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## Resolution

*Lisbon, 25 January 2018*

# A MFF to support a progressive Europe

## *A Window of Opportunity*

A new Multiannual Financial Framework (MFF) will start in 2021, with the European Commission being slated to present a first proposal in May 2018. The discussion of the next MFF is an opportunity for Young European Socialists to fight for a more progressive Europe.

This process has fortunately coincided with the window of opportunity for reform of the Economic and Monetary Union (EMU) that has so strongly dominated the European policy agenda. Discussing the next MFF and EMU reform both require us to gather a consensus on what Europe we want to be, at least in the next decade.

This discussion is made more difficult by Brexit, given that the United Kingdom was a net contributor to the EU budget. It is also made more difficult by calls for the European Union to take on new challenges from migrations to climate change and the digital economy. As all crises, these are also opportunities for a change in the status quo. It is up to us, progressives, to take it, for a change.

## *A New Impulse for Convergence*

The discussion of the next MFF always brings up discussions of what Europe we want. We must begin this discussion with a frank admission – Europe as is is not working. To be pro-Europe today is to be demanding of the European project. With the threat of populism on the rise and crises of various kinds making people increasingly national-minded, we need to consider how we can reground Europe in more stable foundations.

These stable foundations are self-evident. European diversity will only leave its unity uncompromised if Europeans feel that they belong to a community of destiny, where we are all in this together. In other words, only real convergence can give the European Union the solid foundations it so very much needs.



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This is recognized by the European Commission, in its recent communication on EMU reform which states that “one of the lessons learned from the crisis is that achieving convergence and building robust economic structures is crucial for the prosperity of the Union and, in particular, for the smooth functioning of the single currency.”

We believe that convergence is the real measure of European added value. Therefore, the next European budget should reflect this priority. As well as incrementing convergence as a concern in every budget line, it is necessary to launch a dedicated convergence facility.

We have often found that it is those countries which need convergence the most that are lacking in the fiscal scape to implement structural reforms and investments to bring about convergence. While the EU has done well to give the European Semester a social dimension, it is necessary to give it financial consistency, being able to back up the Country-Specific Recommendations and National Reform Programs with financial support to back the reforms and investments therein.

## ***Protecting Cohesion***

We believe that the Cohesion Policy is one of Europe’s greatest successes. It gives citizens a daily insight into European added value, by transforming our territories and developing them economically and socially. It makes no sense whatsoever to scale back such a successful policy.

Cohesion Policy must however be modernized. It is necessary to give Cohesion Policy a single rulebook and trust Member-States by incrementing shared management. “One size does not fit all” and therefore we must build more flexibility into Cohesion Policy.

However, the crucial reform is that Cohesion and Competitiveness must not be two separate policies. Cohesion and Convergence support each other. We will only keep cohesion if our territories are competitive, if we keep jobs and if public services have the taxpayers to fund them. While this is all too easily recognized, it is far more important to stress that there is no Competitiveness without Cohesion and that inequality of all kinds poisons and withers the potential of our territories, our people and of society as a whole.



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## ***Disarming the Middle Income Trap***

Many have found evidence of a “middle income trap” taking place as a result of how European Structural and Investment Funds are regulated. The consequence of regional thinking is that we ignore that economic dynamics rarely conform to regional borders. Middle income regions are often the drivers of economic growth in other low income regions.

While regions that are near the EU’s average income are restricted in their access to EU funds, all regions suffer and ESIF lose some of their potential. This middle income trap is therefore not only a trap for middle income regions who cannot cross the chasm to becoming high income regions, but a trap for all regions as overall growth is hampered. It is necessary to address the middle income trap in the next MFF.

## ***Yes to More Europe***

It is not possible for Europeans to want more Europe and to want to pay the same in national contributions. If we truly want a European Union that responds to new challenges such as migration, climate change or the digital economy, but also to new responsibilities, such as resuming real convergence or implementing the Social Pillar, it is obvious that we need additional resources to fund this. It is necessary to stress the importance of the Social Pillar in the package of new challenges the MFF must address.

We believe as Young European Socialists that there is added value in addressing these challenges at a European level. Europe is an idea, but also a way of more effectively addressing issues which national sovereignty is no longer well equipped to handle.

To have more Europe is not a cost, but an investment. European Added Value is missed out upon when we take on the logic of net balances. For instance, the reduced migration flows resulting from real convergence are not accounted for when calculating the net balance of a contributor country. Therefore, we believe that the nonsense logic of *juste retour* must end, and with it all rebates.

We encourage European leaders to take a serious look at increasing national contributions to the limit of 1.2% of GNP, and to further consider additional own resources, namely through a European tax on carbon, digital services or financial transactions. In doing so, not only would Europe be funding itself but resolving the



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coordination failure that has left our societies missing out on the profits from the digital economy or, worse, reckoning with the bill from the damages laid upon us by high finance and global warming.

***JS Portugal therefore recommends YES to:***

- Argue for placing real convergence at the heart of all policies and programs in the next European Budget.
- Endorse the creation of financial support for convergence-oriented investments and structural reforms.
- Defend Cohesion Policy, namely through pledging its support for the Cohesion Alliance.
- Stress the Social Pillar among the new challenges to be addressed in the next EU budget.
- Call on its member organizations to campaign for increased contributions.
- Call on PES to support EU own resources, namely through the levy of a carbon, digital services or financial transactions tax.