

Council Meeting of the Socialist International
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RESOLUTION

Reaffirming the centre-left vision for the global economy with an emphasis on growth, jobs and equality, and for a new development agenda

In the years ahead the global economy as well as all our national economies will face huge challenges. The crisis that started with the financial collapse on Wall Street in 2008 is unfortunately far from over. It has been contained, particularly in the United States, by record low interest rates and unusual purchases of securities by the Federal Reserve. But Central Bank money printing, while necessary to prevent an even bigger disaster, cannot alone revive the world economy suffering from deep structural problems. The key long run problems that must be overcome are:

Increasing concentration of income at the very top, leading to insufficient broad based demand. In some countries, more than 90 per cent of any income increases since the crisis have accrued to the top 1 per cent. Such an income distribution prevents healthy, broad based expansion of consumer demand.

This in turn leads to weak business investment. Despite record low interest rates and high profit margins, there is insufficient private investment in the world economy because there is pessimism about long-term prospects for demand.

Moreover, whatever growth there is has become less productive of decent, well-paid and long-term jobs. All over the world there has been weak employment performance. Even in relatively successful countries like Germany, high employment levels have been achieved by tolerating a lot of part time and very low wage jobs particularly in the service sector.

While many developing and emerging countries have been growing more rapidly than the developed countries, their growth too has slowed down because of worldwide uncertainty and the fear of what changes in US monetary policy could imply for private international capital flows. Official development aid is also suffering from the fiscal problems of the advanced economies.

Unemployment, recession and the fear of what appears as a very uncertain future, have been fuelling extreme right, anti-immigration populist movements in the United States and Europe. The traditional moderately conservative right is under siege from much more extreme movements that could lead to a retreat into virulent forms of hyper-nationalism, isolationism and racism. Unfortunately economic desperation is making right-wing populism attractive even for groups of citizens normally closer to the political left.

To respond to these challenges, socialist, social democrat and all progressive political forces should cooperate in supporting a new agenda for growth, jobs, sustainable development and human solidarity. The most important dimensions of such an agenda have to be:

Sustainable growth oriented structural reforms everywhere, within a macroeconomic framework that recognizes that fiscal deficit reduction cannot achieve better debt to GDP ratios, if there is insufficient GDP growth. Austerity without growth leads to a vicious circle of depression, deflation and increasing indebtedness.

Much stronger international cooperation is needed against illegal tax evasion, but also against the legal but destructive tax avoidance of multinational corporations shifting their accounting profits to

lowest tax jurisdictions. Social solidarity, health and pension systems that need normal tax revenues to survive for the benefit of all citizens, are under threat from corporate tax avoidance which has taken on huge proportions across the global economy.

Solid and efficient banking is a key condition for rapid growth and job creation, but for that to be the case, finance must be regulated at the national and international level in such a way that the sector measures its success by its long-term contributions to the real economy and growth, and not by its short term trading and speculation profits.

No doubt structural reforms are needed in many countries. Inclusive high quality healthcare systems must be financed. Retirement pensions must be made safe for current as well as future retirees, even as citizens live longer. This will require reforms which allow longer and at the same time more desirable life time work, require more lifelong training, and encourage cooperation across generations. Programmes for the insertion of young and new workers into productive employment are particularly important.

The progressive political forces must encourage new forms of work, new technologies, new ideas and innovations. Social solidarity must be achieved through progress, not through protecting past practices that may no longer be desirable or feasible in the world of the 21st century. This cannot be done, however, without those who have benefitted and are benefitting the most from globalisation paying their fair share of taxes. Tax systems must not stifle initiative and enterprise, but they cannot be allowed to let hugely profitable multinationals pay almost no taxes on their large profits, by complex tax avoidance schemes.

It is time also to reaffirm the need for global development and to strengthen the will to eradicate poverty, a determining factor in the exclusion from school of young people according to sex and place of residence. It is in this way that hundreds of millions of people, of which the majority are women, particularly in Africa, South Asia and Latin America, could become productive workers and welcome consumers, if they had access to basic health care, education and shelter. It is unacceptable ethically and politically to leave these millions in poverty when we have the know-how, the technology and the resources to help them help themselves and become empowered members of the world community, while putting particular emphasis on gender equality and women's empowerment in the post-2015 agenda.

It is also high time to join forces to fight against the danger of climate change and the huge long-term disruptions it could bring with it. The most recent summary IPCC report has again shown the serious risks the world is facing. This danger can be turned into an opportunity by unleashing a new technological revolution that would bring the world clean energy and green growth. To launch such a revolution, the right incentives are needed, combined with a careful management of the transition. Renewable energy activities can indeed create millions of jobs, but that does not mean that coal workers should face misery. Progress must be managed and take place in a world where support is given to those who have to adjust, and where solidarity provides the security that is needed for citizens to embrace change and innovation.

These key objectives can only be achieved by greatly strengthened cooperation between progressive political forces and civil society organisations across the world. Technological developments will continue to increase our interdependence as nations, people and citizens. There can be no way back, and progressive forces must of course embrace progress with all its opportunities. Technology must be managed, however, for the benefit of not a few, but the benefit of all.
