

← NEXT LEFT →

BUILDING NEW COMMUNITIES NOTES FROM THE TRANSATLANTIC DIALOGUE OF DIALOGUES

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INDEX

FOREWORDS

- 6 Ernst STETTER, Karl DUFFEK and Ania SKRZYPEK
10 David KENNEDY
14 Michael D. KENNEDY

BUILDING NEW COMMUNITIES

- 20 **Towards a New Narrative – Reconciling Progress and Emancipation**
Alfred GUSENBAUER
28 **Social Democracy in the 21st Century. Some Experiences from Chile.**
Ricardo LAGOS

A NEW PROGRESSIVE VISION

- 40 **A Global Progressive Agenda?**
Roger LIDDLE
54 **A New Social Contract for a Better Society**
Ania SKRZYPEK
68 **New Collectivism, the Fourth Way**
Oscar LANDERRETICHE
80 **Progressive Ideas for Global Relevance and of Universal Value**
Yannis Z. DROSSOS

A NEW COSMOPOLITAN MOVEMENT

- 90 **National and Global Governance in Crisis: Towards a Cosmopolitan Social Democracy?**
Patrick DIAMOND
98 **The *Next Left* and its Social Movements**
Michael D. KENNEDY
110 **Politics without Banners. The Spanish Indignados' Experiment in Direct Democracy**
Gianpaolo BAIOCCHI & Ernesto GANUZA



A NEW SOCIO-ECONOMIC PARADIGM

- 120 **From Social Movements and Citizens; to Policies, Processes, and Politics in European Governance: The Need for New “Next Left” Ideas and Discourse**
Vivien A. SCHMIDT
- 132 **The Risk of a Prolonged Stagnation and the Policies for New Growth Engines**
Paolo GUERRIERI
- 144 **A New Socio-Economic Paradigm: Jobs, Equality and Sustainability**
Rémi BAZILLIER

A NEW APPROACH TO WORK AND EMPLOYMENT

- 156 **The Left and the World of Work**
José ITZIGSOHN
- 164 **Work Hours, Consumption, and Climate Change: A Cross-National Panel Analysis of OECD Countries, 1970-2007**
Juliet SCHOR
- 178 **Brazil’s Lessons for Europe’s Unemployment Problem**
Cornel BAN
- 190 **Organized Labour and the Progressive Movement**
Dimitris TSAROUHAS

BIOGRAPHIES

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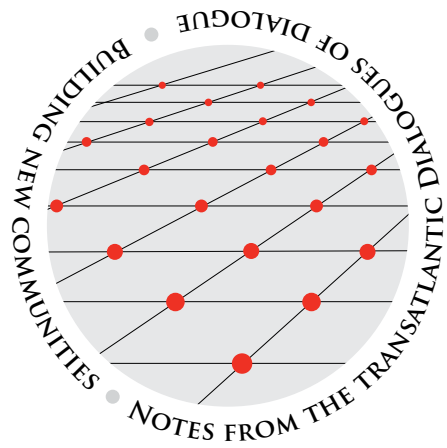


Forewords





Ernst STETTER, Karl DUFFEK & Ania SKRZYPEK



The principle of the “*Next Left*” Research Programme has always been to inspire, while *believing in hopes that have been entrusted in us*. This is why every subsequent step of the project, illustrated by publication of all the previous 4 volumes, has been guided by an ambition to advance and to reach new dimensions of the ideological debates. This issue, which we are proudly presenting herewith, embodies the same desire. It is profoundly important that it has been realised in the framework of a new cooperation established in 2011/2012 between FEPS and IGLP – Institute for Global Law and Policy of the Harvard Law School (Cambridge, Massachusetts), which builds on the earlier exchanges with Watson Institute at Brown University (Providence, Rhode Island), enabling the *Next Left* debate to accomplish a new stage of development, in which scholarly framed transatlantic dimension is to play a relevant role.

The process leading to establishment of *Next Left – Dialogue of Dialogues* in April 2012 had featured several prior intellectual exchanges, which took place both in Europe and in the US. In the second of those, it was originally hosted by Watson Institute of Brown University, where professor Michael KENNEDY has played a vital role in bringing together progressives from different networks. In his preface to this volume, he is describing more in detail the road that the process had taken back then – starting from a conversation between two visiting professors-at-large at Watson, Dr. Alfred GUSENBAUER (former Chancellor of Austria and Chair of the FEPS *Next Left* Research Programme) and Dr. Ricardo LAGOS (former President of Chile and Head of Chilean Fundación Democracia y Desarrollo). The subsequent transfer of the discussions to the IGLP HLS, thanks to the hospitality of its Director, professor David KENNEDY, meant both enlarging the group through reaching out to new networks of progressive academics and broadening of the agenda – which challenges he describes respectively in his introductory words. The certain shift of the focus mirrors opening to new themes, which go beyond seeking common answers to the global crisis and focus rather on a common aspiration to contribute to framing a new, prevailing global narrative.

The historical challenges lay in the fact that not only was the feasibility of the post-war order questioned in its every dimension by the multilayer crisis of the last years, but also that the aftermath of its pick has featured new developments worldwide. The recent social mobilisations, which impact may differ depending on the circumstances in which they took place, have one important notion in common. Regardless if one looks at the Occupy Movements, *Indignados* or people, who courageously united within Arab Spring – it is very clear that they bring a demand for a new sort of settlement. This new arrangement shall be anchored in a new, complex vision that will provide an alternative to financial capitalism and help re-establish primacy of politics at the service of the people over the rule of markets. It is a growing belief that its anchoring in values such as equality and solidarity, would also bring along a strategy on how to combat the disintegration of a global community and consequent fragmentation of our societies. As such, the circumstances prove to bring about a vacuum that a new narrative could claim. The difficulty

is that it is to be an extremely demanding exercise – people seem no longer inclined to believe that another world is possible, even if they so strongly reject the current one. Therefore the “*Next Left Dialogue of Dialogue*” seeks not only at what is feasible, but what can be inspiring and uniting – and hence the theme of the seminar in April 2012 and the title of this volume, which both read “*Next Left: Building New Communities*”.

The book is unique, being the very first publication ever issued between FEPS, Renner Institut and IGLP HLS. Its index includes 6 sections. The first one features prefaces (respectively by the editors of the series, and by David KENNEDY and Michael KENNEDY). They are followed by two articles, in which Alfred GUSENBAUER and Ricardo LAGOS outline their views on the leading questions of the discussion on the future of progressivism nowadays. The next four chapters: *A New Progressive Vision*, *A New Cosmopolitan Movement*, *A New Socio-Economic Paradigm*, and *A New Approach to Work and Employment* include 14 articles by scholars from both sides of the Atlantic. What makes this combination especially recommendable is the outstanding quality of the contributions, which expose commonality of analyses and diversity of responses of European, American and Latin American progressive scholars – which in itself makes it an inspiring reading.

The articles gathered in the Chapter: *A New Progressive Vision* aim to propose both ideological and strategic cornerstones of the new progressive narrative. Roger LIDDLE argues that there is *little prospect of advancing the global progressive agenda unless ‘Europe’ steps up to the plate*, which as he adds, *requires both a rethink of that agenda’s content and the more effective mobilisation of the EU’s collective clout in pursuing it*. The article of Ania SKRZYPEK follows some of his thoughts, focusing on how, from a European perspective one could think about a values-anchored social contract – seen as an alternative, progressive narrative. Subsequently, Oscar LANDERRETICHE engages in the dialogue with her points – advocating for a new agenda based on *CHI – collectivism, humanism and inclusion*. The Chapter closes with the remarks by Yannis Z. DROSSOS, who deliberates on how those more intellectual constructions could translate into effective policy sets and hence influence substantial reality changes.

Patrick DIAMOND opens the chapter *A New Cosmopolitan Movement*, reflecting on the notion of cosmopolitanism and emphasising that it is still *national social democracy*, that is *the institutional platform on which a vibrant and accountable European and global polity will be built*. Michael KENNEDY looks at the diversity of such a potential polity, analysing the meaning of the recent social mobilisations. He argues that there are *profound opportunities to find synergies with new mobilisations* and he adds, that the *Next Left* must find ways to *engage them in the web of affinities*. The eventual relation between the mobilisation movements and the contemporary world of politics is further explored also by Gianpaolo BAIOCCHI and Ernesto GANUZA, who analyse foremost the developments in Spain and assess that all these demonstrations *invite us to rethink some traditional elements of politics and protest*.



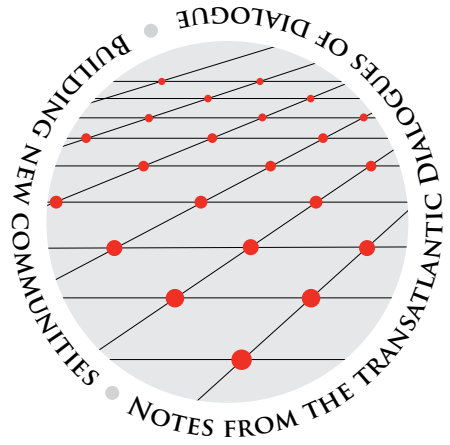
The invitation for reflection is responded to by Vivien A. SCHMIDT, whose article opens the subsequent Chapter *A New Socio-Economic Paradigm*. She argues that a critical test for the *Next Left* is the very one of democratisation of politics and politicisation of Europe, while vanquishing the long-term prevailing *neo-liberal philosophical ideas*. Paolo GUERRIERI supports this argumentation, pointing out that the way out of crisis should be constructed on the basis of a certain mix of *Keynesian and Schumpeterian policies*, while pursuing new ways of thinking in economics and a search for *new sources of growth*. Rémi BAZILLIER completes the deliberations in this section, advocating for *redefining the concept of effectiveness by including the imperative of sustainability*.

The alternative approaches to economy link with the theme of the last Chapter, *A New Approach to Work and Employment*. In the first piece, José ITZIGSOHN makes a case for the *solidarity economy*, which in his view *offers the left the possibility of addressing exclusions created by labour saving technologies and the global division of labour and at the same time, offers possibility of remaking the economy on a different, more humane basis*. The focus on division of labour is also shared by Juliet SCHOR, who promotes the idea that *reductions in working hours in line with productivity are necessary for achieving full employment*. The innovative thoughts that her article brings along are about linking the question of reductions of hours with the impact it may also have on ecology. Following Juliet SCHOR's deliberations on how to achieve full employment, Cornel BAN explores the potential of the *neo-developmentalism*. His analyses focus especially on an empirical case study of Brazil – out of which findings he argues that *the goal of full employment should be on a par with the goal of macroeconomic discipline*. The last words of the chapter belong to Dimitris TSAROUHAS, who makes a case for revival of the traditional alliance between progressives and trade unions, especially as far as the labour policies are concerned.

Altogether, this volume *Next Left – Building New Communities* constitutes an interesting and important reading. It not only captures the main debating threads from the *Next Left Dialogue of Dialogues*, which have been established between FEPS and IGLP of Harvard Law School and which featured common FEPS – RI – IGLP HLS workshop in April 2012; but also it brings along reflections and expertise from scholars and experts from three continents. It is the hope of all involved in the programme, that they will be found inspiring in constructing a new progressive narrative worldwide.



David KENNEDY



The dialog captured in this collection was born out of a desire to construct an interdisciplinary international conversation about the global future of progressivism. The central questions today are not political questions – if by that we mean questions to be addressed by governments acting alone or negotiated through conventional diplomatic circuits. Nor, however, are they economic questions – if by that we mean questions to be answered by the operations of markets, guided by the hand of robust competition in the shadow of regulation. They are questions of political economy.

The most dramatic shift in thinking necessary to bring the political economy of the world into focus is this: all economies, including the world economy, are developing economies. A fundamental neo-liberal insight was correct: the ideological fault line between the first and second world no longer defines global political struggle and the economic fault line between a “traditional” or “underdeveloped” third world and a “modern industrialized” first world no longer defines global economic relations. Not, however, because liberal democratic politics has become the global default or because the management of routine business cycles in deregulated markets has become the common national economic challenge. Quite the contrary. The diversity of political arrangements has increased. Stable and significant political regimes come in many varieties: more or less authoritarian, more or less religious, more or less decentralized, more and less technocratic, with different blends of public and private economic power. Moreover, the political elites of all nations have been instrumentalized by economic forces, if in different ways, and too often find themselves deadlocked when it comes to addressing issues “in the public interest.” It is not simply that the state has been “unbundled” or political power “networked” across boundaries. Politics has everywhere become a diminished shadow of economics, political institutions, classes and elites both grid-locked and instrumentalized by economic interests.

At the same time, the economic challenges characteristic of the “developing world” have become common across the industrialized world. All economies face strategic choices between different modes of insertion in the global economy, confront challenges of inequality and structural dualism, find their economies riven with market failures, information and public goods problems for which they lack instruments to respond, and find themselves talking about new strategies for

growth rather than the efficient management of a relatively stable business cycle. The crucial point is this: the difference between the first and third worlds has eroded because all nations now face political, social and economic challenges once typical of the third world.

Indeed, the fundamental organizing framework for global political struggle today is neither ideological hegemony nor great power competition. It is the political economic question of the distribution of growth. How will economic opportunity be distributed between those who lead and those who lag? The wild horse to be ridden now is precisely this dynamic of dualism, the tendency for growth here to impoverish there. We know that not everyone can be a highest tech, greenest technology leader – any more than everyone can be the lowest wage manufacturer. These are niche market dreams. They function as justifications for mobilizing resources behind the successful. The political challenge is not to find resources we might pour on the winners in the hopes they will render our “nation” competitive. Nations are no longer competing – and winners can usually take care of themselves.

As a result, effective governance is no longer a matter of eliminating the corruption or capture of public authorities – difficult as that is. Nor is it a matter of sound corporate governance, corporate social responsibility and effective regulatory supervision – difficult as those are. Effective governance requires that the public and private actors become adept at something none are now well organized – or well disposed – to attempt: managing the distribution of growth, linking leading and lagging, managing the political economy of dualism. And they must do this not only in their backyard, in their territory, in their sector, but in a new world of shifting relations and linkages. Where small things have large effects, where local rules govern global transactions, and where very little is transparent or predictable. Only by considering economic and political objectives at the same time and on a parallel scale will it be possible to respond to the global challenge of linking experimental, leading edge economic dynamism wherever it occurs with everyone else. Across cities, within and between nations, in regions, across the world.

To my mind, this interpretation suggests a thought experiment. Perhaps also a program: to *reconnect the political and the economic* by revising the sinews of legal, institutional and intellectual life through which they have been separated, and to *fragment and delink global economic and political life*. These two broad orientations might be linked. Intermediate institutional forms which could dis-integrate or delink political and economic life may also open spaces for a reconnection of politics with economics.

Such a program would be familiar to the world’s leading risk managers. They have seen the dangers of over-integration in economic life. Financial risk management requires the reintroduction of stop-gaps and go-slow provisions against the damage of contagion and the volatility of speculative flows. Supply chain risk management required the reintroduction of inventories to guard against the disruptions of a tsunami here, a nuclear accident there. We could imagine



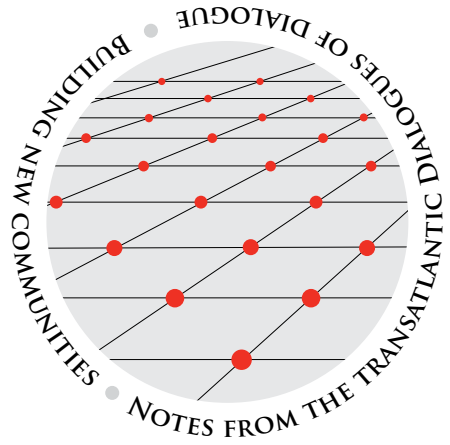
continuing on this path, reintroducing institutional forms for economic life linked to territory and to the constituencies whose economic and political possibilities rise and fall with their location --- public unions, publically owned enterprises, corporate forms responsive to public policy as well as shareholder profit, banking and credit reoriented to local economic development. Large scale regional institutions – central banks, development banks -- might be reorganized to be more responsive to diverse local economic and political imperatives, their investments delinked from world market benchmarks. And at the same time to strengthen the potential of local politics to pursue their own path. The forms today would be different, but if we think back to the political economy of today's advanced industrial economies a generation or two ago, the intermediary organizations that came to look like pure economic irrationality – professional monopolies, corporations linked to local stakeholders, unions forcing negotiations over the forms and costs of public goods -- were often also spaces of political engagement. Reinventing such arrangements would require that we re-imagine law not as a common language of economic and political integration, but as a shield for alternative paths and powers.

Politics and economics will not be brought together like great powers negotiating a new treaty. Nor will they be brought together by theories of their inseparability. They will be reunited by reconfiguring the doctrines, institutions, professional practices and simply common sense through which they have become separate. This is the point of cross-training: to disestablish the parallel professional cadres what service the public and the private, the political and the economic. This the goal of unraveling the distinctions whose interpretation confirms the separation – the distinction between public law and private law, between market supporting and market distorting public policy, and so forth. In a parallel fashion, if our citizenry and political class are to “think and act globally,” we will need to find institutional channels to integrate transnational interests and levers to contest faraway decisions which affect our lives.

This book brings together a range of reflections on the future of progressivism. Developed in a series of conversations between academics and politicians affiliated with the Institute of Global Law and Policy at Harvard Law School and the FEPS Next Left Research Programme. The trigger for the exchanges was a sustained intellectual exchange between Alfred Gusenbauer and Ricardo Lagos, whose reflections on the similar – and quite different – circumstances for progressive politics in Europe and Latin America stimulated the rest of us to think more broadly about the global impact of local political narratives. The conversation continued at a series of meetings in 2011 and 2012 convened by FEPS and the Renner Institut in cooperation with the Institute here at Harvard. I would like to thank all the authors who shared their reflections on the pages of this book, capturing the spirit of our discussion and enriching the initial legacy of the workshop with some new proposals. I would like to thank Professor Michael Kennedy of Brown University, whose leadership brought these discussions into being. I look forward to continuing the conversation.



Michael D. KENNEDY



The association of think tanks and research institutes with political parties is not unusual, but on many scores, the Foundation for European Progressive Studies is distinctive for its particular combination of independence, transnational reach, and political engagement. Indeed, its various ties with the Party of European Socialists and the many European national parties of the left create an intellectual space that not only allows but demands intellectual innovation with practical consequence.

While one might say that all these parties share a common agenda around increased electoral power, the trajectories of change suggest that such superficial ambitions are wholly inadequate to a *Next Left* that is more than a poor reflection of a past self. Given that different left parties and their constituencies are variously located in these global transformations, and that these transformations demand a new sense of Left that anticipates change instead of merely reacting to it, FEPS represents a new kind of knowledge network that helps to shape change with critical analysis. Indeed, the point of FEPS interpretations is to change the world, by changing the sense of the Left in it.

That very distinction is why we in these Northeastern US universities are so fortunate to have FEPS as intellectual collaborators.

Contributions to discussions of the *Next Left* in this volume have their origins in the recurring visits of Alfred Gusenbauer to Brown University, whose original invitation took place during David Kennedy's time at Brown. When Michael Kennedy arrived at Brown in 2009, his conversations with Gusenbauer, alongside those with Ricardo Lagos, led to a series of public events around the meaning and future of progressivism. In particular, the fall 2010 meeting (*The Next Left: Globalized Social Democracy in the North and South* http://watsoninstitute.org/events_detail.cfm?id=1586, available on video here: <http://vimeo.com/30755687>) explicitly brought together those who worked on Europe and those who worked on Latin America to explore the policies, strategies, identities and affect of the next left and the globalized world of which it is a part.

The spring 2012 meeting in Harvard's Institute for Law and Global Governance builds explicitly

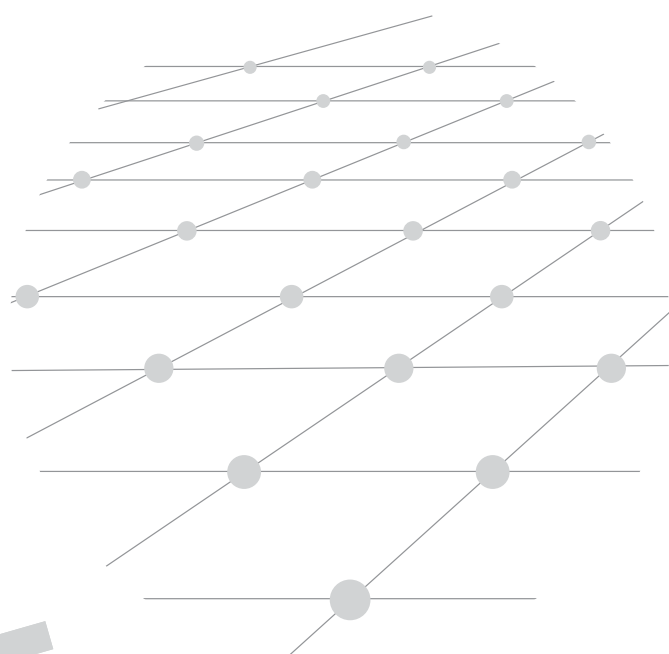
on that particular past, along with others that included Romano Prodi, another professor at large in Brown University's network, in order to anticipate a *Next Left* more critically prepared for change and not only the return of electoral authority. Indeed, our 2010 meeting focused on how an agenda for change might look despite the relative absence of progressive popular mobilization for that change; after the significant mobilizations of 2011-12, our spring meeting considered how can, and how should, the policies and practices of the *Next Left* reallocate knowledge, income, welfare and power within and across nations in the light of the previous year's mobilizations across the world.

In particular, we were concerned to address the impact of that year's mobilizations on the world of politics, especially around understandings of democracy. We sought to consider how, in an age when welfare states are increasingly dismantled, policies can express principles of social justice and how these mobilizations could help realize more progressive communities. Recognizing the significance of work and labor in the traditions of the left, we also asked how transformations in technology and in the global division of labor redefine the meanings of work in a contemporary society. Finally, taking advantage of our transatlantic conversation, we also considered the principal elements for a progressive global agenda in the 21st century. In particular, what principles should govern a progressive global governance architecture, and what role, if any, can a next left of parties and movements play in setting this? In the end, we hope this volume helps the *Next Left* rearticulate the engagement of local, national, and global public mobilizations with parties and policies to realize a progressive movement of not only electoral success, but longer term institutional consequence.

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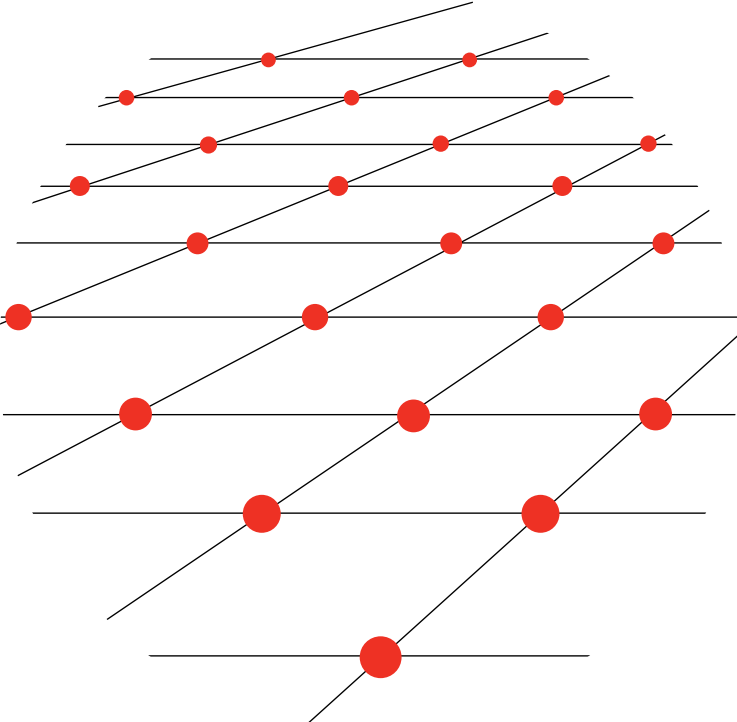


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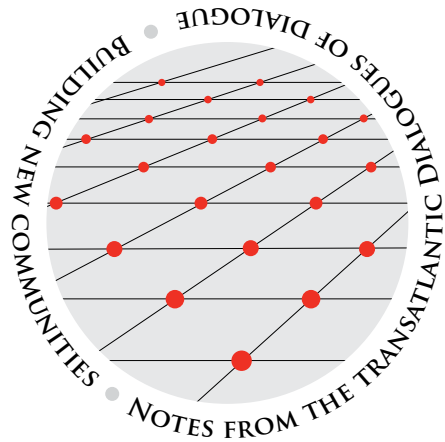
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Alfred GUSENBAUER

Towards a New Narrative – Reconciling Progress and Emancipation



Each époque brings about a new story. It then can become an inspiration or a warning, once the history develops. When we try to anticipate on what that will be that the next generations will understand from the times we live in – these deliberations seem to be overshadowed by a sad conclusion. It is likely that they will learn of a profound crisis, that hit the world – putting everything into question. Following that logic, it is also not unthinkable that they will blame us for the overall decline – resulting (as studies suggest) that they will be the ones having to live in a reality that is even worse-off than the ones we experience. These are all legitimate assumptions, however it is in fact more than ever up to the contemporary ones to change that tune. With all the processes taking place – there is a chance to grasp and turn the page.

The recent years debates are focused on searching the strategies to either manage the crisis or to find way out of that – and unfortunately the majority of those reflect only the economic part of the story. It is seen through a prism of graphs and figures. This attitude becomes more and more a prevailing one. Listening to media reporting on the major political or social happenings, the first comment usually spins around “and how are markets going to react?” This in itself shows precisely where the predicament lies – namely in subordination of all and everything to a logic of a market. It is the primacy of politics at the service of people that we need to restore. This short article brings along few proposals on how to successfully achieve that. As it is the only way in which one can speak about a renewal of social democracy worldwide – this piece is herewith also a contribution to the worldwide debate on the *Next Left*.

**In markets people have no vote,
in politics their vote should matter.**

Financial capitalism has become the dominant regime. As it has been gradually spreading its wings, expanding into different dimensions, it succeeded in capturing both the global level and the respective national states. The neo-liberal mood in which it thrived, became herewith a

dominant ideology – which subsequently evolved into becoming a narrative. The well known ‘TINA’ has herewith regained its shine, becoming a common belief among populations. Imbalances, inequalities and insecurities that this resulted in, enhanced only the overall feeling of a doomsday. This reached its peaks in the midst of the crisis – in which what is possible seems to be no longer a search for an alternative, but rather a search for a survival/management plan.

