

← **NEXT LEFT** →

TOWARDS A NEW STRATEGY

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Foreword



Next Left : towards a new strategy

If one puts the word “crisis” in a popular internet search engine, within the first 15 seconds there will be more than half a milliard matches found. They refer to continuously updated websites, which describe: the recent global crisis (in its financial, economic, social and ecological dimensions); predicament of the European Union (as far as both socio-economical and political areas of the Community’s activism are concerned); and none the less the excessive crisis of democracy (visible in growing detachment of citizens and the world of institutions on one hand, and a clear move of politics into the streets on the other). In those years of overall insecurity, inferiority and irritation it seems coherent that social democracy itself suffers an incredible calamity. Consequently losing elections across the European continent, decreasing in membership numbers and finding it difficult to uphold the links with any partners, social democracy faces more than a challenge of yet another casual renewal. Its future depends on its ability to reinvent itself for the 21st century. One may say that the world will never be the same after such a disaster, as it experiences nowadays. The same one may wonder, if social democracy will be in the future at all.

The gloomy picture should, by no mean, discourage efforts to challenge the trend. On contrary, socialism was born out of conviction that the dominant order may be changed and that the conditions of people’s existence may improve. In the contemporary circumstances, which must eventually induce a demand for a New (multidimensional) Deal, there is a chance for the European social democracy to revise, reformulate and re-establish itself as a driving force of the new century. This book “*Next Left – Towards a New Strategy*” presents a handful of stimulating ideas, which may inspire progressives and encourage them to succeed in their historical endeavor.

The material gathered here reflects a year-long process of research, of which results became a solid base for reflection and debates on the European level. The point of departure is different than the one in volume I of the “Next Left” Series (“*Renewing social democracy. Contributions to a pan-European debate.*”, FEPS 2009). The latter one was more a diagnosis of the particular overall determinants and own policy choices, which stimulated the crisis of

social democracy. The collection we present now goes beyond it, showing an intellectual evolution from a reflection on causes to a deliberation on potential regeneration scenarios.

Furthermore, what makes the collection unique is that it includes papers by progressive politicians, academics and experts from several EU Member States. Their expertise and proposals touch upon ideas that social democratic parties may wish to develop on different levels (domestic and international), promoting similarly the thesis that the remedy of contemporary continental social democracy depends on its ability to Europeanize and globalize itself.

“Next Left – Towards a New Strategy” opens with a foreword by the Next Left’s Chair, Dr. Alfred GUSENBAUER. Further, the volume is divided into four Chapters: “*Responding to Contemporary Society*”, “*Our Values in a Changing World*”, “*A New Socio-Economic Paradigm*” and “*Mobilizing for International Solidarity*”. These titles not only correspond to the themes of the respective FEPS Next Left Focus Group meetings, but as such carry an indication which pillars a new agenda of progressive parties could be built upon. Additionally, every Chapter encompasses three sub-sections each, which indicate the major threads of the revisionary debate. Coherently to diverse profiles of the authors and their various expertise, the structure and the tone of the respective texts differ: from longer elaborations to short and sharp statements; and from theoretical deliberations to concrete policy recommendations. This diversity is a very interesting characteristic of this book in itself. It reflects the nature of the “Next Left” Research Programme, which embraces on-going debates led by different actors on both national and European levels.

The Chapter “*Responding to Contemporary Society*” focuses on challenges that progressives must deliver an answer to in order to regain interest, support and credibility within modern societies. Trying to identify “*New Challenges ahead*” Irene RAMOS-VIELBA argues that not only the message of social democracy will need to be reframed to address generational change, but also there is a need for a new type of leader – who can reach out both to ordinary people, as also to potential partners. This is indispensable, as a new “Dynamic (Welfare) State” requires mobilization of a broad progressive alliance. Catherine de VRIES agrees, that a clear message is indeed needed, as the majority of voters seem to have lost their party identification. She supports the argument that *social democracy can only attract voters if it presents (...) societal concerns through socio-economic lens*. She proposes therefore that the cultural issues connected with multiculturalism should therefore consistently become a part of the socio-economic appeal.

Laurent BOUVET shares the concern that social democracy is no longer perceived as a movement that is capable to shape the future. He argues that re-connecting with people is the core mission of social democracy, especially when it seriously wishes to combat growing

populism. These remarks open the section *"With the people, for the people"*, in which further on Jan ČERNÝ analyses potential ways of reaching out to people and combating individualistic behaviors. He argues that the link will only then be truly functional, if the relations party-society are to be mutual, based on respect and obliging for the sides. He underlines that such a relationship requires more efforts and the short term strategy of altering policies to polls will have to be abandoned.

The constant alterations, or rather making the "Big Adaptation" a principle is also a concern of René CUPERUS, whose text paves the way to *"Building fair societies"*. He argues that in order to truly respond to a *Broken Society of the Left, a new social deal, a new pact with a new idea of progress* are needed. Florin ABRAHAM agrees with this hypothesis, bringing into the spotlight specific circumstances of social democracy in the Central and Eastern Europe. In his article, he is calling for a *second wave of democratization*.

The reference to the core principles of the progressive movement is present in almost all the contributions. Nevertheless it is in fact the subsequent Chapter *"Our values in a changing world"* that specifically touches upon how the understanding of them has evolved. Attila ÁGH introduces a categorization of basic values (progress and solidarity), core values (democracy and market economy) and leading values (social progress). Showing on the concrete example of the EU's Lisbon Strategy and EU 2020, he suggests that in the new 12 member states, the Left's renewal depends on if it is able to ensure true perspectives towards an overall social progress. Speaking also about *"A strong history to emerge from"*, Daša ŠAŠIČ ŠILOVIČ advocates for reinterpretation of equality, solidarity, societal justice and peace. Reinstating those is indispensable in order to expose the lines of ideological divergence between right and left.

In the section *"Rethinking our work"*, Klaus MEHRENS, Rocio MARTÍNEZ-SAMPERE and Anne JUGĂNARU reflect on how to use the redefined values in modern politics. MEHRENS makes a point that equality shall be understood as a matter of empowerment. Hence equal opportunities shall be ensured via public policies for everyone and at all the life-stages. MARTÍNEZ raises principles of *reformism, open-mindedness and dynamism*, sharing a conviction that *freedom, equality and solidarity are the values that call for actions favoring change*. JUGĂNARU uses an example of current situation in Romania to show that in crisis solidarity is most necessary.

Sunder KATWALA and Tim HORTON's article opens the section *"New progressive values"*. The authors focus on the public perception of the progressive values and popular attitude to the concepts that encompass their realization, such as the welfare state. To answer both concerns and hopes, they propose *a new system of participatory benefits*. Also Eric SUNSTRÖM demands progressives to take a step back and try to envisage how the voters perceive their

agenda. His remedy for the crisis of the left is to *combine modern research on how to communicate with a strong message on equality*. George SIAKANTARIS also argues that the success of social democracy now and in the future relies on its capacity to analyse and understand how the world is changing and how in these new circumstances it can defend public interest most effectively.

The deliberations on the equal opportunities provision, and hence condition of welfare state in the crisis times inspired Gero MAAß and Jan Niklas ENGELS to reflect on how an agenda of growth and jobs can still remain appealing for the youngest generation of voters. They assess, that there is a need for a *future-proof growth plan* and this remarks opens the subsequent Chapter *"A New Socio-Economic Paradigm"*. Also Gennaro ACQUAVIVA and Carlo D'IPPOLITI, whose articles complete this section *"Crisis as an opportunity"*, they call for invention of a new development model based on progressive principles and challenging the neo-liberal mainstreaming economy.

In order to develop a new concept, intensive research and public debates are needed. Kajsa BORGNÄS recognizes that social democracy must do more to *democratize the economic debate* and put forward a specific analyze that will help redefining its own relation to capitalism. Björn HACKER seconds her in the argumentation, adding the European component to the debate, as also several other elements that show the paradigm shift *"From welfare to well-being"*.

The section *"Employment and participation"* closes this Chapter. In it, Paul de BEER defines the value of labour in a contemporary world. His arguments evolve on mistaken diagnose that larger flexibility could potentially generate more employment and hence prosperity. He appeals for progressives to return to its roots and remain faithful to the decent work agenda. Dimitris TSAROUHAS tends to agree with de BEER, calling flexicurity an *"uncompleted project"* and reminding of where the balance between flexibility and security should lie. Finally, Carles RIVERA examines labour market from the angle of equal opportunities and potential social mobility, linking the issue of legitimacy of progressives' proposals with effectiveness and fairness of redistributive policies.

The last Chapter of the volume is entitled *"Mobilising International Solidarity"* and refers to a challenge on how to build a globalised, cosmopolitan social democracy. In the section *"Rebuilding Our Movement"* Jens ORBACK, Ingemar LINDBERG and Conny REUTER propose respective list of issues that call for urgent solutions, and same time carry a mobilizing potential as far as public opinion is concerned. They unite in an opinion that internationalism is a core part of the progressive DNA and that especially European social democracy should always use all the available tools to implement this principle in actions.

Cosimo WINKLER and Tomáš PETŘÍČEK aim at assessing how contemporary understanding

of internationalism differs from the one that was proclaimed at the movement's foundations. In the Section *"Defining Solidarity"* WINKLER looks at evolution of the development policies and how they need to still be altered, to match the international solidarity principle on one side and the new international order on the other. PETŘÍČEK reflects on how progressives could succeed in incorporating new issues into their agenda, proving the strong links between socio-economic and environmental crisis.

A number of thoughts how to reconnect with the society also through the internationalists' agenda closes the volume. That creates a bridge with the first chapters and ensures that the ideas developed in this book sum up into a fully shaped proposal. In the section *"Active global governance"* Patrick DIAMOND proposes ways in which the centre-left can become cosmopolitan and transnational, which will enable it to act effectively at all levels – from local to global. Andrew WATT goes into detail of what kind of economic governance is needed and should be induced from the EU. Trinidad NOGUERA argues for an emancipation of social democracy itself from its historical complexes and for embarking on an international mission with an objective to promote new world order based on true multilateralism.

"Next Left – Towards a New Strategy" provides a solid synthesis of the major findings of the Next Left Research Programme, which was realized by FEPS with the kind support of Renner Institut in year 2010. The articles relate mostly to the meetings of the Focus Group that took place in Brussels and gathered more than 150 academics and experts from across the continent. Nevertheless they also echo the cycle of the 14 round tables that FEPS held in respective EU member states thanks to the cooperation with its member foundations, and in which involved over 2000 participants. Herewith we would like to express our sincere gratitude to all the individuals and organizations that made it possible – and to all your efforts of bringing hope and trust to the future of social democracy, we dedicate this book. The *"Next Left – Towards a New Strategy"* challenges these doubts with a hope originating in a numerous constructive proposals for a successful reinvention."

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The progressive Europe we seek

Successive elections across the continent, as well as various surveys conducted at European level, seem to indicate a tendency to polarization of views among the population. This relates, firstly, to political mind-set and attitudes towards politics, and secondly to how important European identity is to citizens of the member states. As far as the latter is concerned, this spring, six in ten respondents declared that being European is relevant to them, while four in ten stated that it did not matter at all. Interestingly enough the Euro was named (before democratic values, geography, common history and common culture) as the most relevant construct of the sense of belonging to the EU.

If being a citizen of the European Union comes across as such a meaningful concept, why is attendance at European elections decreasing? As an aside, it is worth noting that the turnout in 2009 amounted to only two thirds of those who hold European identity dear. By all means, this voters' behavior should be seen as an indication of a popular demand for change, especially when placed in the larger context of growing number of those disillusioned and dissatisfied, who have taken their disappointment onto the streets of European capitals within the last year. By this one should not assume that the protests from Madrid, Athens, Paris or London could be easily classified as "the same". Not at all, as they take place in different circumstances, are motivated by different particular concerns and meet with respectively diverse reactions. Nevertheless, they should all be seen as an important message posted to politicians by society. The current order may not continue. A new civic deal is urgently needed.

Within the "Next Left" we started our reflection process in June 2009, in the aftermath of the European elections. The initial question was *"why did social democracy performed as poorly as it did?"* The aforementioned low turnout, together with the most fragmented European Parliament ever that emerged from the vote, were subsequent observations. In light of the debates, it became apparent that the question is more complicated than a simple search for the causes of an electoral defeat. The condition in which progressives find themselves is a part of a historical crisis on an international scale as far as economic, financial,

social and democratic arrangements on all the levels are concerned. The ambitious task therefore became to go beyond the common critical evaluation of the electoral results. They were thoroughly and exhaustively analyzed within the first year of the process. The assignment that the Next Left Focus Group has identified instead was to rather take a challenge and embark on a debate on what the future of social democracy should be about. With that approach the Focus Group consciously challenged the overwhelming and extended pessimism of those, who in our times see only “post-“ era. The common belief was that there is a need to generate intellectual impulses for a profound renewal that would take social democracy into the 21st century and would, while redefining its mission, ensure that it is still able to shape the future of all.

Looking at the situation from different angles, the academics and experts gathered in the framework of the FEPS “Next Left” Research Programme, have formulated several significant proposals. They touch upon different spheres (ideological base, potential modern paradigms, specific national and international policies) and different levels (from local to global). What is unique about the multifaceted potential agenda that emerges in the light of their suggestions is its interdisciplinary character that encompassed diverse views from across the continents. Though there are naturally differences in opinions, there is clearly a common point, which I would like to highlight here. The junction of the various roads and paths the Next Left researchers and disputants propose is: Europe.

It is therefore the core argument that the renaissance of progressivism is inseparable from the revitalization of Europe, which should be understood both as an idealistic concept, as a political mission and as a civic project. Europe needs to become the first and core reference point for continental social democracy – it should predefine their mission’s objectives and should become the stage for their political actions. At the same time, Europe must be given a new sense – and it is the progressives who must sketch a new vision for the EU. It must be bold, forward-looking and well-rooted in a reality of the new century and the new world that emerged in it. Only a courageous approach calling for and framing two simultaneous renewals - of Europe and of social democracy - can ensure the endurance of both.

One can ask Europe and social democracy are in fact needed. The answer is as complex as it is simple: because both are about societal progress that in the spirit of values such as fairness ensure security, prosperity and development for all. It is beyond any doubt a hard task to argue for it in these times, when people look forward with fear and anger. Progressives must learn how to bridge the grand, historical ideas and the everyday worries of ordinary citizens. But the key lies in social democracy finding for itself a new formula that will be adequate for the contemporary times and will reestablish them as the movement *for, by* and *with* people in Europe.

Europe as a community built on progressive values

There are a handful of reasons that could be named to support the thesis that a renewal of Europe is an historical necessity. Over sixty years after its establishment, it is often taken for granted, seen as something that has existed and hence will continue to do so. There are two issues in particular that make the Union a source of resentment for its citizens.

On one side, its doings are too habitually met with severe criticism from politicians and journalists. Brussels, being the community’s symbol, has become an easy target of unsophisticated condemnation and is frequently ridiculed by those, who enjoy effortless disparagement. The over-critical remarks remain catchy and their formulation spares their respective authors a necessity to show a larger picture. It does not require explaining any directions and proving that there is a positive impact that Europe has in all the domain of its citizens’ lives. The cynical disapproval that is most commonly expressed towards the communitarian policies is hard to defeat with an affirmative, yet by nature also complex, message.

On the other hand, Europe still remains the arena of inter-governmentalism, on which the national leaders tend to flex their muscles. They claim that they defend the *core matters of sovereignty*, which are often not even precisely defined or in need of protection. This relates to the contemporary environment of 24 hours national media that is a setting in which sensationalism and divisive coverage sells best. As any progress in European affairs requires consensus among states and is a long term process, it is hardly ever in the news what has been achieved – but it is always a question what was defended or even more, gained by singular actors in the negotiation rounds.

In these circumstances, induced by both politicians and press, it does not appear to be a great surprise that very few, if any, remember that the European Community was established as a future-oriented project based on certain values. It was put in place to ensure peace and democracy. Its construction was aimed at inter-linking states in a way that cooperation and not deadly competition was the only option forward.

This understanding of the sense of united Europe has been compromised. To begin with, this is precisely what needs to be retrieved by social democrats. It is, of course, also the prior, core challenge in their own ideological renewal – to redefine values, principles and translate them into their own actual policies. Linking the two processes is a vitally important matter, as values are not abstract concepts that can be delineated in a sterile, theoretical framework. They must be interpreted so that they fit into the reality that progressives live and wish to change accordingly. They must become again the fundamentals and the moral compass. Their interpretation must be clearly distinctive from the perception of others, and hence become a solid base of an alternative to policies that other political options may propose for Europe.

The issue remains not only the challenge of naming the values and readjusting their reading to contemporary times. The challenge remains to inter-link them in a coherent whole, in which at they are mutually supportive and are logical consequences of one another. Only through consistency can one aim at reclaiming the prerogative of interpretation and hence support for its compatible actions. There are three classical values, that originate from the French Revolution and may serve as an example of how the ideological base could be set as far as a progressive vision for Europe is concerned. These are freedom, equality and solidarity.

Europe as a promise of emancipation

Contemporary European society is a complicated context for defining any of these. It has become a diverse society, composed of people of varied origins and beliefs. These predefine the way they understand values. The merging of different cultures and habits, some of them more distant than others, results in richness, but inevitably also in tensions. Hence, it is not a simple, one dimensional question on how to build a society, in which all equally enjoy liberty and at the same time remain devoted to the basis upon which their communities are established. It is obvious that a common effort of all is indispensable in order to succeed. Both at the local level, but also for the European project to persevere, develop and flourish. But in order to feel able to join, everyone must be reassured that they do so being respected and understood as far as their respective place in this society and aspirations to advance are concerned.

This is not the case in European society nowadays. Today, neighbors become strangers and foreigners become enemies. Border control may have been lifted, but boundaries within the societies became stricter. Difference has become negative. Nowadays, people are more open to accepting imported goods and enjoying a free movement of commodities, than they are to welcome other persons, which is in a large part a consequence of free movement of people within the same labour market. The very sense of freedom has been undermined. This shows the disastrous corrosion of European society. Naturally, the more divisions deepen among people – the less a sense of community can be achieved.

Empowerment to be able to chose and opportunity to choose freely the paths that lead to a better life and personal fulfillment should become rights for all. The only constraint to this is the general set of rules of the social contract on which Europe, states and societies are based. The relation between both – freedoms and rules is the key for enabling contemporary European society to break free from its schisms and phobias.

Europe as a protagonist of equality

Moreover, equality has been challenged, especially in the aftermath of the crisis. In the national discourse, it is very often debated nowadays that there must be a balance between the rights and duties, hence opportunities and contributions. The emphasis on finding this equilibrium comes from a currently prevailing discourse, according to which the contemporary calamity is caused rather by an overspending on welfare than by neo-liberal policies. It is repeated that there is no longer a possibility to provide quality services accordingly to the principle of universalism. Social democrats must fight such arguments, not through a defensive state-oriented approach, but through showing a vision of a European welfare state.

Social progress and social empowerment must become pan-European notions. Societal changes impose an alteration of logic according to which policies are organized. To give a concrete example, the European Union still has not found a way to effectively combat gender discrimination, which is clearly visible in what is the gender pay gap. Women still hold more of the part-time positions than man and still remain unemployed longer, even though they are less selective in their search for jobs. In an *ageing society* a right of women to have a decent work is a question of enabling women to undertake professional efforts and be a recognized part of our working community, which altogether contributes to sustaining European economy. It is a vital issue in redefining what the new socio-economic paradigm should be about. Hence it remains also crucial matter in reframing concepts such as *productivity* or *happiness*, in a way in which they are to help re-modeling attitudes towards economic growth.

Another side of the same coin is a question of service provision. In the case of women, for too long there has been a logic that childcare or elderly care is there to enable them to work. The conjunction of equality and freedom should pave the way to a new understanding – that public services are there to give each and everyone, regardless of gender, same chance to decide on their professional and private life.

Europe as an illustration of solidarity

Freedom and equality are challenged in a way that is deflating for the concept of solidarity. The corrosion of European society in conjunction with the two tendencies undermining the entire idea of the United Europe, lead into a situation that the nightmare of 1990s called *two-speed Europe* has been more fully realized in a shoddier version of a *multi-speed one*. The difference with the fears from two decades ago is additionally the fact that next to different development tempos, actors are pulling in different directions.

This is a great threat to the Union, both from the internal and the external perspectives. As far as the first is concerned, there seems to be lack of a genuine understanding that in order to overcome difficulties for some, all must spring into action. It is in the interest of all to share burdens in order to steer the situation towards an improvement and be able to consider scenarios that may lead to sharing progress and prosperity in the future together as well. The reactions to the European bail-outs by both politicians and citizens have been an illustration of that. Solidarity is a matter of a mutually respectful relation between states and populations. This sense of it is absolutely missing and this regression in humanism is something progressives must challenge. Pan-European dialogue and civic education should pave the way.

As far as the external dimension of the EU is concerned, it still remains deeply attached to the neo-liberal notion of competition. It is reflected in all the documents that still assume that it will become *the most competitive economy*. This seems to induce an immediate question: competitive for whom and in what sense? Taking into account the evaluating concept of economic growth, and on the other the fact that EU's contribution to global GDP is falling, one needs to demand new answers. These however need to be set in a concept on renewed commitment and understanding of international solidarity. An example of this is the issue of sharing knowledge – if information and know-how are to be the capital of the new century, Europe must be clear on how it plans to enable all to be part of this knowledge evolution (implementing solidarity and equal opportunities internally) and share it with others in the name of sustainable development (obeying internationally the value of international solidarity).

Europe as a base for continental social democracy

The paragraphs above give a handful of examples on how to relate ideological renewal of social democracy to a mission of framing a new progressive agenda for Europe. The reflection within the "Next Left" has indicated that making this bridge and seeing those two processes as simultaneous and complementary is a key to overcoming the crisis that social democracy finds itself in. The first step however is the Europeanization of social democracy itself, and saying so less than three years before the next elections one must say: it must now be done; it is really high time for us to *believe ourselves in hopes that once upon a time have been entrusted in us* .

Dr. Alfred GUSENBAUER

Chair of the FEPS "Next Left" Research Programme

Former Chancellor of Austria

1 From the speech that Willy Brandt held in Paris on 25th May 1979, closing the socialist campaign rally before the first ever direct elections to the European Parliament.



2

Responding to contemporary society



TOWARDS A
NEW
STRATEGY

New challenges ahead





Irene RAMOS-VIELBA

Future challenges for the renovation of social democracy

Key words

Social democracy – Renewal – Values – Policies – Discourse.

Summary

In the recent crisis context European social democracy needs to tackle a comprehensive renewal process. The possible evolution of the prevailing paradigm through the combination of social justice, economic dynamism and social modernization must inspire an ambitious agenda for social democratic reforms, undertaken around three main interrelated categories. First, the inherent values of social democracy are still in force. Therefore, since they have not lost validity and applicability, they just need to be reaffirmed as reference principles to direct political action. At the same time, it is possible to update and resize some aspects, include new ones or give priority to certain objectives to effectively respond to the changing reality. Secondly, regarding policies and instruments to develop such values, these must be flexible enough so they can be reviewed and, in this way, to adequately adapt to a changing situation. However, the existence of robust ideological values and their combination with active policies and a forward-looking approach will not suffice if they are not accompanied by a clear message and a strong and reliable leadership. A reformulated discourse will need to address generational change-over, in order to communicate with social bases, and achieve mobilization.

European Social Democracy must come up with an encompassing project of renewal, a project that is able to meet today's challenges and that appeals to a heterogeneous majority of the population
(A. Pfaller, December 2009)

The recent context of this multiple crisis – financial, economic, social and environmental – has immersed capitalism into a process of deep transformation in modern societies. Under these circumstances, the first challenge that European social democracy needs to face up to is, precisely, taking advantage of this situation as an opportunity to reflect thoroughly and find adequate responses to the real current and future problems. These responses to the crisis must necessarily be complex, so it proves crucial to properly isolate them, make them operational and explain them accordingly, especially to fight the vulnerability of a part of left-wing voters – working classes and, in particular, those with low education and scarce resources – who have been the most severely affected by the devastating effects of the crisis.

The possible evolution of the prevailing paradigm through the combination of social justice, economic dynamism and social modernization must inspire an ambitious agenda for social democratic reforms, undertaken around three main interrelated categories.

1. Values and principles: loyalty and resizing

The inherent values of social democracy are still in force under the current situation. Therefore, since they have not lost validity and applicability, **they just need to be reaffirmed as reference principles to direct political action.** At the same time, it is possible to update and resize some aspects, include new ones or give priority to certain objectives to effectively respond to the changing reality.

The first of these values is the search for equality. Its application consists not only in correcting inequality, which has been widening over the last decades, but also in positively promoting equality of treatment and opportunities. It is necessary to actively engage in the fight against any form of discrimination – for ethnic, religious, conviction, gender, sexual orientation/identity, age or disability reasons –, all of which, despite being protected by the European communitarian Law, still persist as a cause of social segregation. On the other hand,

Welfare State has become an indisputable achievement

in the last years, some national laws and initiatives¹ have recognized equality of opportunities in employment, education, promotion as well as in work conditions to make progress towards real equality. Nevertheless, it would be necessary to revise the existing policies in order to assess their compliance with these norms, the permanence of factors which were not counteracted as well as the emergence of new social demands.

In turn, **the Welfare State has become an indisputable achievement**. Therefore, we must defend its consolidation with a broad network of public services, especially in two fundamental areas, health and education, in order to narrow inequalities. In addition, **education has become a key sector in the new knowledge society**, which requires a better skilled workforce, labor flexibility and mobility. In any case, the reinforcement of the Welfare State as a collective achievement cannot be taken for granted nor make us forget its protection by social democrat positions. Moreover, beyond mitigating and rescue measures in times of crisis, it is essential to make progress towards an agenda for an alternative socio-economic paradigm.

Similarly, **efforts are also needed to keep social policies for the sake of cohesion and social justice as a distinctive feature of the social democrat approaches** to promote the access of the underprivileged to socio-economic welfare. Among such policies, the guarantee of suitable economic security levels for middle classes must be included together with employment expectations and future development. In close relation with these approaches, solidarity remains a rising value to face the accentuation of individualistic behaviors and the predominance of competitiveness and consumerism, with a short term vision. Besides, the neoliberal growth model prompted the polarization of middle classes between those who are better-off and those who are not, causing a lack of expectations for social mobility among the latter.

Among the various forms of equality, **gender equality is crucial** because until no decisive progress is made in this direction we will not achieve full social development and there is still much room for improvement. It is necessary to rise women employment rates², effectively favor work-life balance, equal access to executive positions, non-discrimination in salary and very specially, the promotion of a deep social and cultural change to definitely banish disrespectful behaviors towards women. **Another group that requires special attention is that of immigrants**, aiming to prevent populist forces from making use of fear against them in times of uncertainty. This can be feasible through the implementation of broad measures to foster tolerance, education for diversity and social integration.

¹ Among them, the Law for Effective Equality between Men and Women of 2007 and the Strategic Plan for Equality of Opportunities 2008-2011 are noteworthy.

² According to the estimate of some experts, raising the level of women's employment in Spain to the level of that of Scandinavian countries could account for 15% increase of the GDP.

The resolute defense of civil, political and socioeconomic rights entails the development of efficient protection mechanisms and the extension of rights and freedoms to various social groups, where appropriate. Social democracy, as opposed to other ideologies, firmly advocates for citizens' participation in order to facilitate their inclusion in decision-making processes through administrative transparency, social dialogue and institutional accountability.

In the midst of this adverse situation, the **social democratic movement reemerges to inspire prosperity based on solidarity**, in sheer contrast with conservatism and the upholding of outmoded and exclusive social privileges. This direction wagers clearly for an optimal combination of economic, social and environmental sustainability. Sustainability in its three aspects means dynamism, a step forward and an alternative with future and potential to achieve welfare for the next generations through the implementation of public policies that effectively redistribute resources and results.

2. Policies and instruments: adaptation to a changing situation

Regarding policies and instruments to develop such values, these must be flexible enough so they can be reviewed and, in this way, to adequately adapt to a changing situation.

Therefore, efficient management is in growing demand. **Social democratic parties are expected to increase their credibility as good managers of the economy**. This is not a trivial issue since socioeconomic results are set up as determinant factors of perception and social support.

From a social democrat viewpoint, the crisis has highlighted the fact that the State still plays a determinant regulating role to avoid the excesses of the – financial, economic and labor – markets. Nevertheless, the exercise of such authority calls for supranational coordination. As a matter of fact, there is a pressing need within the EU to agree on incentives and economic sanctions, stimulus as well as corrective elements; all these reforms are necessary to attain sustainable development.

On the other hand, keeping investment in public key sectors such as infrastructures, health and R&D, turns decisive in order to make progress towards economic, social and environmental sustainability; for example, with better conditions for sustainable good quality jobs generation. This task is the responsibility of the government at all levels – national, regional and local – in their corresponding fields of competence, whose actions must be undertaken methodically in coordination. At the same time, it is not possible to decrease the level of social protection if we wish to achieve economic and social development that is

founded on solidarity and social cohesion. The **social component of public expenditure becomes a crucial guarantee of social mobility.**

A step further in the Welfare State is the so-called “Dynamic State” as an actor that sets off new instruments to cover new risks generated by change, increasing their preventive nature, but also their active role in sharing positive externalities and supporting sustainable development.

Clearly in accordance with and as a complement to what precedes, the social democrat project should not renounce to the implementation of democratizing reforms from and within social and political institutions which, besides positively affecting opening-up, transparency and the control of excesses of power, will earn it greater recognition and support from citizens.

However, **all these objectives cannot be successfully attained without social and stable alliances with other agents belonging to several groups: green, students and pacifist movements, neighbors, associations, NGOs, social service and development aid providers, etc.** Therefore, it proves essential to restore and strengthen such links. In particular, collaboration and consensus within the triangle formed by policy-makers, civil society and the private sector can give decisive and constructive impetus to boost the situation. The organization and the reinforcement of civil society, together with public-private cooperation as well as the joint involvement of trade unions and business organizations become substantial elements in the economic restructuring process, lifelong training of workers and the adaptation of the productive activity to a new sustainable model.

3. Discourse: reformulation for communication and mobilization

However, the existence of robust ideological values and their combination with active policies and a forward-looking approach will not suffice if they are not accompanied by a clear message and a strong and reliable leadership from European social democracy. **Both the message and leadership will need to address generational change-over, in order to communicate with social bases, and achieve mobilization.**

By a reformulation of our discourse that makes it appealing to a wider share of the population, which is based on strong theoretical foundations as well as able to deal with the more pragmatic aspects of citizens’ concerns, we will contribute to fighting disillusion, social apathy and political disaffection, especially among the younger generations. It is vital to do the utmost to provide a new impulse and send an encouraging message to generate illusion anew, by transmitting values that get through to citizens.

For this, we must start with a good account of the real situation, draft a good message, very well articulated, interpretative, explanatory, purposeful and distinguishing. The argument must coherently set the objectives pursued and present without affectation the policies that we consider necessary to achieve them. Only in this way can we demonstrate that we are facing up to the social change trends: crisis, globalization, individualism, demographic ageing, environmental problems, etc. with a future plan that is convincing.

The presentation of the values, the agenda and the new challenges that social democracy faces aim to reach an increasingly heterogeneous audience. For this reason, the discourse must be set within cognitive frameworks for collective reference. The use of political marketing techniques and, exceptionally its adaptation to the digital era, with continuously emerging formats and scenarios – websites, emails, blogs, forums, videos, content syndication, podcasts, social networks, mobile phones etc., can contribute to the expansion of the message and permit a specialized direct communication with the citizen-Internet user as well as with new increasingly demanding and interactive audiences.

Finally, let’s note that European social democracy is faced with a broad renewal process to satisfy the demands resulting from the social changes and the new socioeconomic challenges that the *Third Way* failed to tackle. This movement contributed to blurring the borders between conservatism and social democracy, thus presenting us with additional challenge. The agenda of social democrat reforms stems from the reaffirmation and the validity of the values that identify the social democratic movement. These are resized in some aspects and are completed with a firm future wager on prosperity and three-folded sustainability: economic, social and environmental. Secondly, policies and modernization programs adapt institutions and mechanisms to changing conditions while keeping the protection level to mid-low income classes. All this requires, ultimately, the reformulation of the discourse to favor communication and social mobilization. In short, the reforming social democrat ideology is still prevalent as a reference to support a gradual and progressive transformation of our societies based on the fundamental criteria of equality and social justice to make progress towards a new socioeconomic paradigm.



Catherine E. de VRIES

New challenges for social democracy – Lessons from the Netherlands

Key words

**Social democracy – Left/right ideology – Immigration –
Party choice – Netherlands**

Summary

In many Western European countries we are currently witnessing decreasing electoral support for Social Democratic parties. In addition, we see a rise in support for parties on the extremes of the left-right spectrum, especially those on the populist right, and a rise in attention for new political issues, such as immigration or European integration. These developments pose important challenges for Social Democratic parties. In this short discussion note I will outline three key challenges for Social Democracy in Western Europe, namely: 1) the decline of core electorates; 2) a more polarized and divided electorate and 3) the cultural and economic ideological split of Social Democratic voters. Although these developments are general in nature and affect all parties in the ideological mainstream, Social Democratic parties seem to struggle in particular. Consequently, successfully addressing these challenges is imperative to safeguard and/or restore the Social Democratic voice in politics throughout Western Europe.

Challenge 1:

The decline of core electorates and the rise of party switchers

Since the late 1960s we are witnessing a decline in cleavage-based voting throughout Western Europe (Franklin, et al., 1992). Traditional models of vote choice painted pictures of stable electorates strongly tied to specific parties through deeply rooted social divisions (Lazersfeld, et al., 1944; Lipset and Rokkan, 1967). This tranquil electoral landscape has been disrupted dramatically beginning in the 1960s. **As a result of processes of social and political modernization, traditional linkages between parties and voters began to weaken, resulting in a steady rise of electoral volatility** (Franklin, et al., 1992; Dalton and Wattenberg,

2000). This process of electoral change also gave rise to issue and candidate-based voting (Dalton, 1996). An important side-effect of these developments is that political parties no longer can count on a core electorate. Although voters throughout Western Europe seem quite stable in their policy preferences, they are increasingly willing to switch between suppliers on the electoral market. This does not only affect Social Democrats, but all mainstream political parties. Consequently, appeals “to win back

the traditional Social Democratic base” are misguided. **A majority of voters no longer has a stable party identification.** They may identify with either left- or right-wing parties on the basis of their policy concerns, but they are increasingly willing to try out different party options at different elections.

Take for example the Dutch electorate. A majority of Dutch citizens considers more than two parties when making up their mind at an election. This is especially true on the left of the political spectrum. In the 2006 Dutch parliamentary election study, voters were asked to signify the likelihood with which they would vote for a particular Party on a ten-point scale. In 2006 41% of

respondents gave the Dutch Social Democrats a score of 7 or higher. This constitutes the electoral potential of the party. 19 % of this potential group of voters is sure about casting their ballot for the Social Democrats, these voters only award the Social Democrats a high score. The majority of the Social Democratic electoral potential, however, seriously considers another party as well. Consequently, the Dutch Social Democrats find themselves in strong competition with others parties. The Socialist party is the biggest competitor. Almost half (45 %) of the potential Social Democratic electorate gives the Socialist party a score of 7 or higher as well. The vote overlap with other parties on the left, such as the Greens with 34 % or the Progressive Democrats with 18 %, is also high. The Dutch Labour party like many other Social Democratic parties in Western Europe finds itself confronted with strong electoral competition of other left-wing parties. Voters are increasingly willing to change their vote choice between elections on the basis of policy or candidate concerns. The playing field for Social Democracy has become increasingly complex.

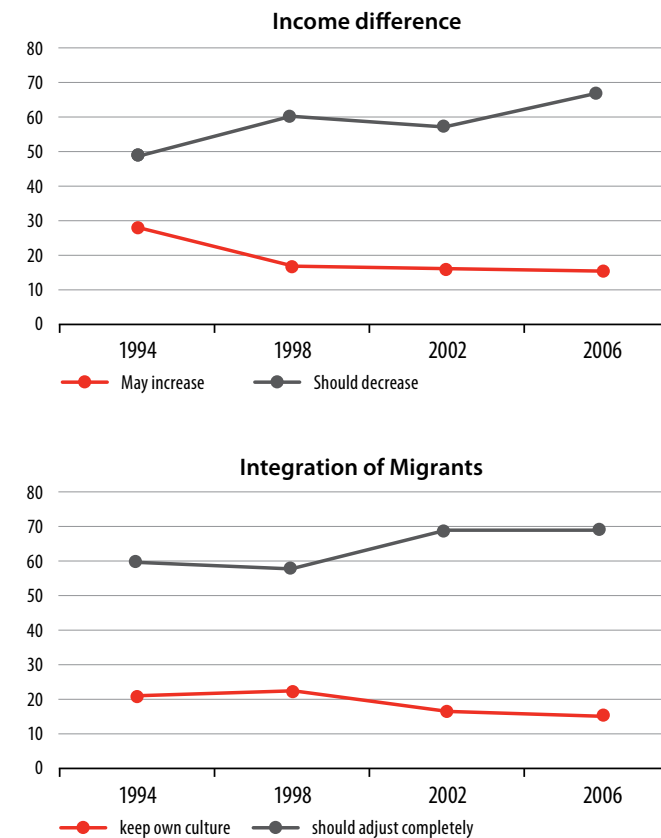
**Challenge 2:
A more polarized and divided electorate**

The second important development in Western Europe is that the ideological self image of voters has become more polarized over the years. In the Netherlands and many other Western European countries we find more and more voters on the outskirts of the political spectrum. Table 1 below provides an analysis of the ideological self image of Dutch voters between 1994 and 2006. The results show that the poles of the spectrum, “very left” and “very right”, have grown considerably over the years. The number of voters that classifies themselves as “very right” has more than tripled between 1994 and 2006.

Table 1: Ideological Self Image of Dutch Voters

	1994	1998	2002	2006
Very Left	8 %	7 %	11 %	13 %
Moderate Left	25 %	28 %	27 %	21 %
Middle	34 %	33 %	22 %	19 %
Moderate Right	28 %	28 %	28 %	31 %
Very Right	5 %	4 %	11 %	17 %

In addition, we are witnessing a split in the electorate throughout many Western European countries. Whereas a majority of voters are leftwing economically, they are rightwing culturally. In other words, many voters want to safeguard social benefits, but are



Figures 1 A and B: Opinions about Income Differences and Integration of Migrants

skeptical of immigration. Figures 1 A and 1 B show this development in the Netherlands. Recent work by Van der Brug and Van Spanje (2009) shows similar findings for other Western European countries.

The Dutch electorate is ideologically split: a majority of voters is leftwing in terms of socioeconomic policy, but rightwing when it comes to immigration. In 2006 more than a third of Dutch voters (37 %) took these split positions. So far no Dutch political party caters towards these concerns.

**Challenge 3:
The ideological split among Social Democrat voters**

This ideological split in the electorate constitutes a real challenge for Social Democratic parties. Traditionally, Social Democrats combine societal solidarity with an international outlook. Comparing the opinions of Social Democratic voters to all voters in the 2006 Dutch

elections shows that on some issues Social Democratic voters have a less international outlook (for example about Muslims and international military involvement) than the party elite.

Table 2: Comparing Opinions of the Social Democratic Voters and all Voters, Dutch Parliamentary Election 2006

	SD Voters	All Voters	Difference
More Developmental Aid	55 %	47 %	+ 8 %
Gay Adoption Rights	76 %	69 %	+ 7 %
Big Companies Threat to Democracy	38 %	36 %	+ 2 %
Less Taxes	21 %	22 %	- 1 %
Privatization of Pensions	54 %	39 %	+ 15 %
Residence Permit Illegal Aliens	64 %	52 %	+ 12 %
Restricting Immigration of Muslims	33 %	38 %	- 5 %
Extending Troop Involvement in Afghanistan	51 %	61 %	- 10 %

Notes: Bold percentages signify statistically significant differences

While Dutch Social Democratic voters are clearly more progressive when it comes to gay rights or developmental aid, they have serious concerns with troop involvement and do not differ much from the general electorate when it comes to the restriction of immigration for Muslims. This last point highlights the main difficulty for Social Democratic parties throughout Europe: how to deal with cultural issues relating to immigration and/or Islam? Social Democratic parties cannot steer clear of these issues, but they can only attract voters or hold on to them when they present these societal concerns through a socio-economic lens. In order to stay in tune with the majority of voters, Social Democratic parties will have to link cultural issues to their traditional socio-economic appeal.

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TOWARDS A
NEW
STRATEGY

With the people, for the people





Laurent BOUVET

Tackling populism to regain people

Key words

Social democracy – Populism – Values – People – Identity

Summary

European social democracy has not only lost almost all the elections both at the national and European level in the past decade but also its “hegemony” on social and political ideas against a conservative, liberal and populist right. To reverse this deadly trend, the social democratic parties must capture back the popular vote by tackling populism. To do this, it is not only crucial to cope with social and economic issues but with identity and values.

The outcome of the European elections held in June 2009 raises thorny issues for European social democracy. In virtually all the European countries, the parties adhering to social democracy (which did their utmost to draw attention to their common allegiance by publishing a single “Manifesto”) experienced a sharp setback, whatever their political status (in or out of government, within or outside a coalition, etc.). Everywhere journalists and activists agreed that the social democrats did a poor job of campaigning, with leaders who were often challenged and, worse, lacked inspiration, and an often rhetorically grandiloquent but always factually conventional platform that was anything but compelling.

It is this last point regarding the platform that is most alarming. Beyond the ups and downs of this particular election, it pinpoints the existential issue facing European social democracy today. Why does social democracy fail to get votes and approval at a time when everything it has fought for historically should by rights enable it to triumph in the current economic crisis - redistributive social justice, public regulation of the market economy, a culturally open society thanks to mass education (a society of smart people), all within a European framework acting as a federal system when there is a need to compensate for government shortcomings?

Social democracy comes across as a victim of the crisis, when it should appear as a refuge or a hope after years of neo-liberal excesses. It is as if, in the eyes of the electorate, social democracy no longer has a credible claim to represent the future of European societies. Why is this?

Social democracy is said to have lost the confidence of the public because it was not able to draw a distinction between itself and the dominant economic neo-liberalism when it was in power in recent years (and it was in power in most European countries at some point over the last two decades). The social democrats are accused of having failed to govern their countries better than the right and of having taken on board the worst excesses of the market economy (deregulation, privatization, financialisation, casualisation of labour, etc.). And once relegated to the opposition, where they again began to talk the language of the left, they are accused of continuing to think on the right. In short, social democracy is said to have betrayed its ethos and its base by tacking to the right; and at this point, the reader unversed in the history of the left will sigh and think: “as usual”.

This explanation – that the social democrats lost their economic and social bearings – is the most widespread, and there is some truth to it. But it doesn’t tell the whole story. First,

because the list of European social democracy's economic and social successes and failures over the last 20 years is obviously more disparate than would at first appear – not to mention differences from one country to another, which are deliberately ignored – and second because measuring its performance against this yardstick misses, if not the essentials, at least the more fundamental level at which political change takes place in societies.

The issue facing social democracy now transcends the question of the extent to which it has or has not been converted to economic and social neo-liberalism. It will be noted that confining the discussion to this question is of no help to the social democratic leadership. The issue must be addressed at the more fundamental level of “values” or prerequisites (of the economic and social model in particular). The European right as a whole, as well as the political forces that are here and there referred to as “populist”, have clearly gained a better understanding of what is at stake. The governing right was forced to do so, since the left embraced most of its economic policy, for example in the triangulation practiced by the New Democrats in the United States and New Labour in the United Kingdom in the 1990s. The right had to wage the political struggle on the basis of values by “triangulating” the values of the left in turn, like labour values, as Nicolas Sarkozy did during the French presidential in 2007.

In doing this, the right all over Europe picked up on and benefited from popular aspirations often neglected by the left (which thought it could take them for granted based on its historic monopoly, which was largely a figment of its own imagination): labour values, of course, but also national identity, family values, a sense of belonging and collective security, etc. These are aspirations, and therefore values, that the left, seeing itself increasingly deserted by the working class that had traditionally supported it, gradually began to denounce as “populist”. Social democracy ceded these values - and the support of those who for a one reason or another set great store by them - to non-respectable political movements and leaders, particularly on the extreme right. It was not so much a matter of the traditional right benefiting electorally (if not programmatically) by “co-opting” the extreme-right working class, as of social democracy (i.e. the governing left) forfeiting that part of the electorate because it was unable to offer a platform that accommodated both its interests (economic and social) and its identity (its “values”) – demonstrating, in the process, that the two are closely linked.

For this reason, **populism is the central issue. It is a double-edged sword.** In its European version (but not in its U.S. incarnation) it harks back to the continent's darkest hours and smacks of dangerous manipulation of working-class despair. But it can also be read as a signal that must be picked up and listened to, especially by the left (if one considers that the left without the people is no longer the left). It is therefore important for European social democracy to take a dialectical approach to populism, if only to avoid falling into the trap set

by the right. This is today the major challenge facing social democracy if it is to survive as a historic tradition, a source of bedrock values and a political alternative within the democratic process.

To do this, social democracy must re-connect with people. This objective is within its reach. If it is openly and clearly formulated as such and expressed with conviction – and not as just one more last-ditch communication strategy on the part of the social democratic parties – and if it is regularly improved with as broad a range of discussion and experience as can be managed, it can represent the platform of democratic socialism for coming years.

Social democracy must re-connect with people

It was an approach of this type that enabled Obama to win the U.S. presidential election. He did not win because he was black, or because he was more adept than others at using new technologies or networking his supporters. He won because he spoke with a unifying voice (which was needed not only in the United States following the period of stark political polarisation driven by the American conservatives, but also in Europe where the leadership on the right used the same polarisation to win elections) and because his campaign was properly focused on values. He tapped into a positive, energising American populism that brings people together rather than segmenting the electorate in a dangerous exercise in political marketing. Where the Republican strategist of the Bush years, Karl Rove, had seen divisive values issues (the “culture wars” between the red and the blue America, in American parlance) and the mobilisation of groups such as conservative Christian voters as the most sure-fire way to win the election, Obama ceaselessly made the case for transcending differences of opinion and identity, and not just in terms of race.

To target the debate at values and avoid being drawn into a polarising approach to them, **the European social democratic left needs to identify a few highly relevant and energising issues.** Avenues to be explored could include social capital and the fight against “unearned income” of all sorts. One might also mention the need to give absolute priority to higher education and research, given that we have entered a sort of class struggle based on education rather than social class. These are a few examples of ways to translate into issues a general theme, a “narrative”, that the left could focus on. This narrative could, for example, take inspiration from the concept of “common decency” (which encompasses the moral standards, social conduct and self-respect of the individual) as formulated, for example, by George Orwell: *My chief hope for the future is that the common people have never parted company with their moral code.* (CEJL, 1:583).



Jan ČERNÝ

Social democracy and public debate in a post-communist context

Key words

Public discourse – Civil society – Left-wing populism – Elites – Compromise

Summary

The article deals with the condition of public debate after the revolution in 1989 in the Czech Republic. Although public discourse has been dominated by neo-liberal and neo-conservative ideology, the Czech Social Democratic Party has been the major political force during the last 12 years. Part of this success lies in carefully listening to majority public opinion hidden under the thin veneer of this official discourse; yet Social Democrats should not just stay in this safety zone but should also listen to minor alternative voices emanating from different streams of civil society. A new compromise between the classic welfare state and the new social and cultural imagination coming out of the reactions of civil society to the different crises of a globalised world would better equip Social Democrats to address future challenges.

In my contribution I would like to introduce a specific problem which social democracy has had to address in a post-communist context. This is the troubled nature of the relationship of intellectual and cultural elites to social democratic politics and more generally the problems of a public debate in an atmosphere of hegemony of an anti-leftist discourse in the public space. The Czech Republic might serve as a typical example of a post-communist country, though bearing in mind that the left-leaning politics have enjoyed an above-average degree of prominence there throughout the 20th century – as well as strong political representation.

After the revolution in 1989 the Czech political left found itself on the defensive however, because the consensus, which determined the nature of the “Velvet Revolution”, came apart and the public discourse changed radically. There was a wide consensus, going deep into the communist party, which carried through the revolution, and its result was a “government of a national understanding”. The revolution had a positive programme, promoting liberty, democracy and human rights, not simply a negative attitude towards the communist regime. The base of that consensus had been built by the tradition of Charter 77, where different streams of activists had joined in the fight for human rights: writers, artists, Christians, people persecuted by the communist regime in 1950s as well the reform communists from the Prague Spring.

The 1989 revolution was not carried through under the promise of renewing capitalism but under the slogans as “We are not like them” (“them” referring to the communists and their inclination towards the elimination of people of different opinion), “Liberty” and “Back to Europe”. Yet conservative politicians proved to be better at adapting to the political and ideological vacuum of the post-revolutionary era and they succeeded in harnessing resentments buried in the sub-consciousness of society: the intuitive anti-left tune and the desire to fulfil the denied capitalist dream of a successful enterprising individual. After some time the reactionary logic of renewing capitalism emerged as the main victor of the revolution. The political scene was governed by the conservative parties in the first half of 1990s and the programme of economic transformation with a mixture of conservative and neoliberal rhetoric was launched.

A deep change in the media discourse accompanied that programme: a young generation of journalists took control of newspapers, television and later the internet; they accepted the

reactionary reasoning of the right and they also desired to revenge the injustice done by the communists in the former regime, the revenge that was held in check by the “velvet” nature of the revolution. 80% of journalists found themselves among the liberal right and they took this delayed militant anticommunism on board. The interpretation of the revolution in the public discourse was reversed: a positive, pro-democratic revolution without violence and ostracism is now being understood as an anticommunist take-over and the enthronement of a new ideological hegemony, partly resembling the old one, just with the opposite assignment of positive and negative marks. The elites, journalists, the urban liberals, the greater part of the intelligentsia and many students accepted this neoliberalism and pro-American neoconservatism in foreign affairs as a “natural,” almost symptom-free model of political and economical thinking. The cooperation of different ideological streams within Charter 77 was forgotten and the simple manicheic scheme took precedence on the media scene, understanding anything left-leaning as a priori morally objectionable.

There are some bizarre results of such a hegemony of one political narrative: different streams of an alternative political imagination, traditionally bound to the political left or even radical left, consider the right-wing liberalism to be a natural normative base for their political activity. There is a right-wing Green party, there are right-wing rockers and writers, and right-wing boards of many NGO’s in the Czech Republic. The Green party, a member of the last conservative coalition, did not find it troublesome to vote for a flat tax, the rockers together with Václav Havel support the American invasion to Iraq, people in leading positions in NGO’s hesitate to come to a public discussion organized by the Social Democrats and the mainstream newspapers were unhappy with the fact, that Barack Obama, “politically naive” as they put it, beat John McCain in the U.S. presidential election.

Yet beneath this liberal and neoliberal surface there is a more popular attitude amongst people who cannot feed themselves just with the official discourse and who are inclined to traditional Czech egalitarianism and pacifism. **Despite the neoliberal and neoconservative narratives prevailing in the media the Social Democratic Party has been a dominant party in the last 12 years**, governing the country for two electoral terms, altogether for 8 years, and then only very narrowly losing to its conservative rival, whose government fell within 2,5 years. And today, two months before the general elections¹, the Social Democrats are leading in the polls with a 10% lead. In Slovakia the dominance and lead of the Social Democrats is even stronger.

