

**MINUTES OF THE MEETING OF THE COUNCIL OF THE SOCIALIST INTERNATIONAL
Budva, Montenegro, 29-30 June 2009**

**Main theme: "WORKING FOR A NEW GLOBAL FRAMEWORK FOR THE WORLD
ECONOMY, PEACE AND SECURITY, DEMOCRACY AND THE ENVIRONMENT"**

OPENING

Luis Ayala, Secretary General of the Socialist International, introduced the leaders of both the SI member parties in Montenegro, highlighting that this Budva Council was the first meeting of the International in this country. He stressed the decisive role that social democracy has played in Montenegro both before and after independence in 2006 and that today the two SI member parties form part of the ruling coalition which, since the March elections, governs with a considerably strengthened parliamentary majority. He also said that the SI Council was both pleased and proud to carry out this meeting in Montenegro.

Milo Đukanović, Prime Minister and Leader of the Democratic Party of Socialists, DPS, of Montenegro, welcomed the Council to Montenegro.

Đukanović emphasised that Montenegro is building a democratic country based upon European standards, translated into a general policy of stability, economic development and is raising the standard of living. Priorities in international relations are regional cooperation, good relations to the neighbours and integration in international and European alliances.

He pointed out that cooperation with parties with similar programmes within the SI contributes to reach these objectives. The Council meeting, bringing together more than 200 participants from all over the world will mean a new impulse in that direction. In the present situation of global crisis the universal values of the SI are now needed more than ever.

Any serious government policy, he stressed, is a combination of social components and those of sustainable development and the respect for minority rights and dialogue between nations, religions and cultures, are fundamental in modern society.

He finalised wishing the Council fruitful deliberations and a pleasant stay in Montenegro.

Ranko Krivokapić, President of the Parliament, Leader of the Social Democratic Party of Montenegro, SDPM, described it as a great honour for Montenegro to be able to host the greatest global political association, when in a moment of global economic crisis, it is expected to come up with the appropriate answers and responses to the unmatched challenges of our times.

He stressed that the world presently stands at a crossroads and that there are new challenges for the social democratic parties to meet. What started as a financial crisis turned into an economic storm, spilling over to the wider political and social context. Any solution to the present crisis must be based upon the real economy, thus rectifying and avoiding a repeat of previous mistakes and to come out stronger. Economic freedom must not be interpreted as that the state has no place in the economic sphere and as the absence of all regulations.

He further emphasised the importance of a sustainable development and solutions that do not deny future generations their prospects to manage their own lives.

The world of today needs solidarity more than ever. Both small and big countries turn to solidarity and the crisis has brought the North and the South and the East and the West closer together. Solutions must however accept the facts of multi-polarity and different religions and pace of development

He finalised, underlining that history will judge us through how we deal with the present crisis.

George Papandreou, President of the Socialist International, thanked the hosts Milo Đukanović, Prime Minister and leader of the Democratic Party of Socialists of Montenegro, and Ranko Krivokapić, President of the Parliament and leader of the Social Democratic Party of Montenegro, for their hospitality. He referred to the recent elections and said that the whole movement was encouraged by their success.

He recalled that while after World War II, the European continent was transformed into a common project of peaceful resolution of conflict, respect for territorial integrity, rule of law, democracy and protection of human rights, solidarity and prosperity, the Western Balkans, still remained divided or immersed in conflict. But, he stressed, it is a historical necessity that this region become part of the peaceful project the European Union and that a roadmap should be defined that arrives at accession of all the Western Balkans to the European Union by 2014.

However, the European project is presently in an economic, social, cultural crisis - a crisis of identity and values. Either we arrive at a social, green and democratic Europe, or we will see a slowed down Europe dominated by neo-conservative ideology - a Europe of fear, extreme nationalism and racism, with citizens becoming either more apathetic or more rejectionist.

We know that our citizens often feel powerless as they see so much concentrated power in the hands of a few. The only way for peace and progress is more equal, just and humane societies. The ideologies of free markets measure freedom in terms of the money one has to consume, but we see people as citizens and not simply as consumers. And all our citizens must be empowered as individuals and through collective action.

We know that the only way to deal with the magnitude of the challenges we face as a global society is through a participatory process involving our citizens. But, he warned, we face formidable forces that want to preserve the status quo. Neoconservatives steal our slogans, even our programmes, but never believe in them and they cultivate fear, manipulate and try to make us believe that all is hopeless.

We in the SI, he stressed, are waging an all-important battle of ideas, backing the social-democratic and green concepts with concrete proposals, analysis, understanding and initiatives. We support the member parties in their struggle by bringing out best practices from our collective experience. The SI has also set up committees and commissions on most of the major challenges the global society faces and strives to be present and active, with concrete proposals and social-democratic alternatives regarding all major issues and in all contexts.

There is a desperate need for a financial system which can serve the priorities of our global societies and citizens and that will invest in transformation, particularly of developing and emerging economies into green economies, and that invests in human capacity and education and that empowers the bottom billion of the poorest in the world.

He referred to the meeting of the *SI Commission on Global Financial Issues*, chaired by Joseph Stiglitz, which met at the United Nations headquarters in New York in March, to develop specific policy proposals that combine measures to overcome the current crisis with far-reaching reforms to safeguard social cohesion and social justice. That meeting called for greater financial transparency,

more robust regulation, the closure of tax havens and the creation of a world finance organisation to set and enforce global standards to develop a world of equity and for green development.

Many of the measures, he underlined, taken to assist failed banks and ailing industries seem designed to simply perpetuate a global politically and morally bankrupt financial system while governments are paying little attention to the people who are losing their homes and jobs, their savings and pensions, as a result of financial decisions way beyond their control. This is where we can and must fill the vacuum.

The previous Council meeting in Mexico, he continued, discussed how the global financial crisis impacts on the world's poorest nations and that immigrants also are deeply affected, a factor that has slowed the vital flow of remittances to developing countries.

He underlined that alongside steps to stabilise the financial system, the SI also proposes labour market policies that create jobs, reduce unemployment, help small and medium-sized companies, and maintain social protection.

The financial crisis, he pointed out, is an opportunity to rethink priorities and restructure our economies and the *SI Commission for a Sustainable World Society* chaired by Ricardo Lagos and Göran Persson will present specific proposals and recommendations in that direction, in advance of the United Nations Climate Change Conference in Copenhagen. The Commission has engaged in high-level talks in Latin America, Europe, Russia and Africa and also, together with the SI President, in Beijing. In September we will meet in New York, and we will present a set of proposals to help build a progressive consensus around environmental issues and climate change, coming to Copenhagen.

In order to re-energise the global disarmament agenda, he continued, a *Committee on Disarmament* has been established and held its first meeting in Berlin with participants from, among others, India, Pakistan, China, Russia and the US. He underlined the need for collective global cooperation and strong international treaties against the proliferation of nuclear arms in order to avoid future catastrophes, and stressed the fact that the world will not survive if we do not transform production into green technologies and our energy supply into sustainable and renewable resources. World peace depends on collective action to develop such alternative sources.

The fight for global disarmament should not however distract from the efforts to reduce military expenditures in our own countries, especially at a time of economic crisis. Huge sums of money could be redirected towards health, education and social protection if countries with big defence expenditures rationalise their budgets. This could also be a powerful incentive to resolve conflict.

Finally, he said, the Budva Council will discuss the fundamental issue of democracy. Democracy today is under multiple threats from new authoritarianism, the concentration of media, corruption, money laundering and lobbyists, which often compromise our democratic institutions.

The fight for democracy and for the empowerment of our citizens, he stressed, is vital for our security, prosperity, stability and for social cohesion. The SI needs to map out the new challenges to our democratic institutions, but also incorporate new opportunities to empower our citizens.

The challenge to create democratic global governance is immense, but I remain optimistic, he said. We know today more than ever that social democracy is the answer.

Adoption of the Agenda:

The agenda of the Council Meeting was adopted

Election of Vice-President:

Responding to a proposal by the French Socialist Party, the Council elected, in accordance with the

statutes, Ségolène Royal as a Vice-President of the International. Ségolène Royal took her seat at the Presidium table.

THE WORLD ECONOMY

What should the emphasis be today in overcoming the crisis? How do we advance in the fight against poverty? How to ensure fairness and solidarity in the world economy? What should be the new role of the state in the economy?

SI Vice-President **Eero Heinäluoma**, Finland, SDP, pointed out that we live in a changing time that challenges social democracy, but also offers new possibilities for our movement. The severe economic crisis, where the so-called free market took the entire world to the edge of a cliff, changes the views on the possible and the impossible and on the right and the wrong.

As a reason to aim for less regulation, he said, neo-liberalists had declared that the state is not the solution but the problem. But now, even right-wing politicians are forced to evaluate the role of the state again and to admit that we will not overcome the crisis through pure market self-correction.

A significant conclusion, he continued, is that politics must regain its role to steer development and democracy must point the changing world in the right direction. Market forces do not build equality or create a just society. That is the task of social democracy. In order to get the economy rolling and growing again in a sustainable way, there is also need for such stimulation policies that have been at the core of the social democratic economic thinking. The most demanding task that calls for social democrats and measures our leadership, however, is to change the world economic system into a New Economic Order so that the currently seen financial crisis with all its consequences will never happen again.

The World Bank must be reformed so that emerging and developing countries get the influence they deserve in the decision-making process, and the functioning possibilities of the IMF must be improved. Finance monitoring must be enhanced and the Financial Stability Board is one stage on this road. The authorities' right to get information must be strengthened. Bank secrecy cannot obstruct revealing tax evasion and corruption and we must finally eradicate tax havens. The UN system including the Security Council must also be reformed. Justice, he underlined, is not achieved without intervening in old privileges and structures that create injustice.

Developed countries, emerging countries and developing countries alike need long-term investments, not short-term speculative money, to achieve sustainable growth and wellbeing.

We must, he continued; lead the way in finding new innovative solutions. The Tax on Foreign Exchange Transactions could be a new, stability-improving measure. Even a low tax rate could yield billions to be used, for example to fulfil our commitment to development cooperation. We must hold on to the objective of sustainable development. Building a just market system is central in this, including healthy free and fair trade respecting the rights of the workers.

He pointed to the continuing armaments race as one of the paradoxes in the world, where billions of dollars are spent at the same time as the development problems of the world continue and millions of people suffer hunger daily. He suggested that growth in armament expenditure should be suspended for five years. Such a five-year moratorium would yield at least 250 billion dollars to be used elsewhere: providing antibiotics and treatment for the two million children (under the age of five) that yearly die from pneumonia in the developing countries would cost about 450 million dollars (one per cent of the yearly growth of the armament bill). The development cooperation investments of all developed countries are approximately 100 billion dollars per year while the OECD countries' support to their own countries' agriculture is two and a half times more.

He finally stressed that politics is about choices and that we have options. As social democrats we must lead the way. We need new thinking and brave reforms to create sustainable development and a fairer world. The change is possible and we have to do it today.

Christoph Zopel, Germany, SPD, Chair of the SI Committee on Economic Policy, Labour and National Resources, reported that since the Vallarta Council, the Committee had met twice: in London and Stockholm. In London it was agreed that the Committee would try to prepare for every Council meeting a draft resolution on sustainable development in the world. The circulated draft has the title *The Challenges of Global Development in 2009 – The Economic, Social, Environmental and Cultural Dimensions*.

He stressed the fact that when Socialist International makes suggestions on global issues it must keep in mind that it is a global and not a European organisation.

Looking at the present crisis, he continued, there is no doubt the so-called Western states – US and Europe together - are responsible. It was the US and European banks and economists that professed the concept that in the global financial markets the unregulated market economy alone could work. But the impact and the consequences are felt around the world.

So it is essential, he stressed, to see how all people in the world can participate in the solutions and see the differences in impact in different regions. For example in the two states where 40% of mankind lives the problems are not so great – the GDP in China will increase with 6% and in India with 5%. Here we can study why and perhaps learn. He further stressed as important that the SI continues to discuss with China, and not least about their suggestions on a new global currency.

On the other hand, looking at Russia, we can see the great risks of basing an economy exclusively upon natural resources. In Russia we can foresee a 9% decline of GDP in the current year. Particularly the less developed states can learn here that it is essential not only to concentrate their export on natural resources and commodities.

Coming back to the importance that all people in the world should be able to participate, he pointed out that the G7 (then G8) was a group of privileged states representing 10 % of the world population that wanted to decide for the others, but could not solve the problems. Now the G20 represents about 65% of mankind, but also G20 excludes the poorest nations. That is not acceptable for a global democratic socialist movement. In the framework of the General Assembly of the UN we must support solutions that allow for representatives of all people in the world to contribute to the solutions of the problems mentioned.

The current suggestions of the Committee on Sustainable Development are in the circulated draft, he said. If the Council so agrees, the Committee will in the future meet one month before every Council meeting drafting new resolutions on the matter.

He recalled that at the SI Congress in São Paulo in 2003 a paper on *Global Governance* had been concluded, but there is a need to further deepen and concretise the matter, he said. Here it is necessary to concentrate on the construction of the real economy and the consensus on the concept *Global Welfare Statehood*. Everywhere in the world when it is discussed, following criteria for a good society are mentioned: All people including women must be employed, the younger generation should get a good education and the older generation should have social security.

Looking at the countries where this is implemented, he continued, you come to the North European states. He pointed out that the welfare state Sweden with a taxation quota of 50% also is considered the most competitive state. It can, however, take a long time to bring the Swedish system to for

example Latin America, but the concept of Global Welfare Statehood, can only be implemented step by step. (A document from the Stockholm meeting *Global Welfare Statehood – The Nordic Experience* was distributed to the Council).