There are many indicators that allow describing the profound nature of the contemporary predicament. It is being looked at from a number of angles: volatility of economic growth, dropping employment figures, growing poverty numbers. But the perspective missing is the political and social costs that it has brought about.

Financial capitalism subordinated everything to its logic, and enabled the detachment between the three key spheres: politics, economy and society. Politics have become a sphere of activism of the either well-established actors or those, who manage to step in on the weaves of popular protests. All in all, it has become a solitary exercise of those involved without visible correlation to lives of those not directly implicated. The erosion of the links between politics and society can be observed on many levels, among which are the institutional factors are frequently named to be declining membership in parties and dropping electoral turnouts.

Furthermore, the spheres in which politics can be exercised have been undermined. International governance, originating from the Post-War arrangements, have proved to be a notion of the past century – as far as its contemporary institutional set up and overall logic are concerned. The nation states, regardless of if they are or not members of the European Union, they lost their political sovereignty to the volatilities of financial markets. It is popularly assumed that political power of governance shrank. It is merely a factor, but no longer a guarantor of any social agreement.

Therefore, new ways of thinking about politics, its sense and the service it should provide to the people is required. It has to go beyond the traditionally institutionalised context, bringing about new qualities and new frames. It seems that the current social climate could be seen, paradoxically, as a great window of opportunity.

Legacy of popular mobilisations is also changing, that politics could generate in their aftermath.

Throughout the years, social democracy constituted itself as a part of a political establishment. Its traditions, its records and its professionalization are the arguments directly transferable to its *raison d'être* nowadays. This is however not good enough to even alone



survive, and definitely not adequate enough in searching for restoration of politics and its primacy. The mission is not about sticking together the dispatched elements of what social democracy used to be or used to mean, hoping that the glue of sentiments will somehow hold at least the facade for the sake of the next elections. The challenge is to think beyond the institutionalised existence, seeking a new narrative and imagining the *Next Left* as a formula that can both frame and establish one.

The context allows stipulating that the crisis of social democracy is deeply embedded in the overall predicament and hence will have long term repercussions. This means that the success of renewal will depend on the ability of social democracy to liberate itself from a number of its own boundaries. Hence, it will require finding potential beyond defensive and reactions aimed at preserving the elements of its own 20th century legacy. The new positioning will require a new way of thinking, that is no longer anchored strictly in partisan politics – but rather seizes opportunities in seeking broader, newly defined constituencies. There are new social forces that can help establishing such an alternative.

The recent experience have shown that such a re-orientation may lead to a new opening. This would require however putting different episodes of democratic outbursts worldwide into a coherent story. This is not easy in itself, taking into account that we have observed several only seemingly contradictory developments in the last few years. While European social democrats have been preoccupied with elaborating on declining participation in politics and betting on ambiguous policies of ‘activation’, there have been contradictory developments elsewhere. Democratic revolutions have taken a shape of what is now known as “Arab Spring”, inducing historical changes in North Africa and in the Middle East. A new mobilisation of students has been noted across the globe, starting from Greece through Spain to Chile. A brand new sort of social movements mobilised people especially in the USA to embrace the “Occupy Wall Street” ideas.

The political stage did not remain insusceptible. In Latin America, new reformist social democracy and a caudillo type left emerged. In Europe, a new sort of political organisations, such as Pirate Parties, gained ground – raising on an idea that politics is not about ‘showing a solution’ but ‘showing the problem’. In times of disbelief in capacity of politics this populist approach has been, no surprise, a successful approach. Moreover, further fragmentation of the left and radicalisation of some of the streams led to divisions that gave impetus to the competitors of social democrats.

Lessons from these observations are double-folded. First of all, social mobilisations shall be seen as catalysts of change. Due to their specific nature they may not be expected to be the ones formulating a new narrative, but they should be praised for demanding a new one

and creating a vacuum in which it can emerge. In that sense, one should recall the lessons from the 1960s – the boost for social democracy did not come from incorporating the movements, but from embracing the spirit and surfing on a social and political wave they raised. Secondly, fragmentation and inertia in politics provokes to thinking in broader terms on how to put different pieces of progressivism together. The debate is by all means fundamental, as it is in its essence about forming a side that could negotiate and impose the next multilayer social deal.

Next Left has to enable everyone to share in its construction rather than leaving its constructive power concentrated in the hands of advantaged elites.

The connecting tissue for all that are to form a new progressive alliance, an ambition to put in place a new narrative. It shall be framed through a modern interpretation of a progressive values system, which will restore the meaning of concepts of emancipation, equality and solidarity. Therefore the hallmark of such an alternative must be about anchoring social inclusion and individual empowerment in the institutions of political, economic and social life.

There are several features that such a notion involves. First of all, it means rooting a bias to greater equality and inclusion in the organised logic of economic growth and technological innovation. This determines that the focus must be shifted from retrospective redistribution through tax and transfers to a fairness of distribution. It means piece-meal reorganisation of state and of economy. As such, it signifies a path forward from a defensive position that social democracy finds itself now in.

Secondly, it requires democratisation of the market economy. The process towards that shall be based on a search for innovative and adequate arrangements, which is by far bolder than contemporary proposals aiming at mere regulation. The motivation is to establish a new logic, and not only to try to figure out the ways of compensating inequalities resulting from the ill-functioning system through the after-the-fact-transfers. It is not enough to humanise the social world; it is necessary to change it.

Thirdly, democratisation must be a principle, but it must foremost be a values-anchored practice. Social solidarity can't be reduced to mere money transfers, but must be about creating such a set of social policies, that can truly become the enhancement of capability of people. That is a way to ensure progress for all generations and groups.



Fourthly, emancipation policies must mean augmentation of powers and broadening of the opportunities enjoyed by ordinary men and women. Their choices must be translatable into political ones. Hence energising democratic politics shall be an aim focused on permanently raising the level of organised popular participation in politics.

These four points can serve as guidelines in the endeavour. They bridge between the pledge to retrieve primacy of politics and restoring its sense in the eyes of people, while keeping in focus the role that the *Next Left* shall play. In this spirit the further, more concrete proposals shall be developed – to support this ideological alternative with more tangible goals.

Credibility of the alternative depends on the ability of breaking out of inherited orthodoxy.

As argued before, the *Next Left* must be able to not only look at, but also go beyond the entrapments of inherited orthodoxy. The new times demand new answers. Even if they are indifferent to the ones from the previous century, they shall not be misjudged too quickly due to sentiments of unrealistic and defensive attachments. The aim is a new social deal, based on a new narrative – and one can't possibly build it with tools or construction materials of the previous age.

This is the motivation to follow the four sound principles described above with a set of more concrete proposals. Their enumeration is not only to 'deliver' convincing arguments to support the idea, but above all to pave the way, breaking through the depressive self-fulfilling prophecy of no alternative. There is, and there are ways to implement it.

First of all, the new way in which *Next Left* should think about economics should put in perspective the multidimensional interdependencies. On one hand, there is a need to broaden the understanding as far as both monetary policy, economic growth and (national) savings, are concerned. Mutual justification and sustainability shall be embraced in that frame. On the other, there is a need for a new arrangement that tightens the relation between savings and production both within and outside of financial markets. Finally, all these shall be deliberated upon while seeking ways of reaching full mobilisation of resources.

Secondly, it is not enough to regulate the market as to compensate retrospectively for its inequalities. It is necessary to reorganise it to make it real for more people in more ways. The democratisation of markets requires broadening access to productive resources and opportunities. It is incompatible with any strategy of economic growth predicated on the share of wages in national incomes declining. The progressive intervention on the supply side has to expand access to credit, technology, expertise and markets, especially in favour of the

multitude of small-scale enterprises. Such progressive interventions should be accompanied by initiatives that reverse the long term decline in participation of labour in national income and the longstanding increase inequality through i.e.: reduction of informal and illegal economy in populous, unequal countries; introduction of the profit sharing for the most advantaged workers in rich countries; offering low-level outright subsidies to the employment and training of low skill/low wage people. This also means that social solidarity must be anchored in a universal responsibility.

Thirdly, Europe is a matter of choice. The alternatives are for the states to either resist alone or to opt for a real Europe, which would include currency Union, transfer Union, political and social Union. It is realistically in Europe's power to put mechanisms in place to empower people and thrive, while they reach their potential and self-fulfilment. In that sense, Europe must go beyond its current focus on minimum or basic levels - and following the principles of equal opportunity pave the way to increase investments in quality education. It must be accessible to all in all stages of life. Here lies a real test. The initial aim of this use of education is to broaden the present synthesis of class and meritocracy. The next goal is to dissolve class through the radicalisation of meritocracy.

Fourthly, the goal is to wake up our sleeping democracy. Reinventing democracy is a matter and expression of greater freedom. It constitutes a condition for the advancement of our solidaristic aims. This requires consistency in effectively combining traits of representative and direct democracy, and there are a number of examples that can support those arguments. If one thinks from today's perspective about the referendum that was proposed for Greece concerning the first bail-out plans, one can't resist wondering that perhaps it could have anticipated on and would have solved the impasse that Greece finds itself in now. To balance this regret with a positive illustration, the primaries that the Socialist Party in France held engaging so many members energised the parties in incredible ways, enforcing its capacity and leading to successful campaign and victorious elections. This way of thinking allows us to depart from assuming that the individual (as party member, citizen, European) is always a victim of circumstances to whom no circumstances can ever completely and definitely confine. The empowering and optimistic notion that *Next Left* must bring about has to address people both agents and beneficiaries of a deepened democracy.

Next Left: the mission to reconcile progress and emancipation

The predicament of social democracy, though embedded in a global crisis, shows beyond any doubt that its project has lost its energy, its fascination and its efficiency. This can neither



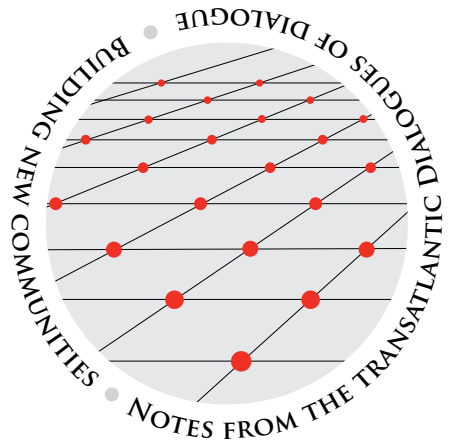
be seen as periodical experience (that may be reversed by the power of political pendulum), nor as a matter for a quick fix. A historical, profound change is needed – so that a new understanding of social democracy is put in place. Emancipation from the old sentiments and defensive positions shall ultimately lead to a formulation of a new, broad progressive alliance that is to be capable to put in place a new alternative narrative.

Having elaborated on the contemporary circumstances and subsequently on possible manoeuvres, it is plausible to conclude that if social democracy wants to connect with the new roots (centres) of political energy and transformative mood, it needs to reinvent democracy and develop a discourse that aims at a new definition of the triangle economy – society – individual against the background of a gradual decline of class and nation. It shall aim at reaching a level, on which a reconciliation of the practical progress of society through growth and technological innovation, and the emancipation of the individual from entrenched social division and hierarchy, is possible.



Ricardo LAGOS

Social democracy in the 21st Century. Some experiences from Chile.



The defining characteristic of social democracy in the 21st century is that the citizenry, not the market, defines the basic characteristics of society. In neoliberal democracies, society is defined in terms of the market, on the basis of consumers' acquisitive power. This type of society reproduces the inequities of the market, since consumers with greater acquisitive power wield more influence. However, when a society is defined by citizenship, everyone is equal; a vote does not depend on capacity for consumption. Everyone has equal rights and obligations. It is the will of the majority, not the interests of those with the most resources, that defines public policies. Social democracy of the 21st century, in which the citizen plays a fundamental role, requires clear rules through which conflicts or different visions among the citizenry can be resolved. These rules, embedded in the constitution, allow society to adjudicate among a diversity of opinions and to ascertain the views of the majority, which is the essence of democracy.

The modern world is characterized by tensions between the market and the state. In neoliberal democracies, society is structured by market values. Public policies are viewed as unnecessary or treated as secondary in importance, because it is believed that the spontaneous, unregulated behavior of the market should determine the type of society that will emerge. This view of markets and society was that espoused by the Pinochet dictatorship in Chile. However, this model suffers from a central problem: because citizens are considered consumers, and consumers possess very dissimilar purchasing power, the market society reinforces existing inequalities. The Chilean experience supports this view; inequality increased during the dictatorship, and the neoliberal economic model was popularly viewed as benefiting only a few.

In a social democracy, in contrast, the market is viewed as a useful tool for allocating resources that is subject to the interests and wellbeing of a society and its citizens. In other

words, in a social democracy, citizens are equal and are heard in the same way through the representatives that they themselves have elected. The market is an efficient tool for allocating resources within the economy, but it is not useful for obtaining greater degrees of equality, fighting poverty in the short term, overcoming climate change, or promoting world peace. Certainly, some of these tasks can be performed through market mechanisms, but public policies are crucial and must be determined by citizens.

Moreover, there is a set of basic goods and services that citizens believe must be made available and affordable for everyone in order for society to be considered just. As Italian philosopher Norberto Bobbio explains, all societies define a minimum *civilizatorio*, a basic level of provision for all citizens without which civilization and democracy lose meaning. Needless to say, the minimum *civilizatorio* increases as a society becomes richer, leading citizens to believe that more goods and services should be available to everyone. Democracy and freedom are essential to achieve a minimum *civilizatorio*. To my knowledge, there are no “progressive” dictatorships.

While citizens must determine public goods, they need not necessarily be produced by the state. They can be produced mostly by the private sector, but the state may seek to subsidize those citizens who are not otherwise able to obtain them. This is a very important point. For orthodox leftists who believed that the state was omnipotent and that the goal of equality was worth more than freedom, the fall of the Berlin Wall in the late 20th century put an end to the ideal of extreme statism. Yet on the other hand, the crisis of 2008 and 2009 demonstrated that extreme neoliberal ideology, which ruled important developed countries in the world during the last 20 years, was mistaken in the belief that the market could regulate itself and hence that no public policies were required to seek the common good. The fall of Wall Street was to many neoliberals as the fall of the Berlin Wall was to communists. Chile during the last 20 years has avoided the extremes of both statism and neoliberalism.

Economic Growth

The need to achieve economic growth is of paramount importance for all societies. Growth is particularly important in underdeveloped countries that require a greater amount of goods and services to improve the living conditions of their citizens. Growth is therefore necessary for distribution and the provision of a minimum *civilizatorio*. Growth in turn requires investment, and investment can only be secured if rule of law and guarantees for the private sector are established. Chile has provided these conditions, and private sector investment has accordingly reached high levels. The private sector accounts for 80% of investment, whereas



only 20% of investment is public. High levels of investment have contributed to very strong economic growth over the past 20 years, which has helped make Chile a paradigm of development within Latin America.

Because Chile is a country with a comparatively small internal market, insertion into the global economy has been critical for growth. Firms are not isolated entities; they interact with other firms at the international level. Chile has sought greater integration within Latin America and the rest of the world through free trade agreements that provide rules and regulations in the global commercial game. It must be understood that for small countries pursuing export-led growth, it is imperative to strengthen international institutions that are responsible for generating an international rule of law – in particular, the United Nations and regional authorities. Multilateral institutions are critical because they provide opportunities for small and developing countries to achieve a level playing field in the international arena on critical issues such as subsidies. Bilateral agreements, in contrast, leave small countries subject to prevailing imbalances of power. It was Chile's commitment to strengthening multilateral institutions that made the country unwilling to participate in an invasion of Iraq without prior approval by the United Nations. Beyond their importance for leveling the playing field for international trade, strong multilateral institutions are critical for addressing global problems such as climate change, disease pandemics, and terrorism. The social democratic vision does not entail utopian aspirations at the international level; it simply sees the strengthening of multilateral agencies as an essential step towards regulating multilateral relations.

While the social democratic vision embraces the need to promote investment and growth, it also emphasizes that growth must go hand in hand with well-targeted policies that distribute the benefits of growth among all citizens to avoid excluding disadvantaged sectors of the population. Distribution reduces social tension and builds a cohesive society, which is essential in the process of development. Growth alone is not sufficient to produce a trickle-down effect. Once growth has been achieved, the focus must be on social policies, defined by the citizens. Thus, through increased education, better healthcare, improved pensions, more equal opportunities, and better employment opportunities, growth will lead to better social welfare, particularly for the middle class and the poor.

Social Policy

In the past 20 years, well-targeted public policies in Chile have allowed for great social progress and a strong decline in the number of citizens living below the poverty line. The population living in poverty declined from 40% in 1990 to 15% in 2010, according to govern-

ment statistics, or to 11%, according to the United Nation's 2010 statistics. There was also progress in educational indicators, health care, income support for poor families, access to housing, and access to social infrastructure.

In the past decade, new anti-poverty policy instruments have been designed with the goal of helping people overcome adverse economic conditions. The idea that social assistance was the first step for citizens to help themselves was a central element. Yet these new instruments also entailed responsibilities for the recipients of subsidies, including medical checkups, family counseling, and school attendance for children. At the same time, subsidies have been focused more precisely toward those in greatest need. Targeted anti-poverty policies have allowed not only Chile, but also many other countries in Latin America, to substantially reduce poverty levels over the past decade.

In education policy, the guiding principle was to provide primary and secondary education for everyone. As a result, a law in 2003 established 12-year compulsory education. Notwithstanding this effort, there is still a very close relationship between income level and educational achievement. The challenge has been guaranteeing quality education, specifically targeting the provision of more financial resources, teachers, texts, and food supplies where they are most needed. Some progress in reducing the gap has been highlighted in the Program for International Student Assessment (PISA) and the McKinsey Global Education reports. Nevertheless, the gap is still big with OECD countries, as testified by recent students' protests.

In the area of housing policy, the aim was to ensure access for low-income families. Progress was achieved in the first ten years through a mortgage system. In early 2000, it was deemed essential to reach out to the poorest 20% of the population, which due to precarious employment status could not qualify for loans from the private sector. State-subsidized houses were designed with less than 40 square meters of space. However, after a very low down payment, the property could be acquired without a mortgage. These houses were delivered with pre-approved plans for extensions, so that when their owners achieved higher and more stable incomes they could expand the size. This policy was a tremendous advance. So many houses were built per year that almost all campamentos, or slums, in Chile were eradicated by 2010. The February 2010 earthquake was a setback, but Chile's clear policy of ensuring decent housing for every family provides a framework for reconstruction.

Progress was also made in social security policy to ensure better retirement plans for citizens. Because social security had been based on a privatized capitalization system since 1980, not everyone was able to obtain a sufficient pension. Unemployed or low-income individuals and those who had not paid contributions for a period of at least



twenty years were not effectively covered. Chile recently introduced reforms that significantly extended pension coverage and improved minimum pension benefits. The state now provides a non-contributory “basic solidarity pension” to the poorest 60% of senior citizens.

Great strides have also been made in terms of healthcare. In the 1990s, the government made major investments in hospital infrastructure and primary healthcare centers. Beginning in the year 2000, a great emphasis was placed on the need to ensure access to healthcare on three different fronts for a wide range of pathologies: guaranteed treatment in quality hospitals, guaranteed treatment within a given timeframe depending on the disease, and guaranteed co-payments provided by the state when the patient’s income is too low. These three guarantees were implemented for a total of 56 pathologies that account for approximately 70% of hospital care. Implementation was carried out as realistically as possible given the state’s resources, and hence gradually. At first, three health conditions were covered; this number was expanded to 40 by 2006 and 56 in 2008. There have been difficulties with some waiting lists, but the guarantee ensures that if patients do not receive assistance, they may sue the state and seek assistance in the private sector, which will be paid by the public sector.

At the time, this healthcare reform was seen as very radical and highly complex. It had to include both the public healthcare system and the private healthcare system, in which private companies provide insurance. However, it was decided that in order for the reform to succeed, it needed to include all sectors, not just those most in need due to low income. The case of failed healthcare reform under President Clinton in the United States showed the importance of designing policies that draw support from broad sectors of society, not only the poor or uninsured. The development of social democracy in Europe also entailed providing widespread coverage and benefits, which generated solid political support for the welfare state.

The most significant changes in healthcare occurred at the primary care level. Only 12% of the health care budget in 2000 went to primary healthcare. Thanks to investment in infrastructure during previous years, it was possible to transfer a huge amount of resources, leading to an increase to 30% of the 2006 health budget for primary healthcare. The bulk of attention at the primary care level was devoted to disease prevention, with priority given to children under one year old and adults over 65 years old due to their assessment as higher-risk populations. Primary health care policy in Chile has not yet achieved levels similar to those in developed countries like the United Kingdom, where 50% of the healthcare budget goes to primary care. However, Chile’s reforms constituted a substantial advance in healthcare, an area in which the country has traditionally had very modern policies.

Justice and Culture

Social democrats know that economic growth alone will never lead to a developed society. Development requires growth plus human development. To this end Chile has also made progress in improving the judicial system and promoting cultural development. Regarding the judicial system, a set of reforms promoted transparency in the criminal, labor, and family justice systems. Criminal justice reforms changed the system from the Spanish model to a model similar to that of the United States. The old system was based on written presentations of evidence, and the same judge who investigated the crime was charged with imputing the accused and, ultimately, resolving the case. The new Chilean criminal system is based on oral proceedings and prosecutors presenting evidence in front of a panel of three judges who decide the case. The accused has the right to a public defender. This reform improved the decision-making process by separating the role of the investigator or prosecutor from the role of the judge who issues decisions. The reform has made the criminal justice system more expedient and provides opportunities for settlement before cases go to trial. A conciliation mechanism was also established to resolve cases prior to trials in labor and family courts. Finally, a divorce law was passed in 2004; until then, divorce had not been legal in Chile.

In the cultural realm, social democracy has reconciled the market's role in promoting economic efficiency with the state's role in promoting the development of cultural industries. In this model, artists do not depend on the market alone; they help to define cultural policies themselves and ensure that these policies do not simply broadcast government propaganda.

An active cultural policy, through comprehensive measures developed by artists themselves, eliminates the temptation toward "state-led cultures." In a broader sense, a policy of expanding cultural freedoms stimulates the country's ability to look at past experiences. A stronger and more solid society dares to look at a past when human rights were violated and to learn from that experience. This is the reason behind the Truth and Reconciliation Commission with regard to those people that have been executed or disappeared (1991); and the Report of the National Commission on Political Prisoners and Torture (2004). It is also capable of understanding that it should implement policies that lead to greater gender equality, and acceptance of sexual minorities and ethnic diversity. In other words, the need to ensure freedoms and generate respect for minorities – in a context where they feel they have been marginalized – and the need to elaborate policies of affirmative action for these minorities are central goals for public policies.



Challenges for the Future

Notwithstanding Chile's advances, the country faces multiple challenges for the future. Perhaps the most difficult is to improve the distribution of income, which has remained largely unchanged despite successful poverty reduction. Although some progress has been made – the Gini index showed a modest advance from 0.58 to 0.54 – the average income of the richest quintile in 2000 was 14.4 times the average income of that of the poorest and was reduced to 13.1 in 2006. A substantial rise in per capita public spending on education and healthcare, aimed essentially at the poorest quintiles, explains this reduction. Consequently, when corrected for non-monetary items, income distribution improves considerably, bringing down the gap between the richest and poorest quintile from 13.1 to 7.1 for the CASEN (National Socio-Economic Characterization) survey of 2006 (considering the monetary transfers such as pensions of non-contributory seniors, family allowances, and unemployment insurance). In contrast, in the United States, the difference between the richest quintile and the poorest is about eight times, whereas in Japan or Scandinavian societies it is only around four times. Achieving a more equitable distribution of income will require a new fiscal pact designed not only to increase tax revenue available for social spending, but also to make the tax system more progressive. At present, taxation in Chile leaves the distribution of income essentially unaltered.

In developing countries, increasing per capita income is a necessary requirement to improve social and economic indicators. This has been the case of most advanced Latin American countries. Nevertheless, beyond 20,000 dollars per capita income (which many of those countries are approaching), it is distribution of income that explain those social and economic indicators improvement, rather than the growth of per capita income. Therefore, social democrats have to take into account this fact to execute policies to improve income distribution of middle income countries. Social unrest in these societies is usually the new demands of an emerging and much empowered middle class. To satisfy them a new fiscal pact will be required.

Additional challenges should include electoral system reform, further improvements in education, and sustainable energy policy. Chile's "binominal" electoral system, which disproportionately favors the coalition receiving the second-highest vote share in parliamentary elections, must be reformed to better reflect the will of the voters and to deepen democracy. Further reforms are necessary to improve the quality of education and thus to ensure that all citizens have equal access to opportunities. Chile must also develop clean and renewable energy sources; the country's very high electricity prices currently constitute a major obstacle to competitiveness and development. Addressing the energy challenge will require joint

efforts on the part of the state and the private sector, as well as concerted efforts to move away from dependence on carbon-based energy sources.

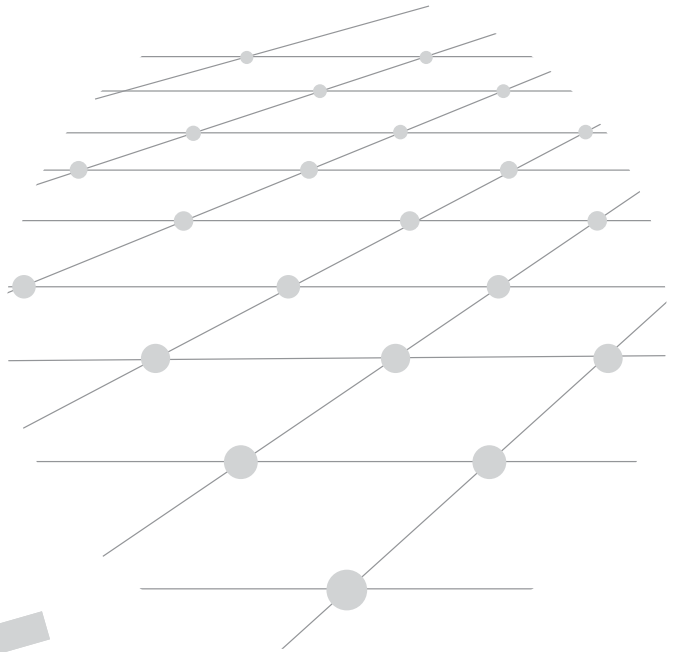
Conclusion

Social democracy, which emphasizes the importance of public policies in addition to market forces, has allowed Chile to make progress toward providing a minimum civilizatorio for all members of society. Targeted social policies have dramatically reduced poverty. The popularity of these policies is demonstrated by the fact that the new government has not sought to alter them in significant ways. While much remains to be done, the past twenty years will be remembered as a period of rapid progress.