An important part of the success of the Czech Social Democratic Party is the survey of public opinion carried out by the analytical department of the party. For the purpose of this paper we can think of these surveys as a spade to dig under the surface of the official

¹ The text was submitted in March 2010

narrative dominating the public debate. **The concrete policies of the Social Democrats are being shaped according to heart-beats of the majority of people – not absolutely, but notably.**

The Social Democratic Party is winning also thanks to this, let us say “populist,” listening to people’s minds and through the appeal of preserving social guaranties and defending the “old welfare state” from the neoliberal attack of commoditization and privatization of public services; yet in the same time Social Democratic policy envisages cooperation with big corporations and businesses, offers them investment stimuli, supports nuclear energy and today even thinks of breaking the limits of surface mining of brown coal, which also means demolishing two villages and further devastation of the landscape of northern Bohemia. This is the reverse side of the emphasis on the economic growth. This technocratic and sometimes populist way of governing (in Slovakia even nationalist way of governing) deepens the alienation between social democracy and civic and environmental circles and keeps many young people, liberal citizens of big cities and parts of the middle classes away from the Czech Social Democratic Party.

The specific problem of the post-communist reality is the widespread prevalence of corruption concerning probably the most public competitions and contracts. **The Social Democratic Party, thanks to its inclination towards technocratic and pragmatic governance, has not found instruments forceful enough to fight corruption decisively.** Yet the problem is deeper, it lies in the base of post-communist society, in its distrust towards the public spheres and especially towards political parties, in privatization of life rooted in experience of dictatorship. *Who does not steal, steals from their family* said the popular proverb from the times of “socialism” when no one could identify herself or himself with the “socialist state”, the general owner of everything.

The problem of corruption and the alienation of important parts of the elite from the social democratic policy are related, in my opinion. **Civic society is not strong enough and the Czech Social Democratic Party does not cooperate enough with it;** it does not sufficiently promote civil society. I write regular columns for the left-leaning Czech internet daily “Denik Referendum” and there is an interesting debate going on there these weeks: many regular commentators, mostly activists from a broad spectrum of civil society (environmentalists, former dissidents, radical leftists, peace activists, writers) express their hesitation or disillusion concerning the policy of the Czech Social Democratic Party, although there is no big alternative on the left these days: the communist party is unacceptable because of its continuing adherence to hard-line Stalinism, the Green party has heavily disappointed its left-learning backers by its participation in a conservative coalition promoting the neoliberal agenda, other centre-left parties are very small and insignificant.

So the call for new parties or for “moral” individuals not compromised by adherence to any political ideology can be heard quite often. Yet I find this call to be politically immature and elitist. Sometimes it is the last remnants of the “non-political politics” of Václav Havel, a good idea for the fight against dictatorship, a bad idea for democracy, sometimes it comes just from the disappointment and a rising alienation of the whole of society from public politics.

I believe that the **“Next Left”, the future social democratic politics in post-communist countries should be moving in both directions: from the society to the party and from the party to the society.** And “society” here means both the masses of voters and the activists and participants of different streams of a civil society. **Social Democratic policy should go behind the wall of the narratives created by the big corporations and interests of capital and listen carefully to the needs of ordinary people; yet it should also lead people in reflecting upon the challenges, dangers and crises of the globalized civilization we live in. Social Democrats should listen very carefully to the voices of academics and active people from different parts of civil society to inspire itself by the alternative political imagination emerging in these places; yet they should also communicate to the activists and intellectuals the need for the compromise with broader society, promote public diplomacy, point to the political voices coming from other continents etc.**

“Compromise”, one of the key terms of the social democratic tradition, is a dynamic historical term changing its shape with the time.

The historian and supporter of social democratic ideas Tony Judt has suggested to Social Democratic Parties that now, entering into times of new uncertainties, they should recall the reaction of John Maynard Keynes to the collapse of an old world, the hundred years of building the institutions of a welfare state, and that we should just keep defending them against the now modernist, progress-driven rigor to transform the present world into one driven by a right-wing libertarian ideology. Although I agree with the fact stated by Tony Judt that ideological positions have been changed and social democracy is becoming a “conservative” power fighting against the blind optimism of free marketers and the Jacobinism of the Bushist “promoting

democracy” policy, I do not agree with the conclusion that we should look back to history and try just to conserve the post-war consensus of the welfare state. We cannot exclude the future from our situation. **“Compromise”, one of the key terms of the social democratic tradition, is a dynamic historical term changing its shape with the time.**

Different types of “Third Way(s)” have been created according to political ideas with which the compromise has been made. (One of them was the attempt to democratize society and the economy in Czechoslovakia in 1968, an interesting plan to realize the socialist ideal of

workers participating in managing companies and to bring the stimulus of the market to the economy at the same time.) The “Third Way” of Anthony Giddens and Tony Blair is also history today. I believe that one of the decisive compromises of the next “Third Way” should be the compromise between traditional social-democratic discourse of public services, employment, emancipation and economic growth sponsored by the state in the one hand, and the new social and cultural imagination coming out of the reactions of the civil society to the environmental crisis, the global crisis of capitalism, the existential crisis of sense. This new imagination gathers together different local perspectives and experiences, for example under the slogan of the Social Form. *A different world is possible* but it does not hurry to establish that new world by a Marxist revolution or by the state-promoted economic growth. The shape of the different world is and wants to be open and is the subject of many local discussions and activities. Social Democrats in the post-communist countries should keep entering into them.

Social Democratic parties should support different platforms promoting dialogue with civil society, social democratic politicians should take part in debates going on in medias – not only to influence them but also to listen to them. **The traditional emphasis on a welfare state should prevent global capitalism from converting into a dictatorship, the openness to the alternative discourses coming from the civil society should keep social democratic policy in touch with the future shape of society.**





Building fair societies





René CUPERUS

A new pact against social polarisation?

Key words

The revolt of Populism – The Broken Society of the Left – Prekariat – Rehabilitation of the “Volksparteien” – Social polarisation

Summary

The problems of the center parties are a *pars pro toto* for what’s happening in society at large. A possible cleavage or split in our party may be a foreshadowing of the split in society at large. What we urgently need is a new social deal, a new pact between the privileged and the less privileged, forging a new idea of progress. A pact of socio-economic security (based on welfare state stability) and cultural openness (a tolerant, international outlook, while retaining national democracy).

In the past decades our societies have been confronted with major challenges: the globalisation of our economic and financial relations; the new technologies and the rise of a post-industrial knowledge economy; ill-managed mass migration from regions not accustomed to western-liberal lifestyles and values; a European integration process that has overvalued the market and has undermined national democratic procedures.

These changes have had an enormous impact on the lives of ordinary people. They have redistributed opportunities among countries, regions and persons. They have favoured the well educated, cosmopolitan well to do. And they have disappointed the less educated, lower class *Prekariat*, but also large middle income groups who favour traditions and national rather than European or cosmopolitan orientations. We are talking not about traditional class relations, but rather about political-cultural orientations and moods, about political psychological phenomena such as resentment about social *déclassement* and overall discontent. The American economist J.K. Galbraith analysed in his “The culture of contentment” (1993) the division between a content middle class versus the disillusioned underprivileged, the American version of die *Zweidrittelgesellschaft* and the lack of solidarity. Today the situation seems worse, whereas big parts of the middle class are not content any more under conditions of globalisation, migration and social fragmentation, making the theoretical conditions for solidaristic politics even worse.

Basically, the social democratic response of the past decades has been one of adaption to new circumstances, far too little one of reform in line with our own values. The political and policy elites, including the **social democratic ones, have made permanent innovation the trademark of their policies, the Big Adaptation to the New Global World their only program and principle.**

While our parties at the end of the nineteenth century aimed to balance industrial and traditional views on labour and happiness, the contemporary social democratic leadership far too uncritically hailed the new, and forgot about the traditional life and values. In government, it failed to develop and communicate “just” reform policies and thus alienated itself from the constituencies it traditionally represented. **In program, style, organisation and leadership, there is an urgent need for a fresh renewal and reorientation.**

One can observe a widening gap between the political and policy elites and large groups – if not the majority – of the population of the continental European welfare states. There is a

massive level of unease in many Western countries, trust in institutions and politics is at a record low, there is a crisis of confidence and a crisis of political representation. The ever-growing pan-European presence of right-wing and left-wing populist movements, which often appear following a reform of the welfare state, remains an alarming and grimy reminder of the general unease in the population and the crisis of confidence which besets the established political scene. **In the process of reform and adaptation to the New Global World Order, there has been a fundamental breakdown of communication between elites and the general population.**

Europe faces a dangerous populist revolt against the good society of both the neoliberal business community and progressive academic professionals. The revolt of populism is “produced” by the economic and cultural elites. Their TINA-project is creating fear and resentment under non-elites. Their deterministic image of a future world of globalisation, open borders, free flows of people, lifelong-learning in the knowledge-based society is a night mare world for non-elites.

In the elite narrative, sizable parts of the middle and working class are being confronted with economic and psychological degradation. Theirs is no longer the future. They feel alienated, dispossessed and downgraded, because the society in which they felt comfortable, in which they had their respected place and which has been part of their social identity is being pushed aside by new realities. They consider social democracy as part of that “modernization” that is eroding old comforts and old securities. **Social democracy in far too many countries has lost touch with these sentiments and worries. It has become part of that “brave new world” of the bright, well-educated, entrepreneurial and highly mobile.**

As a tragic consequence, we are confronted with, what I might call, the Broken Society of the Left: the split of the social-democratic constituency into future optimists who embrace the new world of globalisation, market dynamics, individual enterprise and diversity; and the others, future pessimists, who feel threatened by these forces. What’s at stake is the alarming fragmentation of the social democratic constituency into the camps of social liberal academic professionals versus traditional trade union-social democrats; a cleavage between higher educated and lower educated, between cosmopolitan libertarian attitudes and national-populist attitudes. Will European social-democracy survive the sociology of the new global world? Will *die Volksparteien*, the people’s parties, survive the polarisation of our societies? That’s the 100 billion dollar question of the coming period.

We might be dealing with a world in flux and complex transformation, comparable with the transformation at the end of the 19th century from *Gemeinschaft* into *Gesellschaft*. Where is the new Durkheim, the new Tönnies, the new Weber to give meaning to the change which

We are confronted with, what I might call, the Broken Society of the Left

we are witnessing today, from *Gesellschaft* into globale, *multikulturelle Gesellschaft*? Will European social-democracy be able to deal with the pressures, anxieties and fears which accompany this rough and turbulent transformation?

The pressures of adaptation to the new globalised world are particularly directed towards those who do not fit in to the new international knowledge based economy, the unskilled and the low-skilled. The over all discourse of adaptation and competitive adjustment has a strong bias against the lower middle class and non-academic professionals. This harsh meritocratic narrative is one of the root causes for populist resentment.

Policy and political elites are selling and producing insecurity and uncertainty, instead of showing security and stable leadership in a world of flux. With the exception of some Scandinavian countries, European policy elites do not show welfare state pride stability in times of change and reform. This ambivalence about the very foundations of the European welfare state models is in itself producing populist unrest.

Unease and Distrust in contemporary European society must be located at more levels than that merely of the welfare state reform. We are experiencing a shift right across the board: the magic of the post-war period seems to be all used up: the post-war ideal of European unification, the post-war welfare state model and the post-Holocaust tolerance for the Foreigner; they all seem to be eroding and under pressure. The over all process of internationalisation (globalisation, immigration, European integration) is producing a gap of trust and representation between elites and population around questions of cultural and national identity, modernity versus tradition.

The biggest risk for contemporary social democracy is the breakdown of the social democratic parties, the split of these parties in two constituencies under the attack by populism. What is at stake is the fragmentation of the social democratic electorate into two camps: a cleavage between social liberal academic professionals and traditional trade union-social democrats; the cleavage between higher educated and lower educated, between cosmopolitan and nationalistic or libertarian and authoritarian orientations. This split is representing the fragmentation within our middle class society at large. As a result of the strong forces of globalization, mass migration, individualization and the post-industrial knowledge based economy.

The problems of the center parties are a pars pro toto, a mirror for what’s happening in society at large. The pressures of division and fragmentation on the social democratic

parties are the pressures within society. A possible cleavage or split in our party may be a foreshadowing of the split in society at large. What is fundamentally under attack is the social cohesion, the social fabric, the solidarity of our societies. What could be under attack is the European social model, and European social democracy as one of its foundations and pillars. Social democracy defined as the coalition, the connector between privileged and underprivileged, between lower and higher middle class. So **the big challenge for contemporary social democracy is how to keep our parties together**, and by doing so keeping society together.

The crisis is not in our values and ideals, but in the way we implement them in the new world of globalisation, post-industrialisation and individualisation, live up to them, deliver on them, according to our voters.

What should be done?

What we urgently need is a new social deal, a new pact between the privileged and the less privileged, forging a new idea of progress. A pact of socio-economic security (based on welfare state stability) and cultural openness (a tolerant, international outlook, while retaining national democracy).

We need developing a program that addresses the social-economic insecurities and capabilities of the broader social-democratic constituency, as well as the cultural anxieties, and that appeals to both traditional working class voters and the middle classes. A program that dares to promote continuity and tradition (Tony Judt), instead of obsessively advocating modernity and innovation. A new narrative that can encompass the daily experiences and stories of our voters. Restoring the social democratic *Kümmereipartei* (Johannes Rau), not to follow the voters in a populist way, but to reconnect to voters for trust and democratic deliberation, to learn and educate and to show moral leadership in a trustworthy and authoritative way. I.e. To find the way back to our voters as a project of what Sigmar Gabriel has called the *Deutungshoheit in der Gesellschaft*?

Save and renew the Volkspartei, as a bridge between the winners and losers of the new world trends. This new "Volkspartei" will emerge from progressive coalition-building encompassing other left political parties, as well as progressive individuals regardless of party-affiliation and "progressive" organizations, such as trade unions, churches and ngo's.

Renew but maintain, against all American and Asian odds, the European welfare societies under conditions of mass migration and globalization. Compete on the basis of human well-

What we urgently need is a new social deal, a new pact between the privileged and the less privileged, forging a new idea of progress

being and welfare against the narrow neoliberal concept of economic growth. **Let the European social democracy remain the pillar for a modernized European social market model develop a sensibility for cultural and identity politics.** The big discontent and unhappiness in affluent welfare democracies are to a serious extent about community, social cohesion, security: postmaterialist problems of social psychology.

Restore the divide between left and right in politics, in order to fight the dangerous populist cleavage between the establishment and (a false entity of) the people.

We must be tough on populism and tough on the causes of populism.

Finally, the European social democratic movement nowadays is too much paralysed by **blues**. Instead it should revitalise itself by getting soul back into the movement. **Just change the music record.**





Florin ABRAHAM

Individualism and social democracy in post-communist Europe.

The second social democratization

Key words

Individualism – Social democracy – Eastern Europe – Political Leaders – Ideology

Summary

The study attempts to assess the implications of increasing individualism over social democratic parties from Central and Eastern Europe. The latter did not have the capacity to find integrating solutions to the problem of individualism, in the context in which during the last 20 years, through their governmental policies, they generated individualist orientations. The relation between individualism and collectivism remains an open problem that could be solved in a second wave of social democratization, of the party leadership.

The failure of the democratic left in the elections for the European Parliament of June 2009 emphasized a phenomenon which was becoming visible with some time before during the various national or local elections: decreasing electoral appeal of social democratic parties. After the European ballot there is a vivid search, not only at national level but also by means of international cooperation, both for establishing the crisis diagnosis but, moreover, the (miraculous) cures for overcoming it.

One of the explanatory hypotheses for the decline of social democracy in central and Eastern Europe, based on the Ronald Inglehart's theory of cultural determinism, is that cultural changes of the last two decades determined the development of individualist orientations and that parties of the left did not find the appropriate answers in order to respond to these intra-societal changes.

Several empirical studies achieved at national or rational level have emphasized changes within the political culture of post-communist nations from Central and Eastern Europe. International researches accomplished following a unitary methodology within the *European Values Survey*, presented in the *Atlas of European Values* (www.atlasofeuropeanvalues.eu), indicate the existence of a general trend towards quick adoption of values that can be included in the individualism category, as it had been defined by Geert Hofstede.

Modernity, Collectivism and Individualism

Individualism expresses the extent to which society encourages inter-personal relations and individual achievements. A high degree of individualism shows that the accent is placed on individuality and individual rights; among the members of society there are very weak inter-personal relations. A low degree of individualism is present within collectivist societies, with very tight relations among their members; these cultures are characterized by the consolidation of extended families and communities in which each member is responsible for the others.

The features of these inter-human relations (individualism / collectivism) is initially formed within the family, it is strengthened outside it and strongly affects the organizational culture and behaviour. These relations are different from a society to another mainly around three

dimensions: *intensity* (the extent to which members of society depend one from another); extent (the number of individuals with whom someone has a sort of intense relations); *structuring/predetermination* (criteria according to which relations among persons are developed – there are cultures where interpersonal relations are predetermined, are based on attributed statute elements - social class, ethnic group, religious affiliation, generally belonging to a social group or another - and there are cultures where relations among people are randomly established according to each one's preferences).

The general thesis of anthropological literature is that modernization, in sense of breaking up with the model of rural societies, based on agriculture, determines an increasing level of individualism within a society. Nations from Central and Eastern Europe were subjects of three modernization waves. The first, taking place in the 19th century and the first half of 20th, consisted in the gradual inflow of the industrial revolution elements, urbanization and the creation of a bourgeois elite. The second wave, after 1945, during which the communist regime mostly annihilated previously created individualist values, attempting to achieve a forced modernization and strengthening the collectivist dimension of societies. Finally, during the third stage, after 1989, countries from Central Europe modernized according to a mixed model, made up of a return to the interwar traditions and the import of western models.

Of course, among countries of post-communist Europe there are significant intra-regional differences in what concerns the place on a individualism/collectivism axis. These gaps between societies of the region can be explained both by the existence of different family types, through affiliation to Catholicism, Orthodoxy or the reformed Christian denominations, as well as the depth of each society's modernization experience. **Nations of Central and Eastern Europe have been jointly submitted to the Soviet totalitarian collectivist experiment; therefore, at the beginning of the transition period, there were strong collectivist social mechanisms.**

Hofstede has indicated the existence of a strong link between the individualism level within a society and the external financing received by that country. It is not by chance that the individualism level has increased in post-communist Europe, without precisely determining how much (as during the fall of communism no trans-national sociological surveys were accomplished concerning political culture), while preparing the accession to the European Union and the accession itself brought important financial influxes. This was done under various forms: privatizing industry and the banking system with the help and in favour of western capital, EU grants or the capital influx generated by East Europeans working in the West. The opportunities offered by an abundance of financial resources, quite accessible under the form of credits, the real estate boom, the consumerist exuberance specific to

emergent economies, generating the illusion of very quick development rhythms, the decreasing intra-continental travel costs as well as other lifestyle changes, all these determined changes within predominantly collectivist societies of post-communist Europe.

New Displays of Individualism

For citizens liberated from communism in 1989 a new perspective of prosperity and consumerist behaviour suddenly opened. The rush for a quick and primitive accumulation of capital was glorified by mass media in the name of "open competition" and liberation from communism. Goods (cars, houses, jewels) do not have mainly a utility value, but a social prestige one. Supermarkets' and malls' proliferation is not as much the consequence of needs to rationalize commercial methods but reflects hedonistic ideals, both of the newly rich and of the poor strata. Differences are only quantitative, not so much qualitative: while the newly rich dispose of necessary resources in order to satisfy a luxurious prosperity, that the poor strata only dreams about it and aspires to it. If the "moguls", the "oligarchs" and even the middle class are happy with the hedonist lifestyle they can practice, the marginals are systematically frustrated for the fact that the lifestyle and social security of the transition winners are inaccessible to them. The post-communist has gradually become dominated by mistrust and frustration. The poor strata cannot understand and accept the mechanisms of redistributing the nation's wealth, considered to be not only non-transparent but bluntly fraudulent, and the "winners", the new elites, want a recognition of their status. **While the losers of transition seek refuge within collective protection mechanisms, the beneficiaries of transition towards capitalism self-glorify themselves (simultaneously seeking legitimacy) by a radical individualism and even by economic libertarianism.**

"Big is beautiful" is the conviction of post-communist individualism: enormous mansions, with several levels for only one family, luxurious cars, yachts and helicopters. This has become the aspiration model of a population equalised by poverty during the communist regime, which after 1989 started approximately from a less differentiated level of revenues; but rediscovering freedom also meant a profoundly polarized society.

By means of the media, especially through television channels, which constantly presented the models of extreme and extravagant luxury, the public space became colonized by characters promoting an anomic individualism. Basing life on leisure has become, step by step, an ever spread and accepted ideal among youngsters and educated categories, who should have been one of the electoral cores of the left wing parties.

Under this level of grotesque individualism there are, though, much deeper societal movements. Generations reaching adulthood after 1989 have the natural tendency of

emancipating from collectivist models of society organization. Young people try to escape the logic of the extended family, in order to build their own, independent families, autonomous from their parents' families. Individuals want their own houses and cars, as soon as possible and bigger. Also, entrepreneurial initiatives meant a proliferation of individualist option within society. Businesses were not envisaged as a collective, team effort, but as a display of individualism, a proof of personal success.

Important lifestyle changes occurred, nuptial phenomena decreased and, consequently, also the birth rate. Professional career and personal satisfaction became more important than the family. One should mention that this type of societal changes, which happened in the West during past decades, affected more profoundly the political support for left wing parties because, at the level of deeply rooted convictions, social democracy has not yet fully detached from the old regime. Therefore, if in the West voters motivated by post-material values belong to the progressive left, in the post-communist space the electorate of social democratic parties is animated by conservative values. **The strongest impulse for the proliferation of individualism in Central and Eastern Europe was offered by the perception that any form of collectivism would belong to an obsolete era. The idea of solidarity was thus discredited as a societal value**, a sort social Darwinism being promoted, according to which nations would domestically function following the rule of the jungle and that the strongest and fittest would be entitled to win. The social elevator was changed in order to be used primarily by the individual and only secondarily by collectives. Moral and political cynicism is the mechanism by which radical individualism is legitimized, being seen as a sign of social intelligence. In the conditions of anomy, specific to a social system shift, individualism was considered the surest method of survival and/or prosperity, because collective mechanisms (state, communities) are considered to be non-credible in their accomplishment of assumed objectives (social security, offering a sufficient quantity of quality public goods and services).

Unfortunately for the nations of Central and Eastern Europe, individualism has engrafted upon a vicious institutional inheritance, in which informal relations dominate norms, in which business or career success depends less on initiatives, labour and creativity and more on connections. This leads to a schizoid aspect of post-communist societies: on one hand personal initiative (and even individualism) is glorified and on the other it is accepted that success is often mediated by the quality of the social network an individual has.

The subsequent observation is that **around post-communist Europe there was not a proliferation of vertical collectivism**, implying auto-inclusion in a collective accepting inequalities, but instead there was a proliferation of vertical individualism, considering the individual as autonomous and inequality in society as inevitable.

The Left and Individualism

Within the post-communist European left there is a coexistence between socialist and social democratic orientations, the main difference being among the collectivist or individualist orientation. While the socialist perspective, inspired by fabianism, considers people from the perspective of the social context, rather than from an individual perspective, social democrats consider as very important to promote and develop individual rights (similar to the liberals). Solidarity is an essential value for the left, but not an exclusive one. Freedom and equality are also fundamental values of social democracy, which have important political significance in societies dominated by fear of dictatorship and hate towards illegitimate wealth.

From a doctrinal point of view, the left of Central and Eastern Europe is closer to social democracy than to socialism, for at least two reasons. The first is related to the influence of German social democrats, which were the main western partners of parties from the region. The second reason is psychological: during the social democratization process concerning left wing parties from the post-communist space, the latter had the natural tendency of defending themselves from the accusation of "neo-communism" by approaching the political centre. Thus, when the *Third Way* appeared, it was received pretty enthusiastically by the leadership of the post-communist parties, as it legitimized a *modus operandi* of several social democratic leaders, but which had not been stated in the doctrine for fear of being labelled "right wing deviationism". The *Blair-Schroeder Manifesto* legitimized a thought line manifested within left wing parties from post-communist Europe, its main promoters being the exponents of the intelligentsia and technocracy consecrated during the 80s, which displayed a formal (superficial) adherence to the communist party and which, after 1989, became promoters of "white collar" social democracy.

Left wing parties have been at the same time generators and beneficiaries of individualism. As ruling parties, left wing forces have led the privatization and new capitalist class formation processes, many of the latter being affiliated to the very social democratic parties. The transition process towards the market economy was inspired by the values of neo-liberalism and accession to the European Union was achieved, in what concerns its economic dimension, according to the formulae of the International Monetary Fund, inspired by the Chicago School. Thus, **left wing parties have accidentally become promoters of capitalism. Social democracy from the post-communist space could not only be a supporter of redistributing the nation's wealth (of solidarity) but also of its creation by promoting free initiative (of freedom). This is a nuance which is not always well understood** by the western social democratic partners; they wonder how can left wing leaders be partisans of developing capitalism. The answer lies in the fact that the emergence of a market economy represented a strong social need. The problems occurred when social

democratic parties did not know how to clarify (in action and message) the fact that they are favourable to market economy but not to market society.

There are many voices that are questioning today if social democratic parties from Central and Eastern Europe are really what they declare to be, while capitalism is accepted and the symbiosis between capital and politics is very well represented within the social democratic leadership. Left wing critics of social democracy are accusing the hypocrite complicity with neo-liberal values, with the often anomic individualism, which is not only accepted but even personified by the leaders of the left.

Social democracy is affected by individualism, not so much by a quick increase of individualistic values within post-communist societies but by an ever spread perception that the left is “contaminated” by values which are not its own. Several displays of previously described anomic individualism are identifiable in the case of some of the social democratic leaders, so that the gaps between the collectivist values of the left wing electorate, the parties’ assumed principles and socio-political reality generated the decline or even the fall of some left wing parties. In other words, individualism is one of the factors generating the decline of social democracy, not so much concerning its quantitative dimension (as a result of growing numbers of people sharing it) but rather qualitative, functioning as an element of untrusting and de-legitimization of left wing parties. **Corruption and ostentatious display of wealth (the first being the method of illicit appropriation of wealth and the second the manifestation form of anomic individualism) are elements that sunk the credibility of social democratic parties and the result was predictable: a shrinking electoral support.** The perception of insincerity, the impression that some social democratic leaders use a language that is not grounded in their own behaviour is one of the explanations for the decline of social democracy in Central and Eastern Europe.

What Solutions Can We Find?

In our opinion, there are no immediate and exclusive solutions in order to clarify the relation between social democracy and individualism. One must say that not all kinds of individualism must be rejected by left wing parties, only the vertical one (often having anomic displays). Horizontal individualism (including the concept of autonomous individual who accepts and strengthens equality) is desirable for social democratic parties, in the context of profound societal changes generated by successive waves of technological

**Individualism
is one of
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of social
democracy**

innovations (especially in communications) and of changes of economic structure induced by globalization.

The fight of social democracy against individualism in post-communist Europe is, only among others at the moment, a battle against right wing parties. Primarily, it should be a clarification at the very core of the left wing parties. **The renewal of social democracy in the new EU member states requires a second wave of social democratization, much more difficult than the one taking place in the 1990s,** which implies a social democratization of leadership. If, during the 90s, former communist parties or those born from the anticommunist revolution (the Romanian case) followed a process of synchronization with western social democracy, mainly at ideological level, now the same parties have to overcome the phase of a shrinking human resources basis specific to the establishment cycle, in order to separate people actually sharing the values of the left from people who just pretend to share them. Of course, such a phenomenon is subjective, personalized and inherently conflicting. It could not be accomplished unless left wing political elites become conscious that it is necessary for reclaiming the lost credibility in the eyes of their collectivist voters. The recent electoral failures, as well as those that are foreseeable, should be a favourable element for this intra-party clarification, be it by a break-up of hyper-individualist social democrats from the left wing parties or by their conversion to the values of democratic collectivism or of horizontal individualism.

Only the future could bring an answer if our diagnosis is accepted and if the solutions proposed will be applied. One can be neither optimistic nor pessimistic. We can only wait...

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George SIAKANTARIS

Progressive governance and social democracy

Key words

**Social Democracy – Globalization – Welfare state–Socialism –
Classical liberalism – Left – Democracy**

Summary

The article examines the dilemmas posed to Social Democracy after the collapse of the “actually existing socialism”. Especially the dilemmas posed by globalization as a positive event with many negative side effects which are currently, at the discretion of the intangible economy, perfectly timed.

The text is an analysis of the political importance and role of modern social democracy. A major issue is to develop a restructured welfare state, which under the new conditions cannot function like the old passive welfare state, as a mechanism for income replacement, but as a body which enhances equal opportunities and capabilities for the citizens.

The modern active welfare state must guarantee the inclusion of each citizen in society, but also create appropriate conditions so that every citizen as a free individuality to be able to develop its full potential. Modern social democracy is required to find ways which will consolidate the claims of socialism with those of classical liberalism.

In what world we live in

After the collapse of the existing socialism, the acceleration of globalization processes and the crisis of the social democratic governance paradigm, two ghosts loom over the sky of the political self-examination of the Left. On the one hand, the ghost of the protesting Left and the demonization of social evolutions, the ghost of the Left granting leftist certificates. On the other hand, there is the ghost of the single thought which scares humanity with the idea that the only way out with regard to the social issue (in other words the poverty and social inequalities issue) is the free market within its context any regulative commitment with social content are deemed inconceivable. The current economic and ideological shifts bring again on the scene, ideologies, political movements (many times they are defined as the only left and religious groupings which contest the dominant virtues of modernism, such as democracy, social contract and politics itself).

Two ghosts loom over the sky of political self-determination of the left: ghost of protesting Left and the ghost of single thought.

The world of globalization concentrates major inequalities, changes of the international balances, economic crises and rise of terrorism, but at the same time it constitutes a dynamic field of shifts, increasing interdependence as well as creating terms of prosperity. This world which has insecurity as a common denominator, constitutes a field of political changes and it is not the result of inevitable economic choices. The economic choices are also political choices. The globalization itself is not only an economic phenomenon. On the contrary, it constitutes a process of total differentiation and transformation of the capitalist system. Demonization of the phenomenon acts as an alibi for political determinism. **The crisis of social democratic proposal for a progressive response to the above mentioned problems, results from the collapse of the compromise between the capital and labour and definitely not out of a planned policy of embedding Social Democracy into the neo-liberal order.**

Globalization is a positive fact with a lot of side effects. The globalization is the world we live in and the world which we can make use to the benefit of popular groups, to control the economic and social evolutions at a global level. The current way of managing globalization

can change with the coordination of actions of global partners, where there will be raised issues pertaining to the restriction of runaway movements of financial flows, the restriction of the deficit of the USA economy; deficits that absorb the capital of the rest of the world making the dollar, either on its rise or on its fall, a dominant regulator of the economic developments. In this context, Europe has to deal USA as a dominant power and not as empire. From its side, USA should better realize that abandoning the policy of unilateralism in its international relations would better serve its interest.

The choice for the European countries is not between competitiveness and maintaining of their social model, but in the simultaneous implementation of economic rationalization measures and measures encouraging development. This choice may seem self evicted, the balances though required, are a particularly difficult parameter. Until now, Social Democracy has paid a high toll for the side effects of these imbalances. In order to return dynamically to this political and social scene, the Left has to mobilize all the processes concerning the defence of public interest.

What is rejected

The Left of verbalism and rhetoric outbreaks concerns us to the extent that constitutes an obstacle for the development of a Left of changes and reforms. Assuming the role of John from the Revelation, the Left is leading to systemic impasses and citizens to despair, who look to her as a factor of solidarity, defence of the public good and as a power for transforming reality. Once, this Left as modern Prometheus inspired faith for changes which would lead to a better world, today though it isn't a source of inspiration, either because it compromises with the real or fights with ghosts of the past. We are concerned for a Left that will respect the evidence and the real world because it aim is solely the democratic change of the world. We are not appealed by this Left who believe that if the facts do not agree with it ideas, it is then too bad for the facts.

The Left of reform and respect of the democratic conquests is obliged to know the world that wishes to change. Nothing should be so alien in the discourse of the Left as the disdain of world knowledge. We are invited to get acquainted with the world we want to change, because the only way to change it is the known world.

The socialism of the contemporary Social Democracy

The Left cannot afford to turn away its sight from the future. This sight though is turned to the future in a political way, i.e. to a future which is not born from zero but rather the distil of acquired experience, with its positive and negative aspects. The Left cannot simply be

interested for the future in general, but for the future from the aspect of social reform and socialism.

But for which socialism we are talking about?

A lot of people consider that socialism is a shooting star during its falling track humanity made a wish that hasn't come true and today the only thing left is to face the reality. All those people make certain political mistakes. They are the same mistakes made also by those who claim that capitalism is something that never existed and is projected to come or something that existed and crashed, so it must come back as it appeared in the past.

Those views do not realize that:

Firstly, socialism isn't a model of social management or revolution, but foremost is an issue. It is the famous social issue concerning the problem of social inequality, social justice and the creation of requirements for a comprehensive development of an autonomous and independent state.

Secondly, under the condition that the problem is getting over the social inequalities and combating of social injustice, then there is not only one answer on this issue. Under the condition that the answers to the question are multiple, then there is not only one but many socialisms. There is the marxist socialism, the Bolshevik communism, the prudonik, the republican, the social democratic socialism and many others.

Thirdly, socialism cannot become a "reality" which, either is happening or not. Socialism is a complex social and economic reality which has never consolidated in clear form. No social environment and system grows in circumstances of clearness. In the name of radicalism, of a clean and pure socialist future many try to contest the socialist and left character of the European social democracy. But, if the main issue is the improvement of the conditions in which a human being grows, then anywhere else there isn't any other better socialism than that developed in the context of the social capitalist state after the Second World War and of the contemporary EU.

The socialism which realises that the social issue is not solved but is constantly raised under the terms of defence of the collective interest and the individual independence and autonomy, the socialism which rejects the determinism in political action, which insists on the need for defending the reforms against the revolutionary violence, against the utopia of determination of certain social commitments and against the absolutism of an ideal social model; this socialism, one of the many socialisms is always contemporary and has a long way ahead.

Social democracy and public interest

The future of modern social democracy lies in the defence of public interest. For several reasons, today, the virtues of collectivity and social solidarity have been devitalised. Those virtues are related with the fact that, in our opinion, should constitute the central axis of social democracy of the present and of the future. But when we talk about collective interest we don't mean defence of the state and statism but defence of the economic, political and cultural power of the interests of broader social groups and mainly of the low income and medium income groups.

To the extent that defence of **personal freedom is achieved solely on the basis of joint interactions developed at a collective level, the link between individual stability/security with collective interest/common good are the only way out.**

The virtues of personal freedom, as the absence of obedience, the pluralism of interests and views, the exchange and the market as perquisites not only for acquiring wealth but also for self-criticism, the reform as privileged means of broadening the scope of freedoms, the observance of rules and processes in the construction of common relations, the support of solidarity and of individual freedoms, the strong bonds between the individual and society, the faith that human beings determine and change their social status, as well as the idea of emancipation, compose the landscape of the modern collective or public interest.

The policy of defending public interest cannot be identified with the management or handling of res. On the contrary, it recommends a difficult policy of practical measures and proposals which restore politics as means for handling human relations. The aims of such a policy is the treatment of labour as the main factor for personal freedom, the support of the socially poor and ensuring the provision of public goods, such as education, health, the environment etc.

The policy of defending the public interest is a crucial issue for a Left which is not afraid, which is not ashamed for wanting to govern. While, on the one hand this Left turns a blind eye to the fact that it cannot support the powerless and those socially excluded, based solely on the appeal of a verbalist reformist vision, on the other hand, it does not get caged in the business of globalisation of economic processes, in the pressures of financial markets and the leverage of the ideological myth of the free market.

Either fortunately or unfortunately, this is the role of the Left, a Sisyphian role that forces it to climb on the top of the mountain of human emancipation bearing on its shoulders the goods of equality, in order to roll back down on the foothills of the political management. An one way Sisyphus is not a Sisyphus, but also a one way Left is not Left.

In Greece, defending the public interest is a task which has to deal with important rigidities, such as the limited participation of the paid work in the economy, the dominance of small units with low productivity and low wages, a fable, depended on statism entrepreneurial class, the expansion of the black market, the resistance to the restructuring of agricultural production, the negative demographic developments and the political system itself. A system, which has an horizon of a four years' period until the next elections and the political cost, a system that despises systematic work, consistency, knowledge, while it loves to turn a blind eye to the citizens with its populism and flattering. Battling with this political, corporative and cultural environment, postulates and requires open conflicts with embedded interests which, in the name of the public interest, harass and exploit the resources of the social ensemble.

The dominant point in the modern Greek and international social democratic proposal is that the restructured welfare state has to stop acting like the old, passive welfare state and only as an income replenishment mechanism. **The modern active state has to guarantee everyone's integration into the society as well as the development of their capabilities.** The neoliberal view claiming that the impact of any fiscal discipline should be the abolition of the necessary allowance policies, cannot be accepted by social democracy.

For the social democrats, the active state presupposes a state that safeguards the right of employment, but at the same time reinforces the social security networks. Any necessary allowance or welfare policy must be associated with measures which will entail not only the so-called active employment policies and the demand, but also measures for boosting the supply. Active employment policies do not substitute the so called passive policies but they complement it. At the same time, no active employment policy can be successful without the existence of a safety net for social protection.

A social democrat pursues a job position for every person that fulfill his/her requirements and needs, without though forgetting that every person, irrespectively of his/her skills and knowledge must be employed. This means that the social issue and the social state cannot be downsized to the more socially vulnerable groups, but also it cannot neglect those who don't keep up with the rhythm of the economic environment.

The social democrats are invited to persuade the lower groups that the rise of their living standards lies in safeguarding the security of the middle groups and the paid work, while, on the contrary, the middle groups expectations for further personal evolution have as a safeguard the mitigation of social inequalities.

Simultaneously, their interest for the disadvantaged social groups is related with the concern for the general track of the economy, the investment and business climate and the

development processes. Their proposals may not be passive proposals for defending the poorer, but they have a dynamic aspect realizing that the real economy is developed only in places where huge economic and social inequalities is extinct.

To conclude, no development can be sustainable without an effective social protection system, without a modern welfare state. The countries with the greatest dynamism and the greatest competitiveness are those countries implementing the most developed welfare state and the most radical social reforms.

Changes cannot be introduced without social cohesion. In the era of globalisation, the developments, the changes and the necessary flexibility of the society require the security of a social system which will encourage the operation of a protection net for everyone and will guarantee a minimum standard of living.

Nowadays, it is important to combine the new jobs and the rise of the employment with the quality and security for the employee and flexibility for the enterprises. The labor market has to provide chances for everybody. It also has to integrate the different and not to exclude it, especially when the different is located in vulnerable groups of the population.

The aims of such a governing social democratic Left will not be achieved solely by the means of economic reform. A deep social reform is also needed, in terms of educational institutional level, social security etc, as well as in terms of social crystallized beliefs and practices (for example the entrepreneurial and working attitudes). This Left is radically different to the strict economic neoliberal approach that deems the human capital as a means of flexibility. **The Left should not endorse the view that economic efficiency predominates over the virtue of social sufficiency.**¹



¹ Petros Daoutakos contributed to the content of and translated the text of this article

3

Our values in a changing world





A strong history to emerge from





Attila ÁGH

The historical dimension of the leftist values: the perspectives of social progress beyond the exit strategy

Key words

Basic values (progress and solidarity) – Core values (democracy and market economy) – Leading value (social progress)

Summary

The paper identifies progress and solidarity as basic values of the Social Democracy and describes them in the concrete historical dimensions through the contradictions of market and democracy as core values. Social Democracy has always made a big effort to balance market economy and democracy with some success but in the present global crisis these values turned against each other. The EU 2020 Strategy seems to be a good framework to restore this balance at a higher level but it demands a concentrated effort from Social Democracy that presupposes its renewal on the common base of “social” productivity and “social” democracy as social progress.

I. The Beauty and the Beast: Democracy and Market

The main difference between the dominant ideologies is that whereas the leftist-socialist trend emphasizes the historical character of its values, the conservative and liberal ideologies usually consider their values ahistorical as eternal values hovering above the history. Even more so, one of the basic values on the Left is the *progress* that envisages the historical development of mankind, i.e. it contains the historical dimension in itself by definition. In fact, the same applies for the solidarity as the second basic value. Progress has been defined of necessity as the social progress moving ahead in its contradictions between/among the various social groups, strata and classes. Thus, solidarity can also be understood only in a historically changing community framework as the balancing or compensating force between the winners and losers in order to maintaining or re-creating social cohesion. **Progressive means ab ovo the awareness of the development in its contradictions, including the readiness for the permanent actions of fighting against the re-emerging social polarization.**

From the 19th century onwards the basic values of progress and solidarity have appeared in the concrete historical dimensions of political democracy and market economy. **Political democracy and individual freedom turned out to be the twin core values for social democracy in their ongoing debate, since “democracy” and “market” have always developed in their cohesion and collision.** In political science they have been termed as “strange bedfellows” or with a more polite term of Robert Dahl as “unhappy couple”. The tension between them can be described from many sides, e.g. Karl Polányi has characterized the market as the “beast” that has to be guarded carefully under the firm rule of the democratic state that plays, so to say, in the role of the “beauty”. Nonetheless, it has become an unchallenged paradigm for many decades that the democracy and market presuppose each other and they can be brought to a fragile harmony with each other through the concentrated actions of Social Democracy. In general, it is the historical environment in which the name and the tradition of the **“social democracy” were born in a very difficult balancing exercise between economic progress and social cohesion. In this rapidly changing historical environment the Social Democracy has constantly been “re-born”** (see Gombert et al., 2009) **by re-creating this careful balance between progress and solidarity, or market and democracy.**

There have been some periods, for instance from the seventies to the 1990s, in the high days of the welfare state when these twin principles of democracy and “freedom” have been properly balanced in the social reality and at the same time they have also received their completed ideological formulations. In these “Golden Thirties” of the welfare state the Social Democracy reached its peak and referring to this period Ralf Dahrendorf called the 20th century the century of the Social Democracy.

However, in some other periods, like in the recent period, the changing social reality has not contained a proper balance between economic progress and social cohesion. The “beast” of the market has run around unfettered and the democratic state has been unable to control the destructive forces of the (global) market. The unhappy couple has divorced and in such a way the dominant theories and the accepted values have also been lagging behind the radical socio-economic changes. Thus, a huge contrast has emerged between the outdated theory and the new social reality, and people have been frustrated by the market “anarchy”. Therefore they have also lost faith in democracy that has not protected them from the “beast” (Ágh, 2010). As usual, in these periods of the “lost harmony” between economic progress and social solidarity the discourse has been about the “final crisis of the Left” and the urgent calls have appeared to make a leftist turn or to return to the “genuine leftist values”. Actually, in most cases these appeals claim to return to the past, to the outdated theories and to the ideological positions that were based on an earlier balance between political democracy and market economy. No doubt that any kind of leftist turn should seek a new balance instead of nurturing nostalgia about the Golden Age.

II. The Sleeping Beauty: The vision about Social Europe

The recent global financial crisis has made finally evident that the “lost harmony” between democracy and market can only be restored through the new leading value: global competitiveness based on social productivity that creates social progress. Actually, the Lisbon Strategy (LS) launched in 2000 was an attempt to regain this harmony in the global competition with the values of Social Europe (Rasmussen, 2003 and 2004). **The LS was basically a social democratic project adopted in the period when social democratic governments gave the majority of the European Council** (Rodrigues, 2002 and 2009). The intensive policy integration between economic and social policies, according to the original idea of the LS, would make a real “policy revolution”, since the European Employment Strategy demanded high investment into human capital in order to responding to the “Productivist Challenge” (see Esping-Andersen, 2002). The LS was just a half success – half failure due to the several waves of global crisis, but no doubt that the common requirements

of the EU economic competitiveness and the domestic social consolidation still point to the same direction in the long run.

The efforts of the LS have been reformulated in the EU 2020 Strategy, and the fate of Social Democracy in the next decade depends on the success of this Strategy (Swoboda and Wiersma, 2010). Progressive means being oriented towards a better future, thus the EU has to return to the brave vision by formulating its outstanding role in the global world in the terms of European values, through the competitiveness based on the social productivity. In the global competition of various models, the EU has offered the best combination of the economic and social dimensions. The Swedish EU rotating presidency has lately reiterated the “Nordic values” as the productivist approach in social policy. They have wanted to see a Europe that will develop the European social model and will combine a well-functioning welfare system with growth and social cohesion. (Swedish non-paper, 2009 and the Work programme, 2009). The Spanish presidency in the same spirit has emphasized the progressive social policy as a precondition for the global competitiveness. This Strategy gives also a new opportunity for the EU as the soft superpower to participate actively in the establishment of the global governance with the partnership principle of effective multilateralism instead of unilateral hegemony.

However, **there has been a “value war” in the EU between the supporters of the unfettered global market and the defenders of social productivity. The fight to determine the future direction of the EU for the next decade is still going on.** Under the pressure of global crisis, at least in the short run, the narrow economic interests of market and the economic nationalism seem to get the upper hand in the concrete design “exit strategy”. But after this recent panicking period the EU may return to the genuine European values. Hopefully the “EU global competitiveness” and the “EU social cohesion” will be put on equal footing through the principle of *social productivity* with a shift from the GDP based narrow economic thinking to the idea of social progress based on the new balance between progress and solidarity as the latest change of paradigm suggests (Martens, 2010 and Theodoropoulou, 2010).

III. The Cinderella in the waiting room: Dream about progress in Central Europe

The EU has to move ahead in the global competition as one compact unit in the spirit of the economic, social and territorial cohesion as the Lisbon Treaty stipulates. This means that the competitiveness program has to be completed by a catching up program, both in quantitative and qualitative terms. There is a need for this kind of Road Map for the EU 2020 agenda, with new union policies and new budgeting on one side, and with renewed efforts of cohesion policy for fully integrating the new member states on the other. So far, the new

member states have been in the role of Cinderella, although the common progress with the membership solidarity has also been a basic value for the EU. The recent global crisis, however, has shaken them more than the older and more developed member states, in such a way after the exit strategy they expect new facilitating devices for catching up with the others by leaving the Cinderella position.

After twenty years of the initial enthusiasm the support for democracy and capitalism has diminished markedly in the new member states. Their populations have expected a rather rapid improvement in their standard of living and they have felt that they have lost the security of their social positions instead. This perception has been especially dominant since the outbreak of the global crisis that has shaken the weaker economies of the new member states. As a result, they have also been frustrated by the gap between what they want from democracy and what they believe they currently have, since they still support democracy in general but they are unhappy with the way it works. Altogether, the contradiction between market and democracy, progress and solidarity that has been deepened in the last years also in the developed states has appeared in a much more acute way in the less developed member states, since they have suffered more from the recent socio-economic crisis (The Pulse of Europe, 2009). The perspectives of social progress are even more important in the new member states because it is only the social progress as a leading value in the EU policies that can lead to the re-emergence of the Left.

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Daša ŠAŠIĆ ŠILOVIĆ

Encounter with the past, present and the future. Thesis for a debate

Key words

**Social exclusion – Socialist values – Change –
Transition – Gender equality**

Summary

Equality, solidarity, social justice and peace are transversal to the European left and the socialist/social-democratic movement. These values, particularly in the economic and financial crisis we are experiencing today, are relevant as a civilisational acquis, as a global public good and remain the underpinnings of modern democratic societies and states. Values remain but audiences, manifestations, mutations and responses need to keep pace with the times. The issue is not abandoning these ideals, values and principles but preventing their further erosion through an overhaul of the way the socialist and social-democratic movement delivers on them and does business. This is a time for broad societal coalitions and solidarity and of safeguarding the civilisational acquis. In a globalised world with climate change, energy, food and water challenges and confronted with the irreversible global economy, the socialist and social-democratic movement in CEE has to understand the rationale for going beyond the nation state.

Prologue

1. **Most recent economic developments in Europe demonstrate the relevance of the social democratic value system.** In order to receive the money of the “European Mechanism” and the IMF for the rescue of the Greek Economy, the Papandreou (socialist) government is undertaking “painful” social measures, among many others, to abolish bonuses for civil servants, raise the VAT, introduce a special levy on very profitable businesses, increase retirement minimum age. In Spain the Zapatero government announced that it “will eliminate the €2,500 birth grant from January 1 2011”, “suspend index-linking pensions in 2011” (excluding the minimum pensions), reduce public investment by €6 billion in 2011, introduce 5% cut in public wages and a freeze for 2011, suspend increase in pensions, cut government salaries by 15% and reduce foreign development assistance. The Croatian government among other things announced curtailing pensions and cuts in the civil service and its salaries...
2. The paradox is that, in times of such a serious economic and social crisis in Europe and the world, social movements are reacting slowly and weakly to the challenges facing the social welfare models which are strongly anchored in social democracy and inclusion. Occasionally, public reactions surface like in Italy (trade unions), Spain (workers), France (teachers), Germany (GeneralMotors workers) and now in Greece quite vehemently.
3. Johan Davidsson in the article “The Future of Social Europe” (FEPS Queries N°1/2010) speaks of the risk of further social exclusion especially in these times of crisis and transition. So who does this affect most and how does all this square off with values of social democracy? The rich or the middle class and/or the poor? How will it affect women vs men? Young vs old? Minorities vs the majority? How will it impact the socialist/ social democratic ideals, prospects and responses?
4. Why is the public reaction weak? Is it because the ideas and principles of solidarity, equality, justice and peace are exhausted or out of sync with the times? Is it because social, read political, movement(s) is headless and rudderless? What is the relationship between the citizen, the political party/ideals and the state? Are the individuals in the (social, socialist/social democratic, union) movement apathetic individualists preoccupied

with their own personal and family survival? Is it really individualism or social alienation and if the latter who/what are to blame?

5. Is it because the neo-liberal environment has, through its managerial sound bites and under the cloak of “efficiency” and results, muted ideology and sense of solidarity? Have political parties of the left lost steam? Are they in contact with the public and do they lead by example? Or are we just living in interesting times of transition to a new societal model after the collapse of communism, the defeats of unregulated capitalism and confronted with global challenges and unstoppable global connectivity through information and communication technology?
6. Maybe these questions also provide the answers!

Socialist values in times of change

1. **Equality, solidarity, social justice and peace are transversal to the European left and the socialist/social democratic movement. These values are relevant today as a civilisational acquis and remain the underpinnings of modern democratic societies and states.** Moreover, as the latest economic and financial crisis has demonstrated, these values are today relevant more than ever.
2. Values remain but audiences, manifestations, mutations and responses need to keep pace with the times. A group of young people I spoke to on gender equality recently, listened intently, probing into every word, and then responded: “But it is you, our mothers and fathers who have fought for social justice and equality. We live in it and take it for granted! So, where do we go from here?”
3. The left has rejoiced too modestly, or put bluntly, did not cash in, when our values triumphed after the collapse of communism or when the woes of capitalism, as we know it today, kicked in. Instead, the centre and the right espoused some of our agenda like gender equality¹ and as stressed by Dr. Alfred Gusenbauer “blurred the divide”. There was a strong, and possibly missed, moment of “I told you so” but we moved towards the centre “to meet the changing times”. And in doing so we lost pace, the edge and a chunk of the electorate, especially in Central and Eastern Europe.
4. **The ideological divide became definitely blurred.** But there are also numerous other instances that hurt the social-democratic popular image - from corruption to participation

¹ The public today associates 8th March as International Women's Day proclaimed with the UN and has little knowledge, as my class at Columbia University (SIPA) attested, where it came from originally. The right wing, conservative, Tudjman Government in Croatia produced a glossy and laudable report to the CEDAW Committee on its results in promoting gender equality, while women's groups prepared a shadow report exposing the real situation. The same woman who presented the government report later became member of the CEDAW Committee. So what did (does) she think about gender equality?

in the Iraq war. What happened to the anti-Vietnam war movement that along its peace messages brought in revolutionary changes in the way we live as individuals and society, e.g. feminism and women's rights.

