

III Global Progress Conference

Gordon Brown affirms that we can only build a sustainable development model with the reform of the financial system and a pact that rebalance the economy of a consumerist West and a productive East

Former British Prime Minister recalls that Europe and the USA represent 55% of the global consumption while producing only 40% of goods, encourages China to open up its markets to importation and Europe to continue investing in infrastructures to avoid the stagnation of the economy

Brown claims “real” global institutions and proposes the signature of an international Rights and Responsibilities Charter “for all the parties to describe our obligations and rights to address the climate change, the financial crises and genocides”.

Felipe González affirms that the big failure of Social democracy has been the increase of inequities, and urges Europe to “drop the obsession for the debt without dropping the orientation of the budgetary balance”

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Former British Prime Minister, Gordon Brown, affirmed in his opening speech at the plenary “A pact for global growth” during the Global Progress Conference organized by the Fundación IDEAS, that the world will only be able to overcome the economic crisis “if we build a sustainable development model” for which he thinks it is “essential” on one hand, to the reform of the financial system “to make it sustainable” and on the other, “overcome the global economic imbalance resulting from having a consumerist West and a productive East.”

Brown recalled that today, in global terms, Europe and the United States account for 55 per cent of the global consumption but they only produce 40 per cent of the goods, “which present a conflict”. For Brown,

this “crossroads” represents the greatest change ever experienced by Humanity “since the industrial society, because in hardly 15 years about 2 billion people have joined the global labor market.”

In his opinion, this situation “requires a global pact, because no one, no continent can drive alone the world economy. Otherwise, growth will not be sustainable and imbalances will keep growing to levels of tragedy.”

After insisting on the need for the G-20 as well as the supranational organizations to tackle “the reform of the financial system, which today is not sustainable because it is leverage and for this reason it takes the working capital from the real economy”, he urged China to lose the fear of “opening its markets to importation” and called on Europe and the USA “not to reduce their expenditures on infrastructures, because this would be worse.”

For Brown, it is “plausible” that the reform of the international financial system, as well as other challenges like the climate change or the solutions to genocides “cannot be implemented without international measures” and, regarding this, he suggested to the international community to push up and sign the Rights and Responsibilities Charter “to describe the rights and obligations of ones towards the others.”

He concluded by praising the José Luis Rodríguez Zapatero’s administration “because there is no country in the world to have made so much progress in social and citizens’ rights than Spain in such a short time. There is no going in the rights achieved by women, the underprivileged, the homosexuals, etc”.

Precisely after Gordon Brown, former Prime Minister, Felipe Gonzalez took the floor on the panel and affirmed that “we have to realize that the progressive solution to the crisis is not only the fairest from a social perspective but it also the most efficient.”

In his opinion, the current crisis “is fundamentally a crisis of inequity and it did not start in the period 2007-2008, but is rather the result of the

globalization model we are experiencing since 20 years”. For González, the great failure of Social democracy is to have allowed “the increase of inequities which has been compatible with the quantitative reduction of poverty.” Nevertheless, in his opinion, “the distribution of the surpluses has been very unequal.”

He concluded by warning against “the fake ideas of prosperity conservatives are trying to inject in us” and, in this line, he urged European progressives to “drop the obsession for the debt without dropping the orientation of the budgetary balance”.

The panel also saw the participation of Pravin Gordhan, South African minister of Finance, Alfred Gusenbauer, former Austrian Chancellor, Poul Rasmussen, president of the European Socialist and Gordon Bajnai, former Hungarian Prime Minister.

Gordhan explained that a great part of the economic growth experienced by South Africa is due “to the fact that we have removed the stimulus policies” and he affirmed that the great challenge of South Africa is to “restructure our economy and diversify it.”

Gusenbauer was more critical of the solution of austerity Europe is giving to the crisis and affirmed that “we are giving a medicine that increases the symptoms of the patient and exacerbates the illness” and, in line with González, he urged “to drop the obsession for the sovereign debt.”

For Rasmussen, together with austerity policies, the big mistake Europe made is “that we continue applying country by country solutions, without any global bail out employment or fiscal stimulus plan. While we continue addressing the problems separately, without a common thinking, the crisis will stay with us for a long time.”

The last person to speak on the panel was former Hungarian Prime Minister, Gordon Bajnai, who urged Europe to “overcome voluntarism and to take action, once and for all, as one, as a global actor. Europe has to look at itself and see itself in the mirror as a one.”