Throughout this period, furthering freedom while generating increasing levels of equality has been Chile's goal. Freedom and equality cannot be antagonistic. In the 20th century, we learned the hard way that freedom cannot be sacrificed on the pretext of achieving equality, because individual freedom is the most important principle. Both must go hand in hand, and they must be accompanied by a third essential element, solidarity, which may also be necessary for promoting equity. Social policy ultimately seeks to end the fears that afflict society. We do not fear injustice because there is a rule of law. We do not fear ignorance because education is available to all. We do not fear disease or accident, thanks to a healthcare system to which everyone has access. We do not fear old age because there is a social security system for all. Fearlessness is the essence of progressive policies. And it is only through politics, with a capital P, that progressive policies can be implemented.

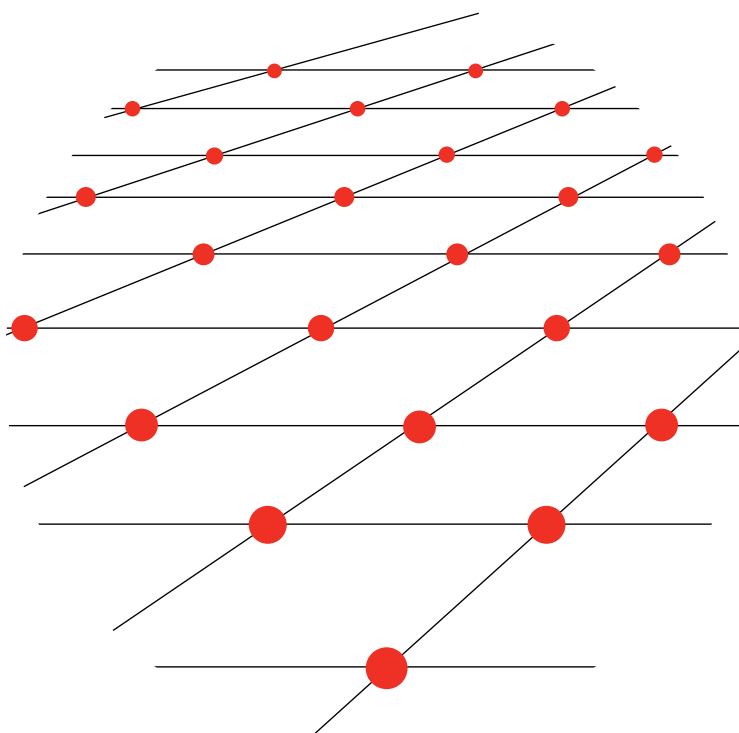
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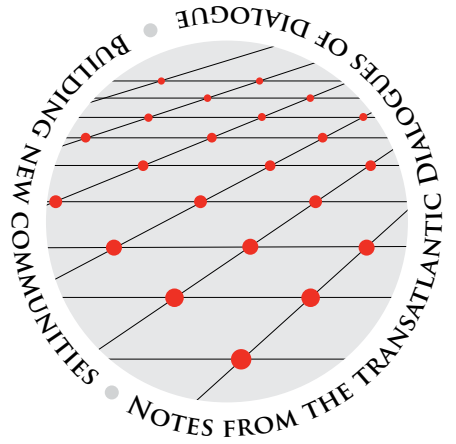
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Roger LIDDLE

A Global Progressive Agenda?



Key words

Progressive Internationalism – Europe – Political Integration – Emerging Powers – Globalisation

Summary

The decline of the West and 'rise of the rest' has brought into question the role of Europe in the 21st century. Old fashioned Atlanticism is in decline, while elsewhere, the emerging powers of the East and South have assumed the mantle of democratic progressive achievement. Why then, given the great global shifts in the balance of power at present under way, should anyone think that European progressivism will count for much in future?

This paper aims to answer that question, arguing that Europe's potential for influence should not be written off. Although Europe is in relative decline in terms of both soft and hard power, with the right reforms, Europe still has enormous potential it could exert, and should a more integrated Eurozone develop post-crisis, it will present a major opportunity for the centre left to shape a new progressive international vision. The paper concludes that Eurocentricity in progressive thinking is still warranted.

In a short contribution, it is perhaps best to 'put one's cards on the table' at the start. **The central argument of this chapter is that there is precious little prospect of advancing a global progressive agenda unless 'Europe' steps up to the plate. That requires both a rethink of that agenda's content and the more effective mobilisation of the EU's collective clout in pursuing it.** The present wave of pessimism about Europe's potential as a global progressive force for good is overdone, but only on the large assumption that the Eurozone overcomes its current crisis by accepting the inevitability of further political integration. The new progressive consensus that eventually emerges in Europe will however be significantly different to that established in the late 1990s at the high point of the Clinton-Blair hegemony. Nonetheless the voice of modern social democracy has a vital role to play in shaping it.

Some may find the assumptions behind this argument objectively contestable, politically incorrect, and highly problematic. The decline of the West and 'rise of the rest' makes the whole thesis of European progressive leadership in the world objectively contestable. The presumed unspoken assumption of the superiority of European progressive values is arguably fallacious and politically incorrect. And the whole idea of strong European leadership is highly problematic because the Eurozone crisis has told the world all it needs to know about the palpable lack of it at European level.

As for European social democracy, Francois Hollande's Presidential victory may herald a new progressive dawn. His victory was historically a first in its demands for policy changes in Europe as well as domestically in France. Yet his election might just as easily represent yet another reaction against the failures of incumbency: in the words of one political scientist, the gravity of current economic conditions "*makes it all but certain that socialism will fail to resolve France's problems*". The real long term winners could be populist parties on left and right. The old party system is fracturing, as is evident in the strong performance of the National Front in France. This trend can be seen across Europe at one extreme in the collapse of the old governing parties in Greece and on the other, in the extraordinary phenomenon of the sudden burst of Germany's Pirates onto the political scene. In this European cauldron of fear, anxiety and anti-establishment incumbency, we may be witnessing a gathering crisis of representative democracy, within which the prospects for constructing a credible progressive project for Europe's future and the world's look extremely challenging. By comparison Clinton, Blair and the progressive leaders of the turn of the century had it all incredibly easy!



Of course there can be, and has been, global progress without Europe in the past. The US Democrats can lay a strong claim to global progressive hegemony in the decades from the New Deal to the Great Society. In the last twenty years, the Clinton and Obama victories aroused huge progressive enthusiasm in Europe, perhaps more than they did at home: most shades of the European progressive left still live in faith and hope of American liberalism, tinged inevitably by disappointment, but recognising the growing constraints within which it has to work. Obama faces a tough re-election fight in November 2012 in an increasingly polarised US polity: even if he wins, his room for manoeuvre will be limited by a dysfunctional Congress and an impending crisis over the US deficit and debt. America is already making drastic cuts in its European defence commitments and now positions itself as a Pacific not Atlantic power. Internationalism, and old fashioned Atlanticism, are at a heavy discount in modern America, as shown by veteran Senator Lugar's defeat in the recent Indiana Republican primary.

Elsewhere in the world, European progressives greatly admire Latin American success, particularly in Chile and Brazil. Chilean social democracy demonstrated how economic prudence and dramatic progress in poverty reduction are not incompatible objectives. In Brazil, Lula's achievement in introducing social reforms such as the 'bolsa familia' reinforced the Chilean example. Nelson Mandela in South Africa, and in an earlier generation Mahatma Gandhi and Panjdit Nehru in India have achieved sainthood in the ranks of the world's heroes and heroines of democratic progressive achievement. Why should one think that European progressivism will count for much in future, given the great global shifts in the balance of power at present under way?

It has become a truism to talk of the 21st century as the Asian century, just as the twentieth was the American and the nineteenth the European. Europeans must come to terms with these new realities – the 'coming global turn' as the distinguished US student of international relations, Charles Kupchan, describes it. This global turn is as significant a seismic change in world history as that which enabled the European nations to outstrip and dominate Middle Eastern and Asian powers and build their colonial empires from the fifteenth century onwards – and also as significant as the later emergence of American power in the late 19th century.

European progressives should welcome this 'global turn'. Europe has no God given right to a higher standard of living than the billions in the rest of the world. European progressives cannot rubbish the material progress of other Continents - the relief from lives of grinding poverty and the opportunities for human self fulfilment that this is opening up for hundreds of millions, even when as part of the process, statistical inequalities widen, labour exploitation abounds and environmental sustainability is threatened. Of course these issues must be more robustly addressed. But we cannot use the downsides of material progress as reasons for

denying emerging countries access to our markets. To do so would be the moral equivalent of Britain's privileged landed aristocracy in the early 19th century: they persuaded themselves that the socially ordered, but painfully arduous, limiting and brief lives of the rural labourers and their families on their great estates were somehow ethically preferable to working conditions in the burgeoning mill towns of Lancashire and Yorkshire – the Shanghais of the first industrial revolution.

But there are two senses in which the 'coming global turn' is genuinely uncomfortable for European progressives. First it is driven by a state capitalist autocracy in China that for all its strengths and achievements systematically denies human rights. Europeans have much to learn from China and engagement and economic progress will hopefully lead to a benign political liberalisation, but no one can be sure. Secondly even among the democracies, Europe has to recognise that the emerging big powers do not look at the world as Europeans do. Brazil, China and India are all instinctive sovereigntists. To keep control of their own affairs is a natural reaction to centuries of domination by others: a strong central state is necessary to offset regional baronies turning into warlords. In their mindset, the sovereign nation state is not likely to die an early death in a sudden wave of conversion to progressive global multilateral governance.

These are not arguments that Europe should give up on framing and pursuing a global progressive agenda. Rather there is a need for realism about it. Europe's potential for influence should not be written off. Europe still has considerable power assets it can mobilise. Europe can still take pride in its social models that are capable of reform and many in the rest of the world still emulate. And the EU is a system of pooling sovereignty on a regional basis that if the Eurozone emerges from its present crisis strengthened and more politically integrated, can be the basis for greater global leverage. I would argue that a certain Eurocentricity in progressive thinking is still warranted.

First, although Europe is in *relative economic decline, in terms of both soft and hard power, it still has enormous potential that it could exert.* A recent World Bank report pointed out that the European Union through its successive enlargements had proved the most successful economic convergence machine in history. The Eurocrisis is forcing some reversal of these gains in southern Europe, but a successful convergence story remains the dominant one in Poland and among its eastern neighbours. As Marek Belka, former Polish Prime Minister and now Governor of its Central Bank has pointed out, accession to the EU has led to "*the best two decades in Polish history*", a not inconsiderable achievement when set against the succession of horrors the Polish people have suffered over the last two centuries.

The EU's economic importance to the global economy gives it real clout. The EU accounts



for 17% of world trade as against 12% for the United States and in that sense, Europe remains the economic epicentre of the world. In 2008, in terms of purchasing power parity, the EU had (with a 50% larger population) a higher GDP than the United States, nearly double that of China's and four times that of India's. Europe may not boast a Facebook or a Google: Europe is weak in innovative IT. But in engineering we have companies with the strength of Siemens, Alstom and Rolls Royce. Europe is home to the most desired consumer and fashion brands in the world. Nothing can beat the manufacturing strengths of the German Mittelstand, Austria, the Czech Republic and northern Italy.

Even in terms of military spending, the CIA World Factbook estimated that Europe accounted for 20% of global expenditures as against the United States' 42%. Admittedly these are based on 2007 figures. The latest wave of defence cuts in Europe are estimated to be reducing expenditure by up to a third. Nevertheless the appalling tragedy of European defence is that so much is spent and so comparatively little achieved - because of a collective unwillingness to grasp the nettle of common procurement and force interoperability, despite the fact that both concepts fall well short of sovereigntist objections to the creation of a 'European army'. Yet it is still the case that tens of thousands of troops from EU member states have been deployed on missions in Sierra Leone, Congo, Ivory Coast, Chad, Lebanon and Afghanistan. This is not to mention the Balkans, where all the blood and treasure expended on halting genocide, building democracy and holding out the prospect of eventual EU membership, could be put at risk if as a result of the Eurocrisis, the EU cavalierly allows Greece to become a 'failed state' on Europe's borders.

In terms of 'soft power', Europe is much stronger. As Joseph Nye puts it, *"on issues that require power with rather than over others, the Europeans have impressive capacity"*. Europe dispenses 50% of the world's development aid: for the United States the figure is 20%. While 55 of the world's top 100 universities were in the United States, according to the Shanghai rankings for 2009, 16 were still in Europe. In addition and crucial to global influence, according to Institute of International Education data, Europe boasted twice as many foreign students – over 1.2 million as opposed to over 600,000 in America. Building on the strengths of our universities on the basis of more open competition between them should be a top priority in remaking a vibrant Europe, as Jo Ritzen and Luc Soete have argued .

Secondly, the 'European social model' – as its overseas admirers and opponents tend to think of it, despite the great diversity of models that nestle within that 'big tent' – is still seen as a distinctive pole of attraction. In one key respect it is very distinctive: the EU, with a rapidly declining 8% of the world's population, accounts for an estimated 58% of the world's total expenditures on social protection. Some states of the United States approach European levels of social protection as do the former British Dominions of Australia, Canada and New

Zealand, but for the rest of humanity in the main what they depend on is a mix of charity, saving, and family support with their local equivalent of the tender mercies of the Poor Law that existed in nineteenth century Britain. Europe still leads the world in boasting a model of capitalism that combines economic dynamism with a decent modicum of social justice. Alongside the richness of European culture, learning and creativity, the welfare state is most distinctive feature of European-ness.

The challenge now is to reform that European model of capitalism in the wake of the 2008 financial crisis. A progressive world view for the future cannot be built on backward looking romantic attachments to the post war 'Golden Age' in Europe of mass manufacturing and the welfare state. The so-called golden age was never that 'Golden Age' for many groups in our society, for example working class women and their daughters in a male dominated world of work. A progressive response to globalisation requires positive, not populist answers to the fears and insecurities that working people across Europe currently feel. There is a sense that the present economic crisis, in Britain as much as in the Eurozone, represents something deep and fundamental: the end of a promise of betterment for future generations; the start, particularly for the low skilled of a long process of squeezed living standards in response to the doubling of the labour pool available to global capitalism. Addressing these questions is really hard. But there can be no meaningful global progressive agenda unless at the same time a new domestic progressive agenda can be devised that responds to the concerns of our anxious and fearful domestic electorates.

The European social model of course faces huge pressures. This is in part a result of demographic change: the combined impact of increasing life expectancy and declining birth-rates on the financial sustainability of our welfare systems. And it is in part a labour market and regional problem. Crudely there is an excess supply of unskilled labour, particularly young men without decent qualifications, whom for one reason or another, the education system has failed, concentrated (but not exclusively) in regions that have lost their economic dynamism. This is combined with excess demand for people with high skills in the more dynamic regions (an intra-Member State phenomenon as much as an inter-Member State one). Labour mobility is hampered by the barriers to both internal as well as external migration, which are as much structural as political and populist.

The European welfare state will need to reform radically in order to survive. But two factors suggest this is not an impossible challenge. Reforms have shown they can be effective. Witness the strong economic recoveries following the Nordic crises of the 1990s and the Schroeder reforms in Germany under Agenda 2010. In neither case was the essence of the welfare state dismantled. Moreover in the southern European Member States now facing the deepest challenges of lost competitiveness, their poor productivity performance strongly



correlates with low skills. In these Member States, a much higher proportion of people of working age lack decent skills than in the rest of the EU. Policies for raising the quality of human capital should be at the heart of Europe's growth efforts, alongside the continuing necessity for cutting over bloated state bureaucracies, enforcing rigorous fiscal discipline and liberalising cartels and crony capitalism. The potential for successful reform should give Europeans the confidence that their social model still has the capacity to be a progressive beacon to the world.

Thirdly, there is the existence of the European Union itself. The European Union, as Robert Cooper was one of the first to point, is essentially the creation of the post-modern nation state. Its essence is a commitment to abandon the use of force for settling the resolution of differences between its members and to substitute in its place a binding framework for positive cooperation and the pooling of national sovereignty for specifically defined purposes. Decisions are made within a complex framework of multilateral governance which balances the protection of national sovereignty with the capacity to agree multilateral rules that are legally enforceable on its members. In assessing Europe's potential for progressive global reach, the key question is, as Joseph Nye puts it,

"Whether Europe will develop enough political and social-cultural cohesion to act as one on a wide range of international issues, or whether it will remain a limited grouping of countries with strongly different nationalisms, political cultures and foreign policies. In other words, what is Europe's power-conversion capability?"

The last decade has witnessed a growth in cynicism about whether this question can ever be answered positively. Europe fell out spectacularly over Iraq. Its major nation states have failed to develop a coherent policy towards Russia, which has hobbled efforts to achieve a common energy policy. The advances in foreign policy coordination in the Lisbon Treaty are commonly dismissed as shifting around the European furniture without producing much change of real substance. As Robert Cooper writes of his experience of the Common Foreign and Security Policy *"in Europe its supporters have been keen to project their hopes forward beyond the difficult present. The reality appears, in Kagan's phrase, 'anaemic'. It remains far from fulfilling its potential: time and the pressure of events may one day make it more substantial."*

It has also become fashionable to dismiss the EU 'regional' model as having decreasing relevance to the rest of the world. But for all the attachment of the large new emerging powers to the 'sovereign nation state', to dismiss the EU model as a solution to a complex world's difficult problems is perhaps a little premature. We increasingly look to regional bodies to help sort out problems: the Arab League in Syria, the Gulf Cooperation Council to defend common interests against Iran, the Africa Union in Sudan, ASEAN in Burma. A hugely

important question for the world is whether the emerging powers of Asia can manage the relationships and inevitable competition between them better than Europe did in the late nineteenth century. Unlike in Europe between France and Germany, there has as yet been no post World War Two reconciliation between China, Korea and Japan that would lay the basis for effective regional cooperation. It is on this question – of managing relationships between competing states in a manner that achieves global progress – that the European experience could still count.

A more politically integrated Eurozone will present a new opportunity to strengthen Europe's clout in the world.

Perhaps we shall find out the answer to the question of Europe's future quite soon. The Euro crisis poses a potential existential threat to the post war European settlement. There is growing consensus that unless the Eurozone is prepared to take radical steps forward in political integration, it will not survive. To debate the chances of this happening is beyond the scope of this paper. My assumption is that it will. The costs of breakdown would be huge, dangerous and too awful to contemplate, not simply in economic dislocation, but in the encouragement that European dis-integration would give to nationalism and populism. Francois Hollande's victory in France arguably makes the chances of survival more likely, not less. For Hollande will be more prepared than Sarkozy to contemplate the necessary steps in European integration. His arrival on the scene makes more likely a new 'grand bargain' with the German political leadership in both the CDU and SPD on a wider strategy to resolve the crisis.

A more politically integrated Eurozone will present a new opportunity to strengthen Europe's clout in the world. For example it would be surprising if such integrationist moves did not result in single Eurozone representation in the IMF and World Bank. This would enable the Eurozone to turn the present G2 discussions on global imbalances into a genuine G3 forum in which the Eurozone nations would gain a lot more influence. There would in time be a corresponding impact on the way that the G8 and G20 work.

The Eurozone will also eventually act as one on questions of financial regulation. At one time these were seen as technical questions outside the domain of politics. Post the 2008 crisis, they are central to financial stability and economic progress. Decision making will formally remain at the level of the whole EU because financial regulation affects the integrity of the Single Market. However influence in shaping these regulations will shift to the Eurozone countries from the UK as home to the City of London and the largest financial centre in Europe, because financial regulatory issues are now existential for the future of the Eurozone. The crisis has cruelly exposed the link between inadequate past regulation of the banks at



national level, the pressing need for bank recapitalisation and the huge burdens that this imposes on the 'home' country in increasing sovereign debt. The Eurozone needs to federalise its approach to banking resolution and put the European Stability Mechanism (or a new agency) in charge of the task. This will also strengthen the political case for some form of levy or financial transaction tax on the banks to pay for the costs of these rescues: this could if necessary be agreed without UK participation, under the Lisbon Treaty rules, as an 'enhanced cooperation'. Such developments would be awkward for the City of London, though there might be some short term benefit as financial business migrates out of the Eurozone. However the Eurozone would make itself the key player in crucial negotiations over financial regulation with the United States, China and the rest of the G20.

A more integrated Eurozone will inevitably develop its own stance on key questions of economic policy such as trade and the Single Market. The power balance in Europe will change. At present at EU level, the Council of Ministers tends to divide between, very crudely (and this categorisation is extremely unfair to the former Prodi and current Monti governments in Italy) the 'southern protectionists', often including France, and 'northern liberals' who tend to have the pretty consistent support of the European Commission. However key member states that are consistent members of the northern liberal camp, Sweden and the United Kingdom in particular, are outside the Euro and will lose influence. The longstanding alliance that has existed since the mid 1980s between the UK and the Commission in promoting a liberalising vision of the single market, will now in all likelihood be much weakened.

For those like Fritz Scharpf who worry about the EU's constitutional bias towards neo-liberalism, these political shifts will be welcome. They suggest the likelihood of more robust policies on tackling tax avoidance and abuses of corporate power, entrenching social rights and highlighting trade and labour questions in dealings with the emerging powers. From a progressive perspective, the consequences are likely to be double-edged in terms of their external impact. They may strengthen the forces of protectionism in resisting trade concessions. This will hamper for example, Europe's efforts to consolidate democracy, stability and economic growth in North Africa and the Middle East as a consequence of the 'Arab spring'. This would be unfortunate as building a long term constructive relationship with democratic political Islam is of crucial importance, not least in managing the migratory pressures which Europe's electorates find so difficult.

These developments will be acutely difficult for the UK. They will in time force a choice between competing UK national strategies for Europe. In some eyes they will strengthen the case for UK exit from the EU in a new referendum on membership that looks extremely likely in the next five years. For others, they make the case for 'loosening' the relationship so that the UK retains the benefits of the Single Market while avoiding as far as possible the other political

obligations of membership. This however may prove difficult to sustain if Eurozone and UK perceptions of the Single Market begin to diverge, as seems likely on issues such as the financial transactions tax. The City could face the unhappy prospect of relegation to the role of a European 'off-shore' financial centre.

A pro European British response would be to re-engage with the Eurozone in building a stronger EU, with the UK assenting to greater sharing of sovereignty on key questions that are not so central to the Eurozone as defence cooperation and energy and climate change, while not excluding membership of a Euro Mark Two at some point in future. A bold move would be to attempt to create a Defence inner core with France to offset the power of the Eurozone inner core. In return for such commitments, the Eurozone should commit to take more fully into account UK views on the development of its economic policies. In terms of the EU's external influence and clout, this would be the most optimistic scenario, but it is highly problematic in terms of UK politics.

Should however a more integrated Eurozone develop, this will present a major opportunity for the centre left to shape a new progressive international vision for it. This will need to move on from the mid-1990s model, initially espoused by Bill Clinton and Tony Blair, into which most of Europe's centre-left leaders bought. The essence of this vision was support for globalisation as a way of demonstrating that the modern centre left understood the real world, not simply as an unavoidable trend but as a progressive force for good. The New Democrat- New Labour consensus recognised of course that globalisation unleashed powerful and destabilising forces. The domestic response to it on the part of progressives was to 'equip people for change' and redistribute the growth dividends of trade liberalisation and open markets through investment in better public services and help to raise the living standards of the working poor. The consensus also recognised that globalisation intensified problems of climate change and environmental degradation, added to the challenges of migration and accentuated the development challenges in countries left behind (Africa's 'bottom billion'). The increasing porousness of borders, the explosion of communications, and the globalisation of finance also increased the problems of terrorism and security, the growth of international drugs and crime and the weapons trade, and the growing number of 'failed states'. This was a long agenda of issues to which 'multilateral solutions' needed to be found. Multilateralism would work however because in a world of growing interdependence, nations would recognise as obvious the imperative of working together for common solutions. It was also assumed that as globalisation drove modernity, values based on western notions of democracy and human rights could be successfully universalised. 'Humanitarian intervention' using military force could be justified in states where governments had failed in their basic duty to protect their own people.



The ambitious optimism of this progressive vision has had to undergo the inevitable cold shower of reality. Globalisation can no longer be treated as automatically benign. The progressive response has shifted from where it should be promoted, first to one where it is better managed, and now to one where its adverse impacts must be tamed. Deregulated finance, and the fiscal consequences of dealing with the banking crisis, has almost brought the British welfare state and the European social model to its knees. Inequality has exploded at the same time as the living standards of middle income earners have undergone a sustained squeeze. The realities of interdependence in our globalised world have not turned European electorates into internationalists: rather they have turned them inwards resentful of migration, hostile to the EU and fearful of the future.

Rules based multilateralism has important successes to its credit, but the failure to reach a substantive binding accord at the Copenhagen Summit on climate change in 2009 showed its limits. Europe should continue to push for multilateral agreements, but be careful not to preach. A willingness to pool sovereignty will only come gradually as emerging countries realise the utility of international rules as both a self discipline in keeping their own country to its commitments, or as a way of avoiding being cheated on by their partners and rivals. Military intervention will not be contemplated without a clear exit strategy. Experience in Iraq and Afghanistan has taught the extreme difficulty in nation building, at least without a far greater commitment of civilian as well as military resources and is only likely to work in some cultures.

The new case for Europe and progressive internationalism has to be based on realism both at home and abroad. Domestic electorates will only listen if an argument is made in a hard-headed and realistic way that no European nation state, however large, has much clout to act on its own. As power shifts relentlessly east and south, the best case for a strong Europe is first and foremost to stand up for the vital interests and values we share with our closest neighbours. Security at home depends on security abroad which requires a strong Europe insisting that others stick to fair rules, in which Europe can continue to make a decent living, protect the environment, secure our energy supplies and not let others push us around.

