

## **Speaking Points 10.10.2012**

### **A Different Dialogue between Europeans and Israelis – Democracy, the Welfare State and the Global Financial Crisis**

Dear Shelly,

Dear Patrick,

Dear Mr. Ehrlich,

Ladies and gentlemen,

It is a great pleasure for me to be here with you today at this conference of the Friedrich Ebert Stiftung. Let me also thank both FES for their organisation and the Baden Württemberg representation for hosting us today.

Conferences and talks about Israel and with Israelis can be overshadowed by the Middle East peace process. Understandably so and rightly so. After all, no question is more fundamental than the question

of war and peace. The regional context of Israel cannot and should not be ignored.

Still, I appreciate that today we have the opportunity to talk about issues that in the dialogue between Israelis and Europeans are often not on the top of the agenda; Issues that are not granted the attention they deserve; Issues, that we as Social Democrats and Labour representatives however care deeply about.

And ladies and gentlemen, let me underline, we are here at a Labour, Social Democrat conference. With Shelly Yachimovich as the leader of Israeli Labour, with Patrick Diamond, who has worked as a senior policy advisor for the Labour government in the UK and for many years served as National Chair of Labour Students, and with me as a member of the

Bureau of the German SPD - the only exception today is Peter Ehrlich. Well, nobody is perfect!

I'm glad that today we have this opportunity to deepen the dialogue between our parties on democracy, the welfare state and the crisis.

The Labour and social democratic parties have always had strong international ties. We share the same values and principles. Our movement has always been a driver for peace and dialogue. We are proud to follow in the political tradition of truly great historic figures like Willy Brandt and Yitzhak Rabin.

We have always stood up for the downtrodden, for the oppressed, for the victimised. We have secured

greater democracy, greater social justice and greater freedom for our societies.

Today, we are faced with a deep economic and social crisis, both in Israel and in Europe. For sure, I don't want to gloss over the differences of the European and Israeli situation - they are indeed significant. But we also have many problems in common!

I would therefore like to raise three key issues, which are in my eyes crucial at this moment in time in Europe and very much interlinked: the financial crisis, social movements and democracy.

Four years ago started a disastrous downward spiral of bank bail-outs, increasing government debt, heartless austerity policies, deepening

recession, rising unemployment and growing poverty. We have witnessed the financial crisis turn into an economic crisis, a debt crisis into a social crisis and now it is rapidly deteriorating into a crisis of trust in and legitimacy of democratic institutions.

It is ordinary hard working people who paid the price for the crisis. First, by stepping in to save the banks with taxpayers' money and prevent a meltdown of the financial system. Then uncompromising austerity programmes were forced on the countries in crisis in a downright orgy of cost-cutting: Incomes slashed, pensions cut, hospitals closed down, schools down-sized, and workers' rights curbed.

But how can you tell people that there is no money for health or education because of debt reduction

while those who caused the crisis are not contributing their fair share to reduce this debt?

This is why we urgently need a contribution of the financial sector to the follow-up costs of the crisis. A Financial Transaction Tax would increase the revenue of governments, would be a tool for financial market regulation - and is simply a question of moral decency and justice. The most recent signs are that the financial transaction tax is about to be born, with 11 countries committed to it already.

Secondly, the financial markets need to be regulated once and for all: every actor, every product, every marketplace must be brought under surveillance and be subjected to rules - with the goal of transparency.

Before the crisis we lived in an economic system in which risk-takers had to bear the consequences of their actions. Today, the unconditional government bail-outs have given birth to risk-free casino capitalism. Why should businesses act responsibly if the taxpayer is going to step in and bear any loss? Risk-free capitalism corrupts absolutely. This is why we really need to get financial market regulation into place and get it right this time. You don't have to be able to see into the future - after all, it's only common sense - to see that if we don't get it done right the next crisis will be waiting around the next corner. And then the downward-spiral will start all over again.

Thirdly, we need to address the question of a fairer distribution of wealth. Allow me to quote a government report from my home-country,

Germany. Between 1992 and 2012, the net assets of private households in Germany have more than doubled: from 4.6 to 10 trillion euros. In the last five crisis-hit years alone, there has been a 1.4 trillion euro increase. More than half of those assets are owned by the top ten percent of the population. Only 1% of private assets are owned by the bottom fifty percent of households. The gap between the rich and the poor has been growing during the crisis, in Europe. But also in Israel, despite its impressive GDP figures, 20 percent of Israelis live under the poverty line, many of them ultra orthodox Jews or Israeli Arabs.

This increasingly leads to a polarisation of society. It threatens the social fabric. This is not only about money, about who gets what. It is about a different vision of society, one where there is more solidarity.

What personally saddens me the most, is that it is young people who are paying for the crisis with their life chances. In countries such as Greece and Spain one in two young people is unemployed. Many more are in precarious forms of employment, trapped in a spiral of unemployment, short-term contracts and unpaid internships, a spiral which only too often ends in anger or resignation. In Madrid, a young qualified architect and psychologist asked me if we have 750 billion Euros for the banks, how much do you have for me? I could not answer her.

This is poison for our societies. If young people feel they have no future, forces are unleashed which have the potential to destroy democracy. For that reason, the fight against youth unemployment must be our top priority. We must quickly make money

available for education and training – money which we must look on as an investment in the future of both individuals and whole societies. We must not allow the talents and the great potential of this generation to be squandered.

Ladies and gentlemen,

Both in Europe and in Israel we saw young people taking to the streets, protesting against social injustice. In Madrid the M15 (15 May 2011), in Tel Aviv the J14 (July 14 2011). They started off on the social networks, Facebook and Twitter, and rallied impressive amounts of people with their call for social justice. I don't want to gloss over the political and economic national particularities, but there are some remarkable parallels. It is people taking to the streets to demonstrate against a society in which

the gap between the rich and poor is growing, against a system where markets are all powerful, against out-of touch politicians who fail their interests. The protests are about the fear of social decline. The protests are about the impossible cost of living and in Israel the cost of housing in particular.

People are outraged. People feel abandoned. People are losing hope.

The biggest threat to democracy is people's sense of powerlessness, hopelessness and despair in the face of all powerful markets and politicians who are out of touch.

Democracy lives when people know that they can take decisions about their lives - that, by getting

involved, they can change their lives and society for the better.

Our socialist and social democratic parties have a duty to open our doors to them - to those who feel let down, discouraged or outraged. If we do not succeed in giving these young people a political home, then we will have failed as social democrats.

When we talked of the so-called "Arab Spring", we talked of dignity, democracy and prosperity. This equally applies to Europe and to Israel. We must listen to those who protest, understand their concerns and act on them, that is what social democrats have always done and will continue to do so. After all, the natural home for many of the people protesting in social movements should have been the left in Europe and Israel, yet these people

did not turn to us, we must learn the lessons why.

Today's debate is a good opportunity for that.

Thank you for your attention.