5. The “New Social Europe” vision formulated by PES in 2006 was an excellent document trying to position PES parties in the new reality from the perspective of socialist and social democratic values. So have been the excellent discussion organised by the FEPS. But what is the outreach of this excellent thinking and response? Did the public debate and espouse them? Did they get reflection in electoral
6. The Central and Eastern European (CEE) Network as part of the European Forum for Democracy and Solidarity, was born fifteen years ago. We have a strong track record of following the transition not only from the gender perspective, but listening to the voices on the ground and staying tuned to the political environment, as gender equality issues are never static but at the mercy of societal fluctuations.
7. **The issue of values is an acute problem in post-communist societies overall. Those who had faith in communism as a social justice and equality based ideal, read the old generation, felt defeated and marginalised. Those in the forties and fifties felt cheated out of their entitlements being locked out of the new market and having difficulty to keep up with the economic transition and technological change. The young generation of the 1990s was raised in an ideological vacuum, that of quick enrichment, fast cars and corruption that blatantly dominated (s) public (and political) life.** Examples of the latter are too well known to mention... In limping and economically crippled state systems, education, especially that based on a strong value system that would promote social justice and equality, was broadly left to the individual teacher, the Church, or the family.²
8. The quick demise of communist states triggered off unbridled, ill thought out, cookie cut solutions and medicine dispensed through the IMF, senior economic advisers from the West without sentiments for the population they were affecting but treating them as an economic laboratory, foreign and domestic venture capitalists smelling a quick buck. This medicine was dispensed without consultation with the public, quickly administered lest there may be a backlash and resulted in social exclusion, quick money and corruption (including that of political parties), a political and value vacuum. Just as things were getting better³, for the second time and twenty years later, with this economic and financial crisis nobody stands up and says culpa mea. But again citizens, and those least

² For instance, the Bologna agreement is quoted as a step forward in ensuring consistency and quality in education in the Western Balkans, and yet the general view is that it is not implemented.

³ the UNDP HDI indicates a significant dip in the 1995-2000 period in most CEE countries and then an upward curve after 2000



well off, will bear the burden of collapsing Ponzi schemes and the domino effect of failing financial institutions. How does the left reach out to them?

9. While all generalisations are problematic and post-communist societies are not uniform, the previous lack of multi-party democracy and culture has strongly skewed the political discourse in the transition period. It has caused a strong gap in the public understanding and knowledge of democratic values, the foundations of social welfare states and more broadly those of the European Union.
10. But one should not exonerate social democratic parties in CEE just by blaming the electorate and the political environment. **The prevalent absence of internal party democracy (often centred around a dominant political figure) and linkages to the grassroots, connections with the nouveaux riches and corruption scandals, lack of internal party coherence, especially on issues of values, and a system of broader democratic education within them, has left these parties exposed.** Abandoning electoral promises (and values) is not an exception, as well as “statist” behaviour that impedes dialogue within the party when in power. The CEE Network has experienced this through a discussion both with women party leaders (e.g. when it came to electoral lists) and in contact with grassroots women who are as a rule left on their own.
11. The state of gender equality in a (non) democratic society is generally a good litmus test. The change in the 1990s with a strong thrust of the conservative (and often clerical) right automatically attacked the gender equality acquis in CEE that date back to the 1918s in some countries like Czechoslovakia and Hungary. It was particularly reflected on issues related to reproductive rights. The CEE Network joined in with women NGOs and left political parties and managed to maintain the decades of progress on gender equality. It’s main ally were actually women who realised that their status was quickly eroding.

Earned income (estimated), ratio of female to male 2009			GDI ⁴ value as % of HDI value	Gender empowerment measure (GEM) rank ⁵
Country	Ratio of income disparity F/M	HDI ranking ⁶		
Slovenia	0.61	29	99.7	34
Czech Republic	0.57	36	99.7	31
Estonia	0.64	40	99.8	30
Poland	0.59	41	99.8	38
Slovakia	0.58	42	99.7	32
Hungary	0.75	43	99.9	52
Croatia	0.67	45	99.7	44
Lithuania	0.70	46	99.9	40
Latvia	0.67	48	99.8	33
Bulgaria	0.68	61	99.9	45
Romania	0.68	63	99.9	77
Montenegro	0.58	65	...	84
Serbia	0.59	67	...	42
Belarus	0.63	68	99.8	...
Albania	0.54	70	99.5	...
Russian Federation	0.64	71	99.9	60
FYROM	0.49	72	99.4	35
Bosnia & Herzegovina	0.61	76
Kazakhstan		82	99.8	73
Armenia	0.57	84	99.5	93
Ukraine	0.59	85	99.7	86
Azerbaijan	0.44	86	99.0	100
Georgia	0.38	89	...	95
Moldova	0.73	117	99.8	66
Uzbekistan	0.64	119	99.7	...
Kyrgyzstan	0.55	120	99.4	56
Tajikistan	0.65	127	99.6	...

Source, UNDP Human Development Report 2009

⁴ This index measures achievement in the same basic capabilities as the HDI does, but takes note of inequality in achievement between women and men. The methodology used imposes a penalty for inequality, such that the GDI falls when the achievement levels of both women and men in a country go down or when the disparity between their achievements increases. The greater the gender disparity in basic capabilities, the lower a country's GDI compared with its HDI.

⁵ The Gender Empowerment Measure (GEM) is a measure of agency. It evaluates progress in advancing women's standing in political and economic forums. It examines the extent to which women and men are able to actively participate in economic and political life and take part in decision-making. While the GDI focuses on expansion of capabilities, the GEM is concerned with the use of those capabilities to take advantage of the opportunities of life.

⁶ The first Human Development Report (1990) introduced a new way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite human development index, the HDI. The breakthrough for the HDI was the creation of a single statistic which was to serve as a frame of reference for both social and economic development.



12. These statistics speak for themselves. While the GDI value as % of HDI is quite high, the GEM indices often differ from the HDI. This points out to gaps especially in terms of women's empowerment pointing out also to where we can differentiate ourselves from the right on gender equality. That is why we came to the conclusion that the only way to fight for equality between women and men is to couch this discussion beyond the feminist discourse, i.e. to move it into the broader response of building inclusive societies based on socialist/social democratic values and women's full participation in political life. Some could argue that it is a post-feminist approach bringing back the issue of equality among the sexes into the broader political, social and economic transformational framework. Whether that solidarity and equality is based on sex/gender, or on between generations, social strata – workers, farmers, intelligentsia – the underlying objective and aspirations of social justice, social inclusion and human rights based social welfare system remains the same.

“The next decade, in general, will bring the issues of social justice into the focus. But, more and more those issues will be treated as global issues, as the problem of growing inequality between the nations... Gender inequality is closely linked to all other inequalities, and to global social justice, as well. The key solution to global crises is a value shift towards solidarity and redistribution of resources. For the semi-periphery the key issues will be the one of governance, which will also include the issues of captured states, corruption and absurd bureaucratic over-regulation, all of which increasingly disempower both women and men who do not belong to the power elites. For this reason, there will be a growing need to build coalitions with disempowered men, those who do not enjoy the “male privilege”. It would be also necessary to deal more with the major losers of transition at the semi-periphery, which are rural women and single mothers.”

Marina Blagojevid, Belgrade (PESW/CEE Network 2010)

- **The issue is not abandoning social-democratic and socialist ideals, values and principles.** The issue is preventing the further erosion of these through an overhaul of the way the socialist and social-democratic movement delivers them and does business. Primarily this means going back to the concept of a movement based on solidarity and a joint value system, reaching out to the grassroots, fostering internal party democracy through a dialogue between the majority and the minority, parity and inter-generational dialogue within the party. But at the same time when in government upholding these

values and principles through government policies that stand for and implement solidarity, equality, social justice and peace but also party integrity, accountability and transparency.

- **This is a time for broad societal coalitions.** The question for us is whether social democratic forces in CEE can rise up to the challenge by bringing in and leading the civil society forces of the left? The CEE Network argues for such coalitions, as we have done in promoting gender parity. Reaching out to trade unions, youth movements and NGOs should be one of the priorities for social-democratic parties in CEE.
- **This is a time for solidarity.** In CEE solidarity has been broadly speaking distributed within the family that clumps together in time of crisis. We have seen this in post-1990 period and we are seeing it today in this economic crisis. The burden of unemployment is shared within the family, but how is it shared within the society? Is unemployment a personal or a societal issue? How can socialist/social-democratic parties be proactive and lead societal coalitions to overcome individual plight?
- **Europe has been reaching other parts of the world for centuries. Now these parts of the world are reaching us directly in the form of immigration. In its immigration policies a social democratic Europe has to honour its principles of human rights, social justice, equality, solidarity and to address all forms of discrimination based on gender, race, creed.** But this is also a two-way street in democratic societies – the minority (in this sense the immigrants) has also to meet, respect and practice these standards as its democratic civic duty.
- **Safeguarding the civilisation acquis.** The foundations of Europe would crumble if we were to break the legacy of the Paris revolution and the foundations of a democratic state based on rights and obligations of its citizens and the accountability of its political elite to its citizens. Safeguarding the division between the State and the Church is one of those tenets that are non-negotiable. In CEE we have learnt it the hard way...and so has the EU.
- In a globalised world with climate change, energy, food and water challenges and confronted with the irreversible global economy, the socialist and social democratic movement in CEE has to understand the rationale for going beyond the nation state. In the region where I come from this is far from being a given. The patria is both an excuse for political dominance of a certain, now monetarily and politically comfortable strata, and the expression of weak democratic culture. How can PES help these parties in that broader “education” on the concepts of modern internationalism in a globalised world based on our value system?

- Finally, socialist/social-democratic values - equality, solidarity, social justice, peace - have today become a global public good. But there is no place for complacency. It is the time of new activism for a movement that has to live up to its roots by doing and delivering on its ideals.

End Note

Whatever the terms for notions of solidarity, equality, social justice and social welfare states may evolve in the age of twitter, blogs and facebook, we cannot allow the essence, ideals, objectives and these principles to taper off. And the proof will be in the pudding, so time to roll-up the sleeves and get out of into public dialogue and search for new societal models to meet our aspirations. Maybe some clues come from rap music, twitter and internet chats.





Rethinking our work





Klaus MEHRENS

Equality - values and realities

Key words

**Social justice – Economic policy – Low wage sector –
Credibility gap**

Summary

The political left is characterized by its firm conviction that freedom and equality do not stand against each other; rather they are mutually dependant. In spite of that, equality or social justice have become instrumental for the achievement of other, mostly economic, political goals. The development of the low wage sector in Germany is described as an example of the credibility gap, which has been created by this abuse of fundamental values. Finally the different categories of social justice and equality are enumerated: equal access to the legal system, to education and training, to health services and social security; institutions ensuring that citizens can make use of their formal rights of equal access; moral standards and a powerful set of instruments to keep the extremes of incomes and fortunes closer together; economic, ecological and social sustainability as a dominant criterion for structures and processes in society.

Freedom, solidarity and some notion of equality have become the core values of many, maybe most, political parties, across the whole political spectrum. **The political left, however, is characterised by the firm conviction that freedom and equality do not stand against each other; rather, they are mutually dependant.** There can be no free society without a defined level of equality, and vice versa. But practical social-democratic policy has departed from, or at least neglected, this principle. Equality or social justice have become instrumental for the achievement of other, mostly economic, political goals.

The assumption that larger differences in incomes or a bigger low wage sector are prerequisites for economic growth has been proved to be wrong. The credibility gap that has been caused by this violation of fundamental values has become a heavy burden, and is acting as a drag on the political potential of left-wing parties all across Europe. Recent opinion polls in Germany show that only a minority of the voting population believes that voting for a specific political party will bring about any political change. And the SPD is coming last in credibility rankings.

Furthermore, **the notion that there is a link between social justice, or a fair society, and the notion of equality - in earlier years widely recognised - has been gradually lost.** One of the surveys mentioned above shows that, in contrast to the 1990s, only a minority of the population has an approximate idea of what the expression „social justice“ stands for.

The development of the low wage sector in Germany is a highly descriptive example from social reality for the causes of the credibility gap mentioned above. Other examples could be given.

For most of the post-war period Germany was renowned for its balanced income structures. This was regarded as one of the key elements of the „Social Market Economy“ as it was designed after the Second World War and kept as a guideline by the different governments in the following decades. Beginning in the eighties and accelerating in the nineties, however, the proportion of low wage earners (earning less than 2/3 of the median, i.e. the most frequently paid hourly wage), measured as a percentage of the overall workforce has been constantly increasing. Moreover the growth rate of that proportion has been very high in comparison to other countries, bringing the German figures (23%) above the level of the UK and close to those of the US (25%). There is no other country in continental Europe with a higher percentage of low wage earners in their workforce.

The number of employees in the German economy suffering from low wages has exceeded 6.5 millions. Their average hourly wage is less than € 7 in West-Germany and less than € 5 in the Eastern parts of the country. Case studies show that the increasing number of low wage earners and their further decreasing average wages put the whole wage spectrum and the bargaining agreement structure under enormous pressure. More and more often unions find it necessary to bargain for concessions to save jobs or to keep companies in operation. In this context it is alarming that, until now, in Germany there is no lower limit, neither by minimum wage like in many comparable countries, nor by comprehensive bargaining standards like in Scandinavia. Both ways can prevent a further erosion of wage structures and put an end to the „wage race to the bottom“.

The labor market reforms at the beginning of the 21st century attributed considerably to the fast growth of the low wage sector, as they did with other forms of precarious employment. The explicit purpose was to mobilize the labor markets, create more opportunities for gainful employment, and, although not outspoken, put pressure on the unemployed. Now many of those reforms work like a trap. Surveys show that only very few of those, who take up a precarious or low wage job, have a chance to return to their former standards of qualification and remuneration. And: many employees are affected directly by precarity or low wage, but many more experience the climate of anxiety to suffer the big social crash. This far reaching cleavage of society necessarily affects adversely the credibility of fundamental values, esp. the value of equality and social justice.

This example, like many others, shows that in our changing world no aspect of equality is outdated and can be omitted. Equal access to the legal system, to education and training, to health services and social security is getting even more important in times of growing uncertainties.

These fundamental rights, contents of many constitutions and of the Declaration of Human Rights of the United Nations, if guaranteed to every single person, form the foundation of the value of equality.

Every house you would like to live in needs a strong foundation. But the foundation is not enough. It needs walls as well, to remain in the picture. As those walls you could regard the equality of empowerment on the one hand and the equality of exchange or of market results on the other.

A society that aims at avoiding cleavages or a maximum level of social inclusion and is based on the idea of equality of its citizens needs not only equal access to its legal, educational

**In our
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and social systems; at the same time it needs a pattern of social institutions to make sure, that the citizens can make use of their formal rights. Those institutions have to work in the sense of reducing existing inequalities and supporting the disadvantaged. **Equality of empowerment concerns the distribution of opportunities in a life-long process.**

Equality concerns the outcomes of economic and social activities as well; market mechanisms do not deliver acceptable results in that respect. On the contrary: As we have seen in the past years and as the example above shows bluntly, the distribution of incomes and wealth has developed in a virtually bicarre manner. Different from what Third Way- and Neue Mitte-policies aimed at, the left of the future has to develop moral standards and, simultaneously, a powerful set of instruments to keep the extremes of incomes and fortunes closer together, on a national, a European and a worldwide level.

In order to complete the unliteral house of equality it is necessary to finally mention the criterion of sustainability, which has a strong aspect of equality and diversity, too, especially when we look at the long term perspective. Only with that roof the „house of equality“ can outlast and give shelter in storms, which will definitely come.





Rocío MARTÍNEZ-SAMPERE

For a reformist Left

Key words

Reformism – Responsibility – State – Market - Values

Summary

This article defends reformism as a primordial attribute of democratic socialism and therefore defends the need to adapt and renew its thinking and its strategies so as to be able to make an effective defence of the values that characterise it. It also tries, in the final section, to give an outline of the broader reform still pending, which is the setting for the entire reformist and progressive agenda of the coming years: the reform of the role of the state.

Introduction and summary

This paper, rather than an analysis, is intended to be a reflection, or, more exactly, an approach to a reflection in tune with the one being undertaken by the whole of the European left. The book being presented here makes a badly needed analysis which is all the more important at this moment of economic crisis. It considers 20 structural reforms for the Catalan economy to make it work better and also respond better to the needs and interests of the citizens of our country, all of them. It diagnoses the economic situation in Catalonia, describes its strengths and its shortcomings and puts forwards alternatives.

This is an analytical book, but also a political one.

This is an analytical book, but also a political one. And it is not a political book just because those of us writing it are to some extent involved in politics or because we subscribe to a particular political ideology; **it is a political book for two reasons. First, because the defence of an economic model is at the same time the defence of a political, cultural and social model, as indissoluble aspects of a single whole. This is so despite the currently fashionable view that labels debates as “economistic” and sets them apart from other disciplines, without realising that they are complementary, rather than exclusive. Secondly, because the defence of a reform, or a change, implies the defence of something better which is mainly possible through political action. And in this sense it seems relevant to include in this compendium of 20 economic reforms a more primeval reflection on the very value of reformism.**

This article therefore sets out to defend reformism as a primordial attribute of democratic socialism and therefore defends the need to adapt and renew its thinking and its strategies so as to be able to make an effective defence of the values that characterise it. It also tries, in the final section, to give an outline of the broader reform still pending, which is the setting for the entire reformist and progressive agenda of the coming years: the reform of the role of the state.

If, as this book intends, we want to define the reforms needed in order to begin a process of change in the economic model proposed by the left, we must not only talk about the value of the reform itself, but also about the reform that is the “backdrop” for other reforms: the reform of the role of the state. If anything has characterised the social-democrat option this

has been the defence of the state/market, efficiency/opportunities, private initiative/public sector binomium. A twenty-first-century economy needs a 21st century concept of state for a society that has been living in it for at least ten years.

1. Defending the value of reformism for the left

The widespread assertion that right-wing options are conservative and left-wing options are progressive or transformational is not always true. In fact, we find several cases in our recent history in which exactly the opposite holds. Margaret Thatcher in the United Kingdom, for example, introduced a series of right-wing, but at the same time radical, neo-liberal policies, which brought about such a transformation in British society that there has been no turning back; the “rules of the game”, the assumptions underlying political and social debate were changed for ever. Thus Blair’s “new Labour” can not be understood without the Thatcher era and “old Labour”, like that of 1992, would never have emerged from its electoral ostracism.

It would be oversimplifying to argue that the right only wants “everything to change so that everything remains the same”; in other words, to keep power and privileges in the same hands. Accepting that the transformational right is just an intelligent acceptance of the classical right, which realises that the changing social context calls for a change in discourse and approach but does not want real change, amounts to seeing one’s opponents as enemies rather than adversaries, to denying democratic legitimacy. It denies democratic legitimacy not because wanting to change is less democratic than wanting to preserve, which is not the case, but because it is no good just seizing on the value of change, the credit lies in practising it.

My argument, though, is that although social democracy can not lay undue claim to it, it does have more “due” claim to it than right-wing options; **the democratic left is better placed to raise the flag of reformism and to implement it. And this is because democratic socialism is, precisely, a force for change, by the very definition of what socialism in freedom means and also by tradition.** We see this in its experience: there is a definite positive baggage which is the fruit of this task for reform throughout the whole of the 20th century. This task, which broadly speaking is known as the welfare state, has produced more prosperous societies, with greater opportunities and greater power of integration.

How does one go about changing and preserving? How can we recover our finest tradition of reform, holding on to what we have achieved – greater prosperity and well-being, but at the same time transforming it so as to make it fully meaningful in a constantly changing society?

The politics of reform involve an inherent paradox, as reforms are only possible with the support of certain social sectors. Reform for reform’s sake, reform without involving others,

certainly seems more like enlightened despotism than change. But it is also true that these social sectors who emerge as a power for change become reticent about any subsequent reform that might even remotely threaten their advantages. So in the end, reforms give rise to conservative attitudes that impoverish them and hold back social change. This is what has happened to a large part of the European left, precisely because it has governed in many countries for long periods since the end of the Second World War. The reason why this has happened is that political and government action has changed societies but in doing so it has created certain social institutions with associated interests and with particular correlations of power, which tend to resist change so as to maintain the status quo achieved.

As generally happens in life, and also therefore in politics, it is important to know yourself so as to get to be who you want to be. I think it would be a good idea to start by accepting that there is this tug-of-war between change and preservation, between the reformist left and the conservative left. Because until we accept that contradictions and, to a certain extent, conflict are part of social democracy’s DNA today we shall not be in a position to recover something I think is essential, which is to give first place to the option for progress above other equally legitimate interests in need of attention, but nevertheless adapting to (and as far as possible keeping ahead of) a reality and needs that by definition are changing.

Giving first place to progressivism means understanding that a permanently changing society calls for permanently changing, innovative and transformational policies. It means, in short, putting reformism ahead of conservatism. For the sake of what? Of the general interest defined as everything that is shared and considered useful, valuable and even vital for a society. At what price? Of reforms that can make certain groups lose power or well-being in favour of others who are now in greater need of them. Because the general interest is not so much a panacea as a conditioned choice at every moment in history. It means nothing more than choosing freely and collectively amongst alternative options in the awareness that having everything at the same time and at no cost is not viable.

Recovering a sense of reformism for the sake of the general interest is neither more nor less than recovering progress in the broad sense of the word. It involves very general changes, in certain questions over what is and is not a defence of equality, for example, up to changes in organisations, those of the political parties as well as those of social organisations such as trade unions or employers’ organisations, but also changes in details, the obsession with “small-scale work”. In other words, there is no reformist agenda today that does not also get down to the micro level, to the specifics. There are, for example, measures or subventions that do not have the effect intended when they were first introduced, or that do not do so in proportion with their cost, or even that have the opposite effect. But they become eternalised out of sheer inertia and are never stopped.

So we must recover reformism at three levels. First, to **change ideas that have become outdated** (either because the success of political action has dealt with needs that no longer exist or because times have changed). Secondly, we must **transform organisations in order to regenerate politics and rebuild shattered trust**. And for this it is important to restore the very idea of Democracy understood as the act of delegating in citizens' representatives whose election can be reversed. This "delegation" is in people linked to an ideology or to certain initials, but it is not in favour of any specific organisation. Thirdly, **policies, the instruments, must be reformed, to break with one of the most harmful effects of inertia**: we devote a lot of energy to doing things "better than before" without ever asking whether or not they need to be done. Any policy, without exception, can be reconsidered undogmatically in a real debate with numbers and assessment of the results. It is therefore a mistake to pose the debate in the belief that any social policy is purely and exclusively a question of political will and moral posture. Vehemence has never proved anything.

This is why it is important that, out of inertia and change, change should win. It is not enough, as so often happens, to take comfort in the thought that being left-wing means engaging in social politics. Is there such a thing as a-social politics? Or just the politics that shape a given society? So rather than social politics per se, we should first ask what social politics we engage in, then see what results they get, and ask ourselves if they contribute to progress. And only at the end of this process does it make sense to ask if our politics are more or less left-wing. **Only an open-minded, constantly alert attitude of permanent rigorous analysis can make for general progress, gradually shaping it according to the existing reality at any given moment. Reformism, open-mindedness and dynamism, therefore.**

The question of values is not foreign to this debate either. Freedom, equality and solidarity are the guiding values of progressive politics, politics that can make society freer and fairer **Freedom, equality and solidarity are therefore values that call for actions favouring change**. What we can not do is to use these values as an excuse, as something to hide under. At bottom the thing is not to confuse principles and beliefs. Principles are the driving force of progress, the inspiration for action. Beliefs are just a moral umbrella for anyone wanting to defend the *status quo*.

**Reformism,
open-mindedness
and dynamism,
therefore.**

The right moment for reform

And why now? Why is it important now to uphold the value of reformism? The answer is, to prevent the crisis we are experiencing turning into decadence.

The economic crisis has meant a change in the neo-liberal paradigm in force since the beginning of the 1980s and a return (often an instrumental one) to Keynesian politics. Even so, in the latest European elections left-wing parties suffered their greatest electoral defeat in recent history. And none of the circumstantial palliatives are applicable, as we had never before seen this simultaneous "hitting the bottom". Only in 13 countries out of the 27 making up the European Union did left-wing get the backing of more than 20% of the voters; particularly significant were the all-time low percentages obtained by Labour (15.8%), the SPD (20.8%) and PS (16.8%). This has plunged the European left into a state of bewilderment which, at the moment, swings between two irreconcilable positions:

- nostalgia for the past, the lament of the left that bought its competitors' agendas and has lost its identity.
- nostalgia for the future: the conviction that the social-democrat paradigm has become totally obsolete in the face of globalisation, the environmental crisis and the technological revolution.

The situation described above puts us in a position that might seem contradictory, but which in fact makes sense taken as a whole. The left wing is best placed to tackle the necessary reforms for the 21st century, and especially now, at this time of crisis. This is because the values it takes its inspiration from involve change and also because the crisis has taught us that the welfare society model combining state and market is the one that can lead to steady, balanced and sustainable growth. But at the same time, the left itself, more precisely left-wing parties, are in crisis. This is why we need a reform "of the left" before we start reforming "from the left". **We therefore need a more radical and more powerful reformist agenda than ever.**

But it is not enough to say that now is the time for reform. Wishes can not become realities unless we also have a strategy. And nowadays, any talk of reformism also calls for discussion about the framework for reforms, their viability and their ultimate goal.

1. The framework for reforms

It is difficult to imagine far-reaching reforms that could be carried out without a public-private partnership. This means that the framework for reforms is the one formed by the citizens-market-state triad. One obvious case is the reform of the labour market and the solution to the problem of unemployment. This partnership does not mean the curtailing of one side's interests by the other, but a call to understanding and ultimately responsibility for what corresponds to each side. It is no good, for example, having a private sector that acts as a covert regulator. Furthermore, **the reform calls for the involvement of society as a whole**. And involvement must not be understood as acquiescence but as a responsibility: greater individual and collective responsibility to understand the need for reform, the associated cost

and the future benefits. Asking for greater responsibility from society means that governments must stop treating citizens like children and must take a less defensive stance, with more information, more transparency and more firmness, without letting civil society delegate its own duties (we must avoid the hypocrisy of certain parents who “appoint” schools to apply certain values they do not practise at home, for example). Taking civil society into account does not mean mentioning it in every sentence or transferring difficult decisions (or indecisions) to it. Taking it into account means letting it act – set the terms for debate, for example – and calling on it to play its part.

2. The viability of reforms

There is an insoluble contradiction between the time-scale for reforms and the time-scale of electoral politics. One is slow, the other is ever more immediate. How do we create the conditions necessary to make reform politically viable? Here we come up against another contradiction, because if we want to lighten the political burden of unpopular decisions and move some decisions out of the electoral period, the only way to go seems to be the way of agreement and the search for majority political consensus. And consensus, centrality, is not necessarily linked to change; very often the exact opposite is true. The more the centrality, the more the conservation. This opens up a range of differences on more or less cutting issues in a particular society. In our case, for example, the problems of unemployment or school failure are acute enough for consensus on a solution to the problem meaning reform. On the other hand, it seems more difficult in other cases, such as shortcomings in the health system or further education, where consensus politics might well mean preserving the *status quo*.

3. The object of reforms

Everyone talks about reforms but not everyone means the same. That is why it is so important, as I said at the beginning, to restore the link between the debate on reformism and the debate on values. The basic values of what is generally called the progressive mentality can remain in force, but they must be understood in such a way that they become a force for change. The classic values of equality and freedom are therefore guiding values that inspire political action, but they must also be the resulting values, with which to measure the outcome of political action.

Reforming the role of the state

The main difference between the socio-economic models of left and right during the last century hinged on the role of the state in the economy. In face of right-wing viewpoints along the lines of “the state is a hindrance” or “the state is necessary, much to our regret” in these times of crisis, the left will have the chance to lead a new period of progress answering

to the aspirations and the challenges of 21st century society so long as it is able (amongst other things) to reconsider the role of the state and has a real wish to reform it. On what basis?

1. The state is not the government

Although our everyday and therefore our political experience is “national”, the way the world works is global and interdependent. This fact gives rise to malfunctioning that can become dramatic, as we are seeing in the present crisis. There is no “national solution” to the global economic crisis, but all the incentives tip the balance in favour of non-cooperation –in other words, towards the impossibility of finding the “global solution” we so badly need. If governments are unable to deliver, this means that they are not only permanently unsatisfactory but also *de facto* inefficient, precisely because the state, which affects us and shapes us collectively, extends beyond government. **Today’s geopolitics make global governance enormously difficult but there is a chance that we could build European governance. The main aim of the different European left-wing movements should be to take Europe more seriously and take determined steps towards political unity.**

2. The state is not opposed to the market

Our discourse is more or less as follows: the market is responsible for the emergence and consolidation of inequality, while the work of the welfare state involves reducing or eliminating the effect of inequality. Although this is true in general terms, it is an oversimplistic view. First, because the markets are in themselves a social institution, they do not operate in a social and political vacuum. The markets are regulated (the labour market is an obvious example) and this very regulation affects their working and the distribution that results from them. We should ask ourselves more often whether we regulate for the sake of efficiency and equality or because there is a certain correlation of forces and obvious elements of political opportuneness. In addition, the welfare state can also create and preserve a certain inequality, especially the new inequality in the face of acquired rights ingrained in our societies.

A more appropriate approach would be to stop treating the market as something “inevitable” and the welfare state as a “bulwark” and start to treat our social system as an integrated whole, with an all-round perspective and taking everyone into account: more collaboration, better regulation, greater transparency, more assessment.

3. There is no state without values

When I said earlier that we must act in the general interest, we must understand that the democratic state is precisely the holder of this general interest on behalf of the citizenry as a

whole, as it is their sole representative. **We therefore need values that are shared by society and a social contract that binds up and makes clear society's aims in the interest of a free and efficient economy but, at the same time, of a free and efficient society.**

The issue at stake is neither neo-liberalism, nor neo-Keynesianism nor the "return of Leviathan". We must be less NEO and offer a project that is more NEW. The problem is not the return of the state, but that the state, which has not been in exile, has forgotten to serve the interests of the people it has a duty towards. The democratic state must be redesigned to rediscover its true institutional capacities, its monopoly as a law-maker and tax-raiser and the privilege of not being liable to bankruptcy.

If we begin to redesign the state along the lines I have just sketched out here – the move towards a European state in consonance with our economy, towards an integrated concept of a state that does not "fight against" the market but gets its strength from knowing that it also defines and shapes it, and towards a state that makes its underlying values clear so that they attain their full meaning –, we shall have made progress towards a state better equipped for the century we are living in.

We must be less NEO and offer a project that is more NEW.



Anne JUGĂNARU

The meaning of solidarity in times of crisis

Key words

Solidarity – Crisis – Individual – Welfare state – Redistribution

Summary

Solidarity has different meanings, following the political traditions of the left and the right. In times of crisis, however, the meaning of solidarity finds its best expression in the ideology of the left, which is more inclusive. At present, there is a growing need of inclusive solidarity both at national and at international level. Unfortunately, in Romania, the right's definition of solidarity condemns the population to further social polarization.



The economic and financial crisis of the last years has emphasized today more than ever the need for solidarity among various people at national level and countries at international level, in order to overcome troubles. However, not everybody understands the same thing through the term “solidarity”. For social democrats, it is important to stress the main difference in understanding this term, in order to clarify which political forces are really supporting solidarity and which are just using it as a disguise for other things.

Different meanings of solidarity for the left and the right

In the classical definition of the term, solidarity was supposed to mean a way of helping other members of the society, which are in trouble for a reason or another or the need of the society to unite and share resources in order to overcome times of want and scarcity. Often, solidarity is mistakenly identified with charity. However, the latter is only a means of redistributing a slight share of prosperity from upper to lower classes, in order to prevent social unrest at an early stage and insure the minimal necessities of the less fortunate ones. Solidarity has more to do with the collective sense of social responsibility for all members of a society and with their permanent situation, than with charity, which can often be only a temporary measure of relief.

Crisis is one of the situations in which solidarity is most necessary. Nevertheless, there is a striking difference in the understanding of solidarity for the political left and right. This is related mainly with their understanding of economic development and social structuring within societies.

The right has always claimed a direct affiliation with the development of liberal models of economic development, which have emerged during the industrial revolution taking place in the British Isles during the 18th century. This liberal tradition is mainly founded on the economic writings of Adam Smith and David Ricardo. Taking into the consideration Smith's principle of the “invisible hand”, liberals have always emphasized that the individual is the main economic unit within a state and that his prosperity is the most important thing, which leads in turn to the prosperity of the entire society. In this context, individuals are in a permanent competition among themselves, as it is supposed they are starting from the same position, being equal by birth.

This concept has been developed mainly within the United States, consecrating the free initiative and open competition and allowing everybody, following his own original equal means and acquired or inherited properties, to “pursue his happiness”, as the 1776 Declaration of Independence states, under the form of capitalist development. However, nothing was said about social justice; fairness was understood as a result of each one's activity and less as a duty of the state, which was supposed to remain minimal and, thus, largely formal.

At international level, liberals, following David Ricardo's doctrine of “competitive advantage”, have outlined the fact that nations usually had different resources and that by free international trade these resources would be available to everyone. However, nothing was said about the amounts which could be traded and about the standard value (which was later established to the gold equivalent and than to the US dollar), which became important, especially in the context of competition among various producers of the same good. Thus a basic inequality was created from the beginning, among the industrial products, which were considered more expensive, and agricultural products, which were considered to be cheaper (even if the necessary labour was comparable).

On the other hand, the left was basing its message on writings of Saint-Simon and Proudhon, which supported the collective types of properties and the redistribution of resources among people, in order to balance the original inequalities arising from birth, which divided people into rich and poor. Thus, social justice was meant to level these inequalities, either by common consent or by an action of a state. Later, Marx emphasized the occurrence of a class struggle, as a result of the industrial revolution and the supposed necessity to abandon capitalism and erect a new type of society, based on common needs and ownership of property, communism.

At an international level, as Wallerstein noticed, some nations became wealthier than others, and not by means of their original resources, but by military conquest of large territories on other continents and by preferential development of their own nation through exploitation of those territories, a feature usually known as imperialism. Thus, their wealth was based on the maintenance of poverty in the continents which later formed what is now known as the “third world”. In this context, it was obviously necessary to develop new international structures which would ensure a more balanced development among nations in order to bridge the gap between North and South and thus prevent negative developments, such as immigration, organized crime and terrorism, which affected even the most prosperous countries. This was one of the logics behind the development of the World Bank and the International Monetary Fund (IMF), but this was often overshadowed by the ideological conflict of the Cold War.

In times of crisis, the left and the right had also different types of approaches. If we take the 1929-1933 Great Depression, we can notice that its causes were closely linked with a deregulated capitalist development leading to overproduction and unemployment. The answer of the left, under the impact of the writings of Keynes, was the creation of public goods and the access of the state to the economic realm, in order to create jobs and boost demand. This was particularly visible, again, in the United States, which, in spite of the liberal tradition, was the most successful in developing public initiatives, such as the Tennessee Valley Authority, during the mandate of President Franklin D. Roosevelt. It was the birth of the concept “welfare state”, finding its most significant expression in the post-war Western Europe and especially in Scandinavia. Contrary to Marxism, though, it was not supposed to bring about a new type of society, but only to tame capitalism and create premises for a fairer redistribution of resources.

The right had a different approach, under the influence of Friedman’s ideas. Instead of creating demand through deficit spending, which could lead to inflation and rising prices, the so-called “monetarists” of the Chicago School claimed that public spending should be reduced and taxes lowered to allow private initiative develop and overcome the crisis. Thus, after the 1973-1974 economic crisis, this type of neo-liberalism was used to support new strategies, such as “Thatcherism” in Britain and “Reaganomics” in the US.

The IMF very quickly adapted the neo-liberal recipe and made it its own during the last decades, applying the model to all countries in difficult situation. Its initial success has even determined some thinkers of the left, such as Giddens, to adopt part of its principles (individualism, private initiative, lower taxes) in order to create a new type of ideological orientation, called the “Third Way”. However, the effects of the monetarist recipe failed in many cases (Argentina in 2000 is only the most famous example) and people began to question it. Some began to notice, as Stiglitz, that, in the absence of a more regulated market, especially in what concerns financial means, there is a growing danger that large amounts of money will be amassed by fewer while more people will increasingly become poor.

In this context, solidarity was necessary, both at international and at national levels. If we take the case of Greece, it became soon obvious that letting it collapse will not serve anyone’s interest, especially if we take into account the Eurozone. As one of the principles of the European Union, from its foundation, was solidarity, the main EU leaders decided to help Greece, in spite of wrong doings of its authorities in the past, considering the fact that not all the Greek people was to be blamed for that. What was surprising is that even some leaders of the right realized that solidarity was the solution.

However, the left was more visible in what concerns internal measures. If we take the cases of Greece, Spain and Portugal, we can notice that all the leftist governments in these

countries decided to take similar measures in order to tackle the difficult situation imposed by the economic crisis: they decided to increase taxes (VAT and revenue taxes), in order to get more revenues to the state budget. These measures are consistent with the leftist traditional policies for some reasons.

First of all, they apply to all the population the same standards, but not directly to the private revenues, but to production prices. Thus, the initial effect of the taxes will be an increase in the prices and a certain level of higher inflation. Nevertheless, the citizen would have the final say in purchasing goods, thus allowing him a certain freedom to organize his expenses. Secondly, the revenues thus obtained by the state will allow for a continuous provision of public services (pensions, social assistance, health and education services), which could be affected by the crisis, Thus the welfare state will be saved.

There is a question if private initiative would not be hindered by increasing taxes. However, the answer could be that, by allowing citizens a freedom of choice, the demand will not be affected in real terms, as people will continue to ask for private goods, too, and by continuing to do so they could even stimulate the market. Thus, the measures outline a new vision of the left, which could be an answer to the crisis, thus avoiding social unrest and discontent.

The Romanian case – a different understanding of solidarity

In Romania’s case, the situation is different from that of Western Europe. As a former communist country, Romania had to implement reforms which were supposed to transform its communist planned type of economy into a free-market capitalist one. For that the neo-liberal principles of the Chicago School were employed, irrespective of the ideological orientation of the governments, left or right. Nevertheless, **the pace of transformation was what differentiated between ideologies, as left wing social democratic governments emphasized a more gradual approach**, while the right wing governments adopted a shock therapy approach (even though this was true only in what concerns programmes, as their actions were most of times gradualist, too).

During the last two decades, privatization became the main theme for Romania’s economic reform. The state was supposed to increasingly shrink, apart from the basic public services (administration, pensions, social assistance, education, health, railways). However, the privatization process was made in a deregulated manner, thus allowing a sort of primitive accumulation of wealth, a transfer of the previously state owned enterprises to their former directors, who became the newly rich, thus giving birth to an oligarchy, which began to control the national economy. This did not automatically lead to a competitive free market, but to strange type of “original capitalism” in which state orders were used to

keep enterprises alive, while demand remained at a modest level under the impact of skyrocketing inflation.

Soon, though, under the impact of European integration, some of the oligarchs had to sell their enterprises to foreign companies benefiting from an appropriate know-how and necessary financial resources. This led to the internationalization of Romanian economy, which boosted economic growth in the 2000-2008 period, leading to an increasing consumption. Nevertheless, the increase was not based on a production growth, but on easier access to bank credits, thus leading to an unsustainable development on the long run.

As a matter of fact, public services were the main beneficiaries of the growth, as the employment in the public sector increased from 800,000 people in 2004 to 1,360,000 people in 2009. At the same time, the number of retired people increased, while labour force decreased under the impact of decreasing birth rates (and thus a negative evolution of population) and immigration. Thus, the public pensions' system became unsustainable on the long run, creating the need for private pensions' funds for the young people.

The financial crisis came as an external event which, first of all, created a problem to foreign banks predominating in Romania. The latter began to restrain crediting and, at some point, even frozen it. The crisis in Romania began in fact when people had to repay their debts but their real revenues decreased as a result of a devaluating national currency. In order to finance this debt, the Romanian government contracted a 20 billion euro loan from the IMF in 2009, which was guaranteed by the European Commission. The conditions imposed by the IMF included, as usually, a reduction of public spending, the control of the monetary mass and administrative restructuring. The main measures taken by the Romanian government in the initial stage included firing people working in the public services. Thus, the number of unemployed rose from 400,000 in 2008 to 700,000 at the end of 2009.

Another important factor in this process was the fact that, during the electoral campaign of 2008, significant promises were made by all political forces to increase salaries and pensions in the public sectors. Once the government was in place, it realized this was no longer possible and decided to freeze these revenues. It was claimed that this was only a temporary measure and that in 2010 there will be economic growth again and the situation will improve, also thanks to the IMF loan.

Currently, the right wing government has changed its mind, once again. It seems there will not be any economic growth this year. Moreover, to get the next tranches of the IMF loans, further cuts must be made in public spending. Thus, the government had two options, as far as it claimed: to increase taxes (VAT and flat tax, or reintroduce differentiated revenue tax) and

fire some people or reduce salaries and pensions and fire less people (as it claimed). It decided to reduce public service salaries by 25% and pensions by 15%.

The Romanian government's sense of solidarity can be thus translated: all revenues of public services employees were cut evenly. Instead the flat tax of 16% was preserved, as was the 19% VAT. This was meant to encourage private initiative and economic re-launch. However, it did not take into account that by limiting revenues of 25% of the country's working force and the pensioners (which account for a number equal to half of the total labour force in Romania), it limited the freedom of choice of a large part of citizens. Thus, not even private companies could benefit, as there will be no possibility of greater demand for the short and medium term. Thus, the solidarity was applied only among those with small and medium revenues while the rich were spared. This is a classical right wing approach on the crisis, and the left should be very critical to it, as it is just the opposite of what solidarity should mean in a social democratic view.

Conclusion

The meanings given to solidarity during times of crisis can vary from left to right, according to different ideologies. However, what social democrats should emphasize at this time is the fact that the left type of solidarity implies an inclusive understanding of society. The primacy of the individual in the society is just another cliché of the right. Far from ignoring individual rights, the left should make clear that its main concern is the common good and not the selective good of some people, which are well off. The power of the left, though, lies not in the quality of few but in the overall quality of the many. In this sense, solidarity is just another avatar of the welfare state, only slightly adjusted to face the crisis.

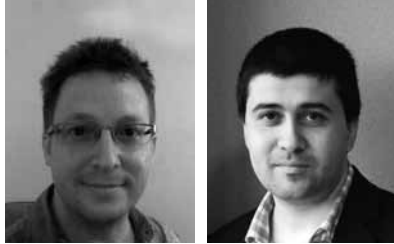
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New progressive values





Tim HORTON – Sunder KATWALA

A strategy for solidarity

Key words

**Solidarity – Welfare – Attitudes – Poverty –
Fairness – Reciprocity – Universalism**

Summary

This article explores the political strategy of welfare design, looking at the way in which the design of welfare programmes interacts with and shapes public attitudes to welfare. The article reports on the recent Fabian book, *The Solidarity Society*, including polling and focus groups conducted within the UK to explore public attitudes to welfare. Our analysis suggests some important challenges for those who want to sustain a generous welfare state. These include the need to defend and promote universal benefits and services, and also the need to enshrine a sense of reciprocity within the design of welfare programmes, reframing welfare not simply as a response to need, but as a recognition of social contribution.

Equality and solidarity are the defining values of social democrats. Yet there is often a mood of pessimism as to whether the solidarity values which underpinned the social welfare settlements in post-war Europe can be maintained and strengthened in the modern, diverse and mobile societies in which we live today.

Yet many of the facts are less gloomy than much public discussion suggests. There is good evidence that most of us are, by nature, cooperative; and that diverse societies can continue to support collective provision as long as we think that the arrangements are fair and that others will play their part.

That **we need to sustain effective pro-equality coalitions to sustain public services and welfare provision** is well-known. What is perhaps underestimated is how much those welfare institutions themselves affect the possibilities of building solidarity coalitions. If we are interested in solidarity, then how welfare institutions shape the social relations between groups in society matters just as much as how they distribute resources.

This paper suggests some foundations for a future solidarity strategy for social democrats, by presenting findings relevant to the FEPS Next Left project from the recent Fabian book *“The Solidarity Society: Why we can afford to end poverty and how to do it with public support”*. The book reports the conclusions of a two-year research project on long-term strategies to reduce poverty and inequality; it also drew on original Fabian research into public attitudes towards economic inequality in the UK, supported by the Joseph Rowntree Foundation.

Taking the long-view of solidarity, inequality and poverty prevention

Poverty and equality trends in the UK are distinctive in a comparative context, because they have fluctuated more over time than in any other advanced industrial economy. Relative poverty fell by around 60% between the pre- and post-war years, as Britain became one of the most egalitarian European societies between 1945 and 1975, and then doubled again in the 1980s making the UK among the most unequal western nations.

These high levels of volatility reflect that the UK has been something of a “swing state” between competing conceptions of what’s fair. This reinforces the social democratic insight

from comparing different levels of poverty and inequality in different countries: societies have the levels of poverty and inequality that we collectively *choose*.

It is partly the quality of social relations that underpins attitudes to welfare, particularly how people tend to view those in poverty. Are they deserving or not? Are they to blame or not? Are they my responsibility or not? The answers to these questions depend, as well as on rational evaluations of welfare recipients, on factors like the perceived identity of those in poverty and the “social distance” between those in poverty and everyone else. And different answers to these questions tend to lead to very different attitudes towards welfare. The belief in the American dream creates tolerance of levels of inequality that would be unacceptable in Scandinavia.

Three solidarity arguments for universalism

It is often said that the reason Scandinavian countries can support generous universal welfare states is because they have more solidaristic societies than Britain. But our claim here is that the causality works the other way around too: it is partly the universal institutions themselves that nurture and sustain Scandinavian solidarity.

Policy designers have it within their grasp to influence considerably the way in which welfare institutions and their clientele are viewed by the public.

In fact, there are three important ways in which the design of welfare programmes interacts with and influences public attitudes to welfare: each of these are affected by both the coverage of a policy (the question of who gets welfare) and the distributive principle underpinning it (that is, the basis on which they get welfare). In each case, welfare institutions have the potential to shape attitudes because they structure the context in which citizens evaluate policy.

One dynamic here is that of *self-interest*. Policies with wide coverage will secure the self-interested support of middle-income groups – who have historically been important in defending key aspects of the welfare state against retrenchment. Such policies effectively recruit “the sharp elbows of the middle class” to protect the provision the poorest rely on. Policies narrowly targeted on the poorest, on the other hand, will fail to secure the self-interested support of key middle-class constituencies; they will rely instead solely on fairness motivations to achieve majority public support, something that could make them more vulnerable to retrenchment in the long run.

A second dynamic is that of public *perceptions of fairness* – an important driver of support for policy, and people’s willingness to contribute to it/ Many participants in our deliberative workshops felt uneasy about benefits and services with narrow coverage. It wasn’t that they

weren’t happy for those on low incomes to be getting more; they just didn’t think it was fair that many were excluded from the system. Here, the distributive principles behind policy are particularly important. Is an award sensitive to need? Is it dependent on behaviour? Is it conditional or unconditional? In fact, many people’s attitudes to welfare seem not to be driven primarily by self-interest, but rather by a deep-seated sense of reciprocity.

A third dynamic – perhaps the most important – is the way in which, through the coverage of policy, welfare institutions *shape the social identity of individuals* and the social relations between them. Targeting resources divides the population into distinct groups of recipients and non-recipients, which can lead to the “othering” of welfare recipients and stigmatisation. Furthermore, these different social identities can create social distance between individuals, weakening feelings of interdependence and solidarity, and resulting in reduced public willingness to redistribute to the disadvantaged group.

While there is strong popular support for Britain’s universal NHS, the increasing residualisation of social housing drives “them” and “us” attitudes, which feed into wider attitudes about solidarity and redistribution.

TABLE: How social distance can affect attitudes to welfare policy and service users.	Of those who feel they have “a lot”/“a little” in common with those living on council estates...	Of those who feel they have “not very much” /“nothing” in common with those living on council estates...
People living on council estates are working hard to get on in life...		
Agree	50	24
Disagree	13	30
People living on council estates make responsible decisions about spending and saving money...		
Agree	32	13
Disagree	21	40
Do you think mixed communities are a good idea?		
Good idea	59	36
Bad idea	37	60
The Government should spend more on welfare benefits for the poor, even if it leads to higher taxes...		
Agree	43	30
Disagree	35	47

Fabian Society, August 2008



This explains an important paradox in welfare: That is shown in how those welfare states most targeted on tackling poverty (such as the US) tend to do much worse at tackling poverty than more universal systems (such as in Scandinavia). The reason is that welfare programmes with wider coverage end up being much more generous. For while a strategy of targeting gets you maximum redistribution per pound spent, how much redistribution welfare states do in practice also depends on the number of pounds available to spend. And targeting welfare often means less pounds further down the line.

The view from “the middle”: findings from Fabian research

Last year, the Fabian Society conducted focus groups and polling to explore people’s views about inequalities in wages, incomes, wealth and status (Bamfield and Horton 2009).

Participants were from the full income range. Yet it quickly became apparent that everybody psychologically places themselves somewhere around “the middle”, which in most people’s minds equates to what they think of as normal. It’s hard to overemphasise just how deeply ingrained this instinct is. Many researchers have noted how those in poverty are reluctant to apply this label to themselves; when they talk about “poverty” they are very much talking about other people (and often punitively). Similarly, focus groups of merchant bankers conducted by Polly Toynbee for her book “Unjust Rewards” (Toynbee and Walker 2008) found they thought of themselves as fairly normal, and massively underestimated their place in the income scale.

This near-universal membership of an imagined “middle” can at times be an unhelpful phenomenon for progressive politics. It can lead to the “othering” of the poorest and most vulnerable in society. It can also lead to the misrepresentation of distributional fairness in policy. Media narratives present issues like taxes affecting the top 1% of earners as concerns of the middle. On other occasions, however, this wide, “psychological middle” can be quite useful for progressive agendas. One is in tackling inequality at the top. Just as people can other “the poor”, so they can other “the rich”. Indeed, there is currently a huge psychological cleavage in most people’s minds between “middle” and “top”. This partly reflects the fall-out from the credit crunch, with images of the undeserving rich abounding in public consciousness. But it is also because of recession insecurity, which tends to focus middle-income households much more on survival than aspiration.

Beyond inequality at the top, another way in which the politics of the middle can support a progressive welfare agenda is through a demand for benefits and services. Analysis in Clem Brooks and Jeff Manza’s recent study “Why Welfare States Persist” shows why 30 years of gloomy predictions that globalisation would force cuts in welfare spending never came true: because voters didn’t want cuts, even at the height of the Thatcher-Reagan hegemony.

And this is a really significant dynamic in today’s economic climate. Many people on middle incomes feel under pressure and “squeezed”. Perverse though it seems, many of those on middle incomes actually believed they had it tougher than the poorest. Our polling found 79% agreed that Ordinary people in the middle have a really tough time overall, because they work hard, but without the rewards of the rich and without the benefits of the poor, while only 59% agreed that Poor people at the bottom have a really tough time overall, because they work hard, but without the rewards of the rich or the middle, and with more stress and anxiety than other groups.”

TABLE: Who has it toughest?	Agree	Neither agree nor disagree	Disagree
Ordinary people in the middle have a really tough time overall, because they work hard, but without the rewards of the rich and without the benefits of the poor	79	9	10
Rich people at the top have a really tough time overall, because they work hard, with more stress and more responsibility than other groups	7	15	75
Poor people at the bottom have a really tough time overall, because they work hard but without the rewards of the rich or the middle, and with more stress and anxiety than other groups	59	15	24

Fabian Society, August 2008

Towards a solidarity settlement

This analysis suggests some important challenges for progressive politicians and campaigners who want to promote a solidarity settlement.

a. Defend and deepen universalism

Taking this analysis seriously means pursuing greater universalism and a shift away from the culture of targeting. It will also mean defending universalism in the current fiscal climate. If progressives do not challenge those who attack universal provision as unaffordable, we will concede by default a battle that could profoundly shape our welfare state for decades – well beyond the length of any economic cycle.