Similarly, progressive internationalism needs to be realistic about what can be achieved and on what basis of consensus. The assumption cannot be made that the world is on an inexorable course towards greater democracy or that democracy will produce the progressive outcomes that accord with western values and tastes. Of course progressives should not renege on their own values, but Europe has to find a way of working with people who do not share them. As Charles Kupchan puts it, *"some see a global community that will warmly embrace Western values and conceptions of order while others presage the emergence of an Asian century....the next world will have no centre of gravity. It will be no one's world"*. He argues that America and Europe have to work with countries on the basis of *"a new more inclusive notion of legitimacy....Responsible*

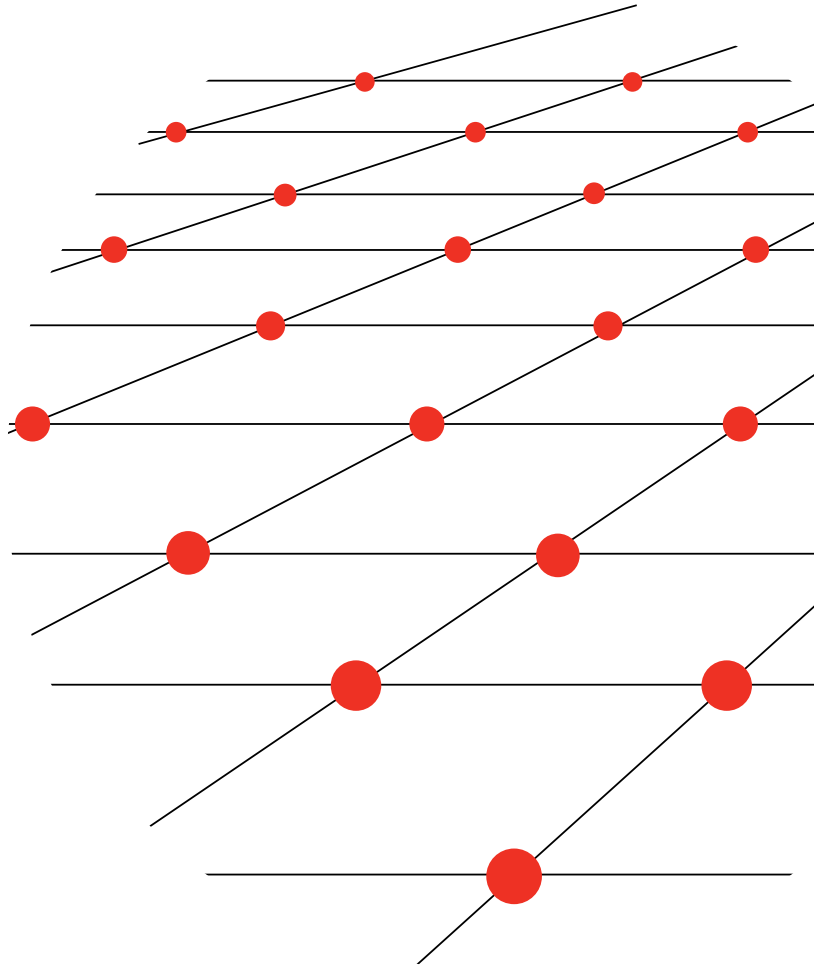
governance rather than liberal democracy should be adopted as the standard for determining which states are legitimate and in good standing – and thus stakeholders in the next order”.

The prospect of an effective European Union looks frighteningly remote at the time of writing. **Europe can only become more externally confident in promoting its values and interests for progressive ends, if internally its economic strength and democratic legitimacy has been renewed.** But if the Eurozone can integrate as it must, there are grounds for real hope. Europe has model of capitalism that it needs to reform, but it starts from the best possible place. Equally the EU represents a model of governance that has a lot to teach the new world we are now entering. **Crucially Europe still has great strengths: progressives must not be ashamed to make better use of that power for progressive ends.**

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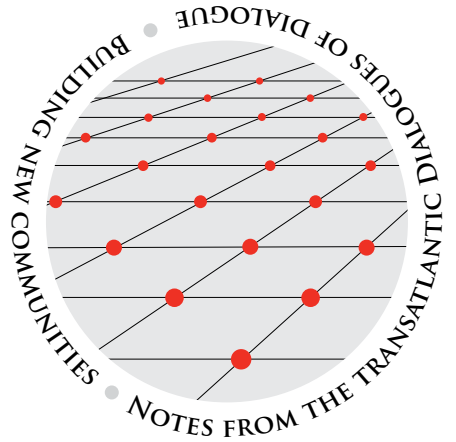






Ania SKRZYPEK

A New Social Contract for a Better Society



Key words

**A new social contract – An alternative global narrative –
Modern progressivism – Core values – Better society**

Summary

The contemporary multi-layer crisis shook to the core the post-War settlements of all kinds. Its destructive powers exposed a vacuum, which currently still is occupied by the reminiscences of the archaic arrangements and corroding neo-liberal mechanisms. While the predicament touches upon economy, politics and society – there is a vast demand for alternatives, which people across the globe expressed in all the recent mobilisations. This is the time when progressive stands for a historical test – if they are able to propose a new narrative. The article argues that it should be seen as a mission to frame a *new social contract*, that deeply rooted in modernised core values of social democracy shall pave a way to a *better, fairer society*.

Progressives across the globe are in a position to frame a new social contract, building on modernised interpretations of their core values.

The current crisis has a deep impact on politics, economy and society. It will change 'the world we live in' and the way we think once and forever. This demands progressives to develop a new vision *for a better society*. It must become a proposal for a new social order that would reclaim the vacuum currently occupied by the reminiscences of the post-War settlement and its corroding neo-liberal mechanisms.

This article argues that progressives across the globe are in a position to frame a new social contract, building on modernised interpretations of their core values. While restoring the sense of their ideology, they must however emancipate themselves also from an anachronistic way of thinking. Defensive attitude of

preservation must be replaced by a liberated and courageous ambition to pave the way towards a new progressive narrative.

The text builds upon the study that was concluded within the FEPS *Next Left* Focus Group in 2011 and examined all the significant political statements of the social democratic parties in Europe. It sees the findings as the key ideological questions to which answers can respectively define the mission and vision of progressive movement in the new century.

The next social contract

The classical definition of a social contract by Jean Jacques Rousseau reads that it is (an) *"...intellectual device intended to explain the appropriate relationship between individuals and their governments. Social contract arguments asserts that individuals unite into political societies by a process of mutual consent, agreeing to abide common rules and accept corresponding duties to protect themselves and one another from violence and other kinds of harm..."* There are two aspects worth noticing. Firstly, it stipulates perceiving individuals as members of a society. Secondly, it focuses on the nature of the relationship among individuals, within society and with governing bodies. The concept of the social contract is not an exclusively 'liberal' feature



- its content can make it become a distinctive *Next Left* proposal bridging between a modernised *system of values and new policies for a better society*.

The idea of a *social contract* should be seen as an attempt to establish a new, post-crisis consensus. It would be a profound tool to re-establish the primacy of politics and would overcome the detachment between people, political institutions and economy, that has become apparent in recent years. This is not a call for a new treaty, but for presenting a feasible vision for the future. The notion of *social contract* needs to be seen as a politically distinctive proposal with which people can identify and within which framework individuals can be united.

This new vision must be the one of a better, fairer *society* – leading out of the *age of greed and selfishness*. Progressives have to focus on providing people with an alternative. Hence they need to agree: what the current predicament effectively is about; and on how to pave a new way beyond it. The *next social contract* shall be therefore about establishing a new quality in politics, which is at the service of people and which functioning leads to a fairer, more prosperous future for all.

A mission for a better society

According to European social democratic parties' statements, their core ideological mission is to ensure *change*. Firstly, social democracy remains *always in opposition to the status quo*. This relates to its critical evaluation of reality and ambition to improve it substantially. Secondly, *change* relates to the concept of *process*. On the macro scale it originates from a belief that involvement of citizens is a precondition for a process to be democratic and legitimate (SPÖ, ČSSD, SDP, SPD). **Hence social democracy itself appears to be a constantly developing project, and the debates on renewing and positioning are its features. This observation is profoundly important, as it offers a space for social democracy to constantly transform, reaching new political horizons and organisational forms.** This allows embarking on unconstrained thinking about the goals and shape of a progressive alliance that is fitted to respond to the hopes entrusted in it in the new century.

Continuous process, coming from an opposition to *status quo*, is oriented towards creating a new society. Explicitly or not, all parties share a view that it should be built upon core values. Among several features that a *new society* should encompass, there are: *free, equal/egalitarian; solidarity; fair and cohesive; safe; caring; prosperous; harmoniously developing; humane; in which all can lead decent life; peaceful; open; modern; civil; democratic*. These characteristics have to be ensured via implementation of adequate policies. Consequently, the contemporary enemy of social democracy seems therefore to be all that contradicts those values, rather than a specific

class. This would stipulate a different potential for partnerships within the progressive alliance nowadays than the one historically recognised upon the establishment of the socialist cause or the re-birth of social democracy after the second World War.

Also the European level documents (as adopted within the PES) abide by the ambition of change. In this context, however, this translates into a call for another Europe, rather than for a different society. In 1992, socialists aimed to improve (our) Europe; in 1994 *a new Europe (after the fall of the Berlin Wall)*, in which socialists needed to prove themselves; in 1999 *a better Europe*; in 2004 *a progressive Europe*; in 2009, *a new Social Europe*; and finally in 2011 the statement was: *Alongside a political and economic European Union, an integrated Social Europe is crucial to improve the living conditions for citizens, in all countries*. The dilemma that the socialists are facing is that as a pro-European movement they are positioning themselves in defence of the European Union, while same time criticising the state it is in. A new global narrative could serve as a bridge out of this quandary, embedding the matter in a broader framework of an international social contract.

Referring to the *new society*, parties share that all should enjoy both *rights and responsibilities*. This represents a shift from *right and duties* paradigm. Though they may sound similar, in fact they are indifferent. To illustrate: SPÖ speaks about *making people co-responsible for politics*; ČSSD refers to *human reciprocity*; SD claims that it is *citizenship that show itself with rights and duties*; SDE touches upon dualism of *personal freedom and social responsibility*; for SDP it is a matter of justice to uphold *balance between responsibilities and rights* as a basic condition to fulfil social contract; for PSOE *democracy is a matter of responsibility*; PSD stands for *rights and duties of all*; SD Slovenia argues that everyone shares *responsibility for common good*; and SAP perceives *rights and duties* as a matter of *solidarity*, hence *responsibility*. **One of the keys to the new social contracts lays in redefining these terms both in relation to a society and in relation to the parties and politicians.** It is also a matter of learning from the recent popular mobilisations in conjunction with developing idea how to effectively overcome the widely proclaimed democratic crisis.

A progressive system of values

There is no uniformed list of values that the national social democratic parties share. The research shows that the lists of core values include respectively from 3 to 10. The interpretation of singular values depends heavily on the overall context and how they are related with others. Majority of the parties underline that the values are equal in their ranks and derive from one another. The following 5 core building blocks of a system of values could be used for constructing a vision of a new society.



1. Individual freedoms and social responsibility

Freedom (liberty, emancipation) is most frequently placed by social democrats as the first value. There are two classifications of the interpretations that can be proposed. First recognises three main points of its reference: as an abstract philosophical concept, in relation to an individual and in relation to a society. Second relates to two spheres in which freedom can be considered: political and socio-economic.

As an abstract philosophical concept, freedom: is a universal value (BSP) and (human) right (SPÖ, SD DK, SPD, PvdA, PS PT); enables all to develop freely (SDE, DNA); is a goal of the socialist movement (PS FR, PASOK). Adjectives that accompany freedom are: *responsible, socially responsible, equal*. This reflects the logic of rights and responsibilities: it is a matter of justice that all enjoy 'equal freedoms' (SPa, BSP, SPD), but benefiting personally from them means also accepting the social responsibilities which they bring (SPÖ, BSP, SDP, LSAP).

In relation to individuals, freedom is primarily an issue of *self-determination* (SPÖ, SDE, BSP, SD SK, SPD, LSAP, SAP). Everyone must be able to choose freely, assuming that all the individuals are willing to choose and pursue certain ambitions and develop talents (SD DK, SPD, ILP) that would lead them to self-fulfilment (DNA). Social democrats emphasize that people are and will remain different (SD DK, LSAP, PSD, SAP, LP UK). As long as their choices do not harm others (SDP, DNA, PSOE), any decision they take (accordingly to their system of beliefs) should be respected. In the PES founding declaration of 1992 *tolerance* was seen as a key value and was used to characterize the approach of Europe towards its people, to ensure that cultural diversity is preserved, minorities are embraced with protective measures and takes a stand against racism and extreme nationalism. **This combination between responsible freedom, respect and social responsibility creates a solid base on which progressives can explain its vision for the future of more and more diverse society.**

Relation to society plays a crucial role in *contextualizing the concept of freedom*. Guaranteeing freedoms for individuals predetermines how free the society is (SPÖ, SDE) and it will never be free unless all men and women within it are (ILP). Same time a society (or a community) is in fact a liberator (see SPD, SD SK, DNA), as it can provide greater freedoms, than individuals may achieve alone (DNA, SAP). The goal remains therefore a free, cohesive and fraternal society (PS PT) of completely emancipated people (PS FR) to which a path leads through certain arrangements that enable emancipation. This understanding imposes a need to redefine what are the means to achieve that. New technological and civilisation developments would impose that i.e. education and sharing of knowledge, as also the matters of intellectual property shall be embedded in this understanding of freedom and herewith also become constructs of a new social contract.

The second classification has two spheres: socio-economic and political. Historically speaking, freedom in a *socio-economic understanding* originates from a demand that the means of production should be free (PS BE). Ensuring freedom therefore translates into freeing people from poverty, hunger, shameful dependencies, fear etc. It means guaranteeing material security and creating chances through redistribution. This logic links freedom directly with issues of *well being* and *welfare*. Socio-economic emancipation and political liberation should, as many (though not all) parties state, progress simultaneously. **Striking an adequate balance between individual freedoms and social responsibilities on one hand and between political and socio-economical interpretations of freedoms on the other can be the key to providing answers to what a modern vision of both democracy and welfare state of a new kind should encompass.**

Political freedom translates into *pluralism; active and passive electoral rights; freedom of association; freedom of participation, freedom of belief and consciousness; freedom of expression; freedom of strike; freedom of media; and free judiciary*. The European manifestos of 1992 and 1999 highlight *freedom of expression* by stating that there must be acceptance for diversity in a society. In 2004 and 2009, *freedom of expression* embraced also the question of *freedom of media*. The 2011 *Declaration of principles* echoes this by stating that *freedom of speech is fundamental to a democratic society*. This provides a strong ideological backbone for progressives while dealing with the right wing extremism and populism, as also it constitutes a relevant guideline in the era of IT, as far as i.e. access to information is concerned. This is of significance understanding that a *new social contract* shall be a fully disclosed alternative.

2. Equality for all in a diverse society

The concept of *equality* is placed by a number of parties as second among the core values. *Equality* is being interpreted in various ways and with reference to several social concepts. Among them are: *universalism*, constrained and unconstrained vision of equality; *equal opportunities* and *equal outcomes*; *equality of autonomy*; equity; and *egalitarianism*. *Equality* is being seen rather in the context of other values and is often described as a precondition of *freedom* (SD DK, DNA, SAP) and inseparable from it (PS FR). Several parties recognize equality as a unique feature of social democracy (SP.a), the ideal it seeks (PS FR) and the sense of the struggle against privileges and discrimination (ČSSD). It is related to the heritage, as it reflects identification with the principles of humanism (PSD), as it is an expression of a belief that everyone is of an equal value (SP.a, SD DK, SAP).

There are two ways of perceiving equal opportunities. The first includes parties, which focus on seeing *equal opportunities* as a matter of *equal treatment* (SPÖ, MLP, PS PT, PSOE). The second category embraces those, who give emphasis to the context (SP.a, ČSSD, SD DK, DNA,



and SAP). They believe that equal chances are not the same as equal rights. This divergence of approaches legitimise revisiting a core question: in how far shall equality be exercised as post-factum redistributive set of politics in comparison to being primarily focused on the first, distributive round? **A new social contract, coming in place as post-crisis settlement, will need to resolve this matter.**

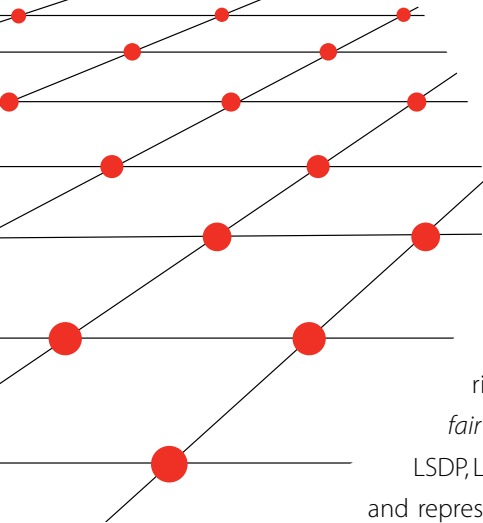
Equality may be defined in relation to a society, in relation to a group and in relation to an individual. Starting from the last one, several parties recognize *diversity* of individuals (SPÖ, SPa, SD SK, DNA etc.), which is seen a societal strength. The second relation mostly touches upon multiculturalism and coexistence of the different ethnic groups, however in some cases also the issue of religions, churches, political beliefs, etc. (SPa, PS PT, SD DK, DNA). The third relation is between *equality* and a society. It is a joint effort of individuals and society that ensures opportunities and from which both society and individuals benefit (SPa, ILP, DNA). These three layers are important to take a note on, while discussing a new narrative in a relation to a global community and consequently diverse societies.

The differentiation between the parties is reflected in major changes through the last decades in PES documents. Since the beginning, the interpretation has been on the notion of *equal opportunities*. In the texts of 1992, 1994 and 2004, there is special attention paid to the specific groups that need to be empowered through opportunities (women, youth, elderly, and migrants). Exception (though not a categorical one) from that rule is 1999, when the emphasis lays on "all", "everybody"; and in a way 2009 which constitutes a balanced mixture of both approaches.

Both PES and its member parties are, in contrast, devoted to the issue of *equality between men and women*. It is enumerated more frequently than any other *equality*. For certain parties it falls under the category of actions that aim at combating all forms of discrimination (SPÖ, DNA, PS PT). Certain parties refer to the issue as the one of *gender equality* (BSP, DNA, PS PT), others as *equality of men and women* (SPa, ČSSD, SDE, SDP), and yet others advocate more for *women rights* (SD SK, SLD, PSD). The PES documents focus in the beginning was to enable women (to enter labour market etc), nowadays it is more on combating existing inequalities. The focus has changed, since women entered fully into the labour market. This brought about a profound societal change, that so far has not been embedded in entirely egalitarian social arrangements. Hence there lies a challenge for a *new social contract*.

3. Just distribution of welfare and labour

The parties use both the terms of: *justice, social justice*, as also *distributive justice*. *Justice* establishes all to be equal (SPÖ, BSP, LSDSP, LSAP). This notion appears commonly in the



context of the diversity in a society, which would indicate a focus on *social justice*. On the European level *justice* is being used in that sense and it refers to the struggle for a just world (1999, 2004, 2009).

Distributive justice is described through: welfare, political rights and progress. Within the first category, parties advocate for a *fair* distribution of chances, services and material goods (SPÖ, SPD, LSDP, LSAP). Within the second, they touch upon the issue of participation and representation, as also demand eradication of a divided (class-based) society (SPÖ, SPD). The third one sees progress as an outcome of the effort of all and hence everyone should be able to share its benefits. **Characteristically for social democracy, there are two particular demands. On one side, justice requires standing on the side of the weaker and imposes that they are especially supported. On the other, those who have succeeded and in consequence earn more must make even a greater effort and contribute more.** These last two points bridge directly to two questions; distribution *between whom* and *what is just distribution?* Embedding an answer to them in a *new social contract* is crucial to answer the criticism on contemporary welfare state and to frame its next stage. It is indispensable, once such a contract was to be acceptable for those, who currently fear – such as new *precariat* or so called “squeezed middle”.

Even though majority of the parties refer to *welfare* indicating the *just* redistributive framework on interactions between the state and society, there are few parties that are inclined to enumerate *welfare* or *well being* as a value. It could be argued that they are an ideal. The term *welfare* is connected with the concept of state, which plays an active role, promoting and protecting both social and economic well being. It derives from *equality* and *solidarity*. That is why the *welfare system* is perhaps not seen as much a value on its own, but rather an arrangement within a social contract that enables to build a *welfare society*.

Finally, justice in the understanding of many social democrats refers: *equal opportunities on the labour market* (SPÖ, SPD), and *fighting unemployment* (BSP, LSDP). The difference depends on if the priority is to fight unemployment or struggle for full employment. For some it is a matter of justice that all have the same right to work and hence to get a (decent) job (LSDP, LSAP, PSD). Furthermore, it has been argued that ***work and labour may be values in themselves, as they enable emancipation, life in dignity for individuals and progress for a society*** (SPa, PS FR, and BSP). This discussion allows progressives to revisit the question what is the (desired) sense of work in lives of individuals and societies nowadays.



4. Communities of meaningful solidarity

Solidarity replaced the notion of *brotherhood*. It is recognised by social democracy as its traditional, historical value (BSP, SD SK, LSAP, DNA). *Solidarity* originates from *solidarity among workers* (PS BE, LSAP) and *it made social changes possible* (LSAP, BSP, SPD, DNA). It embodies a belief that united people can achieve more (LP UK, DNA). As it has grown on the foundations of togetherness and shared destiny (PvdA), *solidarity* predefines the rules for a cohesive and inclusive society (PS PT, SAP) and indicates the way on which values of *freedom* and *equality* can be realized (SD DK, SDP). *Solidarity* means readiness to take responsibility for a community (SPÖ, SD SI) and for other citizens (ČSSD, SPD, SD DK, DNA). Therefore stands for mutual respect (SDP), readiness to care and help one another (SPÖ, SPD, SLD) and is embraced by social responsibility (ČSSD, SDE, DNA, and SAP). Summarising, ***solidarity is a matter of defining relations among one another (both individuals, as also between individuals and society). It proves why a community is needed for all to be able to progress*** (SD DK). As such it is an answer to egoism (LSDSP, SAP), in which sense provides guidelines on how to respond to individualisation and fragmentation of our societies within a *new social contract*.

ILP does not enumerate *solidarity* as a core value, but instead refers to *community*. The definition encompasses individuals, their immediate surroundings, but also the global level. Their notion of *sense of community* indicates the framework in which relations between a human and the world around should be built, and hence provides an alternative for issues such as: individualization, globalization and global interdependence. In this context respect and dignity are being more and more frequently mentioned and two parties recognise them even as core values: SPa and ČSSD. It is worth adding that these two notions also appeared in the recent electoral Manifesto of the PES (2009). It can be another sign of a shift in attention from the dominant thinking from the angle of the collective towards a new mainstreaming conceptualization that begins from an individual in a community.

Solidarity can be: among people, with certain individuals and with certain groups. *Solidarity among people* refers to the circumstances, in which they share a certain identity. This has been traditionally the case of workers (PS BE, MSZP). Nowadays it can refer to broader range of matters. Example of that is *solidarity among generations*, which frames the answer to demographic challenges (SPa, ČSSD, SD DK, SPD, LSAP, DNA). *Solidarity* is a way for the parties to speak about overcoming societal problems in order to ensure a better future for all. Therefore *solidarity* is with all those, who need support (DNA) and in particular with certain groups. *Solidarity* becomes in that sense a set of ideas on how to overcome the divisions and steer towards more cohesive society.

Solidarity refers also to the state and transnational arrangements. State (directly or indirectly) is expected to ensure that the *solidarity* is perceived as a *practical instrument in advancing towards more just life circumstances* (SPÖ). Therefore *solidarity* guides the principles on the bases of which labour market, education or public services should be organized. Interconnecting *solidarity* and the basic sense of (welfare) state, feeds beliefs that the state is there first and foremost to serve the society and its members. Progressives must redefine *solidarity* in this very sense, making it a tangible term of political economy. It must become a value gearing a *new social contract*, for which it must emancipate itself from associations with charity or empathy. Only then it can become a true instrument in contemporary times of financial capitalism.

5. Renewed democracy and civic participation

Democracy must apply to all the spheres of society (SPÖ, PS PT) and must characterize society as a whole (SAP). For social democrats the term *democracy* is described either in relation to an institutional setting or to the actors, who play a role in democratic system.

Explaining *democracy* in the context of institutional setting, all the parties more or less explicitly link it with the *respect for the rule of law*. Parties believe in representative democracy that subordinates political power under public scrutiny, accountability and control (ČSSD, SD DK, ILP, PvdA, SAP, LP UK). This conviction must be mirrored in *a new social contract*, which should bring re-politicisation of the public life.

Next to the institutional context, parties also interpret *democracy* in relation to the actors that play significant roles in this system. There are four categories of actors: individual citizens, NGOs, media and political parties. Despite the representative democracy, it is still citizens that through election share responsibility for the political choices (SPÖ, SD DK). *Participation* is their right (SDP), but also reflects a responsibility for the way matters are decided (SPD, PASOK). Active participation links with the belief that the decentralization and empowerment of local levels is an effective way of involving citizens. This must however be interconnected with the transposition of *democracy* onto higher levels in the spirit of a concept that PvdA named *multifaceted* democracy. Revisiting this debate, **progressive must envisage on how a new social contract is to bridge between society and politics, as also how it is to appeal to a new kind of citizen and activist emerging in the post-'grand social mobilisation' times.**

6. Security, Peace and Internationalism

Security translates into protection against danger. It is being recognized only by LSAP as one of the party's 4 core values. **Elevating security to a core value may become an answer**



to the overwhelming feeling of fear amongst the European and world populations. It can be subsequently used in many ways as a qualifying criteria for making cognitive choices. LSAP interpretations show policy implications of *security* as a value – such as evolution, new technologies, biotechnology etc. In that sense it opens to progressives a possibility to frame what relation there should be between science and research, political vision for a society and democratic legitimacy to implement it.

