countries of southern Europe had also had this painful experience which jeopardized state institutions, social cohesion and even democracy itself.

Portugal's central problem, he continued, was not its debt or budget deficit but the competitive differential for many northern countries competing with the US dollar which limited its growth potential and obliged countries like Portugal to progressively alter their means of production and services to compete in international markets. The middle and working classes were left to their fate, and equality of opportunity was weakened, because solidarity among the people of the EU was hobbled by small national interests, with some benefitting from the less competitive who had to pay higher rates of interest.

Getting through this situation would not be easy: socialists must fight for an agenda of jobs and growth, but the people and not the markets were always the priority. Without competitiveness it was impossible to join in the international arena, and without the financing of economic activity it was impossible to create wealth.

He outlined the two central priorities of this agenda for growth and jobs: the stabilization of the economies of southern Europe to halt the downward spiral and create the conditions for an economic policy for the medium term. And secondly the urgent launching of pragmatic bases for public and private investment policies partly financed by a stronger EU budget from new sources like the tax on financial transactions and concentrating on employment, especially youth employment.

He pointed out the urgent need to halt the austerity policies that were destroying wealth, businesses and jobs. He detailed the hardships that Portugal would undergo up to 2014 due to austerity measures that were now recognised to be fundamentally wrong, and that had to be eliminated at whatever cost.

The key areas of tourism, renewable energy, the green economy, health and well-being, and information technologies must play a central role in our agenda. It was essential to improve the transactional sectors that increase global wealth and maintain long-term tools of social cohesion which represent the welfare state we are collectively constructing. Stronger EU budgets especially in regard to cohesion were fundamental to this end.

New instruments concerning cross-frontier infrastructure and the development of natural resources must take priority so as to provide new sources of income without which the EU would not be able to attract more private investment. A new generation of growth and employment must be the economic plan of socialists, a necessary and feasible agenda with a stronger role for the European Central Bank: a relaunching of Europe and indeed of the world since Europe could not do it alone but only by joining with other regions of the world.

Our agenda is one of inclusion, equality and solidarity, he said, a socialist agenda for all, demonstrating that there are better ways than national egotism and that austerity does not lead to growth and jobs, nor to equality and well-being.

The crisis of sovereign debt was built on the narrative of southern-country guilt. It must be replaced by the narrative of equality, solidarity and fraternity. We socialists know this narrative very well as the foundation of our values. That is exactly why we must be its protagonists, and the agents of this change.

**Luis Ayala** announced the news that our Finnish Vice-President Eero Heinäluoma had just been re-elected Speaker of the Finnish Parliament. Congratulations were sent to him.

**Philippos Sachinidis**, Greece, PASOK, having served as Minister of Finance, wanted to share some lessons that his party had learned in the crisis. First, a wrong diagnosis of the problem would always result in a wrong prescription. The euro crisis was not a debt crisis: the average debt ratio in the euro-zone was smaller than the Japanese or the American. While Greece might not have been very fiscally responsible, it had not caused the crisis and there was no excuse for punishing its citizens with a policy programme that led to deeper recession and greater unemployment.

Second, the euro crisis had been caused by already recognised deficiencies in the institutional framework, and the failure of the financial markets. It could be resolved only when European countries addressed these deficiencies.

Third, structural changes and a review of growth strategy were essential. Although Greece had made such changes, not enough time had elapsed to show results and, with a deepening recession, people had lost faith.

Fourth, now it was time to reconsider the speed of fiscal consolidation to allow the economy to breathe and to fight unemployment. Socialists could not accept youth unemployment of 50%: the emergence of an extreme pro-Nazi party was clearly a warning sign.

Reducing minimum wages was not the answer: special funds must be allocated in countries that had an economic policy programme.

Finally, he said, economic policy programmes were dynamic in that they built on accumulated experience: some assumptions had proven incorrect and Greece had introduced a growth clause, but

more was needed to address the problems. This would be to the benefit of the people of Greece, of Europe, and the rest of the world. A growing and stable Europe was a pre-condition for world stability and growth.

**Jamila Madeira**, Portugal, PS, wished to underline two important factors in connection with the Eurozone crisis. Europe, for the majority of participants here, was the most ambitious social model in the world, and the area of greatest solidarity. The European Union, she said, had contributed most in terms of cooperation and an alternative response to the needs of the world; yet it had not promoted such actions with regard to world markets, had left them on the loose and was therefore suffering within itself from the resulting problems. We must have genuine monetary policy and action, an independent Central European Bank which would take on the political concerns, control the markets, and respond to the challenges facing our people and our societies.

Instead, today we had usury, a strong word always implying criminality, but this was what we had in our markets with interest rates far higher than any potential growth rates in these countries. What else could one call it, she asked, and what was the intention of these markets? If they already thought that we would be unable to pay, was it political stability? This was certainly not the outcome that the Euro crisis had created for its member states. Instead the EU was being subjected to the logic of the casino. For us socialists, countries should be financed directly through the Central European Bank so as to have stability, and the capacity to be immune to any speculation that the market might provoke. Stability would enable us to be on equal footing with our major transatlantic ally, and for this we must find the means to ensure that political action remained immune to action of the markets. It was clear, especially in recent years, that the markets continued to react freely, not to elections or changes of leadership or government, but they continued with business as usual because they felt above these realities. This non-reaction demanded European solidarity and a responsible commitment towards a common project. For us socialists this was at the centre of the Eurobonds response, with fiscal coordination and the possibility to meet this challenge together.

She mentioned Brazil which, in the past, had experienced a very strong recessive spiral. The country had resolved to stimulate and grow the economy, and alleviate austerity. In Europe no concerted financial or monetary actions were being promoted to encourage growth or the ability to pay. Instead the only reaction among the current leaders was to completely forget about the people. Cycles of poverty were stimulated and unfortunately the lessons of history were forgotten. Europe, like the rest of the world, must listen to the people and be able to improve its well-being.

In this difficult and critical moment, she believed that the Socialist International Council in its conclusions would surely be able to offer the strong message of an alternative response for socialists to combat the crisis of the Euro.

**Richard Parker**, USA, Democratic National Committee, said he hoped to avoid sounding like the typical American offering advice or orders, but to put forward a challenge from the American left to those in Europe, Africa, Latin America and Asia who counted themselves of the left. What was the left's project today, he asked, and what was America's role in it.

The global recession which had begun on Wall Street, plus two wars, had already cost America trillions but had produced no clear outcomes. Crises like these had always produced regime change in America. It was hard to say that 2008 marked a new era, and there had been doubts about whether Obama could be re-elected, but the pessimism was now lifting. Republicans were calling for a redefinition of

conservative strategy and ideology so as to avoid being permanently marginalised. He believed that 2012 held the promise of a fundamental American realignment, even though long-term change was not yet apparent.

Referring back to previous era changes, he said the deeper causes were inevitably demographic, institutional and ideological. The Reagan-era-long strategy and its rationale were now giving way to an Obama era due basically to the hyper-growth of western finance compared to its real-goods production; China's integration into the global capitalist system at the cost of America's manufacturing base; the increase of wealth inequality, and the financial harm done by Wall Street to most Americans. These had collectively delegitimised the tenets of the Reagan era.

America would soon cease to be the world's largest economy, with shifts in the perception of her unilateral power, and calls for bilateral sharing of power: Washington had already turned from Europe to Beijing hoping to negotiate a bilateral hegemony to sustain her power for another century. China's growing ambition, the rise of the BRICs, and new global patterns of trade and finance would inevitably further erode America's old unipolar role.

Domestically the need to integrate non-whites and immigrants would require more government action to provide security and opportunity and would rule out the Reagan-era model of "less government is more". One of the central challenges would be competing against Asia's low-wage model; another would be the expected three billion global middle-class consumers competing for resources. The Obama era, he said, had to adopt certain premises more familiar to socialists: solidarity, including restructuring the WTO towards global income security, a new IMF, and global currency regime; a new international set of conventions on taxation and tax evasion; tying access of trade to conformity with environmental and human rights standards; governmental transparency using internet-available data; restoration of stability and fairness in capital markets; and a new understanding of growth to guarantee that the hopes of billions of new middle-class citizens do not end in an armageddon of global warming, resource wars and obscene inequalities.

In short, he concluded, the Obama era lay ahead but the challenges were greater than an American president, or any simple solution, could resolve. New ways must be found, informed by an international socialist tradition, to bend new forms of capitalism to the democratic needs of a global majority.

End of first working session

### **Second working session, afternoon of 4 February**

#### **Second Panel: "Emerging and Developing Economies in an 'Out of Crisis' Strategy"**

**Luis Ayala** welcomed the Prime Minister of Cape Verde saying his government had consistently been living up to the goals of the Socialist International in the struggle for democracy and social responsibility.

**José Maria Neves**, Cape Verde, PAICV, first expressed his commitment to fight for a better, more just and fraternal world. Faced with the international crisis, he said, each one of us must strengthen our efforts to find solutions based on freedom, democracy and development and thus spread social justice throughout the world. The great crisis was really one of inequality: the division between rich and poor, free and condemned.

Since winning the elections in 2011 the PAICV had insisted on the need to put their left-wing principles into practice so as to grow the economy, increase employment, guarantee investment in essential social services and combat every type of discrimination.

In recent years Cape Verde had made great advances in all these fields. The GDP had averaged 5% annual growth; thousands of jobs had been created and poverty had been greatly reduced. They had imposed rigorous standards in public finances for the general good and were investing where necessary to sustain a dynamic of growth and social progress. Today Cape Verde ranked very high in international assessments of democracy, press freedom, and transparency. It was considered one of the best governed countries of Africa, and was expected to complete all its millennium objectives for 2015.

In 2008 they had taken political measures to mitigate the crisis, protect jobs, and develop public services. Their ambitious programme of public investment protected the least advantaged. They had intensified the dialogue with trades unions, employers and opposition parties. Their success had been based on taking the international crisis as an opportunity for economic growth and social progress through reform. Rather than austerity measures they had invested in the productive sector. Only people who were motivated could resolve crises, he said. Emerging countries must follow an ambitious agenda for sustainable development in order to fulfil their socialist destinies.

