THE POLITICS OF POLYCRISIS

Ed. Patrick Diamond and Ania Skrzypek

10 YEARS

OXFORD SYMPOSIUM

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Foreword

Some initiatives begin with a spectacular inauguration. But very few continue growing beyond the initial stages to reach horizons far beyond the already audacious levels of expectation they were established to aspire to. Such rarities can scarcely be foretold, even if a project is conceived among particularly strong and committed partners. But arriving at a jubilee anniversary entitles one to look back and take a moment to ponder its success. This is what we are doing, together with the FEPS (Foundation for European Progressive Studies), Progressive Britain and the Karl Renner Institute, to celebrate the tenth so-called 'Oxford Symposium' in December 2024.

The idea behind the endeavour was a straightforward one. At the end of the first decade of the new century, the centre-left was experiencing some extremely discouraging developments and election results. Wide-ranging thought was given to the ideological and, subsequently, political choices taken by a number of sister parties in the 1990s. This assessment was as heated and divisive as the conflict generated by the Third Way had been. But amid these deliberations other challenging questions surfaced. *Why did the pendulum not swing back in favour of progressives in the aftermath of what many scholars identified as the worst crisis of neoliberalism? What type of socio-economic model would be sustainable and equitable, given the ongoing transformation of the labour market and societies? What kind of changes were to be expected in the political fabric given the increasing volatility of supporters and voters, not to mention growing protests and social mobilisation?* These and many other questions indicated that this was a moment for going beyond the initial reservations and bringing together diverse conversations on the future of progressivism in Europe and throughout the world. Clearly, a space was needed for such conversations at the highest possible level between concerned academics and pensive politicians. And that is how the first Oxford

Symposium emerged, with the first event taking place in July 2011. Substantial contributions were made by the FEPS and the Karl Renner Institute's flagship programme 'Next Left' (established in 2009), with elements also of the so-called 'Amsterdam Process' launched by Policy Network and the Wiardi Backman Stichting. The initial convenors and organisers included: Roger Liddle, Patrick Diamond, Olaf Cramme, Michael McTernan, Monika Sie Dan Ho, René Cuperus and Ania Skrzypek. The event was hosted at Nuffield College and St Catherine's College Oxford.

Year after year (apart from during the Covid-19 pandemic), the Oxford Symposium continued to grow, hosting numerous notable lecturers and speakers, including political party leaders, (shadow) ministers, MPs and MEPs, top thinkers from academia and political foundations, as well as pollsters, communications experts, trade unionists, NGO representatives and other practitioners. Every event has devoted particular attention to a carefully selected topic. They include: the potential for progressive politics after the crash in 2007–2008; the fight against inequalities and the pre-distribution agenda; the state of democracy and the future of so-called *traditional parties;* empowerment and new routes to social justice; and governing through polycrises. Two of the symposia resulted in books, published by I.B. Tauris (2013 and 2015), two came out as joint pamphlets published by Rowman & Littlefield (2015 and 2017), and materials from the others were disseminated through *Queries* (the former FEPS journal). In that sense, the book you are holding in your hands is yet another contribution to the already very rich legacy, in this case showcasing that the community around the Oxford Symposium continues to expand, with its commitment to academic excellence and the political viability of the output.

What makes this volume exceptional is that it is possibly the first collective effort of such magnitude to analyse current affairs in all their complexity, dealing carefully with all the challenges that appear so disempowering. The authors tackle such notions as *the historical demise of the centre-left* and *polycrisis,* trying to find a way out of the defensive crouch. Without being unrealistic or irresponsible, they pave the way for a successful strategy to counteract the rise of

the radical right. And they point to the potential for the progressive movement to stage a political comeback. While searching for innovative solutions, they set new ambitions that can secure the primacy of progressive politics in facing up to the test of the threefold transition – digital, environmental and demographic – as well as showing how to alter the dynamics and deal with the inevitable choices arising from, for example, a new industrial strategy or the trajectory of European integration. This book, which encapsulates the knowledge and experience of academics and politicians from across the EU and the United Kingdom, is thus a powerful intellectual manifesto. We hope that it will not only provide a robust point of departure for the upcoming Oxford Symposium Jubilee, but also resonate with its readers, providing encouragement and impulses for other debates on the renewal of social democracy.

To that end, we would like to congratulate the two editors – Patrick Diamond and Ania Skrzypek – thanking them not only for all their outstanding work on this volume, but also for their long-term commitment to and collective leadership of the Oxford Symposium series. We would also like to express our gratitude to Céline Guedes and Tom Collinge, and thank all the colleagues from the FEPS, the Karl Renner Institute, Policy Network and Progressive Britain who have contributed critically by shouldering organisational and logistical tasks (enabling more than 500 participants from Europe and overseas to share this exceptional experience). Last but not least, we would also like to thank St Catherine's College Oxford for being our home on ten occasions already, but hopefully also on many occasions in the future.

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Introduction

Patrick DIAMOND and Ania SKRZYPEK

Setting the scene:
centre-left politics across Europe

Across much of Europe, social democratic parties have recently been in turmoil as the political pendulum swung against them. Fifteen years ago, there was a widespread expectation that the financial crisis would herald a dramatic shift to the left given the capitalist crisis that was apparently unfolding. But centre-right and populist right-wing parties have largely been the beneficiaries, adeptly exploiting the politics of austerity and stagnation. Indeed, social democratic parties have suffered among their worst defeats since the First World War in a period of rising economic discontent and growing disillusionment with representative democracy. Cast your eye around the EU: it is clear that centre-left parties have suffered significant electoral setbacks:

- In many countries, our parties in recent times have achieved among their lowest vote share since 1918 in recent elections.
- In Scandinavia, where the Social Democrats were once considered the natural party of government, the moderate left has surrendered its traditional dominance. In Sweden, the heartland of European social democracy, the centre-left government lost power at the last election. The Social Democrats finished first but their coalition partners lost support, allowing the radical right party to enter government for the first time.
- In Central and Eastern Europe, social democrats have been marginalised in many countries, notably in the Czech Republic and Latvia (where they are out of parliament), but also in

Hungary, Bulgaria and even Poland (although they made gains at the last election).

- The Socialist Party in France has been on the brink of extinction.
- In many countries, even if social democrats do win they invariably struggle to find viable coalition partners.
- And all of this has occurred despite the relative weaknesses of Christian Democracy in many countries, amidst the forces of insecurity unleashed as a result of economic crises and geopolitical conflicts around the world.

There have, of course, been victories over the past decade, not least in Portugal, Germany and Spain. The recent Polish election result was a remarkable rejection of right-wing populism. In France, a resurgent Left coalition which includes the Parti Socialiste blocked the rise of the Far Right Rassemblement National Party in parliamentary elections. And in Great Britain, the UK Labour Party has secured a historic landslide majority at the 2024 general election, an indictment of fourteen years of Conservative failure culminating in Brexit and a succession of economic crises. Starmer's Labour Government has secured a mandate to pursue economic fairness while rebuilding fragile public services. Yet even in its moment of triumph, British Labour recognises that it is governing in a time of low trust and alarming disengagement from politics, accompanied by unprecedented geo-political instability. It will need to devise a governing agenda that can retain the support of an often cynical and disillusioned electorate.

In many countries, social democracy as an ideological tradition appears to have lost the *élan* it enjoyed in the post-war era. It is no longer hegemonic in setting the terms of political debate or seemingly even in touch with the zeitgeist, opening the way for populist parties (Gamble, 2012). The inept performance of European social democratic parties has been attributed to weak leadership, a lack of credible policy ideas and the price of incumbency, particularly in divided coalition governments. Many younger voters view established centre-left parties as wedded to the status quo, having lost their radicalism and no longer advocating a more egalitarian future. It appears that something profound has been going on. Regardless of national

circumstances, there has been a structural shift that is undermining social democracy's support base. This is so stark that some now question the future viability of the European centre-left project.

A particular focus of concern is that the forces amplifying polarisation in our societies have been growing stronger. Chief among them is the restructuring of labour markets and changing occupational structures. Traditional blue-collar votes have been lost to the far-left and far-right in recent years as concerns about immigration mount alongside fears about jobs and wage stagnation. Germany and Sweden have seen radical far-left parties emerge to challenge social democracy's status as the leading parties on the left. Lower and middle income 'squeezed' voters have been drifting away, even in countries where centre-left governments offered protection during the Covid-19 pandemic: declines in median wages and living standards have occurred also when social democratic parties were in power. It appears that younger electorates are deserting, too. Dismayed by the apparent banality of conventional politics, they are increasingly turning to new social movements. This is especially pronounced in countries such as Spain where young people have been more likely to vote for protest parties. The rise of the populist right across Europe is particularly disturbing, as **Daphne Halikiopoulou** and **Tim Vlandas** illustrate in their chapter for this volume.

How can this troubling erosion of support be explained? One prevailing view is that 'catch-all' social democratic parties, by repositioning themselves in the centre-ground, have alienated their traditional working-class supporters. New Labour in Britain exemplified that shift in the laye 1990s, but it is also mirrored in the performance of the German SPD, the Dutch PvDA and the Swedish SAP. However, this argument blithely ignores the long-term impact of class dealignment, which has compelled social democrats to seek electoral support among middle-class voters, propelled by a deeper crisis of 'tax-and-spend' politics. These parties have sought to identify new tools of governance and policymaking.

At the end of the 1990s, the left was in the ascendant across Europe: social democrats were in power in 13 out of the then 15 EU states, while gaining strength in Central and Eastern Europe. Their

ideas largely set the terms of political debate. This can scarcely be said today. That is in part a consequence of economic adversity: while European economies have experienced a partial revival since the Covid-19 pandemic, Europe's political economy is being transformed, with major repercussions for workers and households. As Professor Andrew Gamble contends, economic shocks have historically benefited the right rather than the left. Where economic crises occur they are often ascribed to government 'profligacy' and 'excessive' public spending, with social democrats cast as economically irresponsible and unfit to rule.

The difficulty has been that the Covid-19 lockdowns, the disruption of supply chains and the cost-of-living crisis occurred as our economies were still recovering from among the most severe financial crises in Western history. Meanwhile, capitalism itself is undergoing continuous structural change: the rate of technological innovation and the decline of industrial-era mass production imply that advanced economies are on the brink of a 'third' disruptive industrial revolution, undermining established political and economic institutions. Digitalisation and the transition towards a low-carbon economy will create new jobs and demand new skills and capacities, a theme elaborated by **Miapetra Kampula-Natri**. Moreover, fiscal pressures unleashed by recent economic turmoil are putting unprecedented strain on public finances in many countries, while undermining welfare systems and altering the future shape of the state. Such aftershocks are also accentuating the impact of long-term demographic trends, from an ageing society to declining fertility rates. The global context is being further reshaped by the rising power of emerging economies, not least China, and the relative decline of the West. Consequently, two broad historical shifts have challenged social democrats over the past 30 years. The first is globalisation, characterised not only by worldwide market integration but also by deregulation and liberalisation. This has significantly emboldened capital at the expense of labour. The second is the structural weakening of democratic politics relative to the power of markets, which raises serious questions for a movement such as social democracy whose existence depends on articulating 'the primacy of politics'.

Both the liberalisation of global trade and the weakening of politics have had a crucial impact on politics. Globalisation has revolutionised economics and liberal democracy, with major consequences for traditional institutions. But while globalisation has led to unprecedented gains in economic growth and living standards, the benefits have not been evenly distributed. Moreover, the particular model of Western globalisation followed in many countries no longer appears capable of generating material benefits for those outside the economic and political elite. As a result, there is a strong backlash against globalisation, expressed most visibly in hostility to liberal migration regimes and to European integration. Cosmopolitanism is now challenged by rising xenophobia, motivated by new insecurities about national identity and belonging.

The widening gap between rich and poor has increased the likelihood that migration will become a major political issue. Rising unemployment among older workers shapes attitudes towards intra-European immigrants. Meanwhile, 'New' Europe has been experiencing important, and in some instances troubling, political developments and tensions. The EU's eastward expansion, combined with Southern Europe's past economic stagnation, has emboldened new political forces that threaten mainstream politics. In the geopolitical context, further EU enlargement is a necessity, but it is not obvious that ratification of enlargement will be a straightforward process among the existing Member States.

Populist parties, especially right-wing populists, have exploited these tensions to pursue electoral success. Many such parties, including those on the left, derive their support from citizens who are ostensibly alienated from the EU. Their disaffection is the product of the EU's apparent lack of democratic accountability, the encouragement of the uncontrolled free movement of labour, and the imposition of financial austerity. Indeed, austerity has driven support for both the populist left and right. In Southern Europe, voters leaned toward parties determined to scale back austerity in the aftermath of the financial crisis.

Meanwhile, many in Northern Europe believe they have paid the price for Southern profligacy. Western Europe felt that Eastern en-

largement provided a cheap labour force, but also undermined labour standards, while the East resented always being treated as Europe's 'new members'. There a growing divide between Member States inside and outside the Eurozone. This has led to a situation in which social democrats have struggled to provide a credible narrative for Europe's future, while Euro-sceptics and anti-Europeans have been winning votes by protesting against the status quo. More importantly, the rise of radical and populist parties is fracturing support for traditional social democratic parties. The growth of the populists has challenged the hegemony that centre-left parties have sustained in Europe since the Second World War.

Another object lesson is that opposition to fiscal austerity on its own is not enough to win power. Of course, premature cuts have weakened growth, jobs and living standards. In Southern Europe, the pursuit of austerity threatened to unleash a social catastrophe. Nevertheless, centre-left parties have to show that they would be competent managers of the economy, articulating a coherent plan to deal with debt – and not just net public sector debt over the economic cycle, but unsustainable financial-sector and household debt. Social democrats have to demonstrate practically how they would govern in a world in which there is less money around for state spending, given the impending threat of secular stagnation in light of recent shocks, including the Covid pandemic and energy price inflation resulting from Russia's illegal invasion of Ukraine.

At the same time, just as globalisation and liberalisation have imposed new strains on the social and economic fabric of Western states, political institutions appear less capable of dealing with adversity. A 24-hour media cycle and social media scrutiny have made politics more transparent, but also more vulnerable to attack. Public mistrust of politicians and political institutions has weakened their legitimacy, as evidenced in lower turnouts at national elections. There is a new type of tension, as the voters demand long-term thinking in public policy but still seek immediate remedies and results, even though achieving change often requires what German sociologist Max Weber described as 'the strong and slow boring of hard boards'. As governments confront ever more complex global

challenges, they lack transnational mechanisms that can deal with the realities of interdependence while ensuring democratic legitimacy and consent.

The decline of social democratic politics, combined with the rise of globalisation and the weakening of representative democracy, have significant implications for the future of social democracy throughout Europe, as well as for Europe's wider political left. The strategic conundrum for progressive parties is that they are torn on the one hand between a worldview that emphasises multi-level governance and internationalism; and on the other, the magnetic pull of electorates towards enduring ties of nationhood, identity and belonging. It is social democrats who insist that, in a globalising world, sovereignty must be pooled to tackle collective challenges – climate change, trade, international crime, terrorism – exemplified by the left's defence of the EU, while mass migration is depicted as a necessary adjunct of economic growth. In the meantime, however, anxious voters are perplexed by the erosion of the nation-state's borders, alongside the cosmopolitanism and diversity that ensues.

Left-wing parties must not be distracted from confronting the underlying political forces. Centre-left parties are losing elections because voters seemingly do not trust politicians to protect their way of life against the impersonal forces of global change. As we have seen, Europe has pitched dramatically to the right in recent times, not only towards Christian Democratic and conservative parties, but also towards new forces adept at exploiting voters' fears about economic insecurity and immigration and their hostility to the EU. In the heartlands of European social democracy, from the Nordic states to France and the Netherlands, right-wing populists have been on the rise.

The left is losing, not just on the conventional politics of economic competence, but increasingly on the vexed politics of national identity. Nevertheless, the temptation to raise the drawbridge against immigration must be resisted. Flirting with a restrictive immigration policy is superficially plausible when the populist right is winning, but imposing arbitrary limits on migration is invariably economically damaging, as well as politically unprincipled. Instead, low wage

and vulnerable workers across Europe ought to be protected more effectively. Permitting the uncontrolled exploitation of low-cost labour in Eastern Europe has unquestionably put pressure on the entire European project. More safeguards against temporary work and zero-hours contracts are needed. And more needs to be done to prevent the conservative backlash against women, now and in the future.

The centre-left must articulate its own vision of a cohesive Europe underpinned by inclusive societies and a conception of sovereignty that accepts the nation-state as the main pillar of safety, security and belonging. Only by securing the trust and allegiance of citizens within the nation-state can the centre-left win the argument for international engagement and cooperation, the cornerstone of a liberal world order.

What centre-left parties have confronted in recent years is a recurring dilemma: their political coalition is fracturing as traditional political and social identities break down. The solution in previous eras was to deliver faster economic growth. Post-war social democracy was built on buoyant economic expansion: the 'golden age' of capitalist development from the 1940s to the 1970s created conditions for increasing public spending and redistribution. But the decline of growth rates from 6 per cent in the 1960s to less than 2 per cent since the 1990s has required social democrats to curtail or even cut spending in real terms. Moreover, lower growth rates increase hostility to redistribution among lower and middle-income voters. The claim to broaden the distribution of material prosperity is not a political message that social democrats can deploy as readily to resolve identity conflicts in an era of low economic growth.

The question confronted throughout this volume is whether the Left overall has a coherent strategy to deal with these tectonic shifts in the electoral and political landscape. What is needed, we argue, is a new politics of security that can, at the same time, tackle spatial and place-based inequality, while facing up to the climate agenda, environmental policy trade-offs and the goal of net zero, a topic ably examined in the compelling chapter by **Dan Jørgensen**.

Dealing with polycrisis

Achieving this new politics of security will be challenging in an environment of 'polycrisis'. As **Colm Murphy** highlights in his contribution, the notion of polycrisis is highly contested. But it remains important in underlining the interconnected threats the world currently faces, ranging from the impending catastrophe of climate change to the growing threat of military conflict in Europe and the Middle East.

Above all, the polycrisis narrative must not become an excuse for inaction. What is required is a positive agenda to restore social progress and ensure that the next generation are not left worse off than their parents. We must avoid what Andrew Gamble refers to as 'the politics of nostalgia and the politics of despair'. 'Despair' because it is claimed that social democracy has achieved little in recent decades in its acquiescence to neoliberalism. 'Nostalgia' because there is a hankering to return to the golden age of social democracy from 1945 to the late 1970s.

This worldview overestimates the reach of neoliberalism, which has not been able to roll back the state to the extent implied by critics of 'Third Way' social democracy. In the United Kingdom, we have seen the emergence of an Anglo-social model since the late 1990s, with far higher social spending. Expenditure on health care in many countries has more than doubled. And the post-war period was not quite the 'golden age' some now portray. In many European countries, it was Christian Democracy that too often shaped the post-war settlement. By the late 1970s, it was apparent that social democracy was resting on increasingly fragile foundations. Its class base was being eroded in the face of industrial change, while centre-left parties were ill-prepared for the wave of global restructuring that occurred from the late 1970s. Far from being an unalloyed golden age, the post-1945 era forced social democratic parties to wrestle with major economic and fiscal problems.

As such, social democrats must face the world as it is today. Instead of nostalgia and despair, what social democracy needs is a resolute focus on the 'challenges of the present'. We should acknowledge that

part of the task for social democrats originates in their very success in much of Western Europe since the Second World War. In reality, most key post-war social democratic aspirations had been realised in many Europe countries. But voters understandably wanted to know, what comes next?

Social progress has been far from universal. We are witnessing the continuing erosion of relatively secure working-class jobs and the fracturing of security. The politics of security will be fundamental to the next phase of politics in Europe. Security links together issues of economic security, personal security and global security; and insecurity tends to impact the most vulnerable in society (Esping-Anderson, 2012). Recent shocks have accelerated and deepened a number of existing trends that are making life less certain and more unequal for many (Gregg, 2012). And they have shown how much reform welfare systems need to undergo to cushion effectively against such shocks:

- Changing family formations mean more single parent households and polarisation between work-rich and work-poor households.
- The skill level required to get a job is rising in the wake of technological change, as **Florian Ranft** and colleagues show in their chapter. **Eunice Goes** similarly charts the rise of employment insecurity because of workers' growing reliance on irregular gig-economy jobs.
- Retirement ages are falling while life expectancy is rising and pension systems are becoming less sustainable.
- The risk of generational conflict is growing as today's retirees are comparatively well-off in comparison with younger families.
- Welfare states have been less able to absorb shocks and cope with market-based inequalities since the 1980s (Gregg, 2012).

Across Europe, social democratic parties must rise to this impending challenge of insecurity. This is a *sine qua non* of re-establishing the social contract, without which the number of those perceiving themselves to be 'left behind' will only grow, as will the strength of populist forces.

Towards an Open Left

To respond effectively to the rising challenge of insecurity, social democratic parties need a new intellectual paradigm. The main areas of reform are the economy and industrial policy (the central theme of **Matthias Ecke's** chapter); political and democratic reform; the rejuvenation of the welfare state; and a new internationalism in foreign policy, as elaborated by **Hana Jalloul Muro** in her contribution to the volume. The main feature of an 'open left' is a willingness to enter into dialogue with other political traditions to forge new ideas, as **Andrew Gamble** underlines in his chapter. Bridging the political divide today necessitates moving radically beyond traditional 'tax-and-spend' social democracy.

First and foremost, that means forging a new approach to market capitalism that recognises the importance of tackling concentrations of corporate and market power, governing the economy in the public interest. What is required is effective oversight of public utilities alongside an economy that gives more workers a stake in the system through profit sharing, a 'property owning' democracy, alongside the redistribution of productive assets. If Thomas Piketty is right and returns to capital ultimately always outstrip the rate of economic growth, capitalism has to be fundamentally reformed so wage earners share more comprehensively in the fruits of capitalist expansion.

Moreover, while social democrats have long relied on the centralised state to achieve their objectives, it is important to cultivate institutions between the traditional state and the free market that offer people with security, community attachment, respect for traditional roles and a sense of mutual obligation. Social democracy is seeking its own vision of a cohesive society backed by a notion of sovereignty that acknowledges the nation-state as the cornerstone of political identity. To find a path back to power, social democratic parties have to combine a forward-looking agenda for inclusive prosperity with a renewed emphasis on the communal attachments that give meaning to our lives in a world of unprecedented insecurity and upheaval.

Conclusion

Our central argument throughout this volume is that the coming decade must be defined by an approach to policymaking and politics that addresses people's concerns about nationhood and their sense of 'place', not just the living standards and welfare of individual citizens and households. Social democratic parties are not just about delivering good governance in power, necessary though that is. Despite their reputation as established parties of the status quo, they must be a force for ethical change and justice in society. They must affirm that the EU remains a positive agent of social and economic transformation rather than a neoliberal project.

This is the new frontier of politics: a distinctive space for social democracy that other parties are not in a position to occupy. It will be necessary in the next decade to focus resolutely on the new politics of security. In confronting this new world, the Third Way of the 1990s does not offer a particularly useful guide for social democrats. Even so, the core tenets of modernised social democracy should be built upon.

Firstly, we need a politics of production as well as distribution: social democratic parties cannot merely promise more social spending without showing how they will expand the size of the cake. Industrial policy can both enhance the productive potential of the economy while also creating more secure, well paid jobs – promoting both economic efficiency and social justice. That approach also requires a strategy for regulating markets that upholds the public good, addresses systemic risks, and reforms financial sector institutions that are considered 'too big to fail'. An industrial modernisation plan would rebalance our economies from past over-reliance on financial services towards knowledge-intensive sectors and hi-tech manufacturing. In reforming the tax system, there ought to be a major clampdown on cross-border tax evasion and fraud and a restoration of the progressivity of tax, using redistribution to tackle new inequalities.

Secondly, centre-left parties have to connect with new social movements, including communitarianism, ecological movements, the feminist movement and organised labour, in order to generate

political action, new thinking innovative ideas. No single political tradition has a monopoly on wisdom and truth.

Thirdly, we must promote the ongoing democratisation of our political systems, in the sense of both protecting the individual against the arbitrary incursion of government and market power, while ensuring that the state remains responsive and accountable. The era of the 'take it or leave it' state is surely over (Gamble, 2012).

Finally, the traditional welfare state, once regarded by social democrats as a key antidote to insecurity, is still in need of recalibration. The recent wave of fiscal crises should not distract us from the importance of enacting structural reforms to the European social model. The welfare state is too heavily skewed towards retirees at the expense of children and families. Across the EU, 40 per cent of social expenditure is devoted to the elderly and 27 per cent to health care, while just 7 per cent is allocated to programmes that support children and families (Gregg, 2012). This imbalance undermines both equity and efficiency.

This argument has very specific policy implications for the future of the welfare state. The first is that investment in young families, particularly universal free day care, has to be defended from short-term cuts in a period of fiscal retrenchment. These families are increasingly at risk from job and income insecurity; failure to address the problem will damage not only those families today, but the productive potential of Europe's future workforce (Esping-Anderson, 2009).

As a consequence, higher taxes are likely to be required in many countries. This second point is related to funding social care for older people and retirees. In the 1950s, workers outnumbered retirees in Europe by a ratio of 7:1; by 2025 the ratio will be 1:1. We will thus have to develop social insurance models that protect people against the catastrophic risk of rising care costs in old age, but that do not put an unsustainable burden on the rest of the welfare state (Esping-Anderson, 2009). The pain of adjustment that all our economies are experiencing will have to be managed:

- we have to address high social security bills, especially unemployment and sickness benefits;

- Taxes should focus not only on earned income, inheritance and wealth but on the digital economy and the need for carbon taxes;
- we must seek to reduce long-term care costs through preventative health care and greater promotion of self-care; and
- sustainable economic growth will remain pivotal to future public investment.

These are just a few ways in which social democrats can begin to address the new politics of security across Europe. The historical slogan of the Swedish Social Democrats is that 'secure people dare'. That ethos of supporting individuals and communities through change and enlarging the scope of freedom, with the state acting as an agent of empowerment and autonomy, remains pivotal to the future of centre-left politics.

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Governing in turbulent times: challenges for the centre-left

Andrew GAMBLE

Everyone agrees that these are turbulent times.[1] Governments are having to respond to a range of complex challenges in conditions of increasing uncertainty. The pace of change and the weakening of order is making the process of governing appear increasingly chaotic, with democratic governments unable to deliver what they promise, or to retain the support of their electorates. This is affecting all parties in Europe on both the centre-right and the centre-left that have been governing parties in the past few decades. It has also encouraged the emergence of new outsider parties, particularly on the nationalist right, which have eroded the dominance of the establishment parties and begun to threaten liberal democracy and the rule of law.

Social democracy in Europe

Social democracy has been in retreat for more than a decade. There are currently a few bright spots, including recent elections in Spain and Poland, but many black spots. Less than half of the 27 EU Member States currently have social democratic parties as members of their governing coalition. Some major social democratic parties, for example the French Socialists and the Dutch Labour Party, which used to be governing parties, have suffered catastrophic declines and show little sign of recovery. In many European countries nationalist right-wing parties, including the Alternative for Germany (AfD) in Germany and National Rally (*Rassemblement National*) in France, have been gaining ground. Traditional centre-right parties under threat from the nationalist right are increasingly willing to do deals with them at local, regional and national levels. Previously the par-

ties of the Centre refused to ally themselves with nationalist right-wing parties so as not to give them legitimacy, effectively excluding them from power. But this has begun to change. In many EU Member States in Eastern Europe social democracy has traditionally been weak and has struggled to embed itself as a mainstream movement.

Two decades ago social democracy was the leading political and governing force in Europe, but since the 2008 financial crash this has ceased to be the case. It does remain powerful, however. In the 2020 European Parliament (EP) elections it emerged as the second largest grouping with 18.5 per cent of the votes and 147 seats. This represented a decline of 44 seats from 2015. The upcoming EP elections in 2024 will be a significant test for European social democracy. Social democrats face acute demographic and electoral challenges, and because of their participation in governing coalitions over so many years they are widely perceived as parties of the established political order, and therefore responsible for governing failures of recent years, especially on issues related to the economy and immigration. Social democratic parties have had to confront the challenges arising in three crucial areas, namely geopolitics, political economy, and governance and culture. At the same time, these problems are overshadowed by two cross-cutting existential crises, the proliferation of nuclear weapons and the climate emergency.