He underlined that *Global Welfare Statehood* is closely connected to formal labour –you can only have a state organised social security if you have formal labour. The problem of informal labour, where workers do not pay taxes or contributions and do not receive any transfers from the state, is not only a problem in Latin America but also in Europe. This issue of how to transform informal labour into formal labour as a basis for Global Welfare Statehood will be further dealt with by the Committee.

Another theme dealt with by the Committee is the issue of export of commodities and how less developed countries in the world can refine their natural resources as part of a sustainable development strategy.

He finally urged the member parties to continue their discussions and to come forward with many ideas. He expressed the hope that at the end of this Congress period, the SI will have elaborated proposals about a *New Financial Order and the Real Economy* and about *Global Welfare Statehood*.

SI Vice President **Victor Benoit**, Haiti, Fusion SD, started by thanking the Montenegro hosts for their hospitality and warm welcome.

He described the present economic and social situation in Haiti as extremely difficult. The country is very poor and the only LDC on the American continent. With a GNI per capita/year of less than 400\$, where the population of 9 million grows with 22% per year and 56% of this population have to live with less than 1 US dollar per day, the situation is catastrophic.

The effect of the present financial and economic world crisis upon Haiti, he continued, is also disastrous. A large proportion of the population has fled the poverty to look for a job in the US, but due to the US recession the remittances to Haiti have seriously decreased with an enormous effect on the BNP.

There is also no food security, he said, for more than half of the Haitians and especially not for children and women. Added to this you have a great frequency of intestinal parasites. More than half of the population are not covered by the primary health system and 36% or 600,000 of children have no access to schools and the illiteracy rate is very high. Out of 50 municipalities only 16 have access to safe drinking water and a great number of households have no proper sewage. This contributes to contagious disease. Due to the unbearable conditions in the countryside, many people migrate to the urban areas where they end up in slums, with a great risk of the transmission of contagious diseases such as TB or HIV/AIDS.

Haiti also lives under constant ecological threat due to inundations, the great frequency of cyclones, forest coverage of only 2% and erosion aggravated by climate change. The general outlook for the country further deteriorated due to bad governance and the application of neo-liberal policies, leading to ever-increasing poverty.

In facing the current crisis, the poor countries internationally need the help of the Socialist International, and internally there is a great need for a change of paradigm, establishing democratic governance to build a new economic model that serves all.

He finally underlined that the people of Haiti do not despair and have a great strength of resistance and survival. Their hope is that social democrats, with the support of their international friends, will be able to form a broad alliance with all the progressive forces of the country to bring about change.

SI Vice-President **Ségolène Royal**, France, PS, referred to the previous speakers, and made the reflection that in the present world crisis we stand at a crossroads where Socialists have an increased responsibility in trying to bring order to the chaos. We are in a multiple crisis - an environmental crisis that already kills tens of thousands and can destroy our planet; a financial crisis that we cannot get out of with the present system; an energy crisis that forces us to rethink both forms of production and consumption; a food crisis with hunger in its footsteps. And all this together with war and disease, not to mention the arms race that squanders necessary resources needed elsewhere.

But, she underlined; the simultaneous multiple crisis is not merely the result of an historic accident. We are in a crisis of civilisation and humanity, where civilisation itself is ill and cannot solve the current problems. In an effort to get out of this crisis of civilisation, Socialists must continue to struggle to put human beings at the centre of all decisions. We must arrive at a financial system that serves the economy and an economy that serves human beings and the working people rather than the economy itself.

We have, she continued, five closely interconnected challenges: 1. As a first step to solve the world crisis, we must eliminate inequalities between human beings, countries and continents. 2. A reason that the conservatives advanced is paradoxically the chaos and the feeling of insecurity they have created. Here we must create a new feeling of daily security through access to work, to the social- and health systems, to education and to professional training. 3. We must make an ecological revolution - the poorest countries also have most to win from alternative energy. 4. We must make an educational revolution. We cannot leave the training of the new entrepreneurs and for innovation to the conservatives. 5. We must make a democratic revolution. We need a genuine democracy in all fields of society, also in international bodies such as the World Bank or the IMF.

Camilo Escalona, Leader of the PS, Chile, wished the friends of Montenegro a continued success in the construction of their new state.

He pointed out that Chile, for the first time in its history, has a democratic government lead by a woman. It is supported by the three SI member parties PPD, PR and PS, together with the Christian Democrats. This alliance has successfully cooperated for the 20 years since the transition from dictatorship.

The crisis, he continued, also affects Chile and the expected growth of GNP the current year is expected to be 0. In spite of setbacks in the private sector and the sharp reduction of the income of the state, Chile can continue with successful social policies. This is possible due to the fact that Chile saved money from the income of highly elevated copper prices in previous years. In four years, Chile saved 40 Billion US\$ and has thus, in middle of the world crisis, not only been able to keep up but also considerably increase social spending. One reform introduced by President Bachelet is a guaranteed pension for all citizens over 65. Also, spending on the health system and social housing has increased.

It has been possible to face the crisis, he underlined, through the responsible action of the democratic Chilean government that saved when the resources were there. Sometimes in the past the government has in an unqualified way been criticised for its saving policy and unjustly been accused of carrying out neo-liberal economic policies.

The alliance that supported Bachelet has now chosen the Christian Democrat Senator Eduardo Frei as its presidential candidate for the upcoming election later this year. One important asset in the presidential election will be the social policy carried out by Bachelet. And in the same way as the Christian-Democrats voted for the Socialist candidate Bachelet the last election, the Socialist electorate will this time vote for Frey.

Barbara Prammer, Austria, SPÖ, Chair of the SI Committee on Social Cohesion, Poverty and HIV/AIDS and Speaker of the Austrian Parliament, started with the observation that there are four problems affecting most member parties: 1. more and more people do not support social democracy also in a time of crisis when social democracy really should be called for; 2. that in too many countries social democracy is in opposition; 3. that in the countries where social democracy is in power, parties meet problems and lose elections, and; 4. that the social democratic parties do not listen enough to the voice of women.

People are worried, she continued, as they cannot understand why they should be the losers in a crisis they have not caused and why those who caused it are not called to account and to suffer the consequences. Especially women do not understand why this crisis, primarily caused by men should be solved by men, to the detriment of women. Many people in Austria and surely elsewhere are worried. They ask if they will have a secure job tomorrow; if they can finance the education of their kids; if they can plan for the future at all; if their pension is secure. They also ask if they can trust politicians; if politicians have a solution to their problem, and if they are listened to and taken seriously by politicians.

We do not doubt, she stressed, that social democracy has the right answers. It was always us who were most active offering people security, opportunities and perspectives. We have to draw strength from the successes of our history and ideals and from the fact that we have the better concepts for the future. The basic values of Socialdemocracy – freedom, equality, justice, solidarity and the dignity of the human being – are more than ever crucial today and the answer to the crisis.

However, she emphasised; there is no doubt that the crisis hits those first who are the weakest in society. It hits the least responsible and nearly always women and children. Women must not be forgotten when stimulus packages are adopted. Women also expect perspectives from us at work i.e. to leave behind the triple burden; to receive qualification and promotion; that child-care facilities are built and that men participate more. It also means that cuts in the public sector must be avoided as this directly affect women.

She was pleased to announce the fact that in Austria, since the beginning of the year, a new constitutional norm stipulates the factual equal treatment of women and men in the budgeting process at local, regional as well as national level.

Those who are responsible for the crisis, she continued, try again to explain the world to us, while they impede new regulation mechanisms and the basic debate about our global economic system. The conservatives are now reluctantly forced to move to the left, but will soon retract.

Our goal however, she underlined, is a society where social and democratic values can be realised. A society with equal opportunities, employment and a decent income; where rights and freedoms are respected; an open and critical society where politics and politicians can be taken seriously – a politically educated, courageous and committed society with principles of solidarity. Realising this open democratic society we are also realising equality for women.

Dear Comrades, she continued, you have already received a report on the first meeting of the SI Committee on Social Cohesion, Poverty and HIV/AIDS. She reported that the follow-up meeting will

be hosted by the vice-chair of the Committee, Kwabena Adjei, Chair of the National Democratic Congress of Ghana. The meeting will take place in Ghana towards the end of the current year or at the beginning of the next. It had been decided that the Committee members would prepare presentations for the meeting on best practices in relation to social cohesion in their respective countries. The objectives of the Committee are to prepare a special agenda on *Social Cohesion, Poverty and HIV/AIDS* to be presented to the next SI Congress. She expressed her thanks to the participants in the Committee meeting and especially to the SI Secretary General and SI Secretariat.

Antolín Sanchez Presedo, Spain, PSOE, thanked the Montenegro hosts for their hospitality. He called for an urgent resolution on Honduras.

We are confronting the first global crisis, he continued, with origins in the advanced countries and the financial world. In this deep crisis the prognosis is that the world trade will decrease by ten percent in the current year. There are 50 million jobs at risk in the next two years and according to the IMF there is a financial loss that equals 40 years of development aid or 14 years of remittances from the immigrants in the world.

The crisis is symptomatic, he stressed, for a profound crisis in a system that is sick in its mere design. The crisis must also be seen in the perspective of the deeper world crisis where a billion people are hungry. And here we must ask ourselves what type of globalisation we want. Our generation can drive the world into a total environmental collapse, but it can also bring an end to extreme poverty. In this, he underlined, the SI and the Socialists have a great responsibility. The Spanish Socialists have always been in favour of a decisive global action and is welcoming the G20 initiatives.

There is need, he continued; for short-, middle- as well as long-term measures. One short-term measure is to stimulate employment. There is further a need to stimulate the world economy through an increased world demand. Spain is in this moment of crisis one of the OECD countries that gives most stimuli to its economy. Such stimulus must however be continuous and sustainable. For the developing countries we must strengthen the support from the IMF and the World Bank.

He further stressed that for socialists it is unacceptable that in good times resources are privatised and losses are socialised and that the costs of a crisis, by cutting social expenditure, is loaded onto those who most need protection. We need to save in good times and spend when the crisis comes.

It is also necessary, he continued, to reform and restructure the financial system and create rules. The first victim of the lack of rules was the market itself. Finances must be related to the real economy, contribute to development and not only to speculation. We must create a sustainable system based upon global welfare. We must create new monetary rules substituting those of Bretton Woods. We must work so that the Copenhagen meeting is a success. We must end with the lack of global governance.

But, he underlined, we do not only wish for a system of rules, but a world system of concrete results. That is why the Spanish Socialists give such a great importance to the initiative against hunger as materialised at the Food Security summit in Madrid. This global alliance for agriculture, food security and nutrition will also be a key issue in the upcoming Spanish EU presidency.

He finally stressed that this is a time of change, inviting all Socialists to contribute to the creation of the global framework conditions for a globalisation with a human face.

President **Papandreou**, regarding the coup d'état in Honduras, stressed that it is an issue of principle for the SI. He informed the Council that the SI Presidium and the Secretariat had reacted

immediately, on the eve of the Council Sunday 28, putting out a statement expressing solidarity with the people of Honduras and the urgent need for the immediate re-establishment of democracy. He read out the statement in Spanish to the Council.

Samuel Santos, Foreign Minister of Nicaragua, FSLN, announced with satisfaction the fact that, in the two years of government under President Daniel Ortega, the rate of illiteracy in Nicaragua had been decreased by 4.73%.

All humanity and governments worldwide, he continued, suffer the dramatic and substantial effects of a many-faced crisis provoked by capitalism – a financial, environmental, food and energy crisis. As expressed by his Secretary General, Daniel Ortega, it is now necessary to find a fair alternative development model to end with poverty and the backward social and economic development of our countries. Additional to free and regular elections, this model must be based on a reform towards more direct democracy with an increased direct involvement and empowerment of the citizens.

This, he said, was what President Manuel Zelaya in Honduras intended. Zelaya never talked about re-election. His intention was to introduce changes in the constitution to allow real participation for the people. He requested from the Council a clear and unequivocal rejection of the military coup against the constitutional government of Honduras and a clear message of support to the legitimate government and President Zelaya.

We fully agree, he underlined, with the opinion expressed by the SI Committee on reform of the monetary and financial system under Professor Joseph Stiglitz, that in order to be able to participate in the global stimulation plans the developing countries need considerable, immediate additional financial resources through new forms of loans and repayment and no obligations to fulfil inappropriate conditions. To advance in this direction, it is obviously necessary that the entire international community participate - not only G7, G8 or G20 - but the Group of 192 where Montenegro is number 192. Also the democratisation of UN, the Security Council, must be firmly carried out and put into practice.

On June 24 to 26, a UN conference was held in New York on the global financial and economic crisis and its effects on development. The final document indicates that the effects of the crisis will affect our economies in different ways for a long time and in order to get out, there is need for a number of far-reaching decisions, especially in favour of the poor countries which do not carry any responsibility for the crisis.

So, he pointed out, the rich countries must fulfil the Millennium Development Goals before 2015 as well as other international commitments, particularly to dedicate the 0.7% of their GNP to development cooperation.

It must also be clear, he stressed, that this cooperation must not be used as a means of political pressure. We demand a dignified development cooperation that recognises the injustices in the present situation. A growing number of states adhere to the ALBA (the Bolivarian alternative for the peoples in the Americas) as a new model of cooperation based upon juridical and political equality, solidarity and complementarities.

In the face of all the increasing problems of hunger, poverty and migration, he continued, there is a great latent risk of social unrest and scenarios of ingovernability. Many recognise that the present crisis could lead to a global political crisis. What is put in question now, when the dominant economic model collapses, is the political model built around the paradigm of the free market, neo-liberalism and formal democracy. The so-called democratisation of world capitalism has also been

demonstrated not to be viable. On the other hand, in the crisis, the State returns to play an important role in the economy and in the regulation of financial systems.

The results in the European parliamentary elections show that social democrats must critically reinvent their vision of society and political practice. On the universal level it is also necessary to decisively confirm multilateralism as the new paradigm – a multilateralism that democratises the international institutions, establishing common rights and duties of all states without affecting their sovereignty, independence or self-determination.

