

16. A EUROPEAN SOLIDARITY PACT

CTP Cyprus, DSU Denmark, SDY Estonia, SDY Finland, SONK Finland, UJ Iceland, GD Italy, SSF Sweden, SSU Sweden

Europe has not entirely left the financial crisis behind it. Considerable economic growth is still absent across the continent and soaring unemployment levels, especially among young people, are still the reality in far too many European countries. The challenges of globalization with capital that moves globally, tax evasion and the transfer of businesses to low-wage countries has left citizens and politicians alike seeking for quick answers to the structural challenges of the European economies, or for the most times having no answer at all. We mean that a different focus on the economic policy is a must.

One of the quick answers to keep businesses in the own country has been lowering corporate taxes. Even though the effects of lowering corporate taxes, in a best case scenario, are dubious, the price of doing it is always apparent and tangible. It is a costly affair to lower the corporate tax and ordinary citizens have all too often witnessed how welfare benefits have been slashed in order to lower corporate taxes.

Furthermore, when one country lower the corporate tax to appear more attractive to foreign investors in comparison to its neighbours it starts an avalanche. A domino effect where the other countries of Europe in order to not appear unattractive to investors also lower their corporate taxes. This is ultimately a race to the bottom that will benefit neither the citizens of Europe nor the economies. We recognize that social democrats across Europe sadly has participated in these exercises but we intend to end that practice.

The social democratic parties need furthermore to take an overall responsibility to tackle the underlying, structural challenges that comes with a global world. One of the many challenges is tax evasion that costs Europe 1000 billion euros each year. That's a hundred times more than what the refugee crisis costs.

It is our desire that social democratic governments put an end to the practice of lowering corporate taxes, put forward ideas for how to hinder tax evasion and take a greater responsibility to form another economic policies that meets the challenges of globalization. To do so we want the social democratic governments to sign a political agreement with one another. A pact of solidarity.

Even if this pact would start out as an informal promise between social democrats it is our explicit desire that all social democrats of Europe should work towards a legally binding agreement. This step is also necessary to show the citizens of Europe that it is not the rising right-wing parties of Europe, that have an alternative to austerity. A solidarity pact will clearly state that the social democratic parties have a clear, common direction for Europe.

We, Young European Socialists argue that a pact of solidarity should be created with the purpose of:

- Ending the practice of tax competition: This includes lowering corporate taxes as well as taxes on wealth.

Further, the pact should include: Wealth taxes for the richest of the rich should cover a substantial part of the tax revenue of the European countries and should therefore be massively increased from current levels. Value added taxes should be reduced and harmonized. Taxes on Capital incomes must be at least as high as on working incomes.

- Effectively fight tax fraud, tax evasion, focussing on legal tax loopholes and tax havens.
- Fighting the vicious circle of stagflation and unemployment that haunts Europe deepened through disastrous austerity policies.