FACING THE FUTURE

How to make social democracy
a powerhouse again

Patrick Diamond and Ania Skrzypek

FACING THE FUTURE: HOW TO MAKE SOCIAL DEMOCRACY A POWERHOUSE AGAIN

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NEXT LEFT

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Paul Magnette

President, Parti Socialiste Belge

This statement offers a powerful and timely reflection on the renewal of social democracy in Europe. At a moment when inequality deepens, trust in politics erodes and authoritarian populism grows stronger, it presents a clear vision of how progressive forces can respond with responsibility and hope.

The authors call for a social democracy that restores cohesion and security, renews the promise of fairness and freedom, and confidently embraces the opportunities of innovation and sustainability. This is not only about updating policies but about rebuilding the bond of trust between citizens and politics. It requires a state that safeguards dignity and opportunity, societies that leave no one behind, and a democratic life that extends beyond elections.

By combining intellectual depth with actionable ideas, this paper provides a compass for renewing progressive politics. It challenges us to respond to fear and fragmentation not with retreat but with courage, openness, and solidarity. It is an invitation to reclaim the future, and to make social democracy once again the driving force of fairness, prosperity, and hope for the next generation.

Kata Tüttő

President of the European Committee of the Regions

Social democracy lives where empathy meets courage — in the patient, daily work of those who refuse to give up on each other.

Europe's soul will be saved not by the powerful, but by those who wander — who listen, translate, and bloom where they are.

It is a journey, not a destination — a practice of compassion in motion, renewed wherever people still believe that decency, equality, and freedom are worth the effort of understanding one another/

In this light, this particular book should be further read and considered.

Irja Vaateri

Secretary General of Young European Socialists (YES)

Facing the Future: How to Make Social Democracy a Powerhouse Again offers a timely and insightful contribution to the ongoing debate about the renewal of social democracy. It reaffirms the importance of sustained dialogue within the movement, ensuring its continued relevance amid today's social, political, and economic challenges.

The editors' emphasis on empowering young people and rekindling the movement's founding spirit of hope is particularly commendable. Equally valuable is the call for social democracy to advance its own proactive vision and solutions rather than defining itself solely through opposition.

At the same time, the reflection on accessibility is crucial. For the movement to remain inclusive and participatory, its debates must reach beyond academic circles and engage citizens from all walks of life. The editors' recognition that language and framing can be unintentionally exclusionary underscores the need for openness and clarity in shaping a shared future.

Overall, *Facing the Future* stands as both an inspiring reaffirmation of social democracy's core values and a thoughtful appeal to renew them through inclusiveness, vision, and hope.

Andreas Schieder

MEP, Head of the Austrian Delegation, S&D Group, European Parliament, Chair of the Next Left Research Programme

We know that the challenges before us are as complex as they are urgent: climate change, deepening inequality, the rise of authoritarian populism, and technological disruption are reshaping Europe and the world. When we are listening to the people in Europe and we see the everyday problems they are facing, the feeling is it is that it's time for more and stronger social democracy, not less and weaker. However, in this context, social democracy cannot afford to look inward or cling to past certainties. We must develop new ideas and strategies that prove, once again, that politics can empower citizens and build fairer, more resilient societies.

This paper is a vital contribution to that mission. It does not merely diagnose the difficulties faced by social democratic parties; it offers a roadmap for renewal. It challenges us to think boldly about the future of our movement and reminds us that social democracy's strength has always been its ability to adapt without abandoning its core values of solidarity, justice, and democracy.

I encourage every reader—activists, policymakers, and citizens alike—to approach this paper not as an academic exercise, but as an invitation to action. Its arguments demand debate, its proposals invite engagement, and its vision can inspire the next chapter of social democracy in Europe. If we are to ensure that the future belongs to the many and not the few, then the ideas set out here deserve our fullest attention.

Introduction: The current debate

Social democracy has always stood for hope. No matter how dire the times are in which we are living, social democrats have long espoused a belief in a better tomorrow. There will always be means to empower citizens, ensure more equal life chances and secure greater social justice. Social democrats are prepared to face up to the challenges confronting their societies, putting forward a credible programme that commands the confidence of their electorates while taking account of economic and social change.

As the historian Donald Sassoon reminded us in his magisterial history of parties of the left in Europe,[1] ideological revision and renewal have been constant features of social democratic politics since the end of the 19th and early 20th century. Parties of the mainstream centre-left are a political force and social movement that are courageous, proficient and consistent in defence and pursuit of their values. In that sense, social democratic parties have long been regarded as representing integrity and the aspirations of the many, while espousing an ethic of responsibility that is unwavering in the face of even the most daunting crises and challenges. As such, the centre-left has long sought to confront the forces of reaction and oligarchy in the name of social progress, ensuring that, in the future, power and prosperity lie in the hands of the many, not the privileged few, providing hope and unity in the face of polarisation and division.

Social democratic aspirations

This perspective might seem nostalgic, especially if we consider the growing body of analysis that highlights the electoral and ideological crisis confronting parties of the mainstream left. While the obituaries for social democracy in Europe have been written many times since the Second World War, this time it is feared the crisis might well be existential, even terminal. The weight of forces of change in our societies – the rise of globalisation and a multi-polar world order, the triumph of individualism, the collapse of traditional class structures, the withering of the industrial base of western economies, the polarisation of political debate and the decline of trust in established democracies – are perceived to be too great for social democracy to withstand. In the aftermath of the crises and shocks of the last decade, the political choices in Europe appear to have sharpened markedly:

- Economically, there is a logic that says remain open and embrace international trade, yet the politics says protect what you have and be prepared to go your own way.
- The West needs more economic migrants and has a moral responsibility to host those who flee from war and persecution, yet politically, the demand is for greater controls on the movement of people that goes so far as to keep people out.
- To ensure future growth and social sustainability, governments should invest in the young, yet the most powerful electoral constituency is older voters, who want to protect existing benefits and entitlements.
- The world is confronting the potentially devastating effects of climate change after two centuries of rapid industrialisation and global growth of 3% per annum, yet many voters and communities

react against environmental policies when they are not designed in a way that protects jobs and living standards.

- Europe is facing an increasingly uncertain geopolitical environment where, without credible security, the very foundations of welfare and social stability can be jeopardised, yet many workers and low-income families are wary that increasedgreater spending on defence might come at the expense of public services and the social protections on which they rely.

Nonetheless, social democracy must search for solutions that narrow these divides. Centre-left parties must develop a governing project in an age when the broad mass of working people, both traditional blue-collar workers and the growing middle class, are facing increasing pressures, including an unprecedented compression of incomes alongside a dramatic living standards squeeze. Economic power is shifting from west to east (and often north to south), and from the many to the very few (consolidating oligarchy), putting jobs under threat. The knowledge and service economy is polarising labour markets, leading to a loss of lower-skilled jobs; the weakening of organised labour makes it harder to protect wages and defend the welfare state, while commodity prices and the cost of food and fuel in many high-income economies have been rising. Inequality is increasing sharply within countries, despite the progress of the Global South; this is due to the growth of market-based inequalities, as well as to the decline in the effectiveness of redistribution at the level of the nation state. And economic inequalities are exacerbated by political inequalities that diminish the control that ordinary citizens have over their lives. Social democrats above all seek to redistribute power.

In this context, there is a conundrum facing all centre-left parties: voters want greater choice and control in their lives, but they also

want to be protected from insecurities generated by globalisation and technological change; they yearn for greater personal freedom; at the same time, they seek security from the adversities of life and many yearn for a sense of belonging, participating in a project of common endeavour.

All of these challenges have to be addressed in a world where faith in politics has been diminishing: political parties are perceived as narrow, unrepresentative cliques ruled by corporate finance; there are too few compelling ideas and ideological alternatives; the political class is regarded as remote from citizens; in many societies, politicians appear determined to give power away to regulators and technocrats. The only way out of this malaise for the left is to involve voters in the bigger choices and trade-offs that our societies face; to resist the "consumerisation" and marketisation of politics, demonstrating that as messy and uncertain as the democratic process might be, democratic politics is still the best hope of improving our societies while making our countries more equal.