He stressed that the food situation with a billion persons living in a situation of food insecurity is ethically unacceptable and must be met with all possible resources. The UN conference in Copenhagen can be our last chance to avoid irreversible damage to the planet and humanity, achieving more solidarity between North and South. The magnitude of our challenge demands clear answers and concrete practical measures.

In concluding, he passed on the latest information that Honduran President Manuel Zelaya was meeting in Managua with other Central American presidents, the imprisoned ambassadors were set free, the Foreign Minister Patricia Rodas on her way to Mexico, but that there was still no news about the President's advisor Milton Jiménez.

SI Secretary General **Luis Ayala** announced that a draft proposal for a statement of the Council about Honduras was being prepared for the afternoon session. He further informed the Council that *Socialist International Women, SIW* had met in Petrovac, Montenegro on June 26 and 27 and that the SIW resolutions and statements were being made available to Council members.

Pia Locatelli, *President of SIW*, pointed out, that the previous speaker Samuel Santos from Nicaragua rightly had qualified certain behaviours as ethically unacceptable. But ethical attitudes have many aspects and SIW is worried that women die in Nicaragua because of abortion, as the laws of the country have been tightened.

She continued with a brief presentation of the resolutions adopted by the SIW Council in Petrovac on June 26 and 27, starting with the resolution *The impact of the Global Financial Crisis on Women*.

She stressed that this perhaps greatest financial crisis ever, is a man-made disaster as women still are insignificant bearers of political power on all levels and virtually excluded from decision-making positions in the financial sector. Women in the US say that, in similarity to the Katrina hurricane, there is a disproportionate number of black, Latino and poor women among the affected. Of the 37 million Americans living in poverty, 27 million are women and children.

The reasons, she underlined, for the gender and age disproportion is that everywhere in the world, single mothers and their families are more likely to live in poverty than any other demographic group. UN Population Fund 2008 figures show that out of the billion poorest people three fifths are women and girls; of the billion adults that cannot read two thirds are women and 70% of the 130 million children out of school are girls.

While the income gap between industrialised and developing countries has diminished, the gap in the same countries between the well off and the poor is widening, a fact that especially in the poorer countries can lead to social unrest.

One effect, she pointed out, is that facing similar problems at home, rich countries are less willing to support the poor countries. An exception is the Spanish government which has declared that exactly because of the world crisis it continues its generous development support.

The SIW Council, she continued, has observed that while the effects of the crisis in different parts of the world can vary, a common denominator is that women everywhere are hit the hardest. In consequence, the SIW Council demanded a gender dimension and women focussed responses to the crisis including investment in childcare, education, health care and other social services that contribute to an equal start in life for the socially excluded alleviating social difference, but that also generate job opportunities for women. The gender dimension should also be considered when drafting and implementing recovery plans and investing in and financially supporting companies. SIW also demanded that pressure should be put on international financial institutions to continue to provide finances for micro credit schemes that benefit women. And it must be guaranteed that gender responsive budgets are founded on a gender-sensitive macro-economic policy framework.

Other resolutions adopted by the SIW Council were the one against rape simulation games and the emergency resolution against violence in Iran.

Samuel Santos, Nicaragua, FSLN, pointed out that the abortion law referred to by the SIW President Pia Locatelli was adopted under the previous government in 2006.

The Secretary General **Luis Ayala** asked the delegations that had any information to be included in the resolution about Honduras, to provide these before 14.00 hrs.

The first session was declared closed. The Council would resume for the second session at 15.00 hrs.

Second Session, Afternoon June 29

SI President **Papandreou** opened the Second Session. He informed that the envisaged Statement on Honduras was being translated and was to be decided upon when the Council had seen the text.

THE WORLD ECONOMY (Continued)

José Lello, Portugal, PS pointed to the fact that in spite of some signs of recovery, the worst recession and economic crisis since the Second World War, with all its negative effects on employment and growth, was not likely to wither away before at least another year.

Governments felt the crisis and in some cases lost elections, he continued, but curiously enough it anyway seems that we are about to lose the opportunity to impose our values of a more regulated, transparent and sustainable economy. In the European elections the right-wing parties were not much affected, while some socialist governments as in Portugal were penalised, in spite of launching the most ambitious and generous measures of social support ever. We had the initiative, but our opponents got the benefit.

Everyone, he underlined, now know that the financial system had worked in an un-transparent way with excess of risk, and deepened the gap between rich and poor. Nobody doubts that easy credit, speculation and the absence of a responsible legal framework and supervision of the financial system is at the centre of the crisis. Nevertheless, the right-wing apologetics of this economic model without regulations did not hesitate to resort to left-wing measures as helping companies and families and

even nationalise banks. There will also be some regulations of the banks and more control of the financial system, but there will not come to any major changes. The banks are already preparing to go back to their old practices as before the crisis.

But, he underlined, we cannot allow this to happen. In order to make sure that a crisis, as the present one is not repeated, we must exercise pressure on the governments to limit those activities that put employment and the economy at risk.

He quoted the Portuguese Prime Minister and General Secretary of PS José Sócrates, stressing that what happened was the result of lacking regulation and the short-term logics of management, abusive practices and greed, and that in the future things must not stay the same. He stressed that in the face of recovery there must be a return to political control over the economy, instead of the economy and finance submitting politics to its will and power.

One possible positive result of the crisis, he pointed out, was the awareness, particularly within G20, that there is a need for a quick and coordinated response. We must however also ask ourselves about our role in shaping a more fair and stabilised world and in limiting financial greed. We must evaluate the real possible contributions and influence of the SI in this. We must also understand how come that the conservative Right, also extremists and euro-sceptics, could reinforce their position despite of their defence of a permissive economic ideology of deregulation. We must analyse why we are losing our capacity to get our message out to the citizens of the world.

Perhaps we are not concentrating on what is really important, he continued, perhaps we should dedicate a Council to the analysis why, in spite of the crisis, right-wing ideology is alive and well and still making and controlling the rules, while the Left is weakening. Is it because we are losing capacity to renovate our policies or to go beyond political slogans that do not appeal to our electorate? Is it because we are not capable of applying our principles and values to the present reality of our societies or because the media power is in the hands of the big economic groups? Is it that the SI, despite of its speech of modernity is getting old? If we want to influence the course of the world, he stressed, we must reflect in new directions. We cannot be an organisation merely specialised in political rhetoric, but to talk about practical consequences. We must make the world, also beyond the media of the countries where we hold our meetings, aware of our existence. History has shown that we are capable of shaping the world on the basis of solidarity and fairness and we are now wasting our capital of action.

ENVIRONMENT

SI Vice-President **Elio di Rupo**, *Belgium, PS*, who had to leave the Council early, presented his introduction to the theme on the Environment. However, the general debate on the Environment, would take place later.

Di Rupo thanked the Montenegro hosts for their hospitality and *George Papandreou* for his introductory remarks.

Belgium, he continued, with its ten million inhabitants, is divided into the Flemish- and the French-speaking regions, where Socialists have returned to power. There are great challenges to meet and also a need for an internal regeneration. We have always been convinced that the economy should serve the emancipation of the most poor and the working people, but lately the leaders in that economy have turned it into a dual system of great inequality.

The environment, he underlined, is just one challenge, together with the financial and economic sectors, security and peace and democracy. We must however be very pragmatic and try to realise

our proposals step-by-step. We must also be aware that if we are not there to take positive action when things happen, others will be there and act instead of us but in the opposite direction.

Many thanks to *Luis Ayala*, he continued, the SI has established a Commission on a Sustainable World Society, chaired by Ricardo Lagos (Chile) and Göran Persson (Sweden). The Commission met with local actors in Africa, Europe, Asia and Latin America, who know about their particular situations. The last Commission meeting was in Beijing, where it had the opportunity to discuss with the authorities particularly about the environmental challenges that China has to face in the same way as other countries as India or Brazil.

A detailed report, he announced, will come from the Commission in September and will offer answers to key essential questions on the model of sustainable development that should replace the earlier model we had for economic development.

After Kyoto, he continued, much has been difficult regarding the environment. But there are also encouraging elements as for instance in the case of China, that despite its need for growth, it is prepared to make some serious efforts, or the European Union that has taken the lead regarding the energy and the policies of Obama. To make contact with the Bush administration was virtually impossible but now with Obama we have the extraordinary opportunity for a new discourse and a changed mentality.

The expert predictions today, he underlined, are much more dramatic than only ten years ago. One talks about a number of island states that might disappear as well as about 30% of the animal species. So there is really a need for a clear change of mentality. Also for central issues such as access to drinking water and fertile land there is a need for an international consensus.

As social democrats, he stressed, we have to take up the issues of the environment without any reservations and become more green than the greens. We have to use all the expertise, the management qualities and governance capacity that we have demonstrated on the economic and social level also for the environment.

The draft resolution prepared with Luis Ayala for the Council recalls that the European Union must show the way; that countries such as China, India or Brazil have particular challenges to meet; that there is a need for special support of between 110 to 210 billion Euros for the next ten years to developing countries for them to reach an acceptable level of development without further harming the environment.

The draft resolution invites the 170 member parties from 145 countries of the Socialist International to involve themselves in the Copenhagen process, with the resolve to produce a new and ambitious international plan on climate change that contrary to the Kyoto protocol, also covers the social dimension. If Copenhagen does not take into account the social dimension, the reduction of inequalities, investment in development, education and so on, there is risk that the poorest countries will, in the process, end up even poorer.

As a final reflection, he stressed the need for a moral authority and that social democrats everywhere in the world can contribute to through exemplary action. It is also important who controls information and that independent of ownership, there are guarantees for pluralism and ethic self-regulation in the media.

THE WORLD ECONOMY (Continued)

Hager Cherif, Tunisia, RCD, recalled that six months had passed since the previous Council met in Mexico with the ambition to contribute with an answer to the world crisis; and that in those six months the world crisis had continued and expanded. It claims new victims among the most exposed and particularly among women – it has widened the gap between developed and developing countries and aggravated the imbalance between rich and poor.

But, she continued, in those six months the conviction about the accuracy of our approach and role has been deeply confirmed, is not only to make the world more balanced and just, but to invent another future.

We can no longer deny that a market developed on the profitability criteria of international finance leads to social and environmental deadlocks. My party *Rassemblement Constitutionnel Démocratique* works since 20 years from the assumption of an inseparable connection between the economic and social dimensions of development and with the conviction that social progress furthers economic progress. It is thus essential to give the market a social and ecological vision.

The issue is no longer to defend the environment, she continued, but to turn it into *the* factor of economic progress. We have here for example the new sectors within agriculture and energy. But how, she asked, can we envisage such sustainable development in a world in environmental imbalance and where the developed countries, as underlined by our recent African Committee, have monopolised financial means and modern technology. The answer is to finally give substance to the solidarity between the developed and developing countries, including real technological and economic support. My party RCD has taken initiatives in that direction such as the proposal to create a World Solidarity Fund.

In the present crisis, she continued, there is a growing need for the State to play an active role for example regarding employment, health, housing, education and social security, guided by the principles of the welfare state, regulation of the market economy and fair redistribution of public means.

The serious crisis, she emphasised, is a challenge to the internal security and stability of a number of countries as well as to the world situation and international relations. The great disparities in development and prosperity generate deception and frustration that also lead to violence and terrorism, and particularly in Africa, to ethnic and tribal conflicts that ruin all chances for development. And we can only promote peace and security through dialogue between cultures and civilisation as in the initiatives taken by President Ben Ali.

It is, she underlined, more urgent than ever, that the Socialist family make a priority of the promotion of democracy that also covers the economic, social and cultural domains. We Africans know better than anyone that real development is not possible without real democracy and that no democracy is possible without a comprehensive development that guarantees individuals their rights and dignity, and society security and stability. In this sense, Tunisia after the changes in 1987, offers great possibilities for participation, also for women and young people in political and social life.

She concluded by stressing the historic role of the Socialist family in promoting a strong, concrete and active solidarity in and between continents, countries and regions.

SI Vice-President **Carlos Eduardo Vieira da Cunha**, Brazil, PDT greeted the SI President, Secretary General, Vice Presidents and the hosts from Montenegro.

In a brief comment on the situation in Brazil, he informed that since the government of President Lula da Silva took over in 2003, 10 million jobs in the formal sector had been created, that the economic growth last year was 5.1%, that the value of the minimum salary had grown with 65% in 6 years and that 20 million Brazilians had been included in the consumer economy. But Brazil, as all other countries, was feeling the effects of the international financial crisis and the growth has stopped and the labour market retracted.

The government, he stressed, reacted with about 300 billion US Dollars in increased public investments and with lowered the interest rates, but the 9.25% SELIC rate (The Banco Central do Brazil's overnight lending rate) is still high. Brazil returned to positively generate employment. And in April 2009 the formal sector grew with 106,205 new jobs and recent forecasts indicated a GNP growth for 2009.

A few days ago, he continued, the Brazilian Parliament approved a law regulating the situation of immigrants in the country. In times of growing xenophobia, exclusion and discrimination of immigrants, Brazil here sets the world an example of solidarity and respect for human rights.

He expressed his concern over the progress of the Right in the recent European elections: It is clear that our values and principles are the correct answers to the crisis and it is also clear that the origin of the crisis is an unregulated financial capitalist free market system. How come then that the people called to the polls strengthened exactly the political conservative and rightist forces? This is, as Ségolène Royal said, a paradox and paradox that challenges us. In what did we fail?

An organisation as ours, he underlined, has the obligation to show citizens of all continents that the capitalist system is responsible for this world crisis and that the answers are to be found in socialism and democracy. We cannot accept that the Right advances through the suffering, unemployment and social exclusion that they themselves have generated. It is now time to reaffirm our values and show that another world is possible. The world of the Socialist International is a world of peace, social inclusion, solidarity, equality, socialism, democracy and freedom.