Another thing making the contemporary period so turbulent is that political leaders and citizens across the world are having to come to terms with the recklessness of our civilisation and its enormous capacity for destruction, as well as for creation. We have already opened Pandora's Box twice by developing nuclear weapons and by making our prosperity so dependent on the cheap energy provided by fossil fuels. Some think we are in danger of opening it again with AI. Many of the changes that human ingenuity and enterprise have introduced are irreversible and have ushered in a much more uncertain, complex and dangerous world. The anxieties that this creates fuel support for those who choose to deny that there are new risks and who advocate dealing with increasing complexity and uncertainty by returning to the simple truths of national sovereignty, such as closed borders, protectionism and nativism. The European

centre-left, if it is to have a future, has to fight for openness, coopera-tion and multilateralism. But it is likely to be successful only if it can reconnect with the great tradition of protest and reform from which the parties of the centre-left originally emerged.

Geopolitics

A successful centre-left politics must grapple with the challenges of geopolitics. Two current issues exemplify this: the war in Ukraine and relations with China. The Russian invasion of Ukraine in 2022 marked the end of the long effort made over the three decades since the end of the Cold War for Europe and the West to co-exist with Russia. Russia's attempt to change international borders by force and to deny the right of self-determination to any peoples it deems to be within the Russian 'sphere of influence' poses a fundamental challenge to the league of democracies which came together to form the European Community and later the European Union. If Europe was to abandon Ukraine and see it swallowed up by Russia the basis of both the European Union and NATO would be called into ques-tion, as 'Greater Russia' claims many lands currently within both. If an independent Ukraine becoming a member of the EU and of NATO is an existential threat to Russia, then so too are Estonia, Latvia and Lithuania. Europe's ability to resist Russia and support Ukraine, Moldova and Georgia – and in the future Belarus – will determine the outcome of a battle not only over its own security but also over democratic values. Russia under Putin has become increasingly au-thoritarian and illiberal and a champion of so-called 'sovereign de-mocracy'. It is no accident that the nationalist right across Europe, from Orbán to Farage, openly sympathises with Putin and his illiber-al, authoritarian politics. The external struggle against Putin cannot be divorced from the internal struggle against the nationalist right. Olaf Scholz was right to declare the Russian invasion of Ukraine a *Zeitenwende*,[2] and to insist that it could be tackled only within the framework of Europe.

In his speech on 27 February 2024 Scholz recognised the difficul-ties of navigating a course that resisted Russian aggression by giving

Ukraine the means to defend itself and regain its lost territory, while at the same accepting that a return to durable peace and security in Europe required at some point re-establishing relations with Russia. The problem for Europe's leaders is imagining how the war might end. A Russian victory would plunge Europe into deep crisis, but a Russian defeat would pose different dangers, the potential collapse of the Russian Federation and the unwinding of the last of the great European Empires, bringing with it a threat of acute instability and insecurity. Only a democratic Russia can guarantee a new era of European peace and security, but a chaotic collapse of Putin's Russia at some stage is more likely, bringing with it a further shift towards extreme nationalist forces and the fragmentation of the Russian state. Europe has a vital interest in preventing the division of Russia by warlords and militias, not least because of the still huge nuclear arsenal that Russia possesses – 6000 nuclear warheads and 1674 deployed missiles.

Another major geopolitical issue, the rise of China, also poses fundamental questions about European security. China's turn to a more authoritarian style of government under Xi Jinping has turned it into a strategic competitor of Europe and the United States. The era of Reformist China[3] is long gone, and with it the hopes that China might develop into a full partner in the international system. In its place has come the rising threat of a new Cold War and the emergence of a bipolar or multipolar world. This threatens the fracturing of the world order and has brought to the fore new issues of economic security. If a rules-based system of international trade and investment can no longer be taken for granted then supplies of essential commodities, such as energy, food and raw materials, and the viability of key industries, particularly high tech sectors, become a key focus for national governments. When China is perceived as a strategic competitor all relationships and dealings with it on the part of European governments must be re-evaluated. In the past few years a watershed has been crossed, marking the definitive end of the era of post–Cold War prosperity, from the collapse of the Soviet Union until the 2008 financial crash, the last period in which social democratic parties were in the ascendancy in Europe. For a time many

European governments attempted to maintain the cooperative trading and investment relationships with China that had underpinned post–Cold War prosperity, but gradually – and particularly since the Covid-19 pandemic – it has come to be widely recognised that the old relationship with China cannot be sustained. Security has begun to trump trade.

The risks to prosperity and an open, cooperative world order of the kind essential to social democratic politics are severe. At the extreme, a new zero-sum politics threatens, leading to a politics of containment, regional blocs and protectionism. Isolationist forces in the United States have reinforced the pressures towards that conclusion. European states and many of its political parties – in particular those of the centre-left – have strong reasons for resisting attempts to sever trading and investment links with China. Keeping open the possibility of dialogue and cooperation in areas of mutual interest, while maintaining vigilance about the nature of the Chinese state, is essential if the possibility of an open world order is to be preserved. If insular nationalism triumphs, whether it belongs to the left or the right, it will be a major setback for centre-left parties across Europe because it will encourage national chauvinism and authoritarianism rather than multilateralism and democratic dialogue.[4]

Political economy

There is a second set of challenges in political economy. The four key issues are the climate emergency, economic growth, the tax state, and immigration. A successful governing strategy for the centre-left must engage with all four.

The climate emergency has been given increasing priority in the past ten years, at least rhetorically, especially through the UN Climate Conferences. Achieving net zero and making economic growth *green* growth have become key targets for the international community, but implementation remains painfully slow. One of the greatest political difficulties affecting governments' efforts to tackle the climate emergency is that while the science is clear about the long-term consequences of climate change and human responsibility for

them, there is much less certainty about the timing of the impacts and how urgent it is for societies to act. This has allowed domestic lobbies to form that argue against precipitate action to achieve net zero because it could undermine existing economic growth and living standards. But from the perspective of climate science the danger of delay in reaching targets might push temperatures beyond safe levels and trigger tipping points that destabilise the biosphere. Extreme climate events are multiplying and a range of other grave dangers, such as species extinctions, the destruction of habitats, and ocean acidification add to the sense of gloom many have for the future of the human species.

One of the central arguments of the opponents of net zero targets is that anything that slows down economic growth reduces the very resources that will be needed to handle the adaptation of societies and economies to the changing climate and diminishes public support for radical green initiatives. This feeds into a wider problem for centre-left political economy. Since 2008 European economies have struggled to make a full recovery from the 2008 Crash. Austerity has been followed by stagflation and a cost of living crisis, exacerbated by the shocks of the pandemic in 2020 and 2021 and the Ukraine war since 2022. The stagnation of wages and of living standards reflects an underlying productivity problem in mature economies. Not only has this eroded support for centre-left political parties but it has made it very hard for them to keep their promises when in government.

This is linked to the next problem of centre-left political economy, managing the tax state. Successful management of spending, taxation and debt is crucial for gaining a reputation for economic competence. Centre-left parties in opposition tend to raise expectations about what they can achieve through the state for their voters and the interest groups with which they are most strongly aligned. Meeting these expectations in government against a background of stagflation and austerity is extremely difficult. It is no accident that the periods most often associated with centre-left electoral success, such as the late 1990s and early 2000s also experienced relatively strong economic growth and benign economic conditions. Redistrib-

utive politics is much easier under such circumstances. A priority for any successful centre-left governing strategy must therefore be to boost and sustain the rate of economic growth.[5] But the climate emergency now imposes a huge constraint on how this can be done. In response, centre-left parties have championed green growth as the only way of avoiding a zero-sum politics of redistribution and a strategy of de-growth. This is the thinking behind the Biden Administration's Inflation Reduction Act. It is an ambitious attempt to channel vast funds into the renewal of the US economy through investment in the green technologies and industries of the future. If it works, it will provide jobs, while raising both incomes and government revenues. But the Biden Administration has so far found it hard to convince voters that its economic policies are working and will deliver the kind of long-term growth that is compatible with both saving the planet and satisfying their expectations of improving living standards. The cost of living crisis continues to dominate.

In the past, economies in trouble, with growth and living standards flatlining, and economic insecurity exacerbated by inflation and technological change, have often proved to be seedbeds not for social democracy but for various forms of populist nationalism. One of the biggest challenges facing centre-left parties is immigration. This is another cross-cutting issue with implications not just for political economy and governance but also for geopolitics. It is part of the wider issue of demographic change, and a key indicator that many nations are no longer able to reproduce themselves to keep their populations constant, let alone growing. This poses multiple challenges, in particular the cultural and economic aspects of ageing populations, including the affordability of welfare states and the willingness of the young to pay for them. Another issue related to migration is the growth of dependency in many countries, which reflects a further shrinking of the number of people in employment. The easiest short-term solution to these problems for both employers and governments is to increase the flow of legal immigrants. This process can be controlled by imposing particular conditions on the granting of visas, such as rules of eligibility. On top of this there are illegal immigrants and asylum seekers. There are far fewer of these

but their political visibility or salience is often much higher. Immigration at current levels is increasingly generating anxiety, insecurity and resentment, and has proved the main recruiting tool for parties of the nationalist right. Immigrants are held to threaten not just jobs, but also identities. However, Western economies are increasingly dependent on them to fill the gaps in the labour market that home citizens are either unwilling or unable to fill. No centre-left politics can succeed unless it has a workable policy on immigration. If immigration is seen to be 'out of control', then the Centre-Left will lose the argument to the nationalists. The nationalist position will always outflank any policy based on numbers by insisting that it should be lower, and claiming that its opponents want to see open borders. The centre-left has to counter that by setting out clear principles specifying who is eligible for visas, combined with policies that address underinvestment in schools, hospitals, housing and public transport, which are so often the sources of anti-immigrant feeling.

Governance and culture

The third major challenge facing centre-left politics stems from issues of governance and culture, of which immigration is a prime example. To be successful, centre-left politics needs an active and effective government, presiding over an extended rather than a minimal state with the capacity to deliver complex, long-term programmes. In democracies one of the key factors required for building such capacities is trust between government and population. In the decades after 1945 trust was generally high, but in recent years it has declined in many European democracies, providing nationalists with an opening. The erosion of trust is a major problem for centre-left politics because it relies on a high level of cooperation and legitimacy for its policies to work.

The rise of the nationalist right is a symptom of this decline in legitimacy. A discourse rooted partly in nationalist mainstream media but thriving mainly in new alternative forms of media questions the very existence of truth and evidence and has generated a plethora of conspiracy theories and 'alternative facts'. This discourse rails

against what it calls 'the global elite' and poses as anti-globalisation, anti-multilateralism, anti-multiculturalism, anti-expert and anti-science. This is a new politics of friends and enemies. The enemies are the liberal 'woke' elites dominating established parties, the bureaucracy, the universities and, increasingly, large corporations. Other enemies include immigrants, especially Muslims, asylum seekers and the LGBTQ community. The nationalist movements in Europe are trying to establish a new demographic politics, based on natalism and nativism. There are some libertarian strands within the new nationalism, as in the Netherlands, but in general its central impetus is the re-establishment through a mixture of financial incentives and legal restrictions of the traditional family and a gendered division of labour.

Centre-left politicians sometimes behave as though they agreed with Michael Oakeshott, an English conservative philosopher, who described political activity as sailing 'a boundless and bottomless sea; there is neither harbour for shelter nor floor for anchorage, neither starting-place nor appointed destination. The enterprise is to keep afloat on an even keel.'[6] Oakeshott was sceptical of grand visions of social progress. Although centre-left politicians reject such pessimism, many, such as Bernard Crick, came to see political activity as a series of practical adjustments and compromises and partial improvements. Nevertheless, Crick was the first to acknowledge that centre-left politics still needed principles and vision to instil confidence and purpose and to effect change. It also needs an ability to think in different timeframes and at different scales. So much of politics is focused on short-term events and pressures. To survive, politicians must learn how to control and respond to them. But centre-left politicians are also interested in transformational change, and that requires long-term thinking, for example, about how to change incentives and behaviour, as well as an understanding of how different issues are interlinked.

Amidst all the scepticism and fatalism of our culture, centre-left politics must still be founded on certain key principles, such as faith in democracy, faith in rational argument and evidence, faith in a politics of cooperation, pluralism and compromise, and faith in new

political generations. Such faith should never be unconditional, but without it centre-left politics loses its purpose. Democracies can be painfully slow-moving, and the task of persuading millions of people to support changes that bring about sustained long-term improvement is very hard, but it is the only sure way of making those changes permanent. Enlightened dictatorship is still dictatorship. As long as democratic institutions are preserved there is a chance that mistakes can be reversed and leaders replaced.

Centre-left politicians must also be committed to rational argument and evidence. These are never complete but without them policy and politics run adrift. The popularity of conspiracy theories about the pandemic and about climate change highlights the dangers of abandoning a commitment to truth and objectivity. The institutions, such as public service broadcasting, that uphold the principles of rational enquiry and impartiality had to be fought for. They are an essential part of our democracy and have to be defended against increasingly vitriolic attack. The destruction of these institutions paves the way for authoritarianism and dictatorship. Such institutions are also vital for supporting the politics of cooperation, pluralism and compromise that the centre-left exists to promote. Political extremism only encourages a politics of friends and enemies. The illusion it peddles is that a solidaristic, uniform mono-cultural national community is better than a free, decentralised, diversified multicultural community created by an open and flourishing democracy.

Finally, centre-left politicians have faith in new political generations. Many fashionable detractors of progress insist that the modern world is a huge mistake. But the modern world is the only one we have. It is true that there has been no linear progress. There have been many ups and downs, some of them calamitous. But it is also possible to point to many measurable improvements.[7] Centre-left politicians have played an important role in campaigning for these and implementing them. Despite all the difficulties and setbacks the appearance of each new political generation gives hope that the momentum towards a better future can be renewed.

A programme for the centre-left

Centre-left politics is about practical problem-solving, but it is also rooted in a social democratic vision that has been influenced by many different progressive traditions. Its core contemporary elements can be summarised as follows:

(i) *An open multilateral international order.* The centre-left defends the multilateral institutions established over the past eight decades, while seeking constantly to reform and improve them in order to move beyond the Western-centric order of the past and to make them more effective in responding to the challenges we face.

(ii) *An inclusive and sustainable economy.* This entails shifting policy away from growth at any cost and maximising shareholder value towards safeguarding the biosphere and maximising value for all stakeholders, with a special focus on households and local economies. It also means seeking to create a more decentralised, more egalitarian and more sharing economy. At the root of this vision is a moral economy rooted in socialist tradition to inspire a transformative political economy which starts with households and their needs rather than markets and states.

(iii) *A remodelled welfare state.* The universal comprehensive welfare state is one of the centre-left's most important achievements. But nothing stands still, and there is a need for radical action to reform the welfare state in order to preserve it for future generations. New methods of funding and new methods of delivery have to be explored to promote the centre-left vision of providing not just basic but comprehensive services for all.

(iv) *A renewed democracy.* Defending the rule of law, promoting equal rights, assuring media plurality, and safeguarding freedom of association and freedom of speech are not minor issues but should be central to a centre-left politics, especially when all these cornerstones of democracy are threatened by the rise of the nationalist right.

The centre-left needs a new governing strategy, but given its precarious position in so many of the political systems it used to dominate it first of all needs a new electoral strategy. It needs to rediscover the power of insurgency to reconnect with the concerns and interests of voters. The centre-left must combine a politics of material interest with a politics of identity, place and belonging and a politics to sustain the order and rules and resources we need to live a good life. It has to re-establish itself as a broad-based coalition that is both cross-generation and cross-class. Its most immediate priority is defending democracy across Europe. As Thomas Mann once said, 'It is a terrible spectacle when irrationalism becomes popular'. Quoting Mann in 2018 Frank Walter Steinmeier added: 'It is now up to us to make sure it does not become easier once again to defame democracy than to defend it.'[8]

Endnotes

1   This essay draws on Gamble, A. *Open Left: the future of progressive politics* London, Policy Network 2018.

2   https://www.bundesregierung.de/breg-en/news/policy-statement-by-olaf-scholz-chancellor-of-the-federal-republic-of-germany-and-member-of-the-german-bundestag-27-february-2022-in-berlin-2008378

3   The very useful reports by MERICS https://merics.org/en identify four possible scenarios for China: Shaky, Confrontational, Successful, and Reformist.

4   Telo, M. *Multilateralism past, present and future: a European perspective* (London, Taylor & Francis, 2023).

5   One of the most important recent contributions to the debate on centre-left economic policy is Resolution Foundation and Centre for Economic Policy, LSE, *Ending Stagnation: a new economic strategy for Britain*, Resolution Foundation, December 2023.

6   Oakeshott, M. *Rationalism in Politics* (London, Methuen, 1962), p. 127.

7   Ritchie, H. *Not the end of the World: how we can be the first generation to build a sustainable planet* (London, Chatto & Windus, 2024).

8   https://www.bundespraesident.de/SharedDocs/Downloads/DE/Reden/2018/06/180619-USA-Thomas-Mann-Haus-Englisch.pdf?__blob=publicationFile&v=3

The polycrisis diagnosis and its problems

Colm MURPHY[1]

Introduction

'Polycrisis' has become a term of art in western European and north American political analysis. Responsibility for this lies – as it so often does – with former European Commission President Jean-Claude Juncker. During a speech he gave in Athens in summer 2016, in which he sold the Commission's policies for austerity-era Greece and exhorted the United Kingdom not to vote for Brexit, Juncker revealed that he saw the 'current situation' as a 'polycrisis' (Juncker, 2016). Taking his cue, scholars of the European Union have used the term 'polycrisis' to conceptualise the troubles that have beset European integration since the Great Financial Crash of 2008 (Zeitlin, Nicoli and Laffan, 2019).

In English-language analysis, however, the popularity of 'polycrisis' soared in the 2020s. Pivotal here was historian Adam Tooze, who borrowed the term from Juncker for his pandemic book *Shutdown* (2021) and has since published several essays diagnosing our moment as a polycrisis. After this, the term began to appear everywhere, from the reports of consultancy firms to the miscellany of the World Economic Forum.

But what exactly is a 'polycrisis'? Why has the concept gained such popularity? And what implications does a 'polycrisis' have for progressive forces in the 2020s and beyond? This chapter will explain, first, what the term 'polycrisis' is trying to capture: a conjunction of political, economic and social disorders that, through their interactivity, have become more severe, more far-reaching and more consequential than other crisis moments in recent history. It will

then discuss several problems with that diagnosis. Most importantly, thinking in terms of a 'polycrisis' risks disabling the agency of social democrats and progressives to respond to the challenges they confront. The chapter will end with potential implications both for those who find clarity in the 'polycrisis' frame, and those who do not.

What is it?

For many of those using the term, a polycrisis is a dense matrix of interlocking and mutually reinforcing disorderly processes in world politics. The argument goes something like this. All of us are forced to confront multiple and escalating crises. Think of how often we use phrases such as 'climate crisis', 'crisis of democracy' or 'crisis in the Middle East'. These crises operate in terms of different logics and have distinct origins. But they overlap and synchronise, not just temporally, but also politically, economically, socially and culturally. Consequently, and importantly, these crises amplify each other through feedback loops. This has brought us to a threshold point in the 2020s: a time of heightened danger, destabilisation and radical uncertainty.

Juncker provided a concise definition with specific reference to Europe:

> I have often used the Greek word 'polycrisis' to describe the current situation. Our various challenges – from the security threats in our neighbourhood and at home, to the refugee crisis, and to the UK referendum [Brexit] – have not only arrived at the same time. They also feed each other, creating a sense of doubt and uncertainty in the minds of our people. (Junker, 2016)

For Tooze, who traced the concept back to 1970s French social theory, the most insightful aspects of 'polycrisis' talk are radical uncertainty and feedback loops. Global politics confronts 'multiple macroscopic risks hedged with great uncertainty' and 'their interactions tend to be escalatory' (Tooze, 2022).

When people use the term they are thus trying (rather ambitiously) to bring together into one analytical frame a considerable num-

ber of distinct challenges. The exact configuration varies, but these challenges usually include:

- *The climate emergency and the gigantic, disruptive and costly state, market and social projects that will be required to tackle it.* The latest reports from the Intergovernmental Panel on Climate Change (IPCC) identify a high probability of 'multiple and concurrent hazards' from global warming on current trajectories, including the destruction of human and non-human habitats, disease, increased morbidity, intensified weather shocks and food chain disruption. (IPCC, 2023). Even a successful green transition would involve transformations in everyday life. It would also be hugely expensive for both the public and private sectors. Estimates for the United Kingdom suggest that the green transition will require 50–60 billion pounds (£) a year after 2030 (Jude, 2023); in France, the annual extra cost to the government alone was estimated as between 25 and 34 billion euros (€) (Pisani-Ferry and Mahfouz, 2023).

- *'Culture wars' or worsening cultural cleavages.* The politics of migration and border security has been corrosive in western Europe and north America for some time, as has the politics of multiculturalism and integration – with significant implications for mainstream and extreme politics (Abou-Chadi and Krause, 2021; Sobolewska and Ford, 2021). Conspiracy theories thrived during the pandemic lockdowns, including in the so-called *Querdenken* ('heterodox') movement. As I write, Western politics is sharply polarised over the legitimacy of protest against the Israeli government, and about the demarcation of antisemitism and Islamophobia, a dispute which is being played out on the streets, on campuses, and in the traditional and social media.

- *Actual wars*, seen most obviously in Russia's invasion of Ukraine, the Hamas attacks, the violent Israeli response and the humanitarian crises and potential war crimes associated with all three. Growing geopolitical competition between the United States and China and their allies has also had far-reaching consequences in trade policy, aid, monetary systems and

global infrastructure. We are now in a 'multipolar' international order, which potentially (if not inevitably) has destabilising consequences (Martill and ten Brinke, 2020).

- *The fragility of liberal democracy and rise of authoritarianism.* 'Illiberal democracy' seems to be on the march in the West. The 2016–2020 US presidency of Donald Trump, the ascendancy of Orbanism in Hungary, and the electoral march of Rassemblement National are frequently cited. The most recent example at the time of writing is the election victory of the Partij voor de Vrijheid in the Netherlands. Attesting to their political strength, 'right-wing populist parties' in Europe have exhibited some of the characteristics of the classic 'mass parties' (Albertazzi and van Kessel, 2021). Relatedly, there remain deep inequalities in political participation, and signs of increasing alienation from longstanding democratic systems (Mair, 2013; Patel, 2023).

- A new wave of *technological change* – especially 'artificial intelligence' based on large-language models (LLMs) – and its potentially pernicious implications for everything from misinformation to employment. Recent turmoil in the governance of one of the most significant companies in this sector, OpenAI, illustrates the uncertainty about the implications of this new technology, even (or especially) among its progenitors (Waters and Thornhill, 2023).

- *The return of inflation and the unwinding of the near-zero-interest-rate loose monetary policymaking paradigm.* Inflation has led to sharp spikes in the cost of essentials, such as food and energy. The policy solution – rising interest rates – has inegalitarian consequences. While inequalities have, overall, lessened in the modern era, in the past few decades and in key areas – notably wealth inequality – they have not (Piketty, 2021). As a result, inflation and its management have brought a number of dangers, including class conflict, generational conflict, emerging economy debt burdens, and contestation over macroeconomic governance. It also makes public debt more expensive, which is already under pressure in the West due to ageing populations

and the climate transition. A recent analysis commissioned by the French government estimated the 'risk' to French public debt from transition policies at around 25 per cent of GDP by 2040 (Pisani-Ferry and Mahfouz, 2023). Notable political scientists have raised the spectre of the 'fiscal crisis of the state' in the age of 'climate catastrophism' (Hay, 2023).

The 'polycrisis' is not just a list of threats. These challenges are profoundly interrelated – and they tend to make each other worse. The interactions between climate change and public debt burdens in the last bullet point present a striking example. In Tooze's words, the 'whole is more dangerous than the sum of the parts' (Tooze, 2022a). His point can be illustrated with a recent example. Because of Europe's fossil-fuel energy dependencies, the war in Ukraine led to a destabilising spike in energy costs, which fuelled an inflationary surge, which led to a price shock that disproportionately harmed the poorest in our society. This pushed up interest rates, which makes borrowing for the climate transition more expensive, which endangers Europe's attempts to transition away from energy dependency on hostile foreign powers ... and so on.

For Tooze, it is this aspect that makes our moment distinct from other crisis periods, such as the 1970s. In that decade, analysts attributed the disorder to a single cause or a small set of related causes – even if they disagreed on what those were – which allowed them to posit a solution. So if the problem was government 'overload' and public sector inefficiency, privatisation and market mechanisms were the answer. If it was fiscal and monetary incontinence, depoliticised macroprudential governance was what the doctor ordered. If the cause of disorder, on the other hand, was systematic underinvestment, inequality and unemployment on a continental scale, something like an ambitious, neo-Keynesian 'Social Europe' agenda would make more sense. 'What makes the crises of the past 15 years so disorientating', in contrast, is 'it no longer seems plausible to point to a single cause and, by implication, a single fix' (Tooze, 2022b).

Disabling agency

Scary stuff, right? When one bundles these challenges together and narrates them in this way, the polycrisis can seem terrifying. It's revealing that, when Tooze deploys the concept, he liberally uses words such as 'disorientating', 'nerve-wracking' and 'precarious', and has talked about polycrisis thinking as a kind of 'therapy' (Tooze, 2022; Tooze, 2023).

That might be important. In this chapter, I want to suggest that thinking in terms of a 'polycrisis' risks disabling the agency of progressives to transform the world around them. It is hard to argue that the analysis is too pessimistic, exactly. However, if progressives turn to 'polycrisis' thinking, they will have to rely on intellectual maps that are, fundamentally and inevitably, characterised by maze-like circularity and intimidating complexity. Using a map like that is not necessarily wise: it might be hard to work out where one is supposed to go.

There are a few reasons for this. Firstly, the 'polycrisis' is a *description* (albeit a formidably complex one) of a single moment of uncertainty, danger and disorder (the early 2020s). As such, it is not a 'turning point': there is no obvious way out, no clear 'end point', and nor is there a 'root cause' or 'underlying logic'. In other words, there is no temporal directionality or causal primacy in 'polycrisis' thinking. The point that Tooze and polycrisis advocates seek to make is not just that historical change is complex and involves multiple factors operating on different timescales and interacting in a contingent way. That is always the case.[2] Instead, they assert that it is not at all obvious, from our vantage point, what factors are driving our disorder, and which will define the future. There are simply too many problems, too much chaos (Tooze 2022c). Tooze comes close to implying that our moment is unprecedented in all modern history.

There are, of course, strong grounds for rejecting a naïvely linear view of the 'progress of history'. We remember the hubris of Western policymakers in the 1990s, who drank from the 'end of history' Kool-Aid. Nonetheless, polycrisis thinking is at the opposite extreme and it has disturbing implications for those engaged in actual politics. It

gives a politician absolutely no idea of where to act or intervene to achieve lasting and positive change. Nor does it offer any historical parallels from which to draw cautious lessons. In the situation of a polycrisis, where should the progressive or social democrat apply special political pressure, devote more organisational resources, or focus policymaking efforts? By *intellectual design*, there is no answer to that question.

As a result, thinking of our moment as a *polycrisis* may end up promoting managerial and reactive governance over transformative and strategic governance. It is revealing that the term 'polycrisis' was adopted by Juncker, a veteran elite fixer, and that it is now described as 'apt' by the centrist US Democrat Lawrence Summers and bandied about at the World Economic Forum at Davos. Managers of the existing configuration of power and wealth in our societies find the concept of 'polycrisis' intellectually attractive because they recognise that the world-spirit of the 1990s (globalisation and liberal democracy) has stalled. But the polycrisis allows them to describe this breakdown without seriously addressing any of the structural inequalities or injustices embedded within the unipolar, market-liberal world of the recent past.

Critics of the term have noted this, such as Inderjeet Parmar (2023), who has called the concept a 'liberal buzzword'. The perceptive and pugilistic American writer John Ganz has pinpointed the problem. While recognising its descriptive power, Ganz suggests that the word does not really conceptualise the problem in the way that social theory should: it is too baggy, too imprecise, and too shy of making analytical choices. As a result, he suggests that the 'polycrisis' frame fails to offer a progressive strategy, and instead only legitimises a politics of technocratic management. For Ganz, the polycrisis is the 'Keynesianism of Despair' (Ganz, 2023).

This is, one might add, a rather inopportune time for progressives to despair. In Europe, the Americas, south Asia and elsewhere, the authoritarian, illiberal right are on the march. They seem to have little compunction about asserting that some crises are more important, or more real, than others. They have diagnosed a select number of evils: migration, 'wokeness', the decline of 'traditional values'

and the erosion of national sovereignty. In response, they advocate disturbing policy agendas, from the marginalisation of ethnic and religious minorities and the brutalisation of migrants to attacks on the free press, democratic institutions and the rule of law.