In the context of a united Europe, *security*, *stability* and *safety* remain extremely meaningful concepts as the sense of the European Integration was to build on peace, stability and prosperity. There are two dimensions of *security* that European socialists have been referring to: internal and external. In terms of internal, it most commonly addresses either social issues (employment, welfare, education) or legal one (criminality). In the social field, *security* is needed so that society can prosper in peace and social disruptions are avoided (1992, 1994). The notion of preserving *social peace* seems to be a very important one throughout the 1990s. In 2000s *safety* takes more the place of *security*. It brings along a correlation between *safety* and *change* (2009) and touches upon the core of the difficulty of the socialists' message: how to convince people to the necessity for progress and change, while they are so sceptic about the future and see it only as a process of decline. As the recent developments brought further inequalities and polarisation of societies, progressives face a great challenge in framing that argument in the context of a *new social contract*.

International solidarity's aim is, among others, establishment of *peace*, *stability* and *sustainable development*. Concluding from that, *peace* would appear as a certain world order rather than a core value. There is a tendency to see *peace* as one of the core values. Three of the parties refer to *peace* as a value (BSP, PASOK, PS FR). PS Fr in its elaborations refers additionally to *internationalism*. This is a principle for a complex, multifaceted, global action, that based on cooperation among actors is to lead to a world of peace, human rights, social justice and democracy.

Conclusions

The article argued that the destructive power of the global crisis left a vacuum, which can be claimed by progressives with an alternative proposal for a *new social contract*. It is indispensable that it is being perceived as an ambition to create a new narrative on international scale, which would be rooted in the progressive values and which would pave the way towards a better society. In order to achieve it, progressive must however profoundly review their ideological catalogue, reinterpreting the core pillars of it, so that they emerge in a modern alliance. They must emancipate themselves from anachronistic and defensive

convictions, and instead get empowered with new vision and new tools to implement it. As the research on values showed, social democracy has always been favouring *change* and in itself being a project of constant transformation. The time of a historical test is precisely now.

Annex 1 – Political Parties

Table 1: PES member parties and abbreviations used in the text

Party	Country	Full Name
SPÖ	Austria	Sozialdemokratische Partei Österreichs
SP.a	Belgium	Socialistische Partij Anders
PS Be	Belgium	Parti Socialiste
BSP	Bulgaria	Bulgarska Sotsialisticheska Partiya
ČSSD	Czech Republic	Ceská strana sociálně demokratická
SD DK	Denmark	Socialdemokraterne
SDE	Estonia	Sotsiaaldemokraatlik Erakond
SDP	Finland	Suomen Sosialidemokraattinen Puolue
PS FR	France	Parti Socialiste
SPD	Germany	Sozialdemokratische Partei Deutschlands
PASOK	Greece	Panellinio Sosialistiko Kinima
MSZP	Hungary	Magyar Szocialista Párt
ILP	Ireland	Labour Party
LSDSP	Latvia	Latvijas Socialdemokrātiska Strādnieku Partija
LSDP	Lithuania	Lietuvos Socialdemokratu Partija
LSAP	Luxembourg	Lëtzebuurger sozialistesesch Aarbechterpartei (LSAP)
MLP	Malta	Partit Laburista
PvdA	The Netherlands	Partij Van De Arbeid
DNA	Norway	Det Norske Arbeiderparti
SLD	Poland	Sojusz Lewicy Demokratycznej
PS PT	Portugal	Partido Socialista
PSD	Romania	Partidul Social Democrat
SD SL	Slovenia	Socialni Demokrati
PSOE	Spain	Partido Socialista Obrero Español
SAP	Sweden	Sveriges Socialdemokratiska Arbetareparti
LP UK	United Kingdom	Labour Party

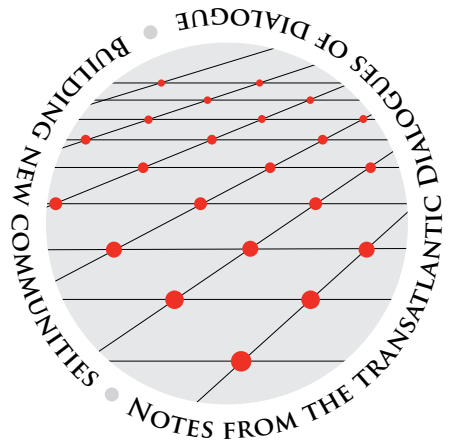
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Oscar LANDERRETCHÉ

New Collectivism, the Fourth Way



Key words

**Collectivism – Third way – Job quality – Cooperation –
Development – Education**

Summary

We propose as a “new collectivism” ideology for the *Next Left* a conjunction of five conceptual elements that should shape our future political and policy perspective: (a) cooperation in human interaction as a major objective of institutional design; (b) complexity in economic structure as an objective for development policy; (c) collectively oriented public education with a rebalancing towards humanism and inclusiveness; (d) job quality as a complementary objective to job creation; and (e) human experience as an overarching preoccupation for political and economic development policies.”

The human, psychological, economic, management and social sciences underpinning political action have been and are changing very dramatically. They are drifting away from the axioms that sustained neoliberal doctrine and whose pervasiveness forced the left to adapt, change and even, sometimes, betray itself. It seems plausible at this point that the *Next Left* will not have to play as a visitor team the way that the Third Way did during the last 25 years. Moreover, it seems that the next match with the conservatives will be played on home turf.

What are the main stylized characteristics of this new social thinking?

In favour of cooperation: ending the false dilemma between the State and the Market

The debate between states and markets has always been very newsworthy. It has occupied a big part of the public's attention since the simultaneous dawn of the socialist welfare state and the robber barons during the gilded age. There have always been enthusiasts ready to pose as supporters of one or the other extreme. It has always been profitable to do so, politically or economically. Today we have whole news networks and even comedians dedicated to milking this debate and representing these extreme options. In the current media environment of decompressed audiences and global scale that makes any media flavour viable, all opinions find outlets that are willing to validate them: "statists" and "marketists" are no exception. Both parts try to represent the other's liege as an unchecked Leviathan and their own as a natural human institution that, granted, sometimes deviates but usually stays true to the generation some combination of innovation, equality, growth, justice, peace... etc. The other's Leviathan is usually monstrous and evil, ours is always a benign and natural force that is making decisions through some sort of coordination mechanism (votes or bids).

There is, of course, no way around this caricature in the contemporary dynamics of media politics and limited attention spans. In the twitter age, the sound bite is king, the slogan is bishop and the verbal jab rules imperial. Hence, politicians and public figures need clear, simple messages to represent themselves and their brand accurately to their potential voters. This is why States versus Markets is still very useful for public actors.



What intellectually honest contemporary economists know, however, is harder to represent in this simplified version of the world. We do not live in a world of perfect markets, in fact, perfect markets are such an exception that we should probably stop talking about market failures when talking about them and rather talk about market “normalities”. We do not live in a world of benevolent social planners either, but rather in a world of boiling, steaming political economy. Society and the economy are full of incomplete and imperfect markets, but also the State and democracy are full of agency imperfections. Both mechanisms are imperfect and good quality public policy can only be designed and understood if one accepts that this is so. Designing public policies believing that the market is complete and perfect or that the state is anything different from a boiling stew of political economy is not only an act of naiveté but of technical incompetence. The responsible, technical, sophisticated and mature way to design policy is to think of institutional design of markets and agencies; what we call institutional infrastructure. This design is not a trivial task. Balancing a vigilant approach towards market imperfections and an attentive stance to the imperfections of the State, is often very difficult. However, that is the challenge of contemporary public policy design, not another.

In the classical undergraduate example of the problem of cooperation: the prisoner’s dilemma, there are two ways out of socially suboptimal non-cooperation which are applicable to markets or agencies. One is time, that can actually make some cooperative strategies part of a dynamic Nash equilibrium; the other is institutional design that alters the payoffs and has the potential of breaking the dilemma itself. So, one is life in community and the other is progressive public policy oriented towards fostering cooperation. In both cases there is one central challenge that has been extensively studied: social capital.

To make way for a new phase of progressive public policy it is important to overcome the State v. Market dilemma. In this, the *Next Left* should follow the lead of the Third Way, but reinterpreting it... a Fourth Way if you will. **Instead of making believe that we should not engage in the States v. Market fight, because we like them both, support the idea that we are conscious of the limitations of the way that both work and that we need policies to foster aggressive investment in social capital, institutional design and community building to get them to generate prosperity and equality by enhancing the chances of producing social, economic and political cooperation.** Instead of engaging in the fight between the two old Leviathans, let’s stand in the corner of a new Leviathan, the one that the new network economy has brought around but that needs all our help to survive and thrive.

What does this mean in practical terms? It means getting to work on market infrastructure and regulation that gets these institutions to work in a properly balanced progressive way and getting to work on the development of political organizations, political institutions, electoral systems and public spaces that also work how they should. This is very hard, it’s a lot of work,

much more work than relying on the magical properties of the Market or the State, but this is what we should do.

**In favour of complexity:
the challenge of transforming economic structure
in the developing world and transforming
politics with it**

There are three types of developing countries. Some very large ones that are able to generate the scale of cheap labour and internal markets that make them attractive as manufacturing hubs (Brazil, India, China, Turkey and some others), a group of emerging countries that are however becoming respecialized in commodities and other basic goods (most of Latin America, Middle East and Africa); and a set of emerging economies that couldn't care less about static comparative advantages and are fully committed to productive development or industrial policies (classically Korea but today the United Arab Emirates and one or two more).

The problem with this situation is twofold.

First, the configuration of commodity exporting nations, that generate most of their economic dynamism in concentrated, capital intensive and capture prone sectors, while the rest of the economy peddles the returns through a complicated system of taxes and vouchers, service sectors and retail is politically explosive and economically unsustainable (e.g. Chile). It is very unlikely that one can develop a healthy democracy or even sustain a benevolent progressive technocracy in such an environment. Incentives are always working against cooperation and driving agents towards rent seeking zero sum games (e.g. Argentina). Moreover, the only cases of countries that have managed to do something productive and interesting, starting from this sort of situation have been monarchical, authoritarian or semi-authoritarian regimes. However, there are as many Hugo Chavez as there are Sheik Mohameds, so authoritarianism is of course no guarantee of anything. This, of course, is extremely worrying.

The other reason is that if one studies the development processes of other countries that have successfully advanced from low or middle income levels to the proximity of development one observes that those countries have had to develop new sectors as they have advanced (e.g. Turkey). The productive structure of countries that have developed is never the same when they are developed than when they begin the journey. This does not mean that in the process of developing they discard their comparative advantages, they did not and neither should new emerging economies. Nor did they embark on foolhardy *voluntaristic* industrial



policy for which they have absolutely no skills or qualifications, rather, they engaged into a controlled search process of industrial innovation in which the objective is not to produce anything a particular, but rather to develop new sectors and export industries (See Lin, J.Y (2012) for a theory of this strategy).

Here we see a classic application of the joint problem of market failures and state. The reason why the market does not give credit to innovative activities that have the potential of opening new sectors is technically known as asymmetric information, and is simply the inability of investors to observe the production project with the same eyes that the entrepreneur has. The reason why the State does not give support to these innovative activities has to do, on the other hand, with the capture of that politics that is making policy favour those who have wealth today rather than those that could have it in the future. The transition towards an economy policy oriented toward developing new sectors is planted with institutional design challenges of overcoming market and state failures.

The challenge is both political and economic since it relies on the profound and complicated relationship between the political and economic structures of a society. The problem here is that you need good quality in market and political institutional infrastructure to get it right. However, the object is one: push forward the progress of societies as complex, dynamic and diversified economic structures, noting that in this way we are also fostering more developed and sustainable democracies

In favour of education: snatching back public school, universities and vocational training centres from the clutches of neoliberalism

Most countries in the world are facing the necessity of reforming education. There are at least two sorts of tensions involved in this process. One is the tension between the private productivity objective and the social cooperation objectives of public education. The other is the tension between *massification* with standardized quality goals and the desirability of local autonomy within an increasingly heterogeneous world.

If one were to summarize what is the main stream axioms of the neoliberal dominated thinking on education policy one could state that it is constituted by the following three principles:

- a. individualism: individual monetary incentives for providers and individual choice for demand

- b. conditionality: sensitivity of rewards to measurable, standardized and observable behaviour.
- c. standardization: increased standardized measurement as a central tool of policy.

This individualism-conditionality-standardization (ICE) approach has been a dominant feature of education policy during the last three decades. Its failure to deliver any significant improvement is clearest in the case of Chile which is one of the longest and oldest experiences in a massive school voucher system (see Contreras et. al. (2011))

This approach to education reform is consistent with the ideological centrepieces of the right: rationality and self-interest as main tools for incentive mechanisms and the emphasis on the productivity enhancing function of education. We are not saying that this perspective is not important when designing or reforming public education, what we are saying is that there has been an overshooting of policies oriented this way that must be balanced if one desires to re-establish social capital, community building and cooperation as policy objectives.

Our view is that the missing elements are three:

- a. **collectivism:** the development of the school as a community of collective learning in which incentives should be focused also on achievements as a group, in collaboration and the building societal bonds and culture.
- b. **humanism:** the development of methodologies to ensure quality in heterogeneity, unfolding the spectrum of competencies to be achieved by multiplying the type of languages that are developed and studied, recognizing the variety of stimuli to which young people are subjected today.
- c. **inclusion:** the use of the educational system to produce active citizens, integrated, aware and motivated to develop our democracies and economies by taking advantage rather than repressing heterogeneity.

In my view this collectivism-humanism-inclusion (CHI) approach is the contemporaneous progressive way of looking at education that is missing.

The tension, the coming and going, the complementary of the ICE and CHI approaches should characterize the debate in education over the next few years. We shouldn't expect or even desire that one approach dominates the other. We should strive to strike a new balance, especially if we are persuaded that cooperation (our new Leviathan) is the road that we propose for

**Collectivism-
Humanism-
Inclusion (CHI)
approach is the
contemporaneous
progressive way of
looking at
education that is
missing**



prosperity and social progress. If we truly believe this is so, then we must understand that education, and especially public schools “following the way of CHI” should also be an instrument for promoting cooperation.

In favour of job quality: a return to old-school progressive policy

For years the dominant goal of economic policy has been the generation of large number of employment opportunities. This is certainly justified, especially in times of economic crisis. The amount of work is a very important determinant of the welfare of the population, especially among the lower income quintiles. **No doubt that the concern about job creation must remain central to progressive economic policy. However, that emphasis should be accompanied by a preoccupation with job quality as a public policy objective.**

When we think about the problem of job quality it is useful to think of child labour. Many of us would oppose that a young child work for pay for most of a workday. The reason why we tend to oppose this is that we feel that that child’s time would be better used if it was dedicated to study and recreation. Research on child labour shows that in the case of very poor families child labour may actually help to reduce the risk of going hungry or have unsatisfied basic needs; however, at higher levels of average income the evidence indicates that child labour is harmful because it does not reduce the risk that the child passes through famine or extreme poverty, but does increase the likelihood that they do not complete their studies which will have consequences to the rest of his life. What is happening in second case is that child labour is depredating on children and their capabilities. This is true for the case of a child, but could also be true for a young worker or a worker who recently entered the labour market. There are jobs that can become sources of depredateion of human capabilities. That is why a policy objective should be to generate quality jobs, i.e. jobs that enable individuals to progress, gain skills, develop as workers, citizens and human beings and project a better future.

It doesn’t require too much financial sophistication to understand why the stock market will never offer credit to finance such efforts. Suppose that an employer gives a worker a job that is low quality and that depreciates its capabilities in the medium and long term. The worker has to meet needs. He knows it would be better to avoid this work and perhaps take the time to educate herself or follow a vocational training program, but nobody will lend the resources that will enable her to make that choice. There are a multitude of reasons and market failures that prevent the transaction from occurring. That is why the generation of quality jobs necessarily involve public policies.

There are two ways that we can balance a new progressive labour agenda focused on job quality. One is pursuing the measurement, reporting and public discussion of job quality

indicators. The other is applying these indicators to economic development and tax policies so that firms are forced to consider job quality if they are interested in being supported by government policies. Modern progressive labour policy should use other policy areas as leverage to forward the concept and practice of job quality.

There is a sense in which this constitutes a return to classical progressive labour policy. We must remember that in the beginning the greatest labour mobilizations, moreover, the ones that have endured in our memory were orchestrated around the eight hour work day, a job quality characteristic if there ever was one.

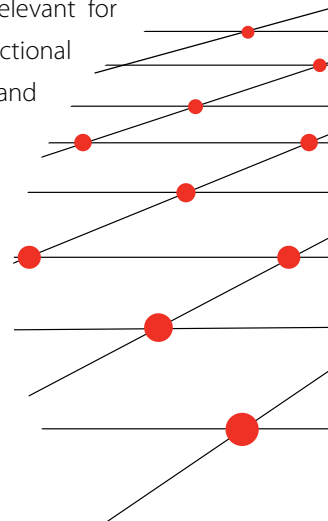
In favour of experience: looking beyond quantitative measures of social and economic interactions

The concept of customer experience is very important amongst students of retail and marketing. The idea behind the concept is that what matters in a transaction are not only the goods or assets being exchanged. In formal terms, the transaction involves a payment from the customer and the delivery of a good or service by the provider. What we now know is that thinking of sales as a set of mechanical transactions of this type is inadequate, unsustainable, and generates low value added. Customers want more. Customers want a certain treatment, a form, aesthetics, meaning, sometimes relationships and even, on occasion, embedded social discourse. The higher forms of retail today are cultivated by companies that evolve towards a service oriented approach that is experience oriented.

The consumer experience is all very well. But from a progressive perspective: what about the worker's experience? What about the voting experience? What about the experience of deliberating on public affairs? What about the experience of studying and or researching? What about the experience of being a public employee? What about the experience of being a school teacher? It seems that all these areas that are so relevant for progressive policy continue to be dominated by mechanical transactional thinking rather than experience oriented policy even in the minds and rhetoric of contemporary progressives.

However, if in the process of being consumer, a preoccupation of the supplier on your experience action creates value, shouldn't it be true also in all these other aspects of modern life?

The idea is that a preoccupation for the role of experience will induce policy and institutional changes that create value and positive

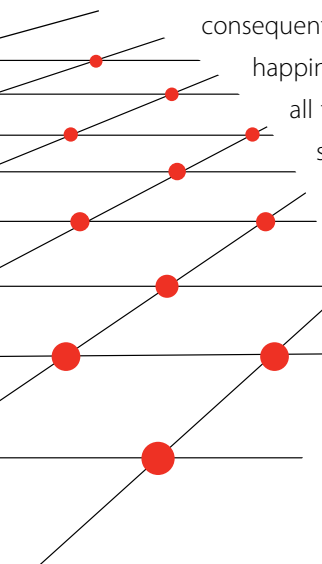


behavioural change among the population. What stronger sign can we offer our citizens that we are moving into a phase in which human capabilities are at the core than to worry about the human experience involved in every aspect of our social and economic interactions? What better way to communicate our belief that we are not just transacting individuals but citizens who live in creative communities? That companies are not knots of contracts but are collective spaces? That neighbourhoods are not groups of owners but communities of people that live together? That schools are not service providers but learning spaces?

In favour of a new collectivism: harvesting the lessons of new humanism for the policy agenda of the *Next Left*

We are currently embedded in a revolution of social thought. This revolution has been set free by the advances of cognitive science, behaviour science, psychology and biology. Their emergence has been facilitated by the crisis of economics and finance that was triggered as a result of the last global financial crisis. We're not talking about a scientific trend in the margins but rather of such dramatic changes in the core disciplines that are being felt in campuses and journals all around the world. We are talking about the mainstream of current human sciences, from economics to psychology, from marketing to sociology, from management to politics. These trends have become so strong and its transformation potential so wide that some have started to label it as a "new humanism". We shall have to wait to see if the brand sticks.

This new current of thinking has rediscovered the predominant role that "collective" organizations have in determining human behaviour and generating both productivity and happiness. It has observed that the collective, the organization, the social space is critical in the determination of points of view on which the effectiveness of incentives, and consequentially productivity depends. The collective space is crucial for achieving happiness at comparable income levels, where membership in communities of all types (from churches to unions, from formal political parties to amateur soccer teams) appears not only to have an irreplaceable role from the point of view of social cohesion, but from the viewpoint of productivity. One must admit that this is a relatively old idea, extensively researched and even introduced into the public sphere with some success (by Putnam among others). However, the fact that it is surging in such a cohesive way from so many different scientific disciplines explains why it has acquired new legitimacy and relevance.



We all know how up to this point collective spaces have been relegated in the public discussions on public policy. In an era in which we move towards a greater role of human resources, knowing that creativity, innovation, knowledge and everything that comes with more human effort can only be achieved collectively, as part of community efforts build on cooperation. So, **what we propose as this “new collectivism” is the conjunction of five conceptual elements that should shape our political and policy perspective.**

- a. Cooperation in human interaction as a major objective of institutional design.
- b. Complexity in economic structure as an objective for development policy.
- c. Collectively oriented public education with a rebalancing towards humanism and inclusiveness.
- d. Job quality as a complementary objective to job creation.
- e. Human experience as an overarching preoccupation for political and economic development policies.

I suggest we get started.

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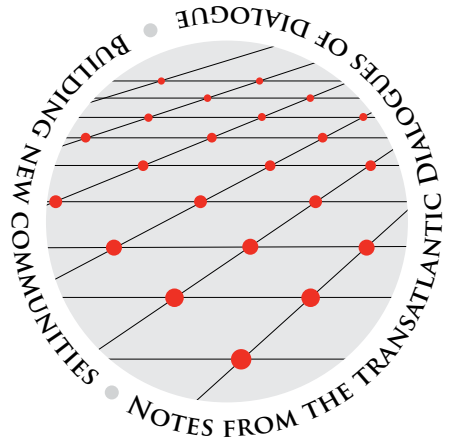


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Yannis Z. DROSSOS

Progressive Ideas for Global Relevance and of Universal Value



Key words

**Globalised Left – Intellectual frame for progressivism – Social discourse –
Prevailing values – Conjunction of politics and society**

Summary

The text discusses some randomly chosen points on issues in my view of foundational importance for the Left today. The first point is about the social basis of the Left in today's globalized world. The Leftist project is a product of the human intellect but not an exclusively intellectual construct. It is not just a set of noble ideas; it reflects social realities, tendencies and forces. If the Leftist project is the emancipatory project of the oppressed everywhere, then the Leftist forces should act accordingly and the Leftist discourse should be able to encompass all the oppressed everywhere in the world, in the developed world, but in the Third World as well, the immigrants, legal or "illegal", least developed countries etc. Progressive grass root movements and mostly European Leftist parties are important, but not enough to constitute the social basis of a globalized Left. Another point is the relation between the Left and the production. Usually the Left pays much more attention to the just distribution of wealth and less to the production of wealth. This abandons a vast political and ideological space to others. The next point is a political and institutional one: a Left project of global relevance should be able to advance a project of international governance in order to put at least the international financial and more general economic activity under political control, preferably under democratic political control reflecting the Leftist sets of values and social priorities.

This is not the paper I initially planned to present. My initial plan was to somehow pick out and bring up a selection of my good Leftist ideas of global relevance and universal value.

Thus, my presentation would be constructed around the theme of the struggle to install appropriate political structures for making, taking and implementing decisions of global impact and relevance and the proper global level. The need for global political governance on subjects like, e.g., the financial markets operating worldwide, or the environment would fall within this part of the discussion. Then I would try to reiterate the theme of the pursuit of fairness in the distribution of wealth and pain (a) worldwide, (b) internally in our polities and societies.

I had also planned to add some remarks on the Greek Left -more accurately: the various Greek Lefts at the time of the crisis, i.e. today. Not less than four with a clear perspective to enter the Parliament in the upcoming elections of 6th May 2012*: radical, moderate, conservative in their radically sounding wording or radical in their moderate looking acting. We Greeks are global these days. If the Greek sovereign debt – less than 1% of the global sovereign debt - creates such global fuss, why should not also the Greek Left be of less global importance?

Then I found that this is too intellectual an exercise for my taste: **Left project is, of course, a product of the human intellect as well, but not an exclusively intellectual construct.** In the words of one of the emblematic figures of the Left, Brecht,

*Ihr Herrn, die ihr uns lehrt wie brav man leben/ [...] Zuerst must ihr uns was zu fressen geben/
Dann koennt ihr reden: damit faengt es an/[...]/ Erst muss es moeglich sein auch armen Leute/
Vom grossen Brotlaib sich ihr Teil zu schneiden/[...] Erst kommt das Fressen, dann kommt die
Moral [...].*

So, also adhering to the climate of interaction sought in this colloquy, I will only contribute with some randomly chosen remarks on some of the subjects discussed in the papers presented.

A first one would be a question about the capacity in which we are holding the present discussion. Scholars discussing a subject matter? Participants of a shared cause debating on its perspectives – since it's about *Next Left*? If the latter, what, exactly, is the cause that unites us?



Further on, since we are talking about “the Next” Left, what and which is the previous one? Why do we need a next one? And if we need something “next”, why should it be a next “Left”?

In the lots of discussions about “the Left”, there is sometimes lack of clarity with regard to how Left is perceived. Is it just the adherence to values such as solidarity and equality? Such values have been professed also by the *Holy Bible* and *Holy Quran*. Or is the Left understood as the political expression of social forces, namely the forces of labor as contrasted to the forces of capital (more widely: of the forces of the exploited as contrasted to the forces of the exploiters), politically organized and mobilized in the direction of constructing a society founded on the core Leftist values?

Now, **if we admit that “the Left” is not just a set of ideas, but the expression of social realities, tendencies and priorities, how would this understanding find an application in the world today?** Are the millions of “illegal” immigrants a basis for the Left in our developed worlds? Are they also entitled, just as the working people in our developed societies, to a fair distribution of the global employment, unemployment and wealth? Are the poor countries, as a whole and not fragmented in tribes or classes or strata etc, e.g., in Africa, a social base for a global Left today? It is true that at least one of the Left’s major components, the Communist Left as conceived and shaped by the Soviet Union, came with ecumenical vocation and ambitions.

But is it true that “worldly” - if the world is understood as covering the whole universe - is enough to identify Left? In that sense, Christian religion has always been “worldly” and so is radical Islam trying to be.

And then: who is the Left in China? Bo Xilai, the strong, until a couple of days ago, international businessman and Communist leader in the Chinese province Chongqing maybe? Moreover: the late Brezhnev, a Leftist? The Muslim Brotherhood activists in Tahrir square? Chavez?