We accept that social democratic parties have been defeated all too often, and while the tradition has retained its importance, the centre-left is at risk of being eclipsed by the rise of right-wing populism on one hand, and the far left and often green parties (in their diversity) on the other. As a result, social democrats have become increasingly defensive, as they see the political landscape around them altering in ways that are scarcely propitious for the left.

In Europe and the USA, the rise of populist forces appears to be dragging politics in ever more radical directions, "hollowing out" the political foundations on which social democratic parties once stood. The rise of left and right populism on the international stage has made the politics of western democracies more "noisy" and polarised. A new generation of populist politicians have been influenced by, and even

sought to emulate, figures such as Victor Orban and Donald Trump. Yet this turmoil often disguises the fact that the majority of voters still yearn for competent, stable and broadly progressive government that focuses on solving everyday problems. In this environment, the centre left has to re-discover the courage of its convictions while setting out a new vision.

European social democracy has yet to undergo the rethinking necessary not only to win occasional elections against unpopular incumbents, but to make a success of governing so as to transform society. It has yet to find a convincing answer for why the demise of 1980s and 1990s market liberalism led to a debate about the size and efficiency of the state, rather than a focus on the dysfunctionality of markets and the private sector. Moreover, social democracy needs to strike a balance between the domestic, European and international agendas. The risk is that, even in the relatively rare instances where left parties get elected, they have little idea of what to do with power in the aftermath of victory, or they are unable to effectively coordinate with progressive governments in other countries. Lacking direction, they quickly flounder, and in coalition governments they are fatally squeezed, risking catastrophic defeat only a few years later.

Yet, in the midst of structural change, there are undoubtedly opportunities for social democracy to rebuild its political base. As Geoff Mulgan has written: "The basic powers of governments have not diminished […] the idea that governments have become impotent is an illusion, albeit one that can provide a useful alibi". What centre-left parties cannot do, as they did too often in the recent past, is resort to what the late Tony Judt termed "defensive" social democracy.

In this paper, we aim to show that talk of terminal decline is both greatly overdone and unhelpful, not least in refusing to recognise the wide range of choices and possibilities still available to parties of the

centre-left. The importance of regenerating social democratic parties and politics has never been greater. Here, we set out our ideas for how to approach that crucial task, focusing on how social democrats can develop the politics of security and aspiration against the forces of conservatism and reaction.

Multifaceted challenge

Over the last decade, the depressing assessment of social democracy's decline has become a wide-ranging diagnosis. In the 1990s, despite the success of European social democrats in winning national elections, it was widely assumed that, even in government, they would struggle to achieve their goals. That pessimistic assessment reflected the perceived strength of the neo-liberal doctrine. Depending on national circumstances, sister parties chose to accommodate pro-market policies against the backdrop of a crisis of confidence in the post-war Keynesian welfare state. In particular, there was a belief that globalisation led to insuperable constraints on the nation state, while tax resistance imposed limits on the expansion of public services and welfare provision, as later formalised by Dani Rodrik's work on globalisation's "trilemmas".

This led to internal conflict within the social democratic family, which was best characterised as a dispute between proponents and opponents of the so-called "third way", a dispute that persists to this day. The extent of disagreement was always overstated: even the most "modernising" of social democratic parties adhered to many traditional goals of the left, and enacted policies intended to reduce inequality and improve the lives of their most disadvantaged citizens. Meanwhile, even the most traditionalist parties adopted many examples of programmatic innovation, adapting their policies to changing times. Yet the dispute

and its aftermath understandably took a toll on the centre-left in EU member states. Even though social democrats were in power in the majority of countries, they risked appearing divided and uncertain.

The first decades of the 21st century reinforced the pessimistic mood. The 2008 financial crisis reinforced the idea that politics could no longer change how things unfold, and gave rise to the dominant narrative of "austerity": the idea, as elaborated by the political scientist Mark Blyth, that to restore economic prosperity, governments must radically cut back on public expenditure and welfare provision.[2] The imposition of austerity shook the confidence of citizens in basic social democratic institutions, not least the welfare state itself, which came under severe pressure, most notably in Southern Europe. The 2008 crash duly exposed the extent of global inequalities in the distribution of income and wealth, as highlighted in the writings of experts from Joseph Stiglitz and Tony Atkinson to Thomas Piketty.

The mood of doubt was reinforced as the electoral pendulum did not swing back to social democracy in the wake of the crisis. Austerity led to social mobilisation and the rise of "anti-system" politics that appeared to bypass many mainstream centre-left parties, increasingly squeezed between the "populist" parties of the left and right. There has been momentum for the mobilisation of new social movements, yet much of the new-found political energy has bypassed social democrats. Instead, it has been partly captured by nationalist forces that thrive on resentment against "global elites" and hostility to internationalism. The accusation was that social democracy did not offer a credible alternative to the economic and political status quo.

In response, many social democratic parties over the last decade willed the return of the state. In the 1990s, those very same parties were inclined to believe that the state was becoming weaker in the face of globalisation. In the 2000s and 2010s, a number of centre-

left governments accepted (and implemented) austerity policies on the assumption that the active state was no longer affordable. The emphasis on the welfare state's role in ensuring societal resilience and helping people through change evaporated. Yet, the electoral position of social democrats deteriorated even more rapidly. As such, there have beenare subsequent efforts to learn lessons while insisting that only an active state can protect citizens from new threats and insecurities – at home, from the loss of secure jobs and livelihoods wrought by the rise of new technology, climate change and globalisation; elsewhere, from the new threats of rogue authoritarian regimes and dictators on the periphery of Europe. Nonetheless, it is clear that social democratic parties have some way to go in fashioning a coherent vision of the state to underpin their core ideas and programmes. There are few intellectually cogent models of state action that offer a template for centre-left parties in power to emulate.

The state, in many ways, exhibited extraordinary resilience in recent decades, while there is little evidence anywhere in Europe that citizens are prepared to abandon government in favour of *laissez-faire* individualism. Even so, frustration and disillusionment with the contemporary state have risen, fuelling the precipitous decline of trust in liberal democracy while empowering populist forces. The goal for social democrats remains to fashion a state that works, not withdraws, which means confronting the fundamental dilemmas of modern statecraft. Thatis could be the basis for a new consensus on strengthening state and public sector capacity across Europe, but it will require facing up to difficult trade-offs and choices in policy and politics in the years ahead.

In recent decades, there was a visceral backlash against the state in many societies, which quickly lost legitimacy as a result. This was partly driven by the New Right critique of "big" government: the

argument in many countries was that government bureaucracy was inefficient and overloaded, absorbing too large a share of scarce resources. Other pressures, such as an ageing society and a declining proportion of active workers, threatened to render the traditional welfare state unaffordable. There was a perception that welfare states did not do enough to contain rising inequalities. And while its protective powers are neither adequate nor sufficient, the welfare state has lost its important historic role as a vehicle for social mobility that could fulfil working people's aspirations. But voters' concerns about the state and its distant bureaucracy could not be blamed merely on right-wing ideologues. Many citizens became disillusioned with the provision afforded by the welfare state, in both its coverage and quality. Too often the services the state provides are either inadequate, and delivered in a bureaucratic and inefficient manner, or of declining quality, as rounds of austerity have led to the erosion or closure of so many important institutions ofin the welfare state.