Our International had the principles and values needed to overcome the challenges of today's world, he concluded. Africa's progressive parties had an enormous responsibility in creating a future of peace, freedom, fraternity and eventually prosperity for all.

**Francisco Sardinha**, Indian Congress Party, said his country was the largest democracy in the world with a long history of socialist idealism; a population of about 1,200 million, approaching that of China, they had democratic governments in about 30 states, and a federal system. His party was currently part of the coalition government. Whatever affected the developed parts of the world also affected the poorer countries so they were trying hard to protect them from the economic crisis.

India was a developing country but had great disparity: thousands of millionaires and billionaires but about 35% of the population living below the poverty line. The GDP had gone down to six or seven percent and they were trying hard to get it back to eight or nine percent.

They had passed some good legislation including education for all so literacy rates were improving; they had tried to guarantee food for all but individual states had their own laws, as in the USA.

With the 2014 elections in mind, he said, they had to take some effective short-term measures, but there were also some long-term decisions whose implementation might be delayed which increased the cost, or reduced the effectiveness. As in other countries, there had to be accountability but often there was not.

India was competing with its neighbour China, and there was a lot of terrorism close by. He appealed for serious efforts to curtail terrorism, to condemn any country where terrorism was encouraged. Peace was everyone's right and only with peace could spending on internal security be reduced and redirected towards social improvements for the people. The world was indeed a global village and no country could function in isolation. He urged world leaders to give a helping hand to the poor countries and spread the benefits of the scientific and economic achievements of the 21st century.

In conclusion he said: if we owned and shared we would prosper together; if we did not we would perish together.

**Kemal Kiliçdaroglu**, Turkey, CHP, SI Vice-President, said the main theme of this meeting was indeed timely; the lives of millions had been affected, unemployment had reached 197 million with 74 million of those being young people. Both developed and developing countries were impacted by the crisis; Turkey's economy had shrunk by 4.8% and unemployment had risen to 14%.

In the second stage of the crisis developing economies faced an important problem: the cheap and abundant money from central banks could not be absorbed by their economies and their monetary units became artificially overvalued. He gave the example of his own country which demonstrated that growth based on borrowing was not sustainable. In 2012 domestic demand had actually collapsed. Investment in finance increased rapidly giving rise to concerns about a new balloon in the stock exchange: in 2012 the Turkish stock exchange was the third highest revenue-bringing exchange in US dollars.

Low interest rates appeared likely to continue. There were increasing numbers of interventions in monetary policy and notable efforts to seek more flexible models for targeting inflation and variables such as unemployment, but there was also talk about battles over exchange rates and other signs of problems to be overcome.

Although each country might have different priorities, global issues could only be overcome through coordination and cooperation. International platforms, like the G20, must be utilised in the most effective way. Having seen the importance of supervision of the global financial architecture we should support a union of banks in the EU, he said. Still more steps by developed and developing countries were needed in order to lead the global economy on a healthier path.

In general, developing economies could not achieve sustainable growth without industrialisation, which would encourage innovation, but they must also favour the service sector and exploit information technologies. Investment in human capital was essential in order to contribute to long-term growth and a more balanced global economy.

Other issues to be faced were: countries that consumed without producing; the challenge of creating strong domestic demand without disrupting macro-economic equilibrium; and the unemployed poor who, with assistance, could support domestic demand.

In conclusion he said we were all in the same boat, and with strong solidarity within the Socialist International, solutions could be found.

**Sukhbaatar Batbold**, Mongolia, MPP, SI Vice-President, said his party wished to be an active voice in the SI. Mongolia had transformed itself into a vibrant multi-party democracy with a growing economy based largely on exports of its mineral resources. Now they must maintain that dynamic for the real benefit of the people. From the start of the transition from communism, they wanted a fair distribution of wealth and a strong social security system. Competition from the right had led to a very polarised population and an ideological crisis. Despite having achieved sweeping results, including economic assistance to those in need, and progress in implementing the MDGs, Mongolia faced many challenges: to manage public revenues more efficiently, to avoid tax deceit, and eliminate disparity of living conditions in urban

and rural areas. The current coalition government represented extreme far-right and far-left parties, which made it hard to address these challenges.

The current crisis, he said, had exposed the vulnerability of globalisation: market liberalisation was no guarantee of growth and free markets did not automatically serve the public interest. We progressives needed to re-educate people about the core values of centre-left social democracy and international cooperation. We must not let the populists misinterpret reality. His party was committed to a dynamic debate on the role of the state and a more equitable distribution of wealth. This SI meeting was a chance to share ideas and solutions in this time of global economic crisis especially for emerging and developing economies.

**Ouafa Hajji**, President, SI Women, said the SIW meeting of the previous week had focused on the international financial crisis and its impact on women, who, along with the poorest people in the world, had paid the price of the crisis. The neo-liberal programme and its austerity measures meant that women experienced increased unemployment, poverty, hunger, even deportations and conjugal violence, while efforts towards sexual equality were set aside. Unemployment among women had increased more than among men, and in certain African countries this led to malnutrition. Of the 15% of countries with social security, the reduction in assistance affected poor families and especially single mothers, and also reduced the number of jobs available in that service, usually done by women.

Almost throughout the world one saw attempts to undo the gains of many years in the fight for women's rights including the recognition of reproductive and health rights as being fundamental and inalienable. Women's access to employment and education was at risk of further limitation while the traditional and stereotypical conservative model was gaining strength.

SI Women, she said, was appealing for their recommendations to be included in those of the SI, and for a healthy economic management to the benefit of all and going beyond just financial mechanisms. The global financial transactions tax must be used to reduce the inequalities between rich and poor, between developed and developing countries, but also between the sexes. We must fight against the destruction of human rights, especially those of women in the name of traditionalism. Women must have equal access to paid employment so as to be economically independent.

Faced with the rise in violence towards women, her Council had adopted a specific resolution condemning the gang rape of the young Indian woman, and all forms of violence against women. SI Women was launching an international campaign on this issue and asked all SI parties to actively participate. She thanked the SI President and Secretary General for their support of this campaign which demonstrated the cooperation between the two organisations.

In closing she brought a message from SI Women. The SI had adopted the principle of a one-third quota of women in its committees and working groups. She urged those present to progressively do the same within their parties and in their delegations. She said the SI Women was open to all the activists in their parties and she hoped more of them would come to SIW meetings.

**Martín Torrijos**, Panama, PRD, said he was grateful that the SI had suggestions for resolving people's problems through recognising, as António had said, that the state must be at the service of the people and not of the market.

Truly we were living in uncertain times, he continued. No one could have foreseen that a country like the USA could set off a financial crisis that infected the EU, and that 50% of world production would go into a sort of recession; or that Latin America would now be so financially solid as to have growth rates permitting the reduction of poverty levels from 48% to 30%, extreme poverty from 22% to 12%, and a growth in the middle class by 50% so that now there were more middle-class than poor people. His region had lowered unemployment by an average of 6.5%, debt percentage of GDP was less than 35%, and Asia, the Pacific and Latin America now accounted for 60% of global economic growth.

However, many problems remained. Although they had weathered external storms they were still a continent full of inequality which required a productive structure based on their citizens' rights. They needed to understand how the crisis was developing because European, American, Asian and Chinese markets were very important to them. For some areas, especially Colombia and Argentina, China had become the main importer of Latin American products.

This interdependent world needed better communication, and help from the SI to develop people's hopes for the future where they would be the engine of economic growth and their new middle class would be the new consumers, but also would have to face the challenges of food for every citizen and an efficient process of urbanisation. All this demanded multilateral institutions reflecting the new socio-economic reality of their countries, and recognition of the new political actors emerging onto the international scene and claiming greater participation in these reformed multilateral organisations.

He was pleased to see the fraternal strength of the SI in using this change to give hope and to create a new and better economic system in the service of all our fellow citizens.

**Marian Lupu**, Moldova, PDM, SI Vice-President, said that the 2008 crisis had shown the limits of financial mechanisms in managing an increasing public debt with policies oriented towards liberalisation. Liberal government saw austerity measures as the only way to survive but it was widely recognised that such measures were harmful to economic recovery and growth. Macro-economic problems were deepening, unemployment was rising, and wages did not even cover inflation, so the rich were profiting and the poor could not meet their most basic needs. For 25 years such policies had been increasing inequity at national and international levels, reducing social programmes, and keeping non-intellectual production in the weaker countries and knowledge-based production in industrialised countries. All this was diluting democracy and leading to instability and conflict as observed in most countries. Typically failure was blamed on wrong implementation rather than wrong policies.

A big problem in Moldova, he continued, was disproportionate economic development and the exodus of skilled labour. These were hampering both domestic and foreign investment. Generally the impact of the global crisis on his country's economy and social situation was very negative. There had been some success however thanks to external financial assistance so the budget deficit was held at 1% of GDP and there was some growth in capital investments, and the promotion of correct monetary policy.

His party was the only social democratic force in the governing coalition. They were pledging efficiency and competitiveness of the economy in compliance with business and consumer rights as well as the creation of new well-paid jobs. The government was going to sign a free-trade agreement with the EU although that might entail insignificant economic growth. More and more people were recognising that capitalist monetary solutions were not conducive to economic growth and social equity. The idea of the state as the main player in economic and social transformation was coming back to life.

Today we needed new models of governance to foster growth and wellbeing in conditions of social equity and respect. Social costs should be regarded not only as ethical but as an economic necessity. Social democracy was the only doctrine that was based in the common good of the people, that could make people feel free. The economic crisis had unleashed an unprecedented challenge to democracy but election results in more and more countries showed that social democracy was becoming the major current policy. He was proud to be here, proud to be the chairman of the PDM, and proud to share solidarity with the Socialist International family.

**Carlos Vieira da Cunha**, Brazil, PDT, SI Vice-President, said he thought that Brazil's situation in the last 10 years since Luiz Inácio Lula da Silva had become President, was a good example of the correct strategy to overcome the international financial crisis. Brazil had chosen a model of economic growth and social justice aimed primarily at combatting extreme poverty. The Bolsa Familia was now recognised as one of the most efficient ways to reduce inequality. In 2012 it had helped thirteen million people and 700,000 families. Another success was the policy of a minimum wage which his party's national president had pushed for.