Taking fully into account that “the Left” is essentially a European product and tradition, it seems to me that in our discussion here we are too “First World” centered, if the term has still a meaning. And in this “First World” framework we are more centered in the Social Democratic expression of the Left and in the grass roots movements, mainly Occupy (passionately advocated by Michael Kennedy in his paper) and 15 May (magnificently presented in Baiocchi and Ganuza’s paper). Both movements are serious political factors and not to discuss them with the attention they deserve would be an unacceptable mistake. But it is not all, it should not be all.

Is the Left a positive force, subversive, but at the same time aiming to establish a new order of things? Is the seizure of power built in the practical essence of the Left at any case or is

the main challenge of the Left, and in particular of its most radical and subversive forces, is and has always been her encounter with production and economy political power.

the Left too frequently a rather discursive forum of well intentioned activists? Can a Left worthy of its name be only a force of protest, constituted around the defense of all sorts of good things, which are always denied by “them” but never implemented by “us”? In my feeling, the main challenge of the Left, and in particular of its most radical and subversive forces, is and has always been her encounter with:

- production and economy
- political power.

I will stay a little more in the subject of production and economy, leaving the subject of the ideological, political and historical relations between the political power and the Left for another occasion.

Mainly I will stick to one remark only: in Dr. Skrzypek’s excellent and very instructive comparative analysis of core values of Social Democracy – which is one, but very important part of the Left force today, only one out of the dozens of political parties under research includes sustainable development among its core values – the French PSF - and another one “sustainability”, the Dutch PvdA. For the rest the values are essentially around solidarity, equality, democracy. But to distribute what? And to achieve democracy, as wide and as participatory as possible, and even more, to do what?

It seems as if the production of wealth is of no major concern to several and by far not unimportant segments of the Left in our countries. It seems as if it is admitted that somebody else bears the main responsibility to produce the wealth while upon “us”, the Left, falls the task to fight for its fair distribution, in liberty, democratic freedom and fraternal solidarity. The rather rare contributions on that matter, such as the ones included in Professor Izigsohn’s or Professor Bazillier’s papers do not, in my view, alter this general picture, at least in the frames of our discussion here.

Let’s take a typical Leftist program. Mélenchon, the candidate of the Left Front in France. It’s all a tribute to a justified anger and anxiety of his perspective electorate through an escape from reality: Let’s redistribute wealth, let’s take back the power from the financial markets; ecological planning and so on. An extremely vague proposal to “produce differently” follows, where the emphasis lies in “differently” and not in “produce”. A more concrete programmatic package for the French Agriculture in combination with a new Common Agricultural Policy of the EU is proposed, which, if implemented, would be nothing less than the verdict of starvation for even more hundreds of millions of human beings in Africa and elsewhere.



The brutal austerity project in Europe, in the EU and the Eurozone in particular, advanced in the shadow of Germany as crafted by Chancellor Merkel with the assistance of *Président sortant* Sarkozy is heavily contested, disputed, challenged, both at conceptual and practical level. However, at least so far, it's not the projects of the organized Left that makes the headlines in the criticism of this mainstream in the European economic policies; more influential seem to be individual voices of people like Stiglitz or Krugman, both Americans.

Just not to forget: people like no less than Lenin had never reduced the goals of their Left to values, however noble or appealing. So did also people like Deng Hsiao-Ping, the founder of today's China. So did also the German Social Democrats after Bad Godesberg, in the late fifties.

The results of the different Lefts' encounter with power and economy are always open to discussion and criticism. My point is not about evaluating them. My point is to underline that, for the Left, not to face the issue of exercising power and conducting economy in its proper terms, real, factual and pragmatic, reduces the whole of "our" values in a possibly stimulating intellectual exercise and discursive endeavor, but impotent, and not able to lead "us" too far.

To put that in the example of the Left in Greece: Socialists, PASOK, have been put in the position to appear as probably the most ardent advocate of the austerity policy imposed to Greece by our Euro area partners and IMF in exchange for the restructuring and the bail outs of our sovereign debts. I do not agree at all with the austerity approach which we Greeks had to swallow *in persuasion and compulsion*. I strongly accept that radical changes are needed in the Greek polity, policy, economy and society, that there are many things that we Greeks, all of us, have to blame ourselves. But I do not feel that the measures adopted can in the long run bring sustainable results because they do not seem to open a way out of the vicious circle of austerity and recession. However, for us Greeks the main issue is our survival in the Euro-zone. Even the Communist Party, the only clearly anti-European political force of the country, has openly admitted – not loudly, it rather whispered it, but not less candidly- that until our glorious exit from the EU and until the people's power will be established, an exit from the euro would be disastrous for the working people. Now, since the austerity program we are have accepted was the only means offered to keep our Euro area perspective open, the PASOK government—here I will provocatively exaggerate - by accepting to implement these EU policies, did nothing more nor less than Lenin himself did, in the very early twenties, when he applied the famous "New Economic Policy" – a policy consisting in giving an important space to private economic operators to restore economy, otherwise there would be nothing for the Bolsheviks to exercise their power on.

For the rest the three main formations of the Left apart from PASOK – each one expecting

around a rather too optimistic 10% in the elections proclaimed for the 6th of May- simply run away from the problem. They seek refuge to values ***.

I don't question that ideas are a serious matter and are very seriously discussed. In the documents for our colloquy, for instance, important issues have been raised. I'll pick up one of them.

It is the idea of international governance. This idea comes in the form of prioritizing the need to put international financial actors under political control. It comes also in the form of enhancing the European political and institutional integration in order to escape from "Merkelism - Sarkozysm". The same idea appears also in the form of proposals to introduce credible national politics and strengthening the nation-state not to disintegrate globalization, but to become a really efficient actor in a globalized world, and serve the purposes of a successful response to the global financial crisis and the threat of catastrophic climate change – a response that cannot be found in unilateral action by national governments.

I don't think that the idea of international governance can be successfully and pragmatically discussed, if the distribution of the world's wealth will not be discussed very seriously as well. We cannot discuss a *Next Left* of global relevance without asking ourselves some very tough questions – such as: is the food I'm going eat for lunch at the cost of a human life or of a human dignity somewhere else? Does it make any sense to discuss international governance as a progressive project without the Left from places like India, China, from Brazil, Nigeria, Russia, or Syria?

To put it in another way: can the *Next Left* discuss all that really matters as seriously and as pragmatically as the global players who create the realities we don't like are discussing them, and act accordingly?

If not? Is it worthy to keep on? Well, I suppose yes, definitely yes. Apart from the remote topos of the realization of dreams, sometime somewhere, we have also a very concrete present to manage. Even the process of a continuous discussion on a continuously evolving and questioned reality, questioned however on the more stable ground of solid values and sensibilities (constant values and sensibilities, but evolving themselves as well), is, I think, worthy. Even if the future might not see us in the way we see ourselves – or hope to be seen by others-, it's still worthy to set a good cause to live in and to fight for. For myself, since *rosa pristina nomine; nomina nuda tenemus*, the name of the rose is "Left". Otherwise I wouldn't be part of this discussion.



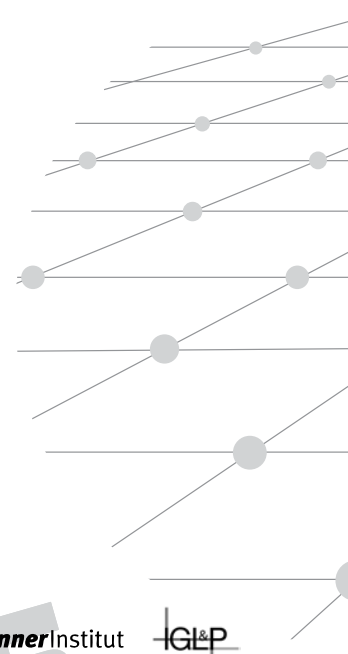
Endnotes

* This presentation took place on April 12th, about a month before the elections of May 6th 2012. The electoral results have given a political landscape quite different from the one given by polls and estimations at the time of the presentation. The electoral results of 6th May 2012 are the following: New Democracy Party (conservative party, former main opposition party) 18,85% and 108 parliamentary seats, Syriza (radical Leftist coalition) 16,78% and 25 seats, PASOK (Socialist former majority party) 13,18% and 41 seats, Independent Greeks (populist right, essentially splinter party of New Democracy) 10,60%, Communist Party of Greece (traditional anti-European pro Soviet legacy party) 8,48% and 26 seats, Golden Dawn (extreme right 6,97% and 21 seats), Democratic Left (splinter party form Syriza, with clear pro Europe and pro euro positions, but hostile to the austerity measures imposed for the bail out of Greek practically defaulted sovereign debt). 19,03% of the votes went to parties that could not reach the threshold of 3% needed to enter the Parliament, among which the Green party with 2,93% of the votes and Antarsya, an extreme Left formation with 1,2% of the votes. The electoral participation was 65,1 % of the 9,949,401 registered voters. Discussing the situation in Greece after the outburst of her initially financial and then more generalized crisis is not part of this discussion. I have a rough description and some elements of analysis regarding the Greek crisis, in Yiannis Z. Drossos, Greece. The sovereignty of the Debt, the Sovereigns over the Debts and some Reflections on Law, posted on the website of Institute for Global Law and Policy of Harvard Law School (IGLP), Working paper series, 2011/#7 as well as in my (yet unpublished text), Yesterday, presented and electronically distributed at the workshop "New European Legal Project: New Approaches", organized by IGLP and IDEE of CEU of San Pablo University at Harvard Law School on April 13th, 2012. I have no doubt that IGLP can make it available to whomever might have some interest in it.

** N.b.: it's high time we start getting accustomed with the names of the Chinese provinces. Chongqing, for instance, has no less importance for the selection of the future leadership of China –with whatever implications the selection of the future leadership of China may have for the rest of the world- than Florida for George W. Bush.

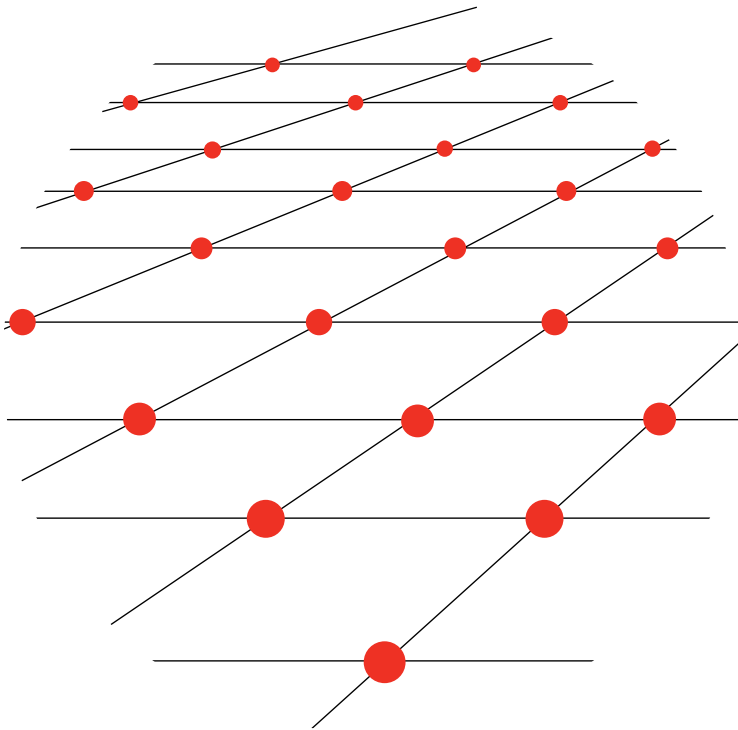
*** The electoral results, already mentioned in a previous footnote, have prove this assessment of mine only partially correct, but, the important electoral score and political victory of of Syriza, the sister-party to Mélenchon's Parti de gauche and Gizi's and Lafontain's Die Linke have make this assessment of mine politically incorrect. However, the obvious reluctance, if not clear the denial or ever atavistic fear of the upcoming Leftist parties to excersise power rather so far seem to prove my point that for important segments of the existing Left is in general easier to fight against than to fight for.

BUILDING
NEW
POLITICIES



**BUILDING
NEW
COMMUNITI**

A New Cosmopolitan Movement



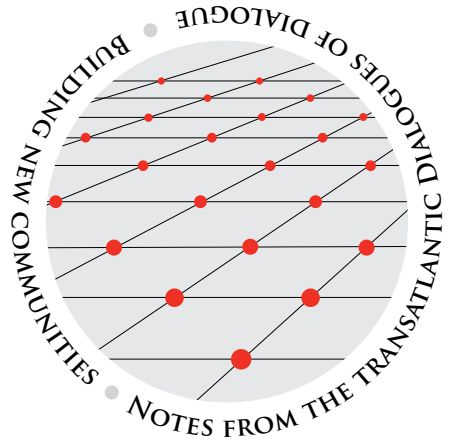
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Patrick DIAMOND

National and Global Governance in Crisis: Towards a Cosmopolitan Social Democracy?



Key words

**Europe – Globalization – Social democracy – Cosmopolitanism –
Multi-tiered governance**

Summary

The centre-left must come to terms with the limits of 'social democracy in one country' given the context of globalisation and liberalisation in the world economy. More recently, 'Europeanization' and 'nationalisation' have been counter posed as competing alternatives. However, there are critics on both sides who argue that the erosion of nation-state capacity has been greatly exaggerated (Sorenson, 2004). There are others who suggest that reconstituting the nation-state remains a core challenge for social democratic politics (Hattersley and Hickson, 2011). This chapter argues that in considering the future of liberal democracy and the fate of contemporary politics, social democrats need to address the internationalisation of society and the economy without conceding the retreat of the state.

The centre-left must come to terms with the limits of 'social democracy in one country' in the given context of the globalisation and liberalisation of the world economy. More recently times, 'Europeanization' and 'nationalisation' have been counter posed as competing alternatives. However there are critics on both sides who argue that the erosion of the capacity nation-state capacity has been greatly exaggerated (Sorenson, 2004), there are other commentators who suggest that reconstituting the nation-state remains a core challenge for social democratic politics (Hattersley and Hickson, 2011).

This chapter argues that in considering the future of liberal democracy and the fate of contemporary politics, **social democrats need to address the internationalisation of society and the economy without conceding the retreat of the state**. As Andrew Gamble, Professor of Politics at the University of Cambridge has suggested, *national* social democracy is the foundation on which a *European* and *global* social democracy will be built (Gamble, 2008). This should not imply however that transnational social democracy ought simply to replicate national social democracy – many institutions and ideas will need to be different.

In order for global governance and global social democracy to be credible, national politics and the nation-state will need to be 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 for the nation-state. It is mistaken to abandon national political action in favour of global political action, as earlier theorists such as Martin Albrow (1996) and Susan Strange (1997) implied. The vibrancy and capacity of the global polity is dependent on embedding norms of democratic participation and accountability at the national level. However, these are under increasing challenge in much of the industrialised world.

The task for social democrats is to widen the interventionist and developmental capacities of national governments, while strengthening and embedding the arena of global politics. These are two sides of the same coin: a global polity will not be created if national politics remains largely weak and fragmented. At the same time, national governments will struggle to produce meaningful solutions for citizens without the capacity to act on a European, international and global scale. Indeed, it remains unlikely that core social democratic principles such as social justice can be fulfilled unless social democracy can act both at the national and international level.



The focus of this synoptic paper is what is necessary to revive faith in national politics and national governmental action; the case for the global polity and global institutions is considered elsewhere (Gamble, 2008 - Held, 2004). 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;
- The rise of expertise, technocracy and depoliticisation which threatens to undermine the basis of participative democracy, withdrawing key issues and debates from democratic deliberation (Gamble, 2008).

Before turning to each of these challenges, it is important to briefly consider the 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 were broadly 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 socialism and social democracy inherited from Marx and 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.

After the First World War, social democracy became largely *national* in character. The impact of the war was to reinforce national identity and sentiments of belonging and chauvinism, both among both the working-class and the ruling class of Western Europe. The collapse of the liberal economic order that culminated in 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 (Gamble, 2008). 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 public goods and regulate the national economy.

Of course, the notion that there has ever been a pure form of social democracy in one country is highly questionable – historically, states have long been interdependent and intertwined (Sorenson, 2004). No state throughout history has ever been entirely free of international pressures and obligations, as evidenced by debates stretching back to the 15th century about the role of national currencies and the relative merits of free trade, mercantilism and national protectionism. Since the 1970s, the impact of global forces appeared to intensify as the result of the globalisation of production, the creation of a global labour market, and the increase in migration potentially eroding 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, overseen by national political elites 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 catastrophic climate change will not be found in unilateral action by national governments. Crudely put, global problems increasingly demand global, transnational solutions.

The development of a global polity requires the embedding of norms of constitutional government. 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 much accountability or scrutiny. At the same time, national democracies are under increasing strain, and are less able than ever to meet the challenges of being representative, responsible, and participative (Gamble, 2008). Citizen disengagement is widespread and is growing with many different manifestations and consequences. One particular 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 this paper argues that social democrats cannot think in more transnational and cosmopolitan terms in the global polity without engaging with problems that threaten national social democracy, in particular citizen disengagement, loss of accountability, and depoliticisation. The crisis of trust, legitimacy and accountability cannot be solved by simply turning away from domestic politics. However, national politics will not be strengthened merely by undermining European



and global institutions. The interdependent nature of the domestic and international arenas has to be better understood. The following section addresses each of these challenges in turn.

Citizen disengagement

The declining participation of citizens in formal politics is a long-term trend 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 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 than ever seem interested in formal politics based on traditional parties and electoral competition. The traditional ideological polarisation of politics has been replaced by a form of political deliberation that is increasingly about brand, style and personality – further exacerbated by the media reporting of politics in many countries. The media acts as the intermediary between voters, politicians and national governments, but often appears to encourage only apathy and disillusionment (Stoker, 2004).

The arguments for the decline of democratic institutions and democratic politics are wide-ranging and ought not to be exaggerated. There are trends and counter-trends, and it is 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 process (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 (Peters, 2000). 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 onto other tiers of the state, which fuels even greater cynicism about democracy and the efficacy

of the system of government. The European Union (EU) has often been the target here, but national politicians have failed to register 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 and in whose interests. Institutions such as the European Commission, the European Court of Justice, and the World Trade Organisation apparently constrain what national politicians can 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 constrain. On entering government, newly elected Ministers find that they 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 regulate the national economy. However, 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 relates to the rise of complexity, which threatens to undermine participative politics altogether by taking decisions out of the sphere of democratic deliberation. This has encouraged the development of managerial and technocratic politics both nationally and globally, over which citizens often appear to have 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 problems – leaving voters even more concerned and confused.

The response of many governments has been to further ‘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 often difficult to distinguish between political 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 ideological choices left in politics, and that many outcomes are pre-ordained. Nothing



could do more to alienate citizens from the arenas of democratic politics and democratic deliberation.

Conclusion

It needs to be remembered that political systems are highly resilient and ever changing. The issues referred to in this paper offer a multitude of opportunities to strengthen national and global politics, rather than threatening the 'end of Western democracy'. There are many trends and counter-trends, and it is mistaken to extrapolate from a relatively brief period of change. The doomsayers who predict the continual erosion and atrophy of civil society have somewhat overstated their case.

Nonetheless, there are undoubtedly serious issues and problems to be confronted. Social democrats in particular have much to lose if the corrosive loss of faith in politics is not addressed, since collective solutions to society's problems are only possible through effective and accountable *democratic* institutions. The central claim of the paper is that *national* social democracy is the institutional platform on which a vibrant and accountable *European* and *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 foreordained. We can shape the destiny of our societies, instead of remaining the victims of circumstances beyond our collective control.

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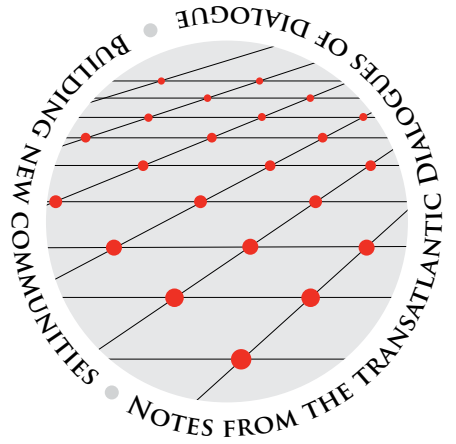
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Michael D. KENNEDY

The *Next Left* and its Social Movements



Key words

**Social Movements – Occupy Wall Street – Inequality – Internet –
Civi-Digital Society**

Summary

Mobilizations over the last year – especially those supporting internet freedom and those challenging inequality – invite change in the electorally engaged left's articulation of the world's transformations. By conceiving the *Next Left* as a field of affinities rather than exclusively through the lens of particular political parties, mobilizations in opposition to ACTA across Europe in 2012 alongside Occupy Wall Street and its movement kin become critical allies in both policy and politics. These and other movements help to channel the politics of affect in progressive fashion, by refashioning a proper sense of property and the accountability for 21st century on the one hand, and by elevating the importance of publics in politics, on the other.

Mobilizations over the last year – especially those supporting internet freedom and those challenging inequality - invite change in the electorally engaged left’s articulation of the world’s transformations, but only if that left allows those movements to rearticulate old dilemmas. The title of this volume is, therefore, most appropriate, for **the Next Left will only be really different if its sense of community engages these new movements as part of its own web of affinities.**

Recurrent Dilemmas of the Left

Immanuel Wallerstein recently rearticulated classic dilemmas facing the left around elections and development. With regard to the first, he is right to emphasize the importance of overcoming divisions between those who, on the one hand, resist the compromise and systemic legitimization electoral participation makes and those who, on the other, embrace it either to realize the pragmatic win, or to extend symbolic contest within the electoral process. Likewise, the familiar opposition between the “developmentalist” left focused on economic growth with fairer redistribution and an alternative left attending more to changes in values and orientations that lead to ecologically and socially sustainable modes of change need be diminished in order to develop a more robust left. Elsewhere, Wallerstein refashions these dilemmas in world historical time.

Especially after 1968, the ease with which states and parties were seen as the prize and the source for addressing inequality and injustice faded, to be replaced with a new focus on the articulation of anti-systemic movements: Maoist, Green, human rights and anti-globalization – finding their meaningful assemblage in the World Social Forum. Here, instead of beginning with an actually existing left organized principally through parties, one begins with the character of opposition and looks to the rearticulation of their assemblage for the meaning of an emergent, if not yet codified, left.

Both of these classic left dilemmas deserve rethinking given recent global and intellectual transformations, for the left, if it is to do more than take advantage of voter disillusionment with neoliberalism, has a **profound opportunity to find synergies with new mobilizations and press forward transformations of policy and practice to realize not only the classical goal of greater equality, but a new sense of property based on the emerging possibilities**



enabled by the radical transformation in information and communication technologies. The mobilization against ACTA in particular anticipates a new kind of politics of which the *Next Left* should be part.

Civi-Digital Society and the Next Left

Following the USA, Japan and others, on January 26, 2012, representatives of most of the European Union's countries, as well as the European Commission's representative, signed the Anti Counterfeiting Treaty Agreement (ACTA). After earlier contests over kin legislation, most in the know expected electronic protest of some sort. In the USA, for example, Wikipedia went dark on January 18, 2012, to challenge the Stop Online Piracy Act in the US House and Protect Intellectual Property Act in the Senate. But the European protests against ACTA went far beyond what happened in the USA. And this mobilization has gone far beyond what most of those promoting ACTA and other elaborations of intellectual property revisions anticipated.

Most thought these disputes would be business world battles over how to define intellectual property, with content providers and internet service providers taking the lead opposing positions in the contest. But it became something quite different, redefined as a contest over threats to freedom and the conditions of creativity in a digital world. What one might call "civi-digital society" hit the fiber networks and streets across Poland. A few weeks later, on February 11, more than 30,000 people across more than 100 cities of the European Union marched to demand that their fundamental rights stay protected, and that their interests as citizens take precedence over the rights of content providers worried about losing money due to copyright infringement.

While the different Pirate parties might readily stand with this mobilization, and benefit politically by it, various liberal and left political parties in the European Parliament have followed that mobilization to move against ACTA, focusing primarily on questions of democracy, transparency, and rights. And it appears at the time of this writing, that while ACTA is not officially dead in Europe, European Commission Vice President responsible for the digital agenda, Neelie Kroes, has recently anticipated such, and in that statement, acknowledged its defeat by a "strong new political voice".

It would be a pity if this movement's unanticipated mobilization became only a new element with which compromises must be found in fashioning internet legislation. There is far greater opportunity at hand than to defend existing rights and practices within a world defined by procedural rationality and existing political institutions. After hours of actual and virtual public discussion, Donald Tusk, Poland's prime minister whose party was part of the European alliance that led on ACTA, declared that the "concept of property rights – the

Internet has turned this traditional reality upside down". By drawing on refined policy documents a new political vision could mobilize civi-digital society across Europe, and the world, not only to defend what exists, but to develop a vision of the future that reframes the relationship between property and the public good. The mobilization against ACTA has shown that popular mobilization, in alliance with new business models, has made traditional defenders of property rights an anachronism. The *Next Left* should be in the forefront of property's redefinition, and learn from civi-digital society. But civi-digital society could also learn from the *Next Left*.

There is already a powerful emergent identification around this anti-ACTA mobilization. "Web-Kids" reflects a European movement that might wear the Guy Fawkes mask as a symbol, but could dig deeper in its challenge to those who define injustice. This is already potentially a part of the anti-ACTA movement, especially to the extent that this was not only a mobilization against constraints on private file sharing but also protest against the ways in which this legislation risks access to generic drugs and public health in poorer regions. The *Next Left* itself needs to dig deeper anyway, and it can start with the occupy movement and its kin.

The Significance of the Occupy Movement

While many on the electoral left can appreciate the significance of the anti-ACTA movement, given the ways in which its mobilization can affect both polls and policies, many in Europe still dismiss the Occupy movement and its kin as populist and ephemeral reflecting, in part, the ways in which the movement itself views the electoral left as hopelessly compromised by its participation in conventional politics. Both sides are right and both conclusions are right, which should change our sense of the *Next Left*. And here I turn away from Europe back to my native United States to reflect on the significance of Occupy Wall Street and its extensions, and thus spend a bit more time talking about the movement given the many misunderstandings that seem to abound.