SI Vice-President **Manuel Laguarda**, Uruguay, PSU, brought greetings from his party and from the Broad Front (Frente Amplio) government coalition of the Left in Uruguay. He also thanked the Montenegro hosts.

During four and half years under President Tabaré Vázquez, Uruguay has had positive development with economic growth and redistribution, together with important reforms of health and the tax systems and raising salaries. Naturally, Uruguay too had been affected by the economic crisis. The first three months of 2009 there was a 0 or even slightly minus growth, but there is still hope for a 1% growth for the year. This is a year of elections and we hope that the Left can win and to be able to continue the reforms under a second period of government.

As many already have pointed out, he continued, the world crisis is a crisis of neo-liberalism, but the world is also facing an ideological vacuum. This vacuum is to be filled by the ideas and actions of Democratic Socialism that must take up the ideological struggle with the Right all over the world and give the public clear options. The prevalence of democracy and politics over the market economy must be asserted. On the way to a global welfare state we must also be able to consolidate the welfare states in our respective countries.

He referred positively to the Scandinavian model with its components of social pacts between employers and employees, the social and employment policies, progressive taxes and income redistribution. At global level there is need for democratisation also of the UN and the creation of special bodies for financial stability and the control of the environment.

He recalled the suggestions regarding the world crisis he had presented in the name of his party at the Council meeting in Vallarta, e.g. to prohibit or regulate the futures markets of key products as food and energy; to replace the dollar as international currency; to make speculation profits transparent and limit the bonus payments; introduce an international regulation body for hedge funds and a ban of speculation with socially important pension funds, etc.; to enforce the use of a transparent language understandable for people in general; to limit the size of global financial entities; to limit interest on international credit according to a social ranking of objectives.

Finally, he stressed the need to strengthen the SI based upon clear ideas and a common message.

Diane Hayter, Great Britain, The Labour Party, brought warm wishes from Gordon Brown who regretted that he could not attend the Council meeting.

She recalled how the members of Labour, when the crisis unfolded last year, clearly had demonstrated their delight that Gordon Brown was the Labour leader and Prime Minister in that moment of crisis.

She emphasised how reassuring she had found the demonstrated awareness of the Council meeting to the crisis and that this no way had been downplayed. It was also positive to realise the unified response.

But, as Ségolène Royal, Barbara Prammer and many others had observed, all in our movement knew that Socialists were the right people to be in control, but it is also clear that the voters did not share this view, as particularly demonstrated in the recent European elections. In the UK they did not see the Conservatives as the alternative, but voted for parties that did not see Europe as the solution to the problems. The question is whether the voters can see a global response to the present problems, as represented by SI, or rather, as the polls indicate, favour a local solution.

She expressed her concern over the risk that exactly the people who led us into the mess should be left in control to try to get out of this mess, or at least the same regulators who failed to stop it happening. One problem is that users of the financial services as pension- and policyholders and other consumers have been excluded from the regulation meant to safeguard their interests.

When Gordon Brown set up a Financial Services Authority in the UK the law made it compulsory to have a consumer panel as part of the regulatory structure of the financial sector. The unfortunate experience however was that the authority failed to pay attention to most of the things they warned about already 6 years ago, so now the panels' position is to be strengthened. An important lesson is here that when struggling for new ways to regulate, whether at national, European or global level, if the consumers are excluded from the decision-making process we will end up with the same sort of regulation that has failed us in the past.

The lesson, she underlined, is valid for the political parties as well. The political actors cannot blame the voters. It is necessary to see that our preoccupations and the language we use is the same as the voters' whose trust we want. We must hear the real demands of people and not just think that we can act on their behalf. We must continuously involve them in the regulatory systems and in the political parties, so they again can begin to see our visions, values and solidarity as the hopes and aspirations they have and again trust with their votes. This is a challenge we recognise, she concluded.

Kwabena Adjei Ghana, NDC, Vice-chair of the SI Committee on Social Cohesion, Poverty and HIV/AIDS, greeted by name a number of those present and thanked the Socialist International and in

particular Secretary General Luis Ayala for the support to the NDC during its years in opposition from 2001 to 2008. Since January 7 2009 NDC is back in government. He specially mentioned the SI African Committee meeting in Accra in June 2007, the NDC election for Vice-chair of the SI Committee on Social Cohesion, Poverty and HIV/AIDS, in Vienna, in May 2009 and, the participation of SI through its Secretary General Luis Ayala in the NDC 17th Anniversary on June 10, 2009.

Referring to the main theme of the Council, he said he would mainly dwell upon the sub-theme “How Do We Advance in the Fight against Poverty”.

He stressed that in order to tackle the fight against poverty it is necessary to first understand its meaning, scope, causes and effects. Poverty however, he continued, is variously defined, but it is generally agreed that it is a socio-economic condition in which one lacks both money and such basic human needs as food, clothing, safe drinking water, shelter, and the access to opportunities as education, employment, healthcare and a self-sustaining income.

He highlighted some of the main causes of poverty: Social factors as crime, war and discrimination; Cultural factors as negative beliefs and traditions; Demographic factors as overpopulation; Economic factors as recession and unequal distribution; Environmental factors as soil degradation and drought; Poor access to Healthcare or Education; poor Governance, and International Capitalism, which encourages the uncontrolled free market and makes the rich richer and the poor poorer.

He stressed that there is only a thin line between the *causes of poverty* and the *effects of poverty*, creating a *poverty-cycle* at individual, local, national, and global levels. Among the effects you find illiteracy, ignorance, substance abuse, violence and criminality. Children from poorer homes tend to evidence higher rates of infant mortality, juvenile delinquency, early teenage pregnancies, under-achievement and school drop-out. Health is affected by hunger, malnutrition and diseases such as HIV/AIDS and malaria.

Another serious effect, he continued, for the poorer countries is the brain drain, the flight from poverty to greener pastures: 75% of the skilled labour in Ethiopia was lost between 1980 and 1991; 100,000 Philippine nurses emigrated between 1994 and 2006; More than 80% of Jamaicans and Haitians with higher education live abroad; India loses 2 billion \$ per year because of emigration of computer experts to the US. Countries in Africa that are believed to be the most affected are Nigeria, Kenya and Ethiopia -there are more Ethiopian doctors in Chicago than in Ethiopia itself.

In order to advance in the struggle against poverty, he emphasised, it is necessary to use an integrated approach and a package of comprehensive measures:

1. Invest in people: for employability, higher income earning capacities, financial independence and competitiveness in a modern information society.
2. Invest in jobs: to make sustainable public investments in social and physical infrastructure and ICT, boost modern agricultural production and agro-processing industry, protect and manage land, forest and wildlife resources, add value to mining and extraction products, provide uninterrupted generation and distribution of energy.
3. Create access to credit and wealth services e.g. micro credits and schemes for small operators in the informal sector to graduate to the formal sector.
4. Forge sustainable partnerships at national, bilateral and multilateral levels, based upon the principles of equality, symmetrical relations and cooperation, thus ensure mutually negotiated win-win agreements that place poor in the centre. Multilateral partnerships must operate at both political and economic-financial levels. SI and the International Parliamentary Union are here viable platforms. At economic level investment and not aid is needed. We need Public-Private-Partnerships as a means to attract investments.
5. Provide good Social Democratic, honest, transparent and accountable governance - with models that empower people through participation in decisions. The fight against poverty must also be

conceived as a fight against misuse of incumbency, official corruption, capital flight, illicit drug trade, inefficient management of resource revenues and discrimination against women and minorities.

There are a number of challenges, he continued, in the fight against Poverty: 1. Mobilisation of huge financial resources; 2. Authoritarian rule; 3. Conflicts and war; 4. The prevailing economic order and the recession; 5. Global warming; 6. HIV/AIDS pandemics; 7. Fluctuating world market prices on oil.

He finalised underlining that the fight against poverty would be more likely to succeed under a New World Order or Global New Deal. He pointed at the role of the SI to be the champion for what he called a *Socialist International Global New Deal Initiative*.

Johan Hassel, IUSY underlined that we live in a time of crisis and opportunities. The crisis that hits the most vulnerable in our societies didn't start with the financial crisis of 2008. It is the effects of a systematically unjust economical world order and ignorance of the environment. But we are also seeing the possibility to change. However it will not come by its own - only as the outcome of progressive politics.

In two weeks time, he informed, 3,000 young socialists and social democrats would meet at the IUSY World Festival in Hungary under the theme: *Development for Freedom; Our War on Poverty*. It is time to change the perspective on how this world is being run and we put the fight against poverty first. This fight is also an opportunity for sustainable growth that can take us out of the present crisis and lift millions out of hunger.

The UN Millennium Development Goals, he pointed out, are not likely to be reached and today, 9 years after, the situation is even worse. This year 200 million people are expected to be thrown back into poverty. The food crisis is getting worse. Governments in the developed world are cutting the aid. There is a difference between talking about solidarity and practising solidarity and IUSY challenges the members of the SI asking how many of their countries fulfil the UN goal of dedicating 0.7 % of GDP to foreign aid.

Unemployment is rising all over the world and social security systems leave many out when they are most needed. The gaps grow between those with jobs and those without. A new poor class is growing and whole generations of young are about to loose their future before it started.

It was the financial system based on neoliberal politics, which was allowed to grow bigger than the real economy that created today's situation. Without deep changes we will only be handling the present situation and then when the crisis is over go back to the same unjust system. The present measures have to be followed by big stimulus packages to the real economy - *A New Green Deal – the start of a Global Welfare State*. But, he underlined, these issues are not national but global and global governance is needed more than ever. To be able to regulate the global market economy and to reach a *Global Welfare State* - politics must, become global just as the economy. It is time to democratise globalisation.

Without a global body, he continued; with decision-making rights, monitoring tools and the possibility for sanctions we will never be able to reach fairness and solidarity in the world economy. A UN Economic and Environmental Council must thus be established besides the UN Security Council. The task must be to create economic and social development for all, by a more just redistribution of the world's resources. International economic and financial institutions must focus on improving the developing world's conditions and not on the developed world. A just trade system should be established, debts be erased and aid increased. An International tax on transactions and a carbon tax would be a good start for redistributing the world's resources. The UN must be given the resources to achieve the UN Millennium Goals.

The greatest tool to fight poverty, climate change and to promote democracy is education. It provides the possibility not only to change the course of the own life but also of society. It provides knowledge, ideas, tools to work, to be an entrepreneur and to develop the economy, to understand how the environment is affected by today's technology and how to find the way to new technologies. It enlightens, gives the possibility to reflect, to explore humanity. It tears apart the ideas that racism and the extreme right is built upon and teaches about rights and how to claim them. Democracy and education walk the same path.

Andreas Schieder, Austria, SPÖ, underlined the importance of participation in the IUSY Festival as a place for a global discussion.

What started as a crisis in the financial market, he continued, and later turned into a crisis of the financial market, then changed into a crisis of the real economy and turned into a social crisis that affects unemployment, poverty and leads to stronger tensions in society. But, this is also the collapse of neoliberal ideology, of market solutions being prior to political solutions and of the "more private/less state" ideologies.

Now, he stated, is coming the return to politics and a more social democratic reasoning. A problem however, as demonstrated in the recent European elections, is to turn this into support from the voters. To change this we must "blame the guilty ones" clearly indicate what led us into the present crisis and we must dare to point out the people and institutions behind.

We must analyse, he continued, how the crisis came and underline that one of the key answers is regulation of the financial markets, as demanded by SI in one of its documents. We need international as well as European regulation – what the European Commission has done so far is not enough.

The most important however, he stressed, is to look for social balance in our societies. The State must run the social institutions as pension and health systems and with the Trade Unions the unemployment schemes, and *not* the capital market. On international level new rules for trade and also the ILO standards must be put into practice.

The main message must be to reject "more private/less state" ideas. What we need is more politics and even more so Socialist politics, he concluded.

The Secretary General **Luis Ayala** pointed out that the draft resolution on the World Economy had been circulated and the Council would decide upon it the following day, after during the Third Session, so the deadline for amendments was at the end of the Second Session.

PEACE AND SECURITY

Where and how can we make a difference to advance the cause of peace? How can we strengthen the non-proliferation regime? How can we achieve common security through disarmament?

Before the Council continued to the theme of "Peace and Security", **Luis Ayala** welcomed the fact that Disarmament had very much returned to centre of the agenda of the Socialist International as well as of the international community. Since the last Council the SI Disarmament Committee had taken up its work and the first meeting was hosted by SDP in Germany. In that meeting not only SI members participated but also representatives from a considerable number of countries, including the US, India and China.

Achim Post, Germany, SDP, stressed that both disarmament and common security are back on the agenda and it is a good sign that the SI Disarmament Committee is back on the agenda.

Looking at the 60s and 70s, he continued, it was socialists and social democrats that broke through the dogma of the Cold War and opened the path to security through agreements on disarmaments and cooperation, just naming some of those who campaigned for security and détente – Willy Brandt, Olof Palme, Gro Harlem Brundtland, Jawaharlal Nehru, Oscar Arias Sanchez, Nelson Mandela. Following the end of the Cold War the SI and its Disarmament Committee under Kalevi Sorsa contributed to all the important agreements as the Zero Option or the CFE treaty.

However, he pointed out, in the 90s the efforts of SI Committee were not “quite so good” in spite of the worsening international situation with the US failure to ratify the nuclear test ban treaty (CTBT), new nuclear powers and the new arms race, not the least under the Bush administration.

