

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

San José, Costa Rica, 23-24 January 2012

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OPENING

Luis Ayala, Secretary General of the Socialist International, opened this first meeting of the SI Council in Costa Rica with a special welcome to the President of the Republic, Her Excellency Laura Chinchilla, whose presence at our meeting was a great honour. He greeted all the comrades, leaders, delegates and representatives from every continent who had come together for this two-day meeting.

Ayala expressed his pride in welcoming President Álvaro Colom who had just given up leadership of the government of Guatemala and whose commitment to increasing freedom and democracy in his country and alleviating poverty, demonstrated the very essence of social democracy.

He greeted Sigfrido Reyes, President of the Parliament and member of the FMLN of El Salvador; Cuauhtémoc Cárdenas and Beatriz Paredes from Mexico; representatives from Colombia, Venezuela, Brazil and Argentina, as well as comrades from Europe including SI Vice-Presidents; and representatives from Asia-Pacific parties as far away as Mongolia, and from Africa where social democracy today was well anchored and actively present in many governments.

SI parties had a long history, Ayala continued, of working with our hosts who had offered us such a friendly and enthusiastic welcome. In particular he saluted the President of the PLN, Bernal Jiménez, and thanked him and his party for hosting this meeting.

The PLN, he said, through its action in government, had left an indelible mark on Costa Rican society so that we felt much in common not only with the party but also with the country itself due to the hard-working commitment to a society of freedom, democracy, peace, disarmament, and sustainable development. All this made us feel very much at home, as we do in Latin America and the Caribbean generally where many of our recent initiatives had come to fruition including the regional committee in Brazil, and meetings in Chile, Mexico, and the Dominican Republic. Millions of Latin Americans now had greater freedom, rights and opportunities - while still seeking more justice - due to the actions of social democrats like our comrades here in Costa Rica.

Ayala said the Council would discuss two main themes that are preoccupying our movement: Redefining the role of the market in a democracy, and overcoming the crisis through growth of the real economy. We would concentrate on ways to strengthen the economy, promote growth and employment, and forge societies that provide better conditions for our citizens.

Then there was the theme of climate change and our organization's call for greater climate justice which was essential to ensure the sustainable development of the planet. Council would discuss recent developments in this struggle and the SI's tasks since the conference of COP 17 in Durban with regard to the commitment of Rio+20 and the SI Congress which would take place in South Africa later in the year.

Council would also exchange views on how to strengthen and empower the actions of our own common instrument, the Socialist International itself. The SI currently grouped parties and organisations from

every region of the world which interact democratically and fairly with the common aim of promoting greater democracy and social justice in their countries and beyond. We had formed a political family in which we could all feel ourselves to be at the heart of our movement, an international organisation of parties with different identities and histories but the same beliefs and aims. San José would surely be an important milestone along that path, he concluded.

Bernal Jiménez Monge, Costa Rica, President of the National Liberation Party, welcomed everyone to his country. He congratulated President Papandreou on his management of the acute crisis in Greece, a demonstration of his capacity as a statesman and also his love for the Greek people.

It was Costa Rica's great honour to host over 200 representatives of the oldest and largest association of political parties committed to the highest social values, at this Council of the Socialist International. He said his country was small, fertile and volcanic, and had dedicated one quarter of its terrain to national parks and forest reserves. They aspired to be carbon-neutral by 2021, the bicentenary of their independence. They had no army, having proscribed it by constitution 62 years earlier, since when they had been building a welfare state. There was the oldest and least interrupted democracy in Latin America. Naturally they had problems of underdevelopment, but the poverty and isolation of Costa Rica during colonial times had engendered its democracy. The lack of a potential mass of indigenous workers, or of valuable minerals, discouraged the accumulation of vast wealth and necessitated solidarity and coexistence, rather than forced labour and servitude. In this way a small and isolated community of poor people had developed as an essential characteristic a strong sense of equality.

Human development had marked the course of Costa Rica's path from the beginning of independence. Their first head of state - a teacher, not a soldier - designed a peaceful and prosperous nation as a physical bridge between continents and seas, and it had truly followed this historic path even against recent prevailing winds. In the middle of the 19th century the nation's existence had been threatened by an army of U.S. adventurers seeking to establish a slave regime in Central America, not realising that the high quality coffee exported to Britain had produced enough wealth to quickly raise an army of 9,000 men ready to defend the country. Don Juan Rafael Mora, their liberator and national hero, had successfully led the nation of just 150,000 in defence of their sovereignty. This war had put a stop to the expansionist philosophy of certain North American politicians with ambitions of territorial dominion over Latin America. This, he said, was their Second Independence. President Mora had succeeded in establishing economic growth and declared that social well-being and the balancing of wealth allowed rich proprietors, artisans and workers to enjoy various degrees of comfort and pleasure. Clearly Costa Rica already in 1859 had an ethical vision of human solidarity as a fundamental value while France had hardly begun to speak of such things.

The second half of the 19th century saw various military governments but political leaders and the popular will replaced them with civilian presidents which gave rise to the abolition of the army and the focus on education, health and infrastructure which continued to this day. The great liberal President Ricardo Jiménez declared in 1953 that Costa Rican governments had for years applied socialist solutions, and that they could not be accused of enacting policies that made the rich richer and the poor poorer.

Social laws had been broadened into a Labour Code, and institutions had been established to guarantee social security, health and pensions.

In 1948, after stolen elections, an agricultural manager, José Figueres Ferrer, known as Don Pepe, took up arms to lead a civil rebellion and the founding of the Second Republic. He convened a constitutional

assembly, nationalised the banks and energy sources, raised basic wages, and boosted coffee production through technological innovations. Consolidating these social gains, and abolishing the army, he founded the National Liberation Party. Although women won the right to vote only in 1953, they had already been very active in civil struggles, and soon gained important legislative positions. Costa Rica was proud to have elected the first woman, Dr Laura Chinchilla Miranda, as its First Magistrate.

The party's agenda, he continued, was currently focused on the global economic crisis with its negative effects on stability, social democracy, and on the means to counteract climate change. The market economy, with intelligent public action, rather than a command economy, was clearly the best route for economic growth, as the example of the divided Germany had shown. But the market economy had its own malignancies: inequality of distribution, and economic crises. The first jeopardised social democratic aims in developing societies, and the second was currently holding the whole world hostage.

He quoted OECD studies showing that in Europe the average income of the top 10% was 7-10 times that of the lowest 10%, while in countries on the economic periphery, the ratio was 25 or more to one; and in so-called advanced countries the richest earned 50 times as much as the poorest. Nothing was stopping emerging countries from reaching the enviable levels of wealth distribution of the mature social democracies, but we had to recognise that there was no automatic narrowing of the gap in wealth in the free economies: it required correctives in distribution, especially through investment in social services such as training; otherwise there would be no benefit to the most deprived.

Participants in this Council meeting, he said, knew from experience that this path imposed extreme demands: it was a mountainous path, not a highway. Contemporary democratic socialism must choose appropriately for each country. The SPD's Hamburg programme had suggested the guide: as much competence as possible; as little State regulation as necessary.

He mentioned the forthcoming summit of EU Finance Ministers and the fact that in the great depression unemployment had reached 25% whereas currently it was roughly 10% in Europe and the USA. Tax cuts and public expenditure by President Hoover had been only 0.5% of GNP whereas President Obama's stimulus spending had been 2% in 2009 and 3% in 2010 with a deficit of 10%. While opinions differed as to the success of such government spending, there appeared to be no other way to economic recuperation. He hoped there would be decisions from the European summit that would inspire confidence.

All the facts pointed to the international financial sector as causing the recent economic recessions, and Christine Lagarde, Director of the IMF, had acknowledged faults and excesses by the financial institutions. With great strength, he concluded, we social democrats must push for a stricter supervision of the financial system. Any objective view of the modern social democratic debate would put an end to the accusation that our parties are the same as the conservatives or neoliberals.

George Papandreou, President of the Socialist International, expressed his pleasure at being in San José and the special honour it was for the SI to have at this meeting Her Excellency Laura Chinchilla, President of Costa Rica. As the country's first woman President she was a symbol of female empowerment in Central America and beyond.

He thanked the PLN and its President Bernal Jiménez Monge for their warm hospitality, and congratulated them on the party's 60th anniversary. It had been a force for progress and had helped to make Costa Rica an exemplar of protecting nature and the environment, as well as being a model for

peace and prosperity. Many even characterised Costa Rica as the 'Switzerland of Central America' with its establishing of democratic political institutions and putting the military under civilian control. It was also associated with efforts to unite Central America around a peace plan that was universally recognised when President Oscar Arias was awarded the Nobel Peace Prize in 1987. Despite the global crisis, Costa Rica remained a robust economy and a strong democracy.

In Central and Latin America, he continued, the SI had become a strong political force for change, demonstrating the importance of progressive governance. Like Greece, the region had experienced deep economic crises, but despite the role of the IMF, mistrust of the financial system and austerity measures, the people knew that this region was rich in resources and in human capital - resources that had often been mismanaged and usurped by the few and the powerful, showing that the crises were not primarily financial but political, and caused by a lack of democratic governance, transparency or opportunity. Our movement was in the forefront of democratic change in Latin America. The experience of Greece had been similar, with the economy mismanaged by a conservative government which had ballooned the public debt and forced the country to borrow from fellow member states in Europe and the IMF. They had had to take draconian measures to avoid bankruptcy, and here he thanked all the SI comrades for their continued solidarity in Greece's battle against a type of capitalism designed to serve the rich and powerful. Social democrats, he said, had a much better understanding of the market and the need for regulation, to put the market to work for the common good rather than allowing it to become a tyrant dominated by swings of speculation.

The SI and he himself as head of PASOK and Prime Minister of Greece had taken a strong stand as to what must be done. And as François Hollande had said, our one enemy had no face and no name: it was unelected but all-powerful and it was the power of the concentration of wealth and resources in a new global system. Our struggle was to restore democracy in our societies and in the global economy, to empower our citizens and guarantee their access to knowledge and opportunities. We had been in the forefront fighting for greater transparency in the financial system; democratic oversight and transparency of credit default swaps and speculation; democratic oversight of rating agencies that now had more power than our parliaments; and democratic and transparent control of tax havens that in fact robbed our citizens of their resources. The SI's Commission on the Financial Crisis, led by Joe Stiglitz, had made important recommendations that were now more relevant than ever.

We were also fighting for a comprehensive programme for sustainable growth since austerity was killing Europe and bringing down the world economy. The SI had been active at the COP 17 in Durban where the government of South Africa had skillfully kept climate change on the agenda even though progress was not as fast as was needed. The SI's Commission on Global Sustainable Growth had made concrete proposals to stimulate our economies and deal with the threat of global recession in a sustainable way: proposals to find new sources of revenue for investment in jobs and in a green economy and for an alternative growth strategy for the world and for Europe which was in a deep recession. We had proposed a tax on financial transactions, the Tobin tax: bankers, having helped to create the crisis, must contribute to its solution. Revenue from this and from a greenhouse-gas tax should be used to promote a more sustainable and equitable world.

Whatever the challenges, Papandreou continued, our responses were always based on our shared values as a movement that bridges divides and creates cohesion in the struggle for democratic participation and the liberation and empowerment of our peoples, supporting green sustainable growth that preserves the richness of our cultures and the beauty of our environment.

The SI had contributed to the vision of the European Union and also the United Nations and helped tackle major conflicts, such as the Palestinian question, and to fight against the proliferation of weapons of mass destruction. We were indeed different because we recognised the potential and the need of even the weakest to contribute to our societies. We believed in women as equal partners and we were in the forefront for human rights and minority rights and against racism and xenophobia. More than others, we saw the need for greater democratic governance around the globe and the possibility to end poverty. As a movement we were ready to deal fearlessly and without preconceptions with all the new global challenges: the problems of migration, drug trafficking, and the question of the internet. Our deeply socialist belief, he thought, was that our greatest resource was knowledge, knowledge to be shared by all to the benefit of all. Costa Rica had shown how respect for the environment could offer a growth advantage, and Nordic countries had shown that wide-ranging social democratic traditions could also be competitive; the challenge was democracy. Unfortunately many, and especially the young, felt alienated from the political process and our task was to convince them that politics could indeed still change the world. Otherwise we would see a growth in populist and far-right movements, a mistrust of democratic institutions, and civil disobedience or even violence, which must be avoided.

The SI, he said, was moving forward to change our practices and to live up to the new challenges of our times. He congratulated the three co-chairs of the Working Group on Reform, Eero Heinalüoma, Nouzha Chekrouni and Beatriz Paredes, and those who had participated in this effort. At the Geneva and Marrakesh meetings of the Group there had been sometimes heated debate, which was understandable considering the importance of the issue and the different perspectives. The paper produced by the co-chairs helped to identify the very concrete dilemmas. He mentioned one, in particular, which concerned the elections to the leadership of the SI. We had to be not only a source of inspiration for progressive citizens around the world, but also an example of democratic functioning. He thought the SI should elect its President and Secretary General in open elections in the Congress, which should become effective in South Africa.

In conclusion, he said we were showing that our movement was strong, creative and dynamic, and although Costa Rica was a great distance from Greece we felt today in San José the very warm atmosphere of a strong shared culture, solidarity and hospitality.

Laura Chinchilla Miranda, President of the Republic, said it was a great honour to host these important discussions of the SI Council and she very warmly welcomed participants to this land of peace and unspoiled nature.

Costa Rica's turbulent climate and seismic propensity seemed to mirror the current political turmoil in which some authoritarian Arab regimes are resisting the people's calls for democracy; freedom of expression in Latin America is being undermined; innumerable citizens of developed nations are raging against excesses in the financial sector; and worldwide agreement has still not been reached on how to deal with climate change. But the natural beauty of her country was also a reminder of hope, she said.

In this spirit she wished to reflect on the relation between peace, democracy and sustainable development and the path of Costa Rica in these fields. She was convinced, as were all Costa Ricans, that mutual respect and prudence were the essential nutrients of peace. For over 60 years they had abolished the army and been betting on peace. They were committed never to cause any military offence to any nation, much less to their own people. It was therefore hard to explain the military aggression her country had experienced for more than a year from Nicaragua, and the occupation of some of its territory by Nicaraguan brigades. This had put to the test once again her country's deepest

convictions, and their indignation had not led them to abandon their peaceful traditions: their sole defence was in international law. She reiterated Costa Rica's commitment to live in peace with her neighbours but also her firm will not to shirk in the defence of her sovereign rights.

Costa Rica's decision to do away with the army had brought rewards also in development. People were without doubt the most valuable resource and every cent that would have gone on arms and soldiers now went to health and education, resulting - despite the country's limited income - in outstanding human development, and its revenue's rise from low to medium.

The strength and quality of the human resources development had enabled Costa Rica to initiate a unilateral opening towards the international economy, she continued, so they now had significant diversity of production and growth in external commerce; their economy was now one of the most competitive in the region, and the country was the major exporter of technology in Latin America.

In addition to the social pact on peace, democracy and human development Costa Rica had had for forty years a social pact with nature. The lushness of her forests was due not only to a generous earth but also to the collective sense of responsibility expressed in state policies on environmental preservation. During the '70s Costa Rica had topped the list in deforestation: now with 25% of areas protected, and 40% of national territory covered in forests, the country was the best protector of the environment in the Americas. Ninety percent of electricity was produced from renewable sources and they hoped to make that 100% by 2015. The country was determined to be one of the first on the planet to be carbon-neutral.

Despite their reasons for pride, Chinchilla continued, Costa Ricans were aware of challenges to their capacity to forge agreements, including making the tax structure more firm and progressive; greater efficiency of their democratic institutions; and an effective response to drug-trafficking and organised crime that threaten many countries of the region. They were acting with confidence of beneficial results in all these matters.