Yes, universal benefits and services are expensive and can only be implemented over time. But they would create a more benevolent climate for taxation in future. In fact, the



alternative strategy of balancing the books today by cutting the coverage of welfare policies – as Conservatives are currently proposing – would create its own fiscal pressures, by making it harder to mobilise resources for investment further downstream. This serves an important strategic objective for the right, making the future expansion of programmes around childcare or the early years much less likely.

b. Take reciprocity seriously

As well as the coverage of services, another key aspect of policy that makes us feel that we are all part of the same club is enshrining a sense of reciprocity in welfare too. This may be a tougher message about what the public sense of fairness entails. But downgrading a contributory principle has damaging effects on the social relationships between those claiming out-of-work benefits and everyone else – moving from a system that insured us all, to one that transferred

resources to a particular need-group. **Successful welfare must be reframed not simply as a response to need but as a recognition of social contribution once again.**

We propose a new system of “participatory benefits”

The trick is doing it in a way that remains inclusive. We propose a new system of “participatory benefits”, where entitlement would be earned explicitly through participation in socially useful activities, whether work, caring, jobsearch, training, or voluntary

community work. Some on the left may find this controversial. But the idea of enshrining responsibilities within the welfare system is not only right in principle; it is also vital in practice. This proposal is also at odds with New Labour’s recent approach to welfare. Rather than a negative culture of conditionality surrounding benefits given on the basis of need, recipients would earn these entitlements on the basis of their efforts and contributions. **We believe a “positively-framed” welfare contract like this could have a transformative effect on public attitudes.** The approach of the last decade which attempts to assuage public concerns over the last decade by adopting a “get tough” stance have only succeeded in undermining confidence in the welfare system – with opposition to welfare benefits and concerns about benefit fraud now at a record high.

c. Think long-term

Finally, entrenching progressive change requires a strategy for the next thirty years, not the next budget. **Tackling poverty within a single financial year is easy – you just shift resources around. Ensuring such an arrangement lasts is much harder: this requires public consent.** Too often policymakers get caught up with the distributional consequences of policy in Year 1, rather than focusing on what institutional structure would permit the right patterns of investment and optimum distributional outcomes in Year 10.

The same applies to anti-poverty campaigners. Most energy goes into calling for more investment in the next budget (often disappointed). Almost none goes into promoting underlying changes that would actually mobilise support for future investment. A strategic campaign here would always champion policies and narratives that *narrow* the social distance between disadvantaged groups and the rest of society, rather than presenting them as exceptional. And this might mean eschewing the most heart-tugging pitch if that also “others” the poor.





Eric SUNDSTRÖM

The case for filling brains with equality

Key words

**Political brain – Equality – Next Left –
Land of possibilities – Swedish model**

Summary

How can progressives respond to the challenges posed by a changing society and a new media landscape overflowing with information? This text is an urge addressed at progressives to take a step back and think over how they communicate to the voters' brain, and what they communicate. In this way, a link is established between Drew Westen's writings about the political brain, and Richard Wilkinson's and Kate Pickett's book "The Spirit Level. Why More Equal Societies Almost Always Do Better."

An exercise to understand the importance of our brain

The topic of this part of the Next Left debate, how we progressives should respond to contemporary society, raises a whole variety of important questions. The same must be said about the guidelines for our contributions and the open questions aimed at provoking our thoughts. Can we still talk about classes? Yes, but not as we used to. What are the values of solidarity and equality in circumstances of change? Depends on who and where you ask, but frankly I cannot think of a hotter and more relevant political concept than "equality" right now. What are the new forms of political participation in the era of new media? An excellent question that, to start with, should remind us about the following. Politics is, as always, about a value-based message. But **in the changing, contemporary society we progressives must start by taking a step back and think about our voters' brains.** Yes, their brains.

In the modern digital era, a voter's brain spends its day in a messy marketplace filled with information, commercials, emotions, values, images, analogies, contradictions, moral sentiments, and hopefully some moving oratory from a progressive leader belonging to the PES-family. The stressful life of our brains is dealt with at length in Drew Westen's book *The political brain: The role of emotion in deciding the fate of the nation* (Westen, 2010). Westen argues that: *the idea of the mind as a cool calculator that makes decisions by weighing the evidence bears no relation to how the brain actually works.*

Westen's conclusion, and recommendation to progressives who want to win elections, is to observe that three things, and in this order, determine how people vote: "their feelings toward the parties and their principles, their feelings toward the candidates, and, if they have not decided by then, their feelings toward the candidates' policy positions:"¹

Furthermore, when the brain receives all this information in the messy marketplace, for example from parties who try to play on their feelings, the brain needs help. It needs a frame in order to deal with all the information and the emotions. In order to underline how important it is to take Westen's advice into consideration, the following exercise might be helpful. Please read the text in italic type carefully. Try to remember the message and what the text urges you to do, and in what order.

¹ D.Westen, *The political brain: The role of emotion in declining fate of the nation*, Public Affairs 2008, The quotes originate from www.publicaffairsbook.com

Remember!

- First you arrange things in different groups. But if you only have a few things, one group is enough.
- It is important to be in control, so that the things don't get mixed up in the wrong way. One little thing in the wrong group can destroy everything if you are unlucky.
- When you are done, you must organise everything again in different groups. Because some of the things don't belong together, but others do, and it has all been mixed up again.
- When you have used everything, the whole process must be done all over again...

How did it go? The text makes no sense at all, does it? Well, let us do it this way instead. Please find a pen. Right after the headline "Remember!", I ask you to write the word and the phrase that you will find in the footnote adhered to this sentence.²

Now, when you have the frame to what the text is about, obtained from the footnote, please read it again. Not that difficult to understand and remember, right!?

A warm frame for the brain: It's the equality, stupid!

So, let us first conclude that **progressives need to take a step back and think about how to build a frame around our message in the modern day and age.** The voters must associate us with something when they receive information about our parties, candidates and policy positions in the messy marketplace. And to go with the catchy frame, **we need a value-based political concept that provokes the voters' emotions in a positive way.** Information about us progressives that the brain can sort out and associate with the basic frame.

In order to use an example from my own stomping ground, the up-coming election in Sweden (September 19th 2010) might be an interesting case. The general "frame" chosen by the Social Democratic party when communicating with the voters is the phrase "Land of possibilities" ("Möjligheternas land" in Swedish). A basic story, only one A4-page long, has carefully been written in order to explain what the land of possibilities is. The target group is the party faithful, to give everyone in the party machinery the same starting point when they in turn start our communication with friends and voters across the country.

The text starts by describing the current political reality in Sweden (a great country, but with growing inequalities and high youth unemployment). It continues with the vision (the land of possibilities, singing the praises of the Swedish model), and ends with the contrast (which way for Sweden on election day, red or blue, opportunities or closed doors, investments

² The word is "Laundry" and the phrase is "How I wash my clothes".

in the Swedish model or tax cuts). The plan for the election campaign is to use "land of possibilities" as a frame in all communication. The voters will get a frame, fresh but with clear ties to the tradition of the Social Democratic party. And into that frame, all other information will be thrown.

This example might not be rocket science. But it can least serve as an example of how you can take a step back and re-think it all over again, before you start chasing the voters' brains. And their votes, of course.

It should also be said that the theoretical foundation of the frame and the basic message is strong, at the heart of the political debate right now, and in line with the positive emotions that many voters have vis-à-vis progressive parties. The underlying concept, namely, is equality. And as these words are written down, **a spectre is haunting Europe. The spectre of equality.**

The spectre (ghost) stems from a book: "*The spirit level: Why more equal societies almost always do better*" by Richard Wilkinson and Kate Pickett (Wilkinson and Pickett, 2009). The authors have one main argument: We all do better when our societies are more equal, and this is a question of political will. Lynsey Hanley summarised the main finding of the book in her review in "The Guardian": *The authors point out that the life-diminishing results of valuing growth above equality in rich societies can be seen all around us. Inequality causes shorter, unhealthier and unhappier lives; it increases the rate of teenage pregnancy, violence, obesity, imprisonment and addiction; it destroys relationships between individuals born in the same society but into different classes; and its function as a driver of consumption depletes the planet's resources.*³

Combine modern research about how we should communicate with a strong message about equality

It should be added that the authors has compiled information during 30 years, from around 200 sets of respected data, and their scatter-graphs all point in the same direction. There is a strong correlation between the social outcomes in a society, and the level of economic inequality. In Europe, a powerful illustration can be found in the city of Glasgow. In Calton in central Glasgow, the average living-age is 54 years, lower than in Iraq or Gaza. In Lenzie, only 12 kilometres away in another part of town, the average living-age is 82 years. 12 kilometres apart. 10 220 more days of life if you live in the right part of town. And to stress Wilkinson's and Picket's point of equality once more: The people in Lenzie would lead happier lives, if the neighbours in Calton fared better.⁴

³ R.Wilkinson & K.Pickett, *The Spirit Level: Why More Equal Societies Almost Always Do Better*, Allen Lane 2009 and L.Hanley, *The way we live now*, *The Guardian* of 14th March 2009.

⁴ The comparison between Calton and Lenzie was made in an excellent article by Swedish author Per Wirtén in *Expressen Kultur* (14th of February 2010).



Is my basic point obvious enough by now? Combine modern research about how we should communicate, such as Drew Westen's *"The political brain"*, with Wilkinson's and Pickett's strong (and emotional) message about equality.

To fill the brains with equality, I therefore argue, is an interesting point of departure when progressives discuss how we should respond to our contemporary societies

Bonus material

When I am at it and have your attention, these additional points should quickly be made. **When communicating a message through a carefully chosen frame, remember that it must all be embodied through the image of your party leader as well.** How "change" overlapped with the image and personal history of Barack Obama is very obvious but sometimes overlooked. And **the party leader must "carry the methods", such as door knocking, when you move on to communicate the message.** Early in the morning, Norway's Prime Minister Jens Stoltenberg made sandwiches with the volunteers in the Oslo campaign HQ during their election campaign. And then he knocked on doors with the rest of us.

Another thing we ought to talk more about is how our party organisations, often neglected, can be modernised. Why not encourage FEPS to put together a European toolbox with good and fun examples of how the local party organisation can be rebuilt?

Last but not least, there is an interesting trend in the US right now. And trends in the US of A, whether we like them or not, have a tendency to end up in Europe as well. **A major trend right now: The return of partisan, party political journalism.** An interesting case is *"The Rachel Maddow Show"* on MSNBC. Clearly leftist. Small budget. Producers with a background in sport television make the popular and familiar production suitable for big audiences. Great use of satire and humour. Fun and smart host for the show (Maddow, that is). And it makes a good, healthy profit. By promoting the progressive cause! Soon in Europe? Remember where you read it first.

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4

A new progressive socio-economic paradigm



TOWARDS A
NEW
STRATEGY

This crisis as an opportunity





Gero MAAß and Jan NIKLAS ENGELS

Crisis as opportunity: strengthening the core identity. Taking new paths¹

Key words

**Electorate structure – Volatility – Core identity –
Social justice – Social democracy**

Summary

Social democracy's demand for social justice is not obsolete or antiquated. However, social democratic parties must realise that society is changing and that traditional electorate structures are dissolving. Long-term commitments and loyalties on the part of voters are a thing of the past. Political parties must win over volatile voters by appealing to their hearts and minds. Concrete and innovative policies must be developed which translate social justice for our time in order to attract new groups of voters, particularly among young people.

¹ This paper is based on the results of Dr Bernhard Weßels's empirical study of the election results and the structure of the electorate of social democratic parties in Europe, as well as other papers produced within the framework of the FES project "International Social Democracy Monitor".

The end of social democracy has often been predicted. The most prominent is Ralf Dahrendorf's thesis – dating back to 1983 – that the social democratic conception of society in terms of "growth, equality, work, reason, state, internationalism" (Dahrendorf 1983) now lacks material and ideological foundations. But Lord Dahrendorf and now contemporary apologists for the decline of social democracy are mistaken: the "workers" may be deserting the workers' parties, but not the voters.

It is true that society and thus the electorate are changing. But this is nothing new. Dahrendorf would have been right if social democracy had restricted itself to the traditional industrial working class. The end of the social democrats would have been ushered in at the latest in the 1950s and 1960s by the so-called second "white-collar revolution". However, this did not take place, since political parties can be every bit as adaptable as society. In the 1960s, therefore, social democracy was able to open up to white-collar workers and persons employed in the public sector in terms of both its platform and its personnel.

It is worth examining the voting statistics to find out who (still) votes social democrats these days. In a study for the Friedrich Ebert Stiftung, Bernhard Weßels of the Wissenschaftszentrum Berlin has demonstrated that, although *industrial or craft workers, as well as unskilled workers are encountered more frequently among social democratic voters than the population average and managers, academics, technical and office workers more seldom, all in all, there are only marginal differences with regard to the population as a whole on average for all countries* (Weßels 2010). Weßels therefore comes to the conclusion that, **with regard to the composition of the electorate, "social democratic parties are true national parties"** (ibid.).

Table 1: Occupations of social democratic voters (average out of 12 countries), as a percentage

Occupations	Social democratic voters	Difference from all voters
Employers and high-ranking officials	0.2	-0.1
Senior officials of special-interest organisations	0.1	0.0
Directors and chief executives of large companies	4.7	-0.8
Directors of small companies	2.9	-0.9
Major group 2: Professionals	13.6	-1.1
Major group 3: Technicians and associate professionals	16.5	-0.9
Major group 4: Clerks	11.5	-0.5
Major group 5: Service workers and shop and market sales workers	13.9	0.7
Major group 6: Skilled agricultural and fishery workers	2.2	-1.2
Major group 7: Craft and related workers	13.4	1.2
Major group 8: Plant and machine operators and assemblers	8.8	1.6
Major group 9: Elementary occupations	11.9	2.0
Major group 0: Armed forces	0.3	0.0

Notes: Bernhard Weßels's study examines primarily electorate structures in the following 12 countries: Austria, Czech Republic, Denmark, France, Germany, Hungary, the Netherlands, Poland, Portugal, Spain, Sweden and the UK. Differentiated by country. Prepared by: B. Weßels, 2010.

But that does not mean that social democrats will automatically be able to win the kind of share of the vote which a major party needs to maintain itself. **Elections in recent years have clearly shown that there are no longer reliable reserves of voters which parties can depend on. Voter volatility is increasing.** The number of non-voters and floating voters continues to grow. In future, voter mobilisation, whether of core, floating or first-time voters, will become more and more important. The battle for voters is intensifying and populist parties in particular seem to be benefiting.

A particular cause for concern for social democratic parties in Europe is the age structure of their electorate (see Table 2). In comparison to the population average younger

voters, below the age of 40, are clearly lacking. But also in comparison to other parties there is an increase in the percentage of older people in the social democratic electorate: *“The average age of the electorates of other parties is up to two years less. To be sure, that is still more than the average age of the population. All in all, however, the rival parties are in a better position in younger age groups up to 35: these age groups make up 21% of social democratic voters, but the proportion for rival parties is 24%, while 49% of social democratic voters are to be found among the older age groups, over 65 years of age, compared to only 46% for the rival parties”* (Weßels 2010). **Social democrats are in real danger of losing their “new generation” of voters to other parties.**

Table 2: Comparing Opinions of the Social Democratic Voters and all Voters, Dutch Parliamentary Election 2006

Age group	Social democratic voters				Voters of other parties			
	2002 %	2004 %	2006 %	2008 %	2002 %	2004 %	2006 %	2008 %
up to 18	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
up to 25	7.8	7.3	7.7	6.2	9.8	8.1	9.2	7.4
up to 30	6.2	6.9	5.9	5.8	7.0	6.8	6.5	7.0
up to 35	7.5	7.1	7.8	6.9	9.0	8.4	8.0	7.9
up to 40	9.8	10.1	8.4	8.4	10.5	9.7	9.6	9.1
up to 50	20.8	21.1	21.6	20.8	20.7	20.8	21.0	20.3
up to 65	28.7	29.5	28.1	28.8	25.8	26.8	26.7	27.3
up to 75	12.2	12.5	12.9	14.6	11.4	12.9	12.0	13.2
76 and above	6.8	5.6	7.6	8.6	5.9	6.5	6.9	7.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
n=100%	5,508	5,229	4,979	4,567	11,635	11,264	11,476	10,428
Average age in years:								
Voters	49.8	49.6	50.4	51.8	48.0	49.4	49.1	48.2
In comparison: total population	46.5	47.0	47.6	48.5	46.5	47.0	47.6	48.5

Notes: Prepared by Bernhard Weßels, 2010. * See notes to Table 1. Source: Author's calculations based on the European Social Survey 1-4 (2002–2008).

The weaknesses of social democratic parties among younger voter groups may be attributable to the fact that social democrats have for too long relied on voters whose allegiance can be attributable to their social status. However, as traditional social milieus continue to dissolve and social stratification becomes ever more complex it is becoming increasingly difficult for political parties to establish long-term commitments and loyalties among the electorate. This may hit social democrats, with their roots in the working class, particularly hard, although socio-demographic change and its consequences are affecting all parties. In future, "voter groups will be much less clear-cut; instead, voters' readiness to switch allegiance will increase.

Social democrats must take up the challenge of voter volatility.

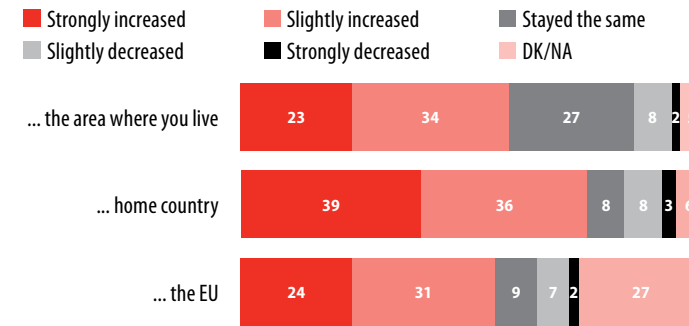
The disappearance of clear structures with regard to the electorate, as well as the dwindling ability of parties to serve as sources of identity may be regrettable, but there is some consolation for the social democratic parties, which lately have not experienced much electoral success: votes can be won back!

In order to win elections once again social democrats must take up the challenge of voter volatility. **The voters need to know why they should vote for a particular party.** And the appeal must not be just to their heads, but also to their hearts.² More than that, **social democratic parties must frame their political ideas in their own terms.**

It is tempting to take up popular issues and demands. But while politics oriented towards opinion polls may work for populist parties, at least in the short term, major parties, such as the social democrats, will rapidly come to grief as a result of such a strategy.

Instead, they should cleave to their core identity, while at the same time addressing the challenges of today. This brings us back to Ralf Dahrendorf: growth, equality, work, reason, state and internationalism would appear, in a period of financial and economic crisis, to be eminently appropriate as a vision of society and anything but outdated and outmoded. **Social justice is and remains the main goal of social democratic parties and what they should expect of themselves. This is a demand which is capable of winning a majority in Europe.** Even among society's winners there are many who would like some sort of fair protection against the risk of their own loss of social status: in a Europe-wide survey in July 2009 respondents were asked about their perceptions of the social effects of the financial and economic crisis. According to well over half of them, poverty had increased in their local area, in their home country and in the EU as a whole.

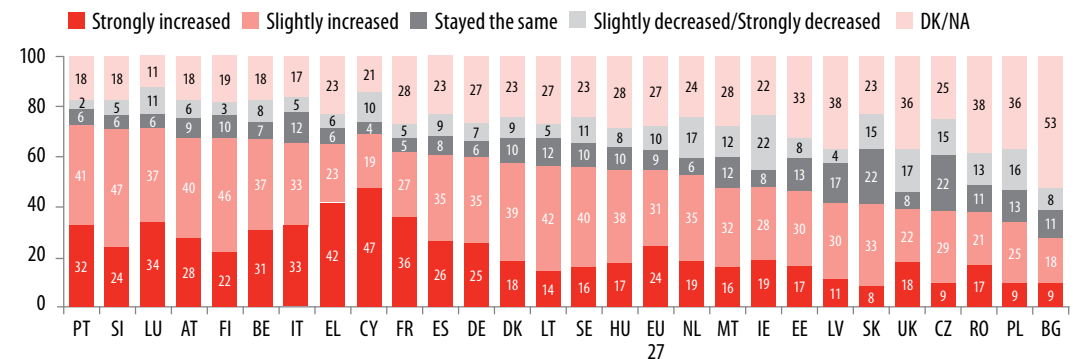
Perceived changes in the level of poverty in the past 12 months in...



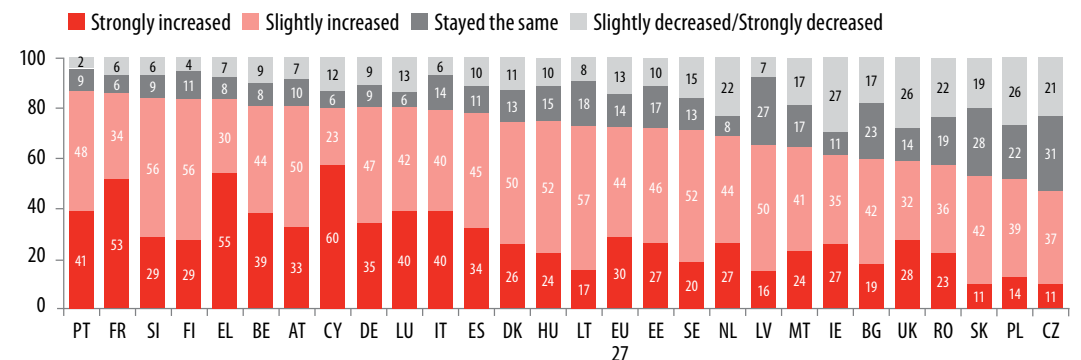
Q1. Generally speaking, would you say that poverty has strongly decreased, slightly decreased or strongly increased in the last 12 months in...? Base: all respondent, % EU 27

Perceived changes in the level of poverty in the past 12 months in the EU

Base: all respondents



Base: respondents who provided an answer (excluding "don't know" answers)



Q1. Generally speaking, would you say that poverty has strongly decreased, slightly decreased or strongly increased in the last 12 months in...? Base: all respondent, % EU 27

² On this topic see: "Kommunikation, die ankommt," by Elisabeth Wehling, 2009.



The design of the welfare state is therefore not only an important task for the future, but also a winning policy for future elections, if social democrats are able to reclaim the high ground in the debate in this policy area. In the meantime, it must be linked to a convincing, future-proof growth plan. In the opinion polls, having a safe pair of hands with regard to the economy goes hand in hand with a desire for stable – increasingly “green” – growth and job security and also approval of a forward-looking education system.³

We shall now present two examples which outline the range of complex challenges involved in safeguarding the future of the European welfare state in times of financial, economic and budgetary crisis.

First, from the EU's biggest economy: citizens are also taxpayers. In the course of the debate in Germany on the rescue of Opel plants (and the associated state subsidies) the Social Democrats' argument concerning the jobs to be secured and the expected social consequences was unconvincing as far as it went – even among their own voters (ARD-Deutschland Trend, November 2009). It must be shown that the high state subsidies, paid for from taxpayers' money, make economic sense, besides the argument about jobs, to be capable of winning over a majority in volatile markets for votes.

Greece has for years been the problem child of the Eurozone. Under PASOK, Greece is the first difficult test case for crisis management in an EU of largely conservative governments. Coming to power largely due to the resounding failure of the preceding conservative government, PASOK's austerity plan must satisfy various demands if it is to exhibit social democratic features and later win re-election. It:

- must reduce the budget deficit – not only to pacify international creditors, but also to restore the state's capacity to act. This is essential for Social Democrats in particular if they are to remain politically viable;
- may not destroy long-term growth potential; and
- should also distribute the burden fairly in order to safeguard social cohesion – a difficult undertaking since especially the well-off self-employed middle classes (through appropriate

taxation) must be involved and the employees of the bloated state sector, well organised in trade unions, many of whom are PASOK voters, must be kept on board.

The traditional electoral groups are dissolving, but new sets of voters must be mobilised and inspired, namely those who are dissatisfied with how things stand and, at the same time, do not think only of themselves, but also of others. **Even in a society characterised by increasing individualisation and complexity, solidarity and justice are not ideals confined to a former age.** But new life must be breathed into them and translated into concrete and innovative policies.

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³ In Germany, at the parliamentary elections in September 2009, economic competence was the top priority: 68% took the view that black [CDU] and yellow [FDP] alliance to ensure new economic growth. The majority of Germans also believed that such a government would be the right one to cope with the consequences of the economic crisis (58%) and provide for better educational opportunities (57%) and better reconciliation of work and family life (52%). In these policy areas, therefore there is a genuinely high confidence rating. Besides these, there are other social problems which the voters are not so sanguine about, as far as the new government is concerned. For example, a majority believes that the CDU/CSU and the FDP are not the right ones to ensure decent wages (55%) and social justice (53%). The clear assignment of strengths and weaknesses, however, shows what people's priorities were in the election. The majority wanted above all a government with a safe pair of hands with regard to the economy and therefore accepted that the government would be less concerned with social issues. After 100 days in government, the citizens of Germany are becoming increasingly critical of the black–yellow alliance (ARD-Deutschland Trend, October and February 2009, respectively).



Gennaro ACQUAVIVA

The global crisis

Key words

Crisis – Development – Greed – Redemption – Reformism

Summary

The global crisis in the Western world has its roots in the failure of the most extreme neoliberalism. Greedy management, and the lack of control and rules within the market, are among the main causes of an unprecedented collapse. In Italy, the crisis is affecting the democratic institutions as well, harming the credibility of the democratic system. The Left needs to restart, taking inspiration from its core values: admiration for humanity, freedom in choosing a destiny and full emancipation of individuals. This must be at the heart of an agenda of redemption and progress.

The global crisis in the Western world has its roots in the failure of the most extreme neoliberal recipes and especially the fall of what has been defined as the “myth of the market”. We face the deepest crisis since 1929. Such a crisis has been generated, first of all, by the growing financialization of the economy, the latter joint with an increasing impoverishment of the workers, through a systematic wage compression, together with a transfer of large proportion of GDP from work to financial rent, and with a policy of low rates, accompanied by a dramatic increase of private debt.

This produced a bulk of junk securities, provoking, together with the structural presence of greedy managements and the lack of control and rules within the market, a unprecedented collapse. According to IMF, sums in the range of thousands of billions of dollars have vanished. The consequences of the collapse escalated worldwide, with even more radical changes to the geo-political balance, that was already altered by the emerging role of the BRIC (Brazil, Russia, India, China) countries. At home, in Italy and Europe, the ongoing crisis is generating recessionary effects (rising unemployment, contraction of domestic consume, decrease in industrial production), and the worst has yet to come.

We have an environmental crisis, too. Unlimited exploitation of the natural resources, the growing pollution, desertification and vast forced urbanization of huge amounts of the world population are endangering the very existence of mankind and other living forms. The environmental crisis is mortgaging the future of the next generation and it is at the heart of any analysis of the real state of our world.

In several EU countries, European elections have shown two phenomena related to the current situation: a very low turnout, and the switching of consistent groups of voters towards a radical, nationalistic or even a xenophobic right wing. **In Italy, the crisis is affecting the institutions as well, and this is leading to further concerns, based on the European history of the 20th century: political authoritarianism might arise from the economical crisis.**

In order to properly address the ongoing crisis, the development model must be fully reconsidered. For the first time, after many years, the political leadership has got the chance to regain the role and the influence which had been taken away by the hegemony of the market-oriented ideologies and by the illusion of a limitless growth. As there was a call for a new deal after the 1929 crisis, today we have to call for a green and fair deal to regain sound public

We need a new development model based on principles of justice, equality and solidarity.

policies. We have to set an action agenda, aimed to the strengthening of national health systems, to the support governmental intervention in industry, and improve actions towards a “green” economy, with a serious commitment for environmental protection. But **what is more urgently needed is a definition of a new development model based on principles of justice and equality, at national level as well as in the building up of international patterns of solidarity:** from agriculture to industry, from the common goods as air and water to the energy policies; such a model must be defined not just by

the search of a quantitative growth for the sake of the world’s rich, but it must have purposes of promotion of a new way to produce and consume, aiming to a better quality of living for everybody.

The Left is in a crisis since a long time, and defeated. The last elections have marked a retreat of the main parties of the “20th Century Left”, not just in Italy, but nearly everywhere in Europe. In the global era, the crisis has not hit just the extreme Left, but the Socialist, Social Democrat and Labour forces as well. Until some time ago, one could speak of a competition among these two “Lefts”, the reformist and another seeking for a deeper transformation. Nowadays, we have the duty to bring into light the values of the Left of the 21st Century, breaking free from the obsession of orthodoxy and identity, and also from the mythology of the blind faith in market. Today, **the Left can reinvent itself preserving the best part of out tradition**, as found in the early 19th Century Socialism, learning from our pre-Marxist grand-fathers who had put the Mankind, its free destiny, its full emancipation its spirituality at the center of an agenda of redemption and progress. Nowadays, just like in the past, Left can only find its cornerstones in the values of equality, freedom and justice.



Carlo D'IPPOLITI

Difference or indifference? On the crisis of mainstream economics and European progressive movements

Key words

**Alternative economic approaches – Full employment –
Social classes – Diversity**

Summary

Progressive movements throughout Europe have increasingly relied on a vision of contemporary societies inspired by mainstream economics. By so doing they sometimes accommodated an overly egotistic and individualist perspective with the aim to gain the favour of the middle classes, though with meagre feedback. Moreover, the marriage with mainstream economics implied a blindness to the many differences between individuals and the plurality of social groups, as well as an excessive reliance on supply-side economic policies and little awareness of the crucial role of demand. I propose a new marriage between progressive political movements and alternative economic approaches, with the aim to frame a more complex and realistic vision of society and to put forward a set of policies centring on full employment as the main policy aim.

Twin Crises

The economic science is in crisis (see for example Krugman, 2009): It came under attack for not having foreseen the financial and then the economic crisis, and it is now ridiculed for being unable to propose a meaningful strategy to cope with the situation. (economists do not just back different opinions - they still cannot agree altogether on such fundamental issues as if austerity or stimulus are needed)

Also progressive parties and movements across Europe are in crisis (apart from cases where nation-specific trends are key to the whole political development). It would surely be too simplistic to affirm that when social suffering plagues vast strata of the population an avenue is open for social-democrat movements, and therefore that the current crisis is a lost chance for social-democracy. Yet, it is similarly superficial to deny that the financial and economic crisis embodies the failure of the Thatcherian-Reaganian approach to social and economic issues, and that this neo-liberal approach has not (yet?) been successfully substituted by a truly progressive turn.

Not by chance these two crises reach their apex almost simultaneously. In many Member States the progressive movements were caught unprepared by the crisis at least as much as conservative movements, and they were frequently unable to promptly delineate an alternative trajectory of development and a progressive way out of the crisis. This is for example what happened in Italy. There, like elsewhere, the progressive movements had unambiguously embraced the dominant paradigm of contemporary economics with the aim to modernise themselves and their public image. They were thus unable to criticise such a paradigm when the crisis came.

Not by chance the crisis economic science and the progressive parties' crisis reach their apex almost simultaneously."

The problem with the marriage between progressive movements and mainstream economics is that economics is a lively science, animated by fierce debate even on the foundations of the discipline, but is also a science whose protagonists study their own society and in so doing they are not totally exempt from the influence of ideology or vested interests

¹ P.Krugman, *How Did the Economists Get it So Wrong?*, *The New Yorker*, September 6, 2009, p.MM36

(e.g. in the form of funding of their research from governments or private donors). The mainstream of contemporary economics emerged from a theoretical apparatus developed between the end of the 19th and first half of the 20th century, and appears now even more outdated than it was when it came under criticism by Keynes, Sraffa and Cambridge's economists.² It is a theoretical apparatus that produced the conditions that recurrently erupt into financial and economic crises.³ Overall it is particularly hostile to progressive readings, based as it is on the twin assumptions of "methodological individualism" and "homo oeconomicus". It is worthwhile to briefly recall the content of these hypotheses, to show that progressive movements Europe-wide should have better relied on a different economic culture, which was (and is) readily available to them.

First, by methodological individualism mainstream economics means the supposedly absolute requisite of any social science, to conceive of individuals as if they were islands. Individuals should always be thought of as unconnected Robinson Crusoe(s) that, to use Hobbes' metaphor, sprang out of the terrain like mushrooms, without a family, friends, peers or social influences. Economics should then study the behaviour of such individuals when they "suddenly" approach society, as if society could be kept out of the door when we come back home. Second, the homo oeconomicus hypothesis implies that these self-made adults, with no race, no gender, no identity, are consistently and necessarily selfish, rational, detached.⁴

The joint result of these two founding hypotheses is a world in which the only possible social contact is an exchange, whether in the products market (consumption), in the labour market (employment), or in capital markets (saving). Any social interaction (including the embracing a religious belief or giving birth to children) may thus be thought of as a process of bargaining in the market. Indeed, a market in which people have no identity and no other interest or feeling but the desire to increase his/her own consumption or leisure. Indeed, a major limitation of mainstream economic theory is its inability to consider diversity among persons, who are depicted as all alike (apart from "heterogeneity", that is purely quantitative differences), all performing the same social role (D'Ippoliti, 2011).⁵

How this world view may accommodate solidarity, equality and justice is a difficult puzzle. And indeed it did not. Even by some progressive movement, such progressive concerns recently came to be only implicitly considered, on grounds that social improvements would

² For a thorough account of the development of mainstream economics and of its criticisms see: A.Roncaglia, *The Wealth of Ideas*, Cambridge University Press 2005.

³ Compare for example the analyses proposed by A.Freeman, *The Economics of Tomorrow: The Case for a Pluralist Subject Benchmark Statement for Economics*, *International Review of Economics Education* 2009, vol. 8, n.2, p. 23-40 and A.Roncaglia, *Why the Economists Got It Wrong: The Crisis and Its Cultural Roots*, London Anthem Press 2010

⁴ There are of course laudable exceptions and entire streams of literature focussing on a relaxation of such hypotheses. However, these streams are systematically limited to the rank of specialistic literature, and they do not affect the "core" of the discipline, that is the way economic issues are typically thought of and tackled.

⁵ C.D'Ippoliti, *Diversity and Economics*, Routledge, London and New York 2011.

spontaneously spring out of GDP growth (possibly like people spring out from the terrain). By contrast, it should be recalled that contemporary economics features younger and possibly sounder approaches and schools of thought, that more easily can be employed within a progressive political discourse: for example the Post-Keynesians (who highlight financial fragility and the issue of pathologically stable high unemployment), the Sraffians (who stress the role of distributive conflicts), feminists (who point out that people have identities and many different feelings and interests), evolutionists (who underline that economic growth requires technological innovation), etc.⁶

That the mainstream of contemporary economics (and it only) received the relevant support of the most relevant progressive movements lent it the cultural authority of a near-consensus view, with dissenting economists almost left alone to defend a more progressive world-view. They thus came to be perceived by the rest of the world as arcane scientists, closed in their ivory towers and unaware of the real world. (In Italy they were even accused of using a supposedly substantial academic power, despite they are a small minority, to make outdated and wrong economic theories (like Minsky's) survive instead of being substituted by the correct and more modern mainstream: see for example Tabellini, 2006).⁷ **Support from right and left to the mainstream increasingly made of it from "simply" the majority view to the dominant paradigm, and in a vicious circle this development made it look even to progressive movements as the only possible scientific approach to society and the economy.**⁸

A complex analysis

There are several reasons for the widespread adoption among the European progressive movements of an ideology like that implied by mainstream economics. After having implicitly or explicitly backed the view that public and State are always synonyms of good and private and market of bad, many parties exuberantly turned to the other extreme. For example, in many Member States there are examples of centre-left governments having approved plans of privatisation that in fact produced private monopolies rather than market competition (see for example Arestis and Sawyer, 2008).⁹ Or, the whole EU policy (not only that implemented by the Commission) has been inspired by the belief that supply-side policies are sufficient to bring about economic growth and stability, be it fiscal austerity (mandated by the Stability

6 For an example of non-mainstream analyses of the current economic crises see the open letters signed by large groups of economists in Italy and France: Lettera degli economisti (June 14, 2010) available online at <http://www.letteradeglieconomisti.it/> and Manifeste d'économistes atterrés (September 1, 2010) available online at <http://economistes-atterres.blogspot.com/>
 7 Tabellini, G., "Osservazioni sulla Nota di Dissenso di Luigi Pasinetti", in Relazione finale di Area, Panel: 13 - Scienze economiche e statistiche, Rome: CIVR (2006). Available online at http://vtr2006.cineca.it/rel_area/panel_13.pdf.
 8 An example of this vicious cycle in action are the various research assessment exercises promoted by conservative and progressive governments alike throughout Europe, which in many cases called for vibrant protests by heterodox economists whose work was automatically classified as being of low quality due to a strong bias of the very criteria of assessment adopted. See for example the special issue (November 2010) of the American Journal of Economics and Sociology and the literature there cited.
 9 P.Arestis & M.Sawyer, Critical Essays on the Privatization Experience, Palgrave Macmillan, New York 2008.

and Growth Pact) or the exclusive focus on liberalisations and investment in human capital (implied by the Lisbon Agenda) with no reference to demand.

One of the reasons for the possibly excessive reliance on the side of progressive movements on the economic mainstream is that European societies have indeed become very complicated to decipher. Classical definitions of the social classes like the distinction of workers and capitalists (and rentiers) prove increasingly less useful to understand the social reality, as it is well known at least since Sylos Labini (1974).¹⁰

As shown in Table 1, as of 2009 almost one half of the adult population (above 15 years old) in the EU-27 were not employed (more than 42% were not even part of the labour force), and only less than 44% were employees. The adult population is a relevant reference point because it is a proxy of voters. Even within the workforce, substantial conflicts of interests may arise between men and women (who are a majority of the adult population but a minority of the employed), or between employees and the self-employed (who jointly with employers and family workers constitute about 9% of the adult population). The employed are even more diversified between full-time and part-time workers (almost 10% of the adult population), nationals and foreigners (more than 6% of the population), or standard employees as distinct from those on a temporary contract (roughly 6% of the adult population).

Table 1. Adult Population (above 15 years old) in th EU-27, year 2009

	Total (x 1,000)	as % of tot. pop.	of which women
Population [15+]	414,330		51.6%
- of which foreigners	25,827	6.2%	50.3%
Not Employed	196,503	47.4%	58.7%
- of which inactive	175,240	42.3%	60.3%
- of which unemployed	21,263	5.1%	45.0%
Employed	217,827	52.6%	45.3%
- of which part time	40,966	9.9%	75.9%
- of which foreigners	14,423	3.5%	43.6%
Self-employed	22,759	5.5%	33.1%
Employers	9,794	2.4%	24.3%
Family workers	3,484	0.8%	66.6%
Employees	181,712	43.9%	47.5%
- of which on temporary contract	24,546	5.9%	50.7%

Source: Eurostat, Employment and Unemployment (LFS); http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database

10 P.Sylos Labini, Saggio sulle classi sociali, Roma-Bari Laterza 1974.



Due to population ageing, these trends cannot but lead to a further reduction of employees, the traditional reference social group of progressive movements, who are already only a minority of the adult population. Thus, reference to a hypothetical unique overarching social class, made up of abstract exchangers (at the same time workers, consumers and savers, as mentioned above) may have seemed a good way to tackle this atomisation of society. Yet, it is a very poor way, because indeed it conceals rather than tackling the social conflicts of interests, and it distances itself from the everyday reality of European citizens. This is clearly seen when reference in the political discourse is made to such a vague and whole-encompassing class as “the middle class”.

Instead, **the complexity of social atomisation may better be understood and managed, if reference was made to two major concepts: fractionation of social groups and multidimensionality.** By the former term I mean the tendency of classes to multiply and reduce in dimension, as seen in Table 1 with respect to the labour market. By the latter concept I imply the recognition that individuals may (and do) have many overlapping social identities: they are of a certain age or nationality, may belong to a gender or religion, identify with a certain sexual orientation, see their interests coinciding with those of a certain occupational category or territory. Each of these groups is defined with respect to only one dimension (for example occupational categories are only defined in terms of employment, genders are only based on sexual identity, etc.) but by belonging to many groups simultaneously individuals have multidimensional identities.

Fractionation and multidimensionality increase the number of variables to be taken into account with respect to mainstream economic classifications, but the effort is justified as they offer a meaningful way to consider individuals’ social embeddedness and their social linkages.

A Gramscian approach

In the world-view of mainstream economics, voters may be lined up over a straight line, from “left” (red) to “right” (blue). I shall call this line “X” because it is a sort of black box including all political matters, and more specifically “Identity X” recognising that identity has become a dominant character of European politics. Since most people usually refrains from characterising themselves as extremists, we will see a higher number of voters around the centre, and decreasing numbers the more we move towards both left and right, as depicted in figure a. In this model there is a mobility of voters in the sense that each time voters decide which party to vote on the basis of their distance, and there is no fidelisation of voters. This is called the median voter model because it implies that political parties must “compete to centre” and more specifically (assuming there are only two) the party that will be able to convince the voter who stands precisely in the middle between left and right (the median voter) will win the elections. called the median voter model

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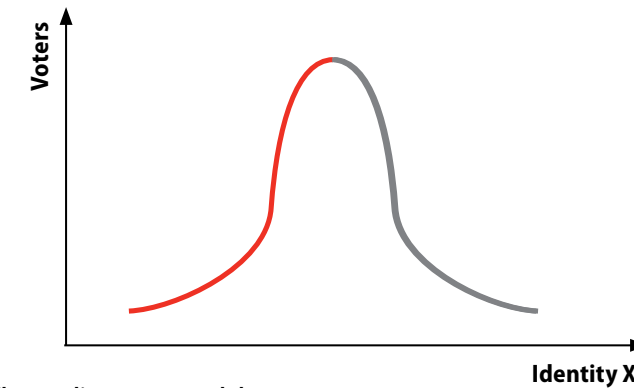


Figure a. The median voter model

Such a model implies a good deal of ideology and it is indeed based on hypothetical abstractions, rather than facts. For this reason Screpanti (2006) proposed an alternative model, in which voters are in fact divided into two populations, one leaning towards the left-hand side of “Identity X”, the other towards the right.” As it is shown in figure b, such a model predicts that placing itself at the centre is counter-productive for parties, who should instead clearly support one of the sides, placing themselves at the peak of one of the two populations. Elections in this model are won by the party whose reference population of voters is larger (implying that it also minimises election boycott). Mobile voters, i.e. those who may decide to vote for any of the parties depending on their proximity, are here the few represented in figure b by the segment over which the two populations overlap. Thus, parties should aim at convincing the modal voter (the most frequent) rather than the median one (that standing in the middle).

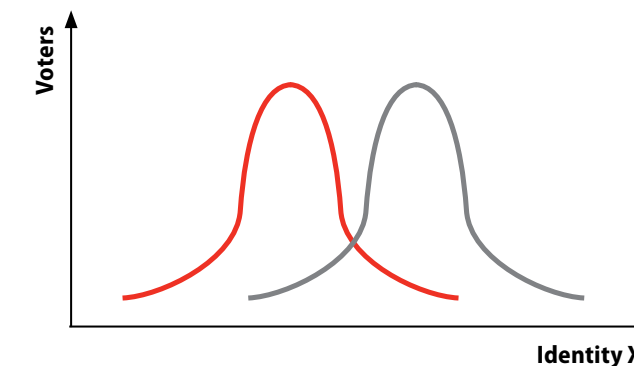


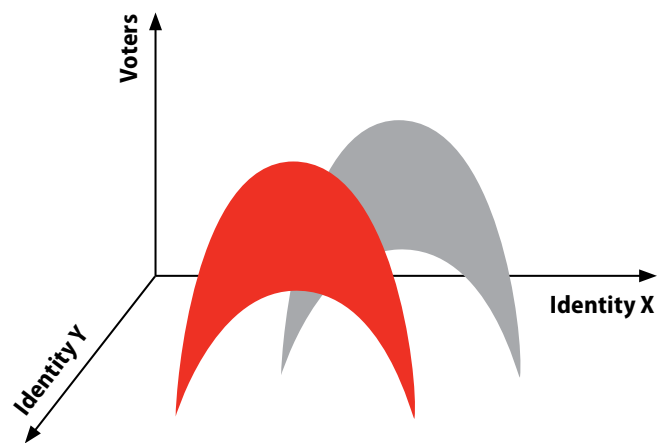
Figure b. The modal voter model

11 E. Screpanti, “Dall’elettore mediano all’elettore modale”, in *Un mondo peggiore è possibile*, Rome: Odradek (2006).

Thus, according to this model the fragmentation of contemporary European societies requires a greater, not a smaller focus on distributional issues, and the middle-class-like politics aimed at seducing the abstract all-in-one social class envisaged by mainstream economics may prove a losing one.

However, as mentioned in the previous section the complexity of contemporary societies does not imply only a reduction in dimension and a multiplication in number of the social classes. It also implies a greater emphasis on the fact that people have many identities. That is, policy is a multidimensional phenomenon, concerned with the economy, society, the environment, the administration of justice, taxation, civil rights, etc. Public policies in these disparate fields will impact a same person (voter) from a different point of view, depending on the many social groups to which (s)he belongs. Thus, both voters and parties will place themselves not on a straight line but in a multidimensional space, as for example represented in figure c, where more than one identity are considered.

Figure c. The multi-identity voter



While the modal voter model aprioristically implied that parties should start a race to the centre, and the modal voter model may embed a certain bias towards radicalisation, the multidimensional voter model allows us to more precisely redefine the political “centre”. As shown in figure c, a party or a population of voters may place itself more on the “left” with respect to a certain topic and more on the “right” in some other respect. The intuition that society cannot degenerate into an increasingly sharper clash of interests may be thus given a “Gramscian” meaning, in terms of alliances between social groups and of political exchange.

Indeed, by considering that each individual is part of many social groups simultaneously (based on gender, ethnicity, age, health, sexual orientation, etc.), it emerges that consensus for a “progressive” policy (by which I mean a policy of inclusion of minorities and advancement of the lower strata of society) when dealing with a certain issue could be reached by proposing to those who would lost from it an explicit compromise over some other issues. Thus, women may accept high tax rates in exchange for gender parity, migrants or religious minorities may support unpopular policies in exchange of more effective fight against discrimination, and so on.

Pro-social considerations and the feeling of community, prerequisites for a large redistributive policy, can counterweight the now dominant extreme individualism legitimised and elevated to the rank of “scientific truth” by mainstream economics, on account that within an overall process of alliance-making pro-social considerations in some domain may partly be the compensation for some advantage in some other domain.

When considering the case of Italy and of other European countries, it appears that the political trends among progressive movements has been of a movement on the opposite direction, of trying to hide distributive issues to conceal the inevitable costs falling on those better off, that is of trying to please every citizen-voter possibly without satisfying any (D’Ippoliti, 2010).¹² To some extent, mainstream economics contributed to this approach by proposing the representation of individuals as isolated Robison Crusoes. On the contrary, recognition of people’s many social identities suggests that parties should instead acknowledge and mediate between persons’ and classes’ conflicts of interests. Parties may take advantage of the fact that their scope extends across many fields of social life simultaneously, as the individuals, parties are multidimensional whereas social classes are not. Political parties thus enjoy a wider platform to bargain upon.

4. How to frame a progressive social agenda?

If we admit that parties and people are multidimensional in their interests and passions, policy design and the definition of a coherent overarching political direction explicitly becomes a complex issue. In other words, what should “progressive” in this framework mean?

In my view the answer turns out be more unidimensional than not. I would humbly propose that by progressive it was meant a policy aimed at improving the conditions of those who are worse off, possibly without harming (too much) those who are better off. Thus **in the socio-economic sphere “progressive” intimately implies sustainable growth and redistribution.** Truly, many constraints and other objectives, such as environmental

12 D’Ippoliti, C. (2010), “Le classi sociali nel 2010: una critica alla visione della società immaginata dagli economisti e dai partiti riformisti”, *ItalianiEuropei*, n. 2, pp. 35-40.

sustainability, may be added to the picture. Nonetheless, the production of long and articulated plans and nuanced manifestos should not prevent the establishment of few, simple and easily communicable priorities. Moreover, the two goals of growth and redistribution are not independent.

Economic growth is not the source of citizens' happiness, but it is the prerequisite of both material wellbeing and civic development as it was recognised by all British Classical economists since Adam Smith¹³ Growth is also the necessary condition for effective redistribution policies. Redistribution used to be a crucial concern of European social-democrat movements, but its implementation was somehow blocked first by the Thatcherian-Reaganian mythology and then by the fear that in a globalised world redistribution is bad for growth. Thus more recently in some cases, for example in Italy, left-wing parties accommodated an overly egotistic and individualist perspective with the aim to gain the favour of the middle classes, with meagre feedback.

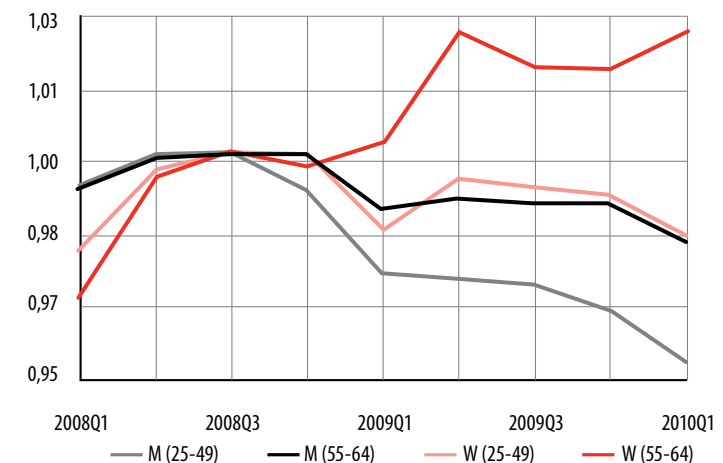
A truly progressive movement should instead recognise that the way to pursue growth and redistribution simultaneously is by rescuing full employment as the main aim of economic policy. Whereas growth can take place without employment growth, the other way round is virtually impossible (that is, unless average labour productivity falls). Moreover, by providing a sustainable source of income to more people, employment growth reduces poverty and inequality.

Also the other direction of causality holds. Whereas, as mentioned, in general economic growth may take place also without significant employment growth, insufficient aggregate demand is a major cause of persistent unemployment in Europe (as it was authoritatively recognised at least since Modigliani et al., 1998).¹⁴ Alas, exclusive consideration for the supply side has sometimes been a mistake partaken by the European progressive movements. This cultural prostration to mainstream economics and laissez-faire policy has been the more evident at the EU level, where it has been even institutionalised for example in the Statute of the ECB. By contrast, alternative economic approaches, besides the historical failure of the Lisbon Agenda, show that permanent full employment requires adequate social institutions and effective management of aggregate demand - possibly the EU level is precisely the best way to accomplish this. At any rate, if the framing of a richer and more realistic picture of society was the first ground for an abandonment of the marriage between mainstream economics and progressive movements, the search for an effective employment policy is surely a very good second reason.

¹³ A.Roncaglia, *ibidem*, 2005.

¹⁴ F.Madigliani, J.P. Fitoussi, B.Moro, D.Shower, R.Solow, A.Steinherr & P. Sylos Labini, *An Economists' Manifesto on Unemployment in the European Union*, BNL Quarterly Review, n.206, September 1998

By improving the conditions of those who are least included in the active participation in society, a policy aiming at full employment is truly progressive in the sense defined above. Indeed, full employment requires consideration for relevant distributional issues: the youngsters', women's, migrants' and the other vulnerable groups' exclusion from the labour market calls for tailored solutions, and it requires a multidimensional view of the labour market of the kind hinted at above. Consider for example employment dynamics during the present crisis. It is almost common wisdom that women, by being more often employed in stable public sector jobs, are less affected by the fall of demand. Yet, a closer inspection shows that, for example, a crucial generational gap divides both men and women, and while older women's employment rates have even grown since the beginning of the crisis (assumed to be in Europe the third quarter of 2008), younger women suffered a reduction in their employment rate comparable to older men, as shown in figure d.