But there is now new hope, he said, after the US re-orientation and especially after President Obama initiated a major renewal of US foreign policy, including new nuclear disarmament negotiations with Russia. So today it is more necessary than ever to push, together with Obama, Russia, India and China and other important players, forwards towards a new world-wide policy of disarmament and détente. There are some positive signals from the last months, as for example the cross party call for a nuclear free world made by Helmut Schmidt and the leading initiative from the Norwegian Social Democratic Party to ban landmines and cluster bombs.

He thanked all those who came to Berlin on April 21 to re-establish the SI Disarmament Committee. He particularly thanked the SI President George Papandreou and SI Secretary General Luis Ayala for their support for the Committee.

The Committee drew up a joint work programme: *Joint Security through Disarmament*, providing an effective basis for the future role of the SI in disarmament. Some of the headlines are: 1) Strengthen the Non-Proliferation Treaty; 2) For a zero solution to tactical and strategic nuclear weapons; 3) For a new arms control agreement on missile defence; 4) Strengthen the chemical weapons ban through disarmament, drive forward the Biological Weapons Convention; 5) For conventional arms control and protect the civil population by banning especially pernicious weapons, and establish controls of small arms and light weapons; 6) Get regional initiatives for disarmament and security under way; and 7) Overcome the blockade at the Geneva Disarmament Conference.

These are all aims, he concluded, that deserve our full and unreserved support. The opportunities to implement new policies of détente and disarmament for the social democratic renewal of our world are greater than ever before.

Elena Valenciano, Spain, PSOE, brought greetings from the Secretary General of PSOE and head of Spanish Government José Luis Rodríguez Zapatero.

Peace, she observed, is not only absence of war and armed conflicts - an actual example is Iran. For us Socialists, security must also be an open and comprehensive concept.

The world crisis, she continued, has helped us to bring back politicians as the primary actors. Lately we have perhaps left the space we should occupy open to other forces. Politics should never be absent from great decisions. We have talked about many of the problems we must meet and a positive sign of this Council is its coherent global working agenda. When we talk about the economic crisis we talk about sustainable development, when we talk about the defence of the environment we talk about the struggle against poverty and when we talk about democracy we also talk about the force of democratic politics as an instrument to solve the problems of the planet.

No country of the world, she underlined, can alone face the global risks and SI can offer us the framework within which we can work together in the coming years. This is a different framework to the conservative response based upon force. Our concept of security is based upon respect for made agreements and what we have in common instead of on the power to impose. Additional to the work for arms control, the work for peace is also the struggle against poverty and for development. If we wish to attack the deep reasons behind conflicts and international terrorism we must work with the countries that most suffer and not least with women as vehicles of development in these countries.

PSOE, she continued, considers that the struggle against international terrorism and its roots must be based upon intense and efficient international cooperation and multilateralism. In this context it is necessary to reform the UN not least regarding its mentality, objectives and competences.

Regarding food security it is important to strengthen the role of the FAO, but also of the initiative for a global alliance for food security, agriculture and nutrition that was initiated during the Madrid conference.

Spain, she informed, will exercise the presidency in the EU the first six months of 2010 and commits itself to taking initiatives for peace and security in the European Union context in order to develop a common European policy of security and defence. Spain is also in favour of a strategic partnership between EU and NATO and of efforts to re-establish the confidence between Russia and NATO.

Notwithstanding the struggle for disarmament, she continued, there is also a need for an *Alliance of Civilisations* against such extremist ideologies that try to impose on others a certain way of life or religion. The main objective of that alliance is to further consensus and cooperation between individuals, based on equal terms and rights. The security of human beings and the planet is possible and socialists of the world must be the motor in achieving this.

She finally expressed thanks for the solidarity shown in their struggle against ETA terrorism.

Abdallah Frangi, Palestine, Fatah, underlined that his remarks are inspired with a great urgency at the crossroads of war and peace.

Much, he informed, had happened in his region since the last SI Council. Under the pretext of destroying homemade "Qassam" rockets, Israel launched a wide-scale offensive against the Gaza strip killing more than 1400 Palestinians of which 86% were civilians including many children and other thousands were wounded. After the offensive the continuous blockade strangles the territory and starves its population. On the West Bank the settlement policy in its various forms has continued, as well as the kidnapping of Palestinians citizens together with extra-judicial executions and settler terrorism.

On the morrow of the war, he informed, elections in Israel brought the most anti-peace coalition ever into government. The two Israeli SI member parties, which also had supported the war, experienced great electoral losses and it is difficult to understand what the Israeli Labour Party is doing in the present Government.

While the US government, he pointed out, remained silent during the hostilities, the approach of the new Obama Administration represents a major change in the Middle East equation and opens up opportunities for peace. It is true that a change of discourse does not automatically affect reality, but it is far from being insignificant. The clash of civilisations and the attacks on Islam have come to a standstill. Moreover, the American President has expressed his personal commitment to progress towards peace in the Middle East and contrary to the former administration, recognises that the solution of the Palestinian question is the cornerstone of regional stability. Thus the establishment of

an independent Palestinian state has become a US national security issue and the US Administration has called for a stop of all settlement activities.

The vague references of Netanyahu, he remarked, to Israel's international commitments and to a future conditional Palestinian state, should not fool anyone. The demand for recognition of Israel as a Jewish state is also impossible as it would mean a discrimination of its half million Arab citizens and a rejection of the right of Palestinian refugees to return.

However, he pointed out, an exceptionally positive international climate prevails today and the Arab Peace Initiative opens doors to a complete regional peace with Israel. What is lacking is the will of the Israeli government. Friendly advice and well-exerted influence might help to bring a change.

Finally about the internal Palestinian situation: In spite of our differences with Hamas, we have tried to reach an agreement about a national unity government in order to prepare for new democratic elections. These efforts have also been hampered by the totally irrational and counter-productive international decision to boycott any Palestinian government including Hamas.

In spite of the logistic difficulties, he informed, Fatah would hold its Sixth General Congress on August 4, 2009 in Palestine.

For all these objectives and challenges we will need your support, he concluded.

Mohamed Abdallah, Egypt, NDP, expressed his pleasure to participate in the Budva Council and stressed the importance of the many inter-connected issues on the agenda. Among them we also have the contradiction that in spite of the fact that the present crisis was caused by the Thatcherist neo-liberalism the Rightist parties have gained in force. Here surely media play an important role.

President Obama, he stressed, has become a symbol for a total change of American attitude. Obama is at the heart of the dialogue between civilisations instead of conflict between civilisations and for spiritual dialogue between religions instead of holy war. It is very important to follow-up this change of mind in the US.

Unfortunately, he continued, there are exceptions to the new positive world spirit. The elections in Israel resulted in a government that is harder than hard and more extremist than the extremists and the pro-peace Israeli Left nearly disappeared. In spite of the fact that the elections were held directly in connection to the massacre in Gaza, events that normally should have strengthened the peace movement, the contrary happened. As already has been said by the speaker from Fatah it is indispensable that the world opinion clearly expresses that Israel must accept international law and that it cannot be an exception to international rules.

In fact, he underlined, the extremist government in Israel together with the effects of the world crisis, means the loss of hope among the young generation in the Arab world. The feelings of humiliation and frustration can only foster new generations of extremists and they can become the terrorists of tomorrow. One has to see all in its context and with this Israeli government on one side and Hamas on the other the situation is dangerous indeed.

It is now 25 years since President Sadat, as the first Arab representative, talked to the Israeli Knesset and underlined that striving for global peace it is not enough with a bilateral peace between Egypt and Israel. One must also respect the rights of the Palestinian people. It is necessary to talk about how the Jewish state defines itself and which are the legitimate rights of the 1,400,000 Arabs who continue to live in Israel and with an Israeli passport.

Finally he recalled three initiatives taken by Egypt: (i) The international initiative taken by Mubarak against terrorism, involving the European Parliament, (ii) The initiative for a Middle East without weapons of mass-destruction, and (iii) The initiative for a rapprochement between Fatah and Hamas.

Antigoni Dimitriadi, Greece, PASOK brought warmest greetings from the PASOK women.

She stressed that as the regional SIW Vice-President for the Middle East, Eastern Mediterranean and Caucasus, it feels especially urgent to talk about peace, security and the role women in the region that is one of the most troubled spots in the world.

In the SIW Council meeting, two days earlier in Montenegro, she informed, a resolution about violence in Iran had been adopted.

President Papandreou, she continued, mentioned the envisaged SI presence later this year at the UN General Assembly, where lot of the matters raised at the SI Council also will be dealt with. In that context we would specially ask him to raise the issue of the effective involvement of women in the peace building process, as already stated in the unanimously adopted UN Security Council Resolution 1325 from October 2000. SIW demands that women in conflict areas should be included also at the highest levels of negotiation. There are many examples, she emphasised, on how women, in spite of personal losses and tragedies, have found the strength and the initiative to put differences behind them, to sit down and negotiate, and together demand peace instead of war and conflict.

She referred to the circumstance that not many women were sent from the region she represents to participate in the SIW meetings, and underlined the special urgency that women from troubled areas should be given the opportunity to participate in such meetings.

She finally stressed the importance of listening to the people. When socialists consider the rise of conservative parties they must also consider their own credibility. Many consider that we would have better governments with more women participating and if it were up to women we would probably not have a war in the Middle East. So for socialists to be the hope for a better world and for peace, more women must be involved where decisions are made.

DEMOCRACY

What should be done to advance the cause of democracy where authoritarianism remains? How to ensure that the progress achieved in the new democracies is not reversed? What can be done to enhance and secure democracy internationally?

Adrian Severin, Group of the Progressive Alliance of Socialists and Democrats in the European Parliament, said that it was a great pleasure to share some thoughts on the very important topic of democracy.

He underlined that there are two exceptional achievements of the democratic Left from the last century – 1) Solidarity, which means cohesion of the welfare state, and 2) Democracy which means popular participation, transparency and accountability in the decision-making process and of the decision makers, checks and balances of the political actors. These two are interrelated: democracy without welfare is in vain - welfare without democracy is in peril – and both are today in danger.

It is obvious, he continued, that economy and capital should serve the people and not the other way around. When the economy and the market affect people, they look for protection, and if the politicians cannot offer this protection the confidence in politics and democracy is destroyed. The

present global crisis has its origins in poverty and lack of democracy. The politicians left the initiative to the financial operators who created an illusion of welfare. Together with that illusion people lost their fortunes and their confidence in politics and democracy. This crisis of confidence is leading to a crisis of democracy itself and SI must try to react to this crisis.

There is, he pointed out, both the problem of recognition of democratic rights and the refusal to exercise these rights. We know how to fight authoritarianism, but know much less how to fight apathy. Democracy requires participation and trust in a transparent and predictable leadership. Here we must also consolidate democracy inside our parties and look over the system how our leaders are selected.

A major question we must ask ourselves is how come in the present crisis we face the paradox that our ideas win support, while our parties lose elections. This is a problem of communication and we must perhaps consider regulating the media market as well as the financial market. There are strong financial interests and monopolies involved, and same as with freedom of speech, it is a human and democratic right to be correctly informed.

Another problem, he pointed out, is that our message is sophisticated and goes against the primeval instincts of egotism. We know that our policies are the best for the people, but in order to make this understood we need lots of information and civic democratic education. We must also reach out to those who have understood our message but in spite of that they are discontent, are afraid of change.

Finally, he stressed, we have to resurrect democracy at national level; we also have to redefine the unsatisfactory international democracy and we have to establish new forms of trans-national democracy as intended in the European Union and when we talk about Global Governance.

Jean-Christophe Cambadélis, France, PS returned to the apparent contradiction mentioned by *Ségolène Royal* that in spite of the crisis of neo-liberalism you couldn't see any corresponding accomplishments by the socialist parties. Regardless of the fact that the socialists have tried to curb and mitigate the harmful economic and social consequences of liberalism during the years gone since the event of Thatcherism, it seems that the voters have seen also the socialists as part of the system. Now in a deep crisis of civilisation, where it is obvious that we cannot repair the system but must build a new model of society, we cannot simply say that a new world is possible, but we must also say which new world is possible. Thus we can regain the votes of our citizens.

He stressed that SI since its foundation has connected peace and democracy. The end of dictatorships in Europe and Africa, the fall of the Berlin wall and the end of Apartheid, show that these ideals slowly clear a way, notwithstanding the fact that in actual democracy there are problems.

But progress is also somewhat ambiguous as shown in Iraq, Afghanistan and Pakistan and despite the world consensus about a fair and sustainable peace in the Israeli/Palestinian conflict; this seems every day further away when you look at the region.

Within the Socialist International, he continued, we have together or individually struggled with determination against those who use menace and force in international relations; against those who favour confrontation instead of dialogue, tolerance and respect for human rights. The defeat of the American neo-conservatives and victory of President Obama opens a new sequence and a new wind in international relations. An important sign for us socialists is that the President distanced himself from the role of CIA in the coup against Chilean democracy.

Talking about democracy, he underlined, you cannot forget to think about Iran and the courageous mobilisation of its citizens to change the orientation of their country through the polls.

In Europe, he continued, we might have a stereotype image of Iran as only turbans, chadors and the deliberately provoking inadmissible declarations from a populist and extremist President, while the Iranian society is the most socially and culturally dynamic society in the region. In Iran since 1997 one could follow the surfacing of a political class and civil society, where women and men who grew up with the Islamic revolution and in many case were born since 1979, struggle under difficult conditions for democratic and pacific change. The list is also long for those who have ended in the dungeons of the Islamic regime.

The crisis in Iran, he underlined, is crucial for the future of peace, international détente and democracy. The “arc of crisis”, as named by Brzezinski; spans from the Middle East to Central Asia over Afghanistan and Pakistan.