Incomes for the poorest 20% of people had gone up by 75%, and the middle class was now projected to represent 77% of Brazil's population in 2014, a formidable contingent of consumers. Precisely by reducing poverty and inequality the domestic market was strengthened. As their President Dilma Rousseff had said, they were creating a huge market of 40 million Brazilian consumers: reducing inequality was not only a moral and political imperative but also a great engine of economic dynamism.

He gave figures demonstrating the huge growth in formal jobs in his country. There were also more worrying figures such as the GDP growth of only 1% in 2012 and a loss of industrial production of 2.7% in that year. The President had now announced reductions in the cost of lighting. It had not been possible to reduce the cost of petrol because of the international market but despite the lower figures in industrial production and job creation, it was still possible to look to Brazil's future with optimism. There were figures that showed how robust the Brazilian economy still was, and the undeniable social successes achieved in the last decade. These were proof that a different world was possible; that the way out of the economic crisis was not through austerity but through sustainable growth, job creation and reduction of inequality; and the recognition that the person must come first, and that the way out was through democratic socialism.

**Mohamed Bazoum**, Niger, PNDS, said it was an honour to address this Council and to share his party's analysis of the situation in Mali and the perspectives for a possible solution to the insecurity prevailing in the Sahel. For a decade the mountains of northern Mali had provided sanctuary to Al-Qaida in the Maghreb so it was hardly surprising that this had led to the events of 2012. This terrorist organisation had been able to prosper through every sort of trafficking, and from kidnappings, often of Europeans, in neighbouring Niger, Mauritania and Algeria earning immense ransoms.

Events had accelerated with the end of Gaddafi's regime, the Malian Touareg had returned with their arms and along with leaders and others of their community had created a political movement whose objective was to secede and form a state in southern Mali which they called Azaouad. In January 2012 a pact had been signed by the Touareg, the Al-Qaida in the Maghreb, and various terrorist groups to form the MNLA, Mouvement National de Libération de l'Azaouad. Some officers of the Malian army, had staged a coup d'état in March 2012 which caused the disbanding of the army so that rebels were able to control two thirds of the territory.

He described how the MUJAO had established oppressive control of the north, supposedly based on Sharia law but actually having nothing to do with Islam and its values, and they now harboured Islamist terrorists from across the world.

As usual, he continued, the international community had reacted slowly with two resolutions from the UN Security Council authorising an international mission to restore state sovereignty and territorial integrity to Mali, MISMA. On warnings from the governments of Mali and other West African nations, especially from Mahamadou Issoufou, President of Niger, of the dire consequences of an inadequate response, the French government had set up a stunning military operation liberating Mali from the terrorists, the MISMA was establishing itself, and already several thousand African soldiers were in place. He congratulated the French President for this lesson in internationalism which had brought great prestige to France.

The security of the Sahel would depend on what was done about Mali in coming weeks. He believed that MISMA must be kept on to rid northern Mali of terrorists, and that the international community must understand that the Touareg rebellions were a symptom of the trafficking and criminal domination of the economy in the region.

He laid out the conditions necessary for an adequate response to the aspirations of the people, and for free elections overseen by the international community since the stages of the coup d'état were still in Bamako and interfering in public affairs. The international community must help Mali to stabilise its society, to re-establish harmony among its communities, and to intervene with a humanitarian programme to help the refugees and displaced persons.

In order to help the SI to assist our Malian friends in ADEMA and RPM his party was proposing an extraordinary meeting of the Africa Committee, to examine the situation in Mali. This, he said, should enable our organisation to demonstrate its solidarity, and help the Malian people to emerge from the painful situation they were in.

**João Mateus Paulo**, Angola, MPLA, SI Vice-President, brought fraternal greetings from Eduardo dos Santos, President of MPLA and said this meeting put the financial crisis confronting emerging and developing economies into an international context. We needed to combine our efforts and harmonise the process of globalisation in order to guarantee peace and international security, human rights, and the protection of the environment. In addition to these challenges were others that disrupted the chain linking economic development and strategies to fight terrorism and prevent the use of rebellion as a pathway to power.

Angola would continue to present political initiatives both internationally and regionally that were conducive to peace and social progress, and sustainable development in accordance with the Rio Congress commitments. The fact that Angola was determined to solve these problems was proof of the evolution of his country.

Meanwhile the situation in Mali, Central African Republic, Congo and Guinea-Bissau showed a reversal of the process of democratisation and development. It was vital to open lines of dialogue and find political accord among the main actors to produce solutions leading to peace and international security according to the principles of the SI.

Angola, he continued, had increased its growth in the last five years as a result of decisions by the administration to stabilise macroeconomic indicators and stimulate the economy.

The MPLA had won the general elections of 2012 which demonstrated a clear approval of their programmes and the new phase of development known as 'Angola 2025' which foresaw large growth for the country in the next five years, with much larger investment especially internationally. Greater attention would be paid to the financing of businesses, including through the capital markets.

Their programme included strong measures towards social justice and human development at the centre of their growth strategy. Their priorities would be mining, agriculture, industry and distribution rather than petroleum, aiming to reduce costs to the consumer. In this way they would move away from exploiting non-renewable resources. Through industrialisation, job creation, and their strategic programme for energy and water, they sought to reduce poverty and guarantee food security.

He gave figures showing the huge increase in education and training facilities during the last six years which put Angola near first place in sub-Saharan Africa, all of which contributed to health and a decent home. Despite all the investments there was still a long way to go before every citizen felt satisfied. We were all part of this changing progressive world; with the rising power of the emerging economies, the international environment was ever more multipolar. His party believed that the way forward was by cooperation between different economies based on principles of equality and reciprocity.

**Alexander Romanovich**, Russia, A Just Russia party, said he hoped this meeting would be useful for all the simple people of all countries.

The G8 in Cape Verde had suggested traditional means of financial stimulation as well as structural reforms designed to increase production, investment in education, support to small businesses, and opening the market up to international commerce and investment. Concrete steps were also outlined at the G20 in Mexico. Five trillion dollars were directed to help the global economy, the resources of the IMF were to be increased, and special measures adopted in case of rapid changes in the price of petroleum. It was also agreed to protect the European zone.

The role of the IMF was important in supporting global economic stability, he said, and Russia was going to contribute to these aims with ten million dollars.

The need for change in the working of the international financial system was also noted in order to correct the methods of solving current problems and strengthen financial discipline. Russia would be hosting the next G20 and hoped to reinforce global economic reforms.

His party was convinced that the SI could and must take a more active position on acute international problems, and use the support of its parties in government not only to participate but also to influence the current processes of world politics. He pointed to the work of the SI Committee on Global Financial Issues and its meetings in the last four years whose positive results were attributable to the inclusion of heads of state and government representing SI parties.

No matter how complicated the international agenda might be, he was convinced that the basic objectives of our organisation must be the economic and social wellbeing of the people. We must base our decisions and recommendations on transparency, mutual respect, and consideration of the interests of all the people involved.

**Obed Bapela**, South Africa, ANC, said it was predicted that Africa's combined economies were expected to grow 7% over the next two decades, and the GDP of its eleven largest countries would be bigger than Russia's or China's by 2020. But we had to look at the realities in the region. Telecommunications, banking, retailing, construction and private investment were surging but many of Africa's problems, poverty, inequality, unemployment, and disease remained. According to World Population statistics, 70% of Africa's population would be younger than 35 by 2025.

Rather than leave everything to the market, some parties, including the ANC, had chosen to be more active in promoting economic growth and the development of the people. There was a voluntary mechanism that looks at the institutions of democracy and the electoral system, which was a sign that change was happening. South Africa had also adopted a dynamic development plan for the kind of country they hoped to see in 2030.

The government, led by the ANC, was investing in infrastructure for roads, dams, and electric power and was building universities and hospitals. They hoped the African Union would also help with the infrastructure to link up Africa from north to south with road and rail networks, under the leadership of their President Jacob Zuma. A number of African governments were also investing in education so that the younger generation would be equipped to develop the abundant natural resources of the continent.

He mentioned that they continued to be adversely affected by the instability in the whole Sahel region.

As a socialist family we must strengthen our resolve and expand solidarity to overcome the economic crisis. He quoted from the resolution agreed by the SI Congress concerning the threats of that crisis, and the need for a progressive fiscal policy to replace the strategy that had failed.

We also needed a new path beyond austerity to help Europe out of the crisis as this would increase demands for merchandise from Africa and all the developing countries. The BRIC countries, including South Africa, would be launching their own bank in March and would ensure that the market was fair and appropriate across the world.

In closing he urged that the resolutions be implemented as an alternative way forward led by socialists. These resolutions were a part of ANC's dream, as SI members, for a just and better world in Africa.

**Liu Jieyi**, China, said the reverberations of the international financial crisis were felt across the world and there appeared to be no easy solution to Europe's debt problem. Emerging and developing countries were now the engine for growth but were squeezed by the economic downturn and slow growth rates, all of which showed that we were all in this together. China, he said, had played a responsible and constructive role, helping other developing countries and trying to stabilise the situation and contributing to social and economic development.

Last year, China's GDP had grown by 7.8% and increase in per capital income was even higher. Twelve million new jobs had been created, but growth was now facing downward pressure. At its last Congress the Communist Party of China had set course for development leading to her GDP in 2020 being twice as big as in 2010, and this would be achieved in more environmentally friendly ways and with social programmes for the people's wellbeing. He outlined how China would become the largest consumer market, with imports topping 20 trillion US dollars in this decade, and 100 million farmers would

become urban dwellers. China would redouble her efforts to improve people's prosperity and social harmony, with the extension of social security and access to public services.

The CPC Congress had decided that China's development rested on five pillars: economic, political, cultural, social and ecological. They would actively pursue ways to address climate change and cooperate with other countries in the field of renewable energy and energy efficiency. As in the financial crisis, we were in the same boat and needed to row in tandem.