There were other reasons for growing dissatisfaction with contemporary government. The increasing size and complexity of the modern state, as well as the ongoing narrative about "polycrisis" and factors that remained beyond government's control, made it more difficult for citizens to understand who took decisions and who could be held accountable, not least in the light of the manipulative role played by social media. The professionalisation of politics had already "outsourced" policy-making decisions into the hands of experts, but now the development of technologies and scientific innovation increasingly place decision-making power in the hands of consultative bodies appointed by the state, undermining liberal forms of representative and participative democracy. Large-scale bureaucracies risk fuelling citizen disengagement and declining trust in the political system. Many citizens no longer trust the state, which they fear has been captured

by unaccountable elites. They are increasingly disillusioned and angry. In these circumstances, a new debate about the role of the state is necessary.

Today, social democratic parties and governments are undeniably operating against a backdrop of political uncertainty and volatility. Capitalism is undergoing major structural alterations: the rate of technological innovation and the decline of industrial-era mass production – often as a result of the transnational reorganisation of production – imply that advanced economies are on the brink of a "fourth" disruptive industrial revolution, undermining political and economic institutions. Moreover, fiscal pressures unleashed by ongoing crises are placing unprecedented strain on public finances, welfare systems and the future organisation of the state. Crisis "aftershocks" are 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 and the relative decline of the West.

Both the liberalisation of the global economy and the weakening of representative democracy, a process termed the "great global unravelling", have a crucial impact on centre-left parties. Globalisation has, of course, revolutionised economics and politics, with major consequences for traditional institutions. But while the global economy has created unprecedented gains in economic growth and living standards for many, especially in the Global South, the benefits have not been evenly distributed. In the Global North, globalisation no longer appears able to generate an improved standard of living for those outside the economic and political elite, while traditional expectations among citizens of peace, security and sustainability are being thwarted.

As a result, there is a strong backlash against the establishment orthodoxy, witnessed most visibly in hostility to liberal migration regimes

and European integration. Cosmopolitanism is challenged by rising levels of xenophobia, motivated by new insecurities about national identity and belonging. Meanwhile, the institutions of global capitalism are increasingly distrusted. The political scientist, Sheri Berman, noted that centre-left parties in western Europe have traditionally enjoyed an uneasy relationship with nationalism.[3] Karl Marx envisaged a world where "all workers would unite" across national borders. Berman observes that centre-left parties had to strike a compromise with nationalism to gain electoral strength in the early 20th century, yet attempts to strike such a bargaincompromise have created persistent problems for social democracy.

Several important historical shifts have confronted social democrats since the end of the cold war. The first is globalisation, characterised not only by worldwide market integration, but also by deregulation, financialisation and liberalisation, which significantly embolden capital at the expense of labour, leading to "winner takes all" politics. The second related shift is the structural weakening of democratic politics in comparison with markets, which raises serious questions for a movement such as social democracy, the existence of which depends on articulating "the primacy of politics" in achieving social progress. Social democratic parties have too often focused on micro policy initiatives and technical fixes, rather than painting an alternative and compelling picture of a good society. Not surprisingly, they have also come under greater challenge from more idealistic and confrontational political forces, such as the green movement.

The reaction of social democratic parties merely exacerbated these difficulties. Falling electoral support, as well as party membership, made them overcautious and, at times, defensive and conservative. A narrative around minimum rights and standards replaced the language of aspiration, and the focus on the future of employment

and work that dominated the debates of the late 1990s and early 2000s. While progressives continued to reiterate that they were the only parties that could bring about an alternative focused on economic and political reform, empowerment and social justice, the electorate no longer appeared convinced that such parties were had a unique or future-oriented message. This mood was prevalent among younger voters, who, particularly in the second decade of the 21st century, were much less likely to support social democratic parties.

The situation briefly improved amid the COVID-19 crisis, when centre-left parties invariably experienced a growth in support, and those in power saw encouraging improvements in trust. During a public health and economic emergency, social democrats were able to turn their reputation for steadfastness, experience and responsibility to their advantage. If the COVID-19 period taught progressives anything, it was that leadership matters, as it is not the institutions or organisations, but the people behind them, that their compatriots are willing to trust. The humane, respectful leadership of Jacinda Ardern, Pedro Sánchez, António Costa, Sanna Marin and Magdalena Andersson, among others, made a decisive impact. Yet the challenge remains how far social democratic parties can claim to represent a generational project that will change the course of history and bring about a more positive future.

Moreover, in the aftermath of the COVID-19 crisis, the so-called rules of the game appear to have altered further. In many countries, there was effectively a return to austerity, as governments sought to repair damaged public sector balance sheets, while the welfare state came under further pressure. Global trade and prosperity were undermined, as in a number of countries, not least the USA, governments increasingly adopted policies of national protectionism in the face of the "great unravelling". This shattering of confidence in global

capitalism and the return of state intervention to the centre of political debate has done little to revive support for the left. Meanwhile, populist movements have been quick to adjust their agendas, defending the welfare state, even if only for a select groups of citizens.

In the midst of a worldwide economic storm that led to declining living standards in many countries, growing resentment towards migrants and "outsiders" gave further impetus to the rise of populist parties. Geo-strategic shocks – notably, the global pandemic, the wars in Ukraine and the Middle-East, the spread of conflicts globally, efforts by rising powers such as India and China to forge a new global order, the ongoing threat of catastrophic climate change, transatlantic tensions, the race for resources prompting trade wars, alongside the consequent unravelling of the global economy – have each struck like an earthquake at the heart of institutions and the assumptions of western market liberalism that once had the confidence to proclaim "the end of history".

Instead, today, it is the "end of the West" that is proclaimed by many. Shortly before the new millennium, the late sociologist Ralf Dahrendorf famously wrote of the "end of the social democratic century". The third way and other "revisionist" projects were considered largely fruitless efforts to remain relevant in a transformed political landscape, and were considered by some to have inflicted reputational damage on parties of the left. All of these developments reinforced the sense that social democracy was under unprecedented challenge.

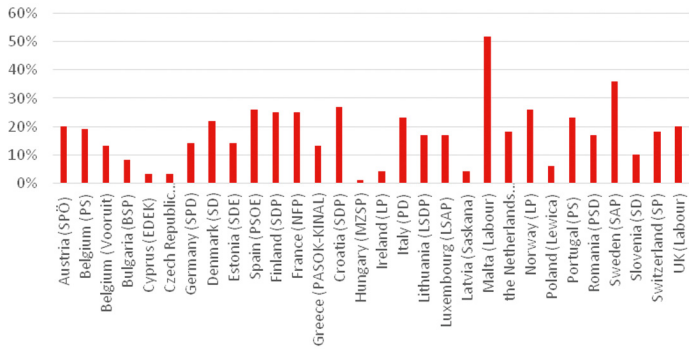
Electoral faiblesse

Consequently, over the last 20 years, many of the leading social democratic parties have suffered a sharp decline in electoral support. As a result, they have been in government far less frequently than in the second half of the 20th century. While it is not unusual in itself for a political party to be in opposition, it becomes very difficult when they are no longer *the main opposition party*, and even more so, not even the dominant force on the left side of the political spectrum.

In electoral terms, social democracy in Europe is self-evidently struggling. Figure 1 summarises recent polling data. These surveys are only an indication and snapshot of current trends, but the numbers appear to corroborate the latest academic research.[4]

The data highlights that the relative performance of social democratic parties depends on the party and the electoral system in which they operate. Evidently, in a two-party system, they should perform better; however, even in two party systemst they are weaker compared to the recent past. An example is Spain, which is still undergoing an important transformation, evolving from a two-party system towards a multi-party system, as is the case in the UK. Then, there is a regional dimension: Nordic parties generally do better (as the recent electoral success in Norway demonstrates), while Central and Eastern European countries have been historically vulnerable, with some parties hitting historic lows, notably in Hungary and the Czech Republic. In cases where social democratic parties have merged – either creating a new party

GraphFigure 1.: Voting intentions – preferences for PES sister parties.
https://www.politico.eu/europe-poll-of-polls/



Source: Politico.

or alliance (France and the Netherlands) – electoral recovery has been slow to materialise. In general, however, even the better performing parties are only achieving between 15 and 20% of the vote. This often means second or third place in the electoral race, so they are far less likely to be in a position to lead or even participate in government.