We do not need to ignore the gaping contradictions or the morally disgusting implications of their policies (Garland, 2023) to grasp that the stories they tell motivate their grassroots and help organise their elite behaviour. Crucially, these stories alight not on the *complexity* of the 'polycrisis' but rather on the *simplicity* of perfidy. Liberal elites in Brussels/London/Washington, they tell their prospective voters, have demeaned, deceived and betrayed you, and you should fight back. In this light, it is especially dangerous for progressives and social democrats to trap themselves in a position in which all they can do is talk about how difficult everything is. To respond to the threat of the far right, the liberal left will need to mobilise coalitions of support and enact tangible policy agendas, and that will require clear, directional thinking.

The second reason that 'polycrisis' thinking might disable the agency of progressives is psychological. It is admirably frank of Tooze to state explicitly that the appeal of 'polycrisis' thinking to him is partly its 'therapeutic' aspects. For Tooze, it is a 'message of relief' to be able to 'name' the chaos (Tooze, 2022c). But that can encourage potentially unhelpful responses. In an interesting essay, the writer Alastair Benn suggested that the popularity of polycrisis can be explained partly by technology, specifically, social media technology, which constantly bombards those of us who follow current affairs with a disordered feed of chaos, suffering and danger. The polycrisis is a 'conscious attempt to deal with the technologically mediated reality we find ourselves in' (Benn, 2023).

Benn has a solution to this, but it is profoundly individualistic. Drawing on Jungian theory, he suggests that the best response is to seek 'consolation' at a time of 'instability' by 'turn[ing] inwards' and pursuing 'inner images'. That may well be good advice for mental health – I am not a psychiatrist – but it is not necessarily the most helpful takeaway for a movement founded on collective action, which builds pluralistic, solidaristic coalitions across societal divi-

sions to secure a just, sustainable and equal future for all. Bluntly, that historic mission requires us to turn outwards, not inwards.

Ways forward

If social democrats and progressives want to think about their governing projects as a response to a *polycrisis*, therefore, they should answer these questions. First, do they think the polycrisis will end any time soon? And second, do social democrats have a positive vision of what an 'end' to the polycrisis might look like?

The first question asks, in other words, whether we are in reality living through a historical 'conjuncture', for example, like the 1930s or 1970s? If so, then the 'polycrisis' would thus instead be another word for the transitional 'morbid symptoms' of a situation in which, as Gramsci famously noted, the 'old is dying and the new cannot be born'. It is an uncertain period, but it will end. There will be a new hegemony.

Alternatively, are we experiencing something genuinely new and more dangerous, with no obvious end in sight? Personally, I can see the utility of 'polycrisis' only in this scenario.

If we are in a polycrisis, then the answer to the second question might well be a flat 'no'. After all, if there is no obvious end, then there is no obvious end goal either. The argument would go something like this: we are at the mercy of forces far larger than ourselves, we do not understand them, so let us just keep the show on the road as much as possible and try and protect the vulnerable as best we can.

But given the scale and severity of the challenges that confront us, I think many readers will find that answer an abdication of responsibility. Can social democrats, then, develop a positive vision of the future in a world in crisis? Can they develop political and governing strategies that build new, resilient coalitions of support, domestically and globally, which will underpin a new, progressive settlement?

I do not think we need to agree, ultimately, on whether this moment is a 'polycrisis' to come up with some constructive agendas. After all, building coalitions for progressive policies means, by defi-

nition, working with people who think differently. And there is some overlap between those who think in terms of polycrisis and those who situate themselves within more established intellectual cartographies. To conclude, I will therefore discuss potential ways forward for both those progressives who accept the concept and those who do not.

Overlap I: Egalitarian risk management

If there is a polycrisis, there may yet be a more positive role for social democrats, beyond technocratic crisis-fighting. This would be to focus on using the state and civil society to actively manage *risk* in a fair and egalitarian way.

One way of defining the polycrisis is as a convergence of escalating and multiplying *risks*. That is why its adherents often talk about *uncertainty*. The language of 'risk' is innately probabilistic. This may be why it appears to have technocratic implications for government. Very often, when we talk about risk, we don't talk of eliminating it – that is technically impossible. Instead, we seek to manage it. There's a reason why people in the financial sector who are paid far more than they should be call it 'risk management'.

But that's not the only way we can govern risk. You can also *derisk* problems – reduce risk. Or, more accurately, redistribute risk from one group in society to another. If the 'polycrisis' is essentially the destabilising convergence and amplification of risk, then one progressive/social democratic response might be to consciously reduce, redistribute and socialise risk in society.

This is all a bit abstract, so what do I mean in practice? Well, it is notable that emerging industrial and trade policy agendas in the EU and, particularly, Biden's America are justified as 'derisking' projects. This applies to both derisking green investments for the private sector and building up trade 'resilience' through 'friendshoring' and reducing 'dependence' on malign foreign actors by rebuilding domestic capacity (for example, Sullivan, 2023). Similarly, in the United Kingdom Keir Starmer's Labour Party has strongly embraced the theme of 'security' in its electoral messaging and policy thinking,

including Shadow Chancellor Rachel Reeves' advocacy of so-called 'securonomics' (Reeves, 2023).

Left-wing critics of Bidenomics have attacked the implications of derisking private sector investments in green technology and industry. They warn of private sector enrichment and 'disorderly' decarbonisation (Armanath et al., 2023; Battistoni and Mann, 2023; Davies, 2023). But if the outcome is significant and irreversible capital expenditure on green industry, which has wider Keynesian implications, and if the process is managed by an active state, then it is certainly defensible on progressive and social democratic grounds (Mason, 2023; Dibb, 2023).

Redistributing risk is relevant not just for industrial and trade policy. In the United States, there has also been a revival of electoral appeals to workplace security, and a resurgent trade union movement (Bushey and Rogers, 2023). In the United Kingdom, the Labour Party has also drawn up some relatively ambitious plans (in an Anglo-liberal context) for strengthening individual and collective workers' rights.

Moreover, it is possible that the uncertainty and danger of our moment – which the 'polycrisis' way of thinking captures so well – reveals a powerful way forward for progressives in social policy. It opens a new political case for classic, twentieth-century social democratic projects and institutions: welfare floors, economic democracy, social rights, labour organisation. After all, as Hay argues, the welfare state was not just about 'decommodifying' life, but also about redistributing the costs of known and unknown risks: sickness, unemployment, old age and natural disasters (Hay, 2023).

The social democratic response to the polycrisis might, then, consist of the *egalitarian management of risk*. However, I do not think it depends on accepting the 'polycrisis' concept. It may be that we will soon shift from 'polycrisis' thinking to the more familiar intellectual world of a historical 'conjuncture' or 'turning point', in which an existing 'settlement' is destabilised and a new one emerges. If so, what will it look like? A renewed and revived welfare state for the twenty-first century would be a fine legacy of that transition.

Overlap II: Prioritising the climate

If this is a more familiar 'turning point', however, progressives and social democrats must choose an era-defining agenda and follow it through, persistently and ruthlessly. Otherwise, their opponents will define the future instead. This implies that they will need to focus their energies on some crises, or risks, more than others.

There are a few options from which to choose. Given the historical role of social democrats in democratising Europe (Eley, 2002), and given the threat of the illiberal right, 'saving democracy' might become the driving goal. As outlined in the previous section, it could also be transforming and reviving the welfare state. But a strong contender – and perhaps a necessary condition for all other goals – is properly tackling the climate emergency.

This is another point of overlap with polycrisis thinkers. Despite his aversion to a 'single cause', Tooze frequently identifies the energy transition and climate crisis as an utterly critical area, and one that should demand far more of society's resources (Tooze, 2023). And if one accepted the argument for the egalitarian management of risk, then urgently tackling the climate emergency would necessarily be central to that agenda.

We should not exaggerate the benefits of a 'green turn', nor ignore its problems. The implications of the energy transition for other progressive ends, such as job creation, are often exaggerated (Economy 2030 Inquiry, 2023: 81–83). Moreover, these policies are not necessarily electoral vote winners for key target groups. Just ask the *Ampelkoalition* in Berlin or Sadiq Khan in London. This is not really surprising, given that the sums involved inevitably mean the effective suppression of consumption (ideally, mainly of the rich and comfortable) to redirect resources to green investment. In practice, many green policy agendas have had to be repackaged as something else to make them palatable to particular interest groups. This is most apparent in 'Bidenomics', which bundled in some of its most important investments in renewable energy in the Inflation Reduction Act and the CHIPS and Science Act. Even then, it is disturbing-

ly unclear whether Bidenomics will reap electoral benefits (Ainsley, 2023).

But it is difficult to avoid the conclusion that addressing the energy transition wholeheartedly is an unavoidable condition, not just of saving the planet, but of other goals too. The dangers of authoritarian populism are hardly going to be alleviated by plausible future scenarios, such as the destruction of human habitats and resultant mass migration to temperate parts of the world. Nor are the risks of military confrontation likely to subside if we enter a world of rapidly depleting natural resources. Hay has also powerfully argued that the welfare state is fundamentally vulnerable to a situation of climate catastrophe. A new era of climate disaster would ratchet up pressure on public debt remorselessly and rapidly, raising the prospect of a serious fiscal crisis (Hay, 2023).

Tackling the climate catastrophe should therefore be a policy-making priority whatever intellectual framework one adopts. In the country in which I write, the Labour Party's industrial policies for the green transition remain among its most ambitious agendas. But they have also been watered down and are clearly under internal and external pressure. This is a serious problem if their overall aim is for Britain to 'get its future back' (Starmer, 2023). Progressives would be wise to protect the agenda as much as possible from the wrecking interventions of other forces and threats: economic, cultural and political. The future is at stake.

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Endnotes

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2   For the historical theory of social temporality, which identifies multiple temporalities interacting in a historical sequence of events to generate contingent transitions and distinct eras, see Sewell (2005).

Democracy and empowerment

Daphne HALIKIOPOULOU and Tim VLANDAS

Introduction

The increasingly successful electoral performance of far-right populist parties is a concerning trend, posing significant challenges for democracy in Europe and beyond. Parties pledging to restore national sovereignty and implement policies that consistently prioritise natives over immigrants are not only winning elections, but becoming increasingly entrenched in their respective political systems, not least by occupying positions in government. This shift emboldens those parties and makes them increasingly important politically because they are now able to implement policy and influence the programmatic agendas of other parties.

More worryingly, the rise of far-right populism has taken place at the expense of the mainstream. While the average electoral score of far-right populist parties has been steadily increasing over time, support for the mainstream has declined. Many parties of the centre-left, in particular, have been in retreat. Social democracy is facing an electoral crisis, or so-called 'Pasokification', in European countries, as social democratic parties experience decline and division (Abou-Chadi, Mittereger and Mudde, 2021). This makes the need for dialogue and exchange among centre-left and progressive forces more pressing than ever. On the upside, the twin phenomena of populist far-right party success and centre-left decline have been accompanied by a massive increase in research. We now know much more about the rise of far-right populism, its drivers and consequences, but also its weaknesses from a comparative perspective. We also know significantly more about vote-switching (or the lack of it) and the extent to which dismissive, accommodative or adversarial strat-

egies may or may not work. This knowledge enables more informed debate about how social democratic parties may counter the threat of far-right populism and restore their own electoral fortunes.

This chapter contributes to this debate by offering a comparative account of the rise of far-right populism and what progressive social democratic forces can do to empower democracy. We focus on the European context. First, we discuss the populist challenge; second, we show why this is a potential threat to democracy; third, we focus on democracy and empowerment by highlighting a number of practical solutions for both the short and longer terms. Our argument is that centre-left parties should focus on addressing economic and (re-) distributive grievances, for instance by reducing labour market insecurity, promoting inclusive economic growth and ensuring effective welfare protection. They should reclaim ownership of issues they are traditionally associated with, notably equality, economic progress and security. Successful strategies will galvanise the centre-left's core supporter base and mobilise beyond it by addressing the (economic) grievances that concern large parts of the electorate.

The challenge of far-right populism

Far-right populist party success

Far-right populism is on the rise. We adopt this term to describe parties that share a focus on sovereignty, propose nationalist solutions for a variety of socio-economic problems and 'own' the immigration issue (Halikiopoulou and Vlandas 2022). All far-right populist parties employ nationalist narratives and compete along the national-identity axis. Geert Wilders, whose anti-Muslim far-right Party for Freedom (PVV) won the Dutch parliamentary election in late 2023, with 37 seats, is but one example. Elsewhere in Europe, many far-right populist parties have improved their electoral performance over time. The list is long: Le Pen's Rassemblement National (RN), the Sweden Democrats (SD), the Danish People's Party (DF) and the Alternative for Germany (AfD). Others have held government positions in the past or continue to do so: Lega (Italy) and the Brothers of Ita-

ly (FdI), the Austrian Party for Freedom (FPÖ), Orbán's Fidesz, the Finns Party (PS) and the Polish Law and Justice party (PiS). Looking at a map of Europe, one struggles to find a country with no far-right populist party: even in formerly negative country cases, such as Spain and Portugal, Vox and Chega are now making the headlines. The phenomenon extends beyond Europe: in late 2023, Javier Milei won the Presidency of Argentina, mobilising young voters' discontent with the country's poor economic performance and increasing inequality.

Fig. 1: Vote shares of (1) far-left, (2) far-left populist, (3) populist, (4) far-right populist, and (5) far-right parties in 31 European countries, weighted by population size.
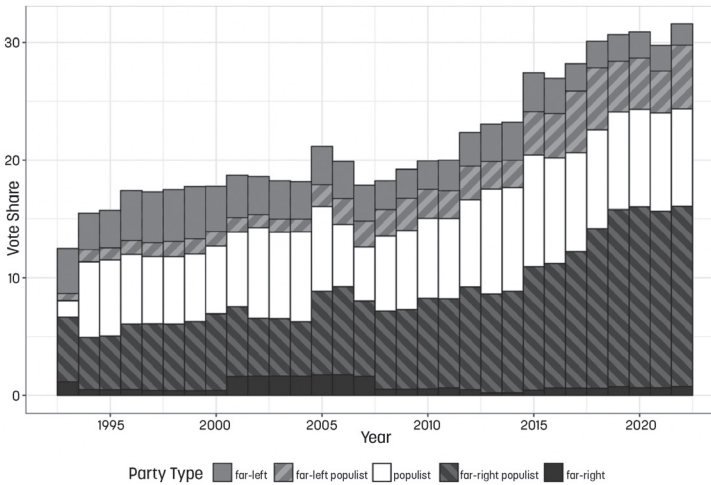
Source: Rooduijn et al. 2023.

A look at the longer-term electoral performance of different political parties in Europe reveals an increasing trend. In national elections last year 32 per cent of European voters opted for an anti-establishment party compared with 20 per cent in the early 2000s and 12 per cent in the early 1990s. About half of anti-establishment voters support far-right populist parties, and this is the vote share that is increasing most rapidly (see Figure 1).

An even bigger problem than the vote share of far-right populist parties is their increasing entrenchment in the political systems of many European countries. The so-called *cordon sanitaire* – the policy of marginalising extreme parties – has been breaking down even in countries where it had historically been effective, such as Estonia and Sweden. More far-right populist parties are entering government, either alone or in coalition, which enables them to directly formulate policy. Few remain politically marginalised by their competitors, as the Greek Golden Dawn was and the AfD continues to be, although this is slowly changing. Mainstream parties, primarily on the right, have often adopted accommodative strategies, mainly regarding immigration.

Understanding their success: the parties

Why are these parties successful and what strategies do they employ? This success is largely the result of far-right populist normalisation: these parties progressively appear to be legitimate contenders in the system. This process has included a 'rhetorical streamlining' alongside a conscious and strategic distancing on the part of far-right populist parties from their earlier roots in fascism and extremism. Most successful European far-right populist parties frame their exclusion not along ethnic, but along civic nationalist lines. While at their core is a purported distinction between in-group and out-group (natives versus immigrants), they justify this distinction on ideological rather than biological criteria of national belonging (Halikiopoulou et al., 2013). This narrative enables them to frame immigration as a multi-faceted issue associated with a broad range of societal problems, including unemployment, austerity, lack of access to public services and resources, alongside terrorism and crime.

This strategy is predominant in Western Europe: far-right populist parties make multi-faceted nationalist appeals by employing a civic nationalist normalisation strategy (Halikiopoulou et al., 2013) that allows them to offer nationalist solutions to all types of insecurities that drive voting behaviour. This strategy has two main features. First, it presents culture as a value issue and justifies exclusion on ideological grounds. Most successful western Europe-

an far-right parties implement this strategy in their programmatic agendas. For example, Geert Wilders' PVV builds its exclusionary Islamophic agenda using a purportedly inclusive narrative that centres on democratic values along the lines of 'we must not tolerate those who are intolerant of us'. This narrative is much more difficult to counter than traditional racism. Second, it focuses on social welfare and welfare chauvinism to appeal to economically insecure voters (Vlandas and Halikiopoulou, 2022). Similarly, Marine Le Pen's Rassemblement National (RN) pursues a civic normalisation strategy, distancing itself from fascism and right-wing extremism to extend its electoral appeal. In this vein, the party centres on Islam as an intolerant political ideology in its attempt to place the immigration issue within a framework of a broader value conflict. Other parties in the system contribute to this far-right normalisation. Competing on far-right issues legitimises and emboldens the far right, but does not win the mainstream any votes (Krause et al., 2023; De Vries, 2023; Halikiopoulou and Vlandas, 2023).

Central and Eastern European far-right populist parties, on the other hand, tend to focus more on ascriptive criteria of national belonging and mobilise voters on socially conservative positions and through a rejection of minority rights. Their welfare policies are 'blurry' and ambivalent, partly because of constraints related to the region's socialist past. While they are generally welfare chauvinist, their support for welfare expansion is linked to 'national' priorities, such as the protection of native families. They also employ anti-West narratives, focusing on 'Western exploitation' and the importance of empowering domestic businesses (Halikiopoulou and Vlandas, 2022).

Understanding their success: the voters

Who votes for these parties? Normalisation makes such parties more broadly appealing to voters. Indeed, the far-right voter base is much more diverse than we might initially assume, especially when one considers electorally successful far-right populist parties (Damhuis, 2020; Halikiopoulou and Vlandas, 2020; Stockemer et al., 2021). Immigration is one factor driving voters to support the far right, but it is not the only one. Distinguishing between the predictive pow-
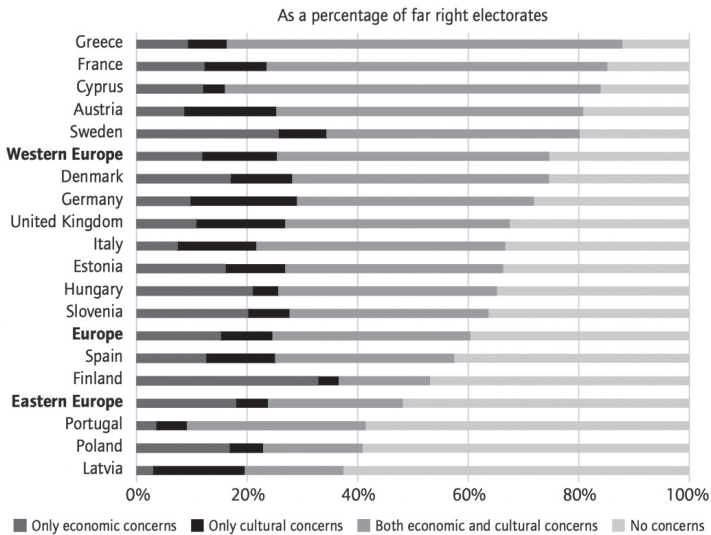
er of immigration concerns, on one hand, and the question of how widespread these concerns are among the far-right electorate, on the other, Stockemer et al. (2021) find that a relatively large group of far-right voters (approximately one-third) has neither cultural nor economic fears related to immigration. This group of supporters also differs from the typical far-right voter profile in terms of education, social status, ideological affinity, attachment to the EU and level of satisfaction with the government. In addition, immigration itself is a muti-faceted concept: while some voters may oppose immigration for cultural reasons, others are driven by economic anxieties, fearing immigrants as competitors in the labour market. Those voters with strong cultural concerns – the far right's core ideological voters – are a relatively small group numerically. The largest group of far-right voters are protesters, peripheral voters driven by discontent. Their concerns range from material insecurity, lack of access to welfare, declining social status and distrust in institutions (Halikiopoulou and Vlandas, 2020).

It is thus analytically useful to distinguish between core and peripheral far-right populist voter groups: while ideological core voters predominantly have cultural concerns about immigration, peripheral or protest voters have a broad range of other, more economically oriented concerns. Among this latter group, we may distinguish between 'materialists', 'welfarists', 'decliners' and the 'distrustful' (Halikiopoulou and Vlandas, 2023).

Culturalists are core ideological voters who identify fully with the far-right populist parties' traditional positions, most notably their nationalist-xenophobic platforms. They tend to have strong nationalistic attitudes, accompanied by unfavourable attitudes towards immigrants and opposition to multiculturalism, and sometimes also traditional conceptions of gender roles and the family. While these core voters constitute the prime far-right party constituency, they make up only a small share of the far-right electorates in most European countries (see Figure 2, reproduced from Halikiopoulou and Vlandas, 2022 and Halikiopoulou and Vlandas, 2023).

The often larger group of peripheral or protest voters includes those who identify only partially with the far-right populist platform.

Fig. 2: Distribution of immigration concerns in the far-right populist electorate
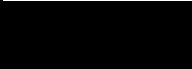

As a percentage of far right electorates

■ Only economic concerns ■ Only cultural concerns ■ Both economic and cultural concerns ■ No concerns
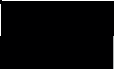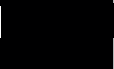
Source: Halikiopoulou and Vlandas, 2023.

As such, their support is more contingent and their affinity with the far right less strong. They tend to be motivated by economic concerns about their material position (materialists), dissatisfaction with the insufficient protection afforded by welfare states (welfarists), experiences of downward class and status mobility (decliners) (Halikiopoulou and Vlandas, 2023), as well as distrust in institutions (Vasilopoulou and Halikiopoulou, 2023). Workers experiencing economic marginalisation and labour market insecurity are more likely to vote for far-right populist parties because they worry about wage pressures and competition with immigrants for jobs, benefits and public services. Greater exposure to labour market competition is likely to reinforce prejudices against immigrants, which may have material economic foundations. In sum, economically insecure people are more likely to support parties with an interest in limiting immigration because of (perceived) labour market competition. These voters are likely to support the prioritisation of

the in-group on economic grounds but do not necessarily identify with the other nationalist elements of far-right populist agendas. As Figure 2 illustrates, they constitute a much larger share of the far-right populist electorate.

Our analysis indicates that far-right populist party success can be understood in terms of their ability to forge coalitions between different voter groups with different concerns; namely, between their core supporters, that is voters with cultural grievances over immigration, and the often larger group of voters with economic grievances over immigration (Halikiopoulou and Vlandas, 2020; Halikiopoulou and Vlandas, 2022). We illustrate this point in Figure 3, which shows two hypothetical scenarios: one (left-hand side) in which far-right populist parties attract a large share of only their core voters, and another (right-hand side) in which these parties are able to attract peripheral voter groups by emphasising materialist, declinist and/or welfare chauvinist messages.

Figure 3: Hypothetical electoral coalitions between core and peripheral voters and far-right populist party performance

Voter groups		Unsuccessful Far right parties	Successful Far right parties
CORE	*Culturalists*		
PERIPHERY	*Materialists*		
	Welfarists		
	Decliners		

Source: Halikiopoulou and Vlandas, 2023.

Why far-right populism is a threat to democracy

In summary, many far-right populist parties have expanded their appeal by mobilising beyond their core voter base. This shift, as argued above, has contributed to their electoral success and increasing political relevance, as seen in their participation in government and policy formulation. Although some far-right populists have been stalled or overturned – for example, Trump and Bolsonaro are out of power (for now), and the PiS was recently voted out in Poland – far-right populism remains powerful, entrenched and emboldened in many countries across the globe. This is worrying for the future and prosperity of our democracies. Indeed, an extant literature sees this phenomenon as part of a broad trend towards democratic backsliding, a process of democratic erosion from within (Levitsky and Ziblatt, 2019; Mudde, 2022). While democratic decline is most dramatic outside Europe (Papada et al., 2023), certain European countries are also experiencing backsliding, most notably countries that have had far-right populist parties in government, such as Hungary in central Europe. Once in power, far-right populist parties subvert democratic norms and erode liberal democratic institutions.

Specifically, far-right populism may impact on democracy in four ways. First, systemic entrenchment leads to the *normalisation of hate and extreme ideas*. 'Far-right frames and issues have become mainstreamed and normalized, to the extent that they are now propagated by mainstream parties' (Mudde, 2022: 104). Examples of this abound, from the current British Conservative government's obsession with sending migrants to Rwanda to the Greek New Democracy and the conservative Austrian People's Party (ÖVP). This normalisation often extends beyond the political realm; for example, media coverage gives far-right populist ideas widespread exposure. This has led to a merger between conservative and far-right populist ideas to the degree that in some instances the two are indistinguishable in the political, media and public debate (Mudde, 2022).

Second, far-right populists feed off *political polarisation*, which heightens divisive dynamics in society. Undemocratic behaviour is often studied in the context of polarisation and extreme par-

tisanship (Svolik et al., 2023). Citizens are likely to trade off their commitment to democracy under certain circumstances. Individuals strongly attached to their partisan identities are more likely to forgive undemocratic behaviour, especially if their own party is in government. Voters are also likely to accept undemocratic agendas if there is an ideological match between the individual and the party. In particular, voters of parties with ambivalent democratic positions are less likely to punish undemocratic behaviour of their favourite candidate. For example, Van der Brug et al. (2021) show that populist party voters are less supportive of liberal democratic values. Polarisation also makes the stakes of accepting electoral loss much greater because the other parties' positions are vastly different on a broad range of issues.

Third, far-right populists often *compromise liberal institutions* that are central to liberal democracies. Once in power, they introduce constitutional changes to undermine the judiciary and media, which are designed to outlast them. A good example is Orbán's Fidesz. It started off as a liberal youth movement, but the party gradually radicalised while in government. Orbán has used his constitutional majority to fundamentally change the Hungarian political system and transform the country into an illiberal democracy (Mudde, 2022).

Fourth, far-right populists are bad for the economy (Funke et al., 2023). Focusing on the macroeconomic consequences of populism – including right and left – for over 100 years and 60 large countries, Funke et al. (2023) show that populists in power give rise to significant medium- and long-term economic costs. This creates a vicious circle for democracy as austerity and deteriorating economic conditions further feed far-right populism (Baccini and Sattler, 2023; Funke et al., 2023). Indeed, the same study by Funke et al. (2023) shows that populism is serial in nature. Countries that had populist leaders in the past have a significantly higher likelihood of voting in another populist leader or party (Funke et al., 2023: 3251).

Democracy and empowerment: reforms to strengthen and enhance liberal democracies

What specific reforms can be introduced to strengthen and enhance liberal democracies, particularly against the threat posed by the new populism? How should centre-left parties address both economic insecurities and cultural anxieties? Before proposing an agenda for the way forward, as a first step we summarise the key points we have made so far:

(i)   The far-right voter base is diverse: while a hard core of voters are driven by cultural concerns, a broader part of their electorate is driven by socio-economic concerns on a range of 'livelihood' issues.

(ii) Far-right populist parties own the immigration issue and are capitalising on it by linking it to a broad range of societal problems, including unemployment, crime, terrorism, austerity and lack of access to state resources. They also use nationalism in ways that help them to normalise their narratives and appear legitimate and non-extreme, which makes them more difficult to fight.

(iii) Within this big picture, we also see significant differences between European regions, with western European far-right populists using predominantly civic nationalist tropes and framing immigration as a value issue, and central and eastern European far-right populists using predominantly ethno-cultural nationalist tropes and mobilising on social conservative issues against domestic minorities.

(iv) Polarisation undermines democracy. Far-right populists feed off divisive, polarising dynamics and then, once emboldened – and in power – take further measures to subvert liberal democratic institutions and pursue policies that have adverse economic consequences.

What should we do? While there is no 'one-size fits all' solution, given regional and indeed country-specific dynamics, in what follows we make a series of recommendations based on the research findings. Overall, we argue, it is important to focus on a positive and pro-

active message that centres on empowerment through equality and social protection, rather than to adopt defensive, accommodative or solely adversarial strategies.