He urged closer macro-economic policy coordination among governments: only a concerted effort would bring about growth, and Europe's attempts to address the debt issue must be supported.

The commitment of 0.7% of national revenues as assistance to developing countries was a growth opportunity for all, including developed countries. The UN should ensure that priority was given to achieving the MDGs.

Governments needed to resist protectionism and open up the markets, as stable trade was a benefit to all. They must work together to improve global economic governance by reforming international financial institutions and including developing countries in their membership. A more stable reserve currency system was essential for a free and open multilateral trading system.

In conclusion, he said the SI had taken commendable initiatives to overcome the crisis. The CPC highly appreciated these endeavours, and the in-depth exchange of views with SI members. They remained committed to working with the SI for peace, development, cooperation and win-win relations in the world.

**Hermes Binner**, Argentina, PS, said this theme was especially important because it concerned socialism's answer to the crisis. The great challenges were to grow the global economy, to create more and better jobs, and to have sustainable development. All these were laudable aims but the national economies each had different histories, politics and structures and we had to speak of their difficulties and especially of their social and economic inequalities.

China could invest 20% of GDP to produce seven or eight percent growth, but Argentina, having invested ten or eleven percent of GDP, would only grow by 2.5 or 3%.

Investment in education, health, and training, he continued, were key as was a financial system designed to accompany the real economy. The neo-liberals' speculative system with its false promises of public wellbeing must be denounced and transformed by socialists.

With sustained economic growth and incorporation of technologies, it was likely that the working day could be shortened, and with increased productivity and demand, the problem might become one of idleness.

Salary increases were key to resolving the problems of inequality and poverty, which were the searing shame of the southern hemisphere. Those that had not distributed the fruits of growth had failed to develop, and this, the greatest inequality in the world, was part of a vicious circle of continuing poverty.

He described the increase in international trade from which Argentina too had benefitted, and the extremes of wealth that had been created. Northern countries profited from protectionist and

environmental strictures, while those of the south were unfairly handicapped on their path to development.

Nevertheless, there was growth, especially in south-south trade among equals, and unions had adapted to the international demands.

His party believed that the basic theme the SI must address was the lack of any clear alternative socialist response leading towards a more egalitarian society with guaranteed rights. His party was committed to the struggle for democracy and transparency, dialogue, consensus, and citizens' participation, always aimed at the people's wellbeing while avoiding populist authoritarianism and demagoguery.

He asked whether the national financial systems that had caused the European crisis, and for which the poorest people were still paying, should continue to be rescued. His party, along with the Radical Civic Union, believed that the SI had a great opportunity here to lead policies of integration, solidarity and transparency which would truly portray a better tomorrow for humanity. The new ideas of socialist practice would spread across the world through our great International to which he was honoured to belong.

**George Papandreou** reminded participants that the original diagnosis of the financial crisis, and the imposed solution, had been wrong. The regulations had allowed inequality to increase, and concentrated power to influence politics. This had happened in Greece, and in Europe there were only tools to deal with national markets. Similar situations existed throughout the world so we needed to collectively regulate our financial system and invest in reshaping our economies. We all needed to guarantee social cohesion, deal with youth unemployment and women's rights, in ways that were sustainable. This was a democratic challenge which required much more world cooperation to strengthen our financial institutions while making them more representative of the demography of the world.

Europe provided an example of what could succeed and what could go wrong. We hoped it would provide a model of how to humanise globalisation, otherwise the conservative forces would use the politics of fear for their own ends. He highlighted that many speakers had urged more cooperation and more solidarity in our work for a better world, and this was indeed reflected in our meeting here in Portugal where we hoped our message would bring some comfort.

#### **EMERGENCY ITEM: "Support for Peace and Security in the Sahel"**

**Ibrahim Boubacar Keita**, Mali, RPM, spoke of the tragedy his country was living through since January 2012. He and his party had been the first to condemn, according to their principles, the coup d'état of March 2012. The efforts of the CEDEAO and the international community had enabled them to re-establish order with a transitional government which supported his candidature for president. They were firmly committed to the two principal aims of restoring national territory and organising free and transparent elections.

This effort had faced many political difficulties in Bamako and in the north of Mali where their compatriots had suffered nine months of unspeakable brutality at the hands of armed Islamist groups.

The military action undertaken by François Hollande had been decisive. He was proud to be a socialist when there was such a courageous socialist leader who had taken action to stop the terrorist advance in his country. On behalf of his party, and of the people of Mali, he again gave heartfelt thanks to the French comrades and all those who had supported the operations. The people of Mali were grateful to all the Africans who had contributed to restoring Mali's freedom, and to the UN, the African Union, and the European Union.

Now Mali must prepare for the future, he said. There were five main challenges: to strengthen the national coalition; to organise proper elections; to reconstruct the Malian state and assure its legal functioning; to ensure that the nation would be equal to its tasks; and trans-regional cooperation to deal with the situation in the Sahel.

He mentioned the forces that had torn apart this ancient nation and its national cohesion, but the people had the necessary reserves to come back. He had suggested a meeting of all the national communities to examine a development plan for the north which should include representatives of every community, including Arab and Touareg, traditional chiefs and elected leaders.

Clearly irreproachable elections were needed to guide the nation, and parliament had decided they must be held by the end of July 2013; it was time now to act, and they asked for assistance from the international community. The SI could lend financial and logistic support to help advance the reconstruction of a legitimate Malian state.

An army capable of protecting the entire territory was needed. Mali must have a military programme to train soldiers and instil the values of a republican army, ready to face the new dangers to the country, especially terrorism in all its forms. The security of Mali was linked to that of its neighbours and all the countries of the CEDEAO, and required transregional cooperation.

The fight against terrorism, which included the fight against narcotrafficking, was now a global one that demanded the commitment of the world's democratic and progressive parties especially through greater cooperation between states.

He thanked the Council for including this emergency point in the agenda, and said his party welcomed the proposal of the comrade from Niger to host a meeting of the Africa Committee on the crisis in Mali.

**Ibrahima N'Diaye**, Mali, ADEMA-PASJ, said the world was experiencing economic turbulence and many countries were impacted. Global solutions were needed to help avoid insecurity and fear which threatened the gains made by fragile young democracies. He thanked the SI for having this emergency point on the agenda so as to contribute to international efforts to support peace and democracy in Mali and thus the security of the whole region.

Mali had a history of diverse populations living in harmony linked by culture, geography and by blood. Now, through trafficking and kidnapping, gangsters were seeking to control nearly two thirds of the country which had been reasonably well developed. In Mali's national assembly the first Vice-President was a Touareg, a member of the national bureau of his party, and the senate's President was also Touareg and Vice-President of ADEMA-PASJ. There had never been a government without both Touareg and Arab ministers. The Touaregs occupying the northern regions were only 10% of the population.

The problem they had with the people of the south was the under-representation of minorities, especially in institutions, which anyone could verify.

Unfortunately the army had been held in deplorable conditions so some were joining the narcotraffickers, kidnapers and religious zealots in the occupation of the territory and enjoyment of the spoils, especially since the death of Colonel Gaddafi.

The coup d'état had achieved nothing and extremist groups in the south had prevented any possibility of resolving the situation. Even the peaceful activities of the democrats had been infiltrated and the actions of the CEDEAO and the international community had been torpedoed and presented as contempt for the people of Mali. Democrats had had to fight, and his party had formed a front with other political parties called the 'Front de Refus' as having refused the coup d'état because it could never be a solution. This FDR had 120 deputies of the 147 in parliament and represented 80% of those elected nationally. It had led a historic and heroic battle to put institutions in place to manage all these problems.

He expressed particular thanks to President François Hollande for France's intervention that had saved Mali and nearby countries. The firm solidarity of the SI had been crucial at that point and he suggested every member should be proud to belong to this organisation.

The battle for liberation was being won but there remained the war to eradicate terrorism, narcotrafficking and religious fanaticism. The crisis had left them depleted and they needed the SI to lead with a new and renovating vision based on the principles we share. Their countries were not poor, he said, but they had been badly governed, both internally and through the inequalities of international trade.

The crisis in Mali could be a lesson for all Africans and for all the citizens of the world, by setting off a resurgence of renewed visions to stride out again on the right foot.

**Luis Ayala** outlined the work for the following day, and called the first day's meeting to an end.

End of first day of the Council.

### **Third working session, morning of 5 February**

**George Papandreou**, opening the second day of the meeting, said there was the discussion on Mali to be completed, plus some organisational issues and the resolutions to address. First he invited Carlos Lupi to speak.

**Carlos Lupi**, leader of the PDT, Brazil, considered this meeting of the Socialist International, to which his party had been affiliated for 34 years, to be extremely important. He expressed gratitude to the Portuguese people and to their great comrade Mário Soares who had welcomed Brazilian victims of a military dictatorship when they had to leave their own country, which had led to the founding of the PDT under Leonel Brizola. His party therefore felt a special gratitude towards its mother-country Portugal and to Mário Soares, that great fighter for democracy, socialism, and a free people.

Vieira da Cunha had reported on the phenomenal presidency of Luiz da Silva, Lula, a working man of the people who, through determination and the support of the people, had broken the hegemony of the Brazilian right. He had created a revolution, lifted more than 25 million Brazilians out of absolute poverty, and had created social programmes and more than 2,500,000 formal jobs with full rights and guarantees. As Minister of Labour for five years he had assisted in the greatest increase in jobs in history, and had seen the number of formal jobs double.

Minimum salaries had increased from 175 dollars in 2003 to 330 dollars now. Although this was not a lot it meant that millions more men and women now had jobs and purchasing power. Social problems were important but only work could bring dignity and opportunity, and Brazil had done this while increasing salaries.

The Socialist International, he said, had been founded with mostly European countries questioning the status quo. It must again question, and resist any kind of war because democratic socialism was pacifist and no member should accept war of any type.

The price we had paid in the battle for human rights had been the fight for peace. Today we had to give greater priority to the polemics of the financial system and the rules established by the International Monetary Fund which mandates how a country conducts itself, undermining its sovereignty.