Source: Eurostat - LFS main indicators;
http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database
 Explanatory note: data refer to the EU-27 (2008Q3 = 1). The employment rate of persons of a certain age group is calculated by dividing the number of persons in the age cohort in employment by the total population of the same age group. Seasonally adjusted.

Figure d. Employment rates in time of crisis, 2008Q1-2010Q1

Other examples besides age and gender could be made. In conclusion, people are different. By appealing to an abstract universal class of consumers-workers-savers, both mainstream economics and progressive movements increasingly risk of losing touch with reality. Moreover, difference sometimes entails inequality, and progressive movements should be particularly concerned with underlining and possibly fighting the most noxious forms of such diversity. **The first step, is for progressive movements to abandon mainstream economics at its fate.**

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TOWARDS A
NEW
STRATEGY

From welfare to well-being





Kajsa BORGNAŠ

A paradigm-shift in the economic debate – bringing politics back into economics

Key words

Political economy – Democracy – Reproduction – Conflicting goals

Summary

European social democracy is looking for a new politico-economic ground to stand firmly on. The specificity of social democratic economics was a recognition of the inherently antagonistic relationship between different societal goals, as well as the caring for the reproductive part of both the economy, nature and people. The de-politization (or de-democratization) of the economics-debate of the past decades has not only thrown the world into financial and ecological crises, but also left social democracy without narrative tools for discussing the basic question of “what is a good society”.

On 19th September 2010 social democracy in Sweden scored its worst result in parliamentary elections since nearly one hundred years. For the next four years, social democracy will try to find a way to explain this magnificent disaster and thereby join the many other European social democratic parties which have already for some years debated the (ir-)relevance of a social democratic political agenda. The cries on “renewal” and “modernization” have already caught the momentum after the election, tempting as it is to find the way forward in what is “new” rather than what is true, or right, for social democracy to do. In my view, renewal is not the most important thing for a revitalized social democratic movement, but a clearing of the air, to let the light fall a little differently over recent political development and “how things really are”. Of course, any step forward will have to build on the insight and recognition of the fact that social democratic political practices have not always been according to the book, or that the book has, perhaps too uncritically, been altered in accordance with systemic practices. **To be a social democrat today is an open-ended definition, the specificities of social democracy are not so specific anymore.**

It is natural, however, to look for the answers of the role of social democracy within the economic thinking or debate, as what originally differentiated social democracy from other liberal political movements was the specific economic critique and the ambition to bring democracy into the economic sphere, as well as the political and social spheres. **That the recent fall of financial capitalism (as paradigm if not as practice) did not benefit European social democratic parties is at first counter-intuitive, but the principally increasingly diffuse relation between social democracy and capitalism has made any systemic criticism a little vain.** In this text I will shortly try to outline, from a Swedish political perspective, what a progressive political economic debate should (also) try to bring in.

One of the most vividly chanted songs among the Swedish 1970s generation was the popular group Ebba Gröns rock-song “*Staten och kapitalet*” (The state and the capital). The refrain goes as follows:

*“Sida vid sida, tillsammans hjälps de åt
staten och kapitalet, sitter i samma båt”
(Side by side, they give each other a hand
the state and the capital, sits in the same boat)*

For someone growing up in the early 1990's (and during the Swedish financial crisis), the historic compromise between state and capital seemed already dated, reminding of an earlier age when the economic-political debate also recognized the existence of political conflicts and therefore moral judgment as an integral part of the common business of handling economics. While the historical success of social democracy lied in the way it combined the "all-encompassing-agenda", transforming itself from a movement for class based politics to a party of politics for the national good and growth in the early 1920's and at the same time keeping up the moral and ideological critique of capitalism as such and its destructive and segregating effects on people and society, **in recent decades, social democracy has instead redefined its relationship with capitalism to the extent that it no longer encompasses a specific economic analysis nor agenda** (as Jenny Andersson several times have pointed out). **The very concrete transformation that capitalism has undergone over the past decades have largely gone ideologically un-dissected by social democracy:** increased movement of production across borders, financial capitalism's gigantic growth in size and speed as well as the institutions of social reproduction's conformation to the logic of profit, this shift in capitalism from welfare capitalism to financial capitalism beginning in the 1980's has gone hand in hand with an ideological conviction that markets are self-regulating, social contradictions are dissolved and today's growth is benefiting all through the mechanism of "trickle-down". When I was younger it was widely recognized that Sweden was a "blandekonomi" (mixed economy), today Sweden is as un-mixed as any other European economy (and quickly moving further in that direction).

Today, in times of multiple and combined crises (financial crack-down, climate-disasters, approaching peak-oil and exceeding population growth), and as there is little safety to get from ever freer markets, people are again looking to the ideas of the state, the welfare-state or "strong society", and the practice of the mixed economy. As Tony Judt pointed out last winter in the New York Review of Books, the question is no longer whether western capitalism needs a state or not, but whether the state should be built on the political right's or the political left's understanding of "safety" and social comfort. To a social democracy confused in the hands of the market, but eager to find a progressive social and political platform, these times of a widespread re-thinking of the state's role should provide a suitable environment for that process. **The struggle, to be overly clear, is no longer the same as it has been over the last fifteen years, between the Blair-Schröder's Third Way (and its Anthony Giddens-manifesto, a "modern" social democratic text that doesn't even mention the existence of a class-society) and the more leftist (or "traditionalist") approach which argues that class-society "still" exists.** The struggle is instead over the increased role of the state to insure its citizens; on the one hand as a lender of last resort (to financial markets), at worst a repressive, controlling

state that protects the majority "us" from religious and immigrant extremism and the growing and under-employed "underclass" or, on the other hand, the social state, the welfare state and the social society.

In my view, the specific and fascinating quality of historic social democratic economic thinking, was the generous offer of economics as a sphere of moral and power-related conflicts, i.e. an area which could be debated on political as well as economical grounds. One did not have to be a professional economist or financial market PhD to make a valid point on how the economics of society should best be modeled, or what principles should guide the European Union commissioner on finance. The Swedish social democratic political hegemony in the 1940's, 1950's, 1960's and most of the 1970's was a hegemony of antagonistic thinking, antagonistic views on equality and efficiency as well as antagonistic debates over the role of the individual in the state. Consequently, economics was heavily debated, thoroughly understood even by non-professionals and the row of emblematic reports on conditions of life (for instance Låginkomstutredningen) laid ground for a lively discussion on how to realize the old cry for democracy, not only economic functionality. One can of course argue that capitalism was easier to understand (as well as regulate) in earlier times, before the emergence of today's super-duper-complex economy. But needless to say, by opening up the political debate over society's base (economics), journalists, cultural workers, social scientists and many economic autodidacts gathered around **social democracy as a "hub" for intellectual thinking in general. By not believing in the "truths" of the market mechanisms (or the neo-classic anti-human, nearly-autistic, "rational man"), social democracy helped democratize the economic debate.**

Two things happened with the social democratic economic debate in the era of the Third Way, both which contributed to strip the economic debate from the social conflicts, moral judgment and even politics. First: the belief in economic "automatics". The rationale for releasing the market mechanisms out of the hands of politicians and electorates, was that the market in itself was self-regulating, focused, globally integrated (as opposed to social democracy's morally inferior "nationalist" redistributive agenda) and based on an understandable and predictable logic (on the contrary from elected politicians' short-sightedness and personal biases). Inexplicability was never an argument. Moreover, decentralization also became a reason for de-democratizing welfare – to be able to choose a specific welfare-basket from a wide range of welfare-offers became more important in 1980's rapidly emerging consumption-society than electorate power, equality and accountability. The individual grew powerful while consuming and power-less while producing. De-democratization (or individual "responsibility") in the economy also developed alongside increasing anonymity and economic automatization. Hence, instead of present owners we

have gotten anonymous owners, instead of production capitalism we have gotten financial capitalism, out-sourcing, ever longer production-chains and geographically scattered networks. Thus, instead of moral debates over the conflicting objectives in the “good society” and “good economy”, the agents of democracy have willingly tied their hands to the one-dimensional morals of market economy and left individuals to manage their own business as successfully as they can. But as the current mix of gigantic crises show, **the economy is not self-regulating, increased growth does not trickle down, individuals act to an astonishingly large extent in accordance with the collective and economics has once again proven to be a battleground for common moral and political thinking.**

Second, the antagonistic relation of social democracy to capitalism was based on an insight of the impressing productive forces of the market, as well as its destructive impact on man as man being anything else than a part in the production-function. Capitalism on the one hand created immense wealth (possibly, but not necessarily, for redistribution), but on the other hand exploited human and nature. The guide-lines for the social welfare-state lay in the mutual benefit of good conditions for both production and reproduction. The “historic contract” between the two was founded on these grounds; in order for capital (pre-globalization) to flourish, it accepted the state as provider of social welfare, and paid for the party. Reproductive functionality (well educated potential employees, adequate health-care and proper housing) were prerequisites for profit in production. With globalization, the neo-classical economy instead brought up the concept of “creative destruction” as a macro-economic term replacing reproduction as the prerequisite for efficient production. However, when it comes to human beings and nature there is no such thing as “creative destruction”. **Individual unemployment is unemployment no matter how “creative” the loss of jobs in a specific sector or company is on a macro-level, and these people (ever larger numbers in most European states) have to get at new role in society.** On the same note, environmental damage is dramatic and dangerous however profitable it is to replace coral reefs with shrimp farms, there is no “creative destruction” when it comes to chopping down rain-forests. Today’s market-societies are increasingly unable to care for reproduction, and production has become more short-sighted, destroying opportunities for the development of a social society in the long run.

What seems clear is that despite the dubious relation between the welfare state and productive market, which for a historic moment was at the open core of intellectual conflict nourishing the political democracy in the era of wealth-creating-capitalism and redistributive welfare-state compromise, the state and the capital was actually sharing, albeit conflictingly, the same boat. Social democracy’s struggle over the power over production was at the same time a struggle for the reproductive parts of peoples’ lives. Today, as class-conflict in growing within the productive spheres of society, power over reproduction (health, education, well-

being, environmental sustainability, the individual’s power over his or her life) is also increasingly becoming a luxury for the upper classes. Moreover, as the idea of “creative destruction” came hand in hand with the idea of the individual being individualistic (meaning uninterested in the conditions of lives of others) and speculative, a renewed idea of the importance of welfare and reproduction (sustainability) has to come hand in hand with an idea of a more socially integrated and interested comfort-seeking individual.

Complexity of economics is a good starting-point for revitalized political debate

So what are the principal stand-points and conceptual building blocks for a revitalized social democratic economic political debate? **First of all; if social democracy still bears the ambition of democratizing society, the complexity of economics in itself provides a good reason and starting-point for revitalized political debate.** The anonymity of important economic agents and structures makes, as every opponent to status quo knows, resistance, or even constructive dialogue, increasingly difficult. On the same note, the increased “automatization” of economics and hence the stripping of economics from moral and political public debate, is counter-productive for any democratic movement. Moreover, to acknowledge the reproductive responsibility of both politics and economics is a good starting-point for criticizing the dysfunctionality of today’s capitalism at the core. The financial crisis has indeed opened a “window of opportunity” to debate the rules and regulations of economics at a more basic level, as the climate crisis has pointed to capitalisms inherent capability of destructive destruction. The fact that the market did not create only wealth and stability might have chocked some, but it is now clear to most economists and politicians that capitalism does not get the boat floating on its own. Although it will be very difficult to alter the logic of marketization and capitalism’s expansion in all fields, the opening up for antagonistic views, politics (and moral judgment) within the economic debate is a great potential.



Björn HACKER

Towards new governance tools for Europe's unfinished monetary union

Key words

**Monetary Union – Asymmetries – Coordination –
Economic Government – Political Union**

Summary

The economic Crisis in the Eurozone was not an accident due to the lack of budgetary discipline in some Member States. Reasons are to be found in structural deficits in the overall design of the Economic and Monetary Union, displayed in enormous socio-economic heterogeneities and imbalances. Social Democracy should use the current window of opportunity to propose new instruments for correcting and completing the political governance of the common currency. Preventive and reactive branches of an European Economic Government as well as a stronger democratisation of regulation could represent the first steps towards a Political Union.

On the way to a synchronous run of Member States economies – new governance tools for Europe's unfinished Monetary Union

Following the first analysis of the European Commission and the Task force on economic governance of the President of the European Council, Herman van Rompuy, regarding the backgrounds of the Economic Crisis hitting the Eurozone in 2010, one may get the impression, that all was caused by an accident (European Commission 2010; Van Rompuy 2010). In this point of view the main problem has been the insufficient discipline to save money and to keep the state budget in balance of states like Greece, Spain or Ireland. Some governments like the liberal-conservative of chancellor Merkel in Germany as well as large parts of the media share this perspective. But the truth is that the global economic and financial crises revealed relentlessly the fundamental weaknesses and structural deficits of the entire European Economic and Monetary Union (EMU). These weaknesses and deficits already exist since the launch of the common currency. Europe was lucky that the last ten years showed a relatively stable course of the Euro. Now asymmetric shocks by high deficits like in Greece or Spain and high account surpluses like in Germany show the shortcomings of economic integration. **Now is the time for Social Democracy to go back to the founding problems of EMU and to propose changes by following a different socio-economic policy paradigm.**

No Optimum Currency Area

Already in the start-up phase of EMU a one-sided monetary view succeeded over attempts to strengthen the coordination of economic policies between the Member States. Significantly pushed by Germany, the Treaty of Maastricht enforced the concept of strong budgetary discipline and price stability as prior-ranking objectives. At the time no economic policy equivalent was implemented to complement the new common monetary policy under the guidance of the European Central Bank (ECB). But fiscal competencies of the Member States have been constricted by the public deficit and public debt criteria of the stability and growth pact. The benefit of EMU lies in particular in the reduction of transaction costs and in a decrease of price uncertainties by the abolition of the exchange rate risks. At the time the common currency was established, too less attention had been paid to the macroeconomic risks and costs of a monetary union. The Eurozone is far from representing

what is in economic theory called an “optimum currency area” (Mundell 1961). That is because the mobility of labour as one production factor is constrained by rigidities of language barriers and on the Member States level differently designed labour markets. Besides, the single market helped increasing the inner-European trade to a high degree, but production regimes, the openness of the national economies and unit labour costs differ considerably in the Eurozone. Currently, this is reflected in high export surpluses of Germany and the Netherlands, mirrored by high current-account deficits of many Southern Member States.

Inadequate governance instruments

It is the absence of an efficient macroeconomic coordination in the Eurozone, which has led to a situation of enormous imbalances and asymmetries between the Member States. Some countries increased their competitiveness due to wage restraints and dumping strategies. In other States the private sector has been encouraged to life beyond one’s means enabled by low interest rates, leading to speculation and bubbles. Member States insistence on national sovereignty in fiscal policies ended in half-hearted attempts of economic policy coordination. The Macroeconomic Dialogue, the Lisbon Strategy and the new Europe 2020 Strategy are examples for these attempts. But coordination of budget, wage, industrial and employment policies remains weak. One reason is the absence of an awareness for cooperative action by the political actors aside official summit declarations. Furthermore there is no common central decision hub, that can balance and bundle the political and economic preferences of the Member States. The installation of the Eurogroup as a section of the ECOFIN Council was not able to fill this gap yet. The Stability and Growth Pact contributed to a high political attention on the deficit criteria of the Member States and forced Governments to consolidate their public budgets in terms of blame avoidance strategies. But the deficit criteria remain the only, not sufficient aspect of close macroeconomic coordination (Pisany-Ferry 2006; de Grauwe 2006). Besides, the Stability and Growth Pact prevents Member States to use anti-cyclical fiscal policies and manifests a conflict of interests in conducting enforcing measures given that the Council as the meeting point of the affected Member States decides on them in a political manner (Study Group Europe: 6).

Too big and too heterogeneous

The crisis situation of 2010 demonstrated the general problem of the chosen EU integration order, which preferred a primarily economic instead of a political communitarisation. A broad harmonisation of economic policies should have been the precondition for doing the integration step towards a monetary union. This theoretical idea of crowning a

far reaching political integration with a common currency did not prevailed. The loss of the exchange rate instrument came too early for many Member States. Despite unitary accession criteria, EMU is characterised by considerable economic heterogeneities. For the common monetary policy it is not possible to react adequately on simultaneous but regionally separated appearing tendencies of economic overheating on the one hand and missing investment activities on the other in the same monetary area. In contrast to the Federal Reserve in the US the ECB is foremost obliged to preserve price stability. And in EMU there exists no counter balance to a centralised monetary policy that could shape macroeconomic policies for the Eurozone. It is useless to discuss if the Euro was introduced too early for the European integration level achieved at the time. But it is clear that economic heterogeneities have grown since Eastern enlargement. The accession of all these countries in the Eurozone will boost the liability of EMU for asymmetric shocks due to strong differences in the economic starting conditions between Eastern and Western Europe.

Who is to blame for the crisis?

To overcome the structural construction deficits of EMU there exists only a very limited range of options. Excluding the dismantling of the achieved economic integration (Scharpf 2010), there is only the way forward. This means complementing the common currency with urgently needed economic coordination and governance tools. The currently discussed prioritisation of stronger public deficit and general debt criteria surveillance and the implementation of rigorous enforcement measures would be a too simplistic and one-sided approach which would not be able to establish a veritable macroeconomic management of EMU. Numerous reform proposals concentrate on correcting individual shortcomings – an overall approach which encompasses the elimination of macroeconomic imbalances, ensuring wellfunctioning financial markets and consolidated budgets equally is barely being discussed. The main focus is on proposals to enhance the sanctions available under the Stability and Growth Pact on the assumption that the lack of budgetary discipline is the decisive cause of the current sovereign debt crisis. But States like Spain or Ireland, which are now blamed for infringing on the Stability and Growth Pact, did in fact a good job in keeping their public budgets in balance prior to the economic crisis (Hacker/van Treeck 2010: 5). In some quarters, it is true, the need for greater economic policy coordination has been mentioned. Still unresolved, besides the selection of which Member States would be involved – only the Eurozone or all EU27 Member States– is what the scope of such coordination would be and what economic policy parameters would be included. Furthermore, Germany’s contribution to the crisis in the form of its export-oriented economic policy is seldom discussed, although this is a fundamental driver of macroeconomic imbalances within Europe (Busch 2010; Dullien 2010).

An European Economic Government as a solution

The ad hoc decided financial rescue package for Greece and the European Financial Stability Mechanism evidence the necessity of a pan-European fiscal transfer and an alignment of central macroeconomic parameters of the Member States. **Only by resolving the economic heterogeneities inside the Eurozone, divergent economic developments and regional appearing asymmetric shocks can be confronted.** The implementation of an “European Economic Government” could be a solution, although arguments vary if this would mean a stronger form of the existing “governance” in terms of coordination or if this would imply to give up economic competency to Brussels in terms of “government” (Heise/Heise 2010: 6f.). The key to reform EMU lies in striking an intelligent balance between autonomously implemented, but collectively coordinated economic policy, on the one hand, and the need for some degree of centralisation, on the other. It is not a matter of the unconditional transfer of additional decision-making competences to a central European Economic Government. The aim must be to moderate the tensions existing between heterogeneous macroeconomic development and increasing economic interdependence in such a way that the current difficulties with regard to balance of payments and national budgets are reduced.

Preventive and reactive branches

Only when the Euro-members coordinate their economic policies with a view to developing compatible economic structures, living standards and economic policy priorities can a common currency function properly and macroeconomic imbalances be avoided. Such a concept would consist of the combination of a preventive branch, with which the Member States coordinate their decentralised economic policies and a reactive branch, which is centrally controlled. European Economic Government is thus effected on two levels, with competences being divided between Member States and the EU. The preventive branch would consist of:

- a coordination of tax and wage policy parameters;
- an adaptation of the Stability and Growth pact by integrating a balance of payments equilibrium, not only referring to current-account deficits but also to surpluses;
- a common framework for economic policy coordination and control;
- institutional innovations, like the establishment of a Community Budget Committee of national parliaments to ensure a high level of legitimacy and transparency;
- effective financial market regulation in order to avoid future currency crisis.

The aim of the preventive arm of European Economic Government is to avert the emergence of macroeconomic imbalances by early coordination, sanction-backed stability criteria and regulated financial markets. However, if a situation arises which threatens the whole monetary union, as in the sovereign debt crisis, a set of instruments must be applied which makes possible a rapid and coordinated response based on an institutionalised crisis management mechanism. Reactive instruments would kick in when preventive tools have not done the trick. Then an institutionalised European Monetary Fund would be needed, which can swiftly make resources available and provide emergency liquidity aid and support. This Fund would thereby contribute to protecting the Euro against speculative attacks. In some cases of demanding indebtedness, a participation of creditors in the European Monetary Fund rescue measures in the form of a so-called “haircut” to a maximum extend of 10 % of the amount of the claim should be envisaged (Study Group Europe 2010).

On the way to a political union

In the current debate on installing an European Economic Government it is important that Social Democracy claims that its design is not left to the heads of Government of the Member States and the European Commission. Instead, Parliaments of the Member States, the European Parliament as well as the Social Partners shall be the main actors in such a new construction. They should be aware of the consequences of the already implemented tools for strengthening European Economic Governance: The alignment of all sort of coordination policies with the budget and indebtedness restrictions of the Stability and Growth Pact in the “European Semester” follows a wrong paradigm and will aggravate the crises (Hacker/van Treeck 2010). There is no time to lose to establish alternative, sustainable governance instruments as described above which shall lead towards closer integration of the Union. Not only because the current crisis is not overridden yet, although economic indicators in some countries have improved. New mechanisms of economic coordination and harmonisation are urgently needed and better to implement in a EMU with few Member States. Estonia has joined the Eurozone in January 2011 and other Countries will follow soon. This process of enlargement will further gradually move away the Eurozone from an Optimum Currency Area, will increase the socio-economic heterogeneity and will make it much more difficult to agree on common governance solutions.

Political actors have to decide if they want to carry on operating EMU as a patchwork construction or if they realise the Crisis as a fire signal for a fundamental realignment on new economic policy paradigms. **For Social Democracy as an advocate of a newly pushed process of economic approximation, it is important to pay attention to the consequences**

of the proposed reforms: In the long term, the orientation on with each other compatible economic structures, welfare relations and economic prosperity represent the first step towards a Political Union. This would imply a federal division of competence and authority to decide between the single state and the political centre of Europe. A Political Union would also imply the use of redistributive transfer mechanisms to curtail socio-economic imbalances while setting emphasis on a synchronous run of Member States developments. It would thereby end the ongoing dominant system of competitive States, which are interested in their own national benefit and not in the success of the structure of EMU as a whole.

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Employment and participation





Paul de BEER

Stable work as the bedrock for more socio-economic security

Key words

Flexibility – Unemployment – Labour market institutions – Demographic change

Summary

Countries with rigid labour markets have withstood the economic crisis better than those with more flexible labour markets. Internal labour flexibility is, thus, an attractive alternative to liberalization of labour markets. Furthermore, as opposed to the dominant view, a shrinking labour force will not result in a structural shortage of labour. Consequently, fighting unemployment will remain a more important goal than raising the labour participation rate

In a world in which everything seems to be in a flux, labour is one of the last stable factors. On the one hand, this makes labour vulnerable, since it has to bear much of the burden of the global economic crisis. On the other hand, it means that labour can act as a bedrock on which to build a more stable and secure world. This offers great opportunities for those movements – labour parties and trade unions, in particular – that are primarily based on the working class.

However, most left wing parties and, to a lesser extent, trade unions have accepted the predominant (neoliberal) economic analysis that our future prosperity hinges on the adaptability of our economies and that, consequently, well-functioning, flexible markets are indispensable. There is a growing consensus that flexibility is a necessary and, according to some, also a sufficient precondition for short-term allocational efficiency (e.g. a low rate of both unemployment and vacancies) as well as for long-term dynamic efficiency (innovation). Thus, the main task of socio-economic policy makers is to remove obstacles to flexibility by fighting rigidities in financial, goods, services and labour markets. Liberalization has become the cure-all for socio-economic ills. Even if it is true that this has increased economic efficiency – which is, however, highly debatable –, it has certainly contributed to greater volatility and uncertainty, as the global financial and economic crisis has convincingly demonstrated. Still, **neoliberals claim that the benefits of flexibility and liberalization outweigh the costs, at least in the long run. However, in view of the consequences of the current global crisis this claim is unsustainable.**

The impact of the economic crisis on employment and unemployment varies strongly, even between countries that have experienced similar declines in economic activity (as measured by real GDP growth). Although there are exceptions to this rule, it appears that countries with more rigid labour markets were in general less vulnerable to the global crisis than countries with a more liberalized labour market. In countries such as Germany, France and Belgium, the number of jobs lost during the recession was less than three per cent, while for example in Denmark, Hungary and Spain more than seven per cent of employment was destroyed. Thus, in the former countries labour has absorbed much of the economic shock. In countries with a more flexible labour market, employment has reacted more vehemently to the economic downturn and has thus reinforced the crisis. (The exception to this rule seems

to be the United Kingdom, which, despite a very flexible labour market, experienced only a moderate decline of employment, due to a sharp fall of real wages.)

This is not to say, that the more rigid a labour market is, the better. In order to be able to absorb an economic shock, labour needs to have some internal flexibility, such as flexible working hours (e.g. by means of short-time work arrangements, such as in Germany). But **the idea that a well-functioning labour market is primarily characterised by large flows between employment and non-employment or between jobs in different companies is ill-founded. To act as a secure buffer, employment should preferably be stable in terms of jobs and positions, but flexible in terms of number of hours and tasks.**

Many experts and policy advisers who recommend the flexibilization and liberalization of the labour market, also plead for raising the labour participation rate, in view of the ageing of the population and the impending decline of the labour force as a consequence of demographic change. This is rather odd, since from a purely economic view of efficiency, there exists no optimal level of labour participation. The idea that more employment is always better than less employment ignores the fact that higher employment does not only yields benefits, in terms of more production and less social expenditure, but also has a price in terms of less leisure and less unpaid work, including informal care and voluntary work. Raising the employment rate is only desirable as long as the benefits outweigh the costs. As a consequence, fighting involuntary unemployment should get the highest priority, but setting targets in terms of a particular employment rate (as in the Lisbon and the 2020 agenda) is not very useful. Why not let different EU member states make their own choice with respect to the optimal employment rate?

The advocates of a higher employment rate would probably object, that raising labour participation is also necessary in view of the impending shortage of labour due to the decline of the potential labour force. In the past few years, numerous projections have been made that point to an increasing gap between the demand for labour and the supply of labour in

Employment should preferably be stable in terms of jobs and positions, but flexible in terms of number of hours and tasks.

the coming decades. Closer inspection shows that these calculations are not based on sound economic theory but on a simple extrapolation of the trend in employment (or the demand for labour) and the projected decline of the labour force, assuming that both evolve independently from each other. Consequently, the prospect is one of an increasing shortage of labour. This may be a hopeful perspective for the unemployed, who finally get a chance of finding a job. But it is generally feared that it will slowdown economic growth and endanger our future prosperity.

However, in modern economic theories of the labour market, the growth or decline of the (potential) labour force has no structural effect on the unemployment rate or on the vacancy rate at all. This is so, simply because supply and demand on the labour market react to each other. In the long run, the unemployment rate is determined by institutional factors, such as labour market regulation (e.g. minimum wage, employment protection), the role of the social partners and collective agreements. Thus, there is no reason to expect that a declining labour force will result in a structurally lower unemployment rate or a higher vacancy rate than a growing labour force. Labour demand and, partly, labour supply too, will adapt to the changing circumstances, resulting in a new equilibrium that may not differ very much from what we were used to in the past.

This is not only a theoretical argument, since it is borne out by empirical evidence. If one analyses the relationship between the change of the size of the working-age population and the average unemployment rate (or the change of the unemployment rate) in the member states of the EU in the past ten or twenty years, one finds that the correlation does not differ significantly from zero. Put differently, there is no evidence that a shrinking labour force results in a lower unemployment rate.

I conclude that some common presumptions of the role of labour in present-day economies are mistaken and lead to the wrong policy advice. The assumption that our future prosperity hinges on making labour markets more flexible and raising the employment rate is simply wrong. The fact that many progressive thinkers have accepted these views, albeit under the somewhat onscuring denominator of flexicurity, is rather worrisome. **Progressive forces, both left wing parties and trade unions, should be much more confident that there traditional preferences with respect to stable contracts, decent pay and low involuntary unemployment (but not maximization of work effort!) still offer a solid basis for an attractive progressive agenda for the future as opposed to the predominant neoliberal economic agenda. Instead of being pushed back into the defence, the current crisis should strengthen the self-confidence of left-wing politicians and trade unionists. If work constitutes the solid foundation of a stable economy, then labour parties and trade unions should be able to shape our future along the lines of their own preferences.**



Dimitris TSAROUHAS

In search of a new employment paradigm: is “flexicurity” the answer?

Key words

**Europe – Flexicurity – Employers –
Employees – Social democracy**

Summary

Social democratic electoral decline, most recently manifested in the UK and Sweden, has multiple causes. One of them is the inability of centre-left parties to respond to the needs of working people as they arise in the new workplace of flexible hours and insecure work conditions. This contribution examines the extent to which the concept of flexicurity can provide a remedy to the problem by satisfying employers’ needs for flexible responses to a rapidly changing work environment and the employees’ need for security and stability. It argues that, as currently framed at European level and despite partial successes at national level, flexicurity bites more than it can chew. Instead of dismissing the concept, however, it is worth engaging in an attempt to recapture the debate and demonstrate the modern labour market’s reality: a de facto flexible workforce that is increasingly vulnerable to market pressures.

Introduction

The world of work has been changing over the last few years and **stable patterns of lifelong employment have been decreasing throughout Europe**. Instead, part-time and fixed-term contracts have been proliferating, while distant work has also been on the increase. Coupled with the pressing problem of high structural unemployment, especially among the youth (reaching levels above 25% in countries like Spain, Greece or Poland) these changes have led to rising insecurity among employees and an almost inevitable reduction in the “generosity” of work conditions: when friends and family lose their job, compromising (in the employer’s favour) on working hours or contract tenure become acceptable realities..

At the same time as worker insecurity is on the increase, employers are eager to realize the opportunities of flexible capitalism to tailor production levels and output to immediate consumer needs, reducing overall costs and enhancing productivity. “Just-on-time” techniques require high levels of flexibility on the part of the workforce and necessitate changes in the “nine-to-five” system of old.

Does this situation exclude the possibility of making use of new technologies and individual preferences to reach a workable compromise in the workplace? Are industrial relations inevitably plagued by strife, or is there a way out that equals a win-win scenario rather than a zero-sum game?

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These questions are pertinent not least because they relate to the wider question of whether our new socio-economic paradigm can satisfy the recognized need for Europe’s enterprises to remain at the cutting edge of competitiveness whilst making sure that workers’ protection and security from the vulgarities of the market remain a foundation of Europe’s socioeconomic settlement.

In this brief paper I analyze the origins and main elements of what has been hailed as an affirmative response to the above questions and evidence that employers and employees’ needs

are reconcilable: flexicurity. I argue that, though theoretically promising and successful at national level (at least in part), flexicurity as currently understood by the Commission is not the silver bullet it is sometimes portrayed as being

Origins and Definition of Flexicurity

Flexicurity has by now become one of the European Commission's (EC) favourite mantra. Yet the concept has its origins at national level: it was first implemented by the Danish social democratic government in 1993 as well as the Dutch administration in the 1990s through its Flexibility and Security Act (Viebrok and Clasen, 2009: 7). The "Dutch miracle", and the successful strategy of employment creation combined with deficit reduction in Denmark led to the ongoing Commission attempts to export flexicurity elsewhere in the continent and beyond.

How is the term to be understood then? It is crucial to underline that there is no one definition that covers the entire spectrum of policies potentially covered under the term. Though Wilthagen and Ros (2004: 167) understand it as an attempt to enhance Europe's competitiveness through further liberalization, practices at national level differ. In the Dutch case it meant legislating for more employer flexibility in hiring and firing in return for better protection for workers in open-ended contracts. In Denmark flexicurity refers to the broader institutional mix of active labour market policies, flexible contractual arrangements and generous (yet conditional) unemployment benefits. For its part the Commission started referring to the concept in the 2000 Lisbon Strategy and the perceived successes of flexicurity at national level led to its adoption by the EC after the 2006 Villach meeting on social and employment policy (Tangian, 2007: 553).

Taking into account the pertinent confusion as to the term's real meaning, the Council requested that the Commission come up with common principles of flexicurity, which could then be integrated in the Lisbon Strategy and be part of the National Reform Programmes included therein. In a 2007 Communication, the Commission outlined eight such principles. Flexicurity meant (*inter alia*) "flexible and reliable contractual arrangements, modern social security systems and effective labour market policies" (1) as well as "a balance between rights and responsibilities" (2). Major problems emerge here, however, as the Commission then goes on to outline *normative* considerations rather than definitions. It mentions that flexicurity *should* promote "internal (within the enterprise) flexicurity coupled with external (from one enterprise to another) flexicurity" (5), it *should* be adapted to national circumstances (3), reduce the insiders-outsiders imbalance in the labour market (4) support gender equality (6) and be pursued in line with fiscally prudent and sound budgetary policies (8). This nebulous attempt to define the concept also includes the

precondition of trust between the social partners (7) for flexibility to take root (European Commission, 2007: 9-10). Trying to make the concept a bit more cohesive, the Expert Group on Flexicurity set up by DGEMPL identifies four pathways to flexicurity, namely the reduction of asymmetries between standard and non-standard employment, the enhancement of workers' and companies' adaptability, the addressing of opportunity and skills'gaps in the workforce and finally the build-up of institutional capacity for change alongside the prevention of welfare dependency and the regularisation of informal work (European Expert Group, 2007: 5).

Clearly, then, and despite the growing attention paid to the concept definitional problems persist. The usefulness of a concept ought not to be judged solely on issues of procedural clarity, however. How well does "flexicurity" work?

The practical use of flexicurity: major challenges in crisis conditions

To evaluate the usefulness of flexicurity and considering the issues raised by its tenuous definition, research has used clustering analysis based on variables serving as proxies for flexibility and security. To illustrate, internal flexibility is measured by use of work time flexibility data as well as work organization, whereas external flexibility relates to employment protection legislation (EPL) scores. Security-wise, expenditure on social expenditure, labour market expenditure and collective bargaining coverage has been used (see Auer and Chatani 2010). In accordance with expectations, such **data leads to the formation of a flexicurity** cluster comprising countries such as Sweden, the Netherlands, Denmark, Austria and Finland. Flexibility is particularly emphasized in the policies followed by the Anglo-Saxon states (the UK and Ireland) whereas high EPL scores and an emphasis on security characterizes Southern Europe (i.e. Spain, Portugal, Greece and Italy) (Auer 2010: 375).

Data analysis hardly proves the usefulness of flexicurity (note that the reference years are 2000-20005): whereas flexicurity countries score better than the other two categories of states on all indicators outlined above, this is an expected outcome considering their advanced social dialogue structures, high social expenditure levels and cohesive labour markets. Causality has yet to be proven in terms that will prove flexicurity's inherent value. This, it should be stressed, is made all the more difficult for as long as the term's definition remains subject to very different interpretations. What is more, if one looks closely at the flexicurity states' performance during the 2008-09 economic crisis, one observes a rather surprising increase in unemployment (proportionately higher than for the other two categories) and much higher drop in GDP growth (see Table 1).

TABLE: Who has it toughest?

	Agree	Neither agree nor disagree	Disagree
Ordinary people in the middle have a really tough time overall, because they work hard, but without the rewards of the rich and without the benefits of the poor	79	9	10

Fabian Society, August 2008

The Critique

Data presented above remain of course incomplete, as the full economic cycle has yet to make its course. In addition, the negative performance of flexicurity states at the current phase may more than compensate later with robust employment growth rates and higher GDP levels. Yet what emerges from the picture thus far is that a flexicurity model strongly centered on adjustment to external conditions does not always deliver better results, even when it tries to couple adjustment with forms of protection. Moreover, the understanding of flexicurity that seems to be currently prevailing is one that pays more emphasis on the flexibility part, particularly with regard to supply-side adjustments, and concerns itself much less with the need to protect an increasingly vulnerable workforce. This is precisely the reason why **flexicurity remains an incomplete project at best.**

The critique against it has multiple centres. Criticism has become increasingly robust on the part of trade unions, including ETUC. Though there are differences between national union confederations and not all unions share the heavy dosage of scepticism, it is becoming increasingly common within the labour movement to denounce flexicurity as yet another neoliberal policy instrument. ETUC stresses the increasingly precarious nature of jobs in the contemporary labour market, and points to the need of more and better jobs rather than more elasticity in hiring and firing (EurActiv 2007).

What is a bit more surprising is that the term does not seem to travel well with other international organizations. The ILO has becoming increasingly sceptical of the term as of late despite strongly backing it at first, not least through a flexicurity project in Eastern Europe. By now it prefers referring to “labour market security” instead (Auer 2007), indicative of the confusion that the term carries with it. Moreover, flexicurity has been criticized for not really being a comprehensive and articulated economic model at all, having to rest instead on what Faruk Uslu has termed “deliberate ambiguity” to convince the relevant stakeholders and the general public of the concept’s “win-win” virtues.

Conclusion: flexicurity, the baby and the bathwater

Flexicurity has gained a probably ill-deserved notoriety following its successful application at national level in some member states. From there it has been a short journey for the Commission to capture the flexicurity agenda and introduce its own views on labour market modernization through its prism. Yet empirical data reveals a rather ambiguous record of flexicurity states in crisis circumstances; coupled with the concept’s notoriously ill-defined meaning and **scepticism reaching organizations such as the ILO, it is doubtful whether the current version of flexicurity can provide a convincing answer for progressives in reshaping Europe’s political economy.**

On the other hand, however, the danger of throwing the baby out with the bathwater is very real. A combination of adjustable labour markets with active, state-driven efforts to increase employment and provide more security to the more vulnerable in the labour market is a goal worth fighting for, especially considering the centrality of employment in providing people with a stability that is often denied to them in contemporary society. **What progressives can therefore opt for is an attempt to redraw the current balance in the flexicurity debate, tilted as it is in favour of constant calls for more flexibility and a more adaptable workforce.** What should be pointed out as a starting point instead is the fact that labour markets have de facto become very flexible in recent years; what is still missing is protection for employees in all kinds of different contractual terms, and that is where the focus ought to be. A consistent, well coordinated attempt to recapture the terms of the debate can contribute to the formation of a progressive paradigm in the labour market.

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Carles RIVERA

Equality without inhibition: opportunities and social mobility

Key words

**Equality – inequalities – opportunities – social mobility
– meritocracy – fairness – income distribution**

Summary

The need to define and specify the implications for the Left in “standing up for equality” or “fighting inequality” is evident. What do we mean? What equality? Equality of what? With which policies? Absolute egalitarianism is now outdated and we therefore recognise that our society must live with a more or less unequal distribution of income and wealth. We must recognise that we on the Left have been insufficiently capable of responding effectively to this ideological onslaught. Which inequalities can we accept? Effort is required to provide clear, uninhibited answers to these questions if we believe, as the author does, that it still makes sense to develop a discourse and policies inspired by the concept of equality, which enable us to move towards a fairer society. It is then when the equality of opportunities and the social mobility acquire all their emancipating potential: social mobility is also increased when we reduce inequalities.



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It is then when the equality of opportunities and the social mobility acquire all their emancipating potential: **social mobility is also increased when we reduce inequalities.**

The Left’s emphasis on fighting inequality has often been discredited by conservatives, using arguments that attempt to associate the Left’s egalitarian aspirations with an absolute equality of results that is unfair and impossible to achieve in practice. On this point, we must recognise that we on the Left have been insufficiently capable of responding effectively to this ideological onslaught. In some cases, this has been due to issues around mastering communication and its context as Lakoff (2004) explains. To a large extent, however, the difficulties in responding to these attacks has been rooted in a degree of weakness in explaining the specific and practical application of some of the principles that are the essence of leftist thinking - as has been the case with the concept of equality.

In response to our proclamations “We want more equal societies” and “The state must fight inequality”, the Right has been quick to respond: “What is unfair about inequality?” and “Is it fair that someone who has chosen to indulge themselves should have the same income as someone else who has risked all their savings in a small business?” In the academic context, the textbook question among political philosophers has been: “Should the Malibu surfers be subsidised?”

The need to define and specify the implications for the Left in “standing up for equality” or “fighting inequality” is evident. What do we mean? What equality? Equality of what? With which policies? The way I see it, effort is required to provide clear, uninhibited answers to these

questions if we believe, as I do, that **it still makes sense to develop a discourse and policies inspired by the concept of equality, which enable us to move towards a fairer society.**

In this paper, we will not be looking in any detail at the arguments and realities that convince us that strict or absolute egalitarianism is unfeasible. And even if it were feasible, from the point of view of social justice, it would not be desirable. **Absolute egalitarianism is now outdated** and we therefore recognise that our society must live with a more or less unequal distribution of income and wealth. Given this, the question might then be: which inequalities can we accept? This issue has been addressed by contemporary political philosophy and (in particular from the contributions made by Rawls) we have certain aspects when considering possible responses. According to Rawls’ second principle of justice (1971), social and economic inequalities must be dispensed in such a way that a) they have greatest impact on the least advantaged, and b) are related to posts or positions for all, accessible under conditions of fair equality of opportunity.

We are therefore faced with two types of consideration: first, the matter of the final result of the situation of inequality that we end up at. Secondly, the manner or process that creates a specific situation of inequality.

On the first matter, it is helpful to ask ourselves if, as Rawls would tell us, we agree to accept the inequalities that are generated by an economic and productive system that, in theory, means that the pie being divided up is bigger - such that those who are most disadvantaged receive more than they would with a system that is concerned only about strict equality. To put it simply, if we agree with Rawls, we would prefer a system in which the rich get 7 and the poor get 4 than a system where everyone gets 3. Indeed, the inequality from this simple example would mean that the most disadvantaged would get 3 less than the rich, but one more than they would if we were to enforce strict equality. Do we accept this inequality?

However, to answer this question we would need to comment on the manner or process used to reach the situation of inequality. On this point, sociologists have offered us many clues, thanks to their study into social stratification and the mechanisms involved. There is enough empirical evidence to recognise the factors that relate particularly to the different roles that people play within occupational structures within a work setting. So, to put it simply, people have different incomes because they hold different jobs that are paid unequally. For Rawls, these inequalities are fair so long as there is a “fair equality of opportunity” in terms of access to the jobs that cause the differences. We are therefore faced with one of the most frequently used conditions for delimiting and defining the concept of equality: the distribution of opportunities.

In the ideological debate, equality of opportunity has often been the solution to refute suspicions (whether justified or not) that have always aroused results-based

egalitarianism. The latter has been associated - sometimes in ways that are not at all rigorous and often malicious - with the experiences of communist, not democratic, regimes. We have often heard “equality, yes - but equality of opportunity”, even from conservatives and neo-liberals who have clung to the discourse of opportunity to bring legitimacy to their claims for a minimum state and laissez-faire, adopting them as part of a supposed concept of social justice.

With similar intentions, we have seen concepts such as “equality of opportunity” mixed with others like “meritocracy” - both extremely attractive to certain Western societies where the values of effort and merit are strongly rooted due to historical, cultural or (as Weber pointed out) religious reasons. Added to neoliberalism’s legitimising cocktail is the illusion of free and universal education as a way of equalising opportunities. The aim here is to make it possible for everyone to set off in the “talent race” from the same starting point.

And how has the Left answered this misleading yet effective myth? Do we believe in meritocracy? Are we satisfied with equality of opportunity? Is this the version of equality that we socialists defend? Faced with these issues, when it has reacted **the Left has done so with some discomfort and insecurity, without clearly embracing the egalitarian specifics that allow us to begin to provide the essential ideal of equality of solid and resistant content in contrast with reality.** Clearly, the answers are complex. If we view a meritocratic system as one that places merit above other considerations, we see that the question changes to one of what we mean by merit. Based on the concept of merit, we would find several meanings for meritocracy. It seems clear that if we continue along this line, we would end up having a passionate philosophical debate about the different versions of meritocracy. Yet I doubt that this way we would find a shortcut to reach a point where our political discourse became more effective.

If instead we focus our attention on the concept of equality of opportunity, we find certain issues that deserve comment, as a means of unmasking the Right’s use of this concept. And, in any case, it throws up evidence of the implications of this principle being effectively applied in our society while demonstrating the huge discrepancies with current reality.

Equality of opportunity in the broadest sense - whether it is as Rawls defines it (to provide access to jobs or positions) or in John E Roemer’s more elaborate and economic version (1998) - equality of opportunity refers to the conditions under which some chosen thing (income, asset, job) is distributed. Roemer explains that in the process of achieving objectives, we see, on the one hand, the influence of *circumstances*. He defines these as anything that is outside the control of individuals (parents’ income, socio-familial environment, gender, place of birth and so on). And, on the other hand, there is the individual’s *effort*, which would include all the variables that the individual can influence (time commitment, intensity, preferences, risk, savings/leisure choices, certain occupational choices, and so on).

It seems clear, therefore, that an individuals’ circumstances will always be decisive in generating inequality, unless they are countered by effective *equal opportunity policies*. The goal of these policies would be to try to eradicate the negative effects suffered by the underprivileged as a result of their circumstances. Roemer is more specific on this point than Rawls and he believes that inequality of results is unfair if it is due to circumstances beyond individuals’ control but not unfair if it is due only to the product of what has been broadly defined as *personal effort* - that is, over which the individual does have control. We therefore need to look at more specific criteria that can be useful in answering some of the questions we asked earlier; these can also serve to address the classic dilemma between equality of opportunity and results.

We know that the problem is still far from being resolved and that the simplification seen in the paragraphs above merits (though not here) more specific detail of what we mean by circumstances and what would likely be considered as such¹. However, what we are able to do at this point is highlight the discourses that provide legitimacy to existing inequality of results based on a supposed equality of opportunity that does not exist in reality.

Indeed, as we shall see later with the social mobility indicators, it is naïve - to say the least - to believe that the extension of universal free primary education has enabled people working today towards their financial goals benefit from an environment in which they are compensated for circumstances beyond their individual control. While it is true that investment in education is a factor that increases life chances, we must also remember that schools often find it difficult to avoid inherited inequalities from being perpetuated, if not accentuated in the worst of cases. Moreover, the available research into the mechanisms that cause and perpetuate the so-called “social inheritance” gives us enough evidence to cause concern about a whole range of factors that play a decisive role in generating inequality and which are hard to tackle with conventional education policies (Carneiro and Heckman 2003, Esping-Andersen 2004). Among these other factors or circumstances are: the family, social and cultural capital, certain psychological characteristics, and non-cognitive skills and abilities.

Therefore, even if we take the notion of equality of opportunity in its strictest sense as the meaning of equality, the realisation of this ideal (the looser version of which has also been used by conservatives), this necessarily leads us to an ambitious agenda of social reform and transformational policies that makes it possible for success in people’s lives not to depend on

The struggle for real and effective equality of opportunity can be an excellent way of working towards social justice.

¹ Perhaps one of the most controversial aspects is the role of intelligence and the consideration of its yield.



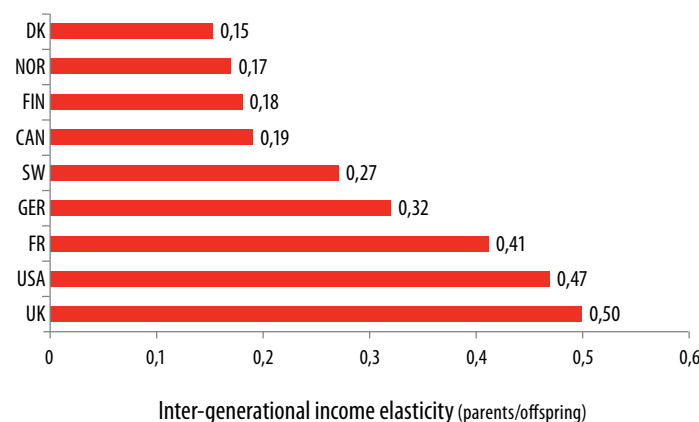
factors beyond their control. The struggle for real and effective equality of opportunity can therefore be an excellent way of working towards social justice.

Down at the level of public policy, we first need to continue investing in those policies that we already know contribute in some way to promoting equal opportunity and fighting social inheritance. This includes educational policies. Secondly, we need to evaluate the impact of existing policies and innovate in designing new formulations that achieve maximum marginal impact (for each additional euro invested), countering the circumstances that interfere in the success of the underprivileged.

One way of measuring the success of equal opportunity policies is through the study of social mobility. Indeed, if the study of inequality is a snapshot of the distribution of fixed income or assets at any given time², then the study of social mobility tells us how individuals progress along the social ladder over a period of time that usually covers a sufficient number of years to enable comparison of an adult's income with that of his or her parents when they were the same age.

The study of social mobility has received the attention of economists and sociologists, who have deployed various methodological devices, most of them based on statistical methods that measure different types of correlation between the income of a family or individual and that of their immediate ancestors. This is a field of research that is not without its difficulties in terms of methodology. However, as in many other fields, these can be addressed with some confidence and do not prevent conclusions from being drawn that are of great interest for social analysis and public policy design. At this point, we need to draw a distinction between the study of intra- and inter-generational mobility. Where the first is concerned with changes in income over individuals' lives, the second (which is of most interest to us here) looks at the correlation of income between parents and children.

Chart 1: Relationship between the income of parents and offspring



Source: CORAK, 2006.

² A typical indicator for measuring inequality is the Gini coefficient.

Miles Corak (2006) has carried out an analysis of the main studies that deal with economic mobility, specifically selecting the most reliable and consistent studies that enable homogenous comparison at international level. Some of the results of Corak's work is shown in Figure 1.

This chart compares the values of an indicator showing the relationship between the income of one generation and that of their parents at a similar age³. Thus, the values are higher in those countries where incomes closely match those of their parents, but are close to zero in countries where people's income bears little relation to that of their parents. We can see Inter-generational income elasticity (parents/offspring) therefore that countries like the US and the UK have low levels of mobility, where parents' income advantages are transferred to their children. In contrast, Norway, Finland and Denmark have high levels of social mobility, with less than 20% of income benefits being passed on to offspring. France, Germany and Sweden stand at an intermediate level.

Other recent studies (Jäntti et al, 2007) have gone into greater depth into the study of mobility and identified some common patterns in most Western countries studied. Thus, there is a certain inertia in the upper and lower segments of the social scale. Again, this immobility is higher in the US, where people on lower incomes find it harder to move up the scale than in other countries.

Unfortunately, the problems associated with obtaining long-term data for periods of three or more decades (the only way of allowing reliable comparison between the economic situations of parents and children) means that it is very difficult to get hold of social mobility studies for Spain which have results that allow international comparison⁴.

Nevertheless, the data we have reproduced here allows us, at least, to break many of the myths that often exist around social mobility in continental Europe compared to the US or the UK. Indeed, the myth surrounding the "American Dream" - which is often used as a way of legitimising the high rates of inequality seen in the United States, with the argument that it is easier to move up the social scale - is totally discredited by empirical evidence. In fact, it is precisely the opposite. The rigorous study into class mobility shows that mobility in the UK and the US is much lower than in Northern Europe, where we find a lower correlation between the incomes of parents and their children.

It is helpful to draw conclusions from data on mobility in the selected countries: the economic success of the Danes, Norwegians and Finns depends less on families' economic situation than the success of the Americans and the British, which is particularly notable for the economic situation of parents. To put it another way - and following the terminology that

³ Most of the data relates to measurements taken between 1991 and 1997.