(a) Focus on policy reforms aimed at addressing distributional conflicts and economic insecurities affecting voters. A substantial body of research argues that we must not ignore the structural issues driving far-right populist party success: cuts to key services, welfare competition, lack of access to public housing and job insecurity (for example, Cavaillé and Ferwerda, 2023). Conflicts over social benefits may serve as important drivers of far-right populist party support. At the same time, far-right parties have emerged as vocal proponents of welfare chauvinism. Social policies that offer compensation and security (Halikiopoulou and Vlandas, 2022) can lower far-right populist party support by buffering the consequences of economic insecurity. Therefore, we need policies that protect people and address their economic grievances, including unemployment, health care and family benefits, as well as employment protection legislation (Halikiopoulou and Vlandas, 2022). We need a particular focus on policy areas that address existential issues, such as housing and health provision. Careful thought should, however, be given to how to balance perceived tensions between open borders and open welfare states, especially in the case of welfare states with a large in-kind and universalist component (Cavaillé and Ferwerda, 2023).

(b) *Develop communication strategies that emphasise issues that the progressive centre-left owns, such as equality and empowerment.* A growing body of evidence from recent research shows that accommodative strategies do not work (Abou-Chadi et al., 2021; Chou et al., 2021; Halikiopoulou and Vlandas, 2022; Halikiopoulou and Vlandas, 2023; Krause et al., 2023). In simple terms, playing copycat and implementing migration crackdowns do not help the mainstream (De Vries, 2023). Adversarial strategies that overemphasise immigration are not successful either, as they are likely to increase the salience of

the issue and inflate support for far-right populists, who own that issue (Halikiopoulou and Vlandas, 2023). Centre-left progressives must not become entangled in debates that overemphasise immigration, but instead develop viable alternative strategies that foster consensus, cohesion, inclusion and societal stability to address the many real problems that voters face. In our view, left-wing parties and organisations seeking to capture core far-right supporters by 'copying' the far right might struggle to do so because they lack ownership of far-right issues. They may also antagonise their own left-wing supporters.

(c) Build progressive coalitions that emphasise consensus and protect liberal democratic institutions, most notably judicial independence and freedom of the press. Research on democratic backsliding shows that extreme partisan divisions and polarisation weaken democracy (Levitsky and Ziblatt, 2019). Reversing 'the decline in mutual toleration and forbearance', as well as addressing economic inequality are ways of overcoming the underlying polarisation that harms our democracies (Levitsky and Ziblatt, 2019).

Conclusion

This chapter has sought to contribute to the debate on how to build a progressive, inclusive future. It has done so by unpacking the threat of far-right populism and proposing a series of measures that might help to tackle it. Our key argument has been that centre-left progressives must develop and put forward a unified, positive and proactive message that centres on empowerment, equality and social protection, rather than adopt defensive, accommodative or solely adversarial strategies. Specifically, centre-left parties should focus on issues their party family owns, issues that affect broad parts of the electorate: equality, an inclusive welfare state, and effective redistribution. Successful strategies galvanise the centre-left's core supporter base and mobilise beyond it by addressing the economic and social grievances that concern large parts of the electorate.

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Tackling Employment Insecurity: a Fair Deal for Platform Workers

Eunice GOES

In 2017, a perplexed Tina Brown realised that no one she knew had jobs anymore. 'They've got Gigs'[1], she wrote. The former editor of *The New Yorker* was on to something. Her description of the brave new world of work captured the zeitgeist. The Gig Economy became the new buzzword that depicted a new economy where skilled workers, who previously had been immune from the vagaries of the labour market, has joined less skilled workers in a life of economic insecurity and precarity. As Brown explained with characteristic aplomb, the workers of the knowledge economy were pursuing 'a bunch of free-floating projects, consultancies, and part-time bits and pieces' which they tried to 'stitch together to make what they refer to wryly as "the Nut"—the sum that allows them to hang on to the apartment, the health-care policy, the baby-sitter, and the school fees'[2].

The sense of insecurity felt by a growing range of workers (employed and self-employed) has become so prevalent in the 21st century that it spilled over to most dimensions of life. Insecurity and precarity are words that now are routinely used to describe national borders, life on planet Earth, as well as economic, social and cultural life. This pervasive insecurity led the social theorist Albena Azmanova to claim that 'precarity capitalism', tellingly a new model of capitalism, is responsible for making precarity 'the social question of the twenty-first century'[3].

Employment data shows that Azmanona is not exaggerating. In 2016 only 59 per cent of European workers were in so-called 'standard employment'. In other words, four in 10 Europeans worked in other forms of employment, namely permanent part-time work and unvoluntary temporary or part-time work, bogus self-employment and zero-hours contracts[4]. By 2022 there were 27.66 million

self-employed workers in Europe, most of them working for platform companies, which roughly represented 17.8 per cent of workers in the EU28[5]. Today, this figure is estimated at 28 million Europeans, though there is significant variation across countries. While in Greece 26.9 per cent of workers are self-employed, in Germany the self-employed represent only 7.7 per cent of the total workforce[6]. And the problem is expected to become bigger. By 2025 the platform economy is expected to 43 million workers. This figure represents an increase of 52 per cent in three years[7].

The fundamental problem with these figures is that a large percentage of these self-employed or platform workers are *de facto* employees of companies that do not want to be burdened with the higher social security and tax costs associated with hiring full-time employees. As a result, these wrongly classified workers are denied social and employment rights that could give them greater security and control over their lives.

The phenomenon of exploitation of platform workers, whose work was deemed essential during the Covid-19 pandemic, became so acute that several spontaneous labour disputes, strikes and protests launched against tech giants like Uber, Yodel, Deliveroo and others, as well as the impact of almost a decade of austerity brought the problem of labour insecurity to the top of the political agenda. In Europe, political leaders seem to have finally woken up to this challenging problem.

Since 2017, the European Union has taken incremental steps to tackle labour and economic insecurity in general, and the employment status of platform workers in particular. The incrementalism is embedded in the EU's *modus operandi*, but the decision to agenda-set this issue reflects the 'social turn' of the Commission.

The last step in this process was the provisional agreement reached last December between the European Parliament and the European Council on a directive to improve the working conditions of platform workers. This latest agreement tackles the thorny problem of defining the employment status of platform workers and establishes rules on the use of algorithm systems in the workplace. This direc-

tive represents substantial progress in the attempt of improving the working conditions of platform workers, but more can be done.

But before we identify the next steps to strengthen employment security amongst platform workers this chapter will start by explaining the drivers of the new phenomenon of employment precarity and insecurity as well as the profile of the typical platform workers. Next, it will explain the steps taken by the EU and different European governments to strengthen the employment rights of platform workers. Finally, the chapter will identify the next steps in the agenda of delivering a *fair deal for platform workers*.

The Brave New World of Insecure Work

The rise in insecure and precarious employment is associated with the emergence of 'precarity capitalism', which in turn was enabled by the neoliberal tools of privatisation, deregulation, and outsourcing. As Azmanova explains, the withdrawal of the state from the market enabled the formation of private monopolies that took advantage of the new circumstances to extract maximum financial support from the state while undertaking minimum responsibilities towards workers[8]. The defining feature of this model of capitalism is, as Azmanova explains, 'the active offloading of social risk to society' which has 'created a condition of generalized precarity from which the labour-market insiders – those who are skilled and have well-paying jobs – are not sheltered'[9]. In other words, labour-market insiders no longer enjoy the security and pay that was normally associated with highly qualified employment. Thus, while the private sector expands and registers record profit margins, a larger share of workers face greater economic insecurity with stagnating wages and insecure contracts. This was a surprising turn of events given that the liberalisation of employment legislation was promoted on the grounds of opening the labour market to more workers. But almost two decades it became clear that the liberalisation of labour markets resulted in a levelling-down of employment rights and wages and in a rise in in-work poverty[10].

In Europe this phenomenon started in the 1980s and gathered pace in the 1990s. Indeed, across the continent, governments and European institutions heralded a new social paradigm, largely inspired by the Swedish and Dutch active-labour market policies, which was defined as flexicurity and sought to reconcile employers' need for a flexible workforce with workers' need for security[11].

 The new paradigm was interpreted and implemented in different ways across the EU, but the general expectation was that workers needed to adapt to the requirements of a highly competitive and globalised economy. So, instead of new social and employment rights that offered them some protection against the highly competitive and unstable economic environment, Europeans were told to participate in the government-sponsored skills and training programmes which would equip them to compete in the global economy.

This shift, which was accompanied by the erosion of trade union powers and welfare retrenchment led to a substantial rise in the number of mainly female workers engaged in temporary, part-time contracts, self-employment and bogus self-employment. In short, the rise in the participation of women in the workforce, which reflected a new gender contract, did not result in greater gender equality in terms of pay, career progression or employment security. In fact, the new social paradigm resulted in a squeeze on the living standards of ordinary workers. Indeed, the hallmark of the last two decades has been stagnating living standards for the majority of the population in most advanced capitalist economies[12]. But living standards were not the only things that changed. Workers also lost control of their lives as they needed to be available to work, often at short-notice, the fewer hours that their employers or contractors were ready to pay.

By the time of the global financial crisis of 2008 hit the world it became clear that insecure and precarious works was no longer circumscribed to rural work or to less skilled sectors of the economy. Increasingly, graduates in white-collar jobs found themselves in Tina Brown's gig economy, leading hand-to-mouth existences, unable to plan the future, to save for a house or a well-deserved holiday.

In the meantime, the growth of digital platforms led to the emergence of a new type of worker. These workers sought to take advan-

tage of the apparent flexibility offered by digital platforms. Translators, consultants, accountants, designers, sales representatives, but increasingly people working in the transport, home services, postal and food delivery sectors found work in these platforms. It is to these latter group that the term platform workers apply.

Characteristically, platform workers tend to be younger and more educated than the general population. For most, platform work is a secondary source of income, and many are genuinely self-employed. A recent survey from the ETUI estimates that 24 per cent of platform works are in the age bracket 18-24 years of age; 19 per cent are in 45-54 age bracket and 11 per cent in the 55-65 age bracket. In terms of gender distribution, 54 per cent of platform workers are male, with men dominating transport and delivery work and women dominating on-location and remote clickwork. Platform workers also tend to be migrants, normally the most vulnerable and exploited type of worker, but for whom platform work is seen as a path for greater prosperity. In fact, migrant workers are over-represented in the sector[13].

Crucially, these workers tend (93 per cent of them) to be classified as self-employed, which means that they do not enjoy the same employment and social rights such as minimum wage legislation, paid holidays, parental leave and access to collective bargaining mechanisms as typical employees. In addition, they do not benefit from the flexibility normally associated with self-employment. Indeed, platform workers tend to have no control over the hours and the conditions in which they work. They also tend to earn less than the net hourly minimum wage in the country where they work, as 41 per cent of the work they do is unpaid because some of the activities (such as checking customer orders) are not counted as work[14]. In short, most platform workers have the worst of both worlds of work: they lack the security of employment and the flexibility of self-employment.

For a while, platforms companies resisted changes by arguing that when workers have the freedom to decide whether and when to work, they are self-employed. But this argument has been challenged in several strike actions and court cases around the world. Since 2015, platform workers have organised more than 300 strikes, protests and

legal action worldwide against low pay, working conditions, employment status, regulation and union representation[15]. While in the developing world most of these actions have been strikes or protests, in Europe, platform workers have concentrated their campaigns on legal actions against specific platform companies. Some of these actions, namely by Uber drivers and Deliveroo couriers gained notoriety because they led to changes in the practices of these companies. For example, in the United Kingdom, the Supreme Court ruled that Uber drivers should be classified as workers with access to minimum wage and paid holidays, however, in a recent ruling, it denied Deliveroo workers collective bargaining rights. Similarly, in France the Court of Cassation ruled that Uber drivers should be considered employees of Uber France given that the company exerted control over the working lives of drivers. Similarly, platform companies such as Deliveroo, Uber Eats, Glovo, Just Eats have been fined in a record number of legal cases across the world for misclassifying 60,000 couriers as self-employed[16].

These rulings were rightly celebrated as a victory for workers' rights. However, they left hundreds of platform companies off-the-hook as they apply only to those involved in the different lawsuits. Secondly, relying on separate lawsuits to ensure fair and full employment to platform workers is unfair. These lawsuits are expensive and very time-consuming to organise. Platform workers do not have the financial or organisational resources to carry this campaign on their own. Thirdly, the different court rulings illustrate the gaps in existing employment legislation in Europe which have resulted in the inconsistent application of European labour standards and legal principles. Above all, not all rulings pointed in the same direction. In reality, the different European courts interpreted these cases in a variety of ways. If in some cases, platform workers were classified as employees, in others they were denied employment rights.

Tackling Labour Insecurity: Europe Responds

The scale of the protests and lawsuits initiated by platform workers as well as the socially destructive impact of EU-imposed austerity and new wave of social unrest focussed the attention of European leaders. Since 2016, the European Commission has led efforts to revive the project of Social Europe. In 2017, the European Pillar of Social Rights (EPSR) was launched at the Gothenburg Social Summit. The EPSR sets out 20 principles that address issues such employment rights, working conditions, and educational opportunities.

Following the Covid-19 pandemic the commission led by Ursula von Der Leyen has also set-up the NextGenerationEU package to address the social impact of the economic crisis. In addition, the EU and different member states started to enact legislation aimed at strengthening the employment and social rights of self-employed workers or workers engaged in insecure and temporary contracts, at enforcing minimum wages, strengthening collective bargaining mechanisms, alongside other Social Europe policy initiatives.

At the national level, several governments started to introduce legislation that tackled labour precarity, banned certain exploitative practices like bogus self-employment and strengthened collective bargaining mechanisms. The most radical package of measures was introduced by the Spanish socialist-led government of Pedro Sánchez, but other governments and social democratic parties have introduced or endorsed similar policies.

In parallel with these bigger and more purposeful developments the Commission also started to respond in an ad-hoc manner to the different legal challenges opposing platform companies and platform workers. In the last decade, the EU has achieved several victories in the campaign to bring better pay and working conditions for self-employed and platform workers. For example, in 2014, in the case of FNV Kunsten the European Union Court of Justice (EUCJ) acknowledged that 'in today's economy it is not always easy to establish the status of some self-employed contractors as "undertakings" and allowed in somewhat ambiguous terms the right to collective bargaining on behalf of the "false self-employed"'[17]. This ruling was

important because it recognised that the fundamental problem was the appropriate classification of platform workers.

However, as Nicola Countouris and Valerio de Stefano have argued, the ambiguity of the EUCJ ruling was not compatible with other sources of international law. As they showed, the Council of Europe's European Commission of Social Rights 'declared that self-employed individuals were covered by this right under article 6 of the European Social Charter and that a blanket restriction, based on competition-law claims, was not compliant'[18]. In addition, 'the International Labour Organization's Right to Organise and Collective Bargaining Convention (no. 98) of 1949 does not exclude the self-employed from its scope'[19]. Crucially, argued Countouris and de Stefano, the 2014 ruling 'did not provide national actors with a definition of the "false self-employed" sufficiently broad and at the same time precise to allow access to collective bargaining to all workers not genuinely operating an independent undertaking'[20].

Other court rulings and EU directives followed the case of FNV Kunsten and focused on the important tasks of defining the status of self-employment and addressing the tension between European legislation on employment rights and antitrust law. Nonetheless the Commission had recognised that one in five platform workers is wrongly classified as self-employed. This realisation led to a reset of the Commission's agenda as it became clear that finding the right classification for platform was crucial to untie this Gordian knot.

The most recent step in this area was last December's provisional agreement on a directive to improve the working conditions for platform workers. Despite veiled threats from platform companies like Uber, who warned of a dramatic threat to drivers' livelihoods[21], the proposed directive agreed by the European Parliament and the European Council introduces two key improvements: it helps determine the correct employment status of people working for digital platforms and establishes the first EU rules on the use of algorithm systems in the workplace[22].

Regarding the definition of self-employed work, the proposed directive establishes that a worker can be considered an employee of a

platform company if the relationship between worker and platform meets at least two out five indicators. These indicators are:

- Upper limits on the amount of money workers can receive
- Supervision of their performance, including by electronic means
- Control over the distribution or allocation of tasks
- Control over working conditions and restrictions on choosing working hours
- Restrictions on their freedom to organise their work and rules on their appearance or conduct.

In addition, the provisional agreement on the proposed directive sets up rules regarding the transparent use of algorithms for human resource management. In particular, the new directive establishes thar workers must be informed about the use of automated monitoring and decision-making systems and prevents digital platforms from processing certain kinds of personal data (namely data on the psychological and emotional state of platform workers, data related to private conversations, biometric data, data about actual or future political or trade union activities data used to infer an employee's racial or ethnic origin, migration status, political opinions, religious beliefs or health status). The new directive also requires that the new rules are monitored by qualified staff.

The tightening of the definition of self-employment gives platform workers access to new employment rights including rights to the minimum wage, to paid holidays, to regulated working time and equal pay protection, and crucially access to collective bargaining mechanisms. For these reasons it is rightly celebrated as a victory for platform workers. The ETUC hailed the proposed directive as the 'beginning of the end for the wild west in workers' rights' if it is approved without further amendments[23].

If the directive is implemented without amendments thousands of platform workers will be able to enjoy the security and working conditions and employment rights awarded to employees, and as a result they will gain greater control over their working lives. However, this greater control is theoretical as it depends on how each member

state will interpret and enforce the new definitions of employment and self-employment.

Next Steps

The fact that the proposed directive enables member states free to interpret and enforce the new definition of self-employment as they see fit is problematic. It implies that if a member state chooses not to invest in the many more labour inspections that the enforcement of the directive will require, the working lives of platform workers will change very little.

For this reason, European progressives should focus their efforts on the implementation of the directive. To that end they should propose enforcement mechanisms and the development of an EU-funded programme of labour inspections. They should also concentrate on strengthening the social and working rights of platform and other self-employed or precariously employed workers who are not covered by the hundreds of rulings established by European courts on the rights of platform workers. To a large extent, this effort should potentially lead to the enforcement of the EPSR and of ILO conventions.

In a recent report, the OECD[24] compiled a constructive list of policy ideas aimed at strengthening the autonomy of both self-employed and employed platform workers. These proposals can be adopted to cover each type of self-employment, not only platform self-employment. For example, European progressives should develop mechanisms that ensure that platform workers, regardless of employment status, receive the minimum wage. According to the OECD, the key difficulty in ensuring the minimum wage is paid to platform workers are about 'determining what counts as work (i.e., should platform workers be paid for the time that they have an app open and/or the time the spend waiting/searching for tasks?)' and 'how to deal with work carried out across national borders'[25]. As such, European progressives should work with other political forces in the EU to develop a definition of what counts as work so that self-employed workers can be paid a minimum wage.

Another future step should focus on regulating the working time of platform workers. Some companies have rules regulating working time. For example, in the United Kingdom, Uber requires their drivers to rest for a minimum of six hours after driving continuously for 10 hours[26]. But many companies do not regulate the working times of employees.

Regulating the working times of platform workers will not be straightforward, as many work for several platforms at the same time, but that should not deter European progressives from developing tools that that ensure that platform workers do not work an excessive number of hours and that they can disconnect from the 'contractor' at rest times of their choice[27]. The regulation of the working time of platform workers should be proposed in conjunction with guarantees of minimum wage pay. If platform/self-employed workers are paid living wages, they will be able to reduce the number or contractors and therefore of the hours they choose to work.

A third step should focus on enabling self-employed workers to form, join trade unions or works councils and access collective bargaining mechanisms. This step would empower platform workers to negotiate better pay and working conditions with their contractors.

A fourth and final step should focus on improving occupational health and safety. As the OECD report notes, platform workers face more risks at work than office workers. In particular, delivery and taxi drivers are at greater risk of accidents which can damage both their health and their capacity to work, while platform workers engaged in clickwork, or customer service are at higher risk of eye strain, musculoskeletal problems, and stress. At present, platform workers are responsible for their insurance costs. European progressives could develop a system whereby different platform companies are required to reimburse platform workers for insurance against occupational accident or illness[28].

The four areas for policy development proposed here may seem relatively mundane and small-scale. Evidently, they are not miraculous solutions to the problem of insecurity and precarity experienced by thousands of platform and self-employed workers. Insecurity and precarity in the workplace are multifaceted issues, manifested in dif-

ferent ways across the EU28. This is also a policy area where European leaders face strong resistance from multinational companies and powerful corporate lobbies. But progress in these four areas will result in a visible improvement in the working lives of platform workers and other self-employed workers. Crucially, it will open the way for a next phase in the campaign to deliver a fair deal to insecurely employed European workers, and potentially to revive the electoral fortunes of social democrats across the EU.

Endnotes

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A new industrial policy for the EU

Matthias ECKE

What arguments can be used to justify government intervention in today's economy?

Europe and the end of liberal globalisation

The US Inflation Reduction Act and similar US initiatives have placed the EU at a pivotal juncture. A growing inclination towards protectionism is emerging globally, alongside industrial policies that prioritise domestic industrial production and import substitution. This change of direction in international industrial and trade policy is evident and goes far beyond the United States. The Covid-19 pandemic and the Russian war of aggression against Ukraine have also shown how strong our geopolitical dependencies are, and how easily supply chains can be disrupted.

Many countries have learned lessons. The consequence is that the WTO rules appear increasingly difficult to enforce. The question is, how should Europe respond? On one hand, voices such as EU Commissioner for Competition, Margrethe Vestager, caution against mirroring American policies, stating, 'to adopt the same approach as the Americans, which we criticise them for, would place us in a vulnerable position, subject to similar criticism'. On the other hand, there are proponents of a similar policy direction. Within the EU, the French are currently spearheading this movement, as exemplified by statements from the French Minister of the Economy Bruno Le Maire, who asserted, 'The US has recently embarked on a new phase of globalisation, focusing on bolstering its domestic industrial capacity. Europe cannot afford to lag behind.'

For those on the political left, the argument that laissez-faire economic principles alone are not sufficient to tackle contemporary challenges is core to our beliefs. However, this time is different. The belief that the 'invisible hand' of the market guides all economic activity has not only been challenged by the complexities of globalisation and technological advancement, but also by rising geopolitical tensions. The 'self-interest' of economic subjects, which Adam Smith refers to as the driver for exchanging goods and services, is limited by governments' political goals. As we saw in the supply chain disruptions during the Covid 19-pandemic or the cutting off of the Russian gas supply at the start of the war in Ukraine we can no longer rely on obtaining goods and services even if we are willing to pay the market price. Hence, an era of expanding neoliberal globalisation appears to have come to an end. Governments are increasingly recognising the necessity of proactive interventions to safeguard domestic industries, promote innovation and ensure sustainable economic development. This chapter will examine in greater detail the arguments that can be used to justify these interventions.

Market creation and market failure

It is widely argued that state intervention in economic policy is needed to ensure competition and prevent market failure. When markets tend to create a monopoly or oligopoly, antitrust authorities are tasked with breaking up cartels and restoring competition. This remains true for the present era, as the EU has shown with the recent Digital Markets Act, which seeks to curb the power of digital platforms that act as omnipotent gatekeepers.

We have to understand, however, that markets do not emerge naturally: they are *created* by public authority. Karl Polanyi famously described a self-regulated market as a stark utopia. Basically, politicians do not interfere in markets; rather markets are only possible because politics enables an environment in which they can function. Markets and politics are intrinsically linked. This means that the actions of governments can change established markets and contribute to the emergence of new ones. States play a central role in creating markets by leveraging their regulatory powers, fiscal policies, invest-

ments and partnerships to shape the economic landscape and drive innovation. Through strategic interventions and collaborations, governments can stimulate demand, incentivise investment and provide the necessary infrastructure and support systems for new markets to emerge and thrive.

By providing incentives for research and development, supporting clean energy infrastructure projects, and establishing regulatory frameworks that encourage sustainable practices, governments can accelerate the transition to a low-carbon economy and create new opportunities for green jobs and economic growth.

Resilience and strategic autonomy

Recent crises such as the Covid-19 pandemic and rising geopolitical tensions have highlighted the vulnerability of global supply chains. They have also underlined the necessity of an economic policy approach that takes account of uncertainty and seeks to manage risk. Industrial policy can play a crucial role in enhancing resilience, diversifying supply chains and mitigating risks from external sources, provided we accept that the former justify government intervention, as well as the higher consumer prices and/or use of public funds that this entails.

The same is true for trade policy. It is important to recognise that the standards we impose on products, especially imports, have significant implications for our industries. For instance, the United States has supported its domestic solar industry by imposing stringent restrictions on imports linked to forced labour. Solar module producers from the Chinese province of Xinjiang are largely unable to prove that they operate without resort to forced labour. Currently, efforts are under way in the European Parliament to enact similar legislation. Besides their inherent purpose, they will also serve to decrease our dependence on Chinese imports by building up our own production facilities. We can thus steer the industrial transformation towards the future we want when we accept that we have to turn away from the orthodox liberal globalisation framework we have become used to.

The concept of 'open strategic autonomy' aims at multilateral cooperation whenever possible and autonomous action whenever necessary. It is based on a rediscovered but powerful geopolitical argument for state intervention in an era of forced de-globalisation. While progressive political forces should always fight for a rules-based international economic order that makes everyone better off, they are well advised to embrace the concept of strategic autonomy and put it at the heart of policymaking.

Business cycle vs resilience-based interventions

The general call for a more interventionist approach to industrial policy is nothing new on the political left. But it was traditionally made for other reasons, in particular the need to cushion the insecurities of business cycles rather than geopolitical dependencies. Policy interventions rooted in the Keynesian model were once synonymous with social democratic industrial and economic policy. There was a time when social democratic parties were credited with a high level of economic competence because they did not shy away from correcting undesirable developments and inefficiencies in the economy and had a long-term vision.

Keynesian economics emphasises the importance of aggregate demand in driving economic activity. Increased public spending can stimulate demand, boost investment and create jobs, thereby lifting the economy out of a recession. With the decreasing efficiency of nation state–based government interventions in global markets, accompanied by the emergence of the new classical school in the mid-1970s, Keynesianism had become less and less relevant.

The ideas of Keynes have experienced a revival in the wake of the 2008 financial crisis and subsequent economic downturns. For the EU, this is largely because the euro crisis has shown the striking difference between a state capable of intervention to stabilise domestic demand and a state incapable of it. During the crisis, some governments across Europe had to bow to the pressures of austerity, implementing draconian measures that cut deep into the social fabric. However, others had adopted Keynesian-inspired stimulus measures to revive their economies and prevent a prolonged recession. For

example, the car scrappage scheme introduced in Germany, which incentivised consumers to purchase a new car.

The success of these policies in averting a deeper crisis and restoring economic growth has led to a renewed interest in Keynesian principles and a new emphasis on the importance of state intervention in managing economic affairs. It also showed that we need a pan-European approach to ensure fiscal space to counter cyclical crises. Attempts have been made to include a fiscal capacity in the EU budget, which would increase its scope significantly. However, only a crisis as big as the pandemic could legitimise joint EU borrowing to support Member State economies, as we have seen with the recovery fund 'Next Generation EU'. Although NGEU is a non-permanent fund outside the core of the EU budget, it has created a blueprint on how the EU can react jointly to address asymmetric economic shocks, if needed.

Infrastructure investments, unemployment benefits and income support programmes are increasingly recognised as effective tools for countering economic downturns and addressing structural imbalances. Beyond monetary policy and the dynamics of business cycles, this economic policy approach recognises that there is no automatic equilibrium but that the state has to counterbalance negative influences not accounted for in the market. By actively intervening to address structural barriers to employment, such as skills mismatches and geographic disparities, governments can create a more inclusive and resilient labour market, ensuring that the benefits of economic growth are shared by all segments of society. Additionally, by incentivising investments in sectors with high social and environmental value, such as renewable energy, health care and education, governments can steer economic activity towards more sustainable and socially beneficial outcomes.

As such, an active industrial policy prevents market failures, stabilises business cycles and limits dependencies on foreign powers. At the same time it can serve as a means of redirecting resources to where society needs them most.

What are the ingredients for success for an effective centre-left policy?

Centre-left industrial policy is centred on the idea that economic growth is necessary but not sufficient to guarantee an economy that works for all citizens and places. As progressives, we believe that market outcomes are not naturally best, but democratic societies have the right to shape markets in accordance with the collective preferences of the populace. For example, merely boosting the sale of new cars is not enough to justify public intervention. Instead, policy design also needs to ensure that cars are clean, efficient and produced by workers in well-paid, unionised jobs. In short, we should design industrial policy not only to ensure the competitiveness of our economy, but to meet wider societal goals.

The EU already has a strong industrial base with a number of competitive advantages. We have the potential to develop new global champions and the capacity to ensure our future economic resilience. However, we are confronted with three major challenges that need to be tackled:

(i) **Climate change:** Given the urgent need to address climate change, industrial policy becomes crucial. Meeting environmental targets requires concerted efforts towards a green transition to a carbon-neutral circular economy. Government intervention is essential to incentivise sustainable practices, promote innovation in renewable energy, and guide economies towards environmentally sustainable pathways.