When, he asked, would we seriously discuss a Fund for Citizens' Support to combat violence against women and children. Our International must speak to those masses who could not be here, who knew nothing of our existence because they were struggling to survive in poverty and neglect.

We must question the financial system, he continued, and why such a system had been established. No investment was more important than investment in the education and health of a people's children, so they could grow up to construct their own country's future with dignity. We must encourage such models, and be true to our roots in proclaiming a fearless democratic socialism for the whole of humanity.

Socialist solidarity demands that we refuse to accept that millions of people live in utter poverty. He wished to see a more integrated world, respecting the self-determination of the people and building an SI ever more international and more socialist. Of one thing he was certain, he said: we were here to question the state of today's world, just as in Brazil, during the dictatorship, 70% of public information was generated by the government and no one dared to confront the dictators because they were the bosses of the Brazilian media. Now things were reversed and 70% of the media were privately owned and normally defended the interests of the sponsors.

In conclusion he said he wanted to find solutions for this world; he begged the participants to forgive the sincere truth from his heart and to strive, whatever one's position, to be a family that never gives up on the dream of a world where every country supports every person.

**Ahmed Ould Daddah**, Mauritania, RFD, SI Vice-President, said he would speak solely on the theme "Supporting Peace, Security and Democracy in the Sahel". Dreadful events in the Sahel were being reported in the media and portraying drought, famine, hostage-taking and terrorism, so that the name itself had acquired a tragic resonance. And yet the extent of the Sahel area was poorly known and therefore needed clarification.

The Sahel, he said, marks a strip of land between the Sahara in the north, and Sudan in the south stretching from the Atlantic coast to the Red Sea, and including his country Mauritania.

Being close to the Mediterranean and to Europe and the Middle East, its position was especially strategic, now that the Sahara was no longer an insurmountable obstacle.

The area had been a centre of cultural exchange and the seat of great empires; with cities counted among the capitals of the world. It was now an economic reality with vast natural and mineral resources. The people of the Sahel are known for their voyaging, intelligence and enterprise. If their husbandry and agricultural expertise had been better organised it could have made a large contribution to the struggle against famine. The explanation for the contrast between the potential and the actual resources of the people lay, he said, in the near-total absence of real democracy or social justice and the devolution of power solely through violence and military coups.

It was with some bitterness that democrats of Mauritania had seen that every time these pseudo-elections were held the results were immediately welcomed by leaders of democratic countries who had usually sent observers for less than a day and who now joined in the national political debate in support of the barely disguised military power takeover. International financial experts appeared on state TV with figures that gave no hint of the poverty endured by the people, or the vast growth of unemployment and population adding to the poorest strata of society.

Corruption had reached new depths. It was hardly surprising that millions of despairing young people turned away from non-violent politics, and some were led into terrorist adventures. The example of Mali was the most publicised. Across its borders groups of terrorists were forming alliances with revolutionary movements so that the Sahel was becoming a hotbed of cross-frontier crime with every sort of trafficking, hostage-taking and power-grabbing which threatened the security of the whole region, and even of the world.

The grave situation in Mali, the very centre of the Sahel, required an international project to seek appropriate regional responses, to establish a democratic administration, and restore civil peace and good governance. Only a coordinated regional management and a joint global response could put an effective and lasting end to this grave crisis.

In concluding, he urged that we work together to pacify the Sahel by establishing real democracy, implementing social policies that would benefit all, by an effective fight against hunger and the development of agriculture and natural resources to create more jobs, more security and thus more stability.

**Ousmane Tanor Dieng**, Senegal, PS, SI Vice-President, said that he was grateful for a specific agenda item on the Sahel. Today's discussion showed that the Sahel was indeed the question of the day since it was covered by Chapter VII of the UN Charter as a threat to international peace and stability. He was thankful for the solidarity shown since the 2012 coup d'état.

Events had since moved rapidly, and through their contacts with Malian comrades, Ibrahim Boubacar Keita, Ibrahima Ndiaye and Dioncounda Traoré key figures in Malian politics, they had been informed of the whole problem.

He had already indicated in Cape Town that this problem of northern Mali and the Sahel would soon be the question of our time, and finally the international community had taken appropriate positions concerning the tragedy that would occur in the Sahel if nothing was done. The narcoterrorists had laid their plans well and there was much diversion while they prepared the occupation of northern Mali which was four times the size of Senegal and posed an enormous danger. The plan was then to invade the south, descend on Bamako and perhaps even Dakar. Despite all the efforts by President Kourouma and by the whole international community, it was clear that the narcoterrorists wanted to invade all of Mali and perhaps the whole of West Africa, and to sack the holy places of Mali including Timbuktu.

He especially thanked President François Hollande for the French intervention without which the narcoterrorists might have reached Bamako and Dakar. It had been very opportune, and effective. Now that the narcoterrorists were confined, MISMA must be transformed into a force to restore peace within the framework of the United Nations and Chapter VII.

The SI now had this opportunity to show support and solidarity to the Malian people to help all the sectors of their nation to unite and find a solution. This was possible if we all helped, as he was sure we would.

In closing, he supported Mohamed Bazoum's proposal that the Africa Committee meet in Niamey with the Sahel as its central theme. This should provide a chance to further our suggestions for getting out of this crisis and restoring Mali and its traditional institutions to democracy and the path of progress.

**George Papandreou** thanked all the speakers on this topic and said their comments would be taken into account for the text of the final resolution on Mali.

**"Emerging and Developing Economies in an 'Out of Crisis' Strategy" continued.**

**Yasmin Duarte**, South Africa, ANC, said that it was indeed important that we understand the global effects of the economic decline in Europe, the USA and elsewhere, but understanding was not enough: we socialists had to gather together to challenge the multilateral institutions about their role in serving the rights of sovereign nations.

African countries had many long years of experience of poverty-reduction programmes introduced by the IMF that forced them to sell national public goods, increasing poverty and forcing them to borrow at high interest rates. There was nothing more undignified than poverty and underdevelopment which her party considered the main cause of conflict in their continent.

She was happy to inform this meeting that South Africa and its government would be hosting the first BRIC Summit in March in Durban. As a member country of BRIC they would participate in this not to undermine the UN but to encourage a swift reform, and to re-balance the distribution of power to give rise to a multipolar world order. This new bloc represented 43% of the world's population and about one fifth of the global GDP and there was a growing impatience that the socialist agenda was not coming to the fore in the UN.

Why had it taken over 60 years to deal with the issue of Palestine, she asked. Was Palestine not an economic factor like Israel? Did Palestine have to wait for plan after plan with no guarantee of success?

Her party also believed that the bureaucracy created in multilateral fora gave rise to many long speeches, and no plan of action.

Her party would like to return to South Africa saying they had understood the global economic situation and could report on the plan that the SI, with its unequivocal voice, would now take to every forum.

**George Papandreou** said this point had been raised by a number of speakers, and the lack of broad representation in multilateral institutions showed a lack of democracy. Policies had been followed that were often dominated by an agenda that did not reflect the wider progressive world. He had spoken with President Zuma about how the SI could work with the BRIC countries, and other leaders also in the G20, about how to create a more progressive agenda in those international institutions.

**Habib El Malki**, Morocco, USFP, said he thought the speeches of the SI President and the Portuguese party leaders could be taken as a formative text for a new approach to the crisis which had hit not only Europe but also countries in Africa, Asia and Central and South America.

The USFP considered that the reports of some national experiences of political, economic and social difficulties could enrich the principles of the SI because we needed new analytical tools to understand what was happening.

The USFP considered the current crisis to be not only one of regulating the world economic system, but one of globalised capitalism provoked by the strong disconnect between the financial sphere and the productive or economic sphere. This violent disconnect had weakened certain traditionally democratic countries, especially in Europe, which meant great danger for the future of democracy not only there but throughout the world. Middle-class and popular strata were becoming the proletariat which brought into question the basis of those societies.

There was a new configuration in the global economy with emerging or developing economies' share of the world GDP rising from less than 25% in 1992 to about 45% now and expected to climb to nearly 50% by the end of this decade. So there was a tilting towards these new actors who were playing a larger role in global growth. The SI must take into account this new reality, the birth of this new world.

He proposed two areas of research that could lead to concrete actions. First to revise the rules of the international financial institutions based on a new architecture reflecting a redefinition in every domain of society.

Second, to conceive a new model of long-term development founded on all our basic social democratic values. This required audacious consideration of regional integrity, no longer limited by national frontiers. The Maghreb and Morocco should be used as an area where the great problems of today are confronted. Regional integration was a difficult challenge but was the only solution for the future, he said; and there were encouraging signs of a new more competitive Maghreb being born to which his party was firmly committed.

Stability was essential for long-term development, and the shocking events in Mali would not be confined by borders and were a threat to other regions.

Finally, he pointed out the need for a redefinition of the relation between state and market. As social democrats we must insist on the state being the guarantor of social cohesion, leading the fight against

poverty, and developing a culture of reform, rather than remaining prisoner of its administrative role and the status quo.

**Beatriz Talegón**, IUSY, said that whatever the crisis was called, it was in fact a crisis of the human condition. Free-market capitalism was now putting in the boot where previously it had been favouring the people of the more economically developed world.

The current situation demonstrated the most dangerous aspect of money, which had been felt for years by our friends in Africa, America and Asia, who had much to teach Europe. This was the forum where we must share solutions. This meeting must speak of what is really important: democracy, equality and freedom, and not only the economy. This human crisis had developed over many years and must now be confronted. We should remember the socialist aim that no one should be so rich as to bring another to his knees, nor so poor as to kneel before another.

Speeches from Europe suggested that as citizens we had awoken from our lethargy and were now shouting. But we must be careful, she warned: the demonstrations in the streets had not been started with calls for universal solidarity or democracy; people were demonstrating because they were losing everything they had due to free-market capitalism. Unfortunately it was not we socialists who had inspired their protests and the pity was that they were demanding democracy, freedom and fraternity, public education and healthcare but we were not there. The socialist family must take a stand.

She expressed surprise that we were claiming to support the revolution with the leaders saying they understood people's suffering from a five star hotel. IUSY was affected by the failure of leadership that had resulted in what was happening now and they were suffering the consequences by being unemployed.