The challenges facing our nations were now the same challenges facing the whole world, she said, and our efforts to improve government policies had to be equally valid for global governance. They therefore watched with anxiety the results of the 2008 financial crisis and the current crisis in the Eurozone which had left millions of people without work or hope, all due to the markets' and states' irresponsibility. Unfettered speculation had engendered veritable financial weapons of mass destruction which held the world in jeopardy, so one of the major challenges was to regain political regulation of financial markets.

Another concern, she said, was the international failure to agree on significant goals against global warming while each year our planet was losing forest-cover equal to the size of Costa Rica, and deserts were growing at a rate twice that size. This was one of the most formidable crises ever to confront humanity: to reverse our impact on the climate while improving human well-being, and to make the relationship between development and conservation one of mutual benefit.

It was also frustrating to see that the millennium objectives for 2015 were not going to be reached, while military spending totalled thousands of millions of dollars per year, enough to eradicate preventable diseases, provide education and safe drinking water for all, and lift the most deprived out of extreme poverty; and with enough left over to pay for the UN's framework agreement on climate change. Clearly humanity needed to relearn principles that would enable us to live in harmony with each other and with nature, and above all to allow the aspirations of future generations to be fulfilled. This

required leadership that recognised global citizenship, and that what was good or bad for one was good or bad for all. As Marshall McLuhan had said: “There are no passengers on spaceship earth. We are all crew.”

These worldwide concerns offered a new opportunity for a progressive response based on the core values of our movement: the state’s responsibility to fulfill the basic social contract through vital and constant dialogue with empowered citizens. Our international movement had always struggled for social equality and cohesion: now we must renew our response for today’s challenges, she said. Social democracy must face new realities without forgetting hard lessons from the past, and maintain our fundamental call for humanism, solidarity and peace. Our task was to regain the trust of our peoples in the principles which gave birth to this movement, and to demonstrate the political courage and honesty needed to give them hope.

This was the great responsibility confronting our international Council, she concluded. She wished the meeting fruitful work marked by responsibility and solidarity at this historic juncture that was turbulent but also hopeful.

First working session, morning of 23 January

First main theme: REDEFINING MARKETS IN A DEMOCRACY AND OVERCOMING THE CRISIS WITH GROWTH IN THE REAL ECONOMY

Luis Ayala introduced the first speaker Álvaro Colom, who had just left the presidency of Guatemala after having contributed so much, both as President and as leader of the UNE, to the consolidation of democratic freedoms in Guatemala and to the possibility of progress towards equality in such a divided society.

Álvaro Colom, Guatemala, UNE, said that when he became President his country had had right-wing governments for 57 years, and since the US invasion in 1954, Guatemala had had a very complicated history with conditions leading to a civil war that lasted 36 years until a peace agreement had finally been signed in 1996. Although Guatemala was a rich country, neo-liberal policies had sent social indexes into a downward spiral of illiteracy and lack of healthcare or access to education. His government had immediately formed a Council of Social Cohesion to address these challenges establishing full-time health services, cutting deaths in childbirth by 58% in 2011, lowering neo-natal deaths from 167 in 2007 to 42 in 2011, and reducing chronic malnutrition, which had been a historic scourge, by large percentages. He hoped these radical changes would continue.

He was the only President to be elected in Guatemala having lost the capital city but won the rest of the country’s support. He said he had left the presidency with great concern because for the very first time there had been the opportunity for a second term but due to political machinations concerning the right of the First Lady to register, the right-wing parties had prevailed.

During his four years as President, he continued, budgets for education and healthcare in the service of Guatemalan society had been doubled. But there was a looming challenge in that there were now five Generals in prison for having ordered massacres during the long civil war; there were 35 big tax-evaders; and nearly half of the local drug-trafficking bosses were now in jail, so the culture of impunity was being broken. He was the only President in Guatemalan history who had dared to tackle corruption in the military and two more Generals were expected to be in prison soon.

Along with the fight against poverty and impunity there had also been a reduction in the number of murders which from 2002 to 2009 had been on the rise, but in the second year of his presidency had started to go down.

Although Guatemala had been affected by the financial crisis, and eight banks had collapsed during the previous two presidential terms, they now had a solid economy because his presidency had remained independent. There had been no appointments to the cabinet from the private sector as had previously been done, and the financial minister was not a banker nor from that sector. They had increased tax collection by 15% in 2011 but had failed to reform the tax system: to speak of tax-reform in Guatemala was to invite a coup-d'Etat. Although they had lost the elections, the legislative and municipal powers remained in place, and he called on the SI to monitor developments in Guatemala so as to prevent a return to impunity and poverty. The poor had always been his priority; the people had been empowered, and he welcomed the efforts of women to defend their own social programmes.

Colom expressed special thanks to the Secretary General of the SI for his help in the complicated accusations against him and his wife that were being brought by a military leader as a way to avoid his own appearance before Court.

He made a passionate plea for a broad attack on the whole drug problem, saying that during his term of office they had seized about thirteen billion dollars of drug-trafficking money, compared to about one billion in the previous period, but this was not even 5% of what went through Central America. Of the 125,000 guns seized by President Calderón, he said, 85% had come from the US. He asked who would guarantee that these guns would not continue to flood the region. The share of responsibility in these markets must be recognised, and the consumption of drugs, the financial movements and the weapons must all be brought under control.

Colom told how a young policeman had stopped a caravan of drug traffickers, been offered a huge bribe, but had nevertheless arrested the extraditable mafia chief. Colom had decorated this young man but had also had to relocate him.

All the Central American presidents, he said, had agreed that drug trafficking was the scourge of the region. He wondered, like Calderón, how things would be if Central America and Mexico were on the other side of Canada: they might be living in peace. He urged the international organisations to focus on this tragedy which was spreading through Guatemala and Honduras and would soon be the norm in Africa. There were Zetas already in Peru and these international cartels were becoming globalised.

In addition to the fight against poverty, he said we must keep the macroeconomics going: for the first time Guatemala was receiving business from Chile and Colombia, and South-South cooperation was established.

On the subject of climate change, he said Guatemala was the third most vulnerable country in the world, and had already suffered 109 days of emergency due to rain in 2009. They would continue to be committed to that issue, to fighting organised crime, and to the oversight of the international financial system as called for by the United Nations. In four years they would be back in power, he concluded.

Luis Ayala assured Colom of the SI's solidarity and thanked him for his contribution.

Sigfrido Reyes, El Salvador, FMLN, welcomed everyone not only to San José but to Central America, now that the region was peaceful and pursuing the consolidation of democratic institutions and the eradication of poverty that had persisted for centuries. After decades of military dictatorships and human rights violations, with 600 massacres of indigenous people in Guatemala, the Nobel peace prize winner Rigoberta Menchú had said they were finally overcoming impunity.

Until recently the perpetrators had been appearing in court and asking for pardon from progressive governments; but the survivors and relatives of victims needed to know what had happened and whom they were going to pardon so as to grant an authentic Christian pardon.

At this meeting of the SI he remembered Dr Guillermo Manuel Ungo, a great social democratic leader of Latin America, whose endless struggle for peace and democracy had finally been acknowledged in a posthumous recognition by the state and the parliament. But peace meant not just absence of weapons but rather justice, inclusion, respect for human rights, and equality under the rule of law.

Now, he said, Central American countries like El Salvador, Guatemala and Honduras, were facing new challenges, having been the subject of a terrible experiment called the Washington Consensus, which had imposed an economic model in which the market had become God. Telecommunications and national insurance companies were all sold off and the state became minimal. But instead of the market straightening things out, the reduction in social investment and care of the environment had brought them close to disaster.

In recent years progressive governments had been taking control, as President Álvaro Colom had just said, and the FMLN in El Salvador was likewise investing in those who had been forgotten, with the goal of eliminating illiteracy and poverty. This of course required resources. In El Salvador they had approved fiscal reform to correct the extreme disparity of tax rates whereby the rich paid 10% and the poor paid 30%, but doing this, and prioritising social policies, was indeed to invite very crude attacks. They were determined, however, after such a long struggle to implement these changes.

He stressed the importance of acknowledging the risks of a return to authoritarianism. He feared that Central America, without being drug-producers or great users, might unwillingly become the frontier in the battle of narco-trafficking due to the US decision to wage that battle there. They were strengthening their police and their justice system, but were still being the victims. He joined Colom in insisting that the countries that demand and consume these drugs take responsibility: the laws of economics show that supply replies to demand.

He asked why the drug cartels were all named after places in Mexico or Central America, and never after places in North America where the drugs were sold and consumed, and where there was freedom to buy and export weapons.

Climate change, Reyes continued, had already arrived in Central America: in El Salvador in the previous October it had rained on only ten days, but as much rain as usually fell in a full rainy season had fallen non-stop, causing losses of almost 2% of GDP. His region was not one of those producing the greatest emissions, yet they suffered the impact: it was therefore especially important for the SI to tackle this subject while meeting here.

Another challenge was that of political credibility and how to motivate young people. The silent majority who were not so silent on the social networks, were looking to us for more than just oratory. They

wanted action. He had noticed in Chile recently the contrast between the youth in the streets and the political parties with their low credibility. When politics failed then authoritarianism, populism and demagoguery arose. We had to prevent that. For his country as a young democracy it was essential that the institutions brought good results in resolving problems.

In closing, he said he hoped the solution of the European financial crisis would not restrict social expenditure or erode the welfare state; and that the SI would again commit itself to the principles of equality, social progress, peace and fraternity. Democracy could not be brought by bombing or invasion: each country should determine its own political regime and way of leadership. He thanked Council for its help in Central America's achievements, and asked that that solidarity should always continue.

Luis Ayala thanked the last two speakers for their active commitment, recalling the many great debates the SI had held on Central America over many years.

Cuahtémoc Cárdenas, Mexico, PRD, Honorary President of the SI, first thanked the PLN of Costa Rica for their hospitality; and expressed his admiration for President Papandreu's defence of the Greek people against the aggression of the big financial sectors.

He said he had recently read about the Italian Prime Minister's visit to Berlin in which he had said that the policies of austerity had been seriously hurting the Italian people and that very soon, unless better ways were found, there would be protests against the EU, against Germany, and against the European Central Bank, and he had appealed for an end to these austerity policies. Cárdenas felt that the situation in many European countries was similar to what most Latin American countries had been through in the last 30 years under the imposition of the Washington Consensus which had provoked great poverty, unemployment, and the dismantling of institutions.

In Mexico these policies had been applied from the start of the 1980s. All the continents had been hit hard by the crisis of 2008 and so-called countercyclical policies were being applied to overcome that negative impact. In Mexico it had been announced that one billion dollars had been set aside for the construction of an essential oil refinery as part of the programme of public works. But whereas most other countries had recovered, Mexico had not, so that programme had been just a lot of words. The fact was that Mexico was continuing a process of de-industrialisation and dismantling of institutions and a market of more than 100 million inhabitants had been surrendered to producers from abroad. After 11 or 12 years of the reactionary and conservative PAN administration, he said, almost two-thirds of the people lived in poverty, and 25% of the population could not feed themselves adequately.

Inequality was increasing, he continued, and the income of the richest 10% was 32 times greater than that of the poorest 10%: not the worst in Latin America but in Mexico no measures were being taken to tackle the causes of poverty or to diminish inequality.

Economic growth in Mexico was very slow; there had been negative growth of nearly 7% in 2009 with slight improvement since, but more serious was the huge growth in narco-trafficking. Since 2006, under President Calderón, there had been about 50,000 deaths resulting from the drugs trade and the government's fight against it. The socio-economic effect was social deterioration, violence, poverty, and a loss of control by the Mexican state as more areas became involved and business and agricultural producers were affected.

Progressive sectors of the country had stressed the need for policies to create employment; since the crisis of 2008 one million formal jobs had been lost. They were looking for a profound change in state policies to allow real fiscal reform that would touch those with high incomes especially. The current fiscal collection of 10 to 12% of GDP was absolutely insufficient for what was needed for their social and labour aims.

He stressed that priority must be given to the problem of organised crime and drug trafficking and the consequent extortion and kidnappings which affected the daily lives of ordinary citizens. He urged international coordination and intelligence to counter money-laundering, and the trafficking of weapons especially with the United States, but also worldwide.

The situation for Central America, Mexico and the Caribbean was different from that of the south cone of Latin America: there was no real integration with the US but there was dependency and subordination. He said an effort was needed to integrate with the countries of the south in the shared objectives of solidarity and peace. The community of Latin American states might assist the countries of the region to face the different problems of their development, and he proposed that the SI could see what common policy might be pursued with parties in government to strengthen the individual countries' efforts towards solving the problems of the people.

Alfred Gusenbauer, Austria, SPÖe, referred participants to the draft statement on the first main theme, Redefining Markets in a Democracy and Overcoming the Crisis with Growth in the Real Economy. This was based on the report of the SI Working Group with Professor Joseph Stiglitz, he said, and offered answers to the questions confronting us.

He reviewed the development of the sub-prime crisis into a financial crisis that most had thought would be over in 2009. But nothing had been done to regulate financial markets, or to curb the exuberance of some of their elements. Soon the crisis had reappeared in the form of sovereign debt in Europe and a massive economic and political crisis. That second wave had begun in Europe but the global growth rate for 2012 was expected to drop down to 2.5% and with the lack of demand in the US and Europe, growth was slowing in the emerging markets and in countries that depended on the export of natural resources.

He said we had to be clear that the source of these problems was the extreme weakness of the entire political system which had enabled the financial markets to become even stronger than multinational corporations. Looking at the interest rates some European governments would have to pay it was obvious that George Soros had been correct in saying that to pay such interest rates would make the richest man poor. There was no economy that could earn enough to pay even the interest rates, not to mention the debt burden. A vicious circle was created when governments had to pay those interest rates in order to get fresh capital to reschedule their debts while at the same time cutting back on public spending at the expense of growth. He knew of no example in economic history where shrinking economies would have been able to pay back their debts. In Greece, for example, their debt was 140% of GDP, but even after painful cuts in public spending the ratio in three years would be 166%. He asked who would buy such a prescription.

The SI, he continued, must be both critical and self-critical. It was the lack of European socialism and solidarity that had put Greece into that disastrous situation because there would have been enough wealth in Europe to consolidate Greece's economic problem, but due to some conservative governments' failure to agree on the first rescue package, there had arisen the possibility of one member of the Eurozone being unable to service its debt and possibly leaving the zone.

For the first time, markets had recognised that they could force one country out of the Eurozone and that had initiated a continuing stampede: Standard and Poor had just announced that even France, Austria and other EU member states were degraded in their ratings, although this had not greatly impressed the market. The question was whether the instruments to manage the crisis would be shut down by some of the actors in the financial markets.

The incomplete integration of Europe had led to the dilemma of a common currency but no common economic policy or democratically legitimised European government. He warned against an economic government composed of experts because there was no such thing as an objective economic policy serving all interests at the same level. Economic policies had to be decided democratically by elections but those elected had to be able to direct and change things. Most decision-making capacity had been moved away from democratically elected governments to obscure institutions of financial markets which were influenced only by those with the means: a fundamental de-democratisation of the entire political system. In order to give politics meaning once more we must recapture the decision-making capacity in a globalised financial market economy. Participation in politics was decreasing because people no longer believed that their vote could change things. This was the most important issue for us social democrats but should be also for a broader alliance of democratically inspired actors.

In conclusion, he said the essence of the proposed text was to clarify that the choice was between unregulated financial markets and democracy: a choice based either on wealth or on fundamental human rights regardless of material possessions. The social democratic attitude brought together economics, democracy and the respect of human rights.

End of first working session

Second working session, afternoon of 23 January

Item 4 of the agenda: the role of the market in a democracy, overcoming the crisis with growth in the real economy - Continuation

Hermes Binner, Argentina, PS, said that his country had experienced a very deep crisis in 1991 and with the participation of UNDP and other parties, and of the Church, they had been able to work out a series of important proposals which, even though they had been difficult to implement, had led to improvements starting in 2001. Progress had been made in employment and in high production rates. They also had a poverty rate of 25% and 7% in extreme poverty. Half of the country's children were in this 25% of poor families, and a million young people were neither studying nor working. So Argentina's economic development had not gone hand-in-glove with social development. There were traditional weaknesses such as the rather populist methods of administration, marginalising citizens' participation, and making decisions centrally without transferring resources to the provinces that they affected. The lack of transparency in parliamentary procedures was fostering the growth of non-democratic elements.