Yet amid all the negative commentaries and polling reports, it remains the case that social democracy is an influential player within the political systems of most European democracies. Even though the conditions change, the electoral results still allow them to be the second-largest group in the European Parliament, often securing enough seats to influence key policy agendas. This is the social democracy that continues to oppose stridently inequalities and social exclusion, xenophobia and racism, as well as being in favour of the welfare state, fair economic growth and environmental justice. To that end, the struggle to renew and reinvigorate it is not just a self-indulgent

exercise, but a mission to expand the agenda of empowerment, emancipation and democratisation in contemporary times.

It is often pointed out that the organisational formula of social democracy has been exhausted. The factors are wide-ranging and encompass social issues (changing demographics and the structure of labour markets, the core of the workers' movement), politics (an inability to connect with protest movements and social mobilisation, as well as building on the momentum they have created), and behaviour (people engage with one another and with political parties in a different way than in the past, resulting in greater volatility among electorates and more dynamic, more unusual shifts within voters groups, as, for example, Catherine De Vries has argued).

Most democracies in Europe have witnessed voter fragmentation that erodes electoral support for both mainstream centre-left and centre-right parties. We agree with leading scholars who argue that fragmentation is primarily caused less only by alterations in the political programmes of social democracy than fundamental changes in the social and class structure in recent decades.[5] The most striking development since the 1970s has been the sharp decline in the proportion of the workforce employed in blue-collar, industrial jobs. Over the last 50 years, the labour market has been feminised, while, in much of Europe, industrial employment has been replaced by knowledge and service-orientated jobs, with stable occupations giving way to precarious employment in certain sectors.

It is hardly surprising that social democratic parties struggle to operate in this new political environment given their historical reliance on workers in heavily unionised industrial sectors. Yet cross-European comparisons, such as in the work undertaken by Kitschelt and Häusermann,[6] indicates that centre-left parties have lost relatively few of their voters to the far right and radical left; in fact, the main

haemorrhaging, particularly among voters with a relatively high level of education, has been to green and liberal centrist parties.

In the new electoral landscape, potential coalitions cannot be just a marriage of convenience. Any viable coalition must espouse a political "project" that enables social democrats to ask themselves not only with whom they should enter into a coalition, but also which other parties (with their electoral difficulties) are viable coalition partners themselves. If a coalition is to be forged, there must be a common mission and project, while social democrats must avoid becoming junior coalition partners who take the flack for the government's most unpopular policies, as the SPD in Germany has recently experienced.

We know that social democratic electorates have long been diverse. There was never a time when parties of the mainstream left relied exclusively on manual working-class voters. Increasingly, social democratic parties depend on educated, urban, middle-class voters employed in the public sector. Where many centre-left parties struggle is with retaining the support of older working-class voters, particularly men, who bemoan the loss of traditional industrial occupations and identities, while fearing the weakening of traditional institutions, notably, the welfare state. Meanwhile, social democrats cannot rely on the votes of younger electorates, who tend to support green parties and parties to the left of social democrats. Centre-left parties are no longer seen as defenders of the interests of young people, as welfare states in Europe have become increasingly skewed to support older voters.

While there is clearly a de-alignment underway between the old classes and parties on the left/right axis, we are witnessing the emergence of new social structures and generational dynamics in most western European countries, giving rise to the formation of new political identities, notably, a "drifting precariat", "the authority-oriented lowly trained", "satisfied social climbers", "established performers" and so

on. Surveys reveal thatthe disenfranchised young people increasingly feels abandoned and disempowered.

As such, there are more fundamental structural dynamics that lie behind the declining performance of social democratic parties. These include the continuing erosion of secure working-class jobs; a social divide between university graduates and manual workers; the emergence of "new" social risks, such as ageing and long-term inactivity, that the traditional welfare state struggles to address; growing urban-rural divides and the emergence of "places that don't matter", alongside the shift towards increasingly individualist values. These trends have exacerbated tensions within the support base of centre-left parties between "cosmopolitans" and "communitarians" in volatile times, accelerated by the decline of traditional ties and norms of social cohesion. The dilemma for social democrats is whether to remain "catch-all" majoritarian parties, or to strike bolder positions that risk alienating key voter groups.

The rules have changed

Social democracy requires stronger political organisation and ideas if it is to flourish in the future. Centre-left politics must continue to be anchored in citizen mobilisation, rather than bypassing the politics of protest and dissent. Social democratic parties have always drawn strength from practical activism and bottom-up campaigning. Left parties must remain insurgents, even when they are in government, refusing to become part of the status quo and continuing to offer solutions to new challenges and injustices. They must act responsibly, whether in opposition or power, never abandoning the quest for solidarity, equality, autonomy and human rights, embracing a participatory democracy that empowers citizens. They must continue to recognise "the primacy of politics" in a changing society: social democracy has a duty to continue to reform political and economic institutions. This is vitally important in European societies in which representative democracy has been in decline in recent decades.

For social democratic parties, electoral vulnerability raises significant dilemmas. As organisations that historically grew out of protest movements and trade unions, and have always been either in opposition to the government or, when in power, in opposition to everything that would be considered socially unjust, they have found themselves stuck in a *Catch 22* situation. On one hand, they are among the first to say that the current systems of governance – global, European, national – are less effective at providing citizens with support

at times of crisis, as the existing social contract has frayed. Migration and distributional issues have proved particularly fraught.

On the other hand, social democrats feel compelled to defend the current system of government. They believe in political responsibility and the need to continue placing trust in established institutions to implement reformist politics for the majorityny. Jacinda Ardern, the former prime minister of New Zealand, was right to say that, while she grew in stature as an international leader because she was recognised as a leading politician who opposed the policies of President Trump, that alone did not articulate a positive idea of her own political approach.[7] Reasonableness alone is not sufficient.

This leaves centre-left parties vulnerable in the confrontational circumstances of modern politics, where they do not control the battlefield and witness many of the actions of non-democratic forces proliferating with troubling consequences. Indeed, they are having to contend with aggressive, centrifugal, anti-system forces. This makes it harder for social democratic parties to speak with a clear voice, able to say exactly what they are for and against. It also fuels the serious claim that social democracy has lost its ideological vitality and *élan*. The post-war social democratic tradition of pursuing reforms to advance freedom and social justice in a market economy has been eclipsed by demagogic proclamations that deepen inequalities, leaving society more divided and fragmented frightened.

Challenging defeatism and determinism

The negativity about social democracy and its prospects, however justified in its diagnosis, has been overdone. Too much commentary exaggerates the success of social democracy in the post-war "golden

age" and overstates its fragility in contemporary society. There are those who underline the period at the end of the 1990s, when social democrats held a strong majority among the governments in Europe and the majority of EU prime ministers (13 out of 15 in the late 1990s) came from their political family.

Recent years have proved you can win elections against predictions (note the victory of the SPD under the leadership of Olaf Scholz), turn the page to successfully lead a left-wing coalition (recall the Portuguese experience of António Costa) and advance a modernisation agenda while managing deep crises (in particular the records of those governments led by Sanna Marin in Finland, Magdalena Andersson in Sweden and Pedro Sánchez in Spain). But they have also shown that there is nothing that comes by default or can be taken for granted – you can win elections and find yourself in opposition; you can see discredited candidates being elected to lead; and you can see bizarre, and until recently, unthinkable, social and political coalitions emerging and able to outflank long-established political parties.

With so many unsettling and sometimes contradictory trends, there is not much predictability in the world of contemporary politics, and that if any renewal is to be successful, it must be conducted with an understanding that this is not just a ritualistic exercise that social democracy must dive into periodically. It must be compelling, prolific and thought-provoking, while it must inspire hope and confidence in the future, an something indispensable feature ofabout social democracy. Because it is not about satisfying rituals and routines; it is about responsibility for the future.