She reported that she and the IUSY President had been to the IMF and the World Bank in December where they had been listened to, because those two organisations wanted to hear what young people thought. True family humility was needed because young people were ready to give of their best, to reject the offers from multinationals, to sleep in cheap hotels so as to allow more comrades to attend these meetings and get to know the participants personally.

When IUSY held debates they put an idea on the table and then all together sought solutions, whereas here everyone reported on their own situation. She thought we should each present what we could offer. Our comrade from Uganda, for example, should tell us how many young people were in prison for being members of the socialist youth and others might be able to offer them good legal aid or create an economic solidarity fund to get them released.

IUSY was prepared to work because they still had ideals and great energy. She said it was important to create a political school to help train the best young politicians for the future.

Reporting on what IUSY had been doing with limited resources, she said they had been helping young people all around the Mediterranean to get together; in Uganda gathering youth from all of Africa; they had worked in Europe; had been to the IMF and World Bank and to meetings of the UN. Wherever they were invited they went, staying in peoples' houses to save money on hotels.

In closing, she said that young people had an important role to play within the SI since we were all members of the same family.

**George Papandreou** said we not only respected the views of our youth and IUSY, we supported their efforts and would continue to support any concrete proposals. But of course the SI was not an organisation like the IMF or the World Bank. Participants at this meeting did fight in their countries and in their unions and wanted their youth to be fighting with them, so we would examine how we could work together to help the youth who were indeed facing terrible problems.

**Emmanuel Golou**, Benin, PSD, reported that his party's Council had met after the SI Congress in South Africa, and had tackled the question of the social democratic response to the economic crisis. At the previous SI Council in Costa Rica important contributions had been made regarding a new global financial architecture, and reform of the IMF and World Bank. Very little had changed since then: most of the financial institutions and regulations were not based on socialist principles and he feared they only expressed the capitalist side. The 2008 crisis had not been the first: it had just been more brutal and widespread than previous ones. As a progressive social democratic organisation we must work to find alternatives to the already well-established neo-liberal approach in our countries.

What did it mean in practice to say that we put people before the market, or to be progressive in our globalised world, he asked. The point was not just to redistribute growth but to change the system. These questions could be discussed in future committee meetings.

The financial crisis had already affected Africa through reduced growth and commerce, increased poverty and social and political instability. The crisis of development was even more crucial in Africa, with birth rates exceeding those of economic growth. The question was how should Africa prepare to participate more in global debates and negotiations.

He believed Africa must take charge of its own destiny, using its own strengths to improve growth and development, education, health and social protection. Creating a good business climate would allow considerable enrichment and the realisation of people's objectives in transforming the natural abundance, without letting financial markets take over the developing world as was happening in the inner region of the continent.

Africa's natural resources must be revalued, and industrialisation, an area in which the continent had not been brilliant, must be given preference. Despite its sustained growth Africa's share of world industry was only about one percent: moreover in the manufacturing sector its share had gone from 15% in 2000 to 2% in 2010.

There were excellent prospects for African growth rates of 5% based on primary materials. The battle for the lowest possible price called for international solidarity within this organisation.

The great players of the world had always been large nations and groups: the greater part of Africa must have access to the basic essentials for development. Efforts towards regional integration were crucial if Africa was going to count in the middle of this century. And Africa must be included in the relevant decision-making at the UN Security Council, the IMF and the World Bank. Those organisations must be made to change their models which were based on neo-liberal and conservative roots.

In fact, he concluded, progress could not be realised without democratic laws and institutions or if security did not take into account humanitarian action. Here he congratulated President François Hollande for his party's international solidarity in helping Mali recover its territorial integrity; and he

expressed appreciation for the efforts of President Issoufou of Niger, saying he would support the holding of an Africa Committee meeting in that country on the subject of security in the Sahel.

**Rafael Michelini**, Uruguay, NE, said his party and the Frente Amplio had managed the crisis of ten years earlier and Uruguay was now a totally different country, having taken both economic and political action.

In 2002 there had been 15 days without banks, unemployment had risen to 16% and the GDP had fallen by 16 points. The leftist parties had led the peaceful protests taking great care to avoid violence. All of the left got together in a very broad socialist alliance behind the Frente Amplio. Their candidate, Dr Tabaré Vázquez, warning that it would take more than a decade to put Uruguay in order, won the election. When the IMF came to impose their conditions the Uruguayan people rejected them, refusing to see their compatriots starve.

Vázquez had promised to bring to justice those responsible for abuses by the right-wing dictatorship of 20 years earlier. With many essential programmes, Uruguay regained its confidence: it was the first country to give every school-child a computer; it introduced strict anti-tobacco measures, and restored the sight of 30,000 people.

Now Uruguay had tripled its GDP, reduced the wealth gap, and grown its economy by 4%. There were still difficulties, he acknowledged, but Uruguayans had shown their great moral strength.

Today President Pepe Mujica led by example, living simply and continuing to make sacrifices like the rest of the country for the sake of the next generation.

The Frente Amplio, now 42 years old, had many defects being a collection of 34 groups trying to agree, but he was proud to belong to the organisation which had managed to pursue a united political action to ensure that the right would not be able to again govern the country.

He was also proud of the SI, which obviously had its defects too, but which was for example helping many democracies all over the world by speaking out against violations of human rights and freedoms. We would all clearly be worse off without the SI.

As socialist, labour and social-democratic parties we must all be proud, and continue our political work fighting for our ideals

**Luis Ayala** drew attention to the draft texts on the global economy and other themes which would be approved at the end of this morning session.

**Mikhael Marzuqa Butto**, Chile, PPD, said his party had contributed for over 20 years to the ousting of the dictatorship and the democratisation of Chile. They had had many successes in the macroeconomic field and were proud of their achievements even if still not satisfied.

Their unemployment level was less than 6%, inflation was held at 3%, and GDP was around 5.5%. In particular they were seeking to improve exports.

The previous government of Michelle Bachelet had pursued with some success an agenda of social protection, building on the platform of ex-President Ricardo Lagos aimed at growth with equity. There

were shortfalls in education, health-care and women's rights. Half of households were headed by women who still earned 30-50% less than men, and other deficiencies had to be reversed. The left was seeking to amend the Constitution in order to improve the rights and opportunities of the people.

After 20 years of insufficient success resulting in 60% abstention at the recent municipal elections, they needed to regain the people's confidence. The root cause of their problems, he said, was the exaggerated enrichment of the few at the expense of the many and the widening gap between rich and poor as in most countries of the world.

His party believed in pursuing greater equality especially for the historically excluded. After 50 years, the ratio of rich to poor in Chile was still 30% despite there being less poverty; the distribution of wealth had not changed much since 1990 and the end of dictatorship.

The richest 10% earned 50 times that of the poorest 10%, the middle class was getting poorer, and juvenile unemployment was about 16% which threatened future growth especially with half of families earning less than 600 dollars a month. Thirty percent of Chilean families had internet, and 80 dollars per student was spent in public education compared to 320 dollars privately.

His party believed that a new structure was needed to confront these problems, to include the mass of workers and to improve the role of the state. Moreover they believed this should be done through Latin American integration, with MERCOSUR, CELAC and UNASUR. In these days of instant communication, he concluded, we had to overcome the crisis of confidence in the political class through efficiency and honesty, and thus prove that we deserved their vote.

**Luis Ayala** said the next two speakers needed to leave very shortly and would be offered the floor now, otherwise they not have the opportunity to speak on the emergency theme.

**EMERGENCY ITEM: "Latest Developments Concerning the Efforts of the People in the Arab World to Advance the Democratic Agenda"**

**Mustapha Ben Jaafar**, Tunisia, FDTL, said this decade had surely unleashed important events in the Arab world, with Palestine becoming a member of the UN; Tunisia and the other Arab countries demanding freedom and control of their own destiny; and Tunisia having thrown out its dictator.

Nevertheless, each country had its own characteristics and we should avoid simplification. Tunisia had been left a legacy of poverty, unemployment, and a badly organised civil society which allowed violence and extremism to move in. But since Tunisia already had certain traditional advantages concerning trade unions, education, and women's rights it had been able to cope with challenges such as the influx of refugees from Libya. Its elections of October 2011 had been deemed transparent and democratic and no international observer had questioned the results.

His party had joined in a coalition of the top three parties to work on reconstruction. The Democratic Forum for Work and Freedoms which had played an essential role in ousting the dictator, would play a similar part in the reconstruction knowing it was vital to avoid chaos and insecurity that could lead back to the dictatorial system or to a theocratic regime.

Thus far the results were encouraging, he continued, with democratic institutions established, a legitimate government in place, and a head of state elected by parliament. Now they were working on the constitution which would guarantee a civil state and all social rights and no institutionalisation of Sharia law. In the national assembly they were actively pursuing a political regime inspired by that in Portugal. They were proud of their close ties to the labour movement by which they had avoided a general strike.

The Tunisian SI member party was continuing to press for democracy, universal human rights and social justice as the top priority. They were proud to belong to this great socialist and democratic family who had supported them in the resistance to dictatorship, and they hoped now to be supported in Tunisia's democratic future. He was confident that the SI would give a strong signal to all those fighting for democratic Arab revolutions. His party was a force for consensus in the national dialogue and would do everything possible to ensure a constitution that would satisfy all Tunisians and conform to the aims of the martyrs of their great revolution.

His party would make sure the elections in 2013 were transparent and pluralist, and they hoped their model would spark a positive contagion in other Arab countries. He himself would continue as before to be the voice of the voiceless.

**Hesham Yousef**, Egypt, Arab League, said that the two years since the revolution in Tunisia had been unparalleled in modern Arab history. They provided just cause for both optimism and pessimism, but the Arab world was clearly passing through a transitional period hopefully towards democracy and the rule of law. Democracy had a price and the people had shown that they were ready to pay that price with their blood.

The Arab world faced many challenges: internally society had to deal with relations between religion and state. Islamic political forces claimed there was a war against Islam and that liberal forces aimed to westernise society. Liberal forces saw an attempt to Islamise society which would suffer under faith-directed politics and possibly new forms of dictatorship. The problem was how to reconcile these two views especially where there were violent and bloody military clashes.