There were other great transformations taking place generally so that democracy was no longer the same, nor was the state, nor was society. Economic globalisation was subordinating economics and culture to unbridled consumerism, and in addition to the effects on our attitudes, the waste of packaging involved in that consumerism was generating a situation of permanent depletion of

resources. We needed to consolidate proposals that would allow us to pinpoint our location in time and space, a human experience that we were losing in the exclusive concentration on today's consumption.

Of course we needed also to take care of natural resources and the environment. In Argentina there was the problem of destructive mining: cyanide was being used in the extraction of gold and that was poisoning the water. He asked how one could claim to be defending the environment when such things were allowed, when it was capital that was being defended at all costs

In Germany, he pointed out, the wellbeing that had been brought about by the socialist welfare state had had to be funded through taxes. Now, with the dismantling and dilution of the welfare state, people would not be able to exercise their rights; the social networks that had provided education, healthcare and social inclusion were being weakened. Socialism was now facing a huge challenge: to propose alternatives and a roadmap out of the current situation and a way for the states to deal with the deficit caused by the financial market collapse.

We must prepare for a complex new environment with complex proposals, he said, and we needed participation because otherwise there could be no change, but we still had to pay the highest regard to capital. The one million people who were neither working nor studying were still active in the economy, whether informally or criminally. We had to resolve the problems facing the young because that would result in greater security. Liberals might say the overflowing cup would trickle down, but the roadmap for socialism must include science and technology in the service of an integrated social and economic development. That would be the starting point for the recovery of socialism. Change, an idea that was intrinsic to socialism, must be democratic in order to generate wellbeing for the people and equality for all. Socialism today could give meaning to life because it treats men and women as thinking and creative beings, not just consumers. Socialism could provide the means to build that Argentina that they deserved.

Binner said he was pleased with the decision made by the Committee for Latin America and the Caribbean in Buenos Aires in 2010 to support the decision of Mercosur to close ports to all ships with Falkland's flag, and the decision of the OAS to invite a dialogue on the Falkland Islands. The views of the UN Security Council and the General Assembly on the decolonisation of those territories were very important. The two Argentinean member parties supported dialogue as the way to resolve the dispute between Argentina and the UK.

Thanking everyone for this opportunity to continue the fight, he said if there were parties that could build, integrate and be progressive it was member parties of the Socialist International.

Zita Gurmai, Hungary, MSzP, said she was honoured to be representing the European Socialist Party, and the Progressive Alliance of Socialists and Democrats in the European Parliament, but of course she was also a Hungarian socialist.

She considered this meeting to be important because we socialists were considering more than just economics. Where the special interests of the Tea Party and the anti-tax Republicans had profited from the situation, we were ready to mend what was broken and to show how conservatives had failed.

The financial, economic, social and democratic crisis was a global one, she said, not specific to Europe, and its causes were complex. We wanted governments to focus on the common interests of the people, not special interests and lobbies. As a member of the European Parliament she was particularly anxious

because of the disastrous management by the conservative majority in Europe which had been a major part of the problem and a hindrance to the global solution. Doing too little too late, they had allowed Europe to become a liability for the rest of the world. Their policies were always partial and egocentric and therefore unable to offer a balanced solution to our problems.

Socialists throughout Europe had worked hard on the issue of hedge funds and private equity, pressing for regulation to protect the financial system and the real economy. The conservatives were perhaps too busy with their populism, calling the proposed financial transactions tax irresponsible, but now the European Commission supported it at the EU level and even Nikolas Sarkozy, based on electoral considerations, had decided to approve. This was no way to think about politics, she said: our vision was a global one, with justice, solidarity, common sense and common interest put first.

She and her colleagues had then looked at the issue of credit rating agencies, whose undemocratic power faced no barriers. The conservatives had come after them bloc by bloc, and with elections looming they offered full-blown populism opening the doors to extremism and nationalism. Now even some democracies in Europe, like her own country, were in danger.

Sadly these were not the only problems they faced: they had been calling for the creation of Eurobonds but the conservatives seemed unable to consider anything common or public, they only wanted to protect personal and special interests. The conservatives' many failures all boiled down to the obsession with austerity and their insincerity concerning the whole of government. The absence of a conservative strategy for growth was very disappointing, she continued, and the plan to create new jobs was disastrous, especially concerning youth unemployment. She was happy to see young colleagues at this meeting when so many young Europeans were unemployed. She thought the 20-month obsession with austerity would come to be seen as a window of opportunity that was blocked by conservative ideology in a failure of government to do what it was created to do: to serve the people.

The cost of failure might again be paid by ordinary people, she continued, if there was another recession this year and next which, thanks to the conservatives, was looking likely. The crisis of 2008 had caused a 4% recession in the EU in 2009. Growth was close to 0% in the Eurozone for the last six months, and unemployment was up again with 23 million unemployed in the EU, six million more than in 2008. The response of the right was nothing but austerity and that was clearly not working.

It was time for a change, she said. Europeans were worried about their future, angry at being the victims of a crisis they had not caused, and at austerity imposed by conservative interests fully protected by conservative governments. People were beginning to understand that conservatives had been lying to them by covering up a hidden agenda against the common good. In order for government to be for the people again we needed to put growth and jobs back at the centre of the political agenda and to make economic recovery and long-term sustainable growth the core objectives of public policies. While some measures might be painful this was the way to make each member state healthier and their public finances more stable, as part of a balanced policy of fair burden-sharing.

The response of the EU to the crisis was still lagging behind; conservatives were refusing to adopt a European employment plan or put available funds into growth and labour-intensive sectors. But we had an alternative, a plan that was economically sound, socially just and actively democratic. She believed that Europe had been in the wrong hands and failing the world, but now was the time for a new progressive majority to bring Europe back on track: there was a socialist president of the European parliament, Martin Schulz, backed by a strong leader of the S&D Group, Hannes Swoboda, and the new

leader for the PES, Sergei Stanishev; the government in Denmark was led by a great social democratic woman, Helle Thorning-Schmidt; we were in power in Austria, Belgium, and Finland, and no doubt we would have France, Germany, Slovakia and Lithuania in power again; and we must ensure that the ILO also had a responsible socialist leader in Mona Sahlin. So the political tide was turning; new majorities were being formed and we would press forward with progressive ways out of the crisis. Our plan was ready and clear, a plan that would create jobs, growth, and strong stable public finances. We were ready to take responsibility and to revive a Europe of prosperity, confidence and hope.

Carlos Vieira da Cunha, Brazil, PDT, Vice-President of the SI, saying his party had been a full member of the SI since 1989, wished to pay homage to their former leader, Leonel Brizola, who had committed his life to accomplishing the SI's ideals, fighting social inequity and spending 15 years exiled by the military dictatorship. Da Cunha felt honoured to take Brizola's place in the presidium of the SI. He thanked all the comrades who had attended the SI Committee for Latin America and the Caribbean in Porto Alegre the previous October.

On the main theme, he said that Brazil might serve as a reference point for overcoming the crisis: it had closed 2011 as the world's 6th largest economy, surpassing the UK, and having generated more than two million formal jobs. He was proud to say that the PDT was part of Dilma Rouseff's coalition, and that the Ministry of Labour had been under his party's responsibility for five years. PDT President Carlos Lupi had been Labour Employment Minister until December and had done a dedicated and competent job. Brazil's official minimum wage was now equivalent to 345 USD, raising the purchasing power of workers, but six million of Brazil's 190 million inhabitants still lived in absolute poverty.

Brazilians were proud, like Costa Ricans, to have elected a woman president whose top priority was to socially provide a safety net for the people. She had included more than 325,000 families in the Bolsa Familia programme, a family allowance that provides direct cash transfers to poor Brazilian families provided they keep their children in school. It served more than 13 million Brazilian families and was considered the largest programme of its kind and a major contributor to the reduction of social inequality in Brazil.

Another programme of outstanding social impact was the housing plan Minha Casa, Minha Vida (My House, My Life). In 2011 Rouseff's administration had built 400,000 houses and 500,000 more were under construction. The federal government had funded the construction of 1,500 day-care centres and pre-schools, and was supplying resources for building another 1,500 in the current year.

Access to further education and graduate schools was being democratised with one million study allowances in private universities and eight million technical-school places. Brazil still had a long way to go before becoming the country of their dreams, a sovereign socialist state, but they were well on track. Lula's administration had lifted 28 million out of absolute poverty, and 36 million into the middle class. Such figures justified their public policies.

Da Cunha urged special solidarity with the nations that suffered most from the international financial crisis. With unemployment rates soaring and the future of our youth put at risk, he wished those people would soon be freed from the shackles of the IMF and its inefficient recipes from insensitive bureaucrats. Brazil had already swallowed that bitter pill in the '90s and had not been helped. To beat the crisis, the role of the state as development promoter and market regulator should be strengthened, along with social programmes to reduce inequalities and raise the workers' purchasing power to stimulate the domestic market. In short, we needed to grow in order to defeat the crisis. In this delicate

moment, socialists must firmly reject the old inefficient formulas and vehemently reassert our deepest convictions. He affirmed that a different world was indeed possible, a world of solidarity, peaceful coexistence among peoples and nations, and a world where absolute poverty would be a thing of the past.

Pia Locatelli, President SIW, Italy, PSI, SI Vice-President, said that in recent years socialists had worked to keep pace with the changing world in the economic and financial field, but while the intention had been to promote growth and balance distribution more fairly, they had ended up more or less accepting neoliberal principles which had brought heavy consequences for the people. There were now 20 million unemployed in Europe, with worse to come, and the distribution of resources was increasingly unfair. One possibly positive outcome of the crisis was the rising awareness of the limits of an unregulated market which had no understanding of solidarity or equality of opportunity. It was our job as socialists and social democrats to give real content to those words. As President of SIW, and in a world where 80% of the poor were women, she saw the purpose of that political fight as being to guarantee education, employment and the possibility to build a future; to give a positive meaning to the word equality, and to show that diversity was richness.

Education and employment, she said, were the key words in the fight to eradicate poverty, and they applied both to women and to the young. In Italy, 98.4% of men over 45, with a degree, and living in certain areas of the country, had a job. But only 25% of women under 35, living in southern regions, had a job. So men with certain characteristics had four times more possibility of being employed than a poorly educated young woman living in the peripheral areas. The need for good public education was a priority and was also one of the Millennium Development Goals. We also had to address the geographical gap and the issue of the younger generation. There was nothing more stupid than not to invest in the future: if the younger generation was excluded and could not build the project of their lives we were not only losing a generation, we were building national failure and national bankruptcy. She pointed out the multiplying effects for some individuals of discrimination directed against women, against the young, and against immigrants.

Given that 80% of the poor were women, she continued, our priority must be for women's rights, including sexual and reproductive rights which the SIW Council had just discussed here in San José. Latin America and the Caribbean in recent years had made progress with regard to gender equality: there were significant numbers of women in their parliaments, and some women presidents, but sexual and reproductive rights for women were less positive. There was a backlash in this field, especially regarding legislation on abortion. A decision to have an abortion was not a happy one, resulting from the failure of family planning, but it was even worse if a woman risked her life or imprisonment by seeking an abortion. This happened when services did not work properly or if the legislation was punitive rather than supportive. She appealed to member parties for a commitment to change this situation. She asked the SI Ethics Committee to continue to monitor what was happening in family situations and to help correct the wrong attitudes that meant death for some poor women, whereas rich women could surely always find safe solutions. She urged participants to read the SIW resolution on this topic.

Another SIW resolution referred to Turkey where almost 150 people, all members and sympathisers of our observer member party, the Party for Peace and Democracy, had been arrested at the end of October accused of participating in the terrorist activity of PKK. Thirty-two of those arrested were women and that included Busra Ersali, a professor at Marmara University in Istanbul. Locatelli had tried in vain to visit her but she was awaiting trial at an unknown date. She reminded participants that Busra had been at SIW Council meetings in Paris and in Athens where she had spoken on civil and political

rights in her country. SIW and everyone, she hoped, must feel committed to drawing international attention to that situation.

In closing she expressed her disappointment that the PLN had decided not to host the SIW meeting. It had been a wrong and a sad decision that went against the agreement between Willy Brandt and Anita Gradin in 1986 that meetings of the SI Council and SIW Council would be held in conjunction with each other, as a way to foster the participation of women in both councils. That had always been the way until this meeting in Costa Rica.

Christoph Zöpel, Germany, SPD, chair of the Committee on Economic Policy, Labour and National Resources, said that his committee had previously prepared motions on global development in terms of sustainability. As mandated by the Paris Council he had prepared a report entitled "The Challenges of Human Security and Global Sustainable Development". He said it had been useful and instructive to write this report, which was now on the SI internet pages.

At the meeting in Rabat they had prepared a motion about the social and economic situation in the Arab states.

He complimented the Brazilian Vice-President on the important report on social progress in Brazil; SI member parties had supported President Lula and now President Rousseff in their admirable work after at least 150 years of dictatorship.

Being in Costa Rica, he wished to mention Cristóbal Colon, whose name was remembered in the currency. Soon after Colon's arrival, the Holy Roman Emperor, Charles V, had the idea to globalise the world, with free movement and free trade much as we have now. But economic interests were against that and wanted companies and also states to compete, as they had been doing ever since. The most effective means for successful competition was through exploitation and oppression: Latin American states had first oppressed the indigenous, and then imported people from Africa; European states had oppressed their workers. The current victim in Europe was Greece. He agreed with Alfred Gusenbauer that the European Union could have helped Greece and avoided the crisis but had not done so, for three reasons: a lack of economic intelligence; a lack of political consciousness; and a lack of democratic commitment among some democrats. Europe had started with a common market, free trade and then also services. With free movement and people being able to work wherever they chose, a common integrated social security system was essential. The problem with the southern European states was that their economic level was below that of the northern states: either sovereign debt had to be increased, or taxes, which would be hard on the less affluent. With Germany advertising its economy as being so strong, and people in southern Europe being intelligent, he thought Germany in a few years might have the problem of too many people coming to work there. A combined policy of solidarity among all the European states and an effective policy of the European Central Bank would help resolve this problem. Without an integrated social system in Europe he thought the EU would not survive.

Concerning the lack of democratic commitment, he said the European Commission was convinced that the people had no choice but to agree with them but if the president of the European Commission was elected directly by the people then their behaviour would change immediately.

Turning to his report on sustainable development and human security, Zöpel agreed with Franklin Delano Roosevelt that at core, human rights must ensure freedom of expression and freedom from want. Europeans and Americans were always demanding the former, but were often silent when it came

to the latter. Millions of people were dying of hunger, especially in East Africa, so we must pursue this ideal of freedom from want.

With the forthcoming Summit in Rio de Janeiro, he continued, we should all be aware that it would be 20 years since the concept of sustainable development had arisen. This was one of the most important issues of global policy.

He supported what Alfred Gusenbauer had said about economic development, and referring to the Brazilian Vice-President's report, he proposed a possible future debate on a global system of minimum wages that would link all the labour markets and the social security systems.

On the cultural dimension of sustainable development he said that UNESCO had done an excellent report on the interdependence of education and military expenditure. It had found that 28 million children could be better educated if a certain number of states would reduce their military expenditure by just 5%.

In closing he hoped that the social democratic engagement in the global political system would be more effective than in this year. He remembered comrade Lamy saying that European social democrats had had zero coordination during the year. This was unacceptable: we had to be active in global institutions in order to make progress, otherwise the efforts of social democrats in individual nation states could not be successful.