(ii) **Digital transformation:** The digital revolution highlights the need for Europe to remain competitive in innovation. Industrial policy needs to ensure that Europe remains a leader in technological progress, facilitating the use of digital advancements for societal welfare and economic growth, shaping the continent's future trajectory (see also point 3).

(iii) **Addressing inequalities:** A meaningful left industrial policy should enhance inclusive growth that counters inequality, both within individual societies and between regions, rath-

er than simply pursuing growth for its own sake. If state aid is allocated accordingly, it has the potential to play a pivotal role in promoting equality of living standards.

To achieve these aims we have to refine EU rules and procedures and create new policies where necessary. Initially, we need stable and inclusive political and economic institutions, which distribute power and wealth broadly across society and create an environment conducive to innovation, entrepreneurship and sustained economic development. In *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Daron Acemoglu and James A. Robinson rightly argue that this is a precondition for long-term prosperity. Without stable institutions capable of correcting undesirable developments, the detrimental effects will include the long-term concentration of power and wealth in the hands of a small elite. Inclusive political institutions allow for open and fair competition, ensuring that resources are allocated based on merit rather than political connections or privilege. Conversely, extractive institutions, characterised by concentrated power and limited opportunities, inhibit growth and perpetuate poverty. With the established institutions of democracy under pressure from the far right, we need to defend our EU Institutions and develop them further, where appropriate.

More specifically, we need a well-functioning EU Single Market that provides a domestic market for a prosperous EU industry and contributes to continuous, inclusive and sustainable growth. No one should mistake the renewal of EU industrial policy for an excuse to return to national protectionism in Europe. On the contrary, the deepening of the Single Market for goods, services, labour and capital can provide the growth incentive needed to achieve our economic policy goals within a competitive economy. Progressives should not refrain from expanding economic opportunities in the EU while safeguarding social and environmental rights and standards.

Moreover, a well-functioning, multilateral international trade order is part of any meaningful concept of centre-left industrial policy. WTO rules, ILO conventions and other multilateral agreements should provide access to foreign markets, while at the same time promoting fair trade, labour and environmental standards. I am

convinced that we need to unblock trade agreements like Mercosur with innovative proposals. We have proved that trade and development go together with ambitious policy design. For example, for the European Critical Raw Materials Act (CRMA), the Socialist Group in the European Parliament was able to include clear references to ILO labour standards, as well as to the needs and interests of workers and people in the countries from which raw materials are to be exported. We agree with Judith Kirton-Darling of IndustriAll that 'the race for raw materials should not lead to neo-colonialist behaviour in the Global South'.

No industrial policy will be successful in the twenty-first century without a well-educated workforce at all levels, from professionals to skilled industrial workers. We must invest in education and training, both in educational institutions and on the job. That is why in current industrial legislation at the European level (such as the Net Zero Industry Act or the Strategic Technologies for Europe Platform), the Socialist Group in the European Parliament insisted on including the funding of re- and upskilling, as well as a reference to social conditionality. In addition, the EU benefits from a tradition of productive industrial relations and workers' participation unknown in other parts of the world. While repetitive labour is increasingly being substituted by machines and 'AI', employees' creativity is playing a much more important role and should be enhanced in worker participation and codetermination schemes. For the sake of democracy and equality, as well as for the sake of economic success, we must advance economic democracy. The reform of the European Works Council directive currently under discussion will be an important step in this direction.

Given the scale of the investments necessary for the transition, we obviously need adequate funding from private and public sources. The deepening of the EU capital market, more growth-friendly fiscal rules, and a stronger central European investment budget will help. The next programming period of the European Structural and Investment Funds will have to serve the purpose of advancing territorial cohesion while at the same time providing the long-term investment tool the EU otherwise lacks. Moreover, we need a stronger central EU

budget to serve the needs of economic stabilisation and resilience. The next Multiannual Financial Framework must contain a proposal for a central fiscal capacity in the form of an EU industrial fund.

Finally, we need to improve our research and innovation landscape: universities and research institutions and the relevant knowledge transfer activities have a broader humanistic purpose, but also contribute to improving our innovative capacity. To foster innovation financially, the EU uses Cohesion and Horizon funds, but we should seek an integrated approach to improve knowledge transfer between, on one hand, universities and other research facilities, and on the other, SMEs and start-ups. BioNTech (known for its Covid vaccine produced in collaboration with Pfizer) was founded by the Johannes Gutenberg University Mainz. Examples like this show that a progressive industrial policy should bear in mind the need for close interaction between research and industry. In this regard, the affordability of post-secondary education is of course key. Access to knowledge must be open to all and not subordinate to a class-stratified system.

How does the new industrial policy best harness technological change?

Progressive industrial policy cannot be structurally conservative. Rather it should aim at enhancing and making use of technological change. We have probably never experienced an age of such rapid technological progress. As some scholars say, we are on our way to an 'industry 4.0'. Terms or expressions such as ChatGPT, deep-fake, CCUS or gigafactories were unfamiliar a few years ago. American tech giants such as Apple, Microsoft or Amazon have not only become the most valuable companies worldwide, but also have an increasingly dominant position in their respective sectors and beyond. We see a shift away from the classic industrial model, which aimed to produce a single product at high volume, towards a business model in which profits are made with services, processes and by responding to customers' (quickly changing) demands. Ownership of data – which can be sold or used for a wide array of purposes – is key to gen-

erating profits. Technological change is also visible when we look at the path to decarbonisation and climate neutrality by 2050. Electric cars, renewable energy, but also microchips and other technologies are becoming increasingly important. This technological change is reshaping our entire industrial base. This is not a new insight, but it needs to be better understood as it will no doubt lead to both new challenges and opportunities.

Challenges and opportunities of economic change

There is no equivalent in the EU of the abovementioned tech giants. Europe doesn't have a 'Silicon Valley'. Most jobs are still in the well-established areas of automotive, chemicals and machinery. Having said that, these sectors are the ones that will need to adapt most fundamentally on the path towards climate neutrality. For them, technological change is a dual challenge. Machinery, cars, chemicals: these European industrial champions are still successful worldwide, but they have to adapt to climate neutrality. Industries as we have known them for decades, from development to production, delivery and recycling, are changing rapidly into digital, automated processes, with robots and constant communication between machinery and products. For the workforce, and the availability of decent industrial jobs, this is an unprecedented challenge. As already mentioned, repetitive labour is increasingly being substituted, and we can already see that certain job roles are disappearing. This trend will no doubt continue, demonstrating the urgent need for re- and up-skilling.

At the same time, new possibilities are arising constantly. While it is true that Europe is not the leading continent with regard to AI, chips or solar panels, the EU has taken several steps to change that. Europe intends to reduce its dependency on strategic technology, as well as on critical (raw) materials. In legislation such as the Net Zero Industry Act and the Critical Raw Materials Act, sectors and materials are identified with the aim of reducing the administrative burden for projects in those sectors, and enabling easier funding. The respective lists of sectors and materials are open to change and updates, as we don't know what the future might bring. At the same

time, the Artificial Intelligence Act is a piece of legislation that other parts of the world, including the United States, are following with great interest. Europe is leading the way in defining how and where AI should expand, and how and where it should be contained. Last but not least, all new technologies, independently of this sector, will offer a wide range of new job roles.

Progressive industrial policy in a changing environment

A progressive industrial policy needs to embrace opportunities and confront new challenges at the same time. Technological change is imminent, but it is not welcomed by the industry or its workforce in all cases.

Let us return to the example of artificial intelligence already mentioned. The new possibilities of AI can be seen every day: movies are produced without human actors; vehicles without drivers are delivering goods and trains without conductors are transporting travellers; and deepfake-videos are flooding our social media streams, most of them amusing, but others disturbing, even frightening. We also see the market power that a few companies have in this sector, in which there is no level playing field. The European AI Act tries to ensure equal opportunities and to foster innovation, while at the same time addressing challenges and giving clear guidance on what can be done and what should not be.

Unquestionably, companies that make very large profits with 'old' technologies are reluctant to change. The unwillingness to embrace technological change in traditional sectors leads to a situation in which Europe is lagging behind in producing affordable electric cars, for example. US and Chinese companies accepted this change much earlier. Any industrial policy allows companies to choose technologies, to experiment and to consider the preferences of customers. A progressive industrial policy gives direction on the way that we as a society want to go. On our path to climate neutrality, industrial policy needs to be embedded in the process.

The bottom line of these two examples is that if we as a society intend to benefit from the possibilities of AI, it is necessary to provide creators and companies with explicit rules, and to make clear

that – even if they might look attractive and profitable – some digital applications are not acceptable for the well-being of individuals or societies. If we as a society intend to reduce our CO_2 footprint our automotive industry needs rules, and it needs to be clear that – even if they are profitable – some technologies are not appropriate for a carbon-neutral future.

A progressive industrial policy identifies strategies that keep Europe's industry innovative and competitive, and that makes us fit for the future. It does so by investing in research. HorizonEurope is by far the largest research programme worldwide, with funding of almost 100 billion euros for seven years (and it is very welcome that in September 2023, the United Kingdom and the European Union reached agreement on the UK re-joining Horizon as of January 2024).

A progressive industrial policy sets boundaries for those who make incredible profits with new technologies. The abovementioned Digital Markets Act is one example. Moreover, in March 2024 the European Commission levied a fine of more than €1.8 billion against tech giant Apple, over app restrictions employed by the company's App Store. Also, profits need to be taxed appropriately: those benefiting from technological change need to share the proceeds of prosperity.

A progressive industrial policy is never hostile to technology, but it seeks to take advantage of its potential to change our lives while minimising risks to our society. Such an industrial policy also recognises that potential job losses are real and endeavours to address the challenge. In northern Germany, 300 employees who used to produce combustion engines were set to become jobless, as their company cut staff. But after receiving training and equipped with new skills, all of them are now working at a different company but in the same town, producing heat pumps.

To harness technological change for a progressive and sustainable industrial policy, Europe needs to ensure that the benefits of new technologies flow not only to companies, but to the whole workforce and society, including the most vulnerable. In a world changing as rapidly as it is today, we must ensure that no worker or community is left behind.

Artificial Intelligence: the role of the state and a progressive narrative

Florian RANFT, Sebastian PIEPER and Jonah SCHWOPE

Introduction

According to Max Tegmark, a leading machine-learning researcher at MIT, the debate on the rapid advances in the development of so-called 'artificial intelligence' (AI) and what they mean for human beings is perhaps the 'most important conversation of our time' (Tegmark, 2017). AI technologies have the potential to significantly change the course of our collective future, reshaping the creation of economic value, the world of work, health and social care, governments and solutions to the climate crisis. When devising policy strategies on AI, it is crucial to acknowledge its evolution from a once ambiguous term to a tangible breakthrough innovation that touches upon most aspects of society and economy. What once represented a mainly scientific fascination with the possibilities of an artificial human-like mind now encapsulates a spectrum of innovations that are at the core of the initial stage of a major wave of technological advancement.

But technological change must not be an end in itself. New technologies need to tackle the major challenges of the era, including economic and social inequalities, the climate crisis, the work and the economy of the future, demographic changes, regional imbalances and increasing political polarisation in democracies. At the heart of contemporary AI lies the concept of automatic learning, a sophisticated application of statistical methodologies. The emphasis is not on creating machines that think autonomously, but rather on developing

systems capable of discerning patterns within vast datasets and improving on and innovating existing systems and processes. The creative power of major technological advancements is pivotal for human progress. From previous periods of technological upheaval, we know that novel ways of producing, working and living are a fundamental driver of societal change. Both optimistic and pessimistic scenarios abound in an ongoing and unfolding public and policy debate.

In this chapter, while discussing AI's risks and potential we examine four central domains – the public sector; democracy and media; the economy; and work and labour markets – in which AI might be harnessed for the greater good of society and which are particularly important to decision-makers and the public. In the years to come, it will be crucial for progressive decision-makers to rise to the challenge of developing a compelling narrative and policy agenda on how AI can contribute to a just, equitable and sustainable society and economy and how that can be achieved. Because public perception plays a pivotal role in envisioning and determining the trajectories of AI and its integration in society (Richter et al., 2023), this chapter concludes with suggestions about what the role of the state might be in guiding the transition to a society and economy with AI, as well as an outline of the most important ingredients of a political narrative based on progressive values that addresses the social, economic and ecological implications of AI technologies. We argue that progressives emphasise the dual role of the state, as both a regulatory force and an intervening power to guide the development of AI, harness its social, ecological and economic potential, and mitigate the risks for the most vulnerable.

The public sector

AI presents both opportunities and risks when it comes to the provision of public goods and government services, from health, social care and welfare to security, education, research and employment. As elsewhere, the biggest gains from AI for the public sector are supposed to lie in efficiency and productivity, and if implemented in a cautious, transparent and accountable manner, they may in-

crease trust in the public sector and democratic institutions overall. Boosting the efficiency of public services has three dimensions in this framework: improving government 'productivity', personalising services and making better policy decisions. First, it can automate bureaucracy by standardising public administration processes and making them easier and more accessible, for instance by speeding up financial assessments of eligibility for social welfare or setting up a business. These productivity improvements have the potential to streamline operations and improve service delivery, thus contributing positively to the functioning of the public sector as a whole. In the best case scenario, AI can help shift the focus of the human workforce to interpersonal contacts and enhance citizens' experience in bureaucratic processes (Wirtz et al., 2019). Second, AI can improve the personalisation of government services by using data to take into account citizens' preferences, behaviours and needs. This is at the core of innovation in the private tech sector and must lead the way for government services, too, so that citizens get the feeling that the state works for them, and not just the other way around. Third, AI can be of use in designing and improving policymaking at all levels of government, for example, in analysing spatial and aerial images of urban environments to improve road infrastructure or mitigate the effects of climate change. Beyond efficiency and productivity, AI can support the public sector by acting as a social entrepreneur in providing public goods for the common benefit. By pooling data and information with AI and making it accessible to everyone, governments can help to boost social and economic innovation.

However, the pace of public sector innovation in many European countries remains slow, which poses a challenge to the effective integration and utilisation of AI technologies. Moreover, the widespread adoption of AI applications brings forth substantial risks, notably due to the scale of their deployment, the risk of introducing systemic bias into AI systems, data security concerns, the opaque decision-making of AI systems that affects humans (the so-called 'black-box problem') and the scarcity of knowledge and skills in both the private and public sector (Richthofen et al., 2022). As the Post Office scandal in the United Kingdom – also known as the 'Horizon

saga' – illustrates, decisions made on the back of faulty technologies may have devastating consequences for individuals, as well as those responsible for using it and pose severe challenges for cultivating public trust in new technologies.

Whereas the Horizon scandal originated in faulty software, compounded with human credulity and venality, the challenging area of AI bias is more complex and can come in the form of systemic, statistical and human wrongdoing (Schwartz et al., 2022). As a consequence, AI can reinforce existing societal problems by replicating discriminatory societal structures or, at its worst, automating discrimination against women and minority groups and eroding trust in the public sector's ability to marshal AI services. In many cases, projects that digitise public services are too big and ambitious and often fail (Heckmann, 2024). In places where local and active governments deliberate with citizens about the risks and potentials of new technologies and develop practical solutions – for example, in the city of Helsinki – significant progress has been made with safely adopting new technologies and increasing trust.

In order to address these challenges, it is crucial to adopt a cautious, transparent and accountable approach to implementation that fosters public trust. Launching small or medium-sized pilots with input from citizen projects can lead the way in testing AI applications and creating public acceptance. Avoiding premature large-scale initiatives and instead focusing on leveraging synergies with existing digitalisation projects can mitigate risks and maximise benefits. Think small rather than big. Instead of establishing independent public AI systems, such as government sponsored LLMs, collaboration with the European AI industry can boost innovation in the public sector and ensure compliance with ethical standards. A central instrument that can help to foster public acceptance could be an AI transparency register for all algorithms used by the public administration. For instance, the Dutch authorities published a nationwide AI register in 2022 (Weeke, 2023). Finally, regulatory measures must counter systemic or statistical biases in AI algorithms, ensuring fairness, accountability and trust in decision-making processes and public services.

Democracy and media

The recent acceleration in processing and transmitting information through the internet, and more specifically social media, has laid bare the risks AI poses in spreading disinformation and to democracy overall. The possibility of supercharging microtargeted political campaigns through AI poses a real danger to public discourse, which is vital to democracy. Using AI in the manner of so-called 'hypernudging' processes is targeted at limiting citizens' ability to reflect upon available political options (cf. Morozovaite, 2022). In the 2010s, a scandal concerning the activities of Cambridge Analytica made headlines after the company had collected and analysed personal data from millions of Facebook users without their consent and used it for political advertising in US elections and the UK Brexit campaign. OpenAI is currently facing similar allegations and investigations by European data protection authorities over its data collection practices, prompting the MIT Technology Review to title a topical report 'A Cambridge Analytica-style scandal for AI is coming' (Heikkilä, 2023). Similarly, a recent Freedom House report found that 'Generative artificial intelligence (AI) threatens to supercharge online disinformation campaigns' (Funk et al., 2023). Such campaigns are used not exclusively, but most effectively by right-wing political forces. Their use by political parties contributes to the general trend towards democratic backsliding, turning political actors 'away from democratically competing over the best arguments to unscrupulously competing over the best manipulation of emotions' (Lamura and Lamura, 2023). This may ultimately lead to the erosion of public deliberation on politics. In addition, it is essential to acknowledge and deal with the inherent structural biases present in AI systems, which can perpetuate discrimination and inequality, particularly in political contexts.

Conversely, AI can also aid in simplifying fact-checking processes and bolstering data journalism. By harnessing AI tools, journalists and fact-checkers might be able to verify information more efficiently, enhancing the integrity of public discourse and promoting informed decision-making among citizens. AI might also find a use in

political education by facilitating personalised learning experiences and providing access to diverse perspectives.

In order to cope with these challenges and harness the potential benefits of AI to promote a pluralistic and democratic public discourse, however, proactive measures are necessary. First, we need to build up the capacity of NGOs and media organisations to counteract misinformation and disinformation campaigns.

At the same time, social media platforms must be held accountable for their role in propagating harmful content, and stringent regulations should be enacted to mitigate the spread of false information. Regulatory initiatives, including the Digital Service Act, lay the groundwork for more accountability and control of online content with regard to the spread of illegal content, disinformation and transparent advertising. The EU's Artificial Intelligence Act (AIA) is currently taking centre-stage globally in pioneering and shaping similar regulation for AI, opting for a risk-based approach based on liberal democratic values. But much more work remains to be done. In addition to the attempt to shut down content, progressives should aim at building capacities within civil society, media and education, enabling them to engage effectively in standardisation (advocacy function) and oversee compliance of governments and the AI industry with given standards in the future (watchdog function). Simultaneously, a concerted effort to educate the public is paramount, with public media playing a central role in shaping an informed citizenry capable of discerning truth from misinformation. By combining regulatory measures with proactive public education, progressives can build a more resilient democratic fabric in the face of evolving challenges in the digital age.

The economy

AI technologies, in particular generative AI, are believed likely to lead to fundamental industrial transition; boosting economic growth, raising productivity levels and creating new jobs. Business and particular industries are rapidly adapting to these developments, with private investments of $120 billion in Generative AI reaching a record

high in 2021. According to McKinsey (2023) Generative AI could add $2.6 trillion to $4.4 trillion to the global economy, with a significant impact on nearly all industrial sectors. By leveraging higher public investments driven by a new industrial policy (Jung, 2023), AI may represent a cornerstone in reshaping the innovation and industrial landscape, bolstering Europe's sovereignty and reducing regional inequalities. Equally important, public and private investments in crucial green technologies boosted by Generative AI can help to avert more than half of the climate tipping points in the next five years, making green technologies competitive in key markets and accelerating decarbonisation worldwide (Stern and Romani, 2023). However, making all this happen faces a number of hurdles. Because so-called 'rebound effects', such as the energy and water needed for running and cooling computer systems, threaten to undo gains in terms of energy and resource efficiency, it is essential not only to strive for more efficient production or sustainable operation of AI infrastructures ('sustainable AI'), but to work on AI for the purpose of boosting sustainability, that is, deploying technology in specific tasks in the ecological transformation of industry and society. In the knowledge economy, this means employing AI to develop intelligent systems with the ability to consider the complexities of environmental governance and to process real-time data in order to provide the knowledge needed to sustain life.

Besides the ecological and economic potentials for businesses and industries, two major concerns require attention: the risk of increasing market monopolies and the loss of individual agency. On a structural level, the rapid growth of AI technologies, particularly generative AI, may further entrench an already oligopolistic tech sector driven by scale, network effects, and feedback loops. Weak antitrust enforcement hitherto has helped a handful of dominant tech companies to control digital markets. These gatekeepers are exploiting their unprecedented access to computing infrastructure, data and expertise to influence the development and commercialisation of AI (Lynn et al., 2023). This will most likely lead to dependence among smaller AI firms on the data infrastructure provided by tech giants. However, there is a strong case to be made for the establishment of

a level playing field in the tech sector and the development of AI in a way that boosts competition and responds to the needs of consumers, businesses, governments and citizens. Accordingly, good AI governance requires not only fundamental data usage regulations to counter the de facto data ownership of tech giants, but also proactive utilisation of available tools to combat anticompetitive behaviour within the AI domain.

At an individual level, the manipulation and exploitation of consumers and their personal data in a commercial context – whether through voluntary or forced subordination – poses a threat to individual agency. First and foremost, it is up to individuals to take responsibility for their digital self-empowerment, consciously making informed decisions in order to strike a balance between machine assistance and paternalism exercised by machines. But such a balance can be struck only if the market offers a sufficient selection of AI applications in which customers and their data are not also a traded commodity. The current situation presents a classic case of market failure: start-ups that could develop user-friendly and ethical bots often lack the necessary data to 'train' them. Users, on the other hand, are reluctant to pay for digital services, opting for free services that leverage user-generated data. To remedy this, government intervention can be key. Implementing regulations, such as transparency requirements and providing open access to learning data, can encourage the development of diverse and user-centric AI solutions. Government support, including seed funding for start-ups developing neutral assistant programs, can further foster market diversity (Ramge, 2020).

In conclusion, AI's potential promises to have a transformative impact on economic development, productivity and sustainability. But realising these putative benefits entails that we address significant challenges. These challenges encompass the need for sustainable AI practices and robust governance, such as fundamental data regulations and proactive measures against anticompetitive behaviour. Balancing individual empowerment with market dynamics is pivotal, emphasising the necessity for a diverse AI landscape and government intervention to foster ethical, user-centric solutions to

ensure the responsible evolution of AI in the global economy. As a leader in regulation, Europe is an important player. While it must use its regulatory power to minimise risks and lower barriers to market entry, it also needs to recognise that the European technology industry requires extensive public and private investments to maintain competitiveness against Asian and American counterparts in the long term.

Work and labour markets

In the current discourse on AI, short-term risks often take centre-stage. One of the most prominent concerns revolves around the displacement of jobs due to automation and substitution of tasks driven by AI technologies. As AI systems become increasingly capable of performing tasks traditionally carried out by humans, there is a palpable fear of widespread unemployment and economic instability. Concerns echo past discussions of technological innovations, but history emphasises the need for an open-minded but vigilant approach by governments and organised labour to harness the new technologies' potential.

Ten years ago, Osborne and Frey (2013) instigated a major public debate on 'technological unemployment' with their analysis of the susceptibility of different occupations to replacement by automation. Historically, however, emerging technologies have tended to generate more jobs and have increased welfare rather than diminishing it. But this pattern held true primarily because technology was often utilised to automate routine tasks, providing workers with the opportunity to enhance their skills and transition to roles demanding a higher skill set and cognitive abilities. The advent of AI introduces a potential shift in this pattern, given its capacity to perform complex cognitive tasks affecting both low- and high-skilled workers alike in manufacturing, services and beyond. Especially, the rapid rise of LLMs in 2023 has led to a resurgence of fears about the AI's potential negative impact on jobs across all levels of the income and skills scale. Countering this fear, a recent MIT study finds that most AI applications are currently far too expensive to replace humans in

most professions (Svanberg et al., 2024). But the cost-centric nature of this argument prompts questions about its universal applicability and, more fundamentally, whether cost is a sufficient indicator of AI allocation. Turning the perspective to the 'input side' of AI systems, in other words the human labour involved in training and maintaining AI models, we propose that the perspective offered by the MIT study is insufficient.

First, as Casilli and Kill (2024) have argued, the increasing roll-out of AI applications – contrary to public perception – increases the demand for human labour, for instance by creating tasks such as system training and content moderation. However, this so-called 'micro-work' is scarcely synonymous with 'decent work' as it frequently involves outsourcing to regions with lower wages and substandard working conditions. In fact, companies in some cases can save money by employing workers to simulate an AI model rather than running it autonomously. Even if people 'only' do training and maintenance work on AI systems, there have been many reports of exploitative working conditions afflicting so-called 'click workers' (Eldebani, 2023). Progressives must therefore scrutinise the ramifications of adhering exclusively to a cost-centric rationale. A different vision of the relationship between AI and work is laid down in the German Trade Union Confederation's (DGB) concept paper 'AI for Good Work', namely that *'one of the primary objectives should be to use AI as assistance systems in order to reduce workloads and promote good work'* (DGB, 2020: 4) To meet workers' actual needs, effective AI implementation requires transparent communication from the outset, as well as clear, collective purposes and institutionalised procedures for collaborative decision-making.

Beyond the changes AI is introducing to the labour market, it is already changing the world, place, experience and culture of work. Tangible changes in the workplace are being made along three dimensions, which we accordingly call 'bricks (physical dimension), bytes (digital dimension), and behaviour (cultural dimension)'. 'Bricks' refers to the physical space of the office and its reconfiguration in light of the emerging knowledge economy. Here, AI can improve workplace conditions, for instance by optimising energy use,

transport and safety monitoring. At the digital level ('bytes'), AI has the potential to automate routine tasks, accelerate communication and enhance data processing speed. Examples such as AI-driven inventory management in retail highlight the potential cost-reduction benefits, but also pose questions about the evolving nature of traditional job roles. The cultural dimension ('behaviour') entails a shift from human-to-human to human-to-'non-human' interactions, with AI-driven technology reshaping training, knowledge production and interpersonal dynamics. For instance, companies are increasingly introducing AI-driven 'co-pilots' or physical AI-powered 'cobots' to assist their workers in everyday tasks. While AI technologies generally boost productivity, they also raise concerns about data security, transparency, fairness and accountability. Notably, experts warn that AI applications in the workplace could interfere with workers' right to informational self-determination, especially through increased surveillance (cf. German Federal Government, 2024). Hence, progressives must tackle risks at an early stage and ensure that the notion of decent work is not lost sight of, encouraging a holistic debate on the trade-offs and repercussions of broad AI implementation.

In summary, this translates into a twofold quest for policymakers. First, to encourage productivity growth, where it translates into increased advantages for workers. Essentially, this means that profitability must not be conflated with genuine progress. A simplistic focus on profitability in tech development and deployment often proves short-sighted, neglecting the often invisible (future) societal costs. Concordantly, pursuing genuine progress means directing AI development towards improving working conditions, raising wages and benefiting society as a whole. To attain this objective, policymakers need, second, to actively collaborate with worker and employer associations in the development of policy frameworks for AI implementation in the workplace. A progressive AI labour policy builds on the active engagement and empowerment of all relevant stakeholders. Besides engaging stakeholders in policy formulation, this requires fair and inclusive social dialogue on the introduction of AI to workplaces themselves, as well as robust mechanisms for feedback and evaluation at multiple levels, so that company prac-

tices can be reviewed and government policies potentially revised in the future.

The role of the state: towards a progressive narrative on AI

In response to the emerging challenges, problems and opportunities being brought to the fore by the AI wave, progressive policymakers must craft and communicate a narrative on AI development, based on the policy goals that should be at the core of a reform agenda. At present, AI is the focus of a variety of positive and negative imaginings as regards societal and economic development. This may only exacerbate the feelings of individual and collective anxiety that are partly driving support for right-wing populists and extremists. For progressives, the challenge lies in identifying a forward-looking and bold narrative, as well as a policy strategy that brings together the opportunities and risks of AI technologies in relation to progressive values and policy goals, such as economic and social equality, sustainability and stabilisation of our democracies. It should be in line with progressive values and challenge emerging narratives from conservatives and the far-right. Therefore, a narrative is needed that is principled, tackles conflicts of interest and avoids both hype and hysteria. It must also be concrete and able to guide actions without getting lost in abstraction.