Then there was the difficulty of drafting constitutions that would reach broad consensus and ensure human rights and the independence of the judiciary. The SI could play a part in achieving consensus concerning social justice and the other demands of the Arab revolutions which would soon face a crisis of failed expectations. Young people had proved to be unexpectedly effective with their modern tools.

He mentioned other challenges including the crisis in Syria, the ideological shift resulting from Turkey and Iran becoming more prominent, the initiative from the Gulf Cooperation Council to form a Union, regional economic integration, and achieving peace in the Arab-Israeli conflict.

Referring to his own country, he said that Egypt was facing a problem of confidence between the regime, the opposition and the young revolutionaries. The regime felt a lack of recognition and a fear that the President might be deposed with help from outside. The opposition felt the President did not respect his promises concerning an inclusive Constitutional Assembly, a widely accepted constitution and a government that reflected the interests of the people. They also feared the Muslim Brotherhood's control of key positions. But the young were dismayed, feeling that the revolution had been hijacked by Islamists and the performance of the opposition had been disappointing.

He saw four reasons for optimism: Egypt today had a vibrant civil society, a young generation that would not take no for an answer, a vigilant media, and a judicial system that still had a reasonable level of respect.

What happened in Egypt, he said, would have an impact far beyond its borders and it might provide the Arab people with a chance for a paradigm shift towards an Arab renaissance reflecting the wisdom of millions in the Arab world.

**Nabil Shaath**, Palestine, Fatah, said no SI meeting could be complete without addressing the Palestine question. From its start, the SI had tried to arrange a peace that would give Palestinians their self-determination, independent statehood, and freedom from an occupation that had lasted far too long. Recently they had had a breakthrough when the UN gave the state of Palestine observer membership.

He expressed gratitude to those in this family who had worked hard to achieve this. Their support and solidarity had been crucial to the Palestinian policy of non-violence in the fight for freedom and independence. South Africa had been a wonderful example of the success of international solidarity with the people's struggle.

The Arab Spring, he continued, was a major international event that should not be minimised. Palestine had played a very early part in it as a movement to end tyranny and colonisation. Latin America had had a similar Spring during the last 20 years and had become a major supporter of Palestine's struggle.

He could report that they were closer to Palestinian unity, as shown by the million people demonstrating in Gaza under the flags of Fatah, and were confident they would achieve it under the legitimate national leadership.

The problem remained of how to combine pluralism, free elections and a respectable constitution with consensus and national unity which could lead to stability, economic development and the rights of the people that had been won through such hard sacrifices. There were still challenges to be faced: they would not give up on a future or peace living side by side with an Israel that ends its occupation and apartheid policies. Negotiations on the basis of land for peace could not go on, he said, when the occupier ignores its commitments and continues to grab the land, keeping Gaza and the rest of the West Bank under siege.

Palestine still needed international solidarity to push the Israelis to move back to a situation where a two-state policy could still be negotiated based on international law. Twenty years after signing agreements in Oslo and Washington they were still trying to see these implemented.

Finally, he said, they were committed to reaching an eventual peaceful agreement through non-violent struggle supported by international activism. They were trying to build a forum of democratic progressive forces with their Arab brothers to ensure a better Arab future.

**Luis Ayala** drew attention to the presence of Radhi Al Mosawi, acting Secretary General of Wa'ad, Bahrain, an organisation with whom we had been together in the struggle for democratic freedoms and rights and currently working for the release of their Secretary General who had unjustly been imprisoned.

**Radhi Al Mosawi**, National Democratic Action Party, Wa'ad, Bahrain, brought warm regards from their Secretary General, Brahim Sharif, who sent his thanks for the SI's solidarity and resultant positive media coverage.

He described the varying unfortunate effects of the economic crisis on the countries in the Arabian Gulf, and the high level of corruption and dictatorship. Despite huge exports of oil and other products, 16% of people were unemployed in Bahrain and Saudi Arabia, 65% of whom were women. Financial analysts reckoned that 30% of revenue in GCC countries was lost to corruption due to dictatorships and lack of accountability, in addition to the tens of billions spent every year on military and security contracts. They expected the pressure of these contracts to continue, causing increased social crises.

The government of Bahrain had chosen security solutions rather than negotiate with Wa'ad and other opposition parties. In the criminal case against the party's Secretary General, Brahim Sharif and others, the Court of Causation had rejected all appeals and upheld the military court judgment allowing prison sentences of 5-15 years.

Two years since the peaceful uprising there was widespread government abuse of human rights and discrimination, dragging the economy into slump. The opposition and people at large were insisting on a negotiated settlement between the royal family and political groups representing both opposition and loyalists to reform the regime into a constitutional democratic monarchy.

The opposition in Bahrain wanted an elected representative government, fair elections, and guaranteed political equality among the people; a parliament consisting of a single chamber to replace the current bi-cameral arrangement; an independent judicial system prepared to examine all cases including possible assaults by members of the security forces; security for all the people and respect for human rights.

In closing he expressed appreciation for the Socialist International's solidarity with the people of Bahrain.

**Henry Ramos**, Vice-President of the SI, Venezuela, AD, said he was speaking also on behalf of the Mesa de Unidad representing all the opposition parties. He considered the current economic and social situation in Venezuela to be the most pressing political issue of the day. They were surprised and anxious on seeing that while other countries in Latin America were making good progress Venezuela was becoming more tense and more divided. The SI mission to his country in 2010 had reported truly alarming conditions to the Council meeting in New York later that year. Since then very grave things had happened. The opposition, despite a totally irregular system, had won the 2010 elections with 52% of the vote. Their denunciations against President Chavez had been supported by multiple international organisations, but today there were political prisoners. One former presidential candidate, President of the New Time party, had been exiled, and comrade Manuel Rosales had been persecuted for political reasons. His party had requested from the appropriate organisations a list of all those exiled or persecuted but had received no reply.

The case that most clearly showed Venezuela's state of paralysis was that of President Chavez after his third re-election. His health was not the reason for his absence which had now lasted 48 days: he had not even taken the oath of office. His illness was being treated in Cuba as if it was a case of war or a military secret. The government was insisting that he was not absent and yet there was this power vacuum. Power was being exercised by a vice-president who had no constitutional authority, having not

been sworn in. In Venezuela the vice-president was not elected but designated by the President, whose absence had not been declared temporary or permanent. The people wanted the President to take the oath and take charge but this had not happened. According to the constitution after 30 days new elections should be called.

He stressed again that the situation was grave: 136 people currently imprisoned or exiled; the country becoming increasingly divided; inflation rates one of the highest in the world, and yet it was being ignored. In concluding, he warned that the international implications could bring problems for all of Latin America.

**Svetlina Yolcheva**, Bulgaria, PBSD, said that in 2013 her party was celebrating 120 years as a member of the SI. In July they would have general elections that might give them the possibility of finding a way out of the financial crisis.

The crisis that had affected the entire European Union had been especially hard for former communist countries that had had to agree to neo-liberal laws and policies which were impoverishing the people, and their health system, which had provided medical services to all, was now broken and available only as a luxury.

Salaries had gone down dramatically to between 150 and 300 euros. For pensioners it was tragic because they could not survive without some sort of help from their families.

The neo-liberal economy imposed on former socialist states, and especially on Bulgaria, had brought dangerous levels of unemployment, with the youth being the worst affected at around 40-45%. It was not acceptable that there were countries and people in the EU who were treated as second-class, as seen in the case of the British Prime Minister's policy against Bulgarian and Romanian citizens who were full EU members. We should condemn this, she said.

It was also absurd that a region like northeast Bulgaria could be transformed from a prosperous economic area into the poorest in the EU.

Therefore, her party was suggesting certain important measures that must be adopted and put to the EU. These were: a minimum salary in the EU; equal minimum pensions in EU countries; tax-free income for five years for companies that invested in production and creating new jobs; new cooperative banks to support small and medium businesses; and guarantees by the government of first jobs for all graduates according to public contracts.

Her party believed this was possible only if we united as social-democrats and socialists; and that only united could we change the lives of Europe's people and the people of the world for a better, more just and happy life.

**Aziz Othman**, Kurdish National Council of Syria, thanked the SI for this opportunity. He said the Syrian people felt they had been let down by the international community. The regime had used every kind of atrocity against its people; over 100,000 had been killed, and many others tortured and jailed in these last two years.

The Kurds had had a very bad history with this dictatorship over the last 50 years, which had changed the name of every Kurdish city, village, valley or mountain in Syrian Kurdistan. They therefore felt that

this Arab Spring was their opportunity. When they had risen up against the regime in all the major cities in 2004 they had been let down by their Syrian brothers and by the outside world.

They needed more support in Syria to survive the current conflict. The Kurdish National Council believed that Syria could never move towards democracy without solving the Kurdish issue. They were three or four million people and had the right to live in their own territory, their historic land in Syria, and to govern themselves within their area inside Syria's borders. He expressed gratitude for this opportunity to speak to the Socialist International.

**Luis Ayala** said some people had expressed the view that we were abandoning our formal rules but he was proud that we made the effort to listen to everybody. There was probably no other equivalent international platform where the Kurdish people of Syria could speak.

#### Organisational matters and adoption of statements and resolutions of the Council

He then introduced the Chair of the Congress Electoral Committee to help with the process started in Cape Town.

**Tero Shemeikka**, Finland, SDP, reported that only 33 members of the Presidium had been elected in South Africa out of a possible 36. According to the statutes one third of those members should be women, and there was also the requirement of geographical balance. It had been proposed at that time to leave the election of one female to the next Council meeting. Meanwhile, there had been only one proposal for a new female member and that was Colette Avital of the Meretz party of Israel. To conform to the geographical balance, he continued, there should be a male candidate from the non-EU European area and reported that the Socialist Party of Albania had proposed Edi Rama.

**Luis Ayala** said these were the proposals to be put to the Council.

The proposals were agreed.