Nouzha Chekrouni, Morocco, USFP, SI Vice-President, said that our social democratic and socialist family was faced with the difficult task of reinforcing democracy around the world while maintaining its integrity in a context of economic uncertainty, political doubt and a perspective of confusion. We need to generate wealth and its equitable distribution. The capitalist approach with its promise of development and riches had been a disaster, and had demonstrated the limits of unrestrained globalisation. Now it was imperative to find ways to reform the capitalist system, to put an end to speculation and the unfettered expansion of financial capital, and to build transparency and a new type of oversight of all financial transactions. Efficient global solutions require global transparency to control corruption and allow both development and growth in all social aspects.

In Africa, she continued, it was a disaster: people were paying six times as much for food, and the fragmentation and internationalisation of trade had penalised weaker countries and triggered a spiral of price increases for basic commodities. Unemployment and healthcare indicators had worsened and there were alarming social problems. Growth was desperately needed to resolve the financial problems, guarantee employment and the support of their economic solidarity. The worst inequality was that between men and women: support programmes must address that issue and include new political players based on networks of individuals and NGOs.

The state had the power to spearhead a recovery from the economic crisis through joint action with different political, social and economic forces. But there were numerous challenges including an acceleration of environmental degradation that had to be faced. Our movement, she said, had bloomed during 1945-1975 but now we had to re-invent ourselves socially and politically by taking into account people's aspirations, especially those of women and youth, so as to offer different and dynamic policies.

The Arab world was in flux: the young people had sent an unequivocal message that the age of brute capitalism and despotism was over. But their expectations were far from being fulfilled and the rise of

Islamist movements was making change more difficult and creating a greater challenge for progressive forces such as ours. Her party had played a central role in the defence of the gains they had made in 15 years of government, especially in women's rights, but the crisis that they were facing required even greater efforts of socialist solidarity to achieve a durable peace.

In conclusion she called for a mobilisation of our common progressive values of equality and social justice which were all under threat. Socialists could offer a true alternative for achieving social solidarity-based economics and transparent democracy. This endless struggle for good governance could be the basis for restructuring the international landscape in favour of our citizens' needs. True to our founders such as Willy Brandt, we must continue to base our social democratic platform on the creativity of young men and the ingenuity of women in solidarity, respect, and non-interference.

Ricardo Alfonsín, Argentina, UCR, expressed his solidarity and admiration to SI President George Papandreou. He said he had been following very carefully the concerns expressed about the economic consequences of the Washington Consensus recommendations. Those recommendations were certainly very far from their own social policies. They were now suffering, and would no doubt continue to suffer, from the consequences.

He wished to uncouple the social political from the economic, although that was not to say we were going backwards in democratic terms. He pointed out that none of the decisions made in the field of economics, or in social aspects, was submitted to the scrutiny or control of the citizens. We had to consider which strategies might allow us to reverse the backsliding we had been experiencing.

Fortunately, he continued, we were beginning to see the need to abandon that old recipe of trickle-down. The recession in that part of the world had led to those prescriptions being abandoned, and it had transpired that there was in fact very little consensus about the Washington Consensus.

Politics, we all knew, was a relationship of forces. Many of the neo-liberal policies or recipes from the Washington Consensus had not been applied by the governments involved because they believed in them, but because the balance of forces made it impossible for them not to do so. They said if they applied liberal policies the popular sector suffers, and if they applied social democratic policies the popular sector suffers. So politics had lost ground, the nation state had lost ground in terms of the economy, showing that the relation of forces was adverse to social democratic thinking. We had to find strategies that would counter the changes to the balance of forces resulting from mega-corporations and globalisation. There could be no turning back of globalisation but we must re-engineer international institutions such as the UN, the IMF, and the World Bank, otherwise it would be very difficult to strengthen politics and achieve economic and social improvements.

He hoped we would not return to the times when each nation was concerned only with its own problems and most were indifferent to the plight of the very poor countries. The dictatorships in Latin America had been terrible and bloody and had forced the surrender not only of economic sovereignty but also of political sovereignty to central governments. We needed imagination and both international and national solidarity. We had to re-think the roles, the capabilities, the essential nature and the purpose of states as we define the new international strategies.

Sometimes social democratic governments, he continued, once they got into office, discovered that they did not have the power to enact the policies that had got them there. This was our main challenge: to

recuperate the maneuvering capability of politics that we had had in the past, and this could not be done by purely national strategies.

In concluding, he supported Hermes Binner's suggestion about ensuring peaceful co-existence with regard to the Falkland Islands through constitutional law.

Umut Oran, Turkey, CHP, said 2010 had been a hard year for us all but he now saw reasons for hope, having observed the elections in the European parliament and the change of leadership of the social democratic group. He congratulated Martin Schulz and Hannes Swoboda, saying their team would bring a new start for social democrats in Europe and across the world. With social democrats now in government in Ireland, Finland and Denmark, and elections due in many countries across the world, people were rejecting the greedy, unbridled capitalist system and calling for a more balanced, equal and democratic society: they were the 99% and they were saying 'Ya Basta', enough already. In this time of crisis, people were looking for its causes and finding them in the ill-controlled financial markets system. Financial institutions in the core countries had taken risks, given credit, and made profits all where they should not have. The result was millions of people around the world losing their jobs and their pay-cheques, and living in substandard conditions. Moreover, the global economic crisis was ongoing: 80% of the population were living below the poverty line earning less than 10 dollars a day; a billion were living in absolute poverty earning less than 1.25 dollars a day; and a billion people in Europe had yearly quotas for access to water. In this 21st century nearly one billion people were unable to read or write. These figures showed that we were already living in a permanent global crisis. According to UNICEF more than 20,000 children died each day from starvation so we were morally obliged to change the system. With such suffering around the world there could be no justice, equality or peace.

We must overcome the new state capitalism, which had produced such an unequal world. People were demanding a new life, a better democracy, a functioning economy and new opportunities. We could create eco-friendly countries, he said, like this wonderful Costa Rica, the greenest country in the world. Green economies must be a priority.

Another essential was to regulate the market system for the benefit of society. The new responsibility of social democrats was to put people before markets and to stimulate job creation, fair and productive markets, and active democracy in a just world. As social democrats we had the know-how to promote responsible governance.

In Turkey, he continued, despite an average growth rate of 9%, most people were not touched by this due to the lack of democracy, transparency or independence of certain institutions. The gap between individuals' welfare or between developing regions was not decreasing. The SI had condemned the Turkish government for detaining eight elected members of parliament, but now there were more than 100 journalists, 500 university students, and thousands of local elected officers in prison, but not from the government party, only from the opposition.

The conservative and autocratic government in his country had now reached a new threshold: the public prosecutor had asked for the revocation of Kemal Kiliçdaroglu's political immunity in order to charge him with attempting to influence a fair trial, solely because he had condemned certain illegal acts by the government. He asked the SI to condemn this denial of freedom of speech, of the rule of law and human rights. His government needed to hear a strong 'Ya Basta' from the international community gathered in Costa Rica.

He trusted the SI would not be silent against this injustice. It had condemned the political trials in Turkey, as social democrats in Europe and the PES had already done. SI solidarity would mean a great deal to his party, and the extending of solidarity for progressive movements from the mountains of Chiapas, and the people in Tahrir Square, to his country would enable them to overcome all their challenges. Mutual support in the common cause was the main idea behind the SI, and with it he believed 2012 would be better than 2011, and 2020 would be better still. The future was theirs to win, he asserted, and win they would.

Simón Gaviria, Colombia, PLC, said his party had been responsible for finding a way to come through this international crisis that had confronted us all. The n President, Dr José Manuel Santos, had implemented the party's suggestion of a Law of First Employment to deal with national problems such as unemployment, inequality, and workers' rights during the slowdown of the global economy. Columbia had come up with this solution by, among many other things, putting extra effort into stimulation of the nation especially in social matters through a social democratic vision of the solutions the country needed. They had ended the year with a growth of 7.7% and inflation of only 3.1% thus guaranteeing that no business need fail due to the crisis, helping exporters, and extending national bonds, but with a particular focus on job creation and better quality of jobs.

They had put forward a scheme of tax incentives for businesses that took on new employees, and the country was experiencing a virtuous circle in which prosperity was increasing at an undreamed-of pace: the greater the social investment, the greater the growth. Every time half a million Columbians rose from poverty to join the middle class, they became consumers of the nation's goods and services, and this miracle was based more on internal demand than other investments. Through their tax policy they had given priority to the creation of jobs and to the most vulnerable. There were tax-free allowances for businesses that employed people under 28, or with disabilities, or women over 40 returning to work; and they provided much-needed benefits to any former terrorist who decided to join the labour force, and special incentives to those who gave them that opportunity. Moreover, the businesses that received these benefits had to pay normal rates. During the last year and a half, Columbia, the third most populous Latin American country, had been the region's largest net creator of jobs, a total of 1.5 million, due to the incentives to new small and medium-sized companies. Even more important, one half million jobs had been for young people entering the work force, 500,000 jobs that Columbia had created by its focus on tax benefits to assist those who needed it most and to give a voice to the voiceless.

The crucial decision in this strengthening of companies had been the elimination of tax benefits for capital which for many years had been growing without creating jobs because the tax deductions of up to 30% had been particularly generous towards capital investment. They had eliminated those benefits despite warnings, and this had proved to be a record period for investment, with more than 13,000 million dollars worth of investment from abroad. They had replaced capital investment with graduated benefits to the small and medium-sized companies that were responsible for 95% of the country's employment.

He pointed out that what they were doing with their new labour policies was not only stimulating the economy but also serving a compassionate social function, proving that Columbia could do things well even while many were against their ideas.

In making tax cuts to stimulate the economy, Columbia had eliminated the tax on labour so there was no tax for those who earned less than 1,500 dollars a month, and this led to more people joining the formal work-force, and it was a clear incentive to job creation. This was very beneficial to the healthcare

and pensions system because people were starting to contribute; and to job creation because people wanted to be formally employed. Their consumption stimulated the economy and led to the virtuous circle already mentioned: the more they invested in the fight against poverty, the more there was growth in the economy. All this, he said, was a sign of Columbia's deep commitment to workers' rights: the more these were strengthened the better things would go for the country.

One unfortunate thing in Columbia, he said, was the social work cooperatives which violated every sort of workers' rights. They claimed that any restrictions or exposure of abuses would have a negative impact on employment but what in fact had occurred was a massive formalisation including a very important chain in Columbia. Ten thousand young people who had been living just on tips now had formal contracts with full rights and contributions to health and pensions.

Columbia, he continued, had now defeated drug trafficking; it had strong institutions, a good judiciary, and had passed a law formulated by his party to heal the wounds left by that conflict. Land was being confiscated from the drug traffickers and 800,000 hectares had been given to Columbia's peasants with agricultural subsidies for sustainable development.

Altogether, the results of his country's policies, very different from the formulas being presented in Europe and internationally, had been overwhelming. With common sense and compassion Columbia was pursuing its belief in social investment as the best way to recover prosperity, equality, solidarity and justice for itself and for the rest of the world.

Luis Ayala said this concluded the debate on agenda item 4 and a Declaration on the subject would be presented the following morning.

Agenda item 6: REFORM OF THE SOCIALIST INTERNATIONAL

George Papandreou congratulated the three co-chairs of the special Working Group on Reform on their excellent work and the paper they had produced on this issue. He agreed with Eero Heinäluoma that reform was an ongoing process, and had already been taking place.

Eero Heinäluoma, Finland, SDP, said the SI was at an important stage of development, being the largest political movement in the world, with over 160 member parties and sister organisations from over 120 countries. Originally a European organisation, it had become truly global and was a strong voice in most countries of the world. While the expectations of its member parties were very high, its work was limited by the scarcity of resources. His working group had been established at the Council meeting in Athens after discussion on the need for reform, and all full member parties had the chance to participate in its work. Forty representatives had taken part at two recent meetings and in order to involve all member parties a questionnaire had been sent out and had received 30 responses with many good ideas.

The Group had been able to discuss even difficult matters in a very good spirit and the discussions had led to certain proposals. The main lines of the Report had been unanimously accepted at the latest meeting in Marrakesh but there were two options in the Report which required further discussion.

He thanked his co-chairs, Beatriz Paredes and Nouzha Chekrouni, and all the members of the Group for their excellent cooperation.

Summarising the proposed reforms, he said they had three main aims: to strengthen democracy in the International and its work and to have full transparency; to increase the efficiency of its operations to make the best use of the limited resources, and to reform the work methods to correspond with the possibilities of this millennium; and to strengthen the SI's finances and link members' rights and responsibilities more closely. There were 50 concrete proposals in the Report for the Council to decide on: if these were accepted, the final decisions would be made in South Africa. Since the proposals required changes to the Statutes, that should be authorised by Congress.

Concerning decision-making, he said the basic structure of the SI with its Congress, Council, Presidium and Secretariat was functioning well and should be maintained. Congress, as the SI's broadest and most important organ, should meet once every four years as it took up a lot of resources, and it should continue to elect the President, Secretary General and Vice-Presidents. There were two possibilities for the very important election of the leadership: one was to have proposals for candidates at the Council meeting, possibly with an election committee, and final decisions to be taken by Congress; the second was to have a direct open vote by Congress. The Council and Congress should decide which way to go. With Congress meeting once in four years, and terms of the President and Secretary General limited in future to two, the reform would come into effect after the next Congress. Council would continue to meet twice a year.

The presidium, as now, would consist of the President, the Secretary General and the Vice-Presidents. If a person became unable to participate in the work, the Council could appoint a new person but this was a difficult question when we were talking about substitutes for members of the presidium. If there were frequent changes it was hard to maintain the ability to function. The aim was to have people who were seriously involved and ready to take part in the necessary meetings. Some division of labour was needed among Vice-Presidents so in future some tasks should be assigned to certain members of the presidium, for instance in relations with other progressive movements or meetings with key campaigns.

The resources and political work of the Secretariat should be strengthened, he said, and the post of Deputy Secretary General re-established to assist in that.

On one question they had been unable to reach a unanimous proposal: whether the international secretaries of parties should meet with the Secretary General once a year to exchange experiences and ideas about future activities. There were therefore two options in this part of the Report for Council to choose between.

The Report included proposals concerning working methods, and meetings through tele-conferences; and suggested Congress and Council develop their work through panel discussions.

One new concept was that of SI activists for which persons who belonged to a member party could sign up and receive direct mail from the International in order to promote our common campaigns.

Heinäluoma reminded participants that all activities required resources and a strong economy. The Working Group proposed that members' rights be more clearly linked to payment of membership fees, and non-payment should lead to losing the right to speak within one year. It also proposed a broad reform of fees.

The Report also stressed the importance of women and youth in SI activities which was already acknowledged in the Statutes. Representation of either gender in elected party positions must not be less than one third, and this proportion must also be reflected in the delegations of member parties to Congress and Council meetings. The system whereby the SI Women received a share of the membership fees would continue, and while the youth hoped for something similar this was impracticable with the economy so tight.

It was important, he said, that the proposed methods be put into action promptly, so after the 2012 Congress, Council must make a report on the progress of the reform work.

In closing, he said the world needed a strong social democratic movement and the SI, with its great record and huge potential, should make these decisions and proceed with even greater influence and effectiveness as a more interactive organisation. At the same time we had to maintain our unique values of democracy, equality and solidarity, remembering that we all needed good cooperation and mutual respect in our work.

Mona Sahlin, Sweden, SAP, SI Vice-President, said reform was needed in particular to strengthen our ideas and our organisation. Many had said that the world needed our strong voice for equality and justice, but many of our parties, like her own, had lost elections and were in deep crisis. Xenophobic and extremist parties were gaining votes so we had to decide to be an open, modern organisation and provide experience and inspiration. She therefore welcomed the reform agenda of modernity, solidarity, openness and transparency. Practical change was needed such as the open vote for electing leadership at the next Congress, and the expulsion of member parties who did not stand up for our values. It did not make sense to her that some Vice-Presidents could not attend as many meetings as others because they were heads of government: they should send high-level representatives to replace them and so keep abreast of the information and hold the whole organisation safe. The more we could open up our organisation and base our work in our values, the stronger the SI's voice would be. This was what the SI needed and, she believed, what so many parts of the world needed. She therefore urged a strong reform agenda.

