



**José Manuel Barroso**  
**President**  
**European Commission**

Brussels, 24<sup>th</sup> February 2010

**Transformation Requires Content**  
**An Open letter to European Commission President Barroso**  
**from PES President Poul Nyrup Rasmussen**  
**On the proposed EU2020 Strategy**

Dear President Barroso,

As President of the Party of European Socialists, I am writing to you at a critical juncture in the European Union's development. Over the last 10 years we have agonised about the 'institutional' structure of the European Union, but now the time has come to put meat on the institutional bone. Now is the time to launch the policies that will make a difference to the lives of the citizens of Europe.

This new European Commission will be confronted with a defining political test when it presents its proposal for **EU2020** (the European development strategy for the next ten years). This will be the first chance to demonstrate how well it has heard the millions of people, throughout the EU, who are suffering from this economic crisis. This new Executive will be quickly judged by these citizens. Has it responded in a bold new way, or will it be back to basics and back to business as usual? We, in the PES family, fear that it will be the latter. All the political signs are that this will be a missed opportunity to *truly bind* the economic, social and environmental strands of EU work. Our big concern is that this Commission's version of EU 2020 will consist of big words about transformation without outlining any of the tools needed to undertake such a project in a *fair and inclusive way*.

The socialists and social-democrats are deeply engaged in the preparation of this new strategy for a new direction for Europe and have already identified the key criteria to ensure that our way will be realised.

And yet the Political Right continues to hijack our concrete proposals and to build the illusion of substance around them. They are melting down the precious metal of our proposals to worthless phrases and soundbites. But let us remember that the financial and economic crisis is not over yet. It has been contained but Europe is still in dire need of strong political guidance and leadership.

Party of European Socialists  
Parli Socialiste Européen

98 Rue du Trône, B-1050 Brussels  
t +32 2 548 90 80 f +32 2 230 17 86

AISBL – BBCE – n°089/208.032  
info@pes.org www.pes.org



The Eurozone has the lowest growth of any industrialized region on the planet, and yet the call from your Commission is 'cuts, cuts, cuts' in our welfare states. This weakens the social security system and educational standards. We do well to remember that it was not the people of Europe who created this crisis. The already fragile recovery is put at serious risk by such policies. With over 22 million EU citizens already unemployed, the idea of exposing them to further hardship by slashing public funding is worrying in the extreme.

The situation in Greece is a perfect example. Why is there such resistance from your Commission, from the ECB, to a shared solution? We have consistently said that a Eurozone problem requires a Eurozone solution. We need to turn political principles into financial solidarity – for the particular situation in Greece, but even more, as a long-term definition of what shared Eurozone membership *means*.

Policies to sustain demand and foster job creation should be a key priority of the upcoming strategy. Structural reforms and supply-side policies are certainly needed to move to a smart, green and inclusive growth, but demand-side policies should not be forgotten, particularly in the current situation. To restore net job creation should be a top priority for social, economic and even financial reasons, because this is certainly the best way to rebalance our public finances. Furthermore the strategy must contribute to improving the well being of citizens, by ensuring a high quality of employment, social protection and social inclusion.

### **'Transformational' doesn't just mean changing the lighting**

This also means that a 'transformational' agenda should really be transformational; encompassing reforms not only in the welfare and education systems to preserve and strengthen the European social model but also reforms in the financial systems and in corporate governance. That is what is needed if we want to re-build the conditions for sustainable growth. Nobody is fooled if one christens an agenda 'transformational', and then proposes a new strategy for business as usual. You can change the lighting but what is left in the room stays the same.

Calling for a concrete, greener and inclusive Europe will not be enough. It is important to mark out the steps to be taken in each case.

- Promoting new patterns of consumption, production and mobility is crucial. This needs to include greening existing jobs and creating new ones while developing the means for a socially fair transition towards them. Measures to increase the competitiveness of renewable energies are crucial for a successful shift to a low-carbon economy.
- Promoting innovation remains central, but for all, not just for an elite. We should take an inclusive approach, by developing tailor-made instruments for various companies, regions and people; improving education outcomes and general access to lifelong learning must be recognized as a pre-condition to inclusive growth.
- Renewing Welfare systems should aim not only at supporting people during change, but also ensuring a high level of social protection and public service provision while actively reducing social inequality.



The central test about whether you are truly listening to Europe's citizens will be seen in how the following issues are addressed:

Financial:

The coordination of fiscal policies will be crucial not only to consolidate public finances, but also to foster European growth by making the best of the spill-over effects across Member states and to ensure social justice by moving the tax burden to carbon and financial sources. New financial instruments for recovery should be developed with more ambition, notably Eurobonds. Financial supervision must be quickly enforced at European level, to ensure that the agenda for financial regulation and restructuring is swiftly implemented.

Recovery:

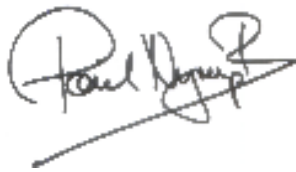
A European industrial policy is crucial to stimulate economic activity and job creation. But it must be done without weakening the economic and social cohesion of Europe. Lifelong-learning must be a central priority for an inclusive knowledge society which will only be credible if underpinned by new financial solutions.

Jobs and Social Protection:

The effort for more jobs needs to be coupled with the effort for better jobs, ensuring a European convergence on improved social standards. Unemployment across Europe is now at 10%, this is simply unacceptable. Job creation and social protection must go hand in hand.

A time of crisis is a time of opportunity. It is a chance to make the EU visible, and a leading voice in the world. It is a time for political vision, and the courage to put that vision into action. We, the Party of European Socialists, have that vision. We have articulated a concrete set of proposals for EU 2020. We wait to see what your Commission will put forward as the priorities for the European Union over the next 10 years.

Yours sincerely,



**Poul Nyrup Rasmussen**  
**President**  
**Party of European Socialists**

**CC: College of the European Commission 2010-2014**