He then said he had a special proposal from President Papandreou and himself. In the past some Honorary Presidents had been taking part in meetings of the Presidium, as our leader from Puerto Rico was doing now. There had been a suggestion that the struggle for democracy and human rights in the Arab world should be reflected in the Presidium. Although vice- or honorary Presidents were not normally elected at Council meetings, he and the President were suggesting the nomination of three Honorary Presidents, one from the Arab world, another from Africa and a third, a distinguished stateswoman from Europe.

The three proposals were Ben Jâfar, leader of the Tunisian party; Mahamadou Issoufou, President of Niger, from the PNDS; and former President of Finland Tarja Halonen. These were agreed by Council.

He then put forward proposals that the Presidium had discussed on the eve of this meeting: first, that there should be a Commission on Equality along the lines of the very successful commissions on the Financial Crisis and on Climate Change, with a number of prominent individuals from our political family and academics to deal with this matter in the inter-Congress period. Equality had always been on the SI's agenda and inequality was now being discussed throughout the world. The proposal was agreed.

Second, concerning the SI's regional committees it was proposed that the SI Committee for the CIS, Caucasus, CIS and Black Sea should continue and that Alexandra Dobolyi of the Hungarian MSZP and Vahan Hovhannesyanyan of the Armenian Socialist Party should be co-chairs, with member of parliament Oleg Tulea from the Democratic Party of Moldova as vice-chair. This was agreed.

Concerning Africa, he said there was a proposal that the Africa Committee should meet in Niamey, Niger, to take stock of developments in the whole of the Sahel, an opportunity also to elect the chair of the Committee. This was agreed.

At the Congress in Cape Town, he continued, four Vice-Presidents had been elected from the Asia Pacific region: President Talabani, President Zardari, Sukhbaatar Batbold and Mizuho Fukushima. It was proposed that Sher Bahadur Deuba of Nepal be chair of the Asia-Pacific committee and that at its first meeting a vice-chair would be elected. This was agreed.

The Mediterranean Committee had been led during the last period by Elena Valenciano, deputy Secretary General of the Spanish Socialist Workers' Party and it was proposed that she continue as chair and that the Committee would elect its vice-chair. This was agreed.

In the last period, a Special Committee on the Arab World had been created which President Papandreou had kindly chaired. Two meetings had been held, in Crete and in Istanbul. He reported that President Jalal Talabani had agreed to host a meeting of this Committee in Iraq where a decision about its leadership would be made. This was agreed.

In connection with the work of the Arab Committee, it had been proposed to establish a working group on Syria from among its members to support all those who were working for freedom in the most difficult circumstances. This was agreed.

A decision of the Congress had been to work more intensely on the Kurdish question by having a Committee rather than the working group that had previously existed. He had recently been at a meeting in Iraq with about 250 Kurdish leaders all keen to be involved. President Talabani had offered to host a meeting of this new committee in Suleymania. Kurdish organisations who had a relationship with the SI would be invited. This was agreed.

The Committee for Latin America and the Caribbean had members from each country of the region. It was proposed that a meeting should be held soon at which members would elect a chair and vice-chair. This was agreed.

The SI Presidium, he reported, had agreed on a proposal from the Portuguese PS to establish a working group on transparency and accountability, a subject that was increasingly topical in politics and on which we as social democrats should express our views. Two other working groups had been proposed by the Presidium: one on social media and one on political education, with a possibility of running summer schools in different regions. This was agreed.

There had in the past been a Local Authorities committee, he said, which had at one meeting brought together 400 mayors. The proposal now was to re-name this committee the Committee on Local Government and to hold some big events for our member parties working in local government in the different continents. This was agreed.

The SI had always been actively pressing for democracy everywhere and had brought many people into this movement. It was our identity. But there were still authoritarian regimes and lack of freedom throughout the world. A new Democracy Committee was proposed, to work on this issue and to expand the debate to communicate with governments and leaders. Again, the leadership of this committee would be decided at its first meeting. This was agreed.

Another constant struggle had been to end poverty and the growing gap between rich and poor. The Presidium had agreed to propose a Committee on Poverty to further pursue those goals. This was agreed.

Finally, the issue of migration. We had done good work on this in the past and had very good documentation. It was a big political issue. There were many initiatives we could take as a political family so it was proposed we continue the work on migration in a new Committee on Migration, again with the authorities elected at the first meeting. This was agreed.

Concerning campaigns to be launched, one on Violence Against Women had already been agreed. Many had been shocked by the vulnerability of women in so many societies across the world, so we would launch that campaign, working also with SI Women. There had already been some meetings with Ouafa Hajji, their new President, and SI President Papandreou.

One of the reform ideas, Ayala reminded participants, was to extend the forms of membership because so many individuals, young people, intellectuals, and trade unionists wanted to join our organisation. The suggestion now was to open up a new relationship with activists and citizens throughout the world and thus the proposal was to form a working group on individual membership to come up with ways to move forward. He had already registered comrade João Ribeiro as the group's first member if this proposal was agreed. It was agreed.

He then focused on the reform for the statutory committees agreed in Cape Town: an effort to have a balanced representation of different regions in all the statutory bodies, including the Presidium. He pointed out that following Cape Town, the current Presidium now had a fair representation from all regions of the world and we agreed to do the same for the statutory committees. These changes would allow that all regions be involved in taking the decisions in regard to new members and in upholding our Ethical Charter. In the same way, all regions would have a shared responsibility in ensuring that the International would have the means to match our ambitions. He drew attention to the publication on the SI website under "about us" of the funds that parties contributed and the report of the SI auditors detailing how they were used. These reports were also presented to, among others, the UN bodies where the SI had a status.

In fact, he continued, the only aspect that we had not yet succeeded in making fully transparent in regard to finances, was which parties had not fulfilled their financial obligations to the SI and how much they had outstanding, as some members had opposed making this information publically available. At present the outstanding fees amounted to one and a half million pounds, which was close to the SI's budget for one and a half years. This was a very large amount for the SI.

Members of the Ethics Committee and the Finance Committee needed to be elected, he said, with the same geographical distribution as the Presidium, i.e. four from EU Europe, two from the rest of Europe, four from the Americas, three from Africa and two from the Middle East and Asia-Pacific, also aiming for

a balanced representation within those regions. There were too many candidates from some regions, and solutions were being sought among members to avoid the need for a vote.

As regards the Ethics Committee, registered candidates were: from the Americas, Uruguay Nuevo Espacio, the Dominican Republic PRD, Mexico PRD and Costa Rica PLN; from EU Europe there were candidates from Belgium, Finland, Portugal, two parties from Bulgaria, Cyprus and Spain, that is seven proposals for the four places, which had to be resolved; from the rest of Europe there were Turkey and Moldova; from Africa the ANC, Cape Verde and Morocco; from the Middle East and the Asia-Pacific there were Iraq PUK and Pakistan PPP. These were agreed.

Turning to the Finance Committee, the candidates for Latin America were: Venezuela AD, Brazil, Dominican Republic, Colombia; for EU Europe: Finland, Romania, Hungary, Greece, and Spain, that is five candidates for four places. Other Europe: Armenia and Serbia. For Africa: Angola, Ghana and Senegal. From the Middle East and Asia Pacific, there was Mongolia and Japan. All these were agreed.

The last issue, he said, was membership applications, of which there were many, some old and some new. The Presidium had agreed that a clear statement of requirements for membership should be drafted.

**George Papandreou**, agreed that the Ethics Committee should draw up clear criteria on the basis of values and principles, for evaluating membership applications, and these should be put to the next Council meeting if possible.

**Luis Ayala** said that in accordance with the decision of the XXIV Congress in Cape Town to empower this Council meeting to take decisions on behalf of the Congress on postponed applications, the Presidium discussed this issue and made the following recommendations:

Full membership for the Chama Cha Mapinduzi of Tanzania. This was agreed

Consultative status for Georgia, SDD. This was agreed.

Consultative status for the Liberation Movement of São Tomé e Príncipe, the Social Democratic Party, MLSTP-PSD. This was agreed.

Consultative status for Un Nuevo Tiempo of Venezuela. This was agreed.

Consultative status for the Patriotic Front of Zambia. This was agreed.

Consultative status for the PUDEMO of Swaziland. This was agreed.

Further, the Presidium agreed to ask the Council for a decision on consultative status for the application from the FLN of Algeria. The meeting was asked if there was support for this application. The ANC of South Africa, the RFD of Mauritania and other members expressed their support. The meeting was then asked to vote. A majority of members voted in favour. There were no votes against and there were no abstentions.

This having concluded the issues of membership, Ayala introduced the resolutions and declarations.

**The Declaration on the Global Economy was adopted.**

**The Declaration on Developments Concerning the Arab World was adopted.**

**A Resolution on Iran was adopted.**

**A Statement on Puerto Rico was adopted.**

After a slight amendment by the ANC, the **Declaration on Zimbabwe was agreed.**

**A Declaration in support of peace and democracy in the Sahel region was adopted.**

The Council agreed to send President Talabani its best wishes for his health.

**Luis Ayala** announced the sad news that comrade Reinaldo Gargano, a distinguished leader of the Socialist Party of Uruguay had just passed away. The Council expressed condolences to his party and to participants from Uruguay.

**George Papandreou** said that in all the issues we had discussed we needed to strengthen our capacities. He considered the proposals of António Seguro regarding the working group on accountability to be very important in our fight against corruption. The same applied to our work on strengthening democracy because we had seen that the economic crisis meant a loss of power and self-determination for the people when wealth and power were concentrated in the hands of the few. Whether in emerging or established democracies, or in countries of the Arab Spring, democracy was the core of our work. Our fight to combat violence against women, and the education of our future political leaders, were policies to empower our movement. He hoped all would unite to work on these areas so as to further the possibilities of this movement.

In closing, he again thanked António Seguro and the Socialist Party of Portugal, emphasising that the SI had chosen to meet here as a sign of solidarity and belief in the country's capacity to deal with a difficult situation. Many other countries were also struggling under the adjustment programme and the Socialist International was committed to bring about a better future for those in that struggle.

Wishing participants 'bon voyage' he declared the meeting closed.

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