Svetlina Volcheva, Bulgaria, PBSB, said that in this 21st century, a time of great changes, great achievements and globalisation, we social democratic and socialist parties must protect democracy and the interests of workers because globalisation was increasing, and conservative capital was taking the offensive against the social gains of the people.

Our SI was pursuing the principles of social solidarity, justice and freedom: principles that were alive and relevant to workers' needs, and we had had many successes. But like every organisation the SI needed to improve and develop. Having read the excellent Report of the Working Group, she wished to present her party's position. On the question of length of office, they thought it should be for four or five years, as in the UN, so that those elected had a chance to show their ability in fully carrying out their programme.

Her party believed Council should meet once or twice a year or more often when there was an emergency.

When the various committees were dealing with any particular party's affairs, representatives of that party must be there to put their own views and provide documentation.

Regarding regional committees, their effectiveness needed to improve in order to carry out their work; they needed to have a plan for the year and to know the specific topics for meetings with documents prepared for approval.

In closing, she said we were all responsible for promoting the identity of the SI because together we were stronger, and together we could do more.

Manuel Laguarda, Uruguay, PSU, SI Vice-President, said he had supported the idea of reform from the beginning; the SI had achieved much, but things could always be improved and that was what reform was about. He had circulated his own document emphasising ways to reform how we interact with the world's society so as to be more effective politically. Our purpose from the beginning had been to implement change and now globalisation must be changed to serve the people through our values and principles.

There were no limits to democracy, he said: we could always become more democratic. The broad extension of our movement to five continents, where national situations might make it more difficult for some parties to participate, meant that we owed solidarity to those parties. We had to reassert the principles of democratic socialism in the 21st century.

He congratulated the three chairs of the Working Group and in general approved of the Report.

Concerning the two options for electing the presidium, he favoured open elections in Congress, with one-party-one-vote: that democratic vote would engender authority.

As to the international secretaries meeting with the Secretary General, he thought this might complicate things, but he agreed that the presidium should be strengthened.

Strengthening the regional committees would create more continuity in their work and he supported unity of action whereby at each Council meeting, one or two subjects should be chosen for political action worldwide, in parliaments and international agencies, with all kinds of protest rallies. He reminded participants of the need for an Ethical Charter to be signed by every party every year concerning political and human rights. The next Congress, he concluded, should also see a renewal and updating of our principles to be signed by every member party.

Signe Brudeset, Norway, DNA, thanked the co-chairs of the Working Group and everyone who had contributed to this important work because all organisations needed reform, and this would bring the SI forward with new ideas, creativity and a progressive agenda. Her party saw the Report as a first step in a far-reaching and practical process. We must be realistic, she said, in evaluating the SI compared to other fora which competed for the attention of our leaders and our parties. The SI must always strive to modernise in its efforts to impact the international scene. Our shared values of democracy, solidarity and social justice needed constant defending.

The year 2011 had shown how much people were prepared to sacrifice for their rights, not only in the Arab regions but also in her own country where young demonstrators had suffered a brutal attack in July, all in defence of the same values. The SI, she said, should be in the forefront of this struggle and live up to the high standards of transparency and accountability in our Charter. She thanked President Papandreou for stressing the need to elect its leaders by open elections, as this would help identify candidates who could ensure that the SI remained a major asset to our movement.

Emphasising that reform was only achieved when it was tangibly enacted, she said it was our collective responsibility, with the Secretary General, to transform the content of the Report into concrete practice, and she hoped this would indeed take place.

José Antonio Espejo, Spain, PSOE, congratulated the three co-chairs of the Group on their excellent work in assembling the proposals from all the parties. His party's proposals had included the need for a secretariat with more power to be able to carry out global political work. This would require a communications department to feature the SI in the media and to put into effect the positions and campaigns we wished to support. If civil society did not know our views it would be difficult to become stronger and to make progress in our societies.

Acknowledging that we had few resources and yet needed to increase our power, he suggested that some of the people who were responsible for raising money for their parties could be asked to do the same for the SI. That would allow the Secretary General to appoint a deputy, but really our organisation needed to be led by more than a few people. Whether professionals or volunteers they needed to have different powers and different capabilities.

The message from the PSOE was that the SI was a necessary instrument for all our parties, it was a sign of social democratic and socialist identity. It had long maintained our alignment around the world with workers and the progressive movement, but we needed to transition from the 20th to the 21st century. We had already made great strides, Espejo said, and he welcomed the Working Group's Report.

Chantal Kambiwa, Cameroon, SDF, SI Vice-President, said her party's representative at the meetings of the Working Group had been satisfied with its work and with the Report. The important thing from all the suggestions and remarks was that we had to move forward. And as an international organisation the SI had to be effective at the global level, to represent parties all around the world, and to remain united even as we modernised.

She reminded participants that in some parts of the world there was no electricity for teleconferences. This was an example of how some parties could feel they were different.

Speaking for developing and under-developed countries, she said that in large organisations such as this they often felt they were victims of decisions made by others, and although they wanted to be part of the SI they needed help to move forward. These things had to be taken into account before deciding how to shape the new SI.

She was particularly concerned with the crucial issue of representation for women and youth. Even though everyone agreed that this was necessary, it very seldom happened. She asked how women's representation could be effectively achieved rather than just spoken about, and in connection with the simultaneous meetings of SI and SI Women, she said this should be in the Statutes.

Kambiwa was happy that the next Congress would be held for the first time in South Africa. She believed that more of that type of country would be able to host these activities and meet the SI's requirements, and that would allow the SI to get to know and understand the environment in which they lived and what they had to go through to join in these activities.

Nicos Hadjistephanou, Cyprus, EDEK, said his party had always supported the struggle of every nation for freedom, human rights and justice; they would always stand by the principles of the SI, and considered peace one of their priorities, so they actively supported the vision of the Arab people and the efforts to achieve peace in the Middle East.

They also wanted to leave a better environment for future generations without severe climate changes and free from nuclear energy risks. They had therefore called on their neighbours in Turkey to abandon the plans to build a nuclear station on the coast opposite Cyprus which, in an area known to be liable to earthquakes, would bring permanent danger to all the countries of the region.

The collective work on reform of the SI, he said, must continue: the world needed a strong SI because our principles offered the only way for progress, worldwide peace, and prosperity. He expressed gratitude for the solidarity always shown to his country.

Concerning the Report of the Working Group, he favoured direct open elections of candidates at Congress as the more direct and transparent procedure; and the nomination by his or her party chair of a successor to take the place of an elected member of the presidium who was unable to participate in its work. The successor would then be approved to that position by the Council and thus provide effective continuity in the presidium.

Before closing, he said he felt obliged to mention the situation in Cyprus resulting from the Turkish invasion. His home town had been occupied by Turkish settlers since 1974 and he had no access to his own house since then, as was the case for all Greek Cypriots. The only way he could visit was by presenting his passport to the policemen of the so-called republic being declared on their land. They were continuing to work for a solution based on human rights, the UN resolutions on Cyprus, and decisions of international bodies. The President of Cyprus and the Turkish Cypriot leader were currently having talks in New York under the auspices of the UN Secretary-General, and he would continue to hope for a peaceful solution and to struggle for peace and prosperity for all Cypriots regardless of ethnic origin. They wanted Cyprus to be free from foreign troops and liberated from the occupation, and he hoped they could count on the solidarity of socialists around the world to achieve these socialist ideals.

Rafael Michelini, Uruguay, NE, representing one of the two SI members in Uruguay which were part of the *Frente Amplio*, said the Report was an excellent document which they supported. He wished to recognise the very praiseworthy development of the SI from European beginnings to its current global reach, and this was the direction the reform must pursue: always more open.

He strongly supported the open election of President and Secretary General in the Congress which would ensure that everyone actively participated. This would mean that, starting with the Congress in South Africa, there would be a different dynamic with responsibility shared by all. Concerning the question of term limits, for instance to two periods or a total of eight years, he thought it best to go by whatever was the consensus in Congress. The SI President and Secretary General were doing a great job and had a level of contacts and influence that was very important, so he questioned whether these changes were necessary. Since all the participants were politicians and leaders in their own countries, they voted conscientiously and should be able to express their opinion about who would best represent them.

He also stressed that membership fees must be paid, because without the economic tools to pursue its policies, the SI could not fulfill the demands made of it.

Finally, acknowledging that he had made this appeal before, he said we had to make a huge effort to understand how we influenced the United States, not just in relation to Puerto Rico or the Falkland Islands, but concerning the financial status of millions of people around the world. We should be able to influence the decisions made in Washington more than we did at present. The SI had made great efforts in meetings in New York, but we should have a much stronger presence where decisions on war, or peace, or economic or foreign policy were made, decisions that influenced the destiny of millions of people. He supported the reform document and believed the Congress in South Africa would be a great one, and that the SI was going up from here on.

Pia Locatelli, Italy, PSI, SIW President, supported the two proposals put forward by Chantal Kambiwa, firstly that it should be a statutory requirement that Council meetings of SI and SIW be held in conjunction with each other; and that the rule of gender quota be implemented by whatever means necessary.

Rather than more efficient work on gender issues, she said the SI needed to mainstream gender in its activities through coordinated action. Referring to what had been said about developing the relationship between the SI and SIW, she wanted this to apply to organisational aspects, including financing.

She said that in some parties there was very low interest in the SIW's work, and this corresponded with a low interest in women's organisations within those parties. She thought the most effective way to change attitudes was through joint work by the SI and the SIW.

In order to guarantee implementation of the rule of one-third participation by either gender in all positions, she suggested a start be made in the party delegations: she pointed out that looking around this meeting one did not see that representation.

Victor Benoit, Haiti, Fusion, SI Vice-President, began by expressing his appreciation and support for President Papandreou who had given us all reason to be proud.

Having participated in the two meetings of the Working Group, he wholeheartedly supported the Report, and congratulated all who had worked on it. They had succeeded in drafting a consensus among people who might have had somewhat different ideologies or positions.

He strongly supported the open election of the office holders in accordance with the principles of social democracy. To accept publicly and openly the renewal of the leadership by free, open and transparent elections was the best way to demonstrate our adherence to those principles. A mandate of four years with the possibility of renewal would depend on the decision of SI members.

He expressed reservations concerning the financial issues, saying we must avoid increasing the financial burden of the SI. He thought this should be left to the President or to the Secretary General to be responsible for specific tasks, but in any case costs had to be covered and must be given careful thought.

Turning to Haiti, he said his country exemplified the two great problems of economics and climate change. After all the challenges it had faced, Haiti was now in a dire economic crisis. Many Haitians were working abroad, mostly in North America but, given the recession, their position was precarious and that affected remittances to their home country and added to the hardship there.

Being in a hurricane area, and prone to destructive earthquakes, they were also facing political challenges and the threat of populist forces. The ensemble of social democrats that he represented had just renovated its structure and now had a chairwoman at its head. They were caught between the extreme right and the extreme left, he said, but would be participating in the local and municipal elections which he thought they could win. There was constant concern over the effects of the earthquake, and he asked for political solidarity from all the comrades and the leaders of the Socialist International.

Zita Gurmal, Hungary, MSzP, said she had been attending meetings of this wonderful family since 1995. The PES and the Group of S&D had always been committed to the strong global progressive movement and had clearly not yet achieved its objective of playing a political role on the global scene, which was why the Working Group was very important for them. She congratulated Eero and the two great women, Beatriz and Nouzha, on the work they had done. Of course reform was needed, and not just more money but better participation of the leaders. She thanked the President and Secretary General for their commitment to very open procedures.

At this crossroads, she said, the reforms must be adopted, and we must reach out to important progressive forces in civil society and the trade union movement. In order to be more effective the SI should coordinate more with the PES and her Group: the positive experiences of other global organisations could help in this.

Gurmai suggested the document could be more ambitious concerning interaction and concrete debate: we should be prepared to discuss and disagree in order to be politically relevant. The Report could be more self-critical and focused on the challenges ahead so as to improve the significance of the SI's work and its meaningfulness for our progressive global effort. Regionalisation of the SI could also make the work more efficient and more transparent. She supported the limitation on leadership terms to allow for change and to encourage merit.

Finally she wished to re-open the discussion on substitutes. The Working Group had agreed on the need for flexibility but this had not applied to the appointment of substitutes. The presidium needed to ensure high-level representatives and continuity, and a system should be devised that allowed substitutes under clear conditions. She assured that the PES wanted to coordinate with responsible colleagues and share experiences. All they wanted was a better, more visible and more transparent SI under the leadership of George Papandreou and Luis Ayala.

George Papandreou, said this brought the session to an end, and he informed participants of arrangements for the evening, which would include a piano recital in the museum that had previously been the military headquarters, a symbol of the peaceful progress made by Costa Rica; and for the following day which would include some important decisions on the reform issue.

This concluded the first day of the Council meeting.

Second day, morning of 24 January, Closed Session

REPORT OF THE SI FINANCE AND ADMINISTRATION COMMITTEE, SIFAC

Luis Ayala drew attention to three distributed documents: Management Accounts for 2011, a list of outstanding membership fees as of 20 January 2012, and a budget for 2012.

Pertti Paasio, Chair of SIFAC, Finland SDP, said that it was sometimes difficult while living in a process of change to recognise its force and direction, and this was true also when looking at our International's rules and functions. In its early decades the SI had the character of a European club struggling for a better future during the Cold War. Under President Willy Brandt it had played a vital role against the arms race, striving to build better understanding between the superpowers, and it had bridged important gaps and paved the way for disarmament and peace while spurring its growth into the largest worldwide organisation of its kind. But the financial cornerstone remained in Europe with the European parties contributing in a remarkable way to the SI's activities all over the world.

Now that the SI included strong parties throughout the world, he continued, our organisation was still aiming for more freedom and more democracy. In appraising both policy-making and events such as this meeting, we had to take into account the clear lack of resources in the secretariat: as chair of SIFAC he had seen the near-miracles achieved with so few people in the secretariat.

Paasio reminded participants that he had repeatedly addressed the Council about the importance of paying membership fees on time and the connection between the payment of fees and the exercise of members' rights. He once again strongly reiterated that message. His appeals had begun to be heard, and there was cooperation towards some parties that might have serious difficulties. The situation in Europe had changed, however, sometimes dramatically, and the current turbulence affected parties' economic possibilities. Many had lost elections and some had already requested reductions in their fees. SIFAC was able, with some optimism and an increased sense of responsibility, to put forward the budget for 2012. He again stressed the importance of paying on time.

It was obvious, he continued, that sources other than membership fees were needed, and this would be mainly the responsibility of the leadership in close cooperation with member parties; it would not be easy because we could not accept money from just anywhere. As chair of SIFAC he urged the committee's restructuring in order to work more effectively, and to have meetings apart from Council meetings to allow more time. He pointed out that every meeting or conference involved preparatory work, documents and assistance from the hard-pressed secretariat and this again entailed spending.

In conclusion Paasio said that, as always, SIFAC's key word in preparing its report on the Accounts was transparency, and any questions would be answered in that spirit.

The Report of SIFAC was adopted.

The Budget for 2012 was adopted.

REPORT OF THE ETHICS COMMITTEE

Luis Ayala informed Council that Maurice Braud, Chair of the Ethics Committee, was in Paris working in François Hollande's election campaign and had sent his apologies.

The Committee had met, he reported, and there had been 78 new applications for admission so there was clearly a healthy interest around the world in joining the SI. We had to be effective, clear, and able to meet the expectations of these people, so a very important decision had been made concerning a new way to process applications. A questionnaire would be sent to all interested parties, whose answers would then be evaluated by the Committee.