The Iranian Guardian Council and Ahmadinejad have lost the support of an important part of the Islamic clergy and are now forced to turn to the Revolutionary Guards and the Islamic militia to subjugate the opposition. The Mullah regime is increasingly becoming a military regime. The answer why Iran should not have the right to nuclear weapons you can find in the regime itself. He finally stressed that in this historic moment in Iran, it is a duty for democratic socialists to not leave the popular movement alone, but to give its support to those who struggle for a peaceful democratic change. This is why PS France suggests the adoption of a SI resolution on Iran.

SI Vice-President **Ousmane Tanor Dieng**, Senegal, PS, greeted the Council meeting. He also expressed his particular satisfaction over the incorporation of the new SI Vice President *Ségolène Royal*, not the least as she had been born in Dakar in Senegal.

He announced that in his contribution he would mainly dedicate himself to the establishment of a new international framework.

The anarchic development of the world economy, he said, poses great challenges and puts in question the viability to continue to base international relations on the old institutions and regulatory rules. Facing the crisis we must on national and international levels formulate the appropriate rules and forms of governance that can counter negative social effects and injustice and prevent explosions of popular fury and conflicts affecting millions of families.

A socialist movement based upon the values of humanity and social progress, he continued, cannot escape the responsibility to invest in its capacity to develop these new basic international rules on which the future economy, peace, security, democracy and ecological balance of the planet depend.

But, he asked, which are these new institutions and rules that we must invent; and how can we guarantee the efficiency and the democratic character and legitimacy of these institutions to apply and make the new rules accepted and respected by all the actors in the international society.

International relations have so far been based upon the sovereignty and equality of states. But in face of economic, social and environmental inter-dependency, the sovereignty of States has become increasingly obsolete. Also equality is put in question e.g. through the decisions of the richer countries of G8 or even G20. The exclusive diplomacy of States cannot counter the multiplicity and complicity of other international actors and for Africa it can be difficult to fall back on sovereignty when even small western multinationals can destabilize an entire region.

It is the paradigm of an international community based upon States that must be further developed. The State is nowadays only one actor among other actors at international level. Globalisation has made the economic power of multinationals to often exceed that of the States. It is here clear that the economy must be brought back under the control of politics in the service of humanity.

International relations must increasingly be regulated through multilateralism, not only through a dialogue between the most powerful countries. The development of global governance is primarily dependent on rules and means for an intensified discussion about the problems of the planet. But it is not enough that the States are represented internationally – an international representative democracy must directly involve the people.

Africa has been among the most affected of the present circumstances and is thus also the continent that has the greatest interest to promote a new paradigm and model for international democracy, where the continent effectively has the space and voice to contribute to the history of humanity. It is obvious that Africa must define its own vision of international relations and especially of international democracy in accordance with its own specific situation in the new global context. Global governance must probably be based on a regional representation, through the European Union, African Union etc., rather than on States. Regional integration is an important instrument to defend African interests in a global context. Also regarding the much needed reform of the UN Security Council, the replacement of State representation for a regional representation would solve many problems.

He concluded by once again stressing the need for a new global governance to meet the current and future challenges.

President **Papandreou** underlined that the first part of the Council discussion on Democracy had been very rich and it will be very important for the socialist movement to rethink a number of issues such as the fact that economic globalisation without political globalisation turns into economic power without any political control. There is also the important issue of the media to tackle – which is not free but controlled by capital interests. Education, empowerment of citizens, breaking the apathy and fear and the fight against authoritarianism all over the world are other central issues. He then gave the floor to the Secretary General, Luis Ayala.

Luis Ayala referred to the draft resolution on the coup d'état in Honduras which had been circulated and explained that a proposed amendment had been received relating to and condemning the fact that some people had been detained. He read out the suggested amendment.

The Council **adopted** the Resolution on Honduras, including the suggested amendment.

In continuation, **Luis Ayala** explained that the time for presenting amendments was over also for the draft resolution on the Economy and the draft declarations on Climate Change and Democracy that had been circulated to the Council. The completed drafts including the suggested amendments received would be distributed at the beginning of the Third Session.

A statement relating to the Nordic Model from the Stockholm meeting of the SI Economic Committee was also to be distributed for the information of the Council.

President **Papandreou** expressed his great satisfaction at the fruitful Council deliberations and declared the Second Session to be closed, announcing that the Council would resume at 10.00 hrs the following day.

Third Session, Morning June 30

Report of the SI Finance and Administration Committee

Pertti Paasio, Finland SDP, the newly-elected Chair of the SI Finance and Administration Committee, SIFAC, reported on the Committee's deliberations the day before.

He recalled previous slightly optimistic views, the year before, regarding the financing of the Socialist International and the fact that member parties had begun to meet their responsibilities to pay their fees on time and in full, seemed to justify this.

However, he pointed out, the situation had not developed that way and member parties were not paying their membership fees as foreseen. Some contributing factors were the international economic situation and the negative outcome of elections in Europe, and this, coupled with the falling value of the British Pound had seriously affected the finances of the SI.

In continuation, he strongly underlined the fact that the financial base of the SI entirely depends on its membership fees. If the member parties fail to pay their fees the SI will also fail in carrying out its political activities. He thus felt obliged to repeat the 'slogan': "Please pay on time and pay in full".

The SI, he continued, is the largest international organisation of its kind, and taking into account the very limited staff of the Secretariat, it is amazing to see how the many conferences, meetings and other political activities are organised and carried out all around the world. He extended his respect to Luis Ayala and the staff for their impressive work.

It is, he underlined, the responsibility of SIFAC and its Chair, the Presidium and the Secretary General to together tackle the present problems.

He then referred to the 2008 report from the SI accountants, pointing out again the fact that only a small part of the outstanding membership fees had been paid up to June 2009.

The accountants had also stressed that the difficulties faced by the organisation in meeting the expectations to maintain its high level of activities under those circumstances, should not be underestimated.

Finally, he said that these considerations would inevitably be reflected in the budget for the coming year and raised the possibility of alternative resources for the SI.

He also hoped for an improvement of the immediate situation through the payment of the outstanding fees.

The Council approved the report from SIFAC.

Report of the SI Ethics Committee

The newly elected Chair of the Ethics Committee, **Maurice Braud**, France, PS, presented the report of the Committee which had held its first meeting since the Congress in Athens.

He explained the role of the SI Ethics Committee, to supervise how the common values as laid down in the Declaration of Principles and Ethical Charter are upheld by members, and particularly by candidates for membership. The Ethics Committee also makes recommendations to the Council on

different related matters, such as to accept new members, change the status of existing ones, and when necessary suggest suspensions.

He announced that the SI Ethics Committee would prepare a work programme that closer defines its priorities and tasks, and inform the Council accordingly.

In continuation, he particularly underlined as important the cooperation with the President, the Secretary General, the Finance and Administration Committee, and with the regional committees in relation to membership issues.

He reported on the status of the different pending applications for change of status and membership.

No immediate recommendations were being made by the Budva meeting of the SI Ethics Committee for change of status or for the acceptance of new members, he said. In all the cases submitted to the Committee there was a need for further observation and information. In some cases the possibility of organising missions to the involved country was mentioned.

The Council approved the report of the SI Ethics Committee.

DEMOCRACY (Continued)

Miguel Ángel Martínez, Spain, PSOE recalled the years when as a member of IUSY he participated in the SI debate about democracy, and the discussion then was simpler than in the actuality. The SI was at that time an organisation dominated by parties from the industrialised North and the debate moved around two main focal points and always with peace as an implicit objective. The first was the realisation of the welfare society, identifying political democracy with social justice - including economic democracy that now seems to have got lost over the decades. The State should guarantee all aspects of social security and education should lead to more conscious and democratic citizens that in turn should guarantee the political majorities to uphold the welfare state. The second part of this democratic vision was to consolidate the independence for countries that had been living under colonial rule. In the quest to make reality of these objectives a 'universalisation' of the SI took place and the organisation was extended to all continents.

Social democrats have maintained continuous and notable activities to uphold democracy, even though with some serious deficiencies due to a certain gullibility and simplifications. One was that we could not believe that the welfare state once established would, as in the actuality, be put into question. Another was the presumption that independence would automatically lead to development and democracy. This was obviously not always the case. The greatest deficiencies were however the incapacity of Socialist International to actualise its thinking regarding democracy, staying rigidly and dogmatically within a Eurocentric concept, and paradoxically maintaining inside the family some parties in government that were not especially worried about upholding democracy.

All this, he continued, should be taken into consideration in the actual discussion about the definition of democracy in the context of globalisation and in the present situation of multiple interrelated crises. The SI should however not only contribute with reflection and theoretic thinking, but as a political platform where the ideas are converted into concrete action.

In the situation of globalisation it is not enough with democracy within the borders of the individual states, even if this is a necessary condition for global democracy. There is however not any other democracy than the one guaranteed by the State and the enemies of the State are also the enemies of democracy. Democracy in individual countries is interdependent in a dialectic way with global

democracy. Democracy at international level must also mean representative and democratic control of the international finance institutions, together with reforms of international political institutions as the UN.

All this will not happen, he stressed, without the initiative of democratic socialists using the political platform of the Socialist International for the coordination of reflection and activities. In situations of attacks on democracy as in Iran and in Honduras the SI cannot stay silent or ambiguous. The situation in Tegucigalpa brings us back 40 years to what happened to Salvador Allende, and we cannot permit that in the present crisis Latin American armed forces feel tempted to act again.

Socialist and social democrats have always fought for freedom of expression and communication. However, within the framework of globalisation and especially with the new media, enormous media powers have developed. Their enormous power to influence can also be converted into instruments for manipulation of democracy in order to determine the economic future against the interest of the people. This is a dilemma we must also take into consideration.

Nikolay Levichev, Russia, A Just Russia Party, stressed that democracy, in today's world, is one of the most important instruments of social and political life. Democracy is also in the actuality undergoing a challenging period of its development. Not only the developments in *new* democracies but also the development in *classic* democracies raises many concerns. A sign is the election to the European Parliament.

When the democracies enter into the information society, he continued, the influence of mass media on politics grows. As duly noted by George Papandreou, Obama demonstrated the efficiency of electronic mass media during his presidential campaign, when Internet for the first time was used in such a big way to attract support, financial resources and to help to form a new social network. But it is today also important to pay attention to the great opportunities provided by Internet to manipulate public opinion by governments as shown for example in China.

A complication for authoritarian regimes is, however, the fact that new technologies of electronic communication also offer the public more access to information. And even though Internet has shown to be unable to make the authoritarian regimes more democratic, it is still an instrument to develop democracy, guarantee freedom of speech and to provide information in times of close control of other mass media.

These developments, he informed, are amongst the most discussed topics in Russia and there are many reasons why the application of the new communication technologies is of great concern in the country. One reason is the size of the countries and the difficulties to communicate between regions and localities. The number of Internet users is also growing rapidly in Russia, but there is still also the burning problem of regional digital inequality and digital inequality due to income. The figure of Internet users in Moscow is 70% compared to 20% in the whole country.

There is also a need, he underlined, for development of classic representative democracy in Russia where there are as many as 250,000 voters for one deputy to the Duma. So in political practice there is a need for increased opportunities to direct democratic participation. The conservative bureaucracy has also been forced to communicate more directly with the citizens.

E-Government and e-Democracy are put into practice, but there is need for further steps to initiate a real interaction and involvement of the citizens in the decision process. In order to access the e-services citizens must first know of their existence.

The new technologies offer new possibilities for political parties to attract new members and to involve regional and professional communities in its activities. Additional to its own website, *A Just*

Russia Party, has installed an on-line portal to also communicate with people from the remote parts of the country. This is how the party programme was elaborated.

Finally, he stressed, even if they can attract people to participate in governance, the new technologies are not the only keys to democracy. The Internet is hardly able to transform indifferent citizens to become active. We must also in general terms use the information to bring in more efficiency into the democratic system.

Zlatko Lagumdžija, Bosnia, Leader of the SDP-BiH, paid his respect to those who had elaborated the different draft documents to be discussed and adopted by the Council. The paper about democracy is very short and well positioned, especially making the distinction between political democracy – almost equated to civil justice, and economic democracy – almost equated to social justice.

Two points to add, he continued:

First: In the future we should also try to include aspects of *diversity* as a major element of political democracy and aspects of *shared society*. More than 90% of the societies today have more than 10%, who in ethnic, religious racial or in some other sense belong to a minority. Most countries are becoming increasingly multi-ethnic so we cannot talk about democracy without talking about a shared society.

Second: Speaking about social justice we should talk more about *equality*. As George Papandreou comes from the country of Plato it is suitable to quote Plato who thousands of years ago sustained that society harmony only could be maintained if the differences in salary are not bigger than 5 to 1; JP Morgan who introduced wild capitalism accepted that it could be 20 to 1. Five years ago the salaries of US CEOs in relation to the workers went up to 320 to 1; and just before the crisis it was openly admitted that this relation went up to 520 to 1.

Meeting in the West Balkans region, he continued, the Council should take the opportunity to make a call for Europe. In the European elections, one could see the distinction between the European Left that was looking for opening for the rest of Europe, and the European Right that was discussing if Europe had the institutional capacity to enlarge at this stage. The issue is if EU has the moral capacity to speed up the process to integrate the Western Balkan states. For this the region must do more and EU must also do more. We should thus call on the people in the region to cooperate more on the basis of equality and diversity and a shared society. When monitoring members and potential members in the region, one criterion should be the contribution to diversity and a shared society in respective country.

He thanked George Papandreou for setting an example through his efforts to rebrand the relations between Greece and Turkey – an example to be followed in the region. If we are a bit braver we will be able to join the EU in 2014 - 100 years after the beginning of World War 1. But also the friends in Serbia must demonstrate the unity of words, values and deeds. A definitive sign would be Mladic in The Hague, he ended.

Jacques Baudin, Senegal, PS, pointed out that democracy as defined in Larousse is the form of government where sovereignty is in the hand of the people. But reality has shown that it is impossible to make people accept foreign models by force –one has first to give them time to adapt the spirit and letter.