Policy dilemmas

Another factor is that centre-left parties have lost their dominance and influence because their policy programmes were chiefly focused on tackling "traditional social risks" (unemployment, sickness, old age etc.) associated with the post-war Keynesian welfare state that have steadily lost relevance. Security against social risks is increasingly inadequate. Welfare systems insured, more or less successfully, against the risks of 19th century industrialisation (unemployment, sickness, industrial injury and poverty in old age) with some gaps in countries that saw the family take full responsibility for young people. But European welfare states have found it more difficult to insure against the new social risks of modern life (notablysuch as precarious and discontinuous careers, industrial crises, single parenthood, relationship breakdown, mental illness, extreme frailty and incapacity in old age).

Meanwhile, fairness between generations has apparently broken down. Pensioners in many countries have done relatively well in maintaining their income (although poverty rates among the elderly are substantial in some countries). However, child poverty is a major issue in many European states. Too often, young people bear the brunt of unemployment and fiscal retrenchment. Social democrats have not focused sufficiently on how to tackle "new" social risks that shape the political priorities of key electoral groups in most countries.[8] This is, in part, because these risks create dilemmas for centre-left parties attempting to bridge their "old" and "new" electorates. For example:

- *Education*: the logic of modern knowledge economies is for governments to raise the level of investment in education and human capital, not least to help each generation fulfil its potential. Yet public investments may exacerbate rather than contain rising inequality. For example, investment in higher education generally

benefits those in high-income households. Education systems must adapt and become more proficient at providing vocational and skills-focused training for those not attending university, while continuing to fulfil the humanist ideals of education, equipping citizens to participate in democratic institutions and society at large. Centre-left parties must still appeal to those who are not at the high end of the knowledge and service-based economy, while seekingtrying to enlarge and spread access to it, reducing the inequality of income and prestige that it produces.

- *Technological change*: innovations afford the opportunity to restructure the operations of the public sector, for instance, through the application of artificial intelligence (AI), while creating more productive economies. Yet, at the same time, the diffusion of AI is fuelling growing insecurity throughout the labour force, as technology increasingly threatens manual and middle-class andjobs, compounded by delocalisation and the off-shoring of production. Innovation is leading to greater economic inequality, as the owners and shareholders of high-tech companies scoop up higher rewards and influence. In the digital age, commercial and capital interests are on the rise, so it is necessary to ensure a balance of power in society to achieve fair and just outcomes. We need an approach to digital capitalism that secures social progress for all, preventing negative repercussions like the increased exploitation of workers, such as that entailed in the platform economy, while establishing ethical rules to govern the use of these technologies.
- *Gender*: in many societies, the structural position of women has improved in the last 50 years, although the dangers of a "backlash" against feminism remain, and there is still much to be done. Yet many (younger) men are doing less well economically, with poorer prospects in education and the labour market. They are at risk of

long-term worklessness, drifting into a continuous cycle of poverty and insecurity. In this environment, the dangers of a drift back towards angry, hyper-conservative masculinity in many societies intensifies. Social democratic parties have benefited from rising support among women in numerous countries. They must carry on fighting for the agenda of equal rights and opportunities, while continuing to address the aspirations of male voters who don't materially benefit from higher education to resist the drift into so-called culture wars.

- *Welfare*: the long-term affordability of welfare states is in question given rising demographic and cost pressures across many countries. Moreover, there is a growing divide between those in work (who pay taxes to fund the welfare state and social security) and those unable to work. Social democratic parties believe in work and in the freedoms that paid employment provides; this principle should be reflected in the structures of welfare and social security . Conflicts over the welfare state have become more visceral and politicised than in the past: between those who depend on welfare and those who do not; those who can access welfare state support and those who cannot; those who believe the nation state is the best protection and those who have a more cosmopolitan approach; those who are more materialist and those who are post-materialist; and those in the "working from home" class and blue-collar workers who go to a physical workplace. Yet, the question of affordability requires a reassessment of the strategies of welfare provision. Increasingly, the modern state outsources the provision of public services (from rubbish collection to social care) to for-profit organisations (including multinational private equity firms), which extract substantial funds from central government and invariablyoften deliver substandard services.

- *Net zero and climate*: The threat of destructive climate change has accelerated in recent decades, as Paul Magnette outlines in his book on eco-socialism.[9] The willingness to intervene is all the more necessary given the "existential" threat posed by climate change. After two centuries of rapid industrialisation, new ways must be found to deal with the devastating impact of environmental pressures. Yet the politics of net zero has also become more challenging, as western consumers are required to make sacrifices in living standards through measures such as the imposition of levies on energy use and travel, and the hasty design of an energy transition that sought to impose a one-size-fits-all approach across member states. Those in industrial employment fear their jobs will be next to go, as there is a fundamental reorientation and relocation of industrial production. Yet, despite some European industries worryingly lagging behind (such as the automotive industry), we know that climate change adaptation has the potential to spur economic modernisation, creating new industries and viable sources of future employment, while improving wellbeing and citizens' quality of life, particularly in urban centres, by vastly reducing pollution. The greening of the economy has to achieve tangible benefits for both workers and consumers through a Clean Industrial Social Deal, which will help to buildensure a viable alliance between more traditional industrial workers and white-collar professionals.

The task for social democrats is to manage the divide between their "old" and "new" electorates without denuding the space for policy innovation and radicalism. Looking back nostalgically to the glory days of the post-1945 era is unlikely to reap electoral dividends over the next decade, while trying to be "all things to all people" and avoiding hard strategic choices merely erodes the programmatic distinctiveness of

social democracy. Centre-left politics stands unreservedly for the future not the past.

The strength of centre-left politics still lies in the power of active and enabling institutions to counter injustice; achieve a fairer, more equal society; and expand human freedom. Voters want to be "empowered" to realise their autonomy and freedom, yet they also want protection from new risks and insecurities. The aim is freedom *to* realise opportunities, as well as freedom *from* discrimination and oppression. This ethical commitment within the social democratic tradition has too often been ceded to the right, yet it still has a great animating force as a political project. And its potential will be squandered unless social democratic parties face up to hard truths.

To that end, whereby propose the development of a new social democratic programme, which at its core reclaims and deepens both freedom and security. It is not intended to be replicated *tout court* by each social democratic party in Europe, but rather to serve as an inspiration for the construction of national programmes and manifestos. The programme rests on three fundamental pillars:

- restoring order and social cohesion;
- a new contract for freedom and fairness to empower citizens; and
- owning the future.

Restoring order and social cohesion

Centre-left parties must not be afraid to recapture territory traditionally colonised by the right in fields such as law and order and national security. There is nothing more injurious to liberty and justice than the fear of crime and social disorder experienced particularly by working-class voters in the most disadvantaged neighbourhoods. It is vital – in a time of economic turmoil – that social democrats continue to espouse robust approaches that help to strengthen the rule of law and order.

This includes ensuring accountability and upholding the rule of law and human rights, particularly among the police and security forces. In too many countries, women and minority groups fear (with good reason) that they will be mistreated, while trust in the criminal justice system is low. We must ensure institutions promote social inclusion and individual rights.

Although the issue of immigration serves as a lightning rod for a range of concerns, rising economic and social insecurity fuels a toxic sense of unfairness, sapping public trust. The links between anti-immigration sentiment and a lack of trust in the political system are striking. Building a positive narrative on immigration and seeking solutions to problems such as inequality have to be prioritised, recognising the need for integrated communities who share common values. Fundamentally, social democrats believe that we have "more in common" that unites us than divides us. Politicians who seek to

build trust between communities and in the political system will get nowhere by casting immigration as a threat. New rules of the game are required.