⁴ Even so, the work of Carabaña (1999) and Sánchez Hugalde (2004) is notable.

we presented before - Northern Europe societies somehow ensure that the income of their citizens does not depend as much as the US does on one of the main circumstances beyond the control of individuals: the family's economic situation. It is, in this sense, a clear sign of greater equality in the Nordic countries.

This observation allows us to return to the starting point of this paper, where we addressed the dilemma between equality of opportunity and equality of results. And if we are now clear about one thing, **it is the superiority of social-democratic welfare state models over liberal models in producing less unequal distribution of income and wealth** (Esping-Andersen 1990). The Nordic welfare model has though been regarded as less prestigious with regard to: the mobility index, the ability to neutralise the effect of social inheritance and, ultimately, the capacity of the social-democratic model to offer more equality of opportunity. As we have just seen, **the growing research on social mobility is also providing arguments that lend legitimacy to social-democratic policies, including compared to those who would only consider as fair, a definition of equality defined in terms of opportunity.**

Far from being pure coincidence, we are also beginning to gather enough evidence to assert that mobility increases when we reduce inequality. Indeed, reducing inequality and creating opportunities for mobility may be interdependent (not mutually exclusive) goals - as the Scandinavian experience shows us. Thus, certain experts have shown how some public policies developed with particular intensity in Nordic countries appear to contribute decisively to reducing the impact of social inheritance (Esping-Andersen 2004). This is the case with children-focused policies, such as education for 0-3 year-olds and efforts to eradicate child poverty⁵. If we study in detail the mechanisms through which social legacy is perpetuated, we see how the significant inequalities in terms of today's parents' results will likely be translated into inequality of opportunity for their children tomorrow.

Finally, and by way of conclusion, let us not ignore the uncomfortable questions: What equality? Equality of what? Opportunities or outcomes? One possible double-faceted response:

First: **translating the principle of equality of opportunity to specific policies (as evidenced by the study of social mobility and, once again, the experience of the countries of Northern Europe) involves implementing redistributive policies that, to a greater or lesser extent, also equalize results.**

Second: the Left can take the goal of real and effective equality of opportunity seriously. While the Right has used it in its discourse, it has not incorporated it into its policies. If we proceed with this proposition, if we equip ourselves with mechanisms to ensure that the

⁵ Also along these lines would be the latest propositions and campaigns by the Party of European Socialists (for more information, see www.pes.org)

effect of social inheritance is minimised, if someday we get to a situation where circumstances that are beyond people's control do not determine the likelihood of them getting better-paid jobs, if ultimately we take seriously what conservatives just formulate for maintaining the status quo, then we will have made a great leap forward in achieving one of the classic goals of egalitarianism.

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5

Mobilising international solidarity





Rebuilding our movement





Jens ORBACK

Mobilizing European labour movement for international solidarity

Key words

International solidarity – Labour movement – EU – Global governance – International law

Summary

The European labour movement's mobilization for international solidarity requires that we (1) understand our role as part of the world's elite, (2) accept the responsibilities that follow with the power we hold, (3) realize that international solidarity is of Europe's self-interest, and (4) implement our beautiful words. Our words must be followed by strong actions why eight actions are proposed regarding Western Sahara, Burma, Afghanistan, EU's soft power in North Africa and the Middle East, Belarus, Israel and Palestine, nuclear disarmament and sexual violence in wars and conflicts.

Everything can be subject to relativism, but you who read this article do probably belong to an elite. Regardless of if that comes as news or not, it might be the greatest challenge when mobilizing for international solidarity in Europe.

When our social democratic labour movements were founded, hundred or so years ago, we were struggling to gain power in order to change the society and thereby improve the situation for Europe's poor and oppressed. Then the economical and political European elites first laughed at our movements founders. They pointed finger and said that the workers' dreams of the right to vote, to stop child labour and have all children in schools, were only waste of resources. Because knowledge and education were reserved for them, the elite. We now know that they were wrong.

There are still great injustices in our continent, but viewed from a non-European perspective – perhaps from a Burmese, Zimbabwean and Bangladeshi point of view – Europe seems like a good place. Because the old European elites were forced by democratic movements and reforms to let go of some of their previous privileges and accept the rights of the whole population. They couldn't resist the changes the people craved for.

Throughout the history of mankind, people have wanted improvements. Elites that don't cope with that will sooner or later be over thrown. In today's world we are the elite. And we, I mean Europe in general and the establishment, including the politicians, governments, commissions, parliaments, parties, foundations, think-tanks, organizations etc., in particular. We are sitting by the table where the power is distributed and shared. Also we in the European labour movement. Even if it doesn't always feel like that, we are powerful. **We hold the key to change in our hands. The change of our society and thereby our own life, but also of a better world that is so longed for by poor and oppressed people around the world.**

The decision is now ours. Either we do as elites always have done: We fight the changes the people want, and thereby not only fail our own principles and values but also in the long run deport ourselves to be a part of the history books and museums as the ones making Europe a more humane place during the 20th century but who resisted to make the whole world more humane in the 21st century. Or, **we embrace the European and international demands on a democratic and peaceful world for everyone, and contain these demands in our own European policy development.**

I recommend us to choose the latter alternative. Not only because of a natural instinct of self-preservation but because that is the right thing to do. And by choosing this path we'll be able to use the experiences of our fight against poverty and oppression in Europe, in the worldwide struggle for a free and fair global community. Understanding this role for us as Europeans is the first thing we as the European labour movement must do in our ambition to mobilize for international solidarity.

The second thing we must do is to accept the responsibilities that come with our current role. Because being part of the elite surely gives us power to use. The question is how we use it. Shortly put I like to quote one of the most famous role models of our time, probably more well-known than all EU-commissioners, MEP:s and other European politicians all together: Spiderman. He often repeats: *With great powers come great responsibilities*. Let me explain: **As Europe, and as a part of the elite of the world, we have lots of power to change the world with, and plenty of methods. Our task as social democrats is to use this power and these methods in a way that reforms the world to a freer and fairer place:** A place where we wouldn't mind being reborn in any other persons place. Since that is the test to assure that we really think that the situation of every person in this world is humane and acceptable.

Internationalism is part of the social democratic value base together with freedom, equality and solidarity.

Part of this role is to claim the need of internationalism. **Internationalism is part of the social democratic value base and one of our founding elements: freedom, equality and solidarity.** But – unfortunately – we seldom take the time to more deeply elaborate and develop the idea of internationalism. Neither in its conceptual meaning, nor its methodological. So let me start with the first.

Conceptually, there has been a change in how we perceive and define internationalism. One example of this is to compare the words of how Hjalmar Branting, the former Swedish Social Democratic Party Leader, spoke of internationalism and countries, with the words of one of Branting's successors Olof Palme. When Branting was awarded the Nobel Peace Prize in 1921 he discarded the idea of a world without nations and described the peoples' love to their nation states, and said: *It is precisely this deeply rooted feeling for the importance of the nation that later becomes the basis and starting point for true internationalism, for a humanity built not of stateless atoms but of sovereign nations in a free union..*¹ Olof Palme also claimed the value of the nation state, often in relation to the time he lived in with the struggle for independence of many colonies. But he also had the strength and intellectual capacity to rise above his own time and see the long term perspective. 1970

¹ H. Branting, Nobel Lecture, June 19, 1922, http://nobelprize.org/nobel_prizes/peace/laureates/1921/branting-lecture.html

he, for example, in a security and defence conference said: *if we penetrate beyond to-day's horizon and put it in a wider perspective, the border lines between the states look like some rather haphazard lines on the earth's surface. The individual nation is and remains too narrow a framework for co-operation and progress. This perspective, however, defines more clearly what one might call the fellowship of destiny between all inhabitants on earth, between all citizens of the world society which is bound to come some time.*²

It is 40 years since the words of Palme, and we live in a much more connected and interdependent world today, so still the meaning is very accurate. Especially when seeing *the fellowship of destiny* we as the inhabitants of the Earth now face together: The crises of climate and finance, the pollution of the sea, genocide, migrant flows, and so on. This brings me to the development of the idea of internationalism methodologically.

Previously internationalism has mainly been regarded as something dealing with foreign affairs, i.e. something outside the borders of the nation and not directly connected to the living standard and situation of the domestic inhabitants. Internationalism has therefore mainly been linked with support for self-determination, foreign aid, the fight against colonialism and dictatorships in Africa, Asia and South America. The development the last decades has forced us to reassess this notion.

It is obvious that internationalism, and international solidarity, is of Europe's own self-interest. Not only by the reciprocal nature of the social democratic solidarity concept, but also from a hard realist point of view. Two examples: (1) Without an improved and more equal distribution of wealth among the people in the world, mass poverty will continue and some of the results are increased risk of wars and conflicts and abuse of the nature resources which might affect Europe through trade, financial markets and migration. (2) Without decreased emissions of green house gases in the atmosphere, the overall global temperature will continue to increase which leads to even larger risks of environmental catastrophes around the globe, also here in Europe. It is obvious that international solidarity and internationalism is of Europe's own self-interest. Both in the short term and in the long term.

The conceptual and the methodological challenges of the development of internationalism might be summarized in the challenge to go from internationalism to globalism.

Some critics might argue that Europe for not so much longer time will continue to be part of the elite of the world and that we – especially our economies – will be left behind after other stronger actors such as China, India and Brazil. And that Europe therefore cannot

² O. Palme, address given at the "People and Defence" conference at Storlien, Sweden, February 2, 1970, Labour Movement Archives and Library, Stockholm

devote itself in the struggle for a just world. But it is just therefore we must do it: It is in our self-interest to contribute to a fairer world built on solidarity. One day we might be the one in need of help.

The self-interest of international solidarity is something we must explain, and convince, the European electorate about. In EU and the majority of the European countries, we are in opposition. Well explained and agitated about, the ideas of international solidarity, can be part of the concept that we can win back the people's trust with. Showing that we have an idea of how to face the challenges of the future and that we can shape Europe and the world together with others, in the best interest of all.

Additionally, a deepened understanding of the world will decrease the fear many Europeans feel today. Something that is manifested in the increased support for racist and populist movements in more or less all European countries. Movements that blame problems on "the other", often non-Europeans either within or outside Europe. Fear and prejudices can only be fought with knowledge and understanding, why internationalism is decisive.

So, the third task when mobilizing for international solidarity is that we must realize that international solidarity is of Europe's own self-interest.

The three tasks for us – *understanding our role as Europeans, accepting our responsibilities, and realizing the self-interest for Europe of international solidarity* – are in themselves small struggles to win against the still influential nationalist paradigm. However, there is also another task, the fourth: it includes the *implementation* of our beautiful words of international solidarity. This is probably the real challenge that will test us. Are we true to our values of democracy, equality, freedom and justice also on a global level?

Because just like the PES president Paul Nyrup Rasmussen said in the last PES congress in Prague, we in the European socialist family *have agreed more than once to progressive policies we have never implemented*.³ It is as harsh as it is true. And it is especially true for policies related to international solidarity. Many are the speeches in our movement about human rights, peace and global governance, less the actual reforms that have been put into effect to strengthen human rights, peace and global governance.

I admit it's not easy, but **every generation of progressives has the responsibility to take some steps towards a new, and better, world society**. Our generation, risks to be remembered as the one unable to deal both with the climate threat and the immense financial crisis, and to be blamed for great inability to create a functioning global policy system able to counterweight the global economy that is much more well developed.

³ P.N. Rasmussen, opening speech of the 8th PES Congress, December 7, 2009, Next Left – The Leader's Visions for Europe's Future, FEPS 2010, p. 318

Spanish Prime Minister Zapatero said in the UN General Assembly in September last year that *This has not been the first crisis of globalisation – in spite of what has been said – instead it has been the first crisis of global governance, the crisis of an insufficiently governed globalisation; and it is up to us to profit from the opportunity and learn the lesson, of course, as far as the financial and economic crisis is concerned, but also as far as the rest of the global challenges are concerned, for this demands a collective decision and also the necessary instruments for a multilateral coordinated political action*.⁴ Zapatero's words continue a long tradition of discussion of global governance in the international community. Ingvar Carlsson and Shridath Ramphal caught it well in their introduction to their report "Our Global Neighbourhood": *The development of global governance is part of the evolution of human efforts to organize life on the planet, and that process will always be going on*.⁵

For us European social democrats and progressives, the question is not if it is possible to change the world society. It is rather if we dare to take our ideological dreams to a global level, and transform our words to real reforms.

The world is not changed into a well-functioning and democratic global governance over a night. But neither were the European countries. Our national democratic systems took us long time to develop, and are still developing. Just as our regional EU democracy. The same is valid for the development of a well-functioning global governance structure. However, to reach there we – as the reformists we are – must take it step by step.

Our efforts to mobilize for international solidarity should focus on practical initiatives in order to create global rules that strengthen global governance, human rights, democracy and peace. Societies without such rules are governed by the rule of the strong, on the expenses of the weak.

It is imperative that our words always are accompanied by strong actions. Otherwise we, the Europeans, will continuously be called hypocrites by our fellow-human beings. Therefore I like to propose the following eight actions, without any ranking.

1. Action: Exclude occupied Western Saharawi territories from the EU-Morocco fisheries agreement, and thereby strengthen the respect of international law.

Western Sahara is Africa's last colony, since the 1970s, occupied by Morocco. The occupation has no basis in international law. The International Court of Justice has heard the

⁴ J. Rodríguez Zapatero, speech in UN General Assembly, September 24, 2009, Next Left – The Leader's Visions for Europe's Future, FEPS 2010, p. 308

⁵ I. Carlsson, Ramphal, Shridath, *Our Global Neighbourhood – The Report of The Commission on Global Governance*, Oxford University Press, 2005, p. xvi

case and rejected Morocco's claim to the country, while reaffirming the inalienable right of the people of Western Sahara to self-determination.

In the beginning, the Sahrawis resisted the occupation with armed resistance - each occupied people's right - but in 1991 a cease-fire was signed with a promise by the international community that a referendum would be held where the Sahrawis would be able to decide if they wanted to be independent or integrate in the occupying country, Morocco. Since then, numerous attempts have been made to implement the referendum, but Morocco has sabotaged all of them.

Many of the Sahrawis, about 160 000, live in refugee camps in south western Algeria, in the middle of the Sahara Desert. Access to food and water is scarce. Sahrawi people living in the occupied territories are living in fear as well as those displaced to Morocco, forced to assimilation. Moroccan authorities are threatening, imprisoning and torturing those who claim Western Sahara's right to independence.

This year, there is work on the renewal of the EU fishery agreement with Morocco. The agreement provides significant revenue to Morocco and includes fishing in the waters of the occupied Western Sahara. It therefore contravenes international law since the rich fishery captures are not made accessible to the Sahrawi people. That was why the Swedish government, that I had the honour to serve in, as the only EU country voted against the agreement in 2006. But since then, more actors have called for attention to the agreement. The European Parliament's legal experts have established that the agreement is illegal and must be changed. Hans Corell, former UN Under Secretary General for Legal Affairs, has held that the fishing agreement is contrary to international law.

It is unacceptable that EU in this way contributes to the occupation and so flagrantly breaks international law. EU must exclude the occupied Sahrawi areas from the fisheries agreement and by doing so strengthen the respect of international law globally.

2. Action: Support the Burmese democratic opposition and thereby strengthen the international methods of holding dictatorships responsible for their actions.

The military junta rules Burma with an iron hand and the opposition is strongly oppressed. Persons that defy the military risk torture, imprisonment and their lives. The Nobel Peace Laureate Aung San Suu Kyi's party won the elections 1990, but was never allowed by the military to gain power. The party has been forbidden and she has been held in house arrest 15 of the last 20 years. For many years the military junta in Burma has committed widespread and systematic crimes with impunity. These include the destruction of more than 3 500 villages in Eastern

Burma, the forced displacement of over one million refugees and internally displaced people, the recruitment of tens of thousands of child soldiers, and the abundant use of forced labour.

For decades the UN has been documenting these serious and systematic human rights abuses committed by Burma's military dictatorship, abuses which break international law. For almost 20 years the UN General Assembly has been adopting resolutions, which have been ignored by the dictatorship, while no further action has been taken to end the impunity that Burma's brutal regime enjoys.

The Burmese people struggle hard against the dictatorship. They need all support they can get, also from us in Europe. There are several methods we must use to hold the Burmese military junta responsible for their actions:

- EU must use both Asean and ASEM, both where Burma is one of the members, to act against the dictatorship. EU must proactively use this fora, and bilateral Asian contacts, to influence India's, China's, Thailand's and other Asean countries' positions on Burma.
- EU must put pressure upon Burma in the union's trade negotiations with Asean and ASEM. For example, EU must demand that all political prisoners immediately are released.
- In the last report from the UN special rapporteur on the situation of human rights in Burma, he called for a UN Commission of Inquiry into crimes against humanity in Burma. Several European countries such as the UK, Slovakia, Czech Republic and Hungary have already publicly supported this. The whole EU must do the same.

By holding the Burmese military regime responsible for their actions, we support a democratic development in the country. At the same time EU can show dictatorships around the world that their impunity can end any day.

3. Action: Support the civil rebuilding of Afghanistan, and thereby strengthen the UN monopoly of violence.

The Afghans ask for the world's support to rebuild their country after the Taliban era, a period that was a shame for humanity. Women were flogged, girls forbidden to learn to read and write, and men were forced to grow beards and live Talibanish. Those who objected were tortured or murdered. Now, Afghanistan is slowly trying to create a long-lasting peace, and to develop its own democracy. And they ask for our support. Because to build a long lasting peace the world's civil support must increase substantially: the Afghan civil society must be strengthened as well as the parliamentary democracy, and schools and hospitals must be built. Basically, it's about making it safe for people to live in Afghanistan: to work, make families, enjoy and make an income.

To ensure this, there is still need for a military presence. Otherwise the Taliban will return to turn the clock backwards again. Military presence is also needed to make the Taliban to come to the negotiations table, and thereby enable a long-term peace. The International Security Assistance Force (ISAF) is invited by the Afghan government, it is supported by a UN mandate and there will be a civil war if ISAF leaves the country. Many are the Afghan mothers and fathers that are afraid that the outside world will abandon them.

Therefore, Europe must increase its civil support to Afghanistan and continue to enable ISAF to stay in the country and to make a good job. This is not only a question of enabling a democratic and peaceful development in Afghanistan, but also of the legitimacy of the UN. I would have preferred to have ISAF under a clear UN command and for all the soldiers to be UN soldiers. Unfortunately, today this is not possible due to the small capacity of the UN. However, if UN cannot even count on its members to act when the organization asks for support to a country in need, the power of the UN and its monopoly of violence will become even more weakened and questioned. Supporting UN mandated missions is therefore an important task to strengthen UN, its capacity and the members faith in the capacity. In the long run this strengthens international law, but also global peace and security.

4. Action: Use EU's power of attraction to promote democracy and human rights in the union's neighborhood, especially in North Africa and the Middle East.

EU has a great power of attraction. This has been shown many times, not the least in the successful enlargement process that 2004 resulted in ten new EU member states. This power of attraction – more often called soft power – has contributed to make Europe a more democratic and peaceful place. We must continue to make human rights, democracy and peace the beneficiaries of EU's power of attraction. Naturally in the on-going accession discussions and processes in the Balkans and with Turkey, but also beyond. I especially think of the Middle East and North Africa where men and women since decades are suppressed by authoritarian regimes and dictators. Persons in these countries – such as Iran and Saudi Arabia – live with extreme fear to express their opinions: A blog can lead to torture, wrong clothing to imprisonment and demonstrating to your own death. But still people speak their thoughts. They deserve EU's support.

The union must improve its work for human rights and democracy in all its foreign relations, especially the trade related. Human rights and democracy must repeatedly be argued in favor of in foreign contacts, and included in bilateral and multilateral agreements. And when they have been included they must be respected and followed. Today we have a situation where human rights and democratic standards are included in many agreements,

but are never evaluated which make the agreement's articles about human rights mere empty phrases. Following the actual wordings of many agreements, they must be suspended when not respecting their own articles. A suspension should always be accompanied with an action plan to support the countries written ambitions to improve their respect for human rights and democracy.

5. Action: Initiate a massive democracy support campaign to bring down the Belarusian dictatorship.

Belarus is Europe's last dictatorship. Dictator Lukasjenka rules the country without respect to human rights and the well-being of the people. If you criticize him you risk your job, education and family's maintenance. The people are living in poverty and fear. The Belarussian people and opposition need our support. We must launch a massive democracy support campaign in order to help the opposition and people to put an end to the Lukasjenka era. We should, following the advice from the opposition:

- Strengthen oppositional media. Launch radio channels, transmitted from outside of the country, and support the oppositional printed media. One of the opposition's biggest problems is that there today is no opposition newspaper with a circulation exceeding 20000 copies distributed in Belarus.
- Unite the opposition. Help the opposition to unite in a democratic coalition where they coordinate and strengthen their actions for a free and democratic country. First by helping the left wing parties of the opposition to unite under a common flag, and the same for the right wing opposition parties, and second creating a common coalition.
- Coordinate the policies on Belarus from abroad. Foreign actors such as the EU, and its member states, and USA must coordinate policies and actions towards the Lukasjenka regime. Ambivalent policies of criticizing one day and cooperating the other, is not fruitful. Russia's new policy against Lukasjenka should also be welcomed.

6. Action: Use dialogue as a strategic method in the relations with Israel; push the dialogue with help from the political and economical value of the EU-Israel association agreement.

Israel is occupying Palestine. The occupation of the West Bank and the blockade of the Gaza Strip are illegal and inhumane, and contribute to destabilize the region and the world. The rights for both Israel and Palestine to live side by side within peaceful and recognized borders are of great importance not only to the people in Israel and Palestine, but to Europe

itself. Both Israel and Palestine must respect international law and the universal human rights.

EU must continue to support serious peace negotiations between the parties. Dialogue is the main strategic tool to use in order to reach peace in the region. However, there must be strong incitements for dialogue. Till now we've seen a lack of interest from serious discussions, not the least from the Israeli side.

EU must use the political and economical value that is invested in the EU-Israel association agreement. If Israel continues its illegal occupation of Palestine and doesn't participate seriously in the peace negotiations, meaning showing willingness to follow international law, EU must suspend the trade agreements till Israel is ready to seriously participate in the dialogue again.

7. Action: Initiate an international convention that bans nuclear weapons, thereby increasing global, common security.

Nuclear weapons are one of the biggest threats against humanity today. They have the capacity to eliminate all life on Earth, many times. Despite this, nuclear weapons are not forbidden in international law.

1970 the Non-Proliferation Treaty (NPT) came into force. In the treaty the nuclear weapons states of 1970 (USA, China, France, Great Britain and Soviet Union, today's Russia) undertake to disarm their nuclear weapons, the treaty also prohibits all other states, the non-nuclear weapons states, to obtain nuclear weapons, and it permits all states to use civil nuclear power for peaceful causes. Despite this treaty, today there are more than 22 000 nuclear weapons around the world and four more countries have obtained the weapons (India, Pakistan, Israel and North Korea). It is obvious that the disarmament regime of today is not sufficient to prevent the destruction that nuclear weapons constitute.

An international convention that bans nuclear weapons is therefore needed. It would have the possibility to ban development, production, testing, storing, transportation, use and threat of use, of nuclear weapons. That would contribute to an increased global, common security.

A convention that ban nuclear weapon would have strong moral and legal consequences, but also practical. Since anti-personnel mined were banned by an international convention the trade and use of them have more or less disappeared. This shows the use of conventions in real life. Therefore EU must initiate a convention that bans nuclear weapons. International rules are required to reach a world free from nuclear weapons.

EU should fully support the position of Austria, formulated by Foreign Minister Michael

Spindelegger at the General Debate at the NPT Review Conference in May 2010: *"Moving from the dream of a world free of nuclear weapons to actual global zero will take time and much effort. There are several promising ideas, like UN Secretary-General Ban Ki-Moon's Five-Point-Plan. Austria supports this plan and believes that the most effective way to move towards "global zero" is through a universal legal instrument, a "Nuclear Weapons Convention", equipped with a strict multilateral verification mechanism."*⁶

8. Action: Increase the efforts against sexual violence in wars and conflicts, thereby advancing justice and peace.

Sexualized violence is, by international law, considered as war crime, crime against humanity, and in some cases genocide. Just as UN Security Council Resolution 1325 and 1820 settle, women participation is decisive to stop conflicts and reach peace, and sexualized violence threatens peace and must be stopped. Despite the international consensus on the need to stop the mass rapes, the sexualized violence is ongoing in an undiminished strength in the world's conflicts. One example is DR Congo where the biggest UN peace keeping mission is located, but where the violence and assaults against women continue with a brutality difficult to imagine.

The UN Secretary General reported last year to the Security Council how the violence against women can complicate peace processes and create far-reaching effects on the society as a whole. When families and neighbors are forced to witness the violence, the fellowship between people is loosened, and victims are stigmatized as well as the children that are the results of the assaults. The rape culture risks to spill over at the civil society and the level of aggression is increased. The mass rapes can be resembled with weapons of mass destruction.

EU must increase the efforts against sexual violence in wars and conflicts by:

- Increasing the local support to women activists and their organizations in conflict areas. They play a decisive role to strengthen women and promote the human rights.
- Increase the efforts to put on trial persons suspected of committing sexual assaults in wars and conflicts.
- Increase the resources to the newly established UN representative for matters concerning sexualized violence in war, Margot Wallström. For example, establish a commission against mass rapes, modeled and inspired after the commission against mass destruction that former Swedish Foreign Minister Anna Lindh initiated 2003. A commission can develop realistic measurements on how the violence can be combated

⁶ M. Spindelegger, adress General Debate NPT Review Conference, May 3, 2010

International solidarity is both the target of our work and the means to achieve it. The result, if we manage to mobilize ourselves and make actions of our words, is a fairer and freer world. It is possible. If we want it and believe in it, we can make the difference.

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Labour and globalisation

Key words

Unions – Transnational solidarity – Informal sector – Global value chains – Social reproduction

Summary

Workers are developing new forms of collaboration across national borders in response to globalisation. Also informal sector workers and the self-employed start building union-like structures. The invasion of capitalist practises also in the sphere of social reproduction opens up new ideological dimensions. As workers in a broad sense organise across national borders, a Next Left must be on their side, not just in rhetoric but in practical action.



Autoworkers from factories in different countries working for the same company create a solidarity pact to avoid being played out against each other. Textile industry workers in Asia start fighting for a common floor wage. Women workers in South Asia's garment industry create supportive networks and help each other against both employers and patriarchal practices. Truck drivers from neighbouring countries in Europe, driving through each other's countries, start organising together. Workers, peasants, street traders and small entrepreneurs in Colombia join hands in fighting for water as a public good. In these, and hundreds of other cases, we witness today a broad range of organising initiatives, as workers (understood in a broad sense) engage with an increasingly globalised capitalist economy.

The Next Left should be on their side. What would this imply?

Globalisation and financialisation are defining elements of the most recent epoch in the history of capitalism. In the 1970s and early 1980s, the "glorious" post-war decades of welfare capitalism was coming to an end. Capital renounced the class compromise around the Keynesian welfare state at national levels in highly industrialised countries. Trade unions could no longer keep capital within the system of national welfare regulation. Helped by the deregulation of capital markets, the capitalist exchange process increasingly emancipated itself from geographic and nation-state borders. Neo-liberalism, including policies such as privatisation, central bank independence, flexibilisation of the labour market, and public sector restructuring has been capital's project to restore class power through these processes of global restructuring (Harvey, 2006). As a consequence, workers, understood in a broad sense, start organising transnationally.

In recently published research I have together with Prof. Andreas Bieler studied the responses of labour to this process of global restructuring on the basis of

- country studies (Bieler, Lindberg and Pillay, 2008) and
- studies of – successful or failed – cases of transnational worker collaboration (Bieler, Lindberg 2011).

The effects of globalisation

Three main developments can be related to globalisation from the point of view of labour. First, it has led to an increasing transnationalisation of production, with the production of goods increasingly organised across borders. As a result, workers in different countries and varying national contexts, both in the North and in the South, are brought into competition with each other in these transnational production sectors. Historically, labour movements were to a large extent able to fulfil their main function of organising a monopoly of labour, ensuring common national wage levels for industrial sectors through collective bargaining with employers' associations backed up by strikes if necessary. This prevented workers from competing with each other through lower wages. With production increasingly organised across borders, the national structures of labour movements are no longer adequate to fulfil this function. Hence, the increasing danger of workers competing with each other over jobs on a global scale through offering lower wages and other concessions.

Second, the increasing transnationalisation of production has gone hand in hand with an increasing decentralisation and fragmentation of the production process itself. This has led to an increasing casualisation and informalisation of the economy, in which permanent, full-time employment contracts have to a large extent become a feature of the past. "In the majority of the countries of the South, informalised workers – temporary labour, informal labour, the self-employed, the unemployed, street sales-people, those who sell their own services – constitute the majority of the working class. (Bieler, Lindberg and Pillay, 2008). Nevertheless, informalisation more and more also affects developed countries in the North, where employers are on the offensive and demand a flexibilisation of the labour market with the argument that this would be necessary in order to retain competitiveness.

The rising service sector industry in combination with the informalisation of the labour market has made the organisation of workers increasingly difficult for trade unions. A decline in membership is the general picture. Additionally, there is the danger of a potential conflict between unionised workers in relatively stable employment conditions on the one hand, and non-organised workers in the periphery of the labour market or unemployed. Trade unions may become the representatives of a labour aristocracy, which occupies privileged jobs in smaller and smaller parts of the economy (Pillay, 2008).

Third, closely related to points one and two, ownership and production structures have changed. Large integrated companies as a result of these processes of decentralisation and fragmentation of production have increasingly been vertically split up and the new structures display a variety of more or less flexible networks of production and distribution. These two trends have resulted in new forms of global value-chain relationships or network

relations between suppliers and producers. There has however so far been little explicit discussion on the character of labour relations, labour provisioning or labour union strategies that for instance could be linked to the different nodes in the value or commodity chain, or to different forms of chain governance.

Moreover, the transnationalisation of finance and the related emergence of a global financial market have implied that the owners of companies with the decisive decision-making powers are increasingly distanced from the concrete production process. Companies are more and more owned by big international capital investors, including pension funds representing postponed wage incomes of workers, who are not involved in the direct running of companies on a day-to-day basis. A production site in one country will often have to follow instructions from headquarters in another country. If management in one country is only the receiver of orders from higher up, local and national trade unions there can have little impact on the organisation of the workplace (Lindberg 2008).

Exploitation has also increasingly been extended into the sphere of social reproduction. This includes financial cut-backs, the introduction of competition principles as well as outright privatisation of traditional public sectors such as education, health services, etc. It also implies an intensified exploitation of the environment as, for example, the deforestation of tropical rain forests shows. Resistance to globalisation includes resistance against these forms of exploitation by progressive environmental and social movements. The potential co-operation between trade unions, as representatives of various working class fractions, and social movements, organising those progressive forces which resist neo-liberal restructuring of the sphere of social reproduction, can therefore be understood, in one of its aspects, as class struggle.

The international division of work in general, and the sphere of social reproduction in particular, must also be analysed from a gender perspective. Estimates indicate that women and girls carry out two thirds of world labour and receive less than one tenth of the income generated (Mohanty 2003). Women own one hundredths of world property. Women form the majority of the world's poor and its immigrants. When analysing the prevailing world order one cannot but be struck by the existence of a power structure which seems to place women inevitably at the lower scales of working life, hardest hit by globalisation.

In sum, globalisation has implied a whole range of new challenges for labour and social movements. The remainder of this paper will consider possible strategies of trade unions and social movements in response to these challenges, before discussing some conclusions.

Globalization has implied a whole range of new challenges for labour and social movements.

Varied responses of labour

In *manufacturing*, the predominant challenge is that production sites in different countries can be played off against each other in a threat to relocate production. We can see two main steps in the responses from workers (1) increased efforts to organise and to support the right to organise through transnational action and (2) developing new links of transnational collaboration on wages and working conditions, in defiance of the competitive challenge and the risk for underbidding. **The main counterpart of workers in the manufacturing sector is the management of the company. And the main tools of the workers are negotiations and, if necessary, industrial action. In using these tools, workers increasingly need each other's support, in solidarity.**

The auto industry provides an obvious example. As car factories in different countries are being played off against each other, auto workers today in many cases feel forced to accept concessions in order to avoid losing jobs to factories in other countries. Even in strongly unionised countries like Germany or Sweden, national collective agreements alone can under such conditions no longer fulfil the fundamental union task of preventing workers from being played off against each other. The risk for "social dumping" or "race-to-the-bottom" is obvious. The *push* for building transnational solidarity is certainly strong here.

However, the difficulties are equally forceful. The Opel/GM case, studied by Magdalena Bernaciak¹, and many similar ones from the auto industry, shows that it is extremely difficult to achieve solidarity in action in situations when different production sites of a transnational company cluster have to fight each other for investments. This is even more so when reductions have to be made at one production site or the other, as during the present global recession. **A sense of shared identity may be there, and a united labour front might be a long-term win-win game for workers, but at a critical juncture these mutual long-term self-interests have weak leverage compared to the immediate opposing self-interests of protecting jobs at one's own work place.**

A different case from manufacturing is the strike in 2003 at the Jaqalanka apparel factory in Sri Lanka's Katunayake Free Trade Zone (KFTZ).² The successful struggle included cross border pressure from anti-sweatshop movements like the Clean Clothes Campaign and the Fair Labour Association, along with international trade union confederations such as the International Confederation of Free Trade Unions (ICFTU, now ITUC) and the global union of textile, garment and leather workers. The campaign also occurred at an opportune time, when Sri Lanka was engaging in trade negotiations for the Generalized System of Preferences (GSP) concessions and when unions could argue that Sri Lanka should not be granted GSP

¹ See her chapter in Bieler, Lindberg (2011)

² See S.J. Gunawardana's chapter in Bieler, Lindberg (2011).



concessions if manufacturers continued to violate core labour standards. The final recognition of the free-trade-zone union as a formal bargaining agent of workers was heralded as a landmark case of local and global organizing. But after the closure of the factory in 2008 the competition among garment producers has intensified.

As with the Opel/GM workers, the Jaqalanka case confirms that the *push* for building transnational solidarity structures is certainly strong in manufacturing. It also illustrates that transnational support for the right to organise is a powerful tool. But the difficulties are equally forceful. These first two cases show that in important respects, production workers have even a more entrenched position than others. First, the competitive pressure is a strong limitation. If auto workers in one company go on strike, other car producers will sell better. If Jaqalanka workers get better paid, the company may lose its contract with Nike. Even if a sense of shared identity is there and a more long-term mutual interests of acting together can be identified, at a critical juncture these shared interests can be weak compared to the immediate opposing interests between workplaces. Secondly, workers in manufacturing have different positions in the global division of labour. Workers are played off against each other mainly at the same level of the global value chain, like Polish and German auto workers or Jaqalanka and other Asian garment producers, subcontracted by a brand company such as Nike. But when workers are at different levels in a value chain, the situation is more complex. Thirdly, these hierarchies in the production structure are interlinked with union hierarchies. **The home-country union, which normally has a stronger position in union hierarchies, tends to give high value to its special relationship to the company management. This can weaken its readiness for mutual-interest-based solidarity with workers for the same company or its subsidiaries in other countries.**

Union responses in the *private service sector* present a much more differentiated picture still, as compared to manufacturing. In response to the challenge on the Berlin construction market after reunification, the German building workers union IG BAU made some efforts to organise also posted workers.³ Thus, IG BAU sponsored the creation of a multilingual European Migrant Workers Union and it concluded a number of bilateral agreements with construction worker unions in other countries, providing for information exchange, mutual assistance and mutual recognition of membership rights. Furthermore, IG BAU and its European federation EFBWW lobbied the EU to adopt the posted-worker directive. And the European building workers were active in huge demonstrations aimed at removing the country-of-origin principle from the proposed service (“Bolkestein”) directive. Thus, whereas cases like Opel/GM have made the European Metal Workers Federation EMF initiate efforts to coordinate cross-country wage bargaining, the challenge for European building workers is much more

³ See Erne (2008).

workplace-based, emphasising local organising, and at the same time involves more of action towards the political decision-making arenas (Erne 2008).

In a different case, the street vendors in Mozambique opted for a worker identity and gained affiliation to the main trade union federation of the country.⁴ But ASSOTSI is also a member of a recently created global network of associations and unions of street and market vendors, StreetNet International. The counterpart of these street vendors, however, is not an employer but mainly local government. For them, transnational support has had the effect that governments realize they are dealing with groups that are backed by an international movement. International exchanges have also provided those involved in the organizing struggle with a widened consciousness, a sense that they are part of a larger force. Having gained strength, they are asserting themselves as an important social force, being the backbone of national economies as well as a major source of local government revenues.

At a closer look, **one may well argue that the consequences of globalisation for workers and unions are potentially even more far-reaching in the private service sector.** In manufacturing, such as the auto industry, Swedish or German or Polish unions can be organised basically the same way as before; they “just” have to find ways of coordinating their action transnationally facing a threat of relocation. But in the sector of private services, basic ideas about union organisation and identity are being challenged. German building workers in Berlin must try to organise workers from Portugal, Poland and Ukraine, temporarily posted in Berlin. In order to regulate working hours and wages and prevent underbidding, they must create renewed local union structures, involving posted workers and other groups outside the union’s traditional core group. They must reach out to subcontractors, employing undocumented migrants for sub-wages, often performing the low-paid and most dangerous parts of a construction project. Thus, new union structures have to be developed not just on top of the existing ones through regional or global federations but at the local level. In addition, the counter-part in the private service sector is in many cases not a private employer of a traditional type. The aim of unions and union-like associations like ASSOTSI is rather to influence various structures of government. Street traders in Mozambique are self-employed, they organise the site of production (the market place) and they negotiates not with an organisation of employers but with local government – and yet their association is affiliated to a national confederation of labour.

And we see still different responses by unions in *services for social reproduction*. In the struggle against the proposed European Public Procurement Directive, based on the country-of-origin principle, a Coalition for Green and Social Procurement was created with the

⁴ See I. Lindell’s chapter in Bieler, Lindberg (2011).

European Public Service Union EPSU and the European Environmental Bureau EEB, a coordinating body for environmental movements, as driving forces⁵. The Coalition was quite successful in getting its views understood and accepted in the European Parliament, which during its second reading of the directive more or less fulfilled all the objectives hoped for by the Coalition. Ultimately however, since the Commission and the Committee of Ministers have strongest power in the EU, the campaign's impact on the eventual directive was rather weak. The negative end-result confirms that unions and green and social NGOs, when lobbying inside the Brussels structures of the EU, have a rather weak position. And attempts to move from lobbying to broader mobilisations, including public demonstrations, were not put into practise. Members of the Coalition did not share a more fundamental understanding of the aims of the struggle, and no alternative project was developed. It was rather a reasonably successful effort to form an alliance of a bunch of interests that were different but could well be combined, and to lobby on a joint platform.

It is interesting to compare this case not only with the fight against the service directive, mentioned earlier, but also with the dock worker's campaign against the proposed EU deregulation of the docks⁶, where strikes and large-scale mobilisations were used successfully alongside with lobbying. The driving force behind the dock worker's campaign was a strong and immediate mutual interest that could mobilise rank-and-file members. Workers could easily feel the threat of being played off against each other and a common identity was forged around the slogan "I am a Docker". These elements were not present in the Coalition for Green and Social Procurement.

In the successful fight against large scale privatisation of the water resources in the city of Cali, Colombia, on the other hand, the solidarity building process behind the victory started many years earlier.⁷ Already in 1995 a shift of strategies took place inside the Emcali workers union when a new leadership took over and an anti-privatisation policy was adopted. The new leadership's solidarity building strategy had four main elements. Firstly, there was a need to build alliances between Emcali workers and the local community, since people in the local community regarded Emcali workers as part of the problem rather than as part of the solution. Now, all Emcali workers gave up one weekend per month to carry out repairs on infrastructure in the poorest area of the city. The resulting shift of attitudes was fundamental during to the successful occupation. Organisations and individuals of the local community blocked roads, joined marches and demonstrations and provided material and political support for the union during the fight. The second element of the union

⁵ See A. Bieler's chapter in the same book.

⁶ Described by P. Turnbull in his chapter in K Bronfenbrenner (ed.) *Global Unions. Challenging Transnational Capital Through Cross-Border Campaigns*, Ithaca Cornell University Press, 2007.

⁷ See M. Novelli's chapter in Bieler, Lindberg (2011).

strategy was an alternative development plan for efficient management and delivery of public services. The third was the development of a hard core of members and sympathisers, willing to put themselves at great personal risk for instance in the occupation of buildings. Colombia is certainly one of the most dangerous countries in the world for a trade union activist. The forth element of the strategy was transnational solidarity networks. After the assassination of 17 unionists, a prominent human rights activist set up a Human Rights Department inside the union. Training courses in human rights and solidarity work were developed and national and international network contacts were built. Links were constructed in particular with British unionists and the British TUC. In the end, these different alliances created a joint mobilisation of organised labour and local forces around an issue that was defined as broader than "just" jobs and working conditions. A specific feature of this case was the alternative management plan, where the union actually started a process toward worker control of production, an emancipatory shift questioning the established relationship between labour and capital in the production.

Manufacturing is not the typical case

Three features stand out in our comparative study: First, the auto industry case is not the paradigm one; conditions for solidarity at lower ends of the global value chains and in private services or services for social reproduction are just as important. Secondly, union hierarchies interact with structural power differences along global value chains. And third, a reinforced ideological basis, where services fundamental for social reproduction as seen as rights and not as market commodities, can both strengthen unions and create links to other social movements.

There is a danger in regarding manufacturing as the path-setting sector and taking past Northern experiences of social partnership as the guideline. True, workers in manufacturing traditionally have fairly strong union structures nationally, not only in the North but also in newly developed countries like South Africa, Brazil or South Korea. And through intensified competition and threats to relocate production they are very much exposed to the challenges of globalisation. It could therefore be assumed that they would be the ones to pave the way for new transnational union structures.

Typically, **workers in the same manufacturing company need to find ways of negotiating and, when necessary, taking industrial action together across national borders. This is formidable organisational task, taking into account the differences between countries in labour law, negotiation systems, and union cultures.** A union structure for joint transnational negotiations, and possible joint industrial action against the management of a transnational company like Opel/GM, is already a far-reaching challenge.

But competition between production sites takes place not only within one company. The challenge may start at company level but it is wider than that. If Opel/GM auto workers resist the pressure to make concessions in order to save jobs, while other auto workers accept, the company of the resisting workers may go out of business and they will then lose their jobs. This happens to auto workers and it was exactly what happened in the Jaqalanka apparel factory case. The wider challenge therefore is to coordinate union action across a whole branch, at least regionally, like between auto workers in Europe or garment industry workers in South-East Asia. **New bargaining structures, new regulations for cross-border strikes and even joint regional consultation procedures for whole branches will probably have to be developed. The challenge for workers in manufacturing is indeed great.**

Nevertheless, the way production workers are organised at factory level does not need to change fundamentally as a result of globalisation. And new alliances with other social movements are often not so helpful here. Certainly even manufacturing unions need renewal; many have stagnated and need reinforced vitality. Nevertheless, in manufacturing, a local factory union will have basically the same shape as before globalisation; the basic organisation and philosophy remains. Production sector unions therefore often think that what is needed is “just” an additional transnational union structure on top of the local and national ones.

It is vital, however, for the union movement to see that the challenges for auto workers in the North are not the typical case for all kinds of workers, all over the world. And in important respects, production workers have a more entrenched position than some other groups of workers. The competitive pressure is a strong limitation. If auto workers in one company go on strike, other car producers will sell better – whereas if building workers in Berlin, where production must take place on the site, join together in a strike, construction there will stop and it cannot usually be replaced somewhere else. And auto workers of Opel/GM are typically not able to mobilise outside support the way for instance Emcali workers did. They fight alone, more or less, and are not able to mobilise women’s groups, consumers or human rights activists, as the Emcali groups or the Jaqalanka women workers can.

Conclusions

1. Renewed union structures developing

The worker responses that we can see developing in relation to the challenges of globalisation are indeed multi-varied. There is a great variety in circumstances and outcomes both inside manufacturing and in private and public services. The different cases discussed here help us see the danger of simplified parallels back to the old days. Unions in the North often take their own experience from a period of social contracts as the guiding principle for

all kinds of unions at any time. **The understanding of what a union is, and how it should act, must be open to new experiences.** The cases of building workers in Berlin, street traders in Mozambique or Emcali workers struggling for everybody’s access to water are just as important examples of transnational worker solidarity as the Opel/GM case.

2. Capitalist invasion of the sphere of social reproduction – new responses

The sphere of services for social reproduction clearly offers possibilities for unions to gain weight in public opinion through ideologically based interaction with other groups in society.

As is well known, the character and scope of the sector of social reproduction is continuously being contested. In fact, one of the most prominent traits of neoliberal globalisation has been the drive for the privatisation of large parts of this sector. Increasingly public sector unions have formed alliances with other social movements, such as movements for human rights, for the rights of indigenous groups or for the protection of the environment, in order to join forces with them in a struggle against neo-liberal deregulation of services for social reproduction.

The two cases from services for social reproduction mentioned here illustrate the distinctive character of such services. They tend to be regarded as rights rather than as commodities. It is seldom argued that hair-cuts or taxi rides should be distributed equally among the population, based on need and disregarding ability to pay for it. But that medical treatment should be given on equal terms to all those in need, irrespective of means, is even part of the moral code of the medical profession. Most Governments would also at least in principle agree that basic education should be provided to all children, whatever the economic and social status of their parents. And even the poor should have drinkable water.

The ideological distinction of such services provides a special link to trade unions in two ways. Firstly, professionals in this sector and their unions – doctors, nurses and assistant nurses, teachers and many others – often have a social dedication and are committed to reaching out also to under-privileged groups. And secondly, unions outside these professional groups also usually organise and struggle politically for the interests of the less privileged groups in society. Thus, **a potential ideological link – a struggle for social justice, on the side of the underprivileged – exists between unions, on one hand, and consumer groups or popular movements fighting for free or equitable access to such common goods as health, water and basic education, on the other; a link that does not exist in the field of purely private services.**

In both cases above from the sphere of services for social reproduction, we see unions entering into alliances with other social movements. The two cases also illustrate the

importance of the ideological dimension. The campaign against the draft EU Directive on Public Procurement did not have a strong ideological component, it did not involve a broad rank-and-file mobilisation and it was not very successful. The more the successful Emcali struggle against water privatisation, on the other hand, demonstrates the strength of a joint ideological front.

3. Unions, globalisation and the Next Left

What political action, then, can parties of the Next Left take in support of organised Labour, as well as new types of broad worker mobilisations, in this new phase of finance-led globalised capitalism? Let me briefly take up a few of points for discussion.

- **Strong political action is needed in support of the right of workers to organise, to negotiate and uphold collective agreements and to take joint union action across national borders.** Mother companies and contractors should be made responsible for their sub-contractors when it comes to upholding basic labour rights along global value chains.
- **Macroeconomic policy for full employment is basic for the strength of workers and their unions.** An important element of such a policy would be to restore the wage share of total production to a fair level. A combination of union action and macroeconomic policy would be needed, both requiring transnational coordination.
- The sphere of social reproduction is developing into an ideological battlefield where profit-driven structures are at odds with broad human interests. **Unions, other social movements and a political Next Left could join hands in an ideologically based fight against profit-driven invasions of basic human needs such as water, land, education and health.**
- At the present stage of finance-led capitalism strong regulations of financial capital are a necessary part of a policy to restore a balance of power between labour and capital. An important element could be to ensure that pensions funds, built with workers' postponed wages, are used in accordance with the interests of workers. This would require transnational union action with political support.

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Conny REUTER

How Socialists could build a progressive alliance with an international civil society

Key words

Values based – Change of development paradigm – Investing in social and human development

Summary

Facing global challenges, facing the effects of the crisis, fresh-thinking in development policies means for socialists and social democrats shifting the agenda towards investing in social infrastructure in Europe and in Global Social Protection in the South

Our history and values

When in 1948 the Socialist International proceeded to the creation of the International Workers Aid, our organisation was build on and for international solidarity in time after World War II. The members had to respond to the need of reconstruction of the societies in dignity and the building up of a new world order. In the understanding of our founding fathers and mothers, we are an international organisation and they could build on the solidarity actions around the Spanish Civil War and in this spirit they organized in 1953 similar solidarity action for Hungary.

When in 1995 the members of IWA decided to create a European based organisation, to name it SOLIDAR and to install a permanent secretariat in Brussels, this was not against the internationalist heritage of the predecessor organisation. It was the experience of getting influence and funding for international cooperation projects that lead to the creation of SOLIDAR.

SOLIDAR is built on 3 pillars: social policies, international cooperation and humanitarian aid, education and lifelong learning. Since the year 2001 SOLIDAR has developed together with the International Federation of Workers Education Association (IFWEA) the common project GLOBAL NETWORK. Together with our regional partners in Asia, Africa, Latin-America and the Middle East we promote Decent Work around the strands of Trade, Migration and Global Social Protection.

When it comes to the international engagement of our member organizations we can proudly state that they are active in more than 80 countries worldwide and that they work partly together in the field. In several regions like the West Sahara, the Middle East, or Asia. SOLIDAR has gained international influence through the GLOBAL NETWORK and was present at WTO, WSF and G8 and G20 events.

This engagement is not only based on the humanist and progressive convictions we stand for. It is primarily the values of Solidarity, Social Justice, indivisible Human Rights and non-violent conflict resolution.

Back to the Washington Consensus?

At the EU level, the recent policy debate (e. g. the Green Paper "EU development policy in support of inclusive growth and sustainable development - Increasing the impact of EU development policy") seems to suggest that economic growth is a pre-condition for investing in human development. Available evidence however demonstrates that the trickle-down theory does not work without redistributive policies in place (i. e. more growth does not mean less inequality) and that growth alone is not sufficient for sustainable

development and poverty reduction. Investing in human and social development is a pre-condition to economic growth as healthier and better educated citizens can better contribute to society.

- At the same time, more emphasis is put on “value for money agenda” while emphasis should be put on the “Right to development”.
- Instead of solidarity and North/South cooperation we discuss aid effectiveness and policy coherence in development
- Instead of achieving the MDG’s we assist to the reduction of development budgets and most of the EU member states are far away from the 0,7%
- Non violent conflict resolution is bypassed by embedded development cooperation
- Some global NGO’s have become highly professional being humanitarian aid providers or being global campaigners and they are run like corporations and ruled by competition and market law
- Progressive alliances need a vision for the future a vision not only for our children but for our grandchildren. An ambitious vision and a long term and clear agenda which can give people hope in the future
- Foundations have gained large influence in development cooperation and translate the very anglo-saxon approach of public-private partnership based on the professional collection of private means

On what can be build a future project?

- International solidarity should be at the core of this vision: quoting the ILO constitution, poverty and inequality anywhere is a threat to prosperity everywhere.
- In the Global South vibrant CSOs are putting forward their demands (the Global Network). Among other in Asia, in Africa, in Latin America the demand is raised for better social security systems to build fairer societies. [in Malaysia the campaign for the 90 days maternity leave; in the Philippines the campaign for health access, etc.]
- Policies that focus solely on the economic and financial consequences of the crisis overlook the human dimension of it. Working people are the engine of the economy. If we want to keep the economy going, we need to ensure that they can access freely chosen and productive jobs, where their labour rights are respected and they enjoy social protection coverage and where their voices are heard through social dialogue. This is especially applicable to marginalised and vulnerable groups including those with disabilities, young people, the elderly, women and those suffering from HIV/AIDS.

SOLIDAR recommends to:

- **Set the paradigm on Global Social Protection and refer to the following facts:**

Taking into account those who are not economically active, it is estimated that only about 20 % of the world’s working age population and their families have effective access to comprehensive social protection systems.

On average, 17.2% of global GDP is allocated to social security. However, these expenditures are concentrated in higher-income countries.