Secondly, members of the Committee would collectively share responsibility and would each prepare reports on applications assigned to them and would investigate and report back to the Committee. The process had already begun, he said: 25 applications had been rejected, and 53 applications remained to be studied according to the procedures and decided on at the next Congress.

Among the applications previously received, the Yemeni Socialist Party already had consultative status and was being unanimously recommended for full membership as a gesture of solidarity to its people who had been demanding freedom, defying the regime in the streets, and working in a very difficult social political context, so different from our own.

Thirdly, the Council in Athens had decided to suspend the Alliance of Independent Social Democrats, SNSD, of Bosnia. Ayala, as requested, had written to that party expressing the concerns of the Committee and had received a response. The Committee had discussed that response and decided to uphold the suspension until Congress by which time a further evaluation would have been made and Congress would take the final decision.

Also in Athens, he continued, the Committee had decided to recommend the suspension of the membership of the Sandinista National Liberation Front. However, to set the record straight, this was not presented as such to the Council, which then agreed that a letter should be sent to the FSLN outlining the concerns of the Committee. A letter was sent to the FSLN and a now a detailed answer had been received. The Committee would study that response and report before a final decision is taken.

There had been concerns about the persecution of homosexuals in Africa and elsewhere, including Ghana where the SI had a member party. The SI had been in contact with the President of the Republic and had received assurances that these had been isolated cases involving regional governments, not central government which was committed to measures to prevent any reoccurrence.

Ayala reported that, following discussions of the abolition of the death penalty as a central tenet of the Ethics Committee, this had been brought to the attention of the Prime Minister of Mongolia and he had informed us that they were going to push for a draft law for Mongolia to adhere to the international convention abolishing the death penalty. Five days ago, he reported, the great news had been received that the parliament of Mongolia had approved this legislation.

George Papandreou commented that when the SI took a stand on questions of principle, our member parties were willing to help. He recalled President Talabani's many interventions on this very important issue and his refusal, as a member of the SI, to sign death penalties in Iraq.

The Report of the SI Ethics Committee was approved.

**Item 6 of the agenda: REFORM OF THE SOCIALIST INTERNATIONAL
Continued**

Miguel Vargas, Dominican Republic, PRD, SI Vice-President, congratulated the Reform Commission on its work in which his party's International Secretary had participated. The Report, he said, itemised goals of strengthening the SI, improving its efficiency and assuring its financial solidity, as well as establishing the democratic election of its officers and the length of their term of office.

His party wanted to stress the need for a more balanced representation of different regions of the world in the Ethics and Finance committees. Also needed was stronger communication within the SI to further disseminate its actions and decisions in all the spheres where the procedures of the organisation unfold.

This of course required money, and the economic backbone of the SI had to be strengthened, which entailed member parties' compliance. We had to pay our full dues on time and to take into account that full membership could not be enjoyed until full payment was made. He said that all members should approve these changes.

Yelena Trivan, Serbia, DS, wished to speak from the perspective of countries in south-eastern Europe all of which, with their already poor economies, had been terribly impacted by the economic crisis. It was used as an excuse for abuses of people's rights and to broaden the gap between rich and poor; it had increased skepticism and diminished the enthusiasm for democratic processes throughout the region; and it had provided an opening for nationalism and populism with already bloody consequences. It was therefore extremely important to reaffirm all our social democratic ideals, and to get our member parties elected.

She saw the SI's reform as an opportunity to include an organised structural aim of helping parties in the election process. She had witnessed the significance of SI President Papandreou's campaign message that voting for a particular option was voting to belong to an influential family that the whole country could rely on.

The lack of trust in politicians and in politics generally was indeed a problem as was the loss of faith in social justice. This signalled the need to engage young people through joint activities with IUSY which would require assistance and strengthening.

The SI had always played a significant role in the promotion of women's rights. In order to extend that effort, she said, it should demonstrate its readiness to increase the participation of women in all its bodies, and to respect the decisions made by SI Women. She strongly supported the SI Women's resolution to take part in all the SI's activities.

In concluding she congratulated colleagues in Croatia on their electoral victory and for their successful referendum on EU membership. She hoped that social democrats would also win in the Serbian elections in May which would be important not just for her party but also for the substantial change it would bring to the political climate of the region.

Mario Nalpatian, Armenia, ARF, expressed his party's solidarity with SI President Papandreou in his huge efforts to maintain Greece's economy in the difficulties created by the market revolution which aimed to turn the political agenda into a financial agenda where politics was just an accessory and people were merely customers and spectators. He said his party had been very interested in the question of reform and had participated in the Working Group. The three co-chairs had made great advances despite the inevitable tensions in discussing changes to the institution to make it more helpful to those suffering attacks from neo-liberals and marketeers.

In his party's understanding, the reform as well as being structural and organisational, must involve the concept of the SI regaining its leadership role for the people in the Occupy movement all over the world. We had to decide whether we were really with them, or just in our offices not understanding the interests of the people.

He believed that the reform process must incorporate the feelings of those who had for years been our main voters but who had now grown weary because they did not see in us the representation of their legitimate interests and the defence of their rights.

Having the honour of heading, along with Alexandra Dobolyi, the Committee for the Caucasus region, the CIS and the Black Sea, he could see that the role and leadership of regional committees needed to be strengthened. His committee had direct contact with member countries who shared their concerns every day and this necessary legwork gave strength to their role. Other regional organisations needed more power to do similar work.

A greater balance was also needed, he said, so that all regions are democratically incorporated into the statutory committees and are able to participate in the decision-making of the SI. His party considered the SI Presidium an essential structure which must assume a leading role and responsibility which had been eroded in recent years due to the absence of leaders and thus a loss of visibility and gravitas. The Presidium was vitally important and in order to strengthen it those who were elected to it must attend the meetings. If in extreme cases replacements were necessary, these might perhaps be considered permanent replacements.

His party agreed that open democratic elections within the organisation were needed to revitalise it in the globalised context in which it carries out its tasks. They had extensively discussed term limits and had decided there should be no term limits.

Johan Hassel, IUSY, said his organisation viewed the SI as a crucial actor in the fight for their progressive principles. A strong, progressive and truly global movement of socialists was needed to tackle poverty, violations of human rights, authoritarian regimes and all the challenges that globalisation had brought and which were exacerbated by the economic crisis.

IUSY thought it was important to recognise the historical role of the SI, but also to be honestly self-critical about our current position. IUSY had been pressing for reform for a long time, and when the Arab Spring broke out we had found ourselves on the wrong side, in line with authoritarian regimes, and this was one reason why we were now having this reform. We had to see how much political impact we had: here in Latin America we were strong, but in Europe and many other places we were struggling.

He believed the SI was one place where we could come together and strengthen our agenda, but we had to see that the weaknesses visible inside national countries were also reflected in the SI as we faced

the economic crisis and the neo-liberal agenda. In order to confront that ideological agenda we had to realise where we were and push more strongly for reform. He thanked the co-chairs for their very good and often challenging work and said the Report, although a step in the right direction, was too weak, especially in the final section: it was not concrete enough and IUSY was worried about how it would be implemented. By strengthening the SI we would have a greater political impact in furthering democratisation and improving global governance and international institutions, and there was also the joining of progressive forces across the globe and sharing the learning processes of winning elections.

He asked why the agreement on a two-term limit was not to be implemented directly. He also thought the suggestion of replacements of Presidium members might ensure viable participation and discussion with input that could be brought back to the parties.

Hassel proposed more concrete discussion, perhaps in a leaders' plenary session, of the excellent paper from the Stiglitz commission, which he thought would lead to greater commitment to its practical application. He also suggested that regional committees should meet more regularly and be strengthened.

For IUSY, its cooperation with the SI was vitally important as a place for young leaders to gain experience, to debate, and to challenge the politics within the movement. He thanked those who had spoken in favour of strengthening that cooperation. IUSY did not get financial support, and while acknowledging the SI's financial difficulties he thought it was a question of priorities. If the SI wanted IUSY to have a fair chance to participate, then they had to make it a financial priority. He was grateful for the suggestions in the Report concerning the training of young leaders through participation in the SI, and he looked forward to that taking place. IUSY proposed a joint commission to focus on youth unemployment and reclaiming education for all in a sustainable social agenda to get youth out of poverty and into progress.

Finally, he said the Report contained a short section on implementation and IUSY was urging the development of an action plan with a timetable to address which reforms should begin at which time and that these decisions should be taken here now, with an evaluation at Congress as to how we were moving forward. He supported the suggestion of regular meetings of the international secretaries as a way to monitor, support and endorse the reform process.

Alfonso Gómez, PLC, SI Vice-President, expressed his gratitude for the excellent and sensitive work done by the Working Group. He said the purpose of reform was to help the organisation to achieve its objectives: to see how the SI could have influence, remain valid in these times, and keep our parties in power. We also had to be a democratic organisation that encompassed the world. We therefore had to find a way to overcome what might be called the crisis of our parties, or the ideology-based attitude of the Right that was seeking to supplant political parties as tools of communication and replace them with business people or media-based parties.

He thought that the objective of reform must be to find ways to create new structures, and integrate those who shared our views but who were leaving the parties and thus opening up spaces that were being filled by people whose aims were not democratic, who were just leaders of opinion. We had to maintain the weight of the SI around the world and prevent the false process of ideology taking over our democratic parties.

Then there was the two-fold issue of communication, he continued, how to use modern media and improve the flow of information between our parties, and also how to disseminate the work of the SI and its resolutions to the general public so they could be used.

His party agreed on the need to keep a system of elections in the SI that were open and free within the framework of the Congress in order to guarantee transparency. Regarding the terms of office, he said these should be clearly stated before the Congress in Johannesburg when any reform adopted would come into effect. In conclusion he cautioned that we should also be very attentive in monitoring compliance with any such reform so as to ensure that it was actually applied.

Bernal Jiménez, Costa Rica, PLN, congratulated the Chair of the Commission on Reform, Eero Heinäluoma, on the great job he had done: he had succeeded in summarising and harmonising all the different criteria of all the participants in Geneva and Marrakesh, which was no easy task. No organisation, he said, could continue to operate without self-evaluation, especially if there had been impressive growth. But evaluation and reform must have clear objectives and a clear roadmap in order to be valid. The Report, he said, clearly stated our objectives.

He had been considering the SI's many extraordinary and valuable discussions that never reached the general public. We had shown that we could think, we were academics with a lot of experience, expertise and political participation but we must also show that we could act. Social democracy was a contemporary philosophy that should be disseminated much more broadly, he said.

As to the proposals regarding structure, he thought this should not undergo many changes: the Presidium had worked very well and would continue to do so, as did Council meetings and the four-yearly Congress. And clearly an organisation that promotes democracy around the world must have open democratic elections with each member of the SI having a vote. He agreed that information in the media should be strengthened.

Participation by women and young people must be encouraged and guaranteed, he said, as was happening in his own party.

Finally, he said, one could not do much without financial resources, and the Secretary General had needed miracles to acquire money. He thought that only about 60% of fees were actually collected which meant that out of a budget of about a million, actual income was about 700,000. There were parties that had the means and yet did not pay their fees, which was not fair on the parties of more modest means who did pay. In fact developing countries with less income per capita were really paying proportionately more. He therefore appealed to participants to recognise that all proposals entailed the mobilisation of resources, so if we wanted reform and influence around the world, we must have the financial means. He begged parties who had not paid their dues, especially those who had the means, to show their commitment, remembering that discipline and solidarity start at home: fees must be paid.

Isabel Owen, Great Britain, Labour Party, thanked everyone who had worked so hard on this important Report. She said reform of the SI had been discussed for nearly twenty years, but now events across the Arab world, and the membership in the SI of governing parties in Tunisia and Egypt, propelled the need for urgent action. She quoted from the letter signed by her party's leader Ed Miliband along with other leaders from around the world calling for reforms to make our alliance politically relevant, publicly visible, with transparent and democratic procedures and with members able to match themselves to its standards.

Her party believed that the Report, while taking a significant step along the road to reform, did not go far enough: it did not suggest the changes that would firmly reestablish the SI as the politically relevant organisation it had originally been set up as, and which her party had helped to establish. It did not adequately provide a proper assessment of the objectives of the SI, nor of the work currently being undertaken and the work needed in the future. It was very important that we all address the reasons for the lack of political engagement, she said. We needed a clear set of principles for entry, for candidatures and for continued membership, and to constantly measure ourselves against those principles that we can adhere to and use as clarification for our organisation.

We needed a workable system of representation for when vice-presidents were unable to attend meetings: we were political parties and should be able to have political representation at every level of the SI.

She agreed with her colleague from IUSY that the essential thing was implementation, and that would require mechanisms to ensure that implementation went forward in ways that we all would feel confident and comfortable with.

On the financial side, we needed to go further than what happened in the finance committee. A thorough evaluation of what fees were, who paid them, why and how, was needed, and we should know exactly how every penny of SI money was spent.

In conclusion, she said her party requested the SI to continue with the very important reform process, to use the Report as a basis for further discussion, and to use this opportunity to really get the process right, including the points she had referred to, and to do this in advance of Congress.

Gilles Mahieu, Belgium, PS, said his party had been very active in implementing the Ethical Charter and making sure that the SI would guarantee solidarity with all its members in every corner of the world.

He thought discussion of the reforms was essential. He thanked the Working Group for all they had done and said it would be inconceivable to not have our values translated into action. He saw three overarching elements: funding, operation and activities. Each needed urgent action either short- or long-term.

The first involved membership, based on respect for our values and our bye-laws. Transparency was essential and some good proposals had been made to strengthen those processes and guarantee that no one party could impose upon another.

Concerning operation, his party supported direct open elections for the leadership with four-year renewable terms of office. They also supported the proposals for representation in the committees and Presidium. There should be a mixed proposal for the Presidium, he said, with replacements if necessary but subject to vetting as to whether they had the necessary expertise.

Regarding financial and human resources, his party applauded the idea of SI activists who could **keep us in touch with** different sectors. He dealt with the mobilisation of activists all over the world: techniques had to be adapted to local realities so local expertise should always be promoted.

He wished to conclude with the essential: this reform must strengthen our values, our solidarity and our fraternity. These were the pillars that distinguished us from other public forces that could disguise their objectives which were very different from ours and usually based on a special group of interests.

Marije Laffeber, Netherlands, PvdA, thanked the three co-chairs for their work and for the Report, and said that in these times of conservative backlash, in Europe, the U.S. and Latin America, we desperately needed a strong international progressive movement of cooperation and solidarity as an alternative. The Arab Spring had clearly shown that the SI was in dire need of reform. It had a long history and now needed a long future. We owed this to our predecessors, to ourselves, and to future generations. Her party had actively contributed to the work and welcomed the proposals in the Report concerning transparency, more internal democracy, and a limitation on the mandates. Democracy meant sharing responsibility among member parties and the limitation on mandates meant sharing the opportunity to serve the SI.

Her party, she continued, had changed its term limits from two to four years with only two consecutive terms, so no one could retain the same position for more than eight years. Although she herself could have stayed on longer as international secretary she felt it was healthy and respectful of party democracy to make room for new generations and she had stepped down. She was pleased that her party Congress had elected a new young woman to take her place.

They also welcomed the proposals concerning the Ethics and the SIFAC committees, the active promotion of diversity, and the strengthening of cooperation with women and youth to promote equality and invest in future generations. A representation of 30% women was a start, she said, but would need to be increased.

Also welcome was the cooperation with NGOs, trade unions and other progressive partners which would strengthen the movement as a whole. She thought the strengthening of the financial base of the organisation would not necessarily mean increased membership but more efficient expenditure, and more fair membership contributions with transparent criteria.

All in all, her party saw the Report as a good first step and a base for further debate. They wanted to launch a committee working on an internal code of conduct for the SI, something many member parties already had. The most important responsibility now was to ensure that the proposals in the Report were adopted and followed by further strong proposals. We had to make sure this modernisation really took place starting this year, and that all developments concerning the organisation were closely monitored.