Real democracy, he continued; has expressed itself in multiple dimensions – economic, social, cultural and later environmental democracy. These dimensions have become an inseparable unit and the realisation of democracy is also a sacred duty.

In Africa, he said, you can divide the prevailing systems into three groups: 1) Those who are clearly conscious about the necessity to make reality of democracy in their countries and who also try to do this based upon our common values – they deserve our support; 2) Those who are allergic to democracy and would not even try – these we must denounce and 3) Those who do not listen to the people at all and the result is despotism, disorder and hunger – these we must contest.

Democracy, he underlined, is a necessity in our international relations as well as at national levels - there cannot be any development without democracy and development without democracy is an incongruity. For development in Africa we will need support in the form of development aid, but this aid must be democratically motivated and not based upon pity. We must always persist in the fight for reason, humanity and justice for all.

Finally, he said, that he did not pretend to hold the truth about international and national democracy, but hoped that he had provoked some thought with his reflections.

Petroula Nteledimou ECOSY pointed out that until a few years ago when speaking about democracy we mainly referred to electoral democracy – to free, transparent and regular elections with the right to vote for all citizens. Nowadays this is taken for granted for a big part of the world, but not for all and may be not even for the biggest part of the world.

However, she stressed, even if we achieve electoral democracy in every corner of the world, this is today simply not enough. Electoral abstention as the main expression for the personal renouncement of the fundamental right to vote clearly proves this. A fact is also that: 1) Abstention is always bigger among women and young people; 2) Abstention does not necessarily mean ignorance or indifference, but it might mean disillusion and wish to mark a distance.

Ségolène Royal, she continued; talked about the human being, but we often tend to forget that this subject has different aspects – the voter, the citizen and the person. Sometimes it is considered easy to address the first and to govern and discipline the second, but democracy must also involve and address the person. This unique being is not an average and exists and is active around the clock and not once every four or five years.

The kind of democracy we need, she emphasised, must be much more than an electoral democracy, as also suggested in the proposals in the draft declaration of the Council, and with the addition of more rights and opportunities and representation for women and young people. Democracy must involve new ethics with transparency and participation and involve new forms of action in close cooperation with civil society and new kinds of networking. Democracy must also involve new ways of functioning of our own parties, turning more to the people and not only to party members.

In the Balkans where we are now, she continued, democracy means more than to abolish inequalities – it also particularly means to respect diversity of minorities, immigrants and of societies and states. It means free mobility - abolishing the present visa regime - instead of uncontrolled trafficking of human beings. Balkan democracy also means peace and European integration.

This is the objective of IUSY and ECOSY for the Balkan region, working with all progressive youth on the Balkans. This is also going to be the main topic at the upcoming IUSY festival where we hope to see as many as possible, she concluded.

Maria Jonas, Austria, SPÖ, drew attention to the fact that in the Council participants list there are delegations with no women. She pointed out that these delegations are in breach of the stipulation in the SI Statutes that one of three delegates in every delegation must be a woman. We should bear

in mind that this is totally unacceptable and, in the future those delegations that do not include women should not be allowed to vote.

President **Papandreou** said that women's participation in our parties' workings will continue to be a priority and will be an issue to be discussed in future meetings

Felipe Mujica, Venezuela, MAS, pointed out that democracy has been discussed throughout the history of humanity, from the ancient Greece and forwards. As members of the Socialist International we however must consider democracy from different aspects. As democratic Socialists we have also always, rejected Stalinist conceptions and linked all changes in society to democracy.

In the Ethical Charter of the SI, he continued, democracy is clearly addressed, together with some additional aspects worth emphasising, such as inclusion, the rights of the citizens, dialogue and the need to identify the adversary. We also mention a number of institutions necessary to maintain a functioning democracy, such as the role of the State.

When we talk about democracy, he stressed, we must go beyond the theoretic discussions and arrive at concrete applications. One issue here is how we social democrats deal with authoritarianism - and yesterday we rejected unanimously the coup d'état in Honduras, which was a total breach of the constitution. But we must also discuss how to behave as social democrats towards authoritarian governments that use new ways to *de-facto* violate and put themselves outside the framework of the constitution.

In Venezuela, he continued, we have a democratically elected government, however with a President who not only rules in an authoritarian manner, but also exercises State terrorism against the citizens and their political, economic and social rights. In the regional elections November last year the President lost in five federal states. This did not stop him from four months later, abusing the institutions, to depose two elected representatives of the opposition.

He strongly underlined the obligation of the Socialist International, to not only condemn outright any breach of the constitution as happened in Honduras, but also take position against those governments that *de-facto* put themselves outside the framework of the constitution. In practice there is not much difference between them and those that make a coup d'état.

Before opening the discussion on the *Environment*, President **Papandreou** he gave the floor to the Secretary General Luis Ayala to introduce a set of *Rules of Procedure* for the Council.

SI Council Rules of Procedure

Luis Ayala reported that the Presidium had discussed the document with the Rules of Procedure which had been circulated to the Council.

He recalled that when he had come to the Socialist International for the first time from Chile, the SI consisted of a small group of people with big ambitions, great visions and lot of courage who had the strength to capture the imagination of many people around the world. It was people like Willy Brandt, Olof Palme, Bruno Kreisky, François Mitterrand, Felipe González, Mário Soares, Anker Jørgensen and Trygve Bratteli who, in spite of being fewer in numbers than we are today, had a big message. That was a group of people with strong common values and strong personal bonds, and their emphasis in the work of the International was very much on consensus building. It was on the

message, and few thought that the organisation needed rules or procedures. This was also reflected in the very few paragraphs in the concentrated and short statutes.

Over the years, however, the SI grew to include an increasing number of new organisations and people, and new issues and realities had emerged leading to common political agendas in the face of inter-dependency and globalisation. This gave a different character to the organisation and necessarily to the way things were done.

In this new context, the Council as a decision-making body, step-by-step developed and established certain procedures, but these had so far not been laid down as formal rules in a single paper or document.

Last September a discussion was started within the Presidium on empowering the organisation, and after that, the Secretary General took contact with a number of member organisations to address with them the question of developing rules of procedure for the work of the Council of the SI. This was much welcomed, and from there he drafted a set of rules based on agreed past procedures and drawing from current procedures followed by other international organisations such as the UN, the African Union, the OAS, the Inter-Parliamentary Union, among others. Once completed, the draft was discussed with the SI President and later in the Presidium, resulting in this document presented to the Council.

The central objective has been to create a common regulatory framework for the activities of all actors involved in the Council. The included 44 rules cover issues such as how often the Council meets, venues, who can participate, the right to speak, the right to vote, the formulation and adoption of the agenda, different deadlines, how the meetings are conducted, the official languages, the edition publication and translation of minutes, amongst others.

Luis Ayala concluded saying that additional rules of procedure are also being drafted for the SI Congress and for the work of the SI Committees, which will be discussed by the Presidium and then presented at a later Council.

President **Papandreou** thanked *Luis Ayala* for his extensive work on the *SI Council Rules of Procedure*. He stressed the importance of these rules for the Council's work. He proposed that the Rules of Procedure, as suggested in the Presidium, should be implemented gradually, giving a chance to see how they work in practice, with the possibility to come back later with comments or suggestions.

Raymond Johansen, Norway, Labour Party DNA, underlined that the Council had carried out a very good meeting with very good discussions about the financial crisis, environmental crisis, peace, security, disarmament and democracy, showing clearly the relevance of the SI. The need for SI, the global organisation of social democrats, is evident and in the present situation of economic crisis even more so.

This was why, he continued, that the leaders of the Nordic social democratic parties, together with Wouter Bos from the Dutch Labour Party and José Lello from the Portuguese Socialist Party had sent a letter to President Papandreou and Secretary General Ayala, where they asked for ways to strengthen and democratise the SI. An active and self-confident organisation is always willing to discuss itself, looking into ways to improve and to make itself even more relevant. It was out of faith and the hope to make the SI even more effective and to avoid turning the meetings into happenings, but as a part of a process. The meetings must also be predictable where all the participants know what is going to happen and can make preparations and consult in their parties.

All of us, he stressed, have an obligation to include our parties in SI activities, and these must not stay a secret for the few of us. This will also improve the possibilities to coordinate the social democratic policies in other relevant fora as well. We must try to secure a representation at the highest possible level of our parties in the SI, making the organisation even more relevant for all of us, and where both old and new members as well as our decisions will receive more attention.

On behalf of the Nordic countries, he thus wished to commend the initiative from the leadership to implement the clear rules of procedure received in the morning. These proposals meet many of the requirements stated in the mentioned letter and we look forward to the evolution of the process of these rules of procedure at future meetings. He then reiterated his satisfaction over what had already been prepared for the present meeting.

Coming from the country of Gro Harlem Brundtland, who created the first government with full gender balance, he continued, he said he fully supported what Maria Jonas had pointed out, stressing the importance of gender balance within the different party delegations to SI meetings. If we do not have women on board we will also not win elections - women are more than half of the population, he said.

All of us, he concluded, wish to have an efficient SI Secretariat that can use its time on important political and organisational topics and not have to use all the time to try to find money. I am very concerned when I hear from the financial report that a lot of members do not pay their fees. Without paying the fees it will be impossible to maintain the high activities and it is only the right-wing parties that benefit from that. And they definitively do not deserve such assistance from the SI and the progressive parties.

President **Papandreou** reiterated the proposal to implement the *SI Council Rules of Procedure* as we go along, and any comment or further suggestions should be sent to the Secretary General in order to be able to consider them in the Presidium and bring them to the Council.

The proposal was **approved**.

Johan Hassel IUSY recalled the IUSY proposal to the SI Congress in Athens to establish a Reform Commission, involving the Vice-Presidents, Chairs of Committees and regional representatives. He welcomed the present initiative of the leadership and the resulting discussion, and said that a special Commission still could be a good proposal. He also stressed the interest of IUSY to participate in the discussions and to contribute to the strengthening of the vital cooperation between IUSY and the SI.

Tadeusz Iwinski, Poland, Democratic Left Alliance, SLD, pointed out, that the activities of the SI had considerably improved in recent years, in spite of financial troubles and that parties, including his own, had not paid their fees the last year. Among the several committees and commissions that were created was the Socialist International Committee for the CIS, the Caucasus and the Black Sea which had initiated in a good way its work. The SI had finally found a good partner in Russia, the *Just Russia Party*, which had received observer status in Athens and since then has been actively present in the Committee.

Welcoming the Rules of Procedure as an important initiative, he looked forward to similar rules for the Congress.

President **Papandreou** said that he would take on board what had been said about the important cooperation with the youth, in order to see what can be done to strengthen the youth participation, and regarding the Commission, the President said that this already existed in the form of the SI Presidium where all suggestions are taken up.

THE ENVIRONMENT

Is enough progress being made on the road to Copenhagen? How do we influence the negotiations to achieve greater north-south solidarity? How in the political arena do we advance and secure our goal of sustainable development?

Opening the discussion on the theme *Environment*, President **Papandreou** underlined the great potential of the SI to develop further within many areas. The Environment has in the past been a controversial issue for Socialist parties, hence the importance of the Commission on the Environment that has worked on positions which increasingly has unified the movement on how to deal with the environment and climate change. The SI will thus be present in the international discussions with very important proposals, which help to create a progressive consensus around the issues of climate change, environment and energy.

Another question, he continued is how the SI relates to the NGOs around world, and in the context of the environment especially how the SI relates to the green movements.

He explained that he had taken the initiative to talk to the head of Greenpeace, Gerd Leopold from Germany. On the direct question about how socialists can work with the green movements, Gerd Leopold was kind enough to elaborate a personal – not a Greenpeace - position paper on the subject. This is merely food for thought and a beginning of the discussion. Copies of the paper are available to the Council.

Ramón Alburquerque, Dominican Republic, PRD, expressed thanks for the excellent organisation of the Council. He also thanked the SI for the great help to the Dominican people when acting as observers during the elections in May 2008 pointing out irregularities in the electoral process. The PRD now has great hope to gain in the elections in 2010 and to return to government in 2012.

On the subject of the Environment, he congratulated the Secretariat for the presented draft. We however think that SI could stronger underline that private interests must not prevail over the collective interests regarding the environment and natural resources. This is now often the case, especially in countries with weak political systems, where national and international companies even decide over the environmental laws of the country concerned.

In the Dominican Republic an international company wants to install a cement factory in the national park of Los Haitises that was designated by the UN as of considerable importance for humanity. In the Los Haitises there is 60% of the pure drinking water supply in the Caribbean.

In relation to this, the PRD wished to submit for the draft declaration an amendment as follows: *The Socialist International warns of the deadly consequences derived from the exploitation of natural resources when private interests prevail over ecological and social considerations, as is currently the case in a cement factory in the national park of Los Haitises and its environment in Dominican Republic, which is also protected under a UN Resolution, where not only biodiversity is dangerously affected but also where immense drinking water reserves are contained, in moments when humanity feels the threat of the most severe crisis of availability of water for life in the planet.*

He finally underlined that the issue of the environment will continue to be of fundamental importance since without a sustainable environment neither economic and social progress, nor the survival of humanity is possible.

María Muñoz, Spain, PSOE expressed the satisfaction of her party over the attention given by the SI to the environment, sustainable development and the struggle against climate change, and not only as fundamental elements of globalisation requiring global solutions, but also as key elements in the new model for economic growth that we are trying to build as way out of the economic crisis.

Climate change, she underlined, requires immediate action that cannot be delayed because of the crisis. The multiple challenges and effects, especially for developing countries, call for a rapid and decisive response. The Left must lead this response, as the passivity and frivolity of the Right make them incapable to manage climatic change or to initiate the new green economy for the future.