Fortunately, a sociologist and veteran of movements symbolized by 1968 has just published the first substantial intellectual engagement of Occupy. And, for this volume, it is most appropriate to begin with Todd Gitlin's sense of the relationship between conventional politics and movement politics:

To put it crudely, movements are energy and parties are mass – at best engines, at worst tombstones. Energy and engines need each other but operate under divergent principles. Movements tend toward horizontality and parties run hierarchically. Careers and rewards in parties are drastically different from careers and rewards in movements. Movements must



confront marginality but parties must confront corruption. Movements attract the unruly, parties the manipulative, and grand awakenings some of the most fervent and impractical of all. This is not necessarily because any of the protagonists are wicked. But these two very different social phenomena do tend to attract different types of individuals and then sharpen the differences between them. If the divergent tendencies are to hold together in fruitful rather than destructive tension, despite the centrifugal forces, there must be actions that all can agree on and participate in, actions that look like winners for all, that speak clearly to the 99 percent about the movement's direction, that declare that it stands beside the supermajority against the warping of American life by big money.

This notion of the 99% is key. Gitlin captures the power of the 1%/99% formulation:

Couching the issue this way was a stroke of messaging genius, since it turned the tables on right-wingers who insisted that any campaign for economic justice and progressive taxation amounted to class warfare. If the 1 percent were responsible for rampant inequality, then the status quo was not warfare at all, but a rout.

Although there were, at times, thousands living in the Park, the discursive shift effected by the Occupy Movement suggests the difference Gitlin, like most movement theorists, would emphasize: one should distinguish between the inner core and outer rings of any movement, especially of Occupy, whose exterior rings included potential supporters like the lobby Move-On, trade unions, and progressives in electoral politics.

The Rings of the Occupy Movement

The inner movement of Occupy Wall Street and its extensions elsewhere developed their own community, with their own local culture and rituals. Occupy has developed a new sense of what it means to be effective, resisting articulation with the world as it exists, refusing to play by the rules that have led to the rout of the 99% by the 1%. Gitlin gets it:

Occupy does not want to be mainstream. It is, at its core, an outsider movement, deeply committed to a radical departure from political norms. That is its identity, an identity only reinforced by its early flush of success. And such success imposes burdens. Success? Is it reasonable to speak of success when the plutocracy prevails, when big money still dominates official politics, when the investment banks and their executives thrive with impunity under minimal regulation, when corporate power still rules markets and melts icecaps? Despite a world of change it has not achieved, the movement can still take a certain success to heart – can feel success – even if, at some level, it still disbelieves what it has wrought. It burst out of nowhere. Its interior bonds, many of them, are intense. Enough of its inner life satisfies enough

of its inner core. Arrests, and the insults and injuries meted out by the police and their ideological cheering squads, consolidate bonds. If the working groups and decision-making structures are only intermittently functional, they have created a sort of way of life. However outlandish that way of life may look to traditionalist outsiders, outlandishness is – to the core – proof that they are authentically resistant.

This inner core is not just a simple expression of a way of being. It represents its own intellectuality, struggling to find authentic resistance in a world whose rules and resources can be overwhelming. But it's not just resistance that is distinctive.

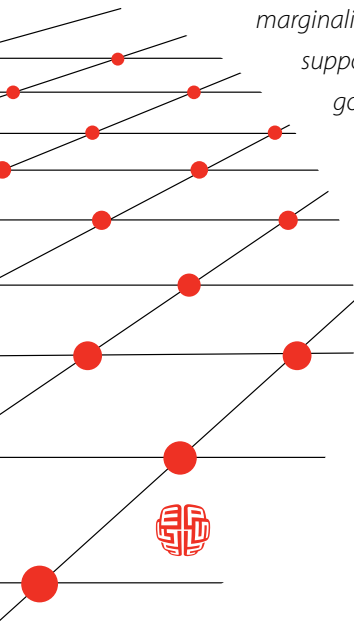
The movement's core radicals were remarkably diverse, and even eclectic, but Gitlin found their commitment to non-violence foundational. Indeed, I think he is right to argue that this non-violence may have well been the movement's most effective posture, realized through peer pressure, and rooted not just in strategy, but in a genuine spirit that was always, potentially, at risk. The knowledgeable foundations for this non-violence deserve further study even with Gitlin's important contributions. **Too often the non-violence of social movements is treated as simply rational, or an expression of some popular will, rather than a reasoned and reflexive recognition of a movement's relation to power.** Moving beyond its inner core, the movement's relationship to electoral politics is critical to examine.

Gitlin's account of the relationship between the lobbying organization Move On and the Occupy movement illuminates. While on the one hand, the organization supported, or used, the movement's radical critique, the movement distrusted the lobby "the way social democrats once fretted about the many-tentacled Communist Party." Further,

From a certain point of view, MoveOn's aid threatened the integrity of the horizontally organized community. That kind of success was corrosive. Recognition was a certificate of legitimacy from authorities who did not deserve their authority. The movement thrived on a sense of beautiful marginality, but rapture was attached to a sense of vulnerability, for it was good to be supported but bad to be trendy. It was good to be sought after, bad to be captive. It was good to be a community banded together in warm solidarity, bad to be smothered by hypocrites.

Occupy's inner core is not wrong. Gitlin recognizes this, when he writes:

If the last decades have demonstrated anything – indeed, if the history of American capitalism demonstrates anything – it is that the social arrangement known by the God-term the market is perfectly content with vast inequalities. As for the political class, its reliance on big money inhibits, if it does not outright extinguish, whatever reform impulses well up from time to time. Given the power of money in politics, the political class is too interlocked with lobbyists,



Wall Street, and the rest of the corporate galaxy to care enough to take the political risks. Democratic vitality is both the prerequisite and the outcome of a continuing mobilization to make the conditions of life more decent and fair.

Occupy recognizes this dilemma of cooptation in its theory and practice, in its entire multitude. It struggles to develop ever more innovative practices to inspire new recruits and remind those beyond, symbolically, of the character of the struggle. They also work to find direct ways, beyond changes in policies, to affect lives. This was most notable in the movement around lost housing; through a “movement of repossession, deforeclosure, and housing occupation” (Occupy sought to) find new ways to show their consequence.

Those primarily concerned with parties can learn from some of the more effective engagements by political figures. Massachusetts candidate for Senate, Elizabeth Warren, has managed this relationship relatively well, emphasizing the ways in which broader goals, if not tactics, align. President Obama, however, might be the greatest exemplar for the electorally ambitious. He said:

A lot of the folks who've been down in New York and all across the country in the Occupy movement, there is a profound sense of frustration, a profound sense of frustration about the fact that the essence of the American Dream . . . feels like it's slipping away. . . . [F]amilies like yours, young people like the ones here today – including the ones who were just chanting at me – you're the reason that I ran for office in the first place.

As one would expect, the more pragmatic sides of movement politics have also taken off in this wake. One such group has recently called for a week of training in non violent action with very specific policy ambitions in mind. What Gitlin has to offer, however, is less focused on those who would seek electoral success, and more for those focused on movements expanding the range of the possible. He writes about these times, enhanced by the wisdom of his experience some 45 years ago:

doors have been flung open, because this kind of talk is now possible – is a necessary, but far from sufficient, condition for accomplishing fundamental reform or making radical change. Just so, the movements of the sixties produced major cultural and political changes, advanced the democratic project in countless ways, but their radical potential was blunted and at times reversed by sloppy thinking, reckless posturing, and mindless violence that played into the hands of our adversaries. In the grip of furies, some of the most passionate activists did not seize the moment – to consolidate and to think – but were seized by the moment, by its incandescence and wildness, in the belief that by sheer force of will, with the aid of magical incantations that they mistook for revolutionary guides, they could bull their way through weakness and uncertainty.

It is important to remember 1968 as we anticipate 2012 and beyond. But it is also important to think beyond our electorates.

Occupy Beyond the USA

The Occupy Movement is not, of course, limited to the USA. There are movements that very much resemble Occupy Wall Street across the world, with Occupy LSX in London being the most obvious given their common protest at the core of world financial powers. But **Occupy is more than a movement of resemblance, and might, in fact, mobilize through a politics of recognition appreciation for how occupy movements struggle over very particular local contests even as they struggle to recognize their implication in global chains of inequality and injustice.** To illustrate, one might compare briefly two movements with which Occupy Wall Street has identified explicitly.

The Spanish *Indignados* movement, also known as 15M, is frequently identified as a kindred spirit preceding and occurring with Occupy. Although identified with May 15, 2011 for its founding moment, that movement built on preceding mobilizations and planning three months earlier, organized around a vision of politics that opposed politicians of all sorts for their distance from everyday life. With Occupy's global takeoff, 15M has become more self-consciously identified with the global occupy movement.

Of course the mobilization in Tahrir Square has been the most recognizable global precedent for OWS. Even beyond resemblance, Egyptian activists in particular have connected with Occupy Wall Street not just symbolically, but physically and strategically in order to figure how the recognition of difference and variable implication in chains of inequality and injustice might turn symbolic solidarity into consequential solidarity.

I am working to elaborate what the sociological cosmopolitanism of a worldly left would look like in light of this new articulation of movements, but that challenge for the *Next Left* is even more substantial. That means moving beyond electorates into the complex relationship between nationally and globally progressive politics. It's enough for now to conclude with a few reflections on the regionally delimited challenge of the *Next Left* and its social movements.

The Next Left and Its Social Movements

The mobilization of civi-digital society across Europe heralds a new era of social movement mobilization, linking electronic and actual protest in new and effective ways. Most people recognize that, but too few recognize the potentials in this movement for the



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Next Left. That is, in part, because pirate parties can readily identify wholly with the movement, and liberals can easily identify with the claims of freedom in that movement, and all democrats can identify with the movement's protests against the lack of transparency in negotiating trade agreements like ACTA. But the *Next Left* is not there like it should be.

It's not easy for a left defined primarily by equality to find its place in the mobilization of civi-digital society, especially when its leading internet service providers emphasize that the problem rests in Europe's over-regulation, suffocating the forces of innovation. But that is why the *Next Left* must engage the electronic world more than it has, for should be identified with the future, and not only the traditions of its own past. It must

engage the forces and relations of electronic and not only actual production defining the 21st century. At the same time, **for the *Next Left* to lose its commitment to equality is to lose its very soul.**

The occupy movement and its kin are part of that soul. And like many souls, it's not always pure, nor something with which one can wholly identify. At the same time, this movement is the first to express directly and vividly for a long time that there is something desperately wrong with the concentration of power and privilege in the hands of the 1%. With its commitment to non-violence and to inclusion, this movement has offered an alternative politics of affect, a different way to channel the frustrations and anger of so many in this financial crisis, and to channel it away from a xenophobic politics of hate, and toward a new kind of class contest that finds solutions in claims of justice for all. It is up to political parties to refashion the mechanisms that express that claim, or else be identified with the 1% that is the problem.

Taken together, these two movements, **drawing on somewhat different social forces, represent a new field of politics, and in this sense, we do return to 1968. Once more, there is a chance to rearticulate the meaning of the left in the assemblage of forces seeking greater equality, justice, freedom, and recognition of and respect for difference.** That is the *Next Left*, or there is no left worthy of the name.

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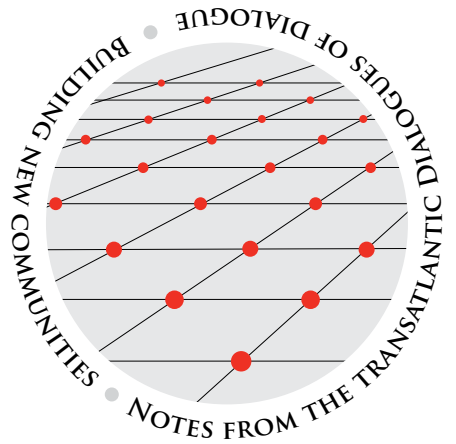
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Gianpaolo BAIOCCHI & Ernesto GANUZA

Politics without Banners

The Spanish Indignados' experiment in direct democracy



Key words

**Indignados – Occupy Wall Street – Social movements –
Direct democracy – New political models**

Summary

This paper discusses the origins and development of the 15-M movement of Spain, also known as the Indignados. This loosely organized and bottom-up, mobilization for the renewal of democracy at one point drew up to 8% of the Spanish population and garnered significant support beyond party lines and much beyond usual social movement constituencies. We discuss it as a new model of political action, one that breaks with the concept of representation and challenges the hierarchical and institutionalized modes of political parties and unions.

On October 15th, Irache, a public school philosophy teacher in her 30s, marched through Madrid with 200,000 others. A former student activist and a consistent voter for the far left – someone ideologically predisposed to alternative politics – Irache was probably more of an exception than the rule at the march.

The march, planned for the global day of protest, was an event of a movement that has become known as 15M, or the *indignados*. **The movement has the broad support of the Spanish public on both the right and left (73% in recent polls), and participants and organizers consistently report that at assemblies, “not just movement activists,” “regular people” and “first time” protestors are deeply involved.** Or as Irache said that day, part of what was inspiring was that “the crowd that day came from all walks of life in the city.” Indeed, among the protestors there were young, old, families, teachers, and retirees in the crowd.

The Occupy movement and other peaceful demonstrations around the world, its demand for direct democracy offers a distinct – and more profound – challenge to traditional politics, and thus invites us to rethink some traditional elements of politics and protest.

The six-hour march past the city’s financial and tourist center to the iconic *Puerta del Sol* was animated by chants that the *indignados* have become known for: “if we can’t dream you won’t sleep,” “they don’t represent us,” and the crowd favorite, “these are our weapons” (lifting hands in the air, the sign of agreement at assemblies). At the plaza, there was an assembly, where we all sat down, presumably to have a group discussion.

Along the way there were more strollers than police and, strikingly, for North American eyes anyway, **no banners. True to the principles of 15M, almost no one came with signs representing political parties, unions, or organized groups.** The only exception were the green t-shirts of *Mancha Verde*, the “green stain,” an ad hoc movement of teachers and students to defend public education against drastic cutbacks, and this, Irache assured us, was as support activity to coincide with the protest, and not part of 15M itself.

The lack of banners reflects something profoundly new about the Indignados. As a movement, it has been a challenge to



traditional political actors – political parties, civic associations, unions. It also claims universal protest – 8 million people claim that they have participated in some 15M event – and has broken the barrier between militants and citizens. While shares principles of nonviolence and nonpartisanship with the Occupy movement and other peaceful demonstrations around the world, its demand for direct democracy offers a distinct – and more profound – challenge to traditional politics, and thus invites us to rethink some traditional elements of politics and protest.

Taking the square.

The 15M evolved from a group that coalesced around an internet-based manifesto, the *Democracia Real Ya*, to something much larger and more diffuse. The mobilization began on May 15 2011, when about 20,000 people gathered in Puerta del Sol. But the planning started three months before that, on a Sunday night in the middle of February, when a group of about ten people who had met first online gathered in a Madrid bar. The purpose of the meeting had been to put faces to names (and handles) of a group of people who had been actively exchanging opinions online about the political and economic situation in Spain. The meeting in a bar in Madrid ended with both a slogan (“Real Democracy Now: We are not goods in the hands of politicians and bankers”) and the proposal for a demonstration the week before the municipal elections of May 22.

From that evening through May, the organizers of the would-be demonstration searched to enroll allies for the event. They were, as they first presented themselves on March 1st, “activists and representatives of groups, blogs and platforms.” The March 1st pronouncement listed many groups that had an established online and offline presence, like *Attac*, *Anonymous*, *Do not Vote them*, and *Youth Without a Future*, and some lesser-known groups well. A week later, *Democracia Real Ya*, or Real Democracy Now (hereafter DRY), opens an account on YouTube and uploads a video with explanations of mobilization. On the 11th, this was followed by a Facebook page and Twitter account.

Though unemployment and fair housing were targeted, the main message emerged was not the economic crisis as much as the breakdown of the accountability of politicians: “they do not represent us”. They exclaimed loud and clear that the political system did not take into account the interests of citizens, and how it worked.

To some commentators on the left, this wasn’t a radical message, or anti-systemic enough. And up until that May 15, DRY for most Spaniards was the image and voice of outraged Spain. It was a new social movement, or rather, a movement of movements, that spoke to the disaffection of citizens in a moment of crisis. Over 500 organizations and movements

supported the event, though DRY rejected official collaboration with any political party, union, or any other expression of “institutionalized political ideology.”

But what happened after May 15 was something completely different that neither members of DRY nor members of social movements that took part that day had been able to predict.

#acampadosol: Enter a new political subject.

When participants started to return home from the *Puerta del Sol* after the successful May 15 demonstration, a small group of people (about 50) decided to stay. By midnight, this group had dwindled to just over 20. After an ad hoc meeting, they decided to spend the night in the square. Most of the holdouts did not belong to any social movement; they were not seasoned activists, were not even members of DRY. They stayed because they were “tired of demonstrations which finish happily and then nothing”, “they use our voices and then what!” They wanted to continue the protest.

A physics Ph.D student acted as moderator for the group discussions, and a 28-year old journalist acted as spokesperson for the group to the police who wanted them out. They managed to stay in the square until the next morning in exchange for guaranteeing the police that they were not going to riot, or disturb the peace. They organized themselves into small committees to look for cartons around, to serve as makeshift mattresses, others sought food for dinner. A smartphone carried by one of the protesters was used to let others know about the occupation, with #acampadosol as the Twitter address.

On Monday morning the police chased them out, but messages on Twitter and Facebook called for another sleepover that night. Nearly 200 people attended. The police forcefully removed the occupiers before midnight. People returned, in increasing numbers, so that by Wednesday almost a thousand people camped out. A judicial injunction against the encampment was issued by the city’s Electoral Board, which only catalyzed the movement further. By Thursday the numbers had increased again and the first tents appeared. Other cities in Spain followed suit so that protesters camped in the *Plaza de Catalunya* in Barcelona, in Seville in the *Plaza de las Setas*. By Friday the 20th, there were over 10,000 people in the *Puerta del Sol*, and many more came on Saturday the 21st to express solidarity with the “campers.” About additional 20,000 people spent the day preventing the police removal and shouting the now-iconic slogans of 15M: “They don’t represent us!” “We are not merchandise in the hands of politicians and bankers!”

It was also on Saturday that newspapers begun to report with some bewilderment about #acampadosol. If the protest on the 15th of May had been a well-organized event, over the



week the *acampados* had become something else, a completely new movement, raising wildly heterogeneous support from country's citizenry.

No parties, no banners, no identity?

What emerged as the central organizing principle of *#acampadosol* is "individual participation." It reflects, on one hand, its participatory ethos: everyone is expected to participate actively in all aspects of the group. But it also rejects the principle of representation itself. Whether an individual belongs to a group or organization, whatever their ideology, within *#acampadosol*, individuals do not speak for groups or collectives.

Urban centers in Spain are filled with networks and organizations that articulate very diverse interests within what we might think of as a progressive umbrella: housing occupations, environmental movements, global solidarity networks, working class organizations, anarchist groups, feminist collectives, among others. Up until now, broader social justice work has consisted of suturing together often-fragile coalitions, assuring the right mix of representation at events and facing the usual controversies that come with this territory.

#acampadosol, has broken with that logic. Any public expression of the encampment is the same: no representation of any groups or specific interests. All decisions that affect the group are accepted by all. **The encampment understood itself as a new form of politics, a reconquest of public space, and a radical questioning the political status quo.**

In its first week of life, just after the first demonstration, the campers were faced with various groups – unions, neighborhood associations, social movements – that wanted to express themselves as groups at the assemblies that were held every day at 8pm at Puerta del Sol. But the group consistently rejected these proposals. The 15M addresses "society as a whole," say some of the campers. It "has nothing to do with the defense of a certain interest, or with the image of one or other sector."

For example, a banner with feminist slogans was taken down in the first week, a launching a hugely controversial debate echoing still on the internet. But the removal of the banner was not planned as an anti-feminist act. All other banners were taken down: banners of trade unions, groups of anarchists, communists, and of social movements, *including DRY itself*. Any slogan that identified the assemblies of the *acampados* with any group identity was disavowed a reflection of the group's political strategy and self-understanding of its principles: no banners, no representation, no specialfic interests.

Another novelty is the degree of openness and respectfulness with which 15M operates. All newcomers are welcome and all meeting minutes are public. Everyone is entitled to speak

at every assembly, and bound by the same rules. The deliberative practices are by now well-known, as are the strict codes that police discourse and maintain it civil. Shouting, insulting, and speaking of enemies are forbidden. If someone speaks loudly, the moderator will remind her that she has to be fair and she has to respect others' proposals and ideas. No one is allowed to talk for long; the assemblies always start with an agenda and an end time.

Urban social movements in Madrid and elsewhere in Spain have given the 15M an ambivalent reception. Its rejection of banners and its extremely civil mode – both viewed as potentially “reformist” – has aroused suspicion. But the movement's popularity has deflected open criticism. Other activists recognize that the 15M high degree of mobilization offers an opportunity. An activist from a collective social center commented, “If we leave the ghetto, the 15M can help us express our goals and learn a new way to expand.” A common refrain among experienced organizers, wherever the 15M has spread (Madrid, Seville, Cordoba, Valencia, Barcelona, etc) is surprise: “seems we do not know anyone!”

The occupation of Madrid's plaza ended in July, but the movement has spread to the outer burroughs of the city and to cities around Spain. Anyone can join its working groups via the movement website (n-1). The working groups represent a kind of direct democracy, where people come together as individuals – not representing any special interests – to work on policy solutions to the countries problems Topics range from democratic proceduralism to transparency in financial instruments, to mortgage reform. The working group on transparency on financial instruments, for example, has uncovered what appears to be evidence of price-fixing on inter-bank lending rates (LIBOR), while the working group on housing and mortgages has been able to stop some evictions. Meanwhile, a working group on assemblies is creating a in a deliberative network to allow people to talk and debate policy from anywhere.

Looking Forward

The 15M shifted the tenor of political debate in Spain, placing the issues of disaffection and representation at the forefront of any political discussion. While this new movement is closer to preoccupations of the left, it challenges both the institutional limits of left parties and much of its theoretical imagination in its modeling of what a democracy directly responsive to its citizens might look like.

As with the U.S.'s Occupy Movement, it's hard to know far 15M can go in creating change. As of this writing, Spain is approaching national elections. Pundits predict an overwhelming victory for the rightist Popular Party. Coupled with the last results of provincial and local elections, such a victory would put Spain under near-total right-wing dominance for the first



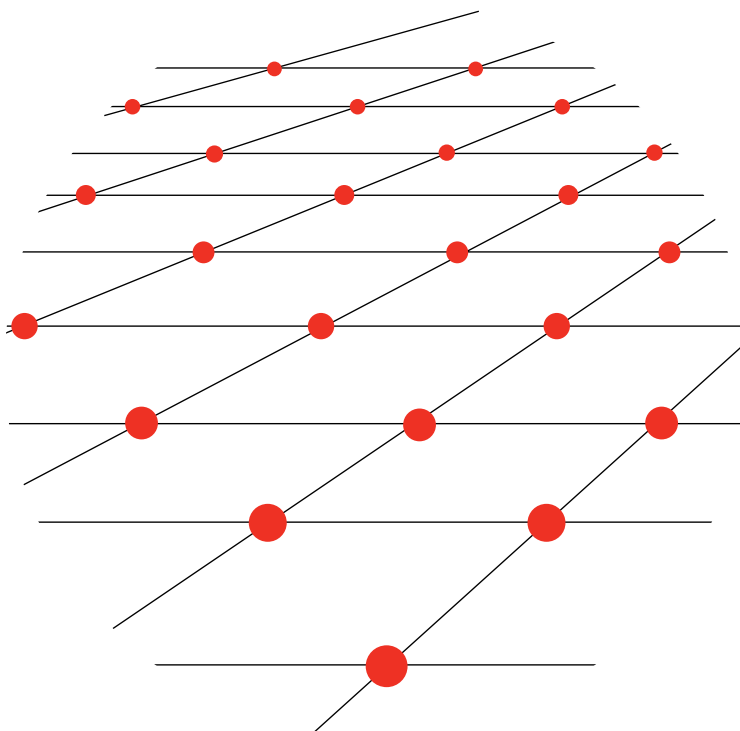
time since its transition to democracy. But 15M's energy makes the future difficult to predict. Its insistence on deliberation, civility, and internal democracy has encouraged "non activists" to join and play an important role. While the proposals that emerge may deviate from traditional left conceptions of social transformation, the movement's rejection of partisanship have given it power at a time when social democratic parties in Spain, and across Europe, appear to be fighting for their lives.

When we look to other side of the Atlantic and think about the Occupy movement, we see some similarities with 15M, especially in the some charges against it – the movement needs more concrete proposals, institutional allies, and tangible targets. And like 15M, Occupy keeps its distance from political parties, although that charge is perhaps less controversial in the U.S., where we lack institutionally credible left parties. But there are large differences. The language of identity is central to social justice in the United States and, likewise, Occupy does not reject groups claims. Indeed Occupy's purported universalism has drawn charges that it may be silencing voices as other progressive movements have in the past. Finally, because economic inequality has been so central to Occupy's imagination, unions and union organizers have been more visible than their counter-parts in Spain, with a greater receptivity on both sides for a dialogue, though not without ambivalence.

Perhaps **what we can learn from the *indignados* is not that unions, other special interest groups, cannot play a part, but that to play a part in an radically democratic, open-ended movement, they need to make their demands for a more just democracy more than a slogan or a strategy.** Unions, for example, need work not only on speaking for the common good, as some leaders have acknowledged in efforts to connect with Occupy, but to understand that ossified leadership structures and dependence on political parties are deeply at odds with the cross-Atlantic goal of "upgrading democracy."