Yet understanding anxiety about moral and social decline is essential too. We recognise that in many societies, tolerance and respect have grown over the last 50 years. Many European countries have made significant strides towards greater gender equality, combined with durable family stability. Nonetheless, many voters harbour concerns about the direction of society. This includes the decline of family life, the erosion of long-standing community networks, and the commercialisation of childhood through access to smartphones and digital technology. More broadly, under renewed scrutiny is the relationship between religion, secularism and the public realm, where people of faith fear their freedom of speech is being curtailed alongside the emergence of new forms of identity (and the weakening of traditional identities). There is a general pessimism about future trends in society that pervades much of Europe.

That relates to an over-arching issue concerning the nature of citizenship and identity. Citizenship reflects inalienable civic, political and social rights emerging from the post-war settlement. Yet the growth of diversity in Europe over the last 30 years has weakened traditional bonds and ties of citizenship. Identity, as well as the economy, is a major issue of political debate. There are many voters who would once have been considered "core" social democratic supporters who look back nostalgically to a world of order and security, and a clear pathway towards prosperity, that is perceived to have been lost, particularly given the demise of heavy industry and the rise of economic insecurity.

Social democrats cannot make the mistake of only speaking about issues of fairness, economic redistribution and welfare provision, about

which they feel more comfortable. Parties of the left have to be willing to address head on issues of order and security: crime; law and order; and the breakdown of community. Social democrats have to see the concept of "solidarity" as a big idea around which a diverse coalition of voters can unify given the challenges presented by the growth of individualisation and what the American sociologist Robert Putnum depicted as the rise of "Bowling Alone". And they have to be prepared to act at the neighbourhood and city levels, not just through national government; this is the tier of decision-making to which many voters relate in their daily lives, emphasising the importance of devolving and decentralising power. It is even more important today, as citizens feel that ideological dividing lines have been blurred, while competent politicians at the local level can strengthen the party's perceived commitment to transparency, accountability and a willingness to serve the public.

It is necessary to clarify how the state can reconnect with citizens, ensuring that people are involved in the making of decisions that affect them. While decentralisation of state responsibilities is not a panacea for all social and economic ills, research by the Organisation for Economic Co-operation and Development (OECD) indicates that decentralisation increases confidence in democracy while promoting more regionally balanced economic growth and development. This also means a serious focus on the role of civil society organisations, trade unions, community associations and citizen's movements, focusing in particular on the participation of young people in politics.

There is an urgent need for new capacities and instruments to exercise collective power locally, nationally and globally. Moreover, it is an illusion that the nation state acting alone can shield citizens from rising threats and insecurities. It is important to recognise the nature of interdependence and the meaning of shared sovereignty in the

light of a changing internationalist agenda – whether it is European integration, climate change, or the response to humanitarian crises and natural disasters. Governments need to work with citizens, where necessary sharing responsibility and moving away from a transactional model of delivery, where the state does things "to" and "for" people to an approach where the state and citizens act in partnership. The role of the EU remains paramount. COVID-19 demonstrated that the EU could be the source of solutions at the domestic level. The EU has collectively mobilised in the face of Russia's aggression against Ukraine in defence of peace and security across Europe. We have to define progressivism as pro-Europeanism for a new era.

Evidently, rising crime and social disorder are a facet of rising inequality. In their book, *The Spirit Level*, Richard Wilkinson and Kate Pickett demonstrate that unequal societies do far worse on a range of important indicators, including crime rates, public health, educational achievement, work-life balance and personal wellbeing.[10] Unequal societies can also be a breeding ground for organised crime, tax evasion and illiberalism. Greater social cohesion requires more emphasis on tackling economic inequality. The image of impunity among the most powerful cannot help but fuel the populist wave internationally.

Yet the left should also reclaim traditional concerns with citizenship and character. We should not be afraid to say what makes a "good" citizen and own the politics of virtue. As the moral philosopher Michael Sandel has insisted, we have to recognise more than individual rights and choices. We must affirm a politics of the common good rooted in enduring moral values that also reflects the aspirations of our citizens for a better life.

A new contract for freedom and fairness to empower citizens

Social democrats need to confront the confusion surrounding the politics of redistribution and fairness. The left has been hampered by its lack of clarity about what it stands for on distributive justice. Invariably, principles of fairness are implied or assumed, but rarely elaborated. This leaves social democrats open to the charge that the redistribution they advocate is unclear, or more arbitrary or unfair than the distribution created by the market. A classic example is the taxation of wealth and inheritance, which opponents portray as eroding the freedom of individuals to pass on wealth through their family. The argument is false; more action is needed by the state to tackle unjustified inequalities of wealth.

Yet it could be argued that linking together 1960s social liberalism with egalitarianism has been corrosive for parties of the left. The implied combination of redistribution with individual rights risked undermining a necessary emphasis on reciprocity and obligation. This offends the basic "fairness code" – the widely supported principles of "fairness" in society that are about responsibility, taking opportunities and looking out for others not just ourselves, upholding the sanctity of community alongside the ties that bind us together. Too often, voters perceive that government bureaucracies ignore such principles and blame social democratic parties.

Social democratic ideas that were largely accepted in western European countries in the aftermath of the Second World War became increasingly open to challenge. The welfare state's universalism and

commitment to addressing unmet material needs has shifted to a focus on enforcing rules of contribution and responsibility. The perceived legitimacy of centre-left beliefs and values is eroding. It is clear that major social and economic trends are continuing to transform politics. A nostalgic defence of the welfare state in its current form is unlikely to appeal to today's generation of voters.

Social democrats need to build a *new* welfare state. Digital capitalism is imposing new pressures on welfare systems, not least by increasing insecurity in labour markets. The aim of the welfare state should still be to empower all of our citizens. The traditional welfare states of the post-war era cannot be recreated in a world of greater complexity and social change: today's younger generation is a "networked generation" that identifies their interests with flat, non-hierarchical institutions, rather than the vertical structures of the 1945 settlement.

Our public services help to strengthen quality of life, provide a spur for social mobility and act as a force for cultural integration. In many countries, an increasing proportion of the electorate is more tolerant, cosmopolitan, outward-looking and accepting of globalisation, but also more self-reliant and less willing to tolerate poor-quality public services. At the same time, in a number of member states, healthcare systems are increasingly reliant on the private sector, while private provision of education has been on the rise, even at the primary school level. The quality of public services in many continental countries has begun to decline after years of public spending restraint created by slower growth and austerity. Many member states have an endowment of high-quality infrastructure built in a more economically dynamic era, but this will fray badly if growth remains slow and public finances are tight. There is also reform fatigue resulting from failed efforts over the last 30 years to overhaul welfare and pension systems in the face of deep political opposition.

A key pillar of security for those on lower and middle incomes is the ability of families to access high-quality services, such as health and education, which the market cannot be relied upon to provide. As real incomes rise over generations, citizens naturally come to have higher expectations of services, and are willing to invest additional disposable income via taxes or, alternatively, through private provision where their aspirations are not being satisfied.

Moreover, technological change, demography and ageing are imposing new cost pressures on healthcare and education systems. In an era of constrained resources, it is vital that structural reforms can be implemented to make services more effective and cost efficient. It is equally essentialvital that social democrats are prepared to initiate dare to start a wide-ranging public debate abouton the appropriate levels of taxation needed to fund the services that European citizens expect and deservewant and need. This goes beyond merely introducing private sector providers and outsourcing provision, the "new public management" obsession of the 1990s. It means creating "whole systems" of integrated provision, which manage and contain demand in public services, preventing problems at the outset rather than treating symptoms, harnessing public, non-state and private actors to upgrade collective services.

We need to better determine how the state can steer markets and reshape capitalism in the public interest. What combination of tools, laws, regulations, capacities and instruments are required to ensure that market economies achieve the optimal combination of economic efficiency, social justice and societal progress? There is much greater scope for active government intervention and well-designed industrial policy given the imperative to re-arm Europe and meet the economic and security challenge posed by the Trump presidency.