Worldwide, nearly 40% of the population of working age is legally covered by contributory old-age pension schemes. In North America and Europe, this number is nearly double, while in Africa less than one-third of the working-age population is covered even by legislation. Effective coverage is significantly lower than legal coverage. In sub-Saharan Africa, only 5 % of the working-age population is effectively covered by contributory programmes, while this share is about 20 % in Asia, the Middle East and North Africa.

Statutory unemployment social security schemes exist only in 42% of the 184 countries covered by the report, often covering only a minority of their labour force.

In the OECD countries, private financial sources constitute on average one fifth of retirement incomes but they are over 40% in five countries: Australia, Canada, the Netherlands, the United Kingdom and the United States. On the other end, there are less than 5 % in Austria, the Czech Republic, Hungary, Poland and Slovakia.

Less than 30% of the global working-age population is legally covered by insurance for workplace accident and employment-related diseases. However, there are large regional differences in legal coverage.

In low income countries, no more than 35% of women in rural areas have access to professional health services, while in urban areas the access rate rise to about 70%. However, this is still more than 20 percentage points lower than the access in high-income countries.

- **Support the demand to developing universal social protection schemes.**

Socialists should support the demands of Southern CSOs regarding the “Global Social Floor” which contains the key components of a minimum social protection package which includes the following benefits:

- measures to provide access to essential healthcare services, including measures to ensure access to HIV prevention, treatment, care and support;
- child benefits;
- income support for the poor and the unemployed of working age;

- disability grants and old-age pensions.

The Global Social Floor is an affordable and rights-based mechanism for ensuring not only poverty alleviation, but also social inclusion and wealth redistribution. According to the ILO 6% of global GDP would be needed to provide the package to all those who have no access to social protection today. A major attempt should be made to extend social protection to the working poor in the informal economy and in rural areas as well as other marginalised and vulnerable groups.

We need to work together to build the necessary consensus on the Global Social Floor;

- **Build a progressive project on our values**
 - Solidarity is not charity: as a global community the question is not whether we can afford solidarity, the question is whether we can afford not to
 - Violence produces violence and refer to non-violent conflict resolution
 - Development policies are investment in fairer global world
 - Fight the root causes of poverty
 - Human Rights are indivisible and not for trade

A joint North-South agenda should ask the EU for

- **Decent Work and Development**
 - Reaffirm its commitment to an “integrated approach” to decent work in development (i.e. taking into account the four pillars of the ILO decent work agenda as they are mutually reinforcing);
 - Establish, in its commitment to corporate accountability, clauses on labour rights that are based on the OECD’s guiding principles on multinationals and on the ILO’s tripartite declaration on multinationals and social policy, in which EU corporations are bound to respect and actively promote the provisions of core labour conventions within their procurement and tendering policies;
 - Monitor the implementation of the labour conventions required for its special trade preference regime (GSP+) and undertake actions to guarantee that the conventions are implemented;
 - Allocate resources to build institutional capacity to implement ILO labour conventions and allow CSOs to be genuinely involved in effectively monitoring compliance by public and private institutions and employers.
- **Decent Work and Social Protection: set the right priorities and redistribute growth**
 - Everyone, as a member of society, has the right to social security” (Article 22, of the Universal Declaration of Human Rights). More than 60 years after the adoption of the Universal

Declaration of Human Rights, it is estimated that only about 20% of the world’s working-age population (and their families) have effective access to comprehensive social protection systems¹. Among the 80% living in conditions of social insecurity, 20% are poor.

- Social security is one of the conditions for sustainable economic and social development. It works as an economic, social and political stabilizer; provides mechanisms to alleviate and also to prevent poverty; reduces income disparities to acceptable levels, and also enhances human capital and productivity.
- The crisis has highlighted that investment in social security² systems is not only a social need but is an economic necessity. The International Labour Organization (ILO) found that the employment effect of the automatic stabilizer (including social transfers) were as important as the stimulus package. Governments with social protection systems in place were better able to cope with the crisis as impact on households was softened and the drop in aggregate demand alleviated.
- SOLIDAR and its allies in the North and in the South demands that social protection and decent work are included as focus sectors in more country and regional strategy papers by providing guidance for sector and budget support policy dialogue in this area. This will ensure that EU funds benefit the most marginalised people, including those living in chronic poverty and those working in the informal economy.
- Finally, as a large number of countries lack the fiscal space to finance discretionary stimulus measures for employment and social protection, the EU should support new initiatives for multilateral and bilateral aid to support employment and social protection programmes. Aid cannot be replaced by an increase in country’s GDP. The EU should introduce innovative mechanisms to raise additional funds for development cooperation such as a Financial Transaction Tax.

- **Migration and Development: We need the South**

SOLIDAR and its member organisations actively raise awareness on the linkages between migration and development referring to the diverse reasons and circumstances for migration and recognising the freedom of movement as a fundamental right.³

In today’s world affected by the uneven effects of globalisation and confronted with recurring economic and food crises, environmental degradation and a growing world

¹ ILO (2009), “Protecting people, promoting jobs – A survey of employment and social protection policy responses to the global economic crisis”, Report to the G20 Leaders’ Summit, Pittsburgh, 24-25 September 2009.

² The terms “social protection” and “social security” are used interchangeably. A distinction can however be made: ILO Convention 102 describes “social security” in terms of guaranteeing a stable income through medical care; sickness benefits; unemployment benefits; old-age benefits; employment injury benefits; family benefits; maternity benefits; invalidity benefits. “Social protection” is a broader concept covering actions to address more than risk such as, for example, measures to address discrimination and safety at work and social services such as health and education.

³ SOLIDAR and seven member organisations together with southern partners are engaged in a development education project to raise awareness on the linkages between migration, development and decent work. See, for instance, the SOLIDAR publication (2010): *Through the eyes of migrants: the search for decent work*.

population, migration pressure is ever-increasing. With ageing societies, a growing need for a high and low skilled labour force in the European Union and increasing South-South labour migration, the need to advocate for and respect the human and workers' rights of migrants is ever more evident.

The European Union HAS to acknowledge the crucial role of migrants' rights in promoting the development benefits of migration, equally in the country of origin and in the receiving society.

The European Union should promote the ratification of the principal international conventions protecting migrant workers rights, namely the UN Convention on the Protection of the Rights of Migrant Workers and Their Families, ILO Convention 97 on Migration for Employment and ILO Convention 143 on Migrant Workers and guarantee the fundamental human and labour rights of migrants.

The European Union should take account of the ILO Multilateral Framework on Labour Migration and include the Decent Work principles in all partnership and trade agreements, development strategies and aid programmes.

The links between migration and development as multi-dimensional aspects of poverty eradication and the contribution of migrants to development (not only one-dimensional through their labour should be highlighted.





Defining solidarity





Cosimo WINKLER

Thinking about tomorrow's international solidarity

Key words

**ODA – Interdependency – Partnerships – Mutual interests –
International norms – Progressive vision**

Summary

The recent crisis has made clear how much global interdependency is important at a time when the rise of emerging countries is changing the late 20th balance of power we were used to. These two major changes coupled to the important internal changes the “development business” has been undergoing since the late 1990s imply a shift in the way we think international solidarity. These changes mean we have to reconsider the way our development policies are currently justified, designed and implemented. Moreover, the current relatively clear distinction between our development policies, our international policy practices and our national priorities may also have to be reconsidered. Policy implications of such changes will entail designing effective global policies with clear objectives grounded on a nuanced fact-based/principle-guided approach, building renewed and differentiated partnerships and thinking strategically on the grounds of mutual interest and international social justice rather than international assistance or economic warfare.

The world has gone through one of the strongest financial and economical crises since 1929. International reaction was responsible, unprecedented. Important progresses were obtained on key issues, most notably on the idea that global cooperation will be necessary to avoid crisis in the future. Now that the feeling and urgency is decreasing, and that economical and social effects have become evident, there are claims for fiscal responsibility, for protections against the “Chinese threat”, against foreign or “cultural threats”. They may set a context where the importance of international solidarity will be downplayed.

When referring to solidarity, I have in mind two complementary, but distinct political components that are found in the “French way” of perceiving solidarity. The first is the usual altruistic/humanistic point of view. It states that individuals' positions have to be taken into account, wherever they may be, and that they matter for each one of us. The second considers that the mutual interdependency existing within a community entails a set of obligations and rights. Those force us to think beyond the individuals' particular interests. When considered at an international level, the latter component could be emphasized. Amongst others, it is an heir of the 19th and 20th century social “internationalism”, which is without the opposition between labor and capital forces, but it is compatible to individual-based conceptions of social justice. The former may take elements from the French traditions¹ and considers both the individual and the community as pillars for social justice. Development policies can be thought as an international policy response that fits to this double perspective.

My “red thread” in this paper is the belief that **the recent changes in the world mean that thinking tomorrow's international solidarity is not only about imagining better development policies, but it translates into bounding together three distinct policy fields: our own internal national priorities, how international cooperation works and our development policies. Even if I will focus on international and development policies**, my general idea is that we will have to reconsider how we envisage international solidarity and how we think and design our national and international policies.

¹ Especially the late 19th and early 20th century thinkers like Léon Bourgeois or Emile Durkheim, for whom solidarity is an essential concept (see: *Le moment républicain en France*, Jean-Fabien Spitz, 2005).

Tomorrow's international solidarity won't look like today's

Three major changes affect the way of thinking about international solidarity: first, globalization process has produced an interdependent world; second, the rise of emerging countries, the growing international economic convergence and our own weakened economic situation changes our position in the world and, third, the development sector has also considerably changed.

The growing interdependency is conducive of solidarity between nations

The first major change is that the world's countries and continents are increasingly interdependent. This global interdependency induces global solidarity: the spark that started the global crisis was rooted in the American economy and its regulations, however its impact was global. Even financially non-integrated African economies were affected through the fall of aid, remittances and foreign direct investments. Even if the subprime crisis and the fall of Lehman brother's happened in the US, the growing "global imbalances", caused by the excess of liquidity in the main exporting countries, were also responsible for the crisis. A situation that started by being a chance for exporting countries finally turned into a perverse situation for everyone.

This interdependency is probably the most striking element of globalization and, even if a different globalization could be imagined, this feature can hardly be undone. Financial autarky is an illusion. Our day-to-day goods are increasingly being produced partly or totally in foreign countries. Our research and innovation rely increasingly on global networks. The fall of transport and communication costs has meant that most of international trade is currently an intrasectoral trade between companies, which are part of the same multinational enterprises. In a world characterized by important economies of scale and by necessary but often internationally produced, innovations, going back national-only solutions is growingly unthinkable. **We can no longer think and produce alone**, even this does not imply that we are living in Thomas Friedman's "flat world".

A last feature of this global interdependency is the emergence of global issues such as global warming, worldwide security challenges or the possibility of a new global crisis has imposed upon all of us a quest for global solutions and cooperation.

The rise of emerging countries changes our position in the world

Not only can't we play alone in a globalized world, but also it's a game we cannot play the way we were used to. The emerging countries have risen and their positions have to be noticed.

² This solidarity could almost be considered as a de facto solidarity or interdependency. The existence of such a solidarity is one of the arguments put forward by Roland Barthes in the 1950s to justify strikes: the fact that people that are not directly concerned by the strikers' grievances are affected shows that, even if they may not realize it, they are de facto in solidarity with the strikers ("L'usager de la grève" in *Mythologies*, 1957).

After the fall of the Berlin's wall, the East-West divide came to an end. That led the US to becoming the center of gravity of the world. Nevertheless, the "traditional" and/or ex-colonial powers remained the international agenda-setters. The incredible growth experienced in China and India meant that the 20th century equilibrium has been gradually moving to the East. Diplomatic and economic powers are now held in a more diverse set of countries. Even if the "American way of life" can still be considered as the dominant social model for the newcomers; same time the political, social, cultural and ecological norms cannot be produced and imposed by "advanced" countries solely. International mechanisms to manage **the global rules of the game are already changing: G20 is increasingly seen as the natural heir to the G8; emerging countries' weight in the IMF and the World Bank has been increased; the WTO is being used to settle our trade disputes with these emerging countries; and last but not least India's permanent seat at the Security Council is increasingly being considered a possibility.**

The arrival of emerging countries is happening at a time, when advanced countries find themselves in a difficult position. Unemployment is high, growth rates are low and fiscal balances have been seriously damaged by the crisis. Furthermore they will be challenged by demographic evolutions with growing dependency ratios. The traditional economical advantages held by the advanced countries are being scorned by the arrival of the new competitors. Even innovation and research investments are growingly taking place in the South. The economic competition is thus more and more seen as being held in an uneven playing field, since the developing and emerging countries are not bound by our tighter social and ecological norms. Protectionism claims are surging while diversity-detractors are raising their voices all around Europe and the US. In the development assistance sector, even if ODA (Official Development Assistance) is mainly coming from traditional donors, the current fiscal constraints and the aid efficiency debates in old donor countries come at odds with the important surpluses in emerging countries and the surge of South-south cooperation (particularly, but not exclusively, from China).

Meanwhile, the global distribution of wealth in the world, which was characterized in the 1970s by two "humps", is also becoming more continuous. This global shift of wealth and power has come to question the old North-South/developing-developed divides that sustained the mainstream perception of the "development sector". Absolute poverty has dramatically declined in China and India and, after two lost decades, Africa has been growing too. Important progresses have been registered in African countries and, in spite of the important challenges these countries are facing, major business actors like McKinsey are currently recommending investing in the "African Lions". **This changing situation will most probably imply alterations in our policies towards the African countries, where**

development is becoming a self-sustained process. In addition, emerging countries, and China in particular, are becoming important partners for African countries in business and cooperation affairs. This has multiple effects in the relation of African countries to traditional donors. The monopoly that was held by these donors is being challenged³. The race for African land, its mineral and oil resources, is increasing the African bargaining power. Even if China's cooperation with Africa has its significant drawbacks, the emergence of other bilateral actors may also mean that partnerships with ex-colonial powers may now be reconsidered differently and the burdens of the past lightened.

The development business has undergone an important internal transformation

The development sector is one of the oldest manifestations of public policies based on international solidarity, even if colonial and cold war histories were also its key drivers. Since the end of the 1990s, this sector has also undergone three major transformations: new actors, new objectives and new instruments have flourished. These changes added to those already described, they may mean a forthcoming radical change in way we think of international solidarity⁴.

The “market for development policies” has seen the arrival of numerous new actors beyond the traditional Development Aid Committee (DAC) bilateral donors from the OECD and beyond the usual multilateral institutions (UN agencies, global and regional International Financial Institutions, etc.). New foundations, such as the Bill and Melinda Gates Foundation, have funding capacities equivalent to those of traditional donors. The presence of NGOs has increased. Also, new specialized funds like the Global Fund to fight AIDS, tuberculosis and malaria or the GAVI alliance have appeared. Multinational Enterprises, such as Danone, have also entered the field. This means a positive diversity in developmental approaches, however also: less coherence, higher transaction and cooperation costs for both donors and receivers. The community of bilateral donors has also become diversified. Middle-East oil exporting countries, such as Saudi Arabia or Islamic development banks, are growingly present. China, India, Brazil or Malaysia's arrivals mean that south-south learning is more common and that the existing set of “development models”. The set of reference points, from which developing countries can seek examples for inspiration, has widened.

The traditional objectives of the development community were aimed at ushering economic convergence between countries. Some new objectives have been adopted. The

³ The loan and aid practices of China challenge for example the conditionality policies applied by the traditional donor community (bilateral and multilateral): they often only require accepting the Single-China policy, they do not comply to traditional conditionality rules and they get around the Debt Viability Framework established to prevent debt crises, free riding on the debt relief initiatives by traditional donors have paid for.

⁴ This section heavily relies on Jean-Michel Severino and Olivier Ray's papers « The End of ODA: Death and Rebirth of a Global Public Policy » (2009) and « The End of ODA (II): The Birth of Hypercollective Action » (2010).

Millennium Development Goals (MDGs) are aimed at guaranteeing a minimal level of certain basic services and human welfare. International risk mitigation and insurance schemes are opening the way to considering countercyclical activities as part of the necessary objectives of development policies. If the UNDP's “human development” concept relied on the individual “capabilities”, the idea of “shared” growth promoted within the G20's growth framework states the importance of distributive situations within countries. Finally global issues such as global warming have also entered the mainstream objectives, opening the way for national development policies to be part of a global public policy framework.

Finally, the number and technicality of means available in the development professionals' toolbox have increased. Evaluation methods have been generalized to foster better results. The concept of testing ideas and projects before scaling them up is growingly admitted, as shown by Esther Dufo's activities and renown. New financing mechanisms are being promoted to tackle specific and until now unresolved issues (airline ticket taxes, new special bonds, contingent lending instruments, advanced market commitments, weather-based regional insurances, cash-on-delivery mechanisms, etc.). Innovative partnerships are being designed to promote synergies between actors at very different levels.

Elements for a renewed international solidarity approach

The development's professionals are increasingly aware of these evolutions, but there is also a need for the national politicians and the public opinions of the traditional donor countries to take them seriously into consideration. **The end of a western-dominated world and the end of the developing/developed divide have fundamental implications.** They go far beyond development policies. In this next section, I will therefore try to sketch some of the elements that could be part of a progressive approach of development and international solidarity policies should include, many of which are already tackled by the approach of the 2005 Paris Declaration.

Promote nuanced ideas based on facts

A seemingly good idea may turn into a developmental fiasco. For example, giving free food to countries like Haiti may ruin local farmers and future internal food security. As at also happens at the donors' national level, it is now widely acknowledged that many of the policy failures, including those from the Washington consensus, were due to their inadequate tailoring to the specific situations where they were meant to work. Similarly to many other policy fields, no initiative can be turned to a silver bullet for policy success. There is always an inevitable proportion

of failures that the quest of efficiency mustn't make us forget: nuanced positions are to be privileged both in our discourses and in our policy choices. Approaches combining the strengths of different methods and diverse backgrounds often allow distinguishing the inherent nuances of particular situations. To be effective, ideas have to be anchored in solid facts. On national level, some missing links between researchers and policymakers must be addressed. Internationally, exchanges between diverse experts and social scientists coming from advanced and "developing countries" must continue and be expanded. When defending ideas, time is a factor that must also be taken into account too: as our own development process proves it, structural changes may need long timeframes to take place.

Generalize problem-solving approaches

The problem-solving approach of "innovative financing mechanisms" is a promising path taken by the development community since the end of the 1990s. Such an approach relies on: the identification of specific problems; on the design of mechanisms to tackle them; and, when possible, on partnerships going beyond the traditional private-public or developing-developed divides. A good example of such mechanisms is Advanced Market Commitments (AMCs). AMCs have been designed to address a typical market failure in the Southern-countries drug research market: fearing for the insolvency of Southern markets, companies do not invest in drug research for poor-countries diseases. For the first pilot experience, donors established a contractual partnership with a pharmaceutical company for a vaccine against the deadly pneumococcal disease strains, which is present in the Southern hemisphere. In an independently assessed process, 1,5 billion \$US and a solvent market were guaranteed by the Gates foundation and 5 bilateral donors to the selected pharmaceutical company in exchange of the availability of a vaccine at a low cost for the population. UNICEF would deliver the vaccines at a low price. They would first be subsidized by international donors, but then they would become subsequently taken over by developing countries. Not only this mechanism is problem solving oriented one, but it is also designed to address exit strategies problems for donors and foster the ownership in the receiving countries. Its strength also relates to the creation of multi-level and multi-actor partnerships, showing that public and private actors, donor and receivers of aid can jointly collaborate to address specific challenges⁵.

5 Among others, these sources can be consulted: *Innovating Development Finance: From Financing Sources to Financial Solutions* (WPS5111, World bank 2009); <http://www.leadinggroup.org>; <http://www.fininnov.org>; Other examples of specific problem solving approaches include UNITAID's purchasing international facility designed to negotiate lower prices for AIDS-TB-Malaria treatments based on stronger market power and the predictable funding of nationally enacted air ticket solidarity levies; the Highly Concessional and Countercyclical Loans of the Agence Française de Développement designed to address the problem of roll-over risks in debt servicing in the presence of volatility of export revenues; the Caribbean Catastrophe Risk Insurance Facility designed to provide small island States with the short-term liquidity needs in the aftermath of natural disasters or Cash-on-delivery aid mechanisms providing additional cash when specific targets are met by countries to address lack ownership problems and promote citizens control over their own States.

Promote ownership through adapted partnerships at the right levels

Ownership of development processes is an essential question that will have to be better addressed by a renewed international solidarity policy. The receiving countries will have to be the ones to determine their own priorities. Building on existing national policy frameworks established through large consultative processes in the first, essential step. Rwandan economic governance reforms established to improve the business environment are an example and the recent interventions in Haiti a counter-example. However, such an objective raises multiple challenges. Creating ownership is a long and difficult process given the important number of institutions and donors⁶. Moreover, financially constrained or low capacity countries may be willing to accept policies that do not correspond to their priorities to get the funds. Additionally, they may not have the bargaining power to refuse aid or negotiate different business terms. Some countries may thus need to undertake thorough capacity building efforts in order to be able to negotiate better and more strategically at national and international levels. Beyond country-level programs, other dimensions may be more adapted to tackle development issues. That is even if they may raise specific problems. Addressing issues at sub-national levels may be more effective, but its execution must avoid a perceived infringement of national's sovereignty and regional integration objectives may be promoted but will eventually have to be endorsed by sometimes-opposed national actors.

Establish and justify common principles and norms

If development is about an economical convergence, developing countries are bound to become our partners and our potential international competitors, just as emerging countries are now. Building partnerships with emerging countries can rely on mutual-interest relationships. Grounding those relationships on common principles and accepted norms to create a level playing field is a far more difficult task. The step-by-step EU integration process is a genuine effort to create such a situation, even if it cannot be transposed as such to a global level. Adherence to international norms on social, cultural or environmental matters can only be obtained through fuzzier mechanisms combining interest-based and principle-based approaches, which are generally relying on internal changes. Promotion of social protection is a good example, where norms have to meet with internal processes. Even if China cannot be forced upon, it is gradually raising its social standards as Chinese people ask for better living-standards; in Africa, many initiatives are being set (e.g. Ethiopia, Ghana, Rwanda) and the 2009 Social Policy Framework for Africa can serve as a baseline for donors to promote an African social protection. Influencing such

6 For example, as noted in Severino & Ray 2009 (p.6), a « survey showed that Cambodia receives an average of 400 donor-missions per year, Nicaragua 289 or Bangladesh 250 »



policy choices from an external position is not easy⁷. It is possible through consistent diplomatic efforts, existing international organizations, as also through regulations and national and international civil society pressures. Given that opposing views are to be expected, existing international governance schemes (UN, WTO/ILO, G20) will have to be improved and will have to be exploited with their own respective strengths at their full potential.

Foster international solidarity at a national level in donor countries

Many of the above-elements are known and increasingly taken into practice by the development community and international practitioners. Nevertheless public opinions and national politicians are often lagging behind in terms of perception and information. **An important effort is to be devoted to better informing citizens and politicians about the changes happening in the world. This effort is crucial at a time, when the European position in the world is challenged and when international solidarity can be downplayed for electoral reasons.** Distinction is to be made between the compassion logics which remain the main drivers of international solidarity in public opinions (e.g. humanitarian and post-natural disaster interventions) and the prevailing interest logics that may prevail at representative's level. Justifying choices about development and international policies may need to rely on different discursive strategies: defending the MDGs can be undertaken on the grounds of a global citizenship perspective or the grounds of assistance logics; help to fragile States may be justified as failed States may become the hosts for global and regional threats. Consistently insisting on global *de facto* and *by principle* solidarities to justify our financial involvement is necessary. This won't replace the need to justify precisely our policy choices, the potential policy failures and imperfections and address the legitimate aid effectiveness debates at a time where fiscal consolidation claims are unavoidable. Such efforts have to rest on a thorough analysis of the justifications on which we ground our policies.

Building upon a stronger vision of international solidarity

Promoting international solidarity at national and international levels will not only be a matter of nuanced and balanced approaches or justifications; it needs to be sustained by a long term vision of what an "ideal" society should be worldwide. Such a vision will have to resist to inevitable, multiple and often legitimate difficulties and obstacles, especially when conflicting priorities arise with national priorities. **A clear vision of an "ideal global society" will be necessary to establish and attain our national or European objectives with an appropriate and necessary balance between interests and principles.** This may entail

⁷ We may note that when discussing about norms at a global level, interest-based approaches may be more conducive to results than principle-based approaches. Prof. Mireille Delmas-Marty (International law, Collège de France) reminds that international members of the panel in charge of writing the 1948 Declaration of Human Rights were able to harmonize their views on the contents of Human Rights but they wouldn't agree on the justifications of those Rights.

reinventing a "progressive nationalism" that will create a balanced mix between traditional progressive ideas like social justice, national and particular group interests and internationalist positions. This may imply too strong actions and messages such as strategically renouncing to some of our current privileges or advantages as a negotiation instrument to foster changes abroad. Such a policy would have to acknowledge the limits and importance of Nation-States and would rely on the design of fair compensations schemes.

What could be the political translations of such premises?

A redefined ODA

These premises will imply a clearer differentiation between countries. The developed-developed binary separation doesn't reflect the complex situation we are facing. It can only sustain our current ignorance of the consequences of the global evolutions we have described. ODA will have to be reconsidered in our discourses. It has to encompass a wider variety of roles including global redistribution of wealth, technical assistance, capacity building and countercyclical activities. This will mean addressing better the questions of the measure of ODA and of its quality. It will expose the relevance of keeping ODA measures for only OECD/DAC donor countries. It will entail addressing the problems caused by the current lack of stable and predictable development policies for ODA receivers. Effective ODA policies, especially from a European perspective, may also imply considering, with a closer attention, regional perspectives relying on regional actors (e.g. African Development Bank), regional partnerships (e.g. ASEAN-EU) and therefore the importance of "subsidiarity" issues in our policies.

Towards global policies and partnerships

Such an ODA redefinition may mean, as Severino and Ray put it, the rise of "global policies" and the "end of ODA", especially when global objectives such as global warming prevention are included. Probably some of the next steps to come, will be putting in place better coordination mechanisms between development actors to create synergies and avoid transaction costs and establishing adapted schemes. This could foster convergence to the higher quality standards. **International solidarity will have to rely more heavily on partnerships between different types of actors and on better global governance mechanisms,** in order to deal with free riding and uneven playing field issues for all countries (advanced, emerging and other developing countries).

If these relationships based on international solidarity partnerships instead of relying on asymmetrical donor/receiver relationships are to be established; a central element to be

addressed will be the justifications of our conditionality policies and of the diffusion of our own models abroad. A renewed conception of international solidarity will also involve different scales, with therefore different levels of solidarity. At a global policy level mutual interests will have to be taken into account, as mutual obligations emerge on the grounds of common principles and norms.

Progressive solidarity from a developmental and European perspective

As globalization also means increased competition, right balance will need to be found between international solidarity on one hand and national interests and priorities on the other. This may imply justifying some protectionist measures. This may translate into creation of new categories within the international legal frameworks (WTO and other agencies), which will regulate such practices as also will help identifying what national sectors can and/or have to be protected. The answers are related to a challenge on how to protect them and at what price (agriculture, low value added industries particularly). Since the global division of labor in the world is changing, foreseeing our own challenges will be essential: **forging the next progressive vision of our own societies may increasingly mean designing our policies and making our political choices without the current separation between national and international spheres.** European countries have gone through a unique process. They have shown by a leading example that a positive collaboration and partnership between competing countries is possible at a continental level. The EU is an example of effective bilateral and regional partnerships relying on mutual confidence, knowledge transfers and non-paternalistic relations to promote regional and national development. However, even if the sovereign debt crisis prompted positive changes, the lack of a unified and legible European voice and of an economic European policy may become an additional obstacle to our adaptation. After all these years of development policies, we might gain at looking at our own policies and problems with the same eye we have used to look at “developing” countries.



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Global environmental crisis and international solidarity

Key words

**Environmental degradation – Contradictions of capitalism –
Social movements – International solidarity**

Summary

The human-induced deterioration of environmental conditions has become one of the most important challenges humanity have ever faced. The scope of potential ecological crisis might have significant consequences for the society and its ability to provide decent life for all. It is argued in this paper that international solidarity cannot be achieved without tackling environmental degradation. In consequence the global environmental justice has to be integral part of any progressive concept of international solidarity. In doing so, we have to uncover the roots of these processes which decrease the global ecosystems' capacity to support life. It is the aim of this paper to contribute to this ongoing debate. Inspired primarily by the work of Karl Polanyi it explores the causal relationship between the practices inherent to the modern global economy on the one hand and the processes of environmental degradation and their social consequences on the other. Moreover, it is suggested that the environmental contradictions within the modern capitalist economy provide new opportunities for progressive forces to muster novel, global social movement with the ultimate aim of re-embedding transnational economic practices into social and environmental systems.

Introduction

When we are discussing about the international solidarity, we usually refer to socioeconomic development, social justice, development policies or decent work. Indeed, the social and economic issues are at the core of the phenomenon. However **the ability of people all over the world to live decent life depends to the great extent on the capacity of natural environment to support life and provide essential services.**

Environmental outcomes of global capitalist economy are in contradiction to principles of international solidarity

In the last two decades scientists have accumulated satisfactory evidence which confirms the interdependent relationship between the human society and the delicate ecosystem of our planet (IPCC 2007). Nonetheless, the growing knowledge and awareness about the importance of ecological equilibrium and environmental services for the mankind has not automatically made us behave in a more responsible and sustainable way. Instead one can observe that the capacity of the society to control forces, which undermine this equilibrium, has decreased at the same time. It owes to large extent to the process of transnationalization of economic activities. Increasing pressure of global capitalist economy on ecosystems has resulted in the habitat loss or fragmentation, overexploitation of resources, pollution, expansion of invasive alien species and other trends (CBD 2010: 9). All the available evidence seems to prove negative impact of our economic activities on the fragile ecosystems of our planet (Özler and Obach 2009).

Moreover **the environmental degradation is not always the outcome of local economic activities. In fact, it is relatively exceptional that the ecological impacts of modern economic activity are localized or otherwise geographically constrained to the source of pollution or waste. For example, the negative effects of climate change significantly influence life of people in the developing countries, whereas the benefits of the fossil fuel use are reaped by the already affluent North (Giddens 2009, IPCC 2007). In consequence the environmental outcomes of global capitalist economy are in contradiction with the principles of international solidarity. The progressive forces**

therefore have to address these cross-border processes of environmental degradation in order to ensure decent life for already vulnerable social groups in impoverished areas.

In order to do so we need to improve our understanding of the forces driving these processes if we are to define new, progressive solutions for more just and equal global society. The aim of this paper is to contribute to this discussion. In particular, I try to investigate whether or not the deterioration of ecological conditions can generate substantial transformation of particular practices and structures associated with the contemporary global economy which have detrimental effects for millions of people dependent on local ecosystems. Although the material factors, such as exhaustion of natural resources or over-exploited absorption capacity of ecological sinks, are important factors, our knowledge about the interdependence between the biosphere and various structures of the society, i.e. global versus local economy, will be incomplete without interpreting in more details the mechanisms that turn the material preconditions into the societal response. However it is argued in this paper that **the processes of environmental degradation also provide opportunity to progressive parties to mobilize transnational social forces which might contribute to the change of the course of global economic activity.** It is assumed that this is the precondition for achieving more sustainable and just global political and economic system where pauperized populations will be given the chance to live decent life.

Contradictions of global capitalism

The dependence of the society and economy on the physical environment can be considered as a matter of fact. Planetary ecosystems ensure that the life on the earth can exist through complex process generally termed the life-support (Dauvergne 2008; Baker 2006). Indeed, people rely on the non-human nature for key resources that make any economic possible. In a way, the claim that *there is no economic activity outside the environment* expresses the very character of the relationship between mankind and its economic activities on the one hand and the ecosystem on the other (Johnston et al. 2006: 18). Nonetheless, the driving forces of the global capitalist economy seem to be in direct conflict with the underlying logic of these ecological constraints to the economic growth and human material progress. One of the reasons can be identified in the fact that the nature of the environmental “goods” provided by the biosphere prevents these ecological considerations to be systematically incorporated in the calculations of market actors because they are not produced “capitalistically”, therefore, they cannot be regarded as commodities (O’Connor 1998: 164). Moreover, the environmental services or commons often cannot be

subjugated to the market forces, through defining property rights or setting market prices; because of their character, e.g. there are technical difficulties to privatize or commoditize many natural resources such as air or services of ecosystem such as the weather regulation of landscape (Benton 1999). In addition, the capitalism does not have mechanisms how to integrate the common property into its fundamental operations as *actors oriented to private profit are unconcerned about damage to third parties not directly involved in transactions, and still less so to unpriced environmental resources* (Dryzek 1994: 178).

Notwithstanding these facts, the inherent tendency of capitalism is to “capitalize nature” (O’Connor 1998, Strange 2000). It means that the capitalism relentlessly transforms the environmental conditions of production, which often have the form of global commons, natural resources or complex biological process, into commodities that are treated and distributed through market mechanisms. In consequence, *much of the globe now exists in a ‘total economy’ where all life forms are potentially private property, have a price, and are up for sale* (Johnston et al. 2006: 25).

However, the characteristic logic of the accumulation of capital is intrinsically in contradiction to the long-term “sustainable” management and reproduction of these same ecological conditions of production that capitalism turns into commodities (O’Connor 1998). In particular, the short-termism of the decision-making processes of market actors and production modes under capitalist market relations, induced by the competitive forces in the global capitalist economy, results in the over-exploitation and consequent degradation or even destruction of the conditions of production (Benton 1999: 217). Indeed, the capital tends to impose *commodity-time or market-time upon natural cycles and rhythms* which does not provide the space necessary for the reproduction and regeneration of the vital environmental processes and resources (Spence 2000: 101). **Under the increasing economic pressure, therefore, many renewable and non-renewable resources and environmental services are either depleted or impaired beyond any redemption. This trend is caused primarily by relentlessly pursuing economic growth and profit maximization.** As many scholars have observed, one of the key characteristics of capitalism is that it cannot cease to expand (e.g. Johnston 1996). Indeed, the capitalism needs growth and expansion in order to maintain the circulation and accumulation of capital (Foster 2002: 74). This expansion in turn *runs up against the natural limits of earth’s resources and creates ecological crisis* (Strange 2000: 60). Moreover, the capitalist forces of production treat many renewable resources and ecological services, such as forests, fisheries, soils or atmospheric regulation, in a way that turn them into non-renewable resources that are no more harvested by exploited and that can no longer regenerate (Diamond 2006).

¹ Indeed, the environmental economics assume that the environmental degradation represents market failures which are caused by nonexistent market mechanisms and imperfect integration of environmental “goods and services” into the market system. Privatization is consequently proposed as sufficient remedy because market incentives are expected to ensure the protection of these resources and services (Benton 1999).

Hence the logic of the capitalist competition, leading to the commodification of the nature and subjugation of possibly all non-marketized areas and phenomena to the principles of market, generate an inherent long-run tendency in the capitalist system that eventually undermines its own condition of production (Benton 1999: 213; Wallerstein 2004). Moreover, the capitalist economy has become substantially “disembedded” from the wider system termed “*the ecosphere*” by Daniel Underwood that integrates both biosphere and sociosphere (Underwood 1998). Indeed, the disembeddeed capitalist relations of production are inevitably self-destructive as they are relentlessly *impairing or destroying rather than reproducing their own conditions* which ultimately, even though indirectly, threaten the ability of capitalist productive powers to accumulate the capital and generate profits in the long run (O’Connor 1998: 165). In general, these self-destructive forces inherent to capitalist system represent what James O’Connor (1998) calls “the second contradiction of capitalism”, which represents inherent barrier built into the capitalist system to further expand and to increase the living standard of currently impoverished populations (Spencer 2000: 82)².

Indeed, the dependence of the capitalist relations of production on the conditions of production represents the core dynamic of the second contradiction. The ability to increase production of “surplus value” and profits is positively correlated with the favourable natural conditions (O’Connor 1998: 146). On the other hand, **the degradation of the conditions of production, caused by the overproduction, leads to the decrease of profit in due course which consequently generates the economic crisis within the global capitalist system.** In consequence, the capitalism is characterized by the *crisis-ridden* dynamics (ibid.).

Ecological crisis and Polanyi’s “double movement”

Building on the previous analysis, it is possible to claim that the ecological crisis has to inevitably lead to the general crisis of capitalism (Spence 2000: 84). Therefore the assumption that the modern capitalist economy can eliminate poverty in developing countries in the long-run seems to be rather misleading. Nonetheless, the crisis of capitalism cannot be conceptualized as mechanistically induced by the processes of environmental degradation and destruction of conditions of production themselves. Instead, one needs to conceptualize the second contradiction of capitalism through the interplay of social and cultural dynamics (Underwood 2000). Indeed, **the particular practices of the global capitalist economy, which result in the gradual but inevitable devastation of the vital planetary ecosystems, take place in the broader context of socio-political and socio-economic relationships that are determined and constructed by the asymmetric political and economic powers of different societal actors** (Newell 2005). How can the evidence of the processes of environmental degradation therefore challenge the

² See also the overview of O’Connor’s concept in the review by Kevin Wehr (1999).

foundations of the global capitalist system and trigger social processes which will promote international solidarity?

In the first place, the exploitation of conditions of production generates the tensions between the owners of the means of production and other social groups that are more dependent on the quality of environment than transnational capitalist class (van der Pilj 1997). Indeed, the management of the production conditions is inherently political issue as the outcomes have significant distributional consequences and influence the well-being of people (O'Connor 1998). In principle, the capitalist modes of production are badly suited to reproduce the conditions of productions. Therefore, the ecological externalities are regularly socialized, i.e. the wider community bears the resulting environmental burden as well as the costs of protection and revitalization of production conditions that allow their reproduction. Put another way the capitalist class vigorously engage in the practices of the *environmental cost shifting* through which benefits of particular activity are privatized by individuals while the community, often in the remote areas, is expected to clean up after the businesses or otherwise pay the costs of the negative externalities of the market economy (Boyce 2004: 118).

Hence, the environmental impacts of the activities of the global capitalist economy creates winners who benefits from the operations of the capitalist system *as well as losers who bear the costs* (Boyce 2004: 114). Moreover, the ecological factors further exacerbate exploitative nature of social relations that already characterise the capitalist society (Morton 2003: 154). The resulting social polarization, therefore, contributes to the emergence of conflicts and cleavages between the members of transnational capitalist class and the one that are negatively affected by the operations of modern capitalist economy (Boyce 2004)³. As the capitalism inevitably expands these tensions materialize simultaneously at the local, national and global level. For these reasons the capital-induced environment changes that undermine the conditions of production should be regarded as the cause of the global eco-social crisis (Johnston et al. 2006).

Indeed, the legitimate concerns about the social consequences of both local and global environmental changes, which have the origins in the operations of the global capitalist economy, inevitably trigger the response of social forces that find themselves either oppressed by the expanding markets or whose well-being, cultural identity or even survival can be threatened by the prevailing modes of production. Put another way the ecological crisis together with diverse grievances caused by the global capitalism *might well be the consciousness-stirring dynamic around which a meaningful movement will develop* (Isaksen 1998: 282). In

³ The environmental crisis is also associated with the issue of ecological debt that has been accumulated since the industrial revolution and has led in the global stratification, in particular between different classes of peoples. (Johnston et al. 2006: 24). In another words the transnational capitalist class that has been accumulating capital over the last two centuries has a kind of ecological debt to those who have not been exploiting the conditions of production in a similar way

consequence the socially, politically and ecologically disruptive effects of the market necessarily provoke political and social responses that challenge the effort of the capital to subordinate the substances of the society and natural environment to the market laws through commodification (Lacher 1999: 314 – 315). In his masterpiece *The Great Depression* Karl Polanyi termed this historically determined dialectical interaction between self-regulating

**the global
eco-social crisis
becomes
the point of
departure for
opposition
forces to
capitalism**

capitalist market on the one side and the society on the other *the double-movement* (Polanyi 1957). Although Polanyi in his work reacted to the particular historical phenomenon of the *laissez-faire* capitalism that was inherently in the conflict with the interests of the working class, the concept can be also effectively employed for the interpretation of the contemporary relations of the capitalist modes of production with both environment and international society⁴.

On the one hand the global capitalist economy expands all over the world and impairs or destroys its conditions of productions together with complex planetary ecosystems in the process. On the other hand a whole host of new social groups and movements that demand more environmental protection from political institutions has emerged in the international system (ibid.). Therefore **the global eco-social crisis in-built in the second contradiction of the capitalism becomes the point of departure for the opposition forces to the capitalism**. Whether in the form of working class struggling for the social welfare, indigenous people protecting their cultural identity or conservation groups, these societal agents pressure political system to *moderate its worst tendencies* (Foster 2002: 67). The experience of material, social and cultural consequences of the environmental crisis is therefore translated to the new kind of “ecological agency” of everyday people who have become the driving force of the progressive social change (Johnston et al. 2006; Spence 2000). Indeed, this new agency has been embodied above all in the new social movements that have emerged after the 1960s in response to oppressive *discrimination, capitalist intrusions, bureaucratic domination, . . . and environmental devastation* (Buechler 2000: 32). In the context of the expansion of the market forces, they have become the most serious challenge to the legitimacy of political institutions as well as dominant values of capitalist society originating in the culture-ideology of consumerism (Sklair 2002). Therefore the contemporary crisis of capitalism can be characterised in terms of the *struggles between green and other social movements seeking to preserve nature, community, and individual life, on the one hand, and structures of property and power that are dependent on economic growth, on the other* (O'Connor 1998: 137).

⁴ Indeed, the analytical apparatus of the Polanyi's double movement has been used in many scholarly studies on the emergence and role of social movements and counter hegemonic forces. See for example Elizabeth Barham case study on the French sustainable agriculture or Denis Barthelémy and Martino Nieddu paper on agricultural and environmental economics (Barham 1997; Barthelémy and Nieddu 2007).

Indeed, this crisis opens the window of opportunity for progressive forces to step in and accelerate these social processes at the local, national and global level. Moreover, the **increasing consciousness about the environmental implications of contemporary transnational capitalist economy offers the momentum for the integration of the principles of sustainability with the principles of justice and solidarity.**

Conclusions

In summary, the inherent tendency of capitalist forces to impair its own conditions of production has given the birth to the number of new social movements that have been challenging the values of transnational capitalist class as well as ideology of industrialism and consumerism. However, the dialectic nature of the double movement, which itself is triggered by the second contradiction in the capitalist organization needs more political guidance from the left. **The emergence of the new double movement has produced an ideational momentum which can be certainly exploited by the progressive forces in order to promote international solidarity. Nonetheless, it depends on the ability of progressive parties to effectively integrate the environmental concerns with the traditional emphasis on socio-economic development and social justice for underprivileged populations.** So far, however, the dynamics inherent to the capitalism that are responsible for the present ecological crisis with its complex social implications have not been tackled at all. Indeed this undermines the credibility of the Social Democratic leadership. In order to establish vigorous global socio-ecological movement the progressive parties have to propose credible environmental policies which will effectively combine the principle of global environmental justice and comprehensive approaches to international solidarity.

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Active global governance





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Global governance in crisis: towards a cosmopolitan social democracy?

Key words

Governance – Globalization – Disengagement – Accountability – Expectations

Summary

This chapter argues that social democrats need to take seriously claims that our society and economy are becoming increasingly globalised, without signaling the retreat of the state as a political and economic actor. There is a need for a global response to the most pressing challenges facing our societies, but global social democracy cannot simply replicate national social democracy. Many institutions will need to be different. In order for global governance and global social democracy to be viable, national politics and the nation-state will need to be simultaneously strengthened.

Social democrats in Europe have sought to come to terms with the limits of “social democracy in one country” in the context of the globalisation and liberalisation of the world economy, and the erosion of national borders of identity and culture which is a fundamental characteristic of modernity. There are critics on both sides of the debate who argue that the erosion of nation-state capacity has been greatly overstated, and that reconstituting national government’s capability remains a core challenge for centre-left politics.

This chapter argues that **social democrats need to take seriously claims that our society and economy are becoming increasingly globalised, without signalling the retreat of the state as a political actor**. As Andrew Gamble, Professor of Politics at the University of Cambridge has recently argued, **national social democracy is the foundation on which a cosmopolitan social democracy will be built** (Gamble, 2008). This does not mean, however, that global social democracy ought simply to replicate national social democracy, since many institutions will need to be different.

In order for global governance and global social democracy to be viable, national politics and the nation-state will need to be simultaneously strengthened. The weakness of much of the literature on globalisation is its implication that increasing the capacity of the global polity has to mean weakening the scope of the nation-state. It is mistaken simply to abandon national political action in favour of global political action, as earlier theorists such as Martin Albrow (1996) and Susan Strange (1997) implied in their writings. The vibrancy and capacity of the global polity is dependent on embedding norms of democratic participation and accountability at the national level (Gamble, 2008). Yet these are under increasing challenge in much of the industrialised world.

The task of social democracy is to increase capacities of national governments, while strengthening the domain of global politics.

The task for social democrats is to increase the interventionist and developmental capacities of national governments, while strengthening and embedding the domain of global politics. These are two sides of the same coin: a global polity will not be created if national politics remains weak and fragmented, just as national governments will

struggle to produce meaningful solutions for citizens without the capacity to act on a global scale.

The focus of this chapter is what is necessary to revive faith in national politics and national governmental action. The three key challenges addressed in relation to the national polity are as follows:

- Citizen disengagement from the formal political system and the crisis of representation in Western industrialised societies;
- Loss of accountability and sovereignty including diminishing faith in what governments can deliver for citizens;
- Rising complexity which threatens to undermine the basis of participative democracy, removing important issues and concerns from democratic deliberation altogether.

Before addressing each of these challenges, it is important to briefly consider the national origins of social democracy and its historical development since the late 19th century.

The national origins of social democracy

Social democracy historically had sought to move beyond the predominantly national sphere (Sassoon, 1997). Indeed, the roots of social democracy are resolutely internationalist: early social democratic parties and movements saw themselves as acting outside existing forms of the state, which were associated with the privileged order of the ancien regime. A fundamental tenet of early conceptions of social democracy inherited from Karl Marx and Friedrich Engels was that “the working-class had no country”. The new world order that socialism wished to bring about had the potential to transcend national divisions (Gamble, 2008).

After the First World War, however, social democracy became largely national in character. The impact of the war was to reinforce national identity and even feelings of national chauvinism among both the working-class and the governing class of Western Europe. The collapse of the liberal economic order that culminated with the great depression of the 1930s reinforced the tendency to look towards the nation-state as the agent of economic and political reform.

After 1945, national social democracy was in the ascendancy. The macro-economic regime of planning, national regulation and public ownership underpinned by the Keynesian welfare state offset the pressures in a capitalist economy towards greater inequality and instability. Social democratic regimes throughout Western Europe were able to shape markets

in the public interest, using the levers of the nation-state to redistribute and regulate in the national economy.

Of course, the notion that there has ever been a pure form of social democracy in one country is highly questionable. No state throughout history has ever been entirely free of international pressures and obligations, as evidenced by debates stretching back to the 15th and 16th centuries about the role of national currencies and the relative merits of free trade and national protectionism. Since the 1970s, the impact of global forces has appeared to strengthen as the result of the globalisation of production, the creation of a global labour market, and the increase in migration that erodes the standards and citizenship benefits achieved in particular national economies.

The contemporary dilemma facing social democratic parties is that for most of the last century, social democracy was national in its formation and preoccupations. The strategies developed by social democrats for pursuing economic growth, social justice and the public good were primarily focused on the nation-state and national governments. Sovereignty was judged to reside within the boundaries of the nation-state, ruled by a national political and governmental elite accountable to the people through periodic elections.

Today, however, **social democracy confronts the need to become genuinely transnational and cosmopolitan, while seeking to rebuild and strengthen the nation-state in a globalising world.** A response to the global financial crisis and to the threat of potentially catastrophic climate change, for example, will not be found in unilateral action by national governments.

The development of a global polity requires the embedding of norms of constitutional government. As Gamble suggests, unfettered and unaccountable political and economic power will only be constrained through effective regulation. Many actors, particularly multinational and global corporations, are able to exercise power globally without accountability or scrutiny. At the same time, national democracies are under increasing strain, and are less able than ever to meet the challenge of being representative, responsible, and participative. Citizen disengagement is widespread and is growing with many different manifestations and consequences. The irony is that power imbalances and lack of accountability at the global level are projected on to dissatisfaction with national democracies and national governments.

Of course, this points towards the need for more effective systems of global governance. But social democrats cannot think in more transnational and cosmopolitan terms in the global polity without engaging with problems that currently threaten national social democracy, in particular citizen disengagement, loss of accountability, and the rise of complexity.

Citizen disengagement:

The declining participation of citizens in formal politics is a long-term trend that is partly evidenced by decreasing turnout in local, national and European elections over the last thirty years. The trends in the UK, continental Europe and the United States are reviewed extensively in Professor Gerry Stoker's recent survey of modern democracy, *Why Politics Matters?* (2004).

The claim here is that despite the increasing availability of information and knowledge in Western societies and rising levels of education, **fewer voters seem interested in formal politics based on parties and electoral competition. The traditional ideological polarisation of politics has been replaced by a form of politics that is increasingly about brand, style and personality.** The media seek to act as the intermediary between voters, politicians and national governments, encouraging further apathy and disillusionment.

The arguments for the decline of democratic institutions and democratic politics are wide-ranging and ought not to be over-stated. There are trends and counter-trends, and it is quite wrong to argue that all national politics has become denuded of serious debate and ideological choice. Nonetheless, it seems undeniable that **the class basis of social democracy as a struggle for social justice within the nation-state is much weaker than it once was.** At the same time, there is evidence that centre-left parties no longer play such an important role in mobilising low income and economically marginalised households to participate in the electoral system (Curtice, Heath & Jowell, 2005).

Accountability and sovereignty:

There are also claims that the capacity of national governments to deliver for citizens has been weakened since the 1970s: horizontal and vertical fragmentation appears to make governments less able to steer society. Power has passed upwards towards the European Union and global political institutions, sideways to global corporations and the private sector, and downwards to multiple actors within civil society. This is the era of "the stateless state" (Bevir & Rhodes, 2010).

It is often the case that politicians cannot resist the tendency to put the blame for decisions on other tiers of the state, which simply fuels even greater cynicism with democracy and the system of government. The European Union (EU) has often been the target here, but national politicians have failed to appreciate that undermining Europe simply amplifies disillusionment with all forms of collective politics, including national politics and governments.

At the same time, in a multilateral world it can be difficult for citizens to understand where decisions are actually made. Institutions such as the European Commission, the European Court of Justice, and the World Trade Organisation apparently constrain what national politicians are able to do. There are still high expectations about the capacity and competence of governments to deliver outcomes favoured by citizens, which politicians have often done very little to contain. On entering government, newly elected Ministers find that they simply do not have the levers to achieve what they promised during the election campaign, fuelling resentment and apathy.

It is mistaken to argue that governments have lost the capacity to intervene and to regulate the national economy, but they need to reconstitute those capabilities in the light of economic fragmentation and the globalisation of the world economy. **The centre-left ought to develop governing strategies which acknowledge that not all markets, networks and public institutions can be effortlessly controlled and corralled by national governments.**

Complexity and knowledge:

The final challenge is complexity, which threatens to undermine participative politics altogether by taking decisions out of the sphere of democratic deliberation. This has encouraged the rise of managerial and technocratic politics both nationally and globally, over which citizens often have markedly little influence. National governments have struggled to manage the consequences of technological change in particular, which requires increasing dependence on certain forms of expertise (Gamble, 2008). On issues such as climate change, energy, GM foods, genetic selection, and the development of new pharmaceuticals and drugs, governments rely on the evidence of experts, but scientists often disagree about the causes and consequences of these problems.

The response of Ministers has been increasingly to "depoliticise" important decisions, setting up boards of experts to take decisions on their behalf, removing them from the political process and making them less accountable for errors that occur. Yet politicians still get the blame when things go wrong, as it is inherently difficult to distinguish between ministerial accountability and operational responsibility.