The Spanish Socialist government, she continued, has elaborated a strategy against climate change and for clean energy - also as a dimension of development. Development is a fundamental part of Spanish policies and climate change has already had dramatic effects on factors such as access to drinking water, energy prices etc. and it is also threatening the Millennium goals. Important to underline is that no resources are to be redirected from the fight against poverty to the fight against climate change. PSOE has correspondingly suggested an amendment to the resolution draft.

Spain, she informed, is participating in various funds and initiatives that deal with climate change. It is clear that the fight against climate change does not only require more resources but also an internationally coordinated action in which the European Union will play a central role. Spain assumes the EU presidency directly after the 2010 Copenhagen Conference will have agreed upon new global action plan to reduce emissions and the impact of global warming. PSOE take the opportunity of the presidency to give impulse to the protagonist role of Europe in the coordination of international politics against climate change.

Finally, she underlined that the new greener model of growth in answer to the global crisis also requires a new energy model, with less emissions and no nuclear power, that covers 100% of the energy needs with renewable energy. These renewable energy sources also generate more employment. PSOE thus supports the Spanish government's policies to neither build new nuclear plants nor renovate the old ones and to promote renewable energy.

Spyros Kouvelis, Greece, PASOK emphasised that when discussing the environment, it becomes obvious that this is a time of great challenges, related to climate change itself, but also to the many other negative things happening in the world related to a failing development model – increasing poverty, over-population in the cities and desolation of the countryside, and a food industry that creates more famine in the developing part of the world.

We socialists, he stressed, being the progressive forces in the world, must bring in proposals for change and for new rules of procedure at international level.

He recalled what President Papandreou had said about modern citizens, that the youth and civil society and NGOs look for the political force that is able to recognise them and take notice of their issues and act upon them. This will make the difference between socialist and opportunistic political schemes that ride on environmental issues.

SI can make the difference and do better than others, he continued, and the work done by the SI Commission for a Sustainable World Society has been very important and we have to continue to

boldly name the issues and suggest solutions. The September meeting of the Commission in New York can be a turning point where SI clearly positions itself on what should happen in Copenhagen.

The adoption of the resolution about Climate Change is a very positive step, but people expect further steps and also take on board specific issues such as increased poverty, water shortage and resulting conflicts, the changing energy map, changes in agriculture due to climate change, changes in distribution of wealth, global health issues and of course environmental refugees. Here SI and its member parties must be clearly present.

Finally, regarding the SI presence in Copenhagen, President Papandreou should have the opportunity to address to the Conference and to explain the SI positions on the involved issues. The world is changing and politics is changing. We are all together in this big boat steering towards a reef and we have to gain the confidence of the people so that together we can change the direction and steer towards safer waters.

End of the discussions on the environment

Other speakers

Zita Gurmai, Party of European Socialists, underlined that the discussions at the Montenegro Council have been about the future and that we all know that the international system must change. SI and its members have to search a balance between a number of important issues and difficult objectives such as a prosperous economy, security, democratic participation, environment and green smart growth.

We must also admit, she continued, that the social democratic parties face problems, as demonstrated in the recent European elections, where they lost a substantial number of seats. This is even more disturbing when the Right continues to act according to classic conservative principles at the same time as they claim more regulation, supra-national cooperation and more state assistance – they seem to keep up their positions while virtually adhering to classic social democratic values.

These setbacks can however be overcome, she stressed, social democrats have the right values ideas and solutions for the international system, the environment, the economic crisis and are also the only alternative with a defined recovery plan for Europe, etc.

The problem is how to make the social democratic alternative more visible and how to reach out and come closer to the people and ordinary citizens. We must let them know that we are open to their aspirations, understand their fears and that we have the right solutions as well. We must go back to the roots and gain their participation in the debates that shape their future.

In this, she pointed out, women play an important role. Both in politics and in the economy there is a need for a female approach and feminine values as compassion, prudence and attention, as well as women's competence and knowledge. Women are today at least as well educated as men.

However, being a woman in politics is still hard and feminine values are not always welcome and we have to reach out to women to show that they are needed. Challenges of the future cannot be faced satisfactorily without women, she concluded.

Philip Cordery, Secretary General of the Party of European Socialists, greeted everyone from the PES President, Poul Nyrup Rasmussen.

He informed that after the lost recent European elections and in spite of the incorporation of the Italian Democratic Party, PES is the second biggest group in the European Parliament, but far behind the democratic Right, the EPP.

The democratic Right, he continued, did not make any real progress since the first winners in the elections were the abstentions and almost 44% of the European electorate did not vote. Particularly the traditional social democratic electorate did not vote, which makes the motivation of this electorate one of the challenges the years to come. The second winners were unfortunately the euro-sceptics and far Right parties - now also joined by the British Conservatives who left the EPP to form a euro-sceptic parliamentary group. The third group of winners – that in many countries takes votes from the social democrats – consists of small left wing and green parties.

What one however can learn, he emphasised, is that in spite of the EPP being the biggest group in the European Parliament their ideas have not won – there is still a majority that reject the ideas of the conservatives and Barroso. On the other hand the social democrats have not managed to become the alternative to the EPP. This must be subject of analysis, as the PES never was better prepared than in these elections, with a common programme, a credible alternative recovery plan with more investments, reform of the financial market to get out of the crisis, common campaign elements etc. Looking at the reasons, there was the difficulty of mobilising the traditional social democratic electorate for the “far away” issues of Europe and there were also the difficulties of drawing clear dividing lines between the Left and the Right in European politics. There was further a lack of visibility and there was no identification person – no common candidate for the Commission - for the social democratic movement in the elections.

Among the deeper reasons, he continued, that must be analysed at the upcoming PES Congress in Prague in December, is how the parties and PES together can offer a coherent common message and social democratic project to the citizens. A specificity of the populist conservatives today is that they try to occupy the whole political spectrum – from the social democrats they steal some social rhetoric and from the extreme Right they steal policies of migration and security.

He finally called for a strong cooperation with the SI, since the social democratic parties inside and outside Europe must find common answers to common challenges.

He invited all to participate in the PES Congress in Prague in December.

Adoption of Documents and Resolutions of the Council

The Secretary General put to the Council, one by one, the draft resolutions and other documents for approval:

The Declaration - *The Challenges of Global Development in 2009 – The Economic, Social, Environmental and Cultural Dimensions* - was **adopted**.

The Declaration – *Common Security through Disarmament: 10-point Plan for a Comprehensive Disarmament and Arms Control Policy* - including amendments, was **adopted**.

The - *Declaration on Climate Change* - including the amendment introduced by the PRD of the Dominican Republic, was **adopted**.

The Declaration - *The Necessary Strengthening of Democracy*, including an amendment introduced by the PS France, was **adopted**.

A Declaration on Honduras had been adopted during the Second Session the previous day.

(All the Council documents adopted can be found on the SI's website).

Report of the Secretary General

The Secretary General **Luis Ayala**, referred to the extensive written report distributed to the Council. Due to time restrictions he would however only be able to give some brief comments on certain aspects and to important past and future activities.

(The full written version of the *Secretary General's Report to the Council* can be found on the SI's website).

He began by thanking once more both SI party leaders, Prime Minister Milo Đukanović and the President of Parliament Ranko Krivokapic, with whom he collaborated closely in the preparation of this meeting.

The main themes of the Council - the world economy, the search for peace and security, the continuous work for democracy and the environment - had been at the heart of the work of the SI during the last period since the previous Council.

We have continued with an intense programme of activities, dialogue and meetings of the *SI Commission for a Sustainable World Society* in different parts of the world with key actors of the international community. A meeting had been organised in South Africa in March, including the then President of the Republic Kgalema Motlanthe and the now President Jacob Zuma, as well as a number of leaders and ministers from governments led by SI members parties in Southern Africa to discuss the challenges and implications of climate change and global warming on the African continent. Subsequently, in May, discussions were held in Beijing with the Chinese Communist Party and government leaders, including President Hu Jintao, on the crucial issues of climate change and sustainability, and together with participants from SI parties in the Asian region, the members of the Commission discussed that continent's perspectives on these issues.

Now the ambition is to be present in New York in September, together with the SI Presidium, in the context of the opening of the UN General Assembly, when heads of state and government are present. Already last year the SI had met at the UN on the occasion of the General Assembly debates, and this time the SI will present the final report of the *SI Commission for a Sustainable World Society* directed at the upcoming Copenhagen Climate Change Conference in December.

We had organised a meeting of the *SI Commission on Global Financial Issues* which was held on the 31st of March at the United Nations headquarters in New York, where Professor Joseph Stiglitz, Chair of the Commission, led a discussion on the global social democratic response to the crisis. The Commission agreed on a message to the leaders of the upcoming G20 meeting in London, calling for decisive collective action by the international community.

A week later, at the beginning of April, the *SI Committee on Economic Policy, Labour and National Resources* met at the Houses of Parliament in London to give the SI reaction to the outcome of the G20 and then it met again in Stockholm on 11-12 June 2009 to examine the Nordic experience in the discussions on building a Global Welfare Statehood.

Our newly formed *Committee on Social Cohesion, Poverty and HIV/AIDS* held its first meeting in the Austrian Parliament on 22 May and addressed an agenda which looked closer at the human impact of this crisis on people and on poverty. The next meeting, he said, is due to take place in Ghana at the

end of this year or early next year.

In relation to Peace and Security, the work of the *SI Committee on Disarmament*, is reflected in the declaration approved here by the Council. The SI is now acting in a larger framework, with members that the organisation did not have before. The SI member party PPP, in government in Pakistan, our member party in Russia, along with guests from India, the US and China, among others, participate in the nuclear disarmament discussions of this Committee. The Committee will meet again in New York on 17 November, at the United Nations.

Regarding the regional committees, he continued, the *SI Committee for Latin America and the Caribbean* involves a growing number of parties, political leaders and also a number of Presidents of Republics, as in several cases SI member parties are in government in the region. During this period we held a meeting of the Committee in Guatemala, in March, hosted by our member party UNE and its leader, President of the Republic Alvaro Colom, to address issues of major concern to the region: the impact of the world financial crisis, the role of the state and government institutions from a democratic progressive perspective, and a social democratic strategy for regional integration.

The *SI Committee for the CIS, the Caucasus and the Black Sea* then met in April, at the United Nations Offices in Geneva, with numerous delegates from the region. It discussed the advancement of democracy, our contribution to the peaceful resolution of existing regional conflicts, and strategies for strengthening social democracy, taking timely and relevant decisions with regard to developing crises such as the one in Moldova.

In Africa too there are positive developments, and when the National Democratic Congress assumed power in Ghana earlier this year, it became the 12th government in Africa under the leadership of a member of the SI. Also in a number of other African countries, SI member parties are in the position to win providing there are free and fair elections. In advance of the Council, the *SI Africa Committee* met in Dakar, bringing together 25 parties from across the continent to discuss the African response to the global financial crisis, policies to promote the Economic Partnership Agreements, and the strengthening of democracy and governance in Africa.

For the coming months there would be a number of initiatives and meetings: in September we would hold as planned our Presidium meeting at the UN as well as the presentation of our climate change Report with the participation of the members of the Commission for a Sustainable World Society; we will be holding a meeting also in New York of our Commission on Global Financial Issues; discussions are underway with the Spanish party to hold a meeting of the SI Mediterranean Committee in October in Barcelona, and as mentioned, there will be a meeting of the Disarmament Committee in New York in November, and prior to the Council the SI Committee on Economic Policy, Labour and Natural Resources will also convene. He was also working to hold other regional meetings in the coming months.

Another positive development to report, he continued, is that the 120 year old Inter-Parliamentary Union finally has decided to grant observer status to the SI, thus creating improved conditions for the SI to organise Socialist and Social Democratic parliamentarians at a global level.

He concluded by saying that he was looking forward to continuing the successful cooperation with many people on the important issues ahead of us and expressed his thanks to all those who contributed to the activities of the organisation.

The SI President **George Papandreou** underlined that it had been a very productive Council. The discussions during the two days meeting had shown the real value of the organisation – that it not only is relevant but more relevant than ever. The SI and its members are central and the key to the

issues the world is facing today. And these global issues are also those faced at local and regional level. This is a new historic situation.

The environment, he continued, is a global issue, but was equally important at local level. The SI parties and citizens everywhere deal with this issue every day: they see climate change, they see climate refugees, they see how the energy situation changes.

The same goes for democracy. The fight for democracy is no longer a fight for democracy in Greece or Chile or Honduras or other individual countries. The fight for democracy is now in every single society. Democracy is under threat not only under dictatorships, but also in full democracies, by the large concentrations of power, from the world of finance to that of the media, and by the huge inequalities that led to the crisis which undermine democratic institutions.

Disarmament is no longer an issue between two Cold War powers. The issue of disarmament covers the spread of nuclear arms and nuclear energy, but also the spread of small arms all over the world with tragic consequences in Africa and elsewhere.

The financial crisis began on Wall Street, but affected every single country and every single citizen around the world.

We are relevant, as we link the global with the local issues. But here also enters the contradiction that due to the fact that these issues are global, sometimes they make the citizens feel powerless, asking what they really can do at local or national level to change this world. How can we as one socialist party in one country deal with these issues.

The Conservatives often say that things are as they are and you cannot change them – there is only the neo-liberal way with the market. But what sets the SI aside is that its agenda creates a family where citizens and socialist party members can feel that there is a global movement, that we are not alone and that we can make a difference if we work together. This is hitting out against the apathy, against the cynicism and hitting out against the citizens' feelings of helplessness leading to extremes such as nationalism, neo-fascism and racism.

He finally underlined that the larger SI family is more important than ever as the common movement with common goals, empowering citizens around the world.

Closure

President **Papandreou** thanked everyone present for their productive work and for the very hard work in the Commissions and the Committees. He thanked the Montenegro hosts and the SI secretariat.

He declared the Council closed.