We need to decide how best to reform welfare states and restore the belief that change is possible given these are functions of the modern state many citizens encounter in their daily lives. The Beveridge welfare state was never meant to be placed on a pedestal and defended at all costs. The welfare state will need to adapt to new pressures, including becoming more responsive to citizen's needs, aspirations and preferences. The public sector and the services it provides have to match the convenience and flexibility that is so often made available by the private sector. And it has to build on the impressive achievements that the world of science, research and technologies have forged. This is yet another means to re-empower the state by making its institutions thrive in the modern era.

Owning the future

Parties of the left succeed when they embrace the future instead of focusing on the debates and achievements of the past. Elections are not about seeking the recognition and gratitude of voters; they are about vision and change. The left has to demonstrate it understands the forces and trends that are remaking our societies from globalisation to individualisation, demography and ageing.

Too many parties of the left fail to set out their vision for society in a compelling manner. They sound pessimistic, negative and defeatist. Their language is unnecessarily technocratic, too often grounded in political jargon rather than beliefs and ideas. The language of "polycrisis" is fatalistic since because it implies that society is going in the wrong direction and there is little that can be done. Social democrats have to emphasise the opportunities as well as the risks of change. Above all, they must emphasise that centre-left parties and voters have the agency and capacity to transform society in a manner that is ways that are consistent with their values. Parties of the centre-left win where they embrace the future instead of focusing on the achievements of the past. At the same time, they have to show empathy and understanding for the struggles of their fellow citizens.

Many voters are increasingly anxious about the future of employment in the light of global outsourcing, the spread of new technology and the rise of automation; they are struggling to reconcile the pressures of "earning" and "caring" in family life, for both the very young and the very

old; and they fear their children's life opportunities will continue to be narrower than those of their parents in the face of rapidly rising asset prices (especially housing), the increasing cost of higher education and fears about future employment in the light of global competition. As such, social democrats need to fashion an inclusive, broad-based strategy that appeals to both those already in the middle class and those who aspire to get there.

It is precisely at this moment, however, that reform is needed, not only to manage new financial pressures, but to make welfare states more resilient for the future and prevent crises from further damaging the life chances of the least advantaged. The aim should be to foster security and resilience from unanticipated shocks, but also to prepare citizens to leadfor autonomous and fulfilling lives. In the future, parties that are both electorally and politically successful will be capable of seizing the agenda, promoting innovation and renewal. This will occur against the backdrop of unprecedented shocks to the global economy, changes in the nature of social citizenship and threats to the survival of the planet. It will demand a new relationship between state and citizen, neither the *laissez-faire* ethos of the 1980s nor the paternalism of the 1940s. It will mean ceasing to conflate collective action with state power, finding alternative approaches to promoting the public interest and delivering public goods.

Social democrats will need to rediscover a set of governing principles that seek to do things with people, not to them; this recognises that citizens want to be the agents of political change for themselves. Voters want choice, and they want to be able to help shape bureaucracies and politics, to regulate the market and society. These are changes that the left should welcome, even if they make constructing viable political coalitions more difficult. We argue that policy reforms should include the following measures:

- *Macroeconomic reform to correct sectoral and distributional imbalances.* Aggressive monetary policy interventions, such as quantitative easing, helped to address the 2008-9 crisis and economic fallout from the COVID-19 pandemic, but jointly with the lack of adequate fiscal policy means, the long-term impact has been a major redistribution in favour of the top earners in society: the "asset-earning classes". The strategy of nominal inflation targeting by central banks, including the European Central Bank, has to be revisited to prioritise full employment, growth and the living standards of the "squeezed middle", especially in southern Europe. The EU must urgently create a common safe asset and remove the obstacles to a well-functioning single financial market (capital and banking unions), as well as increase the spending capacity at the EU level.
- *Tax reforms to make income and wealth distribution more progressive.* Policymakers must focus on assets, such as property, and unearned income, such as inheritance, which are more immobile and therefore harder to evade. Taxation systems are more likely to be progressive if a system of tax subsidies is used to support the incomes and childcare costs of relatively hard-pressed middle income families, rather than just the lowest earners, while continuing to make work pay.
- *A revamped education, research and skills agenda to address the technology and automation challenge.* All governments have paid lip service to the importance of "lifetime learning". Now, more than ever, it is a necessity, as workers have to adapt to new technologies throughout their working lives. A personal learning account where individuals invest in their own human capital, as well as further and higher education – with incentives from the state through tax breaks and subsidised loans – would generate a new

culture of active education and learning "from the cradle to the grave" that enables people to realise their aspirations. Equally vital is protecting investment in early years intervention and education, which remainsis the best approach to narrowing cognitive gaps between children from low- and high-income households.

- *Measures to democratise human capital and asset ownership.* The "jobs for wages model" is under pressure, as technological change and the spread of global value chains weaken the bargaining position of middle-class and low-skilled workers. If more are to share in the fruits of prosperity, the distribution of assets and the spread of ownership will need to be expanded, while enabling creativity and entrepreneurship. Several themes are especially important. Firstly, widening the base of employee share ownership and profit sharing in firms. Secondly, expanding the pool of home owners, not by encouraging reckless lending to vulnerable households, but through a major extension of schemes through which an asset stake can be accumulated gradually over time, combined with major capital investment in social housing. Finally, fashioning an EU-wide "baby bond": an asset stake to which every child would be entitled through a combination of government contribution and parental saving, addressing the distribution of assets and incomes.
- *Expanding service sector jobs in the caring sectors to widen employment opportunities.* This approach requires de-industrialised regions to rebuild their traded and export-led sectors through policies designed to promote innovation and growth, using the fruits of higher GDP to provide high-quality public services while offering opportunities for less-skilled workers in the "non-traded" services sector. This is where most jobs for the low to middle skilled in industrialised economies will be created, assisting families by ensuring a supply of high-quality caring services for children and

older family members. And they must be high-quality and well-paid jobs. A major challenge relates to expanding productivity though new technologies and investing in the upskilling of the workforce. Throughout the labour market, the rise of the digital economy will require constant innovation and upskilling, as well as new rights that protect workers from exploitation and abuse, especially for the modern precariat suffering from job insecurity and low wages.

- *Structural reforms to improve the quality of public services.* A key pillar of middle-class security is the ability of families to access high-quality services, such as health and education, which the market cannot be relied upon to provide adequately. In an era of constrained resources, it is vital that structural reforms can be implemented to make services more effective and cost efficient. “management” “systems” ,, Alongside the reform of core public services, the centre-left must invest in think of investing and nurtureing the public spaces that provide opportunities for those from offer places where different generations to can meet, and developing networks of solidarity and mutual supportcreativity. This strand of public services not only tackles the growing social isolation that is feeding polarisation, but it also offers the potential for community and togetherness that many voters yearn for.that many voters yearn for.
- *Measures to make the labour market fairer by developing countervailing pressures to economic forces that accentuate polarisation and inequality.* Liberal market economies in particular have promoted the goal of employment creation, but at the expense of growing wage inequalities for which the state needs to make increasingly costly compensation. More effective protection includes not only statutory minimum wages and sectoral intervention in low-wage sectors, but encouraging collective agreements through

trade unions, employee representative organisations and social networks to organise workers in low-skilled sectors, strengthening their capacity to negotiate pay-bargaining arrangements beyond the level of the firm, for example, through sector-wide collective agreements. The Nordic states have shown how structured approaches to wage negotiation are consistent with open, globalised economies if premised on high unionisation rates and consistency in advocating for genuine social partnership.

