



**Group of the Progressive Alliance of  
Socialists & Democrats  
in the European Parliament**

**European Parliament**  
Rue Wiertz 60  
B-1047 Bruxelles  
T +32 2 284 2111  
F +32 2 230 6664  
[www.socialistsanddemocrats.eu](http://www.socialistsanddemocrats.eu)

## **For a progressive European economic policy in 2017**

*Joint Declaration of Members of the European Parliament and Members of national parliaments from the Socialist & Democrats family on the occasion of the 2017 European Semester Conference and the Interparliamentary Conference on Stability, Coordination and Governance in the EU*

Brussels, 1 February 2017

At this time of turbulent geopolitical changes, Europe must remain united. As the new US administration and others in Europe's neighbourhood are trying to strengthen right-wing nationalist sentiments in our countries and thus turn Europeans against each other, it is crucial that the European Union strengthens its ability to act collectively, defending our common values and a cooperative international order.

A common European course of action is also needed for Europe to strengthen its economic recovery and improve citizens' life prospects and working conditions. Europe needs a progressive economic policy focused on sustainable development and people's well-being. More investment for sustainable development and decent jobs, less inequality and stronger fight against tax evasion and tax avoidance are some of the crucial priorities of our effort for a prosperous European economy that functions for the benefit of all.

The nationalists seek a divided Europe, with prosperity only for the new nationalistic elite.

Conservatives and liberals want a united Europe with a deregulated market, where prosperity would flow mainly to private capital owners and inequalities would continue to rise.

Only the Socialists & Democrats keep building a united Europe where prosperity is growing thanks to skilled work and productivity improvements, and that prosperity is broadly shared so that all members of society can live a good life and each generation does better than the previous ones.

Over the past years, Socialists & Democrats have managed to improve European economic policy by forcing the creation of a European Fund for Strategic Investments and by achieving a more flexible interpretation of the EU's fiscal rules. Economic growth is now stronger and public finances across Europe are in a better position thanks to higher domestic demand. When working people have more money in their pockets, it is good for the economy as companies also gain confidence to invest more.

However, parts of Europe are still suffering from very low investment rates, while other parts of Europe are running large external surpluses and exporting savings to the rest of the world. This lack of investment is holding back Europe's recovery from the long crisis as well as its transition towards a new growth model based on environmental sustainability, equality of opportunities, knowledge and technological leadership. Moreover, billions of euros of companies' profits keep being shifted to tax havens, undermining European governments' capacity to invest in better public services. Finally, large internal disparities and the incomplete character of the Economic and Monetary Union continue to represent vulnerabilities that Europe can ill-afford at the present time.

**European and national parliamentarians from the S&D family are therefore calling for a European economic policy in 2017 based on the following priorities:**

- Macroeconomic policy must aim first of all at greater **creation of quality jobs** and at **renewed convergence** in economic performance and living conditions across Europe.
- **Stronger domestic demand** is a necessary complement of the “policy mix” of investment, socially balanced structural reforms and fiscal responsibility. Europe needs to export fewer savings abroad and use more of its economic output for higher wages and higher investment inside Europe. Without stronger domestic demand, there will not be enough growth and it will be correspondingly harder to maintain strong public finances. Collective bargaining plays an important role in this respect.
- **Reduction of socio-economic inequalities** is an important priority in its own right as well as in order to give people greater opportunities, improve productivity, boost domestic demand and strengthen Europe’s longer-term growth potential.
- A **moderately expansionary aggregate fiscal stance of the Eurozone**, as proposed by the European Commission, would be the appropriate fiscal policy for the coming years and should be achieved notably through higher public investment.
- Europe’s labour and social standards should be updated through a strong **European Pillar of Social Rights**, which should be accompanied by adequate financial instruments.
- The **fight against tax evasion and tax avoidance** should be stepped up through further extension of requirements for public country-by-country reporting by multinational enterprises, a swift adoption of a Common Consolidated Corporate Tax Base and the establishment of a minimum corporate tax rate.
- The extension of the European Fund for Strategic Investments should come with **greater targeting** to close existing investment gaps in Europe, maximise job creation and support environmental sustainability.
- Implementation of the **European Structural and Investment Funds’** programmes should be accelerated in order to use fully these funds’ resources and strengthen economic, social and territorial cohesion in Europe.
- The **Banking Union** must be completed, notably through the creation of a reliable backstop for the Single Resolution Fund and an agreement on a step-by-step introduction of a European Deposit Insurance Scheme.
- A **Eurozone fiscal capacity** should be established to strengthen structural convergence and mitigate economic shocks.
- The **Treaty on Stability, Coordination and Governance** should be revised in light of the actual experience over the past years, notably so that calculations of structural deficit and government debt take properly into account the importance of public investments and socially balanced structural reforms for economic growth and debt sustainability and so that the rules enable achieving an aggregate fiscal stance that is optimal from the point of view of the euro area as a whole.