At present, the international political debate on AI is focused primarily on the supposedly vast economic potential and the race for global AI leadership. This is no surprise given the agenda-setting power of the big AI players with regard to media coverage (Richter et al., 2023). As a result, the collective societal imaginaries of AI 'are increasingly dominated by technology companies that not only take over the imaginative power of shaping future society, but also partly absorb public institutions' ability to govern these very futures with their rhetoric, technologies, and business models' (Mager and Katzenbach, 2021). While it is crucial for progressives to reclaim this discourse, societal perspectives also greatly vary in terms of

the roles assumed by governments in influencing AI development, just as different governments have diverse visions of AI's purpose. As Guendez and Mettler (2023) demonstrate, many governments' narratives share similarities but attribute different priorities to the various roles government can play in shaping a world with AI (for example, 'leaders', 'enablers', 'users' and 'regulators'). The striking resemblance between these narratives ought to be a red flag for progressives: there appears to be considerable uncertainty about the state's importance and the roles of other stakeholders.

In any area of government activity a balance needs to be struck between the interests that are at stake and a political and regulatory framework established that gives both public and private sectors a clear sense of the direction of travel. Accordingly, in addition to defining the role the state should play in AI governance, it is critical to scrutinise the visions that states are currently pursuing for AI in the global arena and to develop a distinct progressive narrative that is both value-driven and clearly articulated. As Bareis and Katzenbach (2021) show, in China, AI is envisioned primarily as a tool of social order and regulation. In the United States, by contrast, it is framed mainly as a powerful tool for economic growth, which is to be achieved by investing in key technologies (for example, semiconductors) and deregulating markets. Finally, core EU states, such as Germany and France, advocate a value-driven approach to AI, although they have found it difficult to translate these values into actionable strategies. In conclusion, we contend that a progressive European narrative should steer clear of both illiberal aspirations for excessive social control and the enticing promise of dogmatic ultra-liberal deregulation. Democratic states must engage actively, keeping in mind that nuanced regulation is key to fostering innovation and competition, while making it possible to align the trajectory of change with progressive objectives. Given the analysis outlined above, we conclude that the state should play a dual role, as both a regulatory force and an intervening power to guide the development of AI to harness its potential and mitigate the social and democratic risks.

To achieve this purpose, the state should become active in four key areas. First, it should tackle the potential failures of AI marketisation

and the growth of monopoly-like structures in the tech economy. Concentrating the development of AI in the hands of a few companies will stifle innovation in the medium and long term. This may be stating the obvious, given that the EU Digital Markets Act came into force in November 2022. But the priority of progressives should be to monitor how existing regulation unfolds, learn from potential shortcomings and adjust where necessary.

Second, there is a strong case for setting incentives to align the AI revolution with the establishment of environmental, anti-discrimination and labour standards and to update them accordingly. This mission-based approach to AI may provide progressives with an opportunity to put Europe on a path for AI that deviates from 'Shenzen state capitalism' in China and the Silicon Valley approach to deregulated ('free') markets in the United States. It would send voters a strong signal that the emphasis is to be on the quality of economic development, along with the potential productivity gains that AI will bring to society and the economy as a whole.

Third, progressive governments must make sure that, as the implications of AI unfold for society and economy, those who are most vulnerable to disruption – especially workers and potentially businesses that fall behind – are protected and also to safeguard democracy and pluralist public discourse.

Fourth, a European vision for AI must transcend the prevalent techno-utopian belief that the deployment of AI to address societal challenges will in itself lead to social progress. Rather, a distinctive progressive approach should – beyond promoting and regulating AI – complement technological innovation with social innovation in its functional and organisational application. In the end, the relevant non-technical, economic, social and political factors will be crucial in shaping how the 'utilisation potential of technologies will be exploited and which consequences for social development will manifest' (Hirsch-Kreinsen and Krokowski, 2024: 4).

Conclusion

This chapter has shown that it is possible to construct a progressive narrative on AI. Latent trends accelerated by AI, such as increasing inequality, the evolution towards a service-based economy, and media polarisation, underscore the importance of adopting a progressive approach. These trends may exacerbate existing societal divides. As such, they highlight the pressing need for equitable access to AI technologies and democratisation of their benefits. There is vast potential in using AI to achieve progressive goals: from enhancing productivity in public administration to mitigating skills shortages, leveraging data-driven policies, and streamlining processes in the private sector to workers' benefit. However, realising these benefits requires a concerted effort to address issues of centralisation, monopolisation and the potential exclusion of a diverse set of voices in decision-making processes. Establishing a robust AI industry in Europe, fostering acceptance of AI in the public sector, and bringing together stakeholders from all sectors of society are critical. Building up AI capabilities within civil society and the media, and guarding against democratic backsliding in the face of widespread adoption of disruptive AI applications, are paramount. By reframing the discourse and putting these issues at the core of a progressive narrative on how AI can be a force for positive change, progressives can inspire collective action towards a future in which AI may be a tool for the empowerment of citizens and workers rather than for division. It is through a shared commitment to inclusivity, accountability and innovation that we can steer a course towards a more equitable and prosperous future powered by AI.

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Managing technological transformation – from the perspective of a European lawmaker

Miapetra KUMPULA-NATRI

10 years at the European Parliament: from consumer-friendly digital infrastructure to democratic control of digital content

Digital technologies provide convenience, entertainment and access to innovative tools, products and services. They offer unparalleled opportunities for businesses and service providers. But alongside these advantages, digital technologies have also brought data misuse, abuse of power, precarious employment and the exploitation of natural resources. It is also claimed that Big Tech companies pose a significant threat to democracy.[1]

However, we do not have the option of renouncing the use and development of new technological innovations. Without digitalisation, our societies and continent would fall behind economically. We have to be part of creating technology, not just adapting to it. Alongside R&D and an innovation-friendly society, we have established the prerequisites for a human-centric digital future.

How we might succeed – or fail – in addressing these issues of digital transformation is the key question for the future of society, democracy and the economy. This chapter focuses on policies that can ensure a fairer and more sustainable digital transformation in Europe.

Since the early 2010s, there has been growing political interest in digitalisation and an increasing understanding that Europe's position within the digitalisation process overall is a strategic political

question for the continent's future. Back then, the situation was that China led in the production of devices and gadgets and the United States led in software and content development, while Europe was confined to the role of mere user of digital technology.

Over time, a consensus thus began to emerge that we needed Europe to step up and be able to play the game, not just be the playground. Thus, strengthening democratic control over digital transformation, enhancing the level playing field for SMEs in the digital economy and promoting equality in the digital transformation have all been key policy issues.

Over the past decade, the EU has laid the foundations for several pieces of digital legislation, notably the Digital Single Market (DSM) strategy[2] and the European Electronic Communications Code.[3] Regulation of data roaming markets[4] enabled people to make calls, send texts and browse the web while travelling in other EU countries at no extra cost for consumers.

The 2019 elections resulted in significant changes in the composition of the European Parliament. Traditional centre-right and centre-left parties lost ground, while Green and Liberal parties made gains. The new European Commission, led by Ursula von der Leyen, took digital policy as one of its key priorities. The focus of the European Parliament shifted from networks and infrastructure to content: what happens in the online world. At the beginning of the parliamentary term, data was put at the heart of the new strategy and the 'Big 5' digital legislative package was adopted, namely the Data Act,[5] the Data Governance Act (DGA),[6] the Data Services Act (DSA),[7] the Data Markets Act (DMA)[8] and the AI Act,[9] which together support and strengthen the European data economy.

In summer 2024, the power balance in the European Parliament and the Commission has changed again. In this chapter, we look ahead to the coming years, identifying the tasks that progressive policymakers should focus on within the pivotal themes of digital transformation.

There is a lot to do. Central to Europe's political agenda is open strategic autonomy, reflecting our commitment to ensuring that Europe retains sovereignty and control over its digital destiny. By ad-

vancing initiatives that prioritise European interests and values, we aim to carve out a prominent and resilient position for the continent in the global digital arena. Through strategic planning and collaborative efforts, we are poised to navigate the evolving digital landscape, safeguarding Europe's interests while fostering innovation, competitiveness and resilience. Citizens need to be at the centre of the policy. That is something markets do not do. Their focus is the consumer, not the citizen.

Despite the major horizontal digital regulation the EU has accomplished during this term, there will most likely be a need for additional, sector-specific legislation related to, among other things, algorithmic management at work and copyright issues. Additionally, the integration of 'superinfra' – that is, quantum-HPC computing and fast connectivity and storage (edge or cloud) – technologies into our digital landscape will be explored, underscoring the importance of remaining at the forefront of technological advancement.

The rest of the chapter summarises the most important digital legislation passed during this term. However, mitigating risks and implementing regulations alone are insufficient to harness the benefits of the digital transformation. The chapter will examine managing the digital transformation from three perspectives: (i) digital transformation and work, (ii) enhancing socially beneficial innovations, and (iii) connecting digital and security policies. The end of the chapter will summarise the key takeaways for all progressive politicians and movements in Europe and elsewhere.

Breaking the taboo that Big Tech cannot be regulated

When the European Commission started work on AI regulation, the Parliament wanted to be prepared. Numerous experts took the view that regulating such a complex entity as so-called 'artificial intelligence' (AI) was impossible. They highlighted how reaching a consensus even on the definition of AI would be too difficult a task and that the technology is not mature enough to be regulated. Views shifted

somewhat when free use applications using so-called 'large language models' (LLMs) were made widely available at the beginning of 2023.

If it is true that we lack the means to regulate and democratically control the digital transformation, we are left with two options: either to adopt the Chinese authoritarian model or to allow Big Tech to wield unchecked power. Both scenarios would be harmful for democracy. This is a concern that the EU has taken seriously in this term, and why it has broken the taboo that 'Big Tech cannot be regulated'.

Data is a crucial element underlying AI and platforms. In the Parliament's report on the Data Strategy, we pushed for strong respect for the privacy of consumer data aligned with the EU's General Data Protection Regulation (GDPR). In the strategy, we also wanted to highlight MyData principles and enhance interoperability, usage and the flow of industrial data. social democrats saw it as important to accelerate data flows between businesses and different sectors, but also between the public and private sectors. Access to public data for the private sector has been made possible; now there is a new European right to require access to the data generated or collected by connected products, an almost shocking idea for some industry players. We have still not fully realised the potential of data sharing for the benefit of society; public actors' access rights to data collected by private companies will be granted only in narrow cases and only as a last resort in situations such as pandemics. This prioritisation of company ownership or the right to limit data access hinders some of the good things that the public sector could offer for cities, energy, transport, planning or security. The Data Act could have been more ambitious, but trust in governments was not high enough.

Within the European Union, the European Commission's initiative 'A Europe fit for the digital age'[10] has catalysed legislative endeavours aimed at adapting to the changing digital environment, marking a significant shift in regulatory frameworks.

Key digital laws, including the GDPR, the ePrivacy Directive and the e-Commerce Directive, were established before the inception of the Digital Strategy. Nonetheless, the parliamentary term of 2019–2024 witnessed the emergence of a new wave of digital legislation.

It included the following:

- The Data Governance Act (DGA), enacted in May 2022, aims to foster the sharing and reuse of public sector data, facilitate the role of data intermediaries and promote data altruism. Additionally, it places limitations on the transfer of non-personal data outside the European Union.
- The Data Act focuses on getting data out of its silos, conferring on citizens rights regarding the utilisation and sharing of data generated by connected products, mandating user access to data, facilitating data sharing with eligible third parties, and incorporating provisions for cloud providers and data space operators.
- The Digital Services Act (DSA), which came into force in November 2022, modernises the existing e-Commerce Directive by targeting illegal content, promoting transparent advertising and combating disinformation. It imposes obligations on all digital services, with particularly stringent measures on very large online platforms.
- The Digital Markets Act (DMA), aimed at fostering competition and assisting smaller companies, tackles issues such as self-preferencing and data portability. It was enacted on 1 November 2022, the majority of its provisions becoming applicable from May 2023.
- The Artificial Intelligence Act (AI Act), completed in the spring of 2024, endeavours to position the EU as a prominent centre for reliable artificial intelligence. It concentrates on regulating high-risk AI systems and extensive general-purpose AI solutions that pose systemic risks. It will take two more years to be fully adopted but already in the spring of 2024 the Commission is recruiting staff for its AI Office to create tools to make this law applicable and the AI Factories concept is spreading around Europe to push SMEs to get on board.

Additionally, other legislative instruments, including the NIS2 Directive and the Cyber Resilience Act, complement the core digital laws. Sector-specific policies, such as the European Health Data Spaces Regulation and the Digital Operational Resilience Act (DORA), are

under preparation. These legislative initiatives reflect the EU's approach to fostering a thriving digital ecosystem while safeguarding consumer rights, privacy and security in the digital age.

Digital transformation at workplaces

The rise of 'general-purpose AI' during 2023 once again brought into the public discussion the potential issue of disappearing jobs. Many may have felt a sense of deja vu, recalling the years 2013–2018, when an Oxford research team's assessment of the possible impact of AI sparked a societal debate about the future of work. Once again, we were discussing how AI was going to 'revolutionise everything' and pondering who would be able to keep their jobs and who would not.

Exalting AI's potential and awe at future-oriented visions may blind us to the more modest changes AI and digitalisation are already causing in our workplaces. We need to enhance digitalisation that complements human labour rather than attempts to replace it. Are the efficiency gains of digitalisation really leading to cheaper services or are they merely siphoning off even more economic gains for companies already leading in the market? Will anyone ever be compensated for losses due to AI-generated content, and how? These questions are at the core of a sustainable and equal society.

The digital transformation has to date often served to multiply the wealth and power of capital owners and highly skilled individuals, exacerbating existing inequalities. This phenomenon, often termed the 'winner takes all economy', has further weakened the bargaining power of labour relative to capital, resulting in stagnant wages and a growing labour precariat. While trends such as job unbundling and outsourcing began in the 1980s, the advent of digital technology has facilitated and accelerated these shifts, reshaping the labour market landscape.

In response to concerns about digitalisation's impact on workers' rights, the European Commission has introduced an action plan aimed at implementing the European Pillar on Social Rights. This plan includes twenty actions, with a particular focus on promoting work–life balance. social democrats, in particular, have advocated

for the 'right to disconnect' as part of this initiative. This advocacy has led to an own-initiative report by the European Parliament and ongoing negotiations between social partners regarding a new agreement on teleworking, with the aim of enshrining the right to disconnect into law by means of a directive.

One significant success for social democrats has been the adoption of the directive on adequate minimum wages across the EU Member States. This directive establishes a framework for adequate statutory minimum wages, promotes collective bargaining on wages, and enhances workers' access to minimum wage protection throughout the EU. By alleviating some of the economic pressure that drives people towards precarious gig economy platforms, this framework seeks to address the challenges posed by the 'winner takes all' economy.

The EU institutions reached a political agreement in March 2024 to conclude a regulatory framework within the Platform Work Directive, which aims to improve working conditions for platform workers and provide them with employment status. It will bring desired transparency obligations and limitations on how platforms use algorithms to manage their workforce.

While some of the most progressive measures on algorithmic management were not included in the final political agreement, the directive is a good step in the right direction and sheds some light on algorithmic management practices. Now, trade unions see that algorithmic management can be subjected to rules, which should not be limited to platform workers alone but extend to all types of work.

Fair digital transformation can sometimes mean repeating good old recipes, for example, to ensure workers have a say regarding changes in the workplace. The principle of listening to workers and trade unions when workplaces are developing and deploying new technologies was agreed upon in the Data Strategy. social democrats also advocated for similar protections in the AI Act, ensuring worker involvement in the deployment of AI technologies in the workplace. Even though the AI Act is a framework directive on risk levels, it specifically bans the use of emotion recognition at work and categorises recruitment, promotion and systems affecting contract terms at work as high-risk AI requirements. The AI Act allows for the setting

of stronger rules on worker protection by the Commission but also by Member States.

Additionally, social democrats have been pushing to enhance digital skills throughout the education system, as well as pushing to create necessary cooperation mechanisms for reaching digital skills targets. The Covid-19 pandemic altered job markets, emphasising digital qualifications and competencies. It also revealed how those who do not possess them are being left behind, and how digital skills are increasingly necessary to enable citizens to participate in a digital society. Therefore we need solutions for the continuous provision of free digital literacy training for adults, with a special focus on teachers and educational staff, taking into account existing best practices across the EU.[11]

Enhancing socially beneficial innovations

The balance between securing citizens' rights and boosting innovation has been widely discussed in the context of digital policies. It is often said that 'overregulation' undermines technological progress and compromises innovation. Some governments have refrained from regulating the tech industry precisely because they fear that any attempt to interfere in the operation of tech companies would undermine their innovative capacity.[12]

There is no doubt that technological development should be encouraged. Technological innovations bring significant benefits for individuals and societies. They can enhance healthcare services by aiding in diagnostics, predicting disease outbreaks and providing telemedicine solutions. AI could improve the efficiency of agriculture, enhance educational resources and contribute to monitoring and managing natural resources.

The dichotomy between regulation and innovation is often oversimplified, or at least it is more complex than public discourse suggests.[13] The challenges facing the European digital economy stem not from regulation, but rather from factors such as the absence of a digital single market and difficulties in attracting talent and fostering risk-taking.

According to the Commission, the EU AI Act supports innovation in two ways. First, by establishing unified rules it decreases complexity and enhances legal certainty. Without EU-level regulation, it would be more likely that the bloc will see fragmented regulation across individual Member States. Secondly, the AI Act steers AI innovations towards ethical and safe applications, restricting the use of intrusive AI applications such as mass surveillance or manipulative algorithms targeting people's vulnerabilities. These obligations are aligned with the social objectives of the European Union and are beneficial for individuals.

In addition, in 2024 the Commission launched the AI Innovation Package to support AI start-ups and SMEs in the development of trustworthy AI that respects EU values and rules and aligns with the AI Act.[14] It includes for example the initiative to set up AI factories to enhance the AI ecosystems of companies and researchers as a new pillar for the EU's High-Performance Computing (HPC) Joint Undertaking.

However, the EU's lack of robust oversight over critical digital infrastructure exposes vulnerabilities, especially in the current climate of geopolitical tension within the high-tech sector. The focus of social democrats is on championing not just innovations but innovations that deliver tangible benefits for both societies and individuals. While the EU previously aimed to dismantle regulatory barriers to stimulate market growth, it now faces the imperative of formulating a coherent vision for European technology that prioritises the public interest.

Although Europe has a strong tradition of fundamental research, its adaptable applications frequently lag behind. To combat this, the EU is making substantial funding available through initiatives such as the Digital Europe Programme and Horizon Europe. But the effectiveness of these endeavours remains uncertain. Meanwhile, national initiatives such as the German Sovereign Tech Fund are emerging to support the growth of the technology sector.

It is evident that Europe must prioritise investment in digital infrastructure and promote value-based innovations across various sectors, such as education, science, public service media and health

care. This entails bolstering digital sovereignty, embracing democratic governance models, and prioritising open standards and interoperability.

Progressive policies could promote innovation not only through traditional means such as direct state investments and subsidies, but through regulatory frameworks such as competition law and other digital regulations that can be utilised creatively to cultivate an environment favourable to innovation.[15]

A good example is how the European Commission is promoting the development of large language models with all European languages.[16] An exemplary initiative in this regard is 'Poro',[17] the first in a series of multilingual open-source large language models (LLMs), covering all official European languages and coding. This ground-breaking open-source project combines top-tier expertise, access to extensive computational resources on Europe's most powerful supercomputer LUMI, a vast dataset, and a unique software layer for LLM training.

Named after the Finnish word for 'reindeer', Poro is a 34 billion parameter LLM designed for English, Finnish and code languages. It offers a glimpse of the potential of the multilingual model family, with future releases expanding language support and incorporating additional features, such as an updated model architecture and expanded context window.

Furthermore, the 'Poro Research Checkpoints' program aims to provide external researchers with unprecedented access to the model training process. Through this initiative, a series of checkpoints will be released during the model's training, allowing researchers and practitioners without the means to train their own large models to gain insights into language model training. This collaborative approach fosters transparency and knowledge-sharing within the research community. It also shows how LLMs can respect transparency by cataloguing the data it has been using when trained, fully respecting privacy.

Energy consumption and sustainability issues should be at the core of digital policymaking. It is vital that we manage to reduce the energy consumption of technology. Playing close attention to efficiency is vital as data usage growth is exponential, and digitalisation

is sweeping the whole of society. To this end, the AI Act and cloud requirements include necessary obligations to report the energy efficiency of AI solutions. Energy usage of IT systems is still manageable and many opportunities appear to be available for digitalisation to support green and efficient energy and material consumption. In addition, via datafication we can be better prepared for climate-related catastrophes.

Integrating the digital transition with the green transition will also have an impact on the electricity market. Currently, the largest customer for green electricity in Europe is Amazon Web Services,[18] which plans to construct over 300 of its own renewable energy power plants. Not just cloud computing, but technologies such as blockchain and AI training also demand enormous electric power. This, as well as additional support for more efficient chips and systems should be acknowledged in upcoming policies. The relevant global companies make minimal tax contributions and their employment levels are low relative to their purchasing power, but they are poised to become significant players in electricity markets, wielding strong purchasing power for clean electricity.

Connecting digital and security policies

The European Union was originally established with a view to ensuring peace on the continent. As we navigate this new era characterised by ongoing crises, ranging from Russia's war of aggression in Ukraine to climate change, we need to widen our mindset to encompass the digital transformation: digital policy is security policy.

Ensuring comprehensive security has become paramount and this includes information resilience. Information resilience is the ability to operate effectively in environments in which the available information is uncertain or compromised, whether due to scarcity, excess (overload), ambiguity or misinformation.

Digital infrastructure needs to be considered critical (so-called 'critical infra') as Europe enhances its resilience and security going forward.

General-purpose AI has brought the security and safety aspects of AI to the fore in the digital policy debate. Last year, calls for a pause on training large-scale AI models[19] and predictions that powerful AI could lead to human extinction or a future without paid jobs sparked a rush of proposals for some form of global governance framework.

The intersection between digitalisation and security, and the need to strengthen global collaboration and governance in this field, have been evident in several global initiatives focusing on the safety and security of AI, such as in the agenda of the Global Internet Governance Forum. The Global Partnership on AI (OECD) is a multi-stakeholder initiative aiming to bridge the gap between theory and practice on AI by supporting cutting-edge research and applied activities on AI-related priorities. It is built around a commitment to the OECD Recommendation on Artificial Intelligence.

The G7 countries have established principles on AI through the so-called 'Hiroshima process'. The UN Secretary-General released his report *Our Common Agenda* in September 2021. It proposes a Global Digital Compact to be agreed upon at the Summit of the Future in September 2024. In preparation for a common global view, the UN has established a high-level Advisory Body on AI to foster a globally inclusive approach. The body undertakes analysis and advances recommendations for the international governance of AI.

Strengthening strategic partnership between the United Kingdom and the EU

Rising awareness of the interconnectedness of security and digital transformation should and could be utilised to strengthen the strategic partnership between the EU and the United Kingdom as well. The United Kingdom and the EU share common interests in collaborating on safe and trustworthy AI systems, as was highlighted in the UK AI Safety Summit. Both the EU and the United Kingdom have highlighted the importance of addressing cyber threats, which pose significant concerns for digital landscapes.

Collaborative efforts in cybersecurity could entail sharing information on cyber threats and attacks, coordinating responses to incidents, and jointly developing initiatives to bolster the resilience of critical infrastructure and digital networks. It is essential to establish mechanisms for dialogue and coordination. This may involve bilateral agreements aimed at facilitating cooperation and ensuring alignment on key aspects of digital policy and cybersecurity. By working together, the EU and the United Kingdom can leverage their strengths and resources to navigate effectively the challenges posed by the digital age and promote mutual prosperity and security.

The post-Brexit agreement on trade constitutes a very important foundation for the common digital future of the United Kingdom and the EU. This includes important provisions on data transfer. Without an agreement, uncertainty about reliable data flows would significantly hinder common services and development. Nevertheless, the EU maintains its right to guarantee privacy and regulate personal data protection.

A good start for the post-Brexit relationship is the United Kingdom's decision to rejoin the EU's Horizon research funding programme.[20] However, the challenge lies in tackling the possible divergence of UK regulations and standards from those of the EU. Generally speaking, EU legislation drawn up for areas other than research tends to have an immediate impact on it. The status of third countries with regard to such regulation is crucial for any cooperation. With a regulatory superpower like the EU as a neighbour, EU rules will continue to hold significance for the United Kingdom.

The EU–UK Security of Information Agreement[21] describes the formal collaboration. After the traumas of Brexit on both sides, it provides good momentum to strengthen collaboration and strategic partnerships between the United Kingdom and the EU, with digital security a key possibility.

Conclusion

In this chapter, key themes have been outlined for future progressive policies on digital transformation. They include: (i) digital transformation in workplaces; (ii) supporting societally oriented innovations; and (iii) recognising that digital policies are inseparable from security policies. To turn these themes into reality, collaboration and the enhancement of democracy across all fronts are essential. The following key messages to progressive policymakers in the digital field can be discerned.

Digital transformation should supplement, not replace human work

The human factor will remain pre-eminent in the future when it comes to competitiveness in both developing new technologies and using them. By prioritising workers' rights, alongside security and innovation, we need to ensure workers' rights in the deployment and development of digital technologies. We need to enhance digital skills and lifelong learning in a rapidly changing technological development.

Digital technologies are tools, not goals

The rapid evolution of digital technology makes it imperative that society rethink how technology, socio-technical systems and innovations are developed, and who benefits from them. A political vision must remain at the core of digital policymaking, centred on the needs of individuals, organisations and societies rather than aiming for what is technically possible come what may.

At their best, new digital innovations emerge within our societies and naturally take our values into account. Slowing down the adoption of digital technologies can pose risks for society economically, but a progressive approach should be taken to developing technologies and setting guidelines for development.

Strengthen strategic partnerships and rethink industrial policies

Promoting an economy and market structure in line with European values and societal goals requires a rethinking of industrial policies.

Coordination of EU technology policies must also be improved. Efforts to undercut or circumvent regulation must be prevented and technology and the economy as a whole must be steered within the framework of a progressive industrial policy paradigm in a more socially beneficial direction. The single market and common data policies should boost innovation on our continent.

As a frontrunner in the regulation of technology, the EU should contribute to the establishment of digital guardrails and governance at the global level.

As a new phase of digitalisation unfolds, advancements in computer power and quantum technologies could potentially widen the gap between early innovators and the rest. The EU can once again play a key role by supporting universities, companies and other entities in accessing the latest tools and resources. Decades ago, university students and teachers alike had to book time on computers to study and run calculations and other tasks. Should a similar approach be taken to ensure broader access to quantum computers?

None of this will happen automatically. That is why we must continue to work together towards this goal.

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The path towards a just green transition

Dan JØRGENSEN

A major challenge facing social democratic parties today is the pivotal question: how do we ensure the necessary green transition that is crucial for climate preservation, while simultaneously guaranteeing equality, fairness and welfare for our citizens? Though daunting, this task is not beyond our capabilities. Drawing upon Denmark's experiences, this chapter seeks to elucidate a set of fundamental principles for our path forward.

Fighting climate change is a moral imperative

In my role as Denmark's Minister for Development Cooperation and Global Climate Policy I have witnessed first hand the dreadful consequences of climate change in many parts of the planet. I have met camel herders in the Afar region of Ethiopia whose animals have died from thirst. I have visited villages in Pakistan where the houses had been washed away by massive floods. And I have experienced how the residents of small Pacific island states are being plagued by cyclones and live in fear that their livelihoods will disappear as sea levels rise.

The fact is, we are in the midst of a climate crisis. Climate change is not something that might possibly occur in the distant future. It is happening now. And it is hitting the world's most vulnerable countries the hardest. At the same time, the brutal reality is that things will get much worse in the future if we do not act. It is one of the great injustices of the world that countries not responsible for creating the problem are suffering the most from its consequences (Africa, for example, accounts for below 4 per cent of the world's greenhouse gas emissions). It is therefore a moral imperative and a core task for social democratic parties to fight climate change.

All progressive political organisations are likely to agree with what we have said thus far. The debate therefore should not be about whether action is warranted, but rather what is the most effective course of action. The most obvious response to that is that we must curtail our greenhouse gas emissions. To paraphrase Danish physicist and Nobel laureate Niels Bohr, however, the opposite of truth is not falsehood, but simplicity. This assertion certainly holds true in the context of fighting climate change. It is undeniably a multifaceted and intricate challenge.

Why the future doesn't seem green to all

Given the complexity of the challenge at hand, the solution will likewise be intricate. Let's begin with a few acknowledgements that, in my view, are indispensable to any effort to tackle climate change.

First, according to the UN's Intergovernmental Panel on Climate Change (IPCC), the world needs to reduce its emissions by 43 per cent between now and 2030. At the time of writing, however, global emissions are still rising. We are thus obviously far from where we need to be. This means that we need to reduce our emissions at a significantly higher rate than is currently happening.