Francisco Rosales Arguello, Nicaragua, FSLN, said that at the start of the First World War the Second International's main struggle had been to achieve peace. One hundred years on we were not discussing the major problem currently facing the world, the need for a strategy to prevent the imminent scourge of war. The SI should be calling on the UN to hold a world conference to stem the tide of war and to prevent the modern equivalent of imperialism getting what it wanted as it had then.

Since 1945, he said, there had been a long sad list of constant local wars, in Korea, China, Vietnam and Iraq, and even SI member parties in Europe had participated in that war that had killed 1.2 million, and where no weapons of mass destruction had been found. Right now there was the possibility of war with Iran, using Israel, with Turkey encouraging the invasion of Syria in order to resolve internal problems such as human rights. That had also happened in Libya under the pretext of the humanitarian corridor and the UN resolution leading to actions that killed thousands of Libyans. As the Socialist International

we had to be concerned with preventing war: that should be our foremost task; these dangers of war were imminent and serious and the world was anxiously waiting.

He said democracy and the market were another issue; we needed governments to restrict the total freedom of the state, but without central economic planning by the state. The SI must prepare a strategy where balance would lead to wisdom and prevent the law of the market from leading us into war. Markets usually end with hugely powerful transnationals that are interested in a cycle of war. We must try to stop that cycle and the SI's bye-laws were the way to implement our strategy.

He expressed great admiration and solidarity for President Papandreou for the way he had said he would consult his people. But he had been replaced in a virtual coup d'état because the people had no voice now: it was the economic powers that were behind Merkel and Sarkozy and the others.

His party supported the election of SI leaders by open direct voting in Congress, and believed that the Statutes must reflect plurality, proportionality and representativity. He questioned the make-up of the Ethics committee with its high proportion of parties from Europe. The committees should have balance and proportional integration: we had to democratise our organisation, and this must apply to the Statutes and to the reform process. True consultation and a deeper discussion of the issues was needed and the implementation had to be absolutely transparent, with no party having more importance because they paid more which would be like giving in to the dictum that money talks. We should respect equal development, and the work already carried out, he said. The reform process needed to be proposal-driven, but he insisted that the discussion must be in depth and not limited to a certain time. He urged that we respect the great principles and values that created the SI and devote ourselves to the struggle against war.

Eero Heinäluoma, Co-Chair of the Working Group, apologised for having to leave and return to Finland. He was proud of the constructive quality of the discussion on the Report which had shown that for the most part people were of the same opinions. This was neither the beginning of reform, nor the end, but must continue throughout the SI's activity. The Ethical Charter was the most important paper of our organisation's principles, also for the Report, so that would carry a lot of strength.

Concerning the role of SIFAC and the SI's finances, he said he had spoken both with the Chair and with members of the committee and could assure participants that the SI's revenues and expenditures were completely open for SIFAC members.

He recognised that parties held different views about term limits: the meeting in Marrakesh had discussed it thoroughly and had reached a unanimous view in favour. Everyone would be eligible at the next Congress and then the counting would start.

Priority had been given to the need for more resources, help for regional committees, the role of the Secretary General, and a possible Assistant Secretary General, which would give the secretariat more possibilities. He was glad that so many speakers had emphasised the need to pay fees, and the connection between rights and duties.

It was clear, he continued, that there was agreement on open and direct elections in the Congress and he suggested this could be decided already during this meeting. On the question of cooperation with SI Women he thought the Report should mention the habit of Council meetings of SI and SIW being held in tandem.

The discussion on whether international secretaries should hold meetings together had been inconclusive, he said. He thought the President might suggest how to proceed.

The question of substitutes at meetings of the Presidium was a difficult one and would need further discussion before making a concrete proposal. He thought the vice-presidents themselves should express their opinions on that matter.

Heinäluoma thanked all the speakers for their interventions which had provided a good basis for continuing the work. In closing he hoped the President would make a final recommendation after hearing all the comments.

Carmen Smidt, South Africa, ANC, said that since 2004 the ANC had been committed to the idea of reform; most of the issues had been covered but she wished to highlight a few. The Report should be stronger on the question of gender parity; and the timeline for implementation was very important otherwise this debate would continue for a long while. Referring to the document tabled in 2004, she said it was very important to define exactly what was meant by a global progressive movement.

She thought further investigation was needed into how the Presidium and regional committees were structured so as to better reflect the global balance, and she agreed that a high fee-level should not equate with a greater voice. This should also apply to the Ethics Committee. Parties should have more input into who would represent their region in the Presidium which the regional committees would be best able to look into.

Smidt agreed about the essential importance of membership fees to SI's functioning, but pointed out that some parties that were not in power could not afford to pay and so some mechanism for fundraising or investment should be looked into. SI festivals might highlight the public profile of the SI as well as bringing in funds.

In closing, she suggested having an SI spokesperson who could present a profile to the media, and perhaps have the secretariat develop a research and schooling profile to strengthen the information going out to the global political society.

Wenceslao Mansogo, Equatorial Guinea, CPDS, said his party shared many of the views already expressed, and he wished in particular to focus on a solidarity fund which was needed because some parties were in power, others in opposition, so they could not all contribute at the same level. Solidarity had not been very strong, because even within the SI the powerful usually do not think much about the weak. Solidarity would mean more support from those in government to those in opposition who were often under attack from the regime. Parties like his could not always afford to attend meetings and contribute their ideas: his attendance now was due to the intervention of a friendly party. He thanked those who supported the less well-off and suggested this might be more generally instituted.

He said the role of the Ethics Committee was crucial for monitoring our members and ensuring respect for our fundamental principles of solidarity, social justice and freedom. We might thus avoid having to expel members whose conduct deserved reproach.

Concerning terms of office, his party thought this should be left to the electors and no fixed terms should apply.

Turning to the situation of his own party, he said they were fighting against a brutal totalitarian regime, on a very uneven playing field with rampant violations of human rights and systematic electoral fraud. They therefore had no economic resources and were restricted in getting income because even employment was taken from them, so it was very hard to raise the money for their fees. His party, like many others, often could not attend meetings due to the expense of travelling, so he had suggested a committee meeting in Equatorial Guinea which would be a support to them and show that they were part of this ideological family.

Nikolay Levichev, Russian Federation, Just Russia Party, said that in this second wave of the financial crisis, the modern global economic model did not favour development, nor eliminate socio-economic imbalances. It was still inclined to provide a technological breakthrough for a few countries. We therefore needed new institutions and new models of economic behaviour.

The market was a painful and socially divisive problem also for Russia: some saw it as a necessary evil and others as a panacea. Leading politicians were claiming they would not return to the totalitarian past and were committed to a market economy and liberal values. Socialists agreed with the first part, but not with the second.

After 20 years of untamed capitalism, he continued, they were struggling against the communists' calls for a return to that totalitarianism, and attempts to create a powerful new liberal party which claimed not to recognise the concept of the social state even though it was written in the Constitution. Freed from the instruments of public control, and strengthened by industrial and financial capital, the state élite were transforming government institutions into their own money-making organisations, whose power was for sale in the form of protectionism, thus increasing corruption. This raised the question of which model should be chosen: stimulation of production and new jobs, or investment in infrastructure. This, he said, was no idle question given the complex and interconnected globalised economy which was very sensitive to any regulatory measures.

After the triumph of oligarchic capitalism in Russia, they needed not to save a bankrupt system, nor to create a market society, but to reconstruct society on a socialist model through a civilised transfer of the economy, politics and ideology. They had to use the advantages of a market economy to encourage small and medium-sized businesses. He was convinced that investment in infrastructure and social services provided a win-win tool to revitalise the economy and develop effective demand. While each national economy must find its own optimal balance, he noted that in four years his party had nearly doubled its votes, achieving 14% of seats in the Federal Parliament's Lower House, and 18% in regional elections in one third of the country.

Concerning the reform of the Socialist International, he said the SI needed to clarify its ideological and political principles in light of contemporary realities. His party saw the democratic rotation of leadership as an essential condition for effective functioning, but the Report raised more issues for the development of the organisation than it offered specific institutional arrangements for strengthening the SI and its member parties in determining the global agenda. He thought the decisions of the Ethics Committee should be more transparent and should be made in the presence of the parties concerned.

For the SI to be more effective, a greater efficiency and interest in political developments in different regions was needed. At the last Council meeting some had said that we had slept through the Arab Spring and did not want to notice that many political organisations hiding behind the banner of

socialism were not in fact socialist. This situation, he said, was being repeated in the former Soviet Union with events in Kyrgyzstan, Kazakhstan and Moldova often ignored by socialists and not politically evaluated. Mass protests had been held in Russia after the December 2011 elections with about 100,000 people in Moscow alone questioning the modernisation of the political system. His party had taken a principled position on the assessment of the election and had prepared hundreds of complaints to law enforcement.

These mass movements and street protests, he continued, needed support and dialogue from socialist leaders and parties across the world; the SI should seek recognition among the people and to actively influence the global agenda. It should be transparently associated with more international actions such as “Occupy Wall Street” which had received great media attention.

Levichev said it was impossible to overestimate the role of George Papandreou in his fight for his country, but no world news had emphasised the fact that it was a struggle for a better future for Greek families, with the support of the Socialist International.

The SI must work more substantively with traditional democratic parties in the BRIC countries and the new political movements in Africa, Asia and Latin America. This might require amendments to the Declaration of Principles involving discussion and further approval or perhaps a new text document at the next Congress.

On an organisational issue, he said every four or five years each member party takes the test to the voters. He proposed a six-month delay in payment of dues to the SI in the year of a party’s election to parliament.

In closing he expressed his conviction that SI parties had a strong social base which allowed us to look to the future with confidence, and to remain one of the most authoritative international organisations.

László Kovacs, Hungary, MSzP, said our Council’s agenda clearly showed that our three goals distinguished us from the conservatives, the liberals, the extreme right, and the extreme left. Our goals were democracy, social justice and sustainability. The most urgent task facing us was to address the financial crisis and its catastrophic consequences stemming from neo-conservative and neo-liberal policies and the lack of democratic control on markets and financial institutions. In Europe, under mostly right-wing governments, more than 20 million jobs had been lost, millions of companies had gone bankrupt, and the gap between rich and poor had widened enormously. He believed that the socialists had lost ground because traditional supporters from the lower income groups had lost faith in the ability of governments to protect them. Although the right offered only austerity measures to address the crisis, there was also a major difference in how they applied these to the detriment of the poor and to the benefit of the rich, while socialists did the opposite.

Right-wing governments, he continued, like the one in Hungary, used the crisis as a pretext to curtail democracy, the rule of law and fundamental freedoms, which would surely eventually strengthen the position of socialists as had happened in Denmark, Ireland, Finland and Croatia. He was confident that our parties in Germany and France would give new impetus to the EU and more European integration.

Regarding sustainability, he said the socialist concept went much further than traditional environmental protection: it addressed climate change through an offensive strategy focused on the green economy involving new jobs and technological development.

In conclusion he said his party fully supported the Report and encouraged Council and member parties to implement the proposals.

SPECIAL ADDRESS

George Papanderou welcomed President Oscar Arias to the meeting, saying he was known throughout the world for his work for peace, and the Nobel Prize he had received for that work. He said he had been very active in our family and meetings and many would also remember his participation in the Council meeting in Chile.

Oscar Arias Sanchez, Costa Rica, PLN, welcomed participants to this small Latin American republic of four-and-a-half million inhabitants who dreamed of fulfilling their potential in this chimera of a society without an army, and who soon would be celebrating 123 years of democracy. While being surrounded by the most abominable dictatorships, Costa Rica had refused to become a pawn in the Cold War, and had used only diplomacy and dialogue during the military conflicts in Central America including the Peace Plan which he had presented in order to stop brothers killing brothers.

The rose of social democracy, he said, had blossomed especially in Europe and Latin America, whose history, it had to be admitted, was rooted in the domination of one culture by another. Latin American countries had tried out many sorts of social democracy, some of which endangered their democratic ideals as well as their economic growth. Many had now forgotten the urgency of maintaining the rule of law and personal security without which there was no competitiveness, nor democracy, nor peace: sadly, it was as if countries of the region were building wonderful sandcastles that were quickly washed away.

Until recently it was believed that economic and social development was possible even without strong institutions, but experience had shown that adequate performance by institutions was essential, starting with the basics of democracy. One fallacy prevalent in the region was that each area could develop its own version of democracy and freedom, but this had been used to hide authoritarian impulses. He was convinced that democratic rules were universal and the extent to which they were applied defined the extent of a country's democracy and its closeness to the ideals originating in our President's homeland, ideals which today were the ambitions of so many countries in the world.

Democratic power, he continued, was by definition always limited. Our presidential regimes had to recognise executive power, guarantee the independence of parliament to legislate and control, and protect justice from political influence. Unfortunately some Latin American governments had acted as if electoral success gave them the right to modify the rules. Elections were indeed essential to democracy but were not its entirety: neglect of the rules undermined the democratic process itself.

The still-unresolved dilemma was how to contend with democracies which, although not dictatorships, had authoritarian governments. Apart from Cuba there were no dictatorships in Latin America: we might not like certain regimes but to remove them by force would be to fall into the same autocratic tendency we were claiming to fight. The people themselves, he said, must learn to recognise the mirage of demagoguery and populism. Nicaragua had demonstrated one of the clearest examples of disdain for the rule of law when Daniel Ortega was re-elected President in 2006 and one saw the flouting of the limits on power and the effects on people's rights. This deterioration had been even more visible in the fraudulent municipal elections of 2008 and the recent presidential elections.

Although the region had courageously rid itself of the dictators of the last half of the 20th century much remained to be done to permanently plant democracy in the area. As Octavio Paz had said, democracy in our region needed roots, not wings. Only strong and reliable institutions could ensure the rule of law, fundamental freedoms, and above all the use of political power to improve social conditions which was the principal aim of every social democratic government.

The success of true democracy was seen in the opening of hospitals, universities and roads, and protection from poverty and ignorance. Tired of empty promises, the people of the region needed more tolerant statesmen instead of authoritarian governors. It was easy to defend the rights of people we considered our equals, but the real challenge was to defend the rights of the other. It was to be hoped that the people would elect governments that were not far from the democratic path: some did understand that no matter the ideology, there must be democracy.

The only way to limit the power of those who had been elected through popular support was to undermine that support by civil education and opportunity. Unfortunately, he said, they were still failing in this regard and none of the excuses often raised could justify the failure to promote innovation, tax the rich, train more professionals, promote more business ventures, or build more infrastructure.

Despite his love for the region, he could not deny that they were not doing well, that everything was expected in the future even though Costa Rica was succeeding in the present. It was time to recognise that no one was going to present them with better development. It was up to them. It was time for Latin America to finally shoulder its responsibility.

He asked what right Latin Americans had to complain about inequality when almost half of national revenues was from indirect taxes; or about the lack of decent jobs when schooling often ended after eight years; or about poverty when military spending had gone up about 8.5% per year since 2003 to a figure of nearly 70,000 million dollars in 2010. Our leaders should follow the example of President Obama who had reduced the Pentagon's spending by 487,000 million dollars in order to tackle the economic crisis; not to deny, he added, that the US was the largest exporter of arms and still needed to put its principles into practice ahead of the interests of certain North American corporations.

These facts about Latin America, he continued, simply showed the amnesia of the region that was feeding a return to the arms race based mostly on fantasy. It showed the inability to establish the priorities needed for real development, or the political will required for social investment. This was why in his last government he had proposed to the international community, especially the industrialised countries, to establish the Costa Rica Agreement that would create mechanisms to cancel the debts and give financial support to those developing countries that spent more and more on education, health, housing, and protection of the environment, and less on the army. It was time for the international financial community to reward those who spend ethically, an idea which needed support from all social democratic parties.