The effect of depoliticisation, nonetheless, has been to pull citizens and politicians further apart, creating an impression that there are few choices left in politics and that outcomes are pre-ordained. Nothing could do more to alienate citizens from the formal sphere of democratic politics and debate.

Conclusion:

It needs to be remembered that political systems are highly resilient and always changing. The trends referred to in this article present opportunities to strengthen national and global politics, rather than threatening the end of democracy in the West. The central claim is that national social democracy is the foundation-stone on which a vibrant and accountable global polity will be built. Above all, **social democrats must fight to retain the sense of politics as an open process in which there are real choices to be made that are not predetermined.**

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European economic governance: what reforms are to be expected and what are needed?

Key words

**Economic governance – Stability and Growth Pact – Fiscal consolidation
– Macroeconomic imbalances – Economic crisis – Monetary policy**

Summary

The crisis has fundamentally called into question the architecture of economic governance in Europe and especially European Monetary Union. This article begins by describing that architecture and drawing out some of the key lessons from the crisis. It then examines the reforms proposed by the European Commission and Council. Analysing these proposals it makes the case that, while constituting progress in some areas, they fail to draw the right conclusions from the crisis. In conclusion a sketch of an alternative reform approach is presented.

Introduction

Right from the beginning, the economy has been central to the whole process, and the political project, of European integration: it is often forgotten that what is now the European Union was once the European Economic Community (EEC). Economic policy, on the other hand, was, until comparatively recently, very much a national matter. Trade policies were, of course, integrated at an early stage. The Common and subsequently the Single Market imposed some limitations on government interventions in the economy, for instance in the area of state aids to domestic producers. But the main responsibilities for economic outcomes – growth, productivity, employment, inequality – and also the main levers of economic policy – monetary and fiscal policy, employment and welfare policies – remained in national capitals. Industrial relations systems responsible for setting wages and working conditions were often located at sub-national level.

As European integration progressed, however, policy coordination needed increasing and, in a discontinuous process, concrete steps towards a more integrated economic policy framework were taken. As background to the main body of this article dealing with recent debates on reform, some of the most important developments are very briefly reviewed in the next section. We then look at the implications of the still ongoing economic crisis for the debate on economic governance in Europe and the reform proposals put forward by the European authorities. These are then critically assessed before presenting a number of alternative policy proposals.

Economic governance in the process of European integration: a sketch

The first major step towards more integrated economic policies came with the European Monetary System, set up in 1979 to provide for fixed-but-variable exchange rates between the leading (west) European economies. It constrained, in the short to medium run, the monetary policies of all member countries except Germany, the issuer of the de facto anchor currency, the D-mark. Fiscal and other policies remained unaffected, however, not only institutionally, but also practically given that currencies could always be realigned (re- or de-valued) to restore competitive relations.

This changed with the transition to European Monetary Union (EMU) in 1999. With the creation of the European Central Bank (ECB), participating countries abandoned control over monetary and exchange-rate policy. In the run-up to EMU, fiscal policy had been – in legal terms – tightly constrained by the Maastricht Treaty and these constraints were subsequently further reinforced by the Stability and Growth Pact. The Treaty and Pact provisions sought to limit (current) deficits and, in theory, government debt. The restrictions were necessary, it was argued, because the centralisation of monetary policy meant that governments would no longer be constrained by bond markets from running deficits and maintaining high debts levels, a situation that would put upward pressure on inflation and thus interest rates. Thus the limitations were needed to prevent this “negative” externality from hurting also the fiscally prudent countries.

However, governments repeatedly broke the SGP rules with impunity in the recession that followed the implosion of the dot.com bubble. As a result, the Pact was reformed in 2005, with a focus on structural (i.e. cyclically adjusted) deficits, and the legal enforcement mechanisms were weakened so as to make it easier for Member States to block recommendations by the Commission for sanctions (Watt 2005). Neither before nor since this reform have any of the foreseen sanctions been successfully imposed by European on national public authorities.

Less in the public eye, the Maastricht Treaty (1993) saw the introduction of the Broad Economic Policy Guidelines (BEPGs) as the instrument charged with realising the new treaty injunction that Member States “regard their economic policies as a matter of common concern and coordinate them within the EU Council”. Briefly (for details see Watt 2001: 240ff.) the BEPGs established a loose surveillance and reporting procedure whereby the Commission makes annual recommendations to member states¹ based on an evaluation exercise against a number of common guidelines. Member States report annually on their progress towards meeting the policy recommendations. Though sanctions can, in principle, be applied here too (with Council approval), the process never went beyond a formal warning (in the case of Ireland in 2000; Watt 2001: 244ff.).

In 1997 the Amsterdam Treaty extended the same basic approach to employment policy with the introduction of the employment guidelines under the so-called European Employment Strategy (Watt 2004). The employment guidelines were, however, formally subordinate to the BEPGs and no sanctions for non-compliance were envisaged. This so-called “open method of coordination (OMC)” was then employed under the Lisbon Strategy to provide a loose framework for coordinating a broad range of social, labour market, educational and other policies. However, there was little evidence that, beyond providing some useful mutual learning opportunities, the Lisbon Strategy succeeded in noticeably moulding Member State policy

¹ From 1993 to 1998 the recommendations were made to the Member States as a whole; coordination was strengthened in 1999 with the incorporation of much more detailed country-specific policy prescriptions

choices along the lines of an effort to achieve Europe-wide targets. In the case of the Lisbon Strategy there was in any case – and in marked contrast to the core economic policy areas such as fiscal policy – little basis for the belief that the policy spillovers between countries were really so significant as to warrant far-reaching attempts at coordination.

Further still from the public gaze, the Macroeconomic Dialogue was established (Koll 2005, Watt 2005a) in 1999, since when it has brought together representatives of European employers and trade unions (the “social partners”) with the European Central Bank, the Commission and two Council committees. The aim of the meetings held in this context is to facilitate an exchange of information intended to help ensure mutually supportive interaction, conducive to non-inflationary growth, between wage developments and monetary, fiscal and structural policies. The meetings are purely advisory in nature, confidential, and do not constrain the actors in their behaviour.

This very cursory thumbnail sketch describes the state of economic governance – that is, the institutions and procedures to ensure coherent economic policymaking in Europe – that was in place in late 2008 when the global economic crisis hit Europe. In the preceding years, Europe’s economic performance had been – at best – mixed.

There were certainly overall improvements in terms of unemployment and the fiscal position since the “dark days” of the mid-1990s: indeed a number of (smaller) countries had actually achieved something close to full employment. The eastern enlargement of the EU had set in train a slow but steady upward convergence process of incomes. A number of countries on the “periphery” of the EMU also enjoyed rapid catch up: Ireland, in particular and earlier, but also Spain and Greece once EMU membership was assured and interest rates fell sharply, reported strong growth and sharp falls in unemployment (from high initial levels). Inflation – the ECB’s primary target according to the Treaty and its sole goal according to the central bank’s own interpretation – remained low throughout Europe (Horn 2003).

Yet overall economic growth was rather disappointing, especially in the large “core” economies of western Europe where unemployment remained high. The rate of productivity growth declined, and the Lisbon goals – which were tantamount to catching up with and overtaking the United States on key indicators – became an embarrassment. Worryingly, large imbalances opened up, especially within EMU, with some countries, especially Germany, recording huge external surpluses, while many others (the “peripheral countries” just mentioned, but also, outside EMU, the UK and some eastern European countries) posted large and growing current account deficits. On the social front, most countries saw rising inequality, while employment growth was in many cases characterised by the relentless spread of atypical contracts.

Then the crisis hit.

The lessons of the economic crisis and reform needs

The crisis, with its disastrous impact on output, employment and government budgets, blew away any complacency about the “fitness” of Europe’s economic governance regime. It created both a need, and also a political opportunity, to reflect on what we have learnt from the experience of ten years of EMU and to draw out the implications of the economic and financial crisis regarding the way Europe’s economies, and the European economy as a whole, are managed. I would argue that the following ten lessons – there are certainly others² – are crucial:

- **High unemployment results from macroeconomic mismanagement and/or poor economic governance institutions rather than labour market and welfare state institutions.**
- **Annual government deficits, even structurally adjusted, are a bad guide as to how a country is performing and whether it is acting appropriately in view of the needs of EU partners.³ The same is true of government debt levels.** Consequently, simplistic quantified fiscal targets are not helpful. At the same time, the stance of the private sector (businesses and households), and in particular its debt position, disregarded by European surveillance mechanisms until now, is an important policy consideration. The positions of the public and private sectors must be examined together.
- Even within a monetary union, **large and persistent current account surpluses and deficits are dangerous** and yet they are systematically promoted by the existence of vicious and virtuous circles within a monetary union for, respectively, fast-growing/high-inflation and sluggish/low-inflation countries (the so-called real-interest-rate channel) (Allsopp/Watt 2003). These are not offset by changes in international competitiveness (trade channel) to the extent that many had envisaged. Consequently, coordination mechanisms to ensure appropriate unit labour cost and price developments are needed.
- **Strong automatic stabilisers and discretionary counter-cyclical fiscal policy are needed** both to address asymmetric shocks and to support monetary policy in countering area-wide booms and busts.
- The fiscal policy spillovers between countries are not just “negative” (deficits in one country push up interest rates for everyone), but also “positive” (expansionary fiscal policy boosts demand in other countries). This suggests **a need to coordinate fiscal expansions in a bust (and not just fiscal consolidation in a boom).**

² Obviously, financial markets played an important role in the crisis and there has been much debate on how to reform them. Due to space constraints I exclude them from this analysis. See for instance Kapoor 2010 and a number of the contributions to Watt/Botsch 2010.

³ This is most clearly shown by the cases of Ireland and Spain which never broke the SGP rules and before the crisis were posting budget surpluses.

- **Tax competition undermines the basis for government revenues and increases inequality.**
- **Inequality is not “just” a social or ethical matter, but has important economic implications.** In particular rising inequality inhibits balanced demand growth and can make economies more vulnerable to destabilising speculation and/or encourage unsustainable debt build-ups.
- Punitive sanctions, as envisioned under the SGP and BEPGs, cannot be imposed on countries that are in economic difficulty. Instead, such countries require the solidarity of other E(M)U members in order to protect individual countries from destabilising speculation and to prevent contagion effects. This requires facilities for some fiscal transfers between countries, arguably permanently, and certainly the existence of a standing crisis resolution mechanism that can be activated at short notice.
- **Monetary policy** sometimes needs the support of coordinated fiscal policy (for instance when it is at the so-called zero bound when nominal interest rates cannot fall any further and the central bank faces difficulty in stimulating a moribund economy), and the reverse is also true (for example when indebted countries face high interest rates on public debt).
- Last but not least, **a myopic focus on micromanaging consumer price inflation is not always an appropriate overriding rule for monetary policy.**

Proposals from the Commission and Council

Since the start of 2010 two parallel processes have been set in train at EU level to bring about economic governance reforms. Both are supposed to be embedded in a broader strategy, known as EU2020, which is the successor to the Lisbon Strategy mentioned above (Pochet 2010). The first is led by the European Commission. The second is a Taskforce reporting directly to the President of the European Council, von Rompuy, dominated by the Member States (specifically: by their finance ministers).

The Commission issued two (non-binding) Communications on 12 May and 30 June 2010⁴. Then, at the end of September, it presented draft legislation⁵ which has since been the subject of controversial negotiation between the European Parliament and the European Council. The Taskforce issued its report, with substantively rather similar proposals, on 21

⁴ See http://ec.europa.eu/economy_finance/articles/euro/2010-05-12-reinforcing-economic-policy-coordination_en.htm and http://ec.europa.eu/economy_finance/articles/euro/2010-06-30-enhancing_economic_policy_coordination_en.htm. For a discussion of the latter see <http://www.social-europe.eu/2010/07/economic-governance-in-europe-a-change-of-course-only-after-ramming-the-ice/>

⁵ See http://ec.europa.eu/economy_finance/articles/eu_economic_situation/2010-09-eu_economic_governance_proposals_en.htm

October⁶. The proposals, if accepted, would mark the biggest reform of economic governance in Europe since the start of monetary union. They can be summarised in three points:

- The surveillance of fiscal policy under the SGP is to be reinforced further, notably by insisting on the respect of the debt criterion (60% of GDP) or a rapid pace of downward adjustment towards it (one twentieth of the gap between the current and target levels per year). The medium-term objective (MTO) of being “close to balance or in surplus” is retained, but this is now specified to be achieved by focusing on government spending rather than revenues. The sanctions regime is to be tightened, with a more graduated range of sanctions (deposits, fines, blocked access to structural funds). This is coupled with a measure (the so-called reverse voting mechanism) that makes it harder for member states to block a Commission recommendation to impose sanctions; the Commission’s recommendation, rather than having to be approved by a qualified majority in the Council, would stand unless rejected by such a majority.
- The surveillance of member states is also to be broadened, notably by incorporating an assessment of competitiveness and current account positions against a “scoreboard” of relevant indicators. Modelled on the excessive deficit procedure in the SGP, an excessive macroeconomic imbalances procedure is to be instituted, which leads to country-specific recommendations by the Commission. If ignored, these can also result in financial sanctions imposed by the Council.
- The coordination processes are to be streamlined in a new annual procedure known as the European semester. As this has already been adopted by the Council, it is not, strictly speaking, part of the legislative package, but it is nonetheless an integral part of the reform

Assessing the reform proposals

Let us start with two areas in which the reform proposals mark a step forward. In substantive terms, the issue of macroeconomic imbalances is recognised as being of key importance for a coherent and sustainable economic strategy in Europe; and a procedure for assessing and, ultimately, correcting them has been established. At the procedural level, the European semester promises to intensify the degree of policy coordination in Europe by establishing a common policymaking framework and timetable. In itself this is welcome: running through the “lessons” of the previous section is the conclusion that greater policy integration and coordination is needed. They are also an inevitable consequence of the moves to establish a

⁶ See http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/117236.pdf/

bail-out facility for crisis-hit euro area countries.⁷ Taken together, these are important steps towards the needed coordination of economic policymaking in Europe and should not be belittled. However, they are not enough to outweigh what is bad about and what is missing from the proposals.

The centrepiece of the reform is a heightened focus on fiscal consolidation. Something akin to Germany's "debt brake" (*Schuldenbremse*) is to be instituted across Europe. This is bad for a number of reasons. Excessive fiscal profligacy was not a cause of the crisis, and is really a critical problem only in Greece (and even there on the revenue rather than the spending side). High fiscal deficits and debt are the result of the crisis – inevitable and indeed desirable. While it is certainly desirable that they should be reduced, **it is completely wrong to focus what is supposed to be a long-term reform of economic governance mechanisms on a single (and medium-term) policy requirement.** Moreover, in the shorter run, if the injunction to reduce structural deficits by 0.5 percentage points (p.p.) a year and government debts by an average of around 1 p.p. a year – indeed twice that in some countries – is taken seriously, the European economy will suffer a "lost decade", if not worse. In such a context, the new sanctions will not be worth the paper they are written on; they will be inoperable.

The proposed focus on the spending rather than the revenue side is unjustified, not least in the light of the problem of tax competition which the proposals completely fail to address. The recommendation, if followed, will lead to a steadily declining relative size of the public sector. Yet, this and, more generally, the mix of measures on the expenditure and revenue side, can be decided only by democratically legitimated (national) parliaments and not by an unelected bureaucracy. This is a recipe for conflict between member states and the Commission that the latter cannot win, even under the proposed new voting procedures (cf. De Grauwe 2010).

Then there are two important sins of omission regarding fiscal policy. No attempt is made when calculating deficits to allow for public investment spending that raises potential growth rates and thus promotes, in the medium run, fiscal consolidation. (Imagine an investor who cannot distinguish between two otherwise identical firms, one of which invests €10 million in the latest production machinery, the other the same sum in buying the CEO a yacht or a private jet.) Governments facing political strictures to cut deficits and debt will slash public investment, as this is easier and quicker than reducing statutory entitlements: this is what happened in the run-up to EMU in many countries. It is entirely unjustified by any sensible economic theory, and completely incompatible with promoting the goals of the EU2020

⁷ The provision of emergency support for crisis-hit countries, the establishment of the European Financial Stability Facility and the debates on instituting a permanent bail-out mechanism have increasingly dominated public debate, but are not the focus of this article.

strategy⁸. Similarly, no measures to incentivise countries to strengthen their automatic stabilisers are envisioned, although there is a clear European value-added to such coordinated efforts which would make a major contribution to stabilising demand and output (Watt 2010).

More fundamentally, **the close-to-balance rule, however sensible it may appear at first sight, has implications that are not always benign and can, under realistic conditions, be highly damaging.** First of all, it implies zero government debt in the longer term. There is no sound economic reason why that should be regarded as optimal, and no government of an advanced country has, since the dawn of capitalism, come even close to running repeated budget surpluses and becoming debt-free. Moreover, adhering to such a rule forces the two other sectors, the private sector and the external balance, to precisely offset each other.⁹ Given a balanced budget, if desired national savings are higher (lower) than investment, then the current account will be in surplus (deficit) to precisely the same degree. This – though it may seem counter-intuitive from the point of view of an individual – is why **it can actually be sensible for governments to post repeated (but sustainable) deficits year-in, year-out: it mops up excess domestic savings without the spillover of persistent current account surpluses.**

This brings us back to external imbalances, recognition of the importance of which I praised earlier. The problem is that, because of this interaction between sectoral balances – which reflects an accounting identity and is thus an inescapable "fact of life" – the reform proposals are actually likely to prove incoherent. Unless the private sector changes its behaviour, insisting on balanced budgets will result in permanent current account surpluses or deficits that are likely to be seen as problematic under the excessive imbalances procedure.

Although the macro imbalances part of the proposals constitutes an important step forward, concerns remain even here. One is language that repeatedly implies that current account deficits are worse than surpluses, rather than their counterparts, and that adjustment is the sole responsibility of deficit countries. Another relates to the measures foreseen. The initial proposals for the scoreboard were ill-defined and risk making a mistake opposite to that entailed in the simplistic fiscal targets, namely, being open to any number of interpretations; negotiations between European Parliament and Council may be expected to lead to improvements in this regard. It is cause for concern that the entire process appears to be based on an interaction between the European Commission (read: DG Ecfm) and national governments

⁸ See <http://www.social-europe.eu/2010/05/the-eu2020-strategy-and-europes-crisis-first-ensure-the-survival-of-the-eu/>. Perversely, there is one exception to this logic (or rather illogic): countries that use tax subsidies to promote capital-funded pension schemes are to be permitted to set such spending against their deficits. In contrast to, say, investment in R&D or smart energy infrastructure, it is very dubious whether such spending can sensibly be regarded as an investment.

⁹ This is because of a basic accounting identity that says that the government budget deficit plus any private-sector (savings over investment) deficit must be offset by an import of capital from abroad and thus a current account deficit. So if the budget deficit is zero then the current account is in deficit precisely to the extent that private sector borrowing exceeds its saving.

(read: finance ministries) whereas key to competitive imbalances are wage and price developments, and thus labour markets and collective bargaining institutions. These are the responsibility of other actors, and yet there is no indication of how they are to be incorporated. It seems that policymakers are sticking to the faith that, given enough “structural reform”, wage and price settings will become so “flexible” that adjustment will be achieved via competitive pressures. The most benign interpretation of this is that it is the triumph of hope over the experience of ten years of EMU.

So far, we have considered missing elements within policy areas actually addressed by the reform proposals. Given that the legislative proposals are touted as a reform of economic governance, it is somewhat surprising that there should be no mention whatsoever of the role of monetary policy within the broader economic governance framework. The ECB was seemingly created in some secular version of the “immaculate conception”, and as such, the crisis has no implications for its conduct. Yet this is obviously incorrect. The focus on fine-tuning inflation by the world’s leading central banks did not prevent the second-largest crisis of capitalism, recently estimated to have cost the equivalent of at least one entire year’s global output. And we now have a situation where the ECB lends money to banks for virtually nothing. The said banks lend it to national governments at up to eight percent and this debt has to be serviced by hard-pressed tax payers. Banks are able to pocket the difference entirely risk free, because **the ECB then takes the bonds they have purchased as collateral for further free bank-loans, after which these super profits are distributed to shareholders and executives in the form of dividends and bonuses. The ECB cannot simply be treated as sacrosanct.**

To sum up this assessment: while marking progress in some important areas, **the proposals are a step backward in others and, above all, a missed opportunity to use the crisis to make changes that would enhance growth and employment opportunities in Europe and raise the welfare of European citizens.** At heart the reforms mark an intensification of a long-standing – but evidently unjustified and unhealthy – obsession with fiscal deficits and debt, plus a basically sensible, and yet flawed, extension to macroeconomic imbalances. Meanwhile, matters urgently requiring reform are simply not addressed. In short, the European authorities appear not to have adequately learnt the lessons from crisis, as set out above.

Criticising the package is not just a matter of identifying a lack of ambition. An ideal governance system can clearly not be created overnight. Criticism of the proposals must be sensitive to many real-world legal and political obstacles (notably the hard-to-revise European Treaty). Yet the weaknesses go far beyond caution and the proposals actually risk taking us *away* from that ideal. More worryingly, in the short to medium run, given the state of public finances and of the economy, the combination of the good, the bad and the missing could potentially

prove very ugly. If accepted in their current form, the proposals carry a high risk of perpetuating economic stagnation in Europe, torpedoing the EU2020 strategy and leading to tensions and conflicts that will lead to political disintegration rather than the needed integration.

Towards alternatives

What changes to the economic governance reform proposals would produce better economic outcomes for Europe’s citizens in the years ahead? Clearly we cannot simply go back to the drawing board and design a whole new architecture. The concluding paragraphs indicate some possible pathways towards more effective economic governance in Europe. Some are of a more technical nature and could be easily incorporated into the existing proposals. Others, while more far-reaching, could nonetheless be achieved given the appropriate political will on the part of the relevant actors.¹⁰

An obvious starting point is to change the balance between fiscal and macroeconomic surveillance. The sensible solution is to focus primarily on the external (i.e. current account) balances, which have been shown by the crisis to make countries so vulnerable, and, *as part of that*, to examine fiscal positions, rather than to prioritise the public over the private sector (im)balance. In other words, the debt position of the public and private sectors (which together are equal and opposite to the current account position) of each country should be examined *in equal measure, at the same time and in a single procedure*. The unsustainable position of countries such as Spain and Ireland, despite their budget surpluses and low government debt, would thus have been readily identified. Such an examination would quickly reveal that, in most countries most of the time, it is changes in private savings and investment behaviour, rather than the behaviour of governments, that are the prime source of imbalances. What is more – and this is of greater immediate importance in policy terms – such an approach would foster Europe’s economic recovery by leading to sensible policy recommendations, notably that countries with large surpluses on current account (above all Germany) should continue with stimulus measures, while deficit countries should consolidate earlier. To this end, **the scoreboard idea should be developed further. It should not simply flash green or red but should permit a balanced appreciation of the state of the economy in question and of whether policies are such that the country can be considered to be treating economic policy as a matter of common European interest. Other actors than governments should be incorporated at national level** (see below).

Within this altered assessment framework, what could be sensible guidelines for fiscal policy? Ideally, Europe needs mechanisms for establishing the desired aggregate fiscal stance

¹⁰ For a collection of progressive policy proposals for Europe “After the crisis”, see Watt/Botsch 2010.

given the expected economic situation. Then the appropriate “allocation” of national fiscal positions, such as to take account of national and the overall European requirements and in particular the private sector (im)balances, would be made so as to arrive at the desired aggregate stance. Clearly, given what was said above about the endogeneity of the fiscal position, this could be no more than indicative. European-level coercion can refer only to the implementation (or failure to implement) discretionary measures, never to fiscal outturns which are driven by too many factors. Some provision for (limited) fiscal transfers between countries would be desirable. **Agreement is needed on a definition of additional investment-spending that raises growth potential (or contributes to certain EU2020 goals); such spending increases should be excluded from deficit calculations.** A simple first step would be to exclude countries’ co-financing of (an expanded program of) lending by the European Investment Bank from consideration.

Clearly, such a “rational” approach to coordinated fiscal-policy-making is a tall order, but the establishment of the European semester does, in principle, render progress towards this goal feasible. **For both the macroeconomic and fiscal surveillance processes a much more nuanced set of “sticks and carrots”, positive and negative sanctions, needs to be developed in agreement between the member states (Council) and the Commission;** for instance Manasse (2007) proposes a bonus/malus points system. Member States must want policy coordination; they should not be bludgeoned into it. This requires changes in content but also in processes.

These measures at the national level would need to be supplemented with European-level arrangements that, in particular, effectively limit undesirable tax competition (poaching revenues from taxes on mobile production factors) and provide European funding for needed public investment projects, notably in infrastructure and the transition to a green economy. These goals form part of the EU2020 strategy, albeit without explicit mechanisms.

Importantly, the surveillance and policymaking activities cannot be left to the Commission and Member State governments alone. **Particularly with respect to wage- and price-setting, which is crucial for the whole idea of monitoring macroeconomic imbalances, the social partners need to be incorporated at both the European and the national level.** An obvious way to achieve this is to strengthen the existing Macroeconomic Dialogue (MED) at European level and ensure its better articulation with national-level social dialogue processes and institutions (Koll/Hallwirth 2010). The former should become a permanent secretariat rather than a series of ad hoc discussion meetings. Tripartite institutions to liaise with the EU MED – such as already exist at technical level in Germany – should be established. Meanwhile, trade unions should seek to develop further their autonomous attempts to bring about a greater

coordination of wage-setting; in this, they should receive support from the public authorities. More generally, collective bargaining institutions at national level must be strengthened. This is a prerequisite for (nominal) wage-setting to take macroeconomic considerations into account.

Finally, **it is vital to bring monetary policy into a genuine European economic governance. Inflation targeting could be supplemented by more explicit mandates to consider financial stability, growth and employment, requiring additional monetary policy tools** (Palley 2010). The looting of taxpayers by banks, with the ECB as accomplice, could be stopped overnight if the ECB extended credit to national governments (directly or indirectly through some more permanent support scheme: an example is the Blue Bond proposal, see Delpla/von Weizsäcker 2010). **Various conditions would need to be imposed on such monetisation in order to avoid moral hazard; governments spending recklessly and then waiting for an ECB bail-out.** For instance it could be linked to additional spending on certain forms of investment. As the crisis has shown, the ECB has in fact considerable scope to define its mandate as it sees fit. Treaty changes would not be absolutely necessary (albeit probably desirable) provided the ECB were willing to become a cooperative partner in a wider system of economic governance that would serve the needs of all Europe’s citizens.

More recently the economic policy and governance debate has been dominated by short-term needs of crisis-management, with dramatic bail-outs of Greece, Ireland and Portugal. It is currently far from clear that these measures have been enough to stem the crisis. What is clear is that Europe, and particularly the EMU, requires new institutional structures and policy changes that imply a greater role for the European level and for coordinated policy-making between Member States, based on sensible rules and realistic procedures.

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The answer is politics. A progressive approach to global challenges

Key words

Global order – Insecurity – Social democracy –
Politics – Public

Summary

The period of self-examination that the left embarked on in 1989 has now gone on long enough; the time has come for it to once again become aware of its own identity. An identity that is found essentially in the values it always defended: freedom, equality, solidarity. Uninhibitedly defending these values means giving the citizens back their confidence in politics and in the public sphere, in the conviction that the search for collective solutions is the most realistic and efficient route in the global order.

**Politics
suffers from
horror vacui.**

In the 21st century, speaking of the acceleration of History is virtually a tautology. Over the past three decades we have lived under three different international orders, with their corresponding visions of the world, interpretational thinking and models of response to challenges. Each one of these three orders looked like it would be here to stay, yet they all broke up in a sudden and traumatic manner and practically against all predictions. Everything is pointing to the fact that in 2008 the bursting of the financial bubble has once again unravelled what we had, placing us at the doors of a fourth order that has already begun to be forged from the remains of the third one. Politics suffers from *horror vacui*.

**Moving Up, Moving Down,
or How “Eternal” Orders Do Collapse**

During the 1980s – which today feels as distant as Prehistory – the bipolar model of the cold war appeared to be pretty much crystallised. The bloc dynamic, with its occasional peaks of tension, its scenarios of conflict relegated to specific areas of the planet and its constant but controlled threat of large-scale confrontation, provided a relatively stable and predictable scenario. The rules of the game, which had been in force with little variation since the end of the Second World War, were well known to all the actors.

This order collapsed in 1989. Left behind in the rubble of the Berlin wall were not only the Eastern bloc and the way of doing politics inherent to the cold war, but also the major narratives that had shaped the 20th century (a century that, as Eric Hobsbawm (1994) has said, has been characterised by its peculiar brevity). The collapse was euphorically welcomed by those who, situated to the right of the political spectrum, believed they were witnessing the end of History and of all ideologies. An end, furthermore, that ostensibly seemed to confirm that they were right. The interpretation was that the cascade of events in 1989 demonstrated beyond any reasonable doubt that there was no life worthy of being lived beyond capitalism and, in a deceptive confusion between economic model and political system, it consolidated the belief that any state intervention was the natural enemy of democracy and freedom. In just a few months, the world had gone from bipolarism to unipolarism: the collapse of Soviet-

type communism had left us with a single political and economic global canon, without viable competitors or alternatives in sight.

The 1990s were the triumph of globalisation and unbridled markets. The Washington Consensus established the dominant economic paradigm at international level, in a faithful reflection of the internal policies embraced by the majority of western states: deregulation, privatisation, liberalisation and reduction of public expenditure. This was, in turn, merely the expansion on a global scale of the neoliberal ideology that Margaret Thatcher and Ronald Reagan had already applied in their own countries. An ideology that implied a sharp distrust of the public sector – because the State is conceived as *essentially* clumsy, inefficient and dangerously tending towards interference in the life of individuals – plus blind faith in the markets, which are viewed as *essentially* rational, efficient and self-reliant ... qualities, furthermore, from which certain types of moral virtues were deduced: competitive markets are – again *essentially* – fair, egalitarian and the champions of individual freedom. In this scheme, politics played the role of the great villain, in opposition to so-called technocratic impartiality: anything that went beyond pure administration would be viewed with suspicion, when not with contempt. The implicit leap from de facto judgement to value judgement was more than evident.

However, as pointed out by Tony Judt (2010), *despite the purported “lessons” of 1989, we know the state is not all bad. The only thing worse than too much government is too little: in failed states, people suffer at least as much violence and injustices as under authoritarian rule, and in addition their trains do not run on time.* More market and less State do not always necessarily mean more freedom and more prosperity for all. And, in effect, global mercantilist optimism began to crack shortly after it was officially proclaimed. The proliferation of new wars and failed States – from the Balkans to the Persian Gulf, from Somalia and Rwanda to the Afghanistan of the Taleban – quickly exposed that the new order of the end of History was far from being an oasis of universal peace, justice, wealth and democracy. There were some who were already warning of the advent of the risk society or a life shift towards a liquid, essentially unstable category². Still missing, however, was a symbolic landmark that would point to a swing towards this new order (or disorder) while leaving no space for doubt. The terrorist attacks in Washington and New York were this symbolic event: they inaugurated the era of distrust.

September 11, 2001 definitively smashed the optimism of the post-cold war. History had not only ended; it was speedily advancing along an unforeseen and sombre path. Given this outlook, the chimeric victorious unipolarism of the “nineties was transformed into aggressive

1 Joseph Stiglitz (2002).
2 I am particularly referring to the thoughts of Ulrich Beck (1992) and Zygmunt Bauman (2005).



unipolarism. The abrupt leap from euphoria to global insecurity had found the West: the reaction was to give precedence to offensive defence over long-term analysis and a means-ends adjustment.

Insecurity, of course, is an old acquaintance of us humans. However, traditionally it affected people in a very unequal way: it was felt acutely by some, the more disadvantaged ones, while others were relatively well-shielded from it. And, above all, there were more or less well-contrived narratives that aspired to explain the disorder, offered hope and so provided a degree of comfort.

After 9/11, insecurity would appear as a total reality from which no-one could consider to be shielded, and against which there were no clear points of reference or coherent explanations that would relieve the unease; risk awareness had rocketed. The new threats of international terrorism or global warming were added to the old ones, whose potential to generate alarm was exponentially multiplied: hunger and poverty – always accompanied by political and social instability and often followed by uncontrolled migrations susceptible of awakening unease and animadversion in the West – the rapid transmission of illnesses or old local conflicts that acquired a different profile with global repercussions.

The wave of distrust that swept the world – especially the developed world – after 9/11 only left one secure element, one that retained its prestige and the appearance of a solid, safe, unquestionable bastion: the market. However, the days of this certainty were also numbered.

In the summer of 2008, the collapse of Lehman Brothers symbolised the start of a recession that would make this last certainty, this last eternity-aspiring myth teeter on the edge while adding new and painful anxieties. The story of the self-regulated markets that generate wealth, growth and infinite *freedom* was also revealed to be false by the unfolding of the facts. Once divested of its speculative cosmetic veneer, the true face of the financial economy turned out to be far less beautiful than promised: a convoluted bundle of greed, irresponsibility and recklessness where, in defiance of Adam Smith's adage, private egotism had not translated into public virtue of any kind. Rather the contrary, given that the bursting of the bubble rapidly shifted from the abstract world of international finance to the real economy, taking businesses and jobs with it in its fall and bringing entire States to the verge of bankruptcy.

Nevertheless, **the first major global crisis of the 21st century leaves open as many unknown factors as opportunities. Unknown factors as to how and when we can consider it to be definitively over, and also with regard to the type of international order that will be configured from now on. And opportunities, because the possibility of influencing this new emerging order is within our reach, as is doing it through schemes and values that**

differ from those that have dominated the international scene in the past thirty years. We have not had such clear arguments and such evident proof for calling for the return of politics and a rise in public-sector values since the time of the New Deal. Little by little, the idea is internationally gaining ground that multipolarity is not only already a reality; it is also an occasion to face problems on the basis of negotiation, cooperation and the striving for inclusive agreements. The left cannot pass up this opportunity.

**Sleeping with the Enemy,
or Where Have We Been All These Years?**

Javier Solana, European Union's former High Representative for the Common Foreign and Security Policy, pointed out not long ago that **in recent times social democracy has been unable to take charge of one of the core missions of politics: to civilise the future.** A task that requires becoming aware of any changes that occur, analysing, understanding, explaining them, and then making decisions that are pertinent to them. Such inability to undertake this civilising and pedagogical task is at the root of the European left's gradual loss of appeal³. And, quite obviously, if social democracy relinquishes the obligation to civilise the future, others will assume this task according to their own criteria.

**Social
democracy's core
mission is to
civilize
the future**

The view that for the left the Soviet collapse signified the loss of their traditional symbols and the break-up of their *Weltanschauung* has now become commonplace, forcing the left to face the urgent need to rethink itself. However, this process of self-examination appears to have lasted longer than it should have: it is as if social democracy had spent the past twenty years hidden in a corner, licking the wounds inflicted by the rubble of the Berlin wall. Since 1989, left-wing parties have too often given the impression of being out of place, complex-ridden, depressed and on the defensive. An image of dubitable self-absorption that makes it difficult to generate excitement among the citizens and to mobilise them.

Quite the opposite, conservative thought and its corresponding political forces have enjoyed a period of upsurge. It would be wrong to attribute this upsurge exclusively to the vicissitudes of historical circumstances as if it were their natural consequence: we must recognise that in the past thirty years, the right has been more skilful than the left at building and spreading a narrative of reality, which they have accompanied with practical, tangible political proposals. It is this narrative that allowed them to interpret events in a manner that chimed with their various approaches and interests (in such a way that events appeared to prove them right).

³ Javier Solana and Lluís Bassets (2010).



The great conservative achievement has consisted in knowing how to take advantage of a particular sensation that western citizens are experiencing with increasing sharpness and urgency: fear. A diffuse and indeterminate fear caused by the variable nature of global challenges. The speed at which the successive certainties and explicative models have been torn apart in recent decades has engendered among the population a pressing need to seek refuge in the well-known, the comprehensible and the identifiable⁴. Hence the flourishing of localisms that have emerged from an opposition to the global melting pot; the appeal of *solid* fundamentalisms to counter what Vattimo called *il pensiero debole*; national, ethnic, racial or religious identities transformed into a collective refuge against an unknown and therefore disturbing other. In contexts of insecurity and distrust we will always see the prospering of any proposal that offers unidirectional explanations, unequivocal formulas and simple solutions to complex problems, from brazen populism *à la Berlusconi* to the aggressive ultra-conservatism of the Republican Tea Party and including the European extreme right-wing parties (that in this context look far more “respectable”).

Yet the swing of public opinion towards conservatism would not have been possible without the prior discrediting of the public sector as the cement of society, which came accompanied, on a philosophical front, by restricting the concept of freedom to the idea of non-intervention (as opposed to the idea of freedom as non-domination that we find in civic republicanism⁵, which is far more closely related to progressive thought).

The **conservative recipe is not new but rather the opposite; it goes back to 19th century laissez faire, often combined with an authoritarian and to a large extent exclusive moral vision: abstentionism in public life and interventionism in the private sphere. The novelty lies in the new vigour it acquired**, thanks in fact to its insistence on incessantly repeating a single message for thirty years and to its ability to make the most of the cracks in post-war social democrat consensus and of the windows of opportunity opened up by historical shifts. Today’s right is *uninhibited* and has managed to *inhibit* the left... in part, because the left has allowed it to by dint of concessions, misjudged pragmatism and doubts about its own project.

George Lakoff (1996 y 2006) has long been alerting us to the danger to progressive thought of *buying into* the conceptual and narrative *frameworks* of the right. And this is in effect what has

⁴ Tony Judt delivers a penetrating analysis of the process whereby this conservative narrative is gaining ground over the post-war social-democrat consensus that underpinned the development of the Welfare States, and explains the current conservative momentum, placing fear and the difficulty of facing global challenges and insecurities at the heart of the argument. In his own words, familiarity reduces insecurity, so we feel more comfortable describing and combating the risks we think we understand: terrorists, immigrants, job loss or crime. But the true sources of insecurity in decades to come will be those that most of us cannot define: dramatic climate change and its social and environmental effects; imperial decline and its attendant “small wars”; collective political impotence in the face of distant upheavals with disruptive local impact. These are the threats that chauvinist politicians will be best placed to exploit, precisely because they lead so readily to anger and humiliation (Judt, *op.cit.*, p. 218-219).

⁵ Gianni Vattimo e Pier Aldo Rovatti (curatori) (1998).

⁶ Philip Pettit (1997) y (2009).

occurred, from Tony Blair’s lukewarm New Labour to the absence of a coherent discourse to address real problems such as the integration of immigrants and life in multicultural societies, not to mention having caved in to concepts such as tax relief, the acceptance of which – in a pursuit of popularity – meant failing to explain that we cannot have the Welfare State we want if we do not manage to get the income we need. And that this income must result from a collective effort, because the Welfare State is above all a collective project. **If we abandon the element of trust in the public sphere that underpinned the Welfare State, the arguments to defend it are imperceptibly lost.** And if we go down that route, we end up by abandoning the *all* of social cohesion in favour of the *some* of the emaciated neoliberal State.

The Way We Were, and Who Do We Want to Be?

For the ancient Greeks – and also for Hannah Arendt (1958) – the very essence of the human being is found in his ability and his need to live in the community. This communal living does not require us to renounce our individuality; on the contrary, it understands that the fulfilment of the individual is manifested through his relationship with others. The public dimension adds value and sense to the human condition. And, speaking in purely material terms, it provides impossible securities in all-out war (given that, as Hobbes pointed out, in that state individual life is solitary, poor, brutish and short).

There is no record whatsoever of human beings’ essential aspirations having been altered in the past thirty years: we continue to strive for physical survival, for preventing suffering and the feeling of being threatened; we are still on a quest for shelter and emotional satisfaction and for giving some kind of sense to our lives. We still reject pain, penury, uncertainty and fear, and we continue to desire well-being and serenity for ourselves and our loved ones.

Our needs may not have changed, but nor have a series of principles ceased to be valid, principles that since the 18th century are viewed as the best guarantors of the satisfying of such needs: freedom, equality and fraternity or – to use a more current term – solidarity. It was on these principles that the narrative of what would later be the western political left was built. The fact that they ultimately became the values commonly accepted by virtually the entire political spectrum merely confirms their success and does not imply that we should reject them on the understanding that they are worn out, overused or superseded.

Because, do the left and the right actually understand the same thing when speaking of liberty and equality? Is their position with regards to solidarity really the same? And, what is more important, have those values now become a reality, has the political and social project implicit in them really been put into practice? The obvious answer to these questions is no.

That is why the left of the 21st century has its greatest trump card in the return to its essential values and the defence of those values not only on a national, but also on an international scale. It is because no-one denies them that progressivism has the opportunity of explaining to what extent there is still some way to go in realising each and every one of them and which are the advantages of putting them into practice, with words and reference points that everyone understands.

Now more than ever, the left has data that endorse the fact that **market freedom is not necessarily individual freedom, because not all individuals compete on a level playing field**. That is why the consequences of the crisis are global, but some suffer it more than others, and it is often those that suffer it most who were least responsible for causing it. And, as Kennedy said, if a society cannot help the many who are poor, it cannot save the few who are rich.

Never before was there such evident proof that economic rationality without a counterweight leads to extreme irrationality, whose effects on the life of people are not resolved by entrusting them to the same markets and the same experts that devised and applied the recipes that have led us to the recession.

It is time to clarify that technocratic “know how” is not ideology-free; an ideology that distrusts the public sphere – shrinking the State to the point of leaving it helpless to provide for the needs of the citizens – and conceives **politics as pure administration, with the excuse that in this way it is better able to protect individual freedom. But politics is the configuration of futures, it is reflection, action and decision**. To reduce it to simple administration is as much as driving the very idea of politics out of our mental dictionaries. And History shows us that when politics goes out the door, it is not long before freedom commits suicide by jumping out the window.

In the same way, now more than ever it is evident that the dichotomy between freedom and equality is as erroneous as it is interested. Recent decades have been fertile in examples which establish that, if equality without freedom is the mask of despotism, freedom without equality is the alibi of privilege.

To succeed, social democracy needs to liberate itself from previous complexes and above all from the complexes acquired after the fall of the Berlin wall. To become entrenched in conservative conceptual schemes is as counterproductive as letting ourselves be carried away by Manichaeism or do-goodism. **The key is to make the citizens see that the social democrat proposal is more rational, more prudent and more efficient than the conservative one, because the application of the latter has produced irrational and inefficient results and has committed the sins of imprudence and lack of realism in calculating its**

consequences. The global recession generated by the model promoted with such vehemence by neo-liberalism has required the concerted intervention of the States and international organisations in order to prevent a large-scale crash. And even so we have yet to see whether the degree of intervention and concerted effort has been sufficient to minimise the damage caused.

It is thus established that the minimal State provides minimal solutions and that the technical experts and the markets do not have a magic formula to dissolve the complexity of global problems: profound reflections are needed as well as negotiation among many actors, leading to integral solutions. Ultimately, political action and decision is required.

The social democratic commitment to politics on the national stage has its clearest international counterbalance in the promotion of multilateralism. International negotiation forums are a collective ground that we could understand as the external counterpart of what in the domestic sphere we view as the public arena. These forums enable dialogue, cooperation and joint action, in opposition to the individual actions undertaken by isolated States, private corporations and other actors. In a global order, acting in an isolated manner is inefficient and often impossible. That is why the collective option based on international pacts and on solidarity is the one with the greatest chance of success, and the one most likely to avoid zero-sum games: it is, again, the most rational, prudent and realistic option⁷.

The limitations of the United Nations, the European Union, the G-20 and the rest of multilateral institutions are well-known. However, they are the best we have, and in any case are far better than nothing. These limitations can be overcome so long as there is the political will to commit to collective action as a channel for resolving the problems that affect the whole.

In the case of the European Union, the at least apparent weakening of this will would be among the causes of what is felt to be a progressive loss of prestige and international relevance. The statements made by European representatives in favour of “more Europe” clash with a reality that is increasingly tending towards renationalisation: analysed in their detail – and we all know that the devil is in the details – many European political initiatives seem to have lost faith in the Union project itself. After the approval of the Treaty of Lisbon, it is still unclear which telephone number must be called to speak to Europe; rather the contrary, the interlocutors have multiplied and it is difficult to hear a single voice on international forums.

⁷ In some European countries, social democracy has managed, through the government, to drive forward initiatives that focus on the idea that international solidarity is not only a fairer but also a more rational solution to the world's problems. Examples of this are the project for the Alliance of Civilisations and the Encounters of European and African Women for a Better World, both promoted by the Spanish Government under the presidency of José Luis Rodríguez Zapatero, in both cases with the endorsement of the United Nations. Initiatives such as these mark a trend directed at reconciling need with the ideal, given that they advance the building of a more equitable global order... as well as a more sensible one.

Some also point out that the people chosen to perform the new functions in the Treaty (President of the Council and High Representative) have less of a political than a technical profile, and that this conceals the intention of diminishing their leadership, thus manifesting a certain distrust of the institutions. In addition, protectionist temptations and the propensity to give priority to bilateralism over comprehensive negotiations hinder the common project more than they benefit it. All of which runs parallel to – and is fed back by – the rising relevance of the Euro-sceptic current, in a Europe that has clearly shifted to the right after the latest elections to the European Parliament: a process that cannot be dissociated from the citizens' disaffection towards the community's institutions, which are viewed as remote and incomprehensible entities. And, indeed, it is difficult to identify with a project that is explained with little conviction or is not explained at all.

The new Treaty, however, opens up many possibilities that can be used to advantage. To give just one example, the European External Action Service was envisaged as a key diplomatic tool to develop a truly European external agenda, reinforcing Europe's visibility and enhancing its presence in the world. But for this Service to fulfil its function it is obviously necessary to create a true European external agenda that confronts the challenges of our time from a common and open perspective that will transform them into opportunities for the future.

It is up to the European social democrats to drive forward the introduction of their principles and proposals in this agenda. And it is also up to them to persuade the citizens that more Europe is a better option than less Europe, because policies that commit to international dialogue and solidarity generate more collective benefit than those that opt for isolation. The time has come to relaunch everyone's confidence in the European Union project. A project whose birth symbolised the triumph of words and ideas over imposition, of the general good over private interests and, ultimately, of politics over *realpolitik*.

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Biographies



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FEPS Publications

“Next Left – Renewing social democracy” is the first volume of what has become a popular series of publications. This part is specifically devoted to analyses of the crisis (as evaluated in the aftermath of the 2009 European Elections) and to identifying the elements which, reviewed and renewed, could transform social democracy into a movement capable to shape the 21st century.

Volume I opens with the reflections by Poul Nyrup Rasmussen, President of the PES and former Prime Minister of Denmark; and of Dr. Alfred Gusenbauer, Chair of the FEPS Next Left Research Programme and former Chancellor of Austria. Their conclusions bridge with the unique collection of interdisciplinary reflections from all across the continent, which features the main disputants of the think tanks’ renewal debate on both European and national levels.

After a successful launch at the PES Congress in Prague in December 2009, the book was also presented at numerous national Round Tables held by FEPS together with its member foundations in 2010. Last but not least, it also became an inspiration for a debate organised the same year at Brown University in Providence, US.

“Next Left – The Leader’s Visions for Europe’s Future” A unique collection and analysis of 28 groundbreaking, recent speeches of progressive European leaders.

Featuring

Sigmar GABRIEL, Martine AUBRY, Zita GURMAI, Martin SCHULZ, Mona SAHLIN, George PAPANDEOU, Jose Luis RODRIGUEZ ZAPATERO, Poul Nyrup RASMUSSEN, Alfred GUSENBAUER, Borut PAHOR, Jutta URPILAINEN, Eamon GILMORE, Caroline GENNEZ, Elio DI RUPPO, Jens STOLTENBERG, Werner FAYMANN



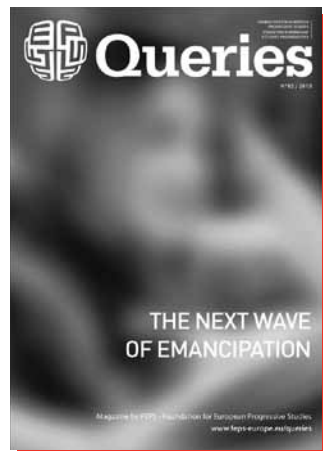
Queries



NEXT LEFT, NEXT EUROPE

In 2009, FEPS launched a call for papers addressing PhD and PhD candidates to elaborate on how they saw Europe in a decade, within the framework of its [Next Left] programme, run under the leadership of former Austrian Chancellor Alfred GUSENBAUER. The first release of Queries contains a selection of the most interesting pieces.

Contents: Future of Social Europe | Changing European Society | Green Agenda for a Sustainable Europe | Europe of Democracy and Civic Participation | International Responsibility of Europe in a Global Age.



THE NEXT WAVE OF EMANCIPATION

Since the beginning FEPS has been strongly involved in a debate on gender equality, which in fact was one of the very first projects that it established. This issue reviews the history of the struggle for gender equality in national member states, in Europe and elaborates on the progressive agenda for the future.

Contents: Gender sensitive, progressive Europe | A commitment that arises from a century struggle | Stronger from the past, encouraging experiences | The next agenda for changing society.



WHAT COMES BEFORE, WHAT COMES NEXT A tribute to Tony JUDT

Queries serving as a guideline in selecting themes and articles that pose the most crucial questions and can stimulate an intellectual debate, it comes with no surprise that this issue commemorates late Tony Judt and his work. As Ernst STETTER, FEPS Secretary General writes, the last book of Tony Judt, "Ill Fares the Land", poses an extraordinary challenge. This very particular intellectual testament of an outstanding academic and universalist socialist encompasses a fair, though bitter, assessment of today's world. It touches upon the mission that a renewed social

democracy must embark upon in order to reverse the negative processes corroding our societies, through respecting all the achievements of past generations and being optimistic about the chances for the progressives to succeed in the future. This motivated the title of this issue.



THE NEXT GLOBAL DEAL

New answers seem indispensable in times in which people lose their confidence in international institutions, their governments and politicians in general. Their detachment and scepticism about politics can be overcome once the democratic rules are put back in place, as far as global governance and European decision making processes are concerned. The disastrous consequences of the recent financial, economic and social crisis exposed the bankruptcy of today's world order, dominated by neo-liberal ideologies. Its inability to respond to global challenges makes it inadequate for the 21st century. But recognising this is not

enough; Europe and the world need a new, feasible agenda. For FEPS this is both a challenge and a chance to present our NEXT Global Deal.

Contents: Preface by Joseph E. STIGLITZ | Regulating and taxing the system | The New Global Deal | A new political economic response | Conference Report



NEXT LEFT: SOCIAL PROGRESS IN 21ST CENTURY

A decade into the new century, Europe is beset by a striking mood of social pessimism. 49% of EU citizens believe they will be worse off in 20 years time, with majorities perceiving the rise of emerging economies as direct threats to their living standards. Such anxiety presents a particularly debilitating political problem for social democracy. Historically, the promise of social progress has been a powerful force in all of its projects, and a cornerstone to the movement's political offer. Overwhelming disbelief in the primacy of political ideas and the ability of politicians to make a difference has translated into voter resignation and

subsequently to widespread withdrawal from political life.

The contributions to this issue of *Queries* are the result of a symposium that took place in London in March this year as a joint contribution to the FEPS Next Left research programme and Policy Network – Wiardi Beckman Stichting Amsterdam Process. The political circumstances and academic inspiration that dictated the theme and framed the debate are reflected upon in the foreword of Ernst STETTER and in the introductory texts by Alfred GUSENBAUER, Olaf CRAMME and René CUPERUS, and Patrick DIAMOND. Outlining an agenda based on three-pillars, this issue aspires to contribute to a debate on both the future of Europe and the renewal of social democracy.