We need nothing less than a profound overhaul of our societal structures, encompassing shifts in energy consumption and production, transportation methods, dietary habits, agricultural practices and overall lifestyle choices. Every sector of society, spanning across borders, will feel the impact, leading, among other things, to upheaval in employment. Workers across various industries – from automotive factories in Germany or Italy, to farms in France, coal mines in Poland and offshore oil platforms in Denmark – face the prospect of fundamental alterations in their roles. Some may need to transition to entirely new fields, while others risk unemployment if the transition is not managed with care.

Second, the green transition is expensive and necessitates substantial reallocation of public funds. As a consequence, there is a risk that the transition will disproportionately affect the most vulnerable groups in our societies through reductions in public services or the

imposition of higher taxes, which often impact the poorest individuals and households most.

Furthermore, carbon pricing can disproportionately impact those on lower incomes. While it may be rational for society as a whole to incentivise production and consumption in the most climate-friendly manner, not everyone can afford to switch heating sources, modes of transportation or dietary habits. They risk experiencing rising living costs.

Overall, it's important to recognise that the promise of a green transition doesn't bring hope and optimism to everyone. Instead, for many, it brings increasing insecurity and fear.

Avoiding yellow vests

We have already witnessed reactions to this uncertainty within certain segments of our population. The disgruntled French citizens who took to the streets in 2018 wearing yellow vests in protest against rising fuel prices have become emblematic of this resistance. But the defiance is more wide-ranging. We see it in many countries. As a result, opposition to ambitious green policies has become part of the electoral strategy of many right-wing populists around Europe.

In Greta Thunberg's home country, Sweden, the 2022 parliamentary election revealed some remarkable new trends among young voters. The populist right-wing party, the Sweden Democrats, achieved the greatest increase in votes – particularly among the young. At the same time, parties that traditionally have strong support among young people, such as the Social Democrats (even though they did see an overall increase in the election) and the Green Party, both lost ground among these groups[1]. Surveys indicate that young voters in Sweden are increasingly concerned with issues such as personal finances and cars. And with fuel prices being a hot election topic during the Swedish election, much indicates that young Swedish voters to a large extend voted in opposition to the green agenda.[2] This trend is so pronounced that people no longer refer to 'Generation Greta' but rather to 'Generation Jimmie', in reference to the Sweden Democrats' political leader, Jimmie Åkesson.[3] The Swedish example should serve

as a wake-up call, when even those typically regarded as steadfast green voters are now turning their backs on the green transition.

How can progressives effectively address the uncertainty felt by many in society? How do we convey to the public that social democratic parties provide the most efficient responses to these challenges? It's clear that relinquishing our green aspirations is no solution. Combatting climate change remains imperative. The initial crucial step, however, is to genuinely address people's concerns.

Many reactionary and populist voices are seeking to exploit people's fears. They exaggerate the problems caused by climate action and downplay the consequences we face through inaction. We need to counter these voices. But we must also be careful to ensure that, in our eagerness to counter their claims, we do not come across as oblivious to people's fears.

The most important historical lesson we can learn from many previous political debates is that it's rarely productive to dismiss people's anxieties, especially when they are valid. In such cases, we must obviously offer concrete and trustworthy ways of preventing what they fear from materialising. However, we also need to respond when exaggerated scenarios are propagated to incite people. Perception shapes reality, and if individuals perceive a threat as significant, then it becomes a genuine concern for them. It's doubtful there's a single instance in history where a voter changed their mind and supported a politician because they were told 'You're wrong, and your feelings are invalid'.

Our approach must therefore consistently prioritise taking people's concerns seriously. And we need to offer concrete plans to prevent feared outcomes. The most effective method is to demonstrate that we mean business. This involves crafting policies that genuinely balance environmental action and social justice. Needless to say, politics goes beyond providing the correct analysis and feasible solutions; it also requires crafting compelling narratives, especially now that populism is gaining traction again. Social democrats must therefore articulate a coherent, believable and inspiring vision.

In this chapter, I will attempt to outline some of the basic elements of such a vision. I will do it from the perspective I know best,

my home country Denmark. To date we have navigated an ambitious green transition fairly successfully without exacerbating people's anxieties or leading to substantial protests in our streets.

Getting to Denmark

In Denmark, we often adhere to what's known as 'the law of Jante', which embodies age-old wisdom cautioning against thinking oneself to be exceptional. This cultural norm influences us to varying extents, but it is imbibed from an early age. It makes it difficult for Danes to boast about their achievements. In this context, however, I will strive to set this cultural trait aside and showcase elements of Danish society that could serve as inspiration to other nations.

Fortunately, I am not alone in my positive assessment of my own small country. Francis Fukuyama, in his acclaimed book *The Origins of Political Order*, titles a section 'Getting to Denmark'. Here he writes: 'Denmark is a mythical place that is known to have good political and economic institutions: it is stable, democratic, peaceful, prosperous, inclusive.'[4]

Denmark is a country with a high standard of living, a universal welfare state, and a high level of equality.[5] Similarly, according to the UN Happiness Index,[6] the Danish population ranks among the happiest in the world.

A similar positive assessment is found with regard to environmental and climate issues. The universities of Yale and Columbia ranked Denmark number one in the world on their biannual Environmental Performance Index (EPI) in 2020 and 2022. A similar pattern emerges in the independent and internationally regarded assessment instrument the Climate Change Performance Index (CCPI), which evaluates the climate protection efforts of the European Union and 59 other countries, which are collectively responsible for a substantial 92 per cent of global greenhouse gas emissions. When they released their annual report at the UN climate change conference (COP28) in Dubai in 2023, Denmark was named the best-performing country for the third year in a row.[7] It is therefore fair to say that Denmark – although certainly not perfect – has managed to imple-

ment a very ambitious climate policy that is both economically and socially sustainable. How is this possible? Is it like the bumblebee that flies even though it shouldn't be able to, according to the laws of physics?

The answer is no. The things we have done are difficult, but clearly not impossible. And although each country has its own challenges and opportunities, I believe the lessons from Danish climate policies outlined below can make a positive difference in many other countries as well.

Politics matters: set high ambitions and put them into law

Policymakers chart the course and establish the parameters for the required progress. While market dynamics can propel development and provide support, they can also impede it, much like individual efforts. While we may hope that more individuals will willingly transition towards climate-friendly living, there's also the potential for things to move in the opposite direction. Collective political decisions are indispensable if we are to have any assurance that our societies will evolve as needed.

In Denmark, we have one of the world's most ambitious climate laws. By 2025, we will have reduced emissions by over 50 per cent, and by 2030 by at least 70 per cent (compared with 1990). When we set these goals, we did not know how to achieve them. We did not start by estimating the possible impact of the tools at our disposal and what resources we could allocate. Instead, we asked: how much is required for us to meet the Paris Agreement? The scientific assessment was 70 per cent and that became the target. We did not ask what is possible, in other words, but rather what is necessary? The task then became to make the necessary possible.

In the subsequent phase it was imperative to reassure citizens, as well as businesses and investors, that our commitments would materialise in tangible actions. We therefore introduced a binding climate law. To ensure transparency and accountability, the govern-

ment issues an annual comprehensive climate programme, detailing progress made and future strategies to meet our targets. Oversight of legal adherence is carried out by an independent climate council.

When we passed the law in 2019, reaching the 70 per cent target seemed incredibly difficult. No one were able to show the way, at least not without significant employment cuts in Denmark. But five years later, we are no longer in doubt that we will achieve it. We have adopted – or are in the process of adopting – ambitious policies for all sectors in Denmark; energy, industry, transport and agriculture. Would this have happened without setting an ambitious goal up front and without legal obligations? It is unlikely.

Use every tool in the toolbox

How do we do it then? The answer is that we have used all the tools in the toolbox. There is no quick-fix solution that works for all parts of the transition. Let me outline some of the most effective instruments.

Market-based instruments are needed to ensure that fossil fuel-based production becomes more expensive and production using green alternatives becomes cheaper. Similarly on the consumption side. Here the tax instrument is important. For example, a tax change that effectively provides a tax break to purchasers of electric vehicles has had a massive effect on the sale of electric cars in Denmark. However, most importantly, we have introduced a high green CO_2 tax on industry (in addition to the price of CO_2 quotas in the EU ETS system) and are working on a similar tax for agriculture.

We have also provided substantial subsidies. For decades, we have supported renewable energy, pushing for the development of the wind industry in particular (in 1991 we were the first country in the world to establish an offshore wind farm). And it has worked. The industry has progressed so far that in the latest offshore wind tender, in 2021, the state actually made money from the winning bidder. Now we subsidise other newer and smaller technologies such as green hydrogen and carbon capture and storage. The government also subsidises the renovation of homes and buildings, the replacement of oil and gas boilers with district heating or heat pumps, and

much more. It is expensive, but it is also an investment in future jobs. Take the wind industry. A 2020 report by Danish Shipping, Danish Energy and Wind Denmark estimated that each time 1 gigawatt (GW) of new offshore wind power is installed, it creates 15,000 new jobs.[8] The really important point, however, is that the jobs are created in areas of Denmark that are losing jobs because the oil and gas sector is being shut down (we have set a deadline for all oil and gas production to cease by 2050).

Finally, we cannot avoid regulation. Restrictive regulation sets requirements for companies and citizens. But it is also a means of making the transition smooth and lucrative for business. A heavily regulated society does not have to be weighed down with red tape. It can also create a level playing field for businesses and ensure consumers the lowest possible prices.

Securing the balances

The measures mentioned above effectively reduce greenhouse gas emissions. However, how do we ensure that this occurs in harmony with other factors, and what should those factors entail? In Denmark, we've tackled this by directly incorporating a variety of considerations into the law. Thus, the Danish Climate Act states:

> The realisation of Denmark's climate targets must be as cost effective as possible, taking into account the long-term green transition, sustainable business development and Danish competitiveness, sound public finances and employment, and that Danish business must be developed rather than diminished. [...] Denmark must show that a green transition is possible while maintaining a strong welfare society, in which cohesion and social balance are secured.[9]

This was demonstrated when we enacted the aforementioned CO_2 tax for Danish industry. There is a significant risk that production will cease and jobs disappear when companies are subjected to a high tax that their competitors abroad do not have to pay. Part of the solution to that problem was to ensure that the revenue is returned to the business sector in the form of subsidies for new technology

and different production methods. By helping pay for the transition necessary to reduce emissions, companies do not lose their competitiveness. In many cases the opposite happens and firms become more dynamic. The cost to the consumer may also be reduced.

Another example is the political agreement by which we set a deadline for oil and gas production in Denmark. Key to the agreement are regional development and the retraining of the many workers currently employed in the industry, many of whom will need to find other jobs in the future as the sector closes down.

Additionally, Denmark has chosen to compensate households and population groups disproportionately affected by various green taxes. For years, the state has provided a so-called 'green cheque' to selected groups, including those on the lowest incomes, people receiving social benefits, students, retirees and others.

Planning and continuity: team of rivals

Another crucial element in successful climate policy is predictability, the ability to plan for the long term. When the ambition is to reform society fundamentally, it is clear that it is not rational to change political direction or policies too frequently.

The energy sector provides a good example. This sector must be at the centre of any green transition. It is big and complex, and massive investments are needed to transition the entire sector away from fossil fuel and towards renewables.

We know a bit about this in Denmark. We started our transition as early as the 1970s in response to the oil crisis. Today, approximately 40 years later, we are at a point at which wind power – on a windy day – supplies more than a 100 per cent of the electricity we need. On an annual basis, it accounts for about 54 per cent.[10] And we will not stop there; by 2030, we will be net exporters of green electricity.

One of the reasons we have succeeded in this transformation in Denmark is that we have been able to strike broad political agreements that ensure continuity, involvement and accountability.

Specifically, we have a tradition of reaching political agreements when the issues demand long-term decisions. We call them *'forlig'*

in Danish. Essentially, this means that the parties involved commit not to change the policy without the agreement of all the others, even if there is a change in parliament. This ensures transparency and predictability, which is important not only for the population but also for investors and businesses. If they are to invest significant amounts in the green transition, it is important that they know that the country's stance on this issue will not change abruptly even if the government changes after an election.

Many people in other countries may look on with disbelief at this way of working. Why compromise with and confer significant influence on your political opponents if you have a majority and technically can do as you please? But most parties in Denmark consider that they would rather compromise and secure long-term reforms than have their way in the short term, but lose everything in the longer term. Additionally, Danish voters often reward parties that are cooperative rather than those that are highly partisan.

The Danish way of doing politics may not be realistic in all countries. But when faced with a challenge of such magnitude as the green transformation, all political actors should strive to make broad political agreements that are future-proof, across the political spectrum.

When political agreements involve the majority of parliamentary parties or factions, they find more support and legitimacy among the population. This is because – if done right – they reflect many different interests and values.

For example, in Denmark, an agreement to transition to a greener heating supply won broad support in the Danish parliament. But most parties signed up to the *'forlig'* (compromise) for different reasons. Some parties wanted to help vulnerable pensioners and other groups to switch from expensive fossil fuels to more affordable green alternatives. Other parties emphasised the importance of reducing reliance on Russian gas, while some focused solely on climate concerns. A deal was made that included all of these objectives and thereby widespread support was found across the population.

Inclusion of trade unions, business and industry

As already argued, political stability is more likely to be achieved by bringing parties from across the political spectrum together. But in order to ensure wide-ranging legitimacy and support it is also crucial to involve key stakeholders. The support of most political parties means that a wide range of political views are represented. And if leading players are brought in from industry, unions and NGOs an even wider public representation is ensured.

Following adoption of the climate act in Denmark it was decided to institutionalise the inclusion of key stakeholders. In the spirit of public–private partnerships, the government adopted an initiative to form 14 climate partnerships, representing different sectors in the Danish economy, notably construction, food and agriculture, life science, finance, shipping, and energy. Each consisted of representatives of influential companies, the sectoral organisations representing industry, trade unions, and the relevant public authority, usually the responsible minister. All 14 partnerships were tasked with developing a vision and formulating their ambitions for climate change mitigation.

The private sector needs to be on board if a green transition is to happen. By inviting representatives to develop their own vision on behalf of the sector they represent, and making them articulate tangible mitigation efforts, the private sector is not only held accountable, but also allowed to share ownership of the task at hand. In addition, more innovative and competitive solutions are more likely to be forthcoming when some of the most capable minds from the private sector are involved. With this approach a potential corps of influential ambassadors for Denmark's climate policies was established, and policy implementation was made much more likely.

Towards a new optimistic narrative

In their book *Break Through* Ted Nordhaus and Michael Shellenberger wrote that saving the planet cannot be left to the environmentalists. This paradoxical claim stems from the notion that traditional environmentalism is too focused on doom-and-gloom narratives

and thus it has failed to address climate change and biodiversity loss effectively, in a constructive and realistic manner. Instead, they often advocate solutions that rely on restricting economic growth and technological progress.[11]

It is not necessary to agree entirely with the two authors' critique of green NGOs. There is a lot to be said for communicating honestly how dire the situation is with climate change, and especially how bleak the future prospects are if we don't act. Nevertheless, we can still learn from Nordhaus and Shellenberger, who also argue compellingly that Martin Luther King did not start a civil rights revolution by giving a speech titled 'I have a nightmare'. He did the opposite. He spoke about dreams and hope. We need to do the same when speaking about climate change.

But one does not exclude the other. A narrative is possible that encompasses both the bleak tale of what the future will look like if we do not act and a vision of how and why we can use the green transition to improve the lives of everyone.

Looking at the city of Esbjerg is particularly salutary. This town was long dominated by the fishing industry. When that ceased to be viable many were forced to find new jobs. It turned out that their work ethic, skills and knowledge of the sea were very useful in the offshore oil and gas sector. Now, decades later, the need to move away from fossil fuels means that this sector needs to descale and, in the future, disappear completely. But are the people of Esbjerg protesting in the streets? No. The offshore wind sector, hydrogen production and the deployment of carbon capture and storage technology will create more jobs than the city and region will lose. Often, many of the skills people already have can be utilised, but even so, if workers don't have the right skillset, they can be retrained. This is just one sector in one region in Denmark. But the country as a whole is full of such examples.

OLlook at the partly state-owned energy company Ørsted. Today, it is among the most sustainable energy companies in the world. It used to be called DONG, the Danish Oil and Natural Gas company, which also ran many of the country's coal-fired power plants. Today the company provides green energy to the citizens of Denmark and abroad, having become one of the biggest international wind farm developers.

While the green transition in Denmark is driven by the ambition to help fight climate change, it is only part of the story. As a matter of fact, the positive effects on job creation, especially in regions in which other jobs are disappearing, are for many just as, or maybe even more important.

In this context, it's worth noting that our green transition didn't actually begin because of environmental or climate concerns. It started in the 1970s because of the oil crisis. We wanted to become independent of energy sources from abroad.

Today, one can draw a similar parallel. Because even if there were no climate problems, it might still be a good idea to make ourselves independent of external energy sources. A case in point is Europe's prior dependence on Putin's gas. More than ever, energy policy is now security policy. Hence, it was also one of the main arguments used in the effort to reach agreement to provide more green heating to the Danish people.

Finally, it would be remiss not to mention the other positive effects of the green transition. Adopting a green lifestyle is healthier and better for all of us, as reductions in greenhouse gas emissions often also reduce other forms of pollution and improve air quality.

We are all in it together

Obviously, all countries are different. Therefore there is no 'one size fits all' approach to fighting climate change.

The practical tasks of transitioning vary from country to country. A coal-rich country such as Poland and an oil-rich country such as Norway face greater challenges than Denmark, with abundant access to North Sea wind resources. The political contexts also differ. Nevertheless, hopefully this chapter can provoke constructive debate and offer some guidance to Europe's social democratic parties moving forward.

Broad support is needed for the necessary green transition. This means that not only social democratic parties can or should provide the solutions. But it is arguable that no political family is better situated to driving this change.

We provided the vision and solutions for fair and just societies in the wake of the Industrial Revolution. We can do the same in the coming green revolution.

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To take that one step forward

Andreas SCHIEDER and Ania SKRZYPEK

To say that the European Union's legislative period, which came to an end in June 2024, was turbulent is an understatement. The mandate commenced with attempts to bring the EU back on track, when, on one hand, it was still struggling to overcome the 2007–2008 financial crisis and the subsequent period of austerity, and on the other had to find a way to shake off the existential questions arising in the wake of the UK referendum and imminent Brexit. If all that wasn't enough, the global climate crisis and the unprecedently rapid progress of digitalisation added to those pressing challenges, posing an unavoidable challenge to the EU: *reform, restore and regain the sense of being a beacon of hope for a better future for all.*

The magnitude of everything that happened in the past five years surpassed all the expectations of those running for the EU's top posts, who were subsequently responsible for drafting work plans. The idea was that a number of ongoing processes had to be completed and that various new initiatives were urgently required to help the EU modernise. It was understood that changes in the European political map and the reconfiguration of the European Parliament might make things more difficult for progressives to ensure that their ideas prevailed and for the so-called 'grand coalition' between S&D and EPP to actually *keep things running*. But the belief was that this would be more a matter of gearing up for more negotiations than any sort of threat from radical or extreme parties. All in all, what might be described as a *reformist* spirit held sway rather than a sense of an abrupt shift. To be fair, this should not be ascribed to naivety or a lack of imagination. The fact is that what happened next, after 2019, was beyond what anyone could have foretold or seriously argued for in a politically informed conversation.

Looking back, 2019 seems almost like part of an *age of innocence*. The United Kingdom left the EU, as expected, but several profound

issues around its departure remain unsolved. First and foremost was the precarious situation in Northern Ireland and the threat to the Good Friday Agreement. The European Green Deal was adopted, together with incredibly ambitious legislation within the Fit for 55 framework (thanks to the leadership and efforts of Frans Timmermans, social democratic Vice President of the European Commission), but today, what had the potential to be the current legislature's most profound legacy has become possibly the most contested piece of European legislation (at least since the Constitutional Treaty in 2005). The Pact on Asylum and Migration, recently adopted with a narrow majority, seems to be falling far short of expectations, for example, that it would testify to the existence of a strong, open Community. With regard to digitalisation, although there are several good proposals and some have become guidelines (regarding 'AI' and legislation on platform workers), there is still much to do to fulfil the EU's initial ambition of *creating a distinctive socioeconomic model* that embodies fundamental European ideals against the background of global digital capitalism. Finally, looking at the state of the Union and, by extension, the state of European democracy, the situation has worsened to the extent that the EU was left with no other choice than to impose sanctions, withholding financial resources to put pressure on Poland and Hungary.

But two developments in particular changed everything. The first was the Covid-19 pandemic, which caught the world off-guard. For a while it seemed to recall the visitations of plague back in the dark ages of history. Life was put on hold, which initially triggered a sense of vulnerability, but in due course brought out a sense of duty, solidarity and the need for cooperation. The second was Russia's brutal invasion of Ukraine, which came as a shock to a continent that had lulled itself in believing that war was *a thing of the past*. Both have been critical experiences, painfully reminding us that nothing should ever be taken for granted.

Progress, potential and peril

This paints a rather gloomy picture of the past five years. There has been no shortage of challenges. But three observations should be made. First, the EU, although exposed to so many tests and pressures, has managed to find a way to act together and to start to confront the longer term. This is an important qualitative change, reflecting an inclination to consciously seek lasting solutions and without delay, mobilising both political will and the resources to back it up. There is still a dispute between self-styled 'frugal' countries and their counterparts concerning the aftermath of Next Generation EU (which is especially heated in the run-up to negotiations on the next Multiannual Financial Framework). There is also a question concerning SURE (the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency). But there is no denying that, in the hour of need, funds were mobilised, not merely to respond to the imminent crisis, but to enact an ambitious modernising plan for Europe. Whether willingly or otherwise, then, integration has progressed. Some of the questions previously considered *existential* have either been answered or have come to be seen from a very different and even new perspective.

Secondly, in the face of imminent danger, the EU has been able – in many cases – to speak with one voice. Indeed, on occasion, instead of succumbing to vulnerability, it managed to stand tall, not only reacting but also finding its way out of the mire. Particularly positive examples include the actions taken to pursue the ambitious agenda of Strategic Autonomy, RePower EU, or renewed efforts to rethink EU trade policy. The latter is particularly complex. Although it remains one of the EU's most potent geopolitical instruments, it is fraught with controversy and a cause of division among the Member States and the European political families.

But alongside these ongoing efforts, it has become clear that the EU must redefine itself as a project. The Conference for the Future of Europe (CoFoE) (though that, too, has already been forgotten by many) gave rise to interesting initiatives and provided long-demanded space to raise various crucial issues. It occasioned an un-

precedented mobilisation of institutions, political stakeholders and citizens. They not only asked the two traditional questions, namely *what is wrong with the Union* and *how should it be reformed?*, but also tried to imagine the EU from the perspective of a couple of years ahead. The final Strasbourg session of the CoFoE showed that, even though opinions naturally vary, there is an appetite for the EU to become *more*.

This suggests that the time is long over for merely checking the temperature. Now the EU needs to state what kind of project it wants and has to become. The European Council has been deliberating at length on issues such as armaments, military procurement and the priority that many Members ascribe to developing a Defence Union without delay. But much less progress has been made with clarifying how this new focus is related to the founding dreams of creating a Community of peace and prosperity, forging cooperation and cohesion, and speaking as one in a multilateral world that it is helping to co-create. Also vague are such matters as the future shape, scope and size of the EU. All of this indicates how pressing and consequential the debates over the coming year will be, determining the EU's standing and ability at least for a generation.

Thirdly, the elections showed that the political map of Europe has changed enormously. It is not only that the crisis afflicting the traditional parties is still in full swing – to a greater or lesser extent – and that voter volatility and the fragmentation of electorates continue to grow, enabling radical and extreme parties to gain momentum. This is clearly reflected on newspaper front pages and on social media. It is also all too evident from voter surveys. What is still not fully recognised is the changing character of some of the traditional actors – such as conservative and Christian Democrat members of the EPP – but also of the radical and extreme movements themselves. They are less confined to the business of *protest and publicity-seeking*, and now seem more intent on offering a narrative. For many voters, it seems that this narrative is more compelling than the vision that progressives, liberals or greens have sought to articulate. This is what, among others, results in June showed.

This means that after the elections the fundamental choices the EU will have to make will perhaps be in the hands of institutions with a very different political composition. The degree of predictability as regards possible compromises and convergence points will decrease, and conversations about the future may differ from what we have been used to. It remains unknown how far the centre-right will fall in (politically or even organisationally) with more radical or even extreme right-wingers, which of the parties that today are considered to be in the latter group will join the EPP, ECR, Sovereignists or Europe's Patriots, and what the tone and nature of anti-Europeanism will be. When these parties were more on the fringes, their approach was often simply to use the EU stage (the Council or the European Parliament) for protest and provocation. That is already changing and the ambition is less *to block*, but rather to *trade concessions* and define boundaries. This may presage an upcoming backlash, as well as a more hands-on approach as they assume a more prominent role in the European Commission. Progressives of course have often comforted themselves that once in power radicals, being essentially protest parties, will crash and burn and subsequently be voted out. But this has not yet come to pass.

These three observations point to the progress that has been made; the EU's obvious potential and momentum; but also the possible peril prefigured by the electoral tides sweeping European politics to the (far) right. Although there is some dispute about how far EU integration is a history of perpetual crises and subsequent more lasting solutions, a sense of responsibility should prevail and make progressives more determined than ever.

The geostrategic question and its five tiers

The EU has always proudly proclaimed that it represents the most successful peace project in history. It brings together previously antagonistic states in a Community of fundamental values and common goals. Inevitably this requires strict conditions for accession. It also shapes how the EU perceives its role internationally. It has always thought of itself as a global power, whose history and stand-

ing have enabled it to make a major contribution to the creation of a multipolar world architecture capable of delivering on an agenda of sustainable growth for all.

This image persists among European stakeholders, although many have pointed out that, strictly speaking, the EU's power is becoming more and more relative. It is also politically susceptible to shocks. Even now it is anxiously looking on at developments on the other side of the Atlantic and the all too real prospect of the re-election of Donald Trump as next US President. The fear is that, if that comes to pass, not only will the EU's transatlantic orientation be obstructed, but so will the common global agenda (and possibly the commitment to the outcomes of the UN Summit of the Future, and by extension the potency of the alliance that currently stands together in solidarity with Ukraine.

The European Communities were established after the horrors of the Second World War with the clear intention of doing everything possible to preserve peace and prevent war. This has shaped the EU's response to Russia's brutal invasion of Ukraine, which the EU has condemned unconditionally and indeed has acted upon, providing support to Ukraine and the Ukrainian people, imposing sanctions on Russia and Russians, and remaining at the forefront of discussions on rebuilding Ukraine (at the Lugano Conference and elsewhere). Alongside this, as other conflicts continue to erupt (especially in the Middle East), the Union has started to hone in more rapidly on the notion of a Defence Union, although this is still to a great extent a debate about *defence capacities*. Once again, the EU is herewith seeking to be geopolitical power, while remaining strongly committed to being first and foremost a peace project. The tension here is not only on what the emphasis is put on, but also in how far the armament will shift items in the EU budget and also if there can be convergence among the Member States having competing views on the procurements procedures.

Five decisions are thus unavoidable. The first concerns international alliances, which can be viewed from two angles, namely trade policy and various new agreements and formats by which the EU will be able to act on pertinent issues in concert with other strate-

gic partners, including the United Kingdom. The experience from within the European Political Community, founded in 2022, shows that its rather loose, contact-group approach will not be sufficient for reaching agreement on, for example, a common front vis-à-vis the Middle East. And there is a new opening with the Labour Party landslide victory in July 2024.

The second decision concerns the economy. The multiple crises have inevitably affected the Member States economically, and several changes have already been made in response. But while part of the European economy, at least covertly, has started to function like a *war-time economy*, the pertinent question is what model of production and consumption, prosperity and wealth creation might be suitable for the future. For many progressives, this has boosted talk of a new industrial strategy. But while that is being argued for and specific elements articulated, it is worth considering how far the existing proposals will help manage transitions, fight inequalities and ensure cohesion, and to that end be a source of growth and improvement for the EU. It is thus crucial to look at this agenda with the ambition of determining Europe's strategic advantage ahead of what is shaping up to become the next chapter of globalisation, with even fiercer competition worldwide.