- *Championing gender equality is the key to rebuilding support for inclusive and broad-based security.* Most industrialised countries over the last three decades have witnessed the rapid entry of women into the labour force, but that remains an "unfinished revolution". Women appear to have a comparative advantage in high-skilled service sector occupations, while the evidence is that women in employment are significantly more likely to support welfare policies such as universal childcare, adequate elderly care, shared parental leave, public employment and collective provision. These policies must be combined with measures to reduce employment and pay discrimination in labour markets, eroding the "motherhood pay penalty" and "glass ceilings" that many working women still face.
- *Investing in infrastructure and small business formation as a spur to growth.* Social democrats need a strategy for dynamic production and wealth creation, not only fairer distribution. The best approach to support middle- and working-class incomes and living standards is to ensure sustainable growth, which leads to rising nominal wages and an expanded tax base that can be reinvested in caring services for families. Boosting growth in Europe requires structural reforms, not the short-term fixes of public and private debt financing. This includes improving access to finance for SMEs and mid-caps, promoting hi-tech manufacturing through investment

in research and development, while strengthening the role of the higher education sector in technology and innovation diffusion. An enlarged European Infrastructure Bank will help to modernise and upgrade member states' long-term productive capabilities. All of these measures will need to be implemented through effective European institutions, which ensure not only recovery and resilience, but long-term growth, improvements in social wellbeing and ecological sustainability.

Ensuring citizens and communities have control and responsibility to govern their own lives, rather than relying on centralised bureaucracy, ought to be a key test of the social democratic "good society". For decades, the centre-left focused on top-down reforms of the market and the state, paying too little attention to how mobilising civil society could achieve social democratic goals. Traditionally, the debate on the left was between 'revisionists' who favoured the "parliamentary road" to social democracy, and 'socialists' who believed that strategy would inevitably fail: the left needed to devise an "extra-parliamentary" model of political change, embracing social activism and movement politics. In truth, this was always a false choice: many social and economic reforms can only be achieved through government action, yet the likelihood of so doing depends on unleashing political energy and activism.

Many centre-left aims can be realised through social networks and civic activism outside the formal arena of government legislation and regulation. Social democracy has a long tradition of building institutions beyond the centralised state – from nurseries to workers' education centres – that seek to ensure people have greater choice and control over their lives. While the centre-left has long relied on the central state to achieve its objectives, it is essential to create institutions between the

traditional state and the free market that cultivate respect and a sense of mutual obligation, respond to the diverse needs of communities, and make our lives worthwhile.

Nevertheless, bottom-up action will have greater efficacy if there is a system of capitalism and a model of political economy that acknowledges the importance of social inclusion and environmental sustainability. The aim of social democracy is still the long-term transformation of society, as it was in the era of Eduard Bernstein and Karl Kautsky at the dawn of the 20th century. Social democracy must remain upbeat and optimistic about the future.

Conclusion

Above all, we must show voters that social democrats have a credible plan for the future. The centre-left throughout Europe has the opportunity – through the exercise of political imagination – to cultivate new ideas, governing strategies and political narratives. Beyond the policies of national governments, economies and societies are increasingly being organised around values of sharing, cooperation and mutuality, which are the natural territory of the left and centre-left.

Conservatism is hardly in great shape, even if some centre-right parties have demonstrated a capacity for innovation: parties of the right were enthusiastic adopters of neoliberal policies, yet market liberalism has undermined the very institutions and traditions that conservatism once nurtured, while the rise of the extreme right has undermined centre-right parties in navigating a political course that does not endorse an extremist agenda. Meanwhile, right populism is increasingly riven with contradictions, relying on investing in people's fears and exploiting the inadequacy of the technocratic approaches of mainstream parties to frame modern politics as a Ponzi scheme meant to rip off "patriots". Social democrats have the chance to dominate the debate intellectually and politically, to shift the centre of gravity in politics towards the left. Parties of the centre-left must continue to uphold the primacy of politics and democracy.

To chart a route back to power, social democracy needs a strategy to connect the politics of electoral support with sound governance:

there is little purpose in winning elections unless there is a coherent strategy for how to govern afterwards. Across Europe and the USA, the priority for progressives remains to build a political coalition for a more productive, inclusive and innovative form of capitalism: leading the world in innovation; generating more secure, well-paid jobs; and rebalancing the distribution of rewards towards those on low and middle incomes.

There is little purpose in looking backwards or defending the achievements of the past. Our mission remains to look to the future, forging a more equal and just society in the name of human emancipation and social progress. Europe needs a viable and vibrant social democracy capable of responding to the new hard times through which we are living. That is an urgent task. There is not a moment to lose.

Endnotes

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"Facing the future – how to make social democracy a powerhouse again" was written with the aspiration of contributing to the ongoing debate about the state of our movement amid times of a grand unravelling. Herewith, we aim to provide ideas that could pave the way forward, becoming both an inspiration for further debate and encouraging a lasting purpose and prospects for progressivism.

The text that we humbly, and proudly at the same time, present for your attention builds on some of the most relevant findings that have resulted thus far from the Next Left Research Programme. The programme was established by FEPS together with the Karl Renner Institut in 2009, just after the financial crisis, and remains to this day the most prolific, pan-European and interdisciplinary universe for research, debates and publications. It continuously aims to be an aula, where new ideas are developed to inspire and where debates that exist elsewhere come together with purpose to courageously stretch the horizons of political imagination.

Consequently, "Facing the future – how to make social democracy a powerhouse again" aims to be a non-exhaustive synthesis of this ambitious work thus far, completed in the hope that it can intrigue and continue to inspire. To arrive at the statement that you are holding in your hand, the original idea is anchored – in the sense of responsibility to provide something hopeful, concise and yet viable – as any good story with its very own "once upon a time", in Brussels in April 2025,

whereby the Next Left Task Force met in the PS Headquarters and conversed, benefiting from guidance and inspiration from Paul Magnette, PS president, as well as Andreas Schieder, chair of the Next Left and leader of the SPÖ delegation in the European Parliament. The honest, intense, passionate and sometimes even rebellious debate we held there was subsequently followed by the drafting process – to which esteemed colleagues from the task force contributed at different stages. And for their immense engagement, we are most grateful. Because indeed, it is impossible to imagine succeeding in this demanding mission without generous support, enthusiastic engagement and the critical eye of Eunice Goes, Kaisa Vatanen, Carlo D'Ippoliti, Dimitris Tsarouhas, Tomáš Petříček, Felix Butzlaff and Marcin Duma. And while they influenced the content, they also helped us keep azimuth, leave no stone unturned and contextualise our proposals within the reality of the respective countries. Finally, we would also like to thank wholeheartedly Maria Maltschnig and László Andor for their enduring support as, respectively, director of the Karl Renner Institut and secretary general of FEPS; Raphaël Glucksmann MEP and Victor Lachenait for rich exchange between the Next Left and S&D Group project; Juliette Delacroix for her unshaken belief in this initiative; and last, but by no means least, Céline Guedes – without whose managerial, organisational, logistical and editorial support this achievement would simply not have been possible.

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Facing the future:
How to make social democracy a powerhouse again

Social democratic parties and governments across Europe are operating against a backdrop of political uncertainty and volatility. Capitalism is undergoing major structural alterations: the rate of technological innovation and decline of industrial-era mass production – often a result of the transnational reorganisation of production – mean that advanced economies are on the brink of a "fourth" disruptive industrial revolution. Moreover, fiscal pressures unleashed by ongoing crises are placing unprecedented strain on public finances and welfare systems. Crisis "aftershocks" are accentuating the impact of long-term demographic trends, from an ageing society to declining fertility rates. The global context is being reshaped by the rising power of emerging economies and the relative decline of the West.

This pamphlet argues that talk of the terminal decline of social democracy is, nevertheless, both greatly overdone and unhelpful, not least in refusing to recognise the wide range of choices and possibilities still available to parties of the centre-left. The importance of regenerating centre-left parties and politics has never been greater. Here, we set out our ideas for how to approach that crucial task, focusing on how social democrats can develop the politics of security, order, dignity and aspiration against the forces of conservatism and reaction.

We propose the development of a new social democratic programme, which at its core reclaims and deepens both freedom and security. It is not intended to be replicated tout court by each social democratic party in Europe, but to serve as an inspiration for the construction of national programmes and manifestos. The programme rests on three fundamental pillars: restoring order and social cohesion; a new contract for freedom and fairness to empower citizens; owning the future.

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