These were just the tiniest part of the great changes and challenges confronting the world today. The Arab Spring, climate change, peace between Palestine and Israel, avoiding further bloodshed in southern Sudan, reaching agreement in the Eurozone to avoid a deepening of the world economic crisis, and saving the Doha Round, in all these issues and others our social democratic leaders and activists were involved. The responsibility of our parties was enormous: we must help correct what had been badly done, take decisions where we had been inactive, and protect what we had done well. The hope

of the world was in the shape of a rose: he was grateful that this hope had brought so many together to this SI Council. He hoped for a new day for the world and for this region and for a future of greatness for its people when democracy, development and freedom would abound. That day would surely come, he said, and he would go on fighting for it, hoping for that light at the end of the rainbow.

George Papandreou thanked Oscar Arias for his inspired speech and said he was reminded of his own country where some wanted to say the problems were with the U.S. or the IMF, but really we all had to change, to collect the taxes, and to make our societies more just, which was what his socialist government had been striving to do.

He liked the idea of rewarding ethical investment: debts due to investments in sustainable growth and justice were quite different from those that fostered the vicious circle of the rich getting richer and the poor poorer.

Returning to the discussion of the Report, he agreed that reform was an ongoing process: new commissions had been set up; women's participation had been encouraged through a gender balance of one third; regional representation had been expanded; and special speakers, like those from the Arab Spring, had been heard.

He said that we had complete financial transparency and auditing by known professionals, so this was something we could be proud of. The decisions as to how we use our budget was a different matter and would continue to be made by the Presidium, the Council and the Congress.

Being in favour of organisational change, he was pleased that the suggestion made by the Secretary General and himself, to have open elections in the Congress, had been agreed.

He mentioned some important organisational matters including the need for commitment. Our organisation was based on voluntary participation and could not work without it. An example was this current meeting where the PLN had provided such excellent support and hospitality.

On working methods, he thought we could be very innovative.

Then there was the implementation of our decisions. He saw two categories: how to help our member parties join in the decision-making, and in communicating their policies; and how to extend the SI's global reach. He agreed we could look at possible discussion panels or workshops which would require resources. The social media were all very useful although not everyone had that access.

Some parties, he continued, such as the SAP, had strong traditions of training and we could work closely in that way with youth and women's organisations on how to organise elections and respond to global financial problems.

Many speakers saw the global political crisis as a crisis of social democracy, but he pointed out that there were parts of the world where we were very dominant. There was however the question of democratic institutions based on our grassroots traditions and knowledge of the issues, which conservatives could easily outshine with their vast uncontrolled financial networks. Even though few places now had dictators, there were forces that dictated to us, the people, and our nation states.

Other issues we had to deal with included European skepticism and xenophobia which the conservatives had successfully used to dominate the agenda.

On enlarging SI membership, we had to be open to new members but very principled and clear about our expectations from those who wanted to become part of this family.

In summing up, Papandreou went through the points that Heinäluoma had made. There was wide consensus on the Report. He congratulated the three co-chairs whose work had allowed us to reach certain conclusions. It was still a work in progress and we would be able to evaluate decisions made here as we moved further into action. The transparency and accountability of SIFAC proposals and workings had been confirmed.

Concerning term limits he thought a good compromise between different proposals was for everyone to be eligible for election at the next Congress.

There was the political decision to hold Councils and Congresses of SI Women and SI in parallel, and therefore no need for it to be in the Statutes.

He suggested revisiting the issue of meetings of international secretaries as they would make a huge body and entail a large outlay, and to look at ways to use our international secretaries more effectively.

Finally, the issue of replacements had become very controversial. From his experience in multilateral organisations, he was able to say that the personal committed presence of those who had the task of representation was very important. In the European Union a representative of a prime minister would not be accepted. And in the Party of European Socialists there were sometimes so many replacements that the body was less relevant. Therefore not only a high level representative was needed but also one with wider reaches since not every party was represented in the Presidium. Furthermore, it was essential that those elected were truly engaged in helping the SI move forward. Frequent substitutes would mean loss of accountability, and also of visibility and continuity which were both very important for our movement.

In conclusion he reported that Heinäluoma had in mind some amendments which might provide a good proposal acceptable to all, and these could be considered at the next Presidium meeting before the Congress. He asked if, with the suggested changes, Council was deciding to accept the Report.

The Report of the SI Working Group on Reform was approved.

Luis Ayala said the meeting might now take some simple decisions. Everyone had received the minutes of the last Council, 60 pages in Spanish, English and French, and he suggested these could be adopted and recorded as such.

Turning to the case of the Hungarian Party, he said Mr Gyurcsány, the former prime minister had left the party. Ayala had immediately written to the party clarifying the situation and saying he would be removed from our register and from the Presidium. So he was no longer a vice-president and according to our Statutes the current leader of the MSzP, Attila Mesterházy, should be elected by Council to take Mr Gyurcsány's seat in the Presidium.

Ayala then drew attention to a new version of the paper on the financial crisis, which now included exact figures on global growth.

The statement on climate change, he said, had involved many participants including the Minister for the Environment from Costa Rica. He thanked them all and pointed out that since 2004 the SI had been highlighting this issue: decisions had been taken and had been acted upon. The SI's Commission on climate change had held a very good meeting in South Africa in which ministers from Asia, from Africa including many member parties in government, and from Costa Rica had participated. At the Durban COP conference on climate change he and the President had convened a meeting of participating environment ministers in the SI family and from that had arisen this paper which he strongly recommended. He especially thanked René Castro for his attendance at this meeting and for his work on the document.

The Committee for Latin America, he continued, had produced a statement on Costa Rica which they recommended Council to adopt.

Ayala then referred to a statement introduced by the CHP on the very serious situation affecting our member parties in Turkey.

The economic policy committee, he said, chaired by Christoph Zöpel, had met earlier in the month in Rabat and our comrades in Morocco had done excellent work to produce a document on national resources which the Council should endorse.

George Papandreou proceeded to seek Council's approval for the documents, recommendations and resolutions.

The Minutes of the last Council meeting were adopted.

Council welcomed the new Vice-President from the Hungarian MSzP, Attila Merhazy.

The Resolution on the financial crisis was adopted.

The Declaration on climate change was adopted.

The Resolution on Puerto Rico was adopted.

The Statement on the question of independence of the judiciary in Turkey was adopted.

The Paper on Welfare Statehood in the Arab World was endorsed.

Papandreou then said that before closing the meeting, three speakers would make short statements.

Najmaldin Karim, Iraq, PUK, thanked the PLN, saying we should all emulate them in matters of the environment. He brought greetings from President Talabani, PUK Secretary General and Vice-President of the SI, who was currently undergoing medical treatment. Talabani had succeeded in convening all the leaders of the feuding blocs and efforts were on the way to resolving the crisis that had erupted after the senior Sunni vice-president was accused of violent activities.

Democracy in Iraq being new, he said, there were significant interferences from neighbouring countries. There had been some short exchanges between the prime ministers of Iraq and Turkey. He hoped the SI might help along the lines of the experience in South Africa.

Kurds in Iraq enjoyed democracy and free elections, but the Kurdistan issue encompassed four countries, and the issue remained unresolved in Turkey, Syria and Iran. The Arab Spring, he said, might involve those places as well.

He reported that the PUK had implemented quotas for 20% participation by women in parliament, but although they were active, they had not been able to exercise their rights as they were picked by the parties who demanded loyalty. His party was also striding ahead on the youth issue, and President Talabani had been steadfast on the question of capital punishment: many regime officials who were now in jail would have been executed were it not for President Talabani.

Calling on the SI to re-establish the Working Group on Kurdish affairs, he extended an invitation to the SI Council to hold its first meeting after Congress in Kurdistan.

Abdulla Abdulla, Palestine, Fatah, said there were three types of change: the welcome one when a party came to power and carried out the SI's principles; a second type that might be welcomed at first but only time would show if there was benefit to humanity. The crisis in his country was a third type arising from decades of wars costing trillions of dollars that could have been invested in the wellbeing of the people, all compounded by the financial crisis in North America and Europe. We had to keep a watchful eye on how these crises were managed.

The changes known as the Arab Spring, he said, had forced out the dictators; elections would show the further direction of these changes when the well-organised opposition, especially those seen as underdogs, would soon be ruling. The social democratic forces had not had time to build a strong cohesive body, and could not oppose the election results, but they must ensure that those in office were honest in implementing their campaign promises.

He thought the SI could play a prominent role through the Arab committee headed by SI President Papandreou which should devise a plan to help the social democratic forces in those countries now that we could see who was brought to port on that tide; if their promises to the general public were not implemented we should challenge them and make sure the changes of the past year were pursued. And if the changes were implemented the SI's role would be to prepare the social democratic forces to win elections and promote the principles of cooperation, solidarity, human rights and social welfare.

Concerning his own country, he thanked the SI for supporting the rights of the Palestinian people to be free from occupation, to be recognised as a full member of the UN, and to carry out its self-determination. The government in Israel was not even catering to the needs of the Israeli people, nor freeing them from fear of the future.

The SI, he said, could be a stronger voice in this regard: the problem needed to be solved, not managed. The International had set a guiding light in its statement and we must take a firm stand against any measures or policies that prejudged the outcome of the negotiations. He reminded participants of the principles outlined in the statement and urged full support for the international effort to solve the conflict in accordance with the aim of bringing about peace for the benefit of the conflicting brothers

and the world at large. He was confident that the SI and each party in its own country would give that support.

REPORT OF THE SECRETARY GENERAL

Luis Ayala said that one of his tasks as Secretary General, in addition to launching initiatives and meetings, was to keep in touch with member parties and to follow their work. In recent weeks he had been in close contact with President Alvaro Colom who had just left office. The political tendency of the new government in Guatemala was very much opposed to our own views and although it was the outcome of the democratic process, we had issued a statement because both President Colom and Sandra Torres Casanova, one of the leaders of our member party, had been issued orders not to travel. As one of the people implementing Colom's policies in the struggle against poverty, she had been invited to speak at this Council meeting; now among other dubious goings-on, she was being trailed by police. He suggested that Council should issue a statement concerning these measures taken by the government authorities against those two leaders and others in the UNE.

Ayala said his distributed report summarised activities since the last Council: meetings in Bucaramanga, , and in Porto Alegre; meetings in Africa, South Africa, and in Windhoek, Namibia where our chair of the Africa Committee was running for president and therefore unable to be at this meeting; the SI had been engaged in many difficult electoral processes, and Ayala had observed the very flawed elections in Cameroon that most other NGOs and observers had refused to recognise. So there were many challenges in Africa, he said, where leaders of our parties were presidential candidates, as in Mali and Senegal. There had been free and fair elections with good results in Tanzania and in Zambia where Michael Sata had formed a strong new movement, defined himself as a social democrat and now as Zambia's president was interested in joining the SI, as were others. The Africa Committee would be meeting after the elections to consider these developments.

The SI had held meetings in Asia, he continued, in the Philippines, in Kazakhstan, and in Mongolia where our member party was now taking sole responsibility in government. Democracy was always an issue but there was an increasing focus in our regional committees on global issues such as the financial crisis, national resources, and climate change. This homogenisation of our agenda was leading to more substantial experience-based discussions.

We had also had close contacts with the new actors in the Arab revolutions and had organised a good two-day meeting in Crete where leaders from nearly every Arab country had attended. There would be a follow-up meeting soon.

He said that the Commission on the financial crisis with Joseph Stiglitz, the discussions to be held prior to Rio+20 on sustainable development, and the regional committees, would be preparing papers on the issues of the Congress agenda: the financial crisis, democracy, peace and multilateralism.

Regarding the Congress, Ayala said he had visited with President Zuma and Vice-President Motlante during the ANC anniversary celebrations and could now report that the ANC was committed to playing their full part as hosts. Taking into account the year-long ANC celebrations, two options had emerged for when to hold Congress: early July, or early and the exact venue would be decided in accordance with the dates. He had just heard from the deputy foreign minister that beginning of September would be preferable, but he had to coordinate with others as well, and given the enormous undertaking and

preparations, these were very delicate decisions that would be finalised in the coming weeks. One good thing was sure, he concluded: the Congress was well anchored in the South African people and in the African National Congress.

He reported the good news that our member parties in Venezuela were joining with other opposition parties to choose a joint candidate for the presidential elections later in the year.

He had also been in touch with other parties facing elections, including the National League for Democracy and its leader Aung San Suu Kyi.

Saying there was not time to list the details of all the developments, he assured Council that there was a very fluid interaction with all the parties facing elections, and those under especially difficult circumstances, all of whom were expecting the involvement and commitment of the International.

George Papandreou noted that Council accepted the Secretary General's report.

Before closing the meeting he wished to thank everyone for the solidarity expressed towards his country and his work. His party had wanted in their two years in parliament to make major changes towards transparency, justice, tax reform and a green economy, as was still the desire of the Greek people, but they had been in a race against the torrent of austerity measures which had greatly hurt the people. The markets had given them no time to make deeper reforms, and then the conservative EU had failed to deal with the markets, so that now all the Eurozone was in crisis. That failure, and the insecurity throughout the banking system, had undermined Greece's potential and the long programme originally supported by the EU. Growing pressures inside his party had obliged him to create a wider consensus through a coalition government which he hoped would enable the country to get beyond the crisis. He hoped of course that Europe would also get through this crisis as otherwise the programmes in Portugal, Ireland, Italy and Spain would not succeed either.

Papandreou thanked all the participants, the secretariat, interpreters and volunteers, and in particular the PLN and Bernal Jiménez Monge for their wonderful hospitality. Costa Rica had shown that it was possible to have stability, environmental protection and a democratic culture which indeed should all go together. Our meeting, he said, which included a Nobel Laureate and a dynamic woman President in the person of Laura Chinchilla, highlighted the success of our progressive movement.

Being in Latin America we had been able to focus on this region and its specific problems such as drug trafficking. He had talked with Laura Chinchilla and with Alvaro Colom and he thought the SI should take initiatives towards progressive solutions concerning the mafia, the responsibility of consuming countries, and the weapons involved in narco-traffic, especially those from the USA. He was taking up this issue also with Vargas Llosa, Carlos Fuentes, Kofi Annan, and Javier Solana.

This two-day Council meeting sent out a strong message about the consequences of the financial crisis and the lack of democratic global governance. We had highlighted the need to redefine our relationship with the markets because without regulation they could threaten our democracies. Secondly, we had to promote growth, jobs, and a sustainable green economy as a way to overcome the crisis and meet the challenge of climate change, all while respecting our values of justice, transparency, the rule of law, and human rights.

He recalled the meeting in New York at the start of the crisis in 2008 where we had established the Stiglitz commission whose proposals on limiting the crisis were even more relevant now. Unfortunately the response of the global institutions had been too slow and the political will was lacking. The conservative majority in the Eurozone had failed to stop the speculative attacks, had in fact failed Europe, which was why we needed change; in the same way Greece had much reform to do after the disastrous legacy from conservative governments.

He therefore stressed the importance of fiscal reform mentioned by President Laura Chinchilla. He supported the way her government was dealing with market pressures and what progressive governments had achieved over many years. As President Oscar Arias had said, there were various forms of populism in many of our countries trying to hide undemocratic processes and protect privileges rather than rights, but they could not hide their inability to make the necessary democratic decisions in favour of justice and growth.

This was what the SI represented: the will and the courage to make those decisions. Our work was to empower our societies locally, regionally and internationally. As François Hollande had said, we faced an enemy without a face or clear identity, that used non-conventional means to undermine our political processes and even our democratic institutions through a culture of fear. Our history was one of fighting against fascism, totalitarianism, colonialism, and dictatorships and we would continue to fight with that same passion for the democratic rights of our citizens and institutions in a globalising world. Clearly the decisions and reforms we made here were a further contribution to strengthening our movement and progressive forces around the world.

He thanked everyone for a very constructive meeting and said he looked forward to seeing them at the next meeting and Congress in South Africa.

The Council meeting was closed.