The third issue is enlargement. Recent developments meant that the process that looked set to continue beyond the accession of Central and Eastern European countries (plus Cyprus and Malta) in 2004, 2007 and 2013, had to halt. This left current accession countries in a kind of suspended animation. The Russian aggression and war on the EU's doorstep reminded the Union that its objective is not only internal peace but also peace and stability in its neighbourhood. What Chancellor Olaf Scholz, in his lecture at the Charles University in Prague in 2022, called the *Zeitenwende* was obvious and required that the conversation on how large the EU should become and how quickly be 'defrosted'. But although the direction is clear, many aspects of it remain vague, at best. What types of guarantee, besides the existing Copenhagen Criteria, are essential to preventing a backlash, for example, with regard to democracy and the rule of law among the candidate countries? Is EU membership plausible

for a state that is at war? What economic strategy and financial tools are available to make sure that the next enlargement is both affordable and conducted better than in 2004 (and subsequently)? These and other issues should not be seen as suggesting that hesitation or even second thoughts are advisable. On the contrary. But to take this essential step forward, a set of clear, well-thought-out solutions are required. Progressives, who were passionate advocates of previous enlargements, are not currently in the driver's seat in setting the terms and tempo of further enlargements, even though they are possibly under more pressure than ever to come up with answers.

The fourth and interlinked decision concerns institutional reform. It has been almost two decades since the spectacular failure of the Constitutional Treaty. Although the Lisbon Treaty provided some sort of interim backstop, the EU clearly lacks important tools it needs to act effectively and swiftly. They include adequate provisions to intervene in the new areas in which EU citizens expect it to be able to operate, which are outside those enshrined in the treaties. But this also concerns existing regulations, which need to be adapted and improved to enable the EU to tackle a wide range of issues, ranging from the ability to come together and speak in one voice externally, to the capacity to defend EU fundamental values and take action promptly across the Member States to implement decisions taken jointly. As pointed out in the Introduction, in the hour of need, creative – and very effective in some cases – solutions have been found, but it is clear that the contemporary context and fears of what may come next require a more systematic approach.

It would be difficult to summarise the lengthy discussions on all these issues, including on the possible extent of federalisation. But we might note that, for example, qualified majority voting (QMV) would be a great idea for the Common Foreign and Security Policy (CFSP), and a more federal system would seem best suited to the current era. Furthermore, with so many countries potentially joining, it seems irresponsible to insist on having a Commissioner from each one. Thus the day may well have come to slim down the European Commission. But choices previously so evident may now mean something totally different. What if QMV allowed some

Member States simply to opt out of negotiations on forging a common direction, declaring in advance that they disagreed and didn't want to have anything to do with it? What if that could be used as leverage by external actors to foment disunity and delegitimise the power of those claiming to speak on behalf of the EU? What if we start thinking not in terms of alternatives (unanimity or QMV), and invent another approach – with unanimity on the decisions setting the direction and QMV, when it comes to supplementary steps? What if the de- and re-composition of the European Commission created a two-tier Europe and weakened the sense of attachment or even responsibility of some Member States? And finally – and even more troublesome – what if reopening the discussion on the Treaties shifted the debate away from adaptation of the current EU or more EU, and was used instead by forces hostile to the Union (already present in some governments) to orchestrate a pushback? These are delicate strategic considerations with long-term implications if left unanswered or tackled ineptly.

Finally, the fifth decision concerns values. They were part of the foundations laid at the beginning of the integration process, and have served as an unshaken set of guidelines. Although they are ever present at the core, today their potential application, defence and promotion raise new issues. Externally, this includes how the EU sees its potential partners and sets the terms for dealings with them. This is the main preoccupation with efforts to prevent China from actively supporting Russia, and also when approaching Turkey and North African states in an attempt to manage migration in Europe and prevent deaths in the Mediterranean. It has also been a source of unease when framing some trade agreements and putting due diligence provisions in place (which some countries see rather as European protectionism, contradicting claimed solidarity). Internally, there has been tension between what the Treaty considers a fundamental value and how it has been translated into policy. One example is gender equality on the labour market. Although this has been part of European law since the Treaty of Rome, the gender pay gap persists across the Union. It is fair to ask why it has not been

possible to eliminate it over six decades and whether the Union really can meet the expectations people have of it.

Taking these issues together, one cannot resist the conclusion that we are at a crossroads. It is time for the European Union to define its future. It has to adapt to current circumstances, of course, but it must also do justice to the hopes, aspirations and ambitions of its citizens. They want to live decent lives, have decent jobs, be able to plan and anticipate, feel empowered when it comes to raising their opinions and, regardless of persistent threats, remain reassured about their futures. This is where progressive politics comes in.

Political game changer

The year 2024 has been being described as unprecedented. More than half of the world's population will be taking part in elections. At stake have been and are the European Parliament, alongside some general elections in the Member States, but also in the United States, India and, in all probability, the United Kingdom. Although it is hard to predict what the political map will look like after all this, it may well be very different.

The frequently expressed view is that right-wing radicals will gain ground, and progressives and greens will lose it. But this overlooks the changes happening to the fabric of the political debate. What seems to be emerging is a new type of anti-Europeanism, which is not as provocative, but rather confident in the knowledge that any and every decision can be blocked. This new approach is not ideologically coherent, with coordinated messaging. On the contrary, it largely builds on all the old tales consistently repeated about the EU's shortcomings, along with new stories that highlight its inability to protect its citizens. The inference is that a more confederal approach based on strong national states is the solution. Dissolving the EU or exiting it is no longer on the table (the Brexit blunder has taught a salutary lesson). What is at issue is a very different Union. This is a qualitative change, which paradoxically makes serious discussion of Europe's future possible.

This means that the progressive political family must carefully revise its approach to the issue. It remains the second largest political family in the European Parliament and as will be weakened elsewhere, in the Council and consequently in the European Commission's also being placed as "junior" in the pro-European mainstream block on the EU level. But that doesn't mean that it cannot continue to pursue its current line – which it has done with some success – namely, to take the lead by both anticipating and framing the debate. But if it is to persevere in this task, it has to learn that this is not the time to try to *teach citizens about Europe* or to claim to be acting in the name of an undefined mass. It has to understand that for the foreseeable future progressive pro-Europeans should not attempt to function like a catch-all party at EU level, but rather to coordinate closely on strategies being pursued at all levels of governance.

In other words, if progressives want to prevail in the upcoming battle of *narratives* they will need a vision that speaks to the majority. They will need answers to all five geopolitical questions mentioned above and battle internal divisions across diverse circumstances. Mapping the issues likely to gain importance and foresight analyses show that they will probably be those that currently divide the S&D family. This vulnerability must be overcome. Certainly, regional cohesion may be more important in Spain and digitalisation in Finland, but all issues must be framed as aspects of a progressive vision of the EU as a project for the future.

This will require some hard choices and selection of priorities. For example, it seems that considerably more young women vote centre-left or left than men of the same generation, who are more likely to support radical and extreme right parties. There is no room here to examine why that might be, but achieving gender equality should surely be a common cause for all. In that case, would it not be wise for European progressives over the next few decades to implement the most emancipated socioeconomic model ever seen? Wouldn't this set an example of boldness, showcasing a Europe willing to act on its values, not merely on the grounds of expediency? Shouldn't European values and principles be the main reasons for developing a

different kind of migration policy and to green the economy despite all the resistance?

Only progressives are likely to be willing to usher in such a political transformation. Many of the surveys show that while many Europeans feel that their votes matter little and they distrust their national institutions, they are more hopeful than ever with regard to the EU. This sentiment must be built on. It may provide the opportunity European social democracy has been awaiting for a very long time. But to use it wisely, to make it the basis of a resumption of progressive values we have to overcome criticisms of market-driven integration, the rhetoric of a social minimum or a transactional discourse about what the EU can give people. Instead, there must be a bold manifesto depicting what the EU can become if only it decides to. An honest record and a courageous attempt to set the bar of ambition high, without giving into the temptation of selling the EU as a cosy, likeable project. And only the social democrats can make this happen. Progressives must be positively audacious in ruling out any talk of EU disempowerment in these difficult times, pointing instead to the strength it has already acquired and a readiness to further enhance it. They need to believe that all this can be done. They have an enormous responsibility to shoulder this task, drawing on the dormant energy of resistance and their struggle in a great cause. Against the odds, or even perhaps because of them, now is the time.

A new global deal to help developing countries thrive: rethinking development aid from a progressive perspective

Hana JALLOUL MURO

Despite decades of development aid, it is disheartening to see that the outcomes for low and lower middle-income countries have generally been dismal. The very concept of 'developing countries' has become contaminated. The reality is, that many countries remain trapped in poverty despite years of financial, technical and humanitarian support. In this chapter, we challenge the traditional notion of development aid and propose a new global deal that aims to enable developing countries to thrive. By acknowledging the unique challenges faced by each country and addressing the common patterns that perpetuate poverty, we can create a positive virtuous cycle of development.

The tag 'low-income countries', although generally used interchangeably with 'developing country', acknowledges the reality of poverty. The World Bank classifies economies in four income groupings: low, lower-middle, upper middle, and high, income being is measured in terms of gross national income (GNI) per capita. It is crucial to understand that the reasons why particular developing countries fail to thrive differ, and thus a one-size-fits-all approach falls short. Instead, we must identify the specific factors that create bottlenecks and hinder progress, undermining countries' potential.

A vicious circle that perpetuates poverty is commonly observed in many developing countries. Weak institutional frameworks, corruption, policies that benefit only a few, a high level of economic informality, low fiscal revenues, poor provision of public services, and mistrust in government and the state all contribute to this nega-

tive feedback loop. To break this cycle, it is essential to identify ways of strengthening institutions, combating corruption and promoting transparency and accountability. In this way, we can lay the foundation for sustainable development.

Another key factor is the inefficiency of the funding these countries receive. The international financial system must therefore be reformed to meet the needs of the international development system.

It is essential to understand the role that progressive political parties can play. We must work on achieving a balance between economic and social policies that are effective in the national arena, while devising measures that work effectively in developing countries. We need to invest in international development, in parallel with substantive reform of the international financial architecture that truly meets the urgent necessity for developing countries to tackle such important issues as the climate emergency, poverty, adequate education and universal health care. In doing so we need to understand the challenges that developing nations face in pursuit of sustainable progress.

Over the decades, international development has been both a beacon of hope and the object of much criticism and controversy. Understanding this duality is critical to designing effective strategies that not only address recipient countries' immediate needs, but also lay the foundation for more equitable and efficient global collaboration. In this sense, exploring the political, economic and social complexities inherent in international aid becomes the first step in formulating a new progressive paradigm that reinforces commitments to the 2030 Agenda and the Sustainable Development Goals (SDGs), with the priority objective of eradicating global inequalities.

Challenges in the global world

All this is taking place in a climate of general distrust. There are many reasons for this, including extreme political polarisation, the food crisis and high oil prices related to the war in Ukraine. This war, the war in Gaza and tensions among other international actors on the UN Security Council have put the United Nations in a very

delicate situation. The architecture of the international system that nations put in place after the Second World War is experiencing a legitimacy crisis that we must do all we can to remedy.

At UN level the legitimacy crisis related to the Gaza conflict could be remedied if Palestine were recognised as a full member state of the UN. In this context Europe also has a major role to play in pushing, supporting and implementing peace plans for both the Gaza and the Ukraine conflicts.

But it is vital we do not forget other protracted crises such as those in Nagorno-Karabakh and many African countries, whose populations are vulnerable to climate change crisis, disease and food emergencies. We need to ameliorate such long-term crises if we really want to achieve effective sustainable development on a planet on which social justice reaches out to all inhabitants.

Right and extreme right populist discourse based on empty, grandiose slogans without concrete policies to back them up are shaping politics in the international arena. We have seen it with Trump in the United States, the Brexit debacle in the United Kingdom and anti-vaccination policy in many countries during and since the Covid-19 pandemic. Bolsonaro in Brazil is another striking example. There has been a marked delegitimisation of democratic institutions, which goes into overdrive when electoral results do not favour right or extreme-right populist parties. We have witnessed a number of dangerous moments for democracy in recent years, such as the notorious 'assault on the Capitol' in Washington DC or the failed coup attempt in Brazil. Also dangerous is speech that references the 2030 Agenda to empty it of content, while using migration to stir up tension, linked, in many cases, with the vague and reckless bandying around of words such as freedom, security or crime.

In this perspective, the populist right calls for cuts in international development budgets allegedly on the grounds that the money should be used to help the 'people at home'. Progressives must reject such narratives, not (merely) because a country investing in international development costs money it supposedly does not have, but rather because helping other populations to develop in areas such as poverty, health or the elimination of inequalities creates positive

synergies for both donor and recipient countries to grow and enrich themselves together, with a better future for all.

This rhetoric is also shaping some countries' policies and priorities on international development. And all this is on top of the urgent need we have already mentioned to reform the international financial architecture designed in 1945, but now outdated. This architectural reform must aim at facilitating more stable and long-term financing to achieve the SDGs on a planet now inhabited by more than 8 billion people, and in a world whose challenges have grown enormously, and now include climate change, geopolitical crisis, gender inequality, growing inequality across the board and technological change.

The World Bank in its annual report on debt highlights a trend of falling international funding for the poorest countries. Such funding is also at higher cost because new loans are subject to higher interest rates. The neediest countries thus incur higher debt repayments, which crowds out many essential policy measures, meaning that many of the SDGs cannot be met. This includes investment in education, health care and renewable energy. The debt of the Global South is growing, which makes progress and escape from this vicious circle even more difficult. And if all that wasn't enough, there is also rising inflation, affecting food, gas and oil.

In May 2023 UN Secretary General Antonio Guterres published a policy brief on reforming the international financial and tax architecture, based on recommendations in six areas: (i) global economic governance; (ii) debt relief and the cost of sovereign borrowing; (iii) international public finance; (iv) the global financial safety net; (v) policy and regulatory frameworks that address short-termism in capital markets, link private sector profitability more closely to sustainable development and the Sustainable Development Goals, and tackle financial integrity; and (vi) a global tax architecture for equitable and inclusive sustainable development.

Among the proposed measures are the provision of more equity in the multilateral system, enhancing the voice of the countries affected, decision-making that is not conditional on the ability to pay or access to finance, improved debt contracts, and transparency. We

need to adapt the international financial architecture to the challenges of today and to the world's most vulnerable economies, in alignment with the Sustainable Development Goals.

The Bridgetown Initiative, developed in collaboration with the UN, was originally presented and since COP26 has been led by the Prime Minister of Barbados. It is a three-step plan to mobilise short-term liquidity for responding to crises and long-term funding for sustainable development. It intends to facilitate access to international financing for the countries most vulnerable to climate change, helping them to respond more efficiently to climate challenges.

In this context, and in line with the Bridgetown initiative, the most recent Summit for a New Global Financial Pact took place in June 2023 in Paris to rethink the global financial architecture and to mobilise financial support for developing countries, and especially to address challenges caused by climate change, poverty and excessive debt. A roadmap was adopted and was the focus of several gatherings in the second half of 2023, with plans to keep working and progressing on the commitments and concrete initiatives in 2024. This summit was important for putting major problems on the table and bringing together governments, NGOs and NGO coalitions, partners from the private and philanthropic sectors and international organisations.

The road map for 2024 includes the following:

- 14–15 February: the Fiftieth Anniversary Ministerial Meeting of the International Energy Agency;
- 19–21 April: World Bank and IMF Spring Meetings;
- 24 April: United Nations Forum on Financing for Development;
- 12–14 July: G20 Summit in Rio de Janeiro;
- 22–23 September: Summit for the Future.

In parallel with the need to reform the international financial architecture, three other major events have taken place since the first International Conference on Financing for Development (FfD) in Monterrey, Mexico, in 2002. The second took place in Doha, Qatar, in 2008 and the third in Addis Ababa, Ethiopia, in 2015.

In 2015 the UN General Assembly endorsed Resolution 69/313, the document adopted at the Addis Ababa conference. It is important

because it puts forward a new global framework, one of whose main goals is implementation of the 2030 Agenda and the SDGs. The actors tasked with implementing the Addis Ababa agenda are governments, NGOs, the private sector, philanthropic organisations and civil society.

There is a symbiotic relationship – and follow-up – between the abovementioned initiatives, UN conferences, summits related to economic social development, and the 2030 Agenda and SDGs.

Last year the 2023 UN Financing for Sustainable Development Report proclaimed the need to invest more in SDG funding. There are problems with development financing, alongside energy and food price increases, not to mention uneven recoveries in individual developing countries since the Covid-19 pandemic. The Report addresses systemic issues with several recommendations. It takes into consideration the debt challenge for developing countries and the incapacity of many developed countries to invest properly in recovery because of their monetary and fiscal policies. As the UN Secretary General states in the introduction, the report explains the need for investment in sustainable development and the transformation of energy and food systems, the rebuilding of global cooperation and pursuit of solutions to the current crisis afflicting multilateral action. Secretary General Guterres urged the Group of Twenty (G20) to scale up affordable long-term financing for developing countries in need by at least USD 500 billion a year. Implementation of the SDGs must also be boosted to tackle financing needs through a combination of concessionary and non-concessionary finance in a mutually reinforcing way. Discussions on reforming the international financial architecture are ongoing. In this fraught context, developing countries should be able to invest in renewable energy, universal social protection, quality education, decent job creation, health coverage, sustainable food systems, infrastructure, the digital transformation and the climate emergency.

Taking all these challenges into consideration, at the last SDG Summit at the United Nations, Prime minister Pedro Sánchez proposed that Spain should host the fourth Conference on Financing for Development in 2025 (FfD4). This initiative is based on an un-

derstanding of the importance of the 2030 Agenda and the SDGs. In fact, Prime Minister Sanchez declared his intention of providing new funding in the amount of 140 million euros and at least 120 million euros to the Joint SDG Fund. The interest showed by Prime Minister Sánchez reflects his personal conviction, as reflected in the progressive policies implemented by his government both nationally and internationally. The FfD4 will indeed take place in Spain, from 30 June to 3 July 2025. It will provide a great opportunity for proper reform and the creation of a modern development financing system.

In line with this conviction, Spain also approved a new law on cooperation for sustainable development and global solidarity in 2023. This law responds to the need for a new cooperation model that adequately reflects the paradigm shift in development cooperation, with policy coherence and new financing instruments as core issues.

Progressive parties must tackle contemporary problems

Progressive parties must contribute to a new 'Global Deal' that can support developing countries. Today's challenges are many and various, both nationally and internationally. Effective work by progressive parties when they are in government must be based on striking a balance when implementing economic and social policies. When investing in developing countries tailored policies must be applied, depending on local circumstances.

International development and related narratives have become part of the ideological battlefield in the international arena. This affects progressive and non-progressive parties alike. Objectives such as economic development, poverty reduction in other parts of the world, and the Millennium Development Goals (known as the Sustainable Development Goals [SDGs] since 2015) are now part of the political narratives of the different political families, ranging from progressive parties to extreme right-wing parties. While progressive parties internationally are in favour of effectively implementing the 2030 Agenda and the SDGs, far-right parties tend to use the 2030

Agenda for confrontational ends, distorting it ideologically, attempting to deny its vital role, and indeed advocating its eradication.

Progressive political parties and their policies are key to implementation of the New Global Deal. For example, these parties have acknowledged that the rich must pay higher taxes, among other things to maintain the welfare state. Both the prime minister of Spain and the US president have stated that the rich must pay more.

In the Spanish case, for example, the temporary Solidarity Tax on Large Fortunes collected 623 million euros in 2023. This meets the government's objective of advancing a more progressive fiscal policy in which the wealthiest are called upon to contribute accordingly. The economic situation in Europe have been very difficult of late, not least as a result of rising prices due to the war in Ukraine. Challenging contexts call for progressive policies.

Other examples include redistributive policies implemented by the Spanish government such as the Minimum Income Scheme (IMV) and the Minimum Interprofessional Wage (SMI). The SMI has been raised three times, having been agreed with the CCOO and UGT trade union federations.

In Spain, the leftist coalition government led by Pedro Sánchez could not count on the support of the opposition PP party, which is now in coalition with extreme-right VOX party in many Spanish regions, to implement any of the abovementioned policies. As in the case of the labour and pension reforms, they were agreed with the trade unions and employers.

Progressive parties should align themselves with the New Global Deal under the aegis of the 2030 Agenda for Sustainable Development. For example, commitments were made at COP28 in Dubai, where an agreement was reached that heralds the beginning of the end of the fossil fuel era. Other key outcomes include the establishment of a loss and damage fund for climate-vulnerable countries, replenishment of the Green Climate Fund and pledges to triple renewable energy capacity and double energy efficiency by 2030.

Sustainable and inclusive development is essential, together with more equitable distribution of resources, to address climate change and make it easier for developing countries to mitigate climate

change and its impacts. Implementing clean energy policies competitively, as utilised by developed countries, is challenging in developing nations due to the cost, inadequate infrastructure, insufficient financing and lack of transparency, among other systemic problems. It is of vital importance to rethink the financial system to help developing countries to enhance their climate resilience and boost sustainable development globally.

Progressive parties are particularly well suited to developing such policies because they are aware of the importance of promoting sustainable development. They are committed to legislating on renewable energy, sustainable agriculture, fair trade practices, strengthening democratic institutions in support of civil society organisations, promoting good governance, and the transparency and accountability of development programmes. At this stage progressive parties should also invest in raising awareness of all these global challenges.

There is so much work still to do. With regard to progress with the SDGs, for example, at EU level the 2023 edition of *Sustainable Development in the European Union* (*Monitoring Report on Progress towards the SDGs in an EU Context*) showed that important advances had been made towards ensuring decent work and economic growth (SDG 8) and reducing poverty (SDG 1); as well as in relation to gender equality (SDG 5), reducing inequalities (SDG 10), quality education (SDG 4), fostering peace and personal security within the EU and access to justice (SDG 16), health and well-being (SDG 3), and finally innovation and infrastructure (SDG 9). Further progress needs to be made on climate action (SDG 13), life on land (SDG 15) and global partnership (SDG 17). Climate action efforts must also be strengthened (SDG 13).

How to make the New Global Deal a success

Today we appear to be experiencing a reversal of globalisation in developed countries. The reasons are manifold:

(i)   The interruption of supply chains due to the pandemic and geopolitical conflicts has encouraged countries to promote 'local-to-local'.

(ii) Perceptions that globalisation has affected workers in Western economies negatively, especially in manufacturing, and that this has created societal dissatisfaction. This situation has been exploited particularly by far-right political movements, who are increasingly calling for protectionist measures.

(iii) The belief that certain technologies in strategic sectors should remain national has increased over the past few years, against a background of heightened geopolitical confrontation. So-called strategic autonomy has certainly pushed back against globalisation.

All these elements have been taken to outweigh the obvious benefits in terms of cost reductions and price moderation that have benefited so many Western firms and consumers, not to mention taking millions of people out of poverty in developing countries. Having said that, jobs have been lost in developed countries to workers in countries with lower wages. The latter also tend to have far fewer labour (and other) rights.

In a developing country a thriving economy can create new markets for goods and services, leading to increased trade opportunities for developed countries, boosting their exports and generating economic growth.

When developing economies improve, it tends to lead to reduce poverty, which in turn contributes to global stability. Reduced poverty rates decrease social unrest, migration and conflict, which may benefit developed countries indirectly, promoting peace and security.

Thriving developing countries can also become potential investment destinations for developed countries. As the economy improves, there may be opportunities for foreign direct investment, which can create jobs and stimulate economic development. This can benefit both the investing country and the host country. And new markets are opening up. Global security is also enhanced by disease prevention. All this demonstrates the 'cost-effectiveness' of global interconnectedness: pandemics, climate change, wars and economic instability do not respect borders.

We need to eradicate the idea that international development and international aid are charity.

Ideally, we would be able to make progress on all this while also working on reforming the international financing system. This would make the deployment of resources much more efficient. The introduction of concrete measures that enable developing countries to thrive would also make it much easier for progressive parties to demonstrate the efficiency and value of the international development system.

As part of their efforts to redesign aid and support for developing countries, progressive parties should promote multidisciplinary analysis through a common Global Progressive Foundation or their own political foundations to provide international organisations, developed countries and donors with what they need. By drawing on expertise from various fields, such as economics, sociology and political science, such as global foundation could develop comprehensive insights into the specific challenges faced by different countries. It would serve as a platform for collaboration, knowledge sharing and the development of innovative solutions to tackle poverty effectively.

Conclusion

A progressive strategy to support developing countries should therefore focus on tailored approaches that address their specific challenges. For instance, in a country struggling with weak governance and corruption, implementation of measures to enhance transparency, accountability and citizen participation can foster trust and improve service delivery. In a country with a predominantly informal economy, on the other hand, efforts to formalise and regulate informality could generate more fiscal revenues and create opportunities for growth. By identifying and targeting the root causes of poverty, we can create positive change.

Progressive parties can analyse how the policies they apply to positive effect in their own country can be tailored to countries that need to be developed in specific economic and social sectors.

By rethinking international development and aid from a progressive perspective, we can break the vicious cycle that perpetuates poverty and create a positive virtuous circle of development. Tailored approaches that address each country's unique challenges, coupled with the establishment of a Global Progressive Foundation, can pave the way for more effective and sustainable support. It is time to embrace a new era of collaboration and innovation to ensure that no country is left behind in the pursuit of prosperity.

The Summit of the Future will tell us whether we will be able to reach a consensus to change the international financing system and identify the challenges that can be addressed through effective and strong international cooperation. Other discussions are also taking place, for example, on the roadmap of the World Bank and the modification of its financial model, or on the African Development Bank's proposal to re-channel IMF Special Drawing Rights (SDRs) through Multilateral Development Banks (MDBs).

We need to work on policy integration and coherence to ensure that national policies are aligned with the SDGs and across different sectors. Sustainable financing is crucial: SDGs and climate transition plans should aligned with financial standards. Leveraging technology and innovation will also help to accomplish the SDGs, while macroeconomic coordination must be stepped up to reduce volatility and prevent crises. Finally, combating inequality remains indispensable.

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Colm Murphy (Dr) is Lecturer in British Politics at Queen Mary University of London. His research focuses on the contemporary history of party politics and political economy in the UK and Ireland. His first book, *Futures of Socialism* (Cambridge University Press, 2023) interrogated socialist and social-democratic debates about the political future of the Labour Party (UK) from the 1970s to the 1990s. His work has also been published in the academic journals *English Historical Review*, *The Political Quarterly, History Workshop Journal*, and *Modern British History* and in publications such as the *Observer*, *Fabian Review*, I*nstitut Montaigne*, *Renewal*, *The Conversation*, and *History Today*. He is a Special Sections Editor at *The Political Quarterly*.

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Jonah Schwope works in the 'Resilient Democray' department at Das Progressive Zentrum in Berlin. His work focuses on progressive AI governance, democratic innovation and the policy design of just transitions. Previously, he completed his bi-national studies in 'Public Governance across Borders' at the Universities of Münster and Twente, with professional stops at the Chair of Global Environmental Governance at the University of Münster, LobbyControl e.V. and the European Parliament.

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articles, available in English, German, French, Spanish, Bulgarian, and Polish, as also editor and co-editor of several books – mostly devoted to the questions of the European politics, comparative studies of partisan systems, contemporary political thought, as well as the state and future of social democracy. She is an academic reviewer for "Przeglad Europejski" of Warsaw University and regularly appears on the radio (TOK FM) as the expert on EU affairs. She is a member of the High-Level Advisory Board on international affairs for *Nowa Lewica* in Poland, which committee is chaired by Aleksander Kwasniewski, former President of Poland and she had served as twice consecutively elected Secretary General of Young European Socialists (ECOSY, 2005-2009). Since 2019, she has also been teaching at the Polish School im. Marii Sklodowskiej-Curie in Leuven and was decorated in 2024 with the State Medal of the National Committee of Education (KEN).

Tim Vlandas (Dr) is an Associate Professor in the Department of Social Policy, a Fellow at St. Antony's College, and an associate member of Nuffield College, all at the University of Oxford. He has published over 35 journal articles in leading academic journals, and his research has been cited by the Financial Times, the Economist, the Guardian, the UK Parliament, the World Bank, the ILO, the OECD, the UN, the European Parliament and Commission, and Chatham House.

The Politics of Polycrisis

Transforming Social Democracy in Europe

To respond to the rising challenges of insecurity and inequality that plagued advanced capitalist countries in recent years, social democratic parties urgently need a new intellectual paradigm. Forging new ideas means being prepared to enter into dialogue with other political traditions. Overcoming political paralysis necessitates moving radically beyond stale and out of date "tax-and-spend" solutions to the economic and social problems of our age. That means forging a new approach to market capitalism that tackles concentrations of corporate and market power, governing in the public interest. It is essential to cultivate institutions between the traditional state and the free market that provide community attachment, respect for traditional roles, and a sense of mutual obligation. To find a path back to power, social democrats must combine a forward-looking agenda for inclusive prosperity with protecting the pillars of security that give meaning to our lives in an era of unprecedented instability and upheaval.

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