



The Future of Social Democracy in Europe

A Contribution by Joachim Poß, MdB, at the “Conference on Justice”
(*Gerechtigkeitskongress*) of the SPD Schleswig-Holstein, 19.09.2015 in
Kiel

The State of European Social Democracy

The **refugee crisis is a litmus-test for Europe**: will we act in solidarity against the background of one of the greatest challenges since the Second World War? Or will we fall back into national thinking and blame the EU for what is in fact our common failure to act decisively?

I am sure that **we can manage this crisis**, as we were able to manage the euro crisis – more or less. But to do so, we must understand that the refugees will not suddenly vanish.

We are responsible to help them and we should do so **in solidarity**.
There can be no business as usual.

The refugee crisis adds another dimension to the already existing European crisis. **The euro crisis – with its economic, political and social dimensions – has undermined social justice in Europe already.**

The European crisis poses the threat that social democratic parties in the member states could be further weakened in the face of **growing nationalist and populist forces**. This is true for populists both from the left and the right political spectrum – be it Podemos in Spain, Syriza in Greece, or Front National in France.

The economic debate about the right response to the crisis is often falsely framed along **wrong dichotomies: either austerity or growth**.

But in fact, it was **our party family**, in the European Parliament and in the member states, **which fought for a viable policy mix** that consists of investment, structural reforms and appropriate, growth-friendly consolidation.

However, I also have to acknowledge that the **SPD itself addresses the problem of rising inequalities insufficiently**. Growing inequality has become one of the greatest economic risks according to many economists. Not to mention the associated social distortions.

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Economic inequality jeopardizes growth – not only social cohesion. This fact has been acknowledged both by the OECD and the IMF long ago and is also supported by the World Economic Forum in a recent study.

National Reforms Towards Social Justice

In several member states clientelism, corruption and nepotism are an impediment to social justice. Instead of universally and fairly accessible social security systems there are for example early retirement schemes that have evolved over decades as a means to secure votes.

I do not want to create the false impression that I had any prejudices about Southern European countries. On the contrary, I like them a lot, in particular the Mediterranean countries in the European Union.

But I am also certain, that this should not prevent me from **talking honestly about existing flaws and shortcomings.** Among these shortcomings is an economic model based on relationships, which we call “Mediterrane Beziehungsökonomie” in German. Of course there is also **corruption, clientelism and nepotism** in Northern countries. But to be honest, it is **a lot more common in the South.**

We should not create false dichotomies when it comes to social justice in Europe either. Of course **we have to evolve towards a Social Union.** But for example a European unemployment insurance scheme alone won't solve the social crisis in Europe for now. **The EU has to make sure that effective social security systems are implemented at the national level.**

Several member states lack a proper, effective and reliable public administration. **Only the wealthy can afford weak and corrupt states.**

European Reforms Towards Social Justice

The strategy towards more social justice in Europe has to be twofold. In a first step we have to **restore the trust and acceptance of the people in the European project.**

To do so, our first priorities have to be **tackling tax dumping, social dumping, and the lack of growth.**

This is possible without changing the EU-treaties. However, the social democrats need to be the driving force and they have to show their

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political will to do so. **There are enough proposals on the table, what we need is the political will to implement them.**

Steps Towards Deeper European Integration

I. Take The Second Step

In a second step we should **reform the EU and make it more socially and economically robust against crises.**

For now, we live in a Eurozone which lacks proper institutions to counter crises. If a country is hit by a recession, it has little countermeasures on its own device. One option would be to create Eurozone-wide transfers to counter asymmetrical shocks.

By preventing economic crises which hit the weak the hardest, we would work towards more social justice in the Eurozone.

II. Discussion On The Basis Of The 5-Presidents-Paper

At the next European Council, the heads of governments will deal with the 5-Presidents-Paper, which lays out a strategic framework for the reform of the European Monetary Union.

We should use this opportunity to have **a broad debate on the political level on where we want to go with the EU and the Eurozone.** There are many questions to be answered which deal with economic, political and legal concerns.

For example we have to ask:

Do we really want a Eurozone-wide unemployment insurance as some economists recommend? Or can we find better solutions which take account of the heterogeneity across member states?

Do we want a large Eurozone-budget which is economically relevant on the macro-level or do we prefer decentralized solutions?

To what degree are we willing to give up competencies to the European level – with regards to budgetary, fiscal and social policies?

How can we create new institutions and possibly transfer mechanisms for the Eurozone while at the same time keeping it open for non-Euro member states?

Conclusion

Let me conclude by making three remarks.

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First of all, I am confident, that we can solve today's problems in the EU. If we tackle tax dumping, social dumping and the investment gap and if we work towards completing the monetary union, then we will also bring about more social justice in Europe.

But secondly, we also need to focus on the member state level. It is the responsibility of the member states to create effective institutions. And it is the member state's responsibility to effectively deal with the refugee crisis in a spirit of solidarity.

And finally, we will see a better, more just Europe if we are successful. We will have fairer burden sharing between rich and poor, grant asylum to those in need in European solidarity and live in a stronger, more robust European economy.