European and national parliamentarians also reaffirm on this occasion their resolve to work together during the European Semester to make it more democratic and further increase political ownership at both European and national levels.

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SIGNATORIES:

ANDRÉ Michèle - ARENA Maria - BALAS Guillaume - BAYET Hugues - BENIFEI Brando - BERES Pervenche - BERGER Karine - BERTELS Jan - BERWANGER Harald - BLINKEVIČIŪTĖ Vilija - BODRY Alex - BONAFÈ Simona - BREAZ Valer-Daniel - BRESSO Mercedes - BRILHANTE DIAS Euric - BULLMANN Udo - CAPUTO Nicola - CARESCHE Christophe - CHILDERS Nessa - CHRISTENSEN Ole - CORBETT Richard -

COSTA Silvia - COZZOLINO Andrea - DELVAUX-STEHRÉS Mady - DENANOT Jean-Paul - DODDS Anneliese - DOS SANTOS Manuel - EZELIUS Erik - FERNANDEZ ALVAREZ Jonas - FRUNZULICA Doru - GALAMBA João - GARDIAZÁBAL RUBIAL Eider - GEIER Jens - GENTILE Elena - GILL Neena - GONÇALVES Ivan - GRIBAUDO Chiara - GROOT Vincentius Aloysius - GUALTIERI Roberto - GUERRERO SALOM Enrique - GUERRIERI PALEOTTI Paolo - GUTIÉRREZ PRIETO Sergio - HEINÄLUOMA Eero - HOFFMANN Iris - IVAN Cătălin-Sorin - JAUREGUI ATONDO Ramon - JONGERIUS Agnes - KAILI Eva - KELLER Jan - KHAN Afzal - KOFOD Jeppe - KÕVA Kalvi - KRAINER Kai Jan - KUMPULA-NATRI Miapetra - LAMBERTZ Karl-Heinz - LAURISTIN Marju - LEINEN Jo - LOPEZ Javier - LUDVIGSSON Olle - MANKA Vladimir - MARC François - MARINO Mauro Maria - MAUREL Emmanuel - MAVRIDES Costas - MAYER Alex - MISIANI Antonio - MOODY Clare - MORAES Claude - MORGANO Luigi - MRSIĆ Mirando - MUET Pierre Alain - NEGRESCU Victor - OPREA Ştefan-Radu - PANZERI Pier Antonio - PAVEL Emilian - PICIERNO Giuseppina - PIMENOV Igor - PIRINSKI Georgi - POC Pavel - POß Joachim - REGNER Evelyn - RODRIGUES Maria João - SANT Alfred - SCHEMBRI Silvio - SCHUSTER Joachim - SCICLUNA Edward - PEREIRA Pedro - SIMON Peter - SIMON Siôn - STANISHEV Sergei - STEINRUCK Jutta - STIHLER Catherine - SYSAS Algirdas - SZANYI Tibor - TANG Paul - THOMAS Isabelle - TONINI Giorgio - TURAN Guler - ULVSKOG Marita - VAUGHAN Derek - VÁZQUEZ Juan María - VESTLUND Börje - VIOTTI Daniele - VON WEIZSÄCKER Jakob - WOELKEN Tiemo - ZANONATO Flavio - ZAVADIL Jaroslav