**BUILDING
NEW
COMMUNITI**

A New Socio-Economic Paradigm



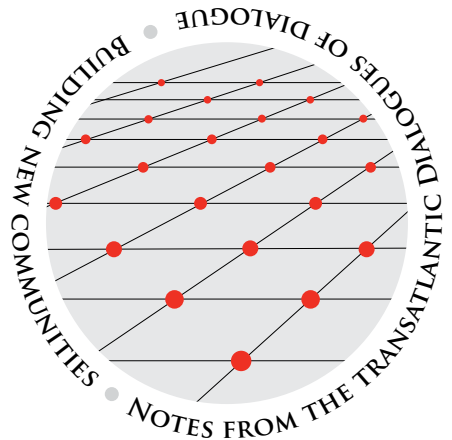
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Vivien A. SCHMIDT

**From Social Movements and Citizens;
to Policies, Processes,
and Politics in European Governance:
The Need for New “Next Left” Ideas
and Discourse**



Key words

Neo-liberalism – Eurozone crisis – Occupy movement – democracy, intergovernmentalism – technocracy – EU Commission President

Summary

This essay begins with the ideas of the Occupy movement and ends with politics in the European Union. In between, it discusses how the *Next Left* could begin to rethink political economic ideas at different levels of generalization and then considers the challenges facing the EU, in particular the effects of the Eurozone crisis on European politics and democracy. It explores the impact of the crisis on citizen views, the failures of Eurozone policies, the problems with Eurozone governance processes, and concludes with how all of this in turn affects politics at both national and EU levels.

The resonance of the Occupy movements

Considering the past year of mobilizations on the world of politics, we need to distinguish the 'Occupy Wall Street, Frankfurt, Brussels, and more' movements from the uprisings related to the Arab Spring. The latter are about democratic transitions – tremendously important and a harbinger of hope for North Africa and the Middle East – but very different from the Occupy movements. Nonetheless, they make an appropriate starting point, if only for highlighting the differences between them. The Arab Spring has been a fundamentally political movement, about democratic revolution and renewal, which has involved reasonably clear political messages about political goals – and only tangentially socioeconomically. The Occupy movements have not been political in this way. There are no clear political messages about goals in terms of politics or even in terms of policy, despite clear socioeconomic messages regarding inequality. Some (e.g., Bill Gamson) see this as a movement about cultural change, not institutional or policy change. He argues that its cultural message is focused on changing the nature of the political discourse and the spheres in which it is carried, particularly the mass media. But by changing what appears salient on the public agenda, it opens up opportunities for the discourse of other groups seeking specific institutional and policy change. As for the ideas it propounds, as Gamson argues, these are embedded in US realities, and the absence of social class in US discourse. The Occupy movement found a clever way of bringing class back in, by distinguishing between the 1% of very rich and the rest – in which class difference is blurred. So it serves to mobilize a wide range of people while highlighting a very real problem everywhere, but especially in the US, with rising inequality and the massive gap between the very rich and the poor.

That said, it stops before any kind of deep analysis of the problems, even about banks too big to fail or billionaires so rich that they have foundations bigger than the GDP of Ecuador (even if they do good things). So 'Occupy' has no deep analysis or critique, no linkage to the massive rise in unfettered private power, or the linkages to public power. What it needs is background analysis that explains the 1% and the problems for the 99% as a result. Naturally, this lack of specificity is in part deliberate, because it lets everyone read into it his or her own analysis and agenda. A simple message is important and useful. But it needs a lot more development if it is to become part of a political movement.



The Occupy movement has gained great resonance in the US. The question for the US is whether the movement will revive, and how to use this politically. Social movements, after all, often remain just that, social movements which exert influence by pulling mainstream parties in their direction, by picking up on their themes. Politically, however, this may be less successful than converting people power into institutionalized political power – as has certainly been the case of the Tea Party on the right. Although the Occupy movement's protest against social inequality certainly resonated, and was picked up by political parties, there has been no party capture here, and little resulting legislation.

From its origins in the US, the Occupy movement has also traveled well beyond the immediate example of occupation, with the message about inequality resonating. But in Europe too, the ideas from the Occupy movement remain thin on the ground with regard to policy impact.

There are therefore **two challenges for the US and the EU: how to build on while developing the ideas of the Occupy movement, and then how to get them across politically.** The challenges with regard to conveying any such ideas politically is greater in the EU, so I will focus on those after a discussion of the ideas themselves.

Ideas for political economic change

Ideas come at different levels of generality: deeply held underlying philosophical ideas; programmatic ideas that frame the range of policies to be implemented; and specific policy ideas. They also come in two types: cognitive and normative. **A social democratic push of the *Next Left*, to be successful, needs to connect with existing ideas at all levels, to build on them, reconsider them, or reject them based on renewed ideas with cognitive arguments that demonstrate the necessity and applicability of the ideas and normative arguments that demonstrate their appropriateness while resonating with citizen's values.**

Philosophical Ideas

Take 'liberalism' as a philosophical idea. It has become something of a dirty word in Continental Europe on the left, because linked to the excesses of economic neo-liberalism. In the US and UK the term is more confused, because it can also be understood as political liberalism. The *Next Left* needs to sort this

The *Next Left* needs to sort this out, and recapture the term. Revive political liberalism and its linkage to social justice and critique the excesses of economic liberalism, where market freedom has come to overwhelm political freedom and social justice.

out, and recapture the term. Revive political liberalism and its linkage to social justice and critique the excesses of economic liberalism, where market freedom has come to overwhelm political freedom and social justice. That said, we also should think about how other philosophical traditions, those now sometimes termed 'communitarian' that build on a continental European philosophical tradition, and trace their roots back to Rousseau, should also be brought in.

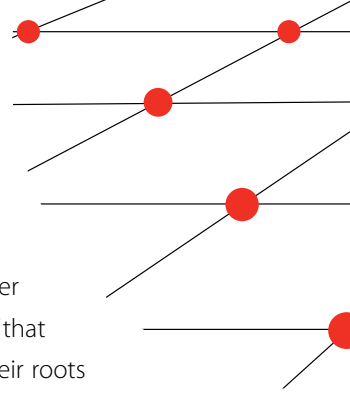
As part of the reconsideration of liberalism, however, we need a further critique of the economics profession (current company in this volume naturally excluded) and its role in perpetuating a very narrow view of human motivation, in particular neo-classical economics combined with a rational man model. Even today, how do most economists explain the crisis? Irrational man or animal spirits. Nothing wrong with the models! The message here is: Economic liberalism has been captured by the market radicals. Instead of liberal neo-classical economics, we need liberal neo-social economics (to coin a term).

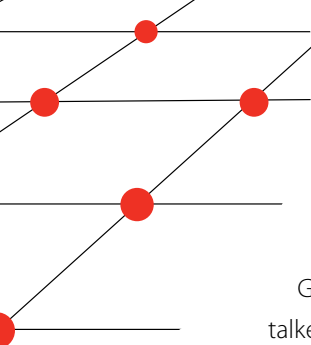
Think of how the 'new' democrats in the US and the social democrats in Europe responded to the problems of excessive market liberalism in the late 1990s. The third way discourse largely adopted a social liberal language but accepted neo-liberal economic principles, assuming that it was enough to add social democratic concerns to 'tame' neo-liberalism. It clearly was not.

So with regard to liberalism, on the philosophical level we need to rethink liberalism as, say, liberal neo-social democracy, and for the welfare state, possibly use Maurizio Ferrera's term of liberal neo-welfarism. Here it would be useful to identify certain base rules and social rights: to education, health, safety, shelter, and inclusion – of immigrants and citizens – within a sustainable environment. And it is necessary to talk about work as producing human dignity, with the return to a goal of full employment – which was first abrogated by Thatcher in the early 1980s. As for growth, this should come from the real economy. So remember that finance is a service industry – and not the growth model (an issue in particular for the US and the UK).

Programmatic Ideas

On the programmatic ideas, **we need to focus on reforming markets, and rethinking the balance between public and private sectors.** For the eurozone crisis in particular, we would need to rethink the EU much more as an interdependent economic area, rather than as individual countries within a monetary union. I like to use the metaphor of the eurozone as a bar in which before the crisis there was a never-ending happy hour, with the Irish, Spanish and Greeks on a drunken binge as a result. But who were the bartenders? The French and German banks. So in the terms of alcoholism, this is co-dependence. In economics, this is interdependence.





Importantly, the response to the crisis was destructive of the EU's sense of identity and belonging. Most egregious was when the German public, media and the politicians kept repeating in spring 2010 that the Greek crisis about 'Germans who save' versus 'lazy Greeks' while the Greeks talked of 'arrogant Germans.' But equally problematic has been the ideational construction of the crisis across the Eurozone as one of public profligacy, for which the only cure was fiscal austerity. This has very much been the discourse of German leaders, the EU Commission, and the ECB. In fact, only Greece was guilty of excessive public spending. Portugal's problem was slow growth, as was Italy's plus a high debt hangover from the 1980s. Spain came into the crisis with comparatively low deficits and debt. Its problem was excessive private debt through a massive housing boom, fueled by excessive credit flowing into the economy from German and French banks among others. Ireland's problem was similar to Spain, except that its own banks were also guilty of excess – and lack of appropriate regulation, compounded by the government's 100% guarantee of the banks' debt, which turned out to be a bottomless pit.

This is not to say that fiscal consolidation is not necessary. But it has been a major mistake to make it the sole focus of the policy program. Blame this not just on the incorrect diagnosis of the problem (public profligacy) but also on the kinds of programmatic ideas that have so long ruled German macroeconomic policy that they have taken on the aura of basic philosophical ideas – not just cognitively, because assumed to be the best economic policy, but normatively, because it has been assumed to be morally virtuous. This philosophy, commonly known as German *ordo-liberalism*, is neo-liberalism modified by a legitimate role for the state as the administrator of rules of economic behavior. Importantly, however, it is not just a German philosophy. It has captured the Eurozone through the transmutation of Bundesbank philosophy to the ECB. The problem here is that what might have worked effectively for Germany cannot for the Eurozone as a whole.

There are two major problems with this policy program. First, it is based on a conservative philosophy that may have worked in the past, for Germany, but is woefully inadequate to deal with interconnected economies faced with a massive crisis of unprecedented proportions. It is also the typical reaction of small state with an open economy in an internationalized global economy – as Wolfgang Munchau has described it – which assumes that all one can do to improve competitiveness is to engage in fiscal and wage restraint. This fails to deal not just with the size of Germany in Europe but also of Europe in the world. Applying a German 20th century economic program to a 21st century Europe has been a recipe for disaster, as evidenced by the recession in much of Europe. Note that the US, with its moderate Keynesian policies accompanied by some fiscal consolidation, has done much better than the EU.

Second, it incorrectly assumes that macroeconomic policies designed for one particular country can work for all of Europe. Remember that this program worked in Germany not just because of its headline macroeconomic goal of fighting inflation and maintaining largely balanced books but because of the country's industrial manufacturing strength, underpinned by cooperative labor and management coordination. This is also the model for much of Northern Europe. But how can one expect Greece or other Southern European countries – with tourism often their major industry – to do this? Applying macroeconomic targets designed for Northern industrial manufacturing dynamos to Southern tourist climates has demonstrated the problems. Add to this that Germany tightened its own belt through the 2000s to regain competitiveness worldwide, leading to no real wage growth in the country, also meant that Southern European countries with moderate to significant wage growth ended up even less competitive than they would have been had Germany kept to its normal wage trajectory.

European leaders seem to be waking up to the problem, given the discussion of the need for growth – even if what is meant by growth remains open. But the question remains as to what kinds of policy ideas can solve the problems of the Eurozone.

Policy Ideas

Over the past two years, many possible policy solutions to the Eurozone crisis have been floated. Eurobonds to pool debt or, more recently, project bonds for investment in growth; a recapitalized European Investment Bank to promote investment (possibly using project bonds); a bigger firewall for the loan guarantee mechanisms of the EFSF and the ESM, which would for all intents and purposes be a European Monetary Fund, i.e., a European equivalent of the IMF; and the ECB to act as lender of last resort. Most of these, other than the ECB as lender of last resort, seem already likely even now. But none of this will be enough, in particular if a 'growth pact' is simply added to the 'fiscal compact.'

Most importantly, some of the basic tenets of the fiscal consolidation need to be rethought – even if the fiscal compact itself, which is mainly about sanctions, need not be reopened. Certainly, **fiscal consolidation should be pursued**. But why at such a break neck pace? Radical deficit reduction has pushed ailing economies, in particular in Southern Europe, back into recession. Why not allow countries in economic slow-down a longer time to bring their deficits down? And why not also calculate the deficit differently, say, by allowing growth-producing investment in education and training, R & D, infrastructure, and renewable energy to remain off the books. Structural reform alone cannot promote growth, since the effects may be seen in the medium term, but certainly not in the short term. It would be better to trade off a slower reduction of deficits – to ensure short-term growth – with structural reforms that will be accepted and implemented.



If the EU is to win back hearts and minds in Eurozone crisis, it needs to add carrots to the sticks. This also means that the EU needs to be given the means not just to solve the Eurozone crisis but also to be redistributive. It needs its own financial resources – a Tobin tax on financial transactions or a VAT on cross-border commercial transactions would be a start. A solidarity tax – so that citizens need not worry about a ‘transfer union’ – would be an added bonus, helping to build identity and solidarity along with redistributive potential, say, for the fight against poverty. That said, if these are not in the cards for the moment, at least distributing the money the EU does have would help, by actually disbursing the structural funds to the regions most in need – which often receive less than 10% of that to which they are entitled.

But for the EU to have serious redistributive capacity or real tax and spend capability, it needs more democracy and legitimacy.

Democratizing the EU?

Just because social democrats get elected to office does not mean that citizens will feel any more ‘European’ or satisfied. The EU itself remains remote from peoples’ everyday knowledge and preoccupations, with citizens largely indifferent to the EU. At the same time, Euroskepticism is on the rise, while both far right and left wing parties have been gaining massive support by adding anti-EU views to their anti-immigrant ones. But even among moderates, the Eurozone crisis has split mainstream parties. The awakening of the ‘sleeping giant’ of the EU as a political issue has produced crosscutting cleavages for political party systems traditionally organized only along a left/right dimension. Moreover, as the North and South trade insults, the EU has experienced a more general loss of trust among citizens. The sense of belonging to one European entity has been fraying at the edges – along with solidarity, increasingly restricted in its definition to loan guarantees, not to social solidarity. And as the socio-economic problems get worse, so does the rise in nationalism and populism.

The reasons for public disaffection and distrust come not just from the political economic programs and policies. They also stem from the processes and politics of EU decision-making.

Processes

The crux of the current problem for EU democracy lies in decision-making processes that have increasingly combined extreme intergovernmentalism with technocracy. The problem with the European Council making most of the decisions with regard to the Eurozone crisis is not just that it has unbalanced the long-standing relationship among EU institutions. It is also that intergovernmental decision-making has seemed to reduce itself

to the Franco-German couple – or only to Germany – making the process seem highly skewed to the national interests, negotiating strength, or even momentary whims of two EU leaders – or only one. It also enhances the lack of transparency in decision-making, and concerns about accountability.

Most importantly, however, is the fact that the move to intergovernmentalism sidelines the European Parliament. This has been most pronounced with regard to the Eurozone crisis, in which the EP had no say, and was not even able to debate the issues. And without political debates that clarify the issues, making the case for or against on the right or left, policies can neither be changed, nor fully legitimated. Nor can the opposition be heard.

The EU Commission, moreover, has become little more than a secretariat. In place of its past role as initiator in the joint decision-making of the ‘Community Method,’ the EU Commission is increasingly condemned to technocracy through the administration of automatic rules decided by the Council. There seems to be an assumption that this ensures accountability, efficacy, and the trustworthiness of the process. But the EU Commission risks a loss of credibility if it is seen as oppressive (such as to Southern Europe), biased (because its policies benefit Northern Europe), or not even-handed because it treats countries differently, however appropriate the reasons (e.g., Spain vs. Hungary). Moreover, the EU Commission cannot really govern effectively or well if current intergovernmental decision-making decides both the rules and the mechanisms of implementation, thereby allowing no leeway for the EU Commission to govern.

What the EU needs is to rebalance its institutional processes, to enable the European Parliament and the Commission to return to their traditional positions in the decision-making process, as institutions largely on a par with the Council.

Politics

Finally, politics is a major problem both at the national and EU levels. National governments need to find ways to bring citizens into the decision-making process. As it is, national governments generally express their preferences in the EU with relatively little direct citizen input and, in some cases, even without much indirect input through national parliaments. The only way citizens can therefore express their dissatisfaction with the current policies is to throw their national governments out – something that has been proceeding apace lately – with a majority of sitting European governments having fallen as a result of the crisis.

Moreover, if national level democracy can be seen increasingly as ‘politics without policy,’ as more and more policy areas are removed to the EU level, then the EU can be cast as ‘policy without politics’ – as EU leaders in the Council claim to focus on the national interest, the



Commission on technocratic decision-making (or interest intermediation), and the EP on the general interest. But this is something of a masquerade with regard to Eurozone, since the content of the policies are highly political. Despite being clothed in technocratic language, the policies are conservative and neo-liberal. And yet these are not subject to public debate, whether by the EP or the Council.

What the EU needs is 'policy with politics.' The question is: How to politicize so as to legitimize. The experts are divided. Some worry that politicization will backfire without policy change coming first. But how can one change the policies without politicization?

The best way to politicize so as to promote citizen participation is through the election of the President of the Commission. Candidates would be selected by the different party groupings in the European Parliament, in consultation with their national parties, so as to ensure that the 2014 EP parliamentary elections would be preceded by major debates among the candidates in every member-state. The leader of the majority winning party in the elections would then become the natural nominee for EU Commission President. There is no doubt a range of technical issues regarding how the EU Commission President is picked, given formal rules, but so long as the Council picks the leader of the winning majority, the 'input' (or representative) legitimacy of the EU Commission President is assured. And where the Commission President is elected as the leader of the majority in EU wide elections, the political orientation of the Commission's policy program becomes more legitimate than when the Commission President is picked by the Council.

Another source of Commission legitimacy would also be enhanced as a result. This we call 'throughput' legitimacy, founded on the efficacy of governance processes, along with their transparency, accountability, and access to citizens through pluralist intermediation processes. With greater 'input' legitimacy for its decision-making, the Commission would also have greater claims to applying the Council rules on fiscal consolidation more flexibly in the 'throughput' processes involved in implementing the 'European semester.' This could open up the possibility that the Commission could get away from the automaticity of the current technocratic one-size-fits-all rules to legitimately (via input and throughput) administer policies better tailored to the differing economic growth models of the member-states (thereby producing better output).

But even if the politicization does not go as far as this, at the very least it would help spur debate, inform and orient the public, as well as bring alternative ideas into the public arena. This has been missing for much of the past two years, as only EU member-state leaders have had a European platform from which to speak, and all fell in line behind Germany to support fiscal austerity. Contrary views, whether of the opposition

in the member-states or opinion leaders in national media, struggled to be heard. Only very recently, beginning in November 2011, did growth enter the debate, introduced by Mario Monti, subsequently picked up by François Hollande in the French presidential election, and only now more widely echoed across European capitals and in Brussels.

Conclusion

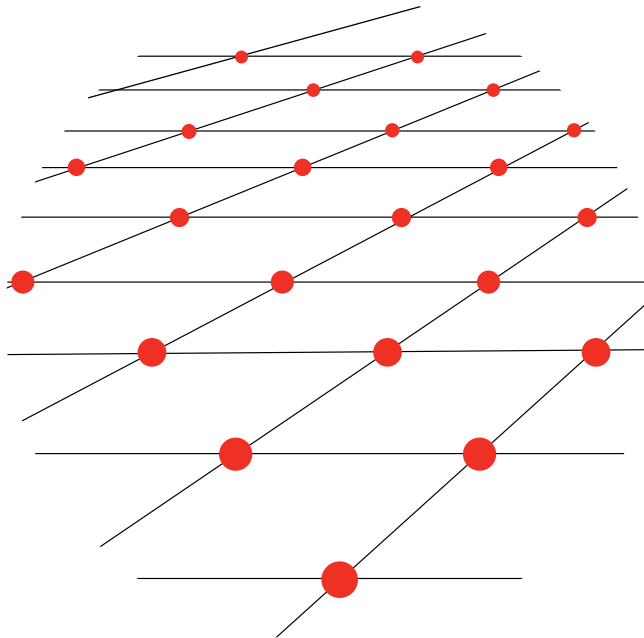
What **Europe needs most is better leadership**, one that returns the EU to fully democratic consultation, reduces technocracy, ensures a wider definition of solidarity focused on alleviating problems of poverty and inequality, and that serves to rebuild citizen trust in the EU as it seeks to solve the Eurozone crisis through growth, not endless austerity and decline. **For the Next Left, this means rethinking not just the Eurozone's economic policy ideas or program but also the underlying neo-liberal philosophical ideas that for so long have informed the policies and programs.**

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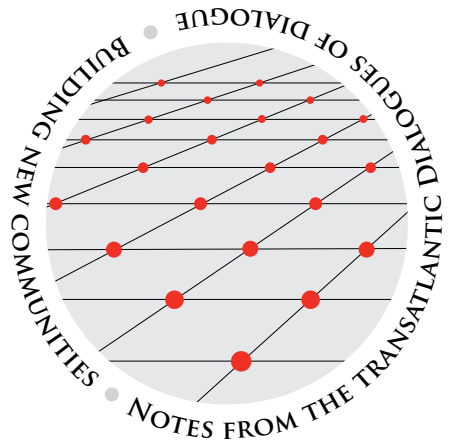
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The Risk of Prolonged Stagnation and Policies for New Growth Engines



Key words

Stagnation – Debt – Recovery – Investment – Growth Engines

Summary

To avoid a severe contraction that could turn into a Japanese style long-term depression, advanced economies need to implement a new growth strategy that is able to tackle both the current lack of demand and deficit of supply. All that by fulfilling the new and more stringent constraints arising from the needed consolidation of public debt. The path to recovery and stable growth today cannot be found over a cyclical horizon. Avoiding another depression requires short-term macro stimulus in tandem with investments to restore medium-term growth on a more structural basis. A sort of composite mix of Keynesian and Schumpeterian policies based on long-term investments. It will not be easy because there are so far no signs of effective growth strategy in this direction neither by the U.S. nor Europe

The Risk of a Prolonged Pause in Global Growth

No doubt that the effects of the global economic crises are far from over and that the world economy still faces serious uncertainty in its short- and medium-term growth prospects.

The outlook for the global economy in 2012-2013 is clear, but it is far from reassuring: recession and stagnation in Europe, anemic growth at best in the United States, and a sharp slowdown in China and in most of the emerging-market economies.

In the Eurozone the present fiscal austerity measures applied on a large scale are determining, as expected, recessionary effects on output in many southern european economies and stagnation in the rest of the euro area. **The Eurozone seems bound to repeat the fundamental mistakes of the Great Depression.**

But also in the US the anemic output recovery did involve only modest pick-up of private expenditure. Over-indebted households have been forced to cut back and rebuild their damaged balance sheets by paying down outside debt burdens. This balance sheet repair has only just begun and everything suggests that it will continue for many years to come and under present policy conditions penalizing aggregate demand and pushing towards a low stagnant growth profile.

Almost all advanced economies are badly overleveraged and in such conditions traditional policy tools used to sustain aggregate demand through expansionary fiscal or monetary policy are only able to make limited positive impacts. Under present conditions and policies there is a risk for the advanced area: a painfully prolonged pause in the global growth dynamic and stagnant living standard in the advanced area. Thanks to a profusion of asset and debt bubbles, Japanese-like outcomes could become prevalent throughout the developed world, notably USA and Europe. This economic stagnation is going to threaten to exacerbate fiscal pressures and excess of debts, discredit economic reforms and social policy, and open the way for a surge in political populism and even authoritarian risks.

It is thus crucial how to face and address in the near future this economic gloomy scenario deriving from the dramatic crisis of two decades of laissez-faire capitalism. What is still lacking, however, it is a convincing narrative of progressive forces about what has gone wrong so far and what one could try to achieve. Diagnosis and therapy of course are strictly related. Let me



concentrate in this article on a better understanding of the causes of the crisis, on one hand, and how to implement an effective sustainable recovery and growth strategy on the other.

The Narrative of the Great Crisis: lack of aggregate global demand

The great global recession was not the result of a typical crisis, from where economies do often grow much faster than usual during the first months of the recovery. It is a complex phenomenon that was first of all defined by a dramatic financial crisis and excess of debt at all levels, including households, banks and governments. **Repairing the financial sector is thus necessary for economic recovery, but it is far from sufficient.** Advanced economies were facing many difficult problems before the crisis; the financial bubble merely concealed their weaknesses.

First of all the increase in private- and public-sector leverage and the related asset and credit bubbles are partly the result of growing inequality in the economy and society. The distribution of income has gotten worse before and after the financial crisis, income has shifted from labor to capital and from wages to profits. In the U.S. income and wealth inequality is as high as at the onset of the Great Depression. Modest income growth for everyone but the rich people group opened a gap between incomes and spending habits. In the USA and UK, the response was to favor credit through financial liberalization thereby fueling a rise in private household debts. In Continental Europe, the gap was filled by a generous supply of public services (education, health care, pension benefits) that were only partially financed by taxes, increasing public deficits and debt. In both cases, debt levels gradually became unsustainable. So growing inequality contributes to the crisis by deepening the problem of lack of aggregate demand.

The other factor contributing to weak aggregate demand was the shift from a bipolar (US and Europe) toward a multipolar global economy. About half of global growth is now from emerging economies and this is transforming power relations. A key feature of the new multipolar economy is that no single country can on its own assure stability to the international economic system. The latter is centered on a small number of leading nations – the U.S., EU countries, China, Japan and etc – which are able to exert a veto power over other decisions but not in a position to unilaterally impose their own solution to arising conflicts. In the present system, there are various incentives for national policies that are justified for individual countries but harmful for the world economy. A telling example is the very recent “currency war”, as the Brazilian finance minister called it last year. Every country desires a weaker currency to sustain growth via net export improvement. But there is a fallacy of composition since the total of the world’s net exports by definition equals zero.

In the past, this deflationary bias was at least partially mitigated by the U.S. expansionary and current deficit policies. Today is not possible anymore. Europe and Asia Pacific, driven by export-led growth are no capable of compensating for a protracted shortfall in U.S. consumption and so the global economic slowdown is being reinforced. In this new multipolar environment support for aggregate effective demand assumes all the contours of a public good. **Macroeconomic cooperation is necessary for producing expansionary global demand and for avoiding countries' mercantilism and free riding in the system.** But so far the G20 has failed to provide the public good of needed cooperation.

Massive structural change and supply side problems

In order to leave behind the consequences of the Great Recession, all advanced economies will have to pursue "new sources of growth".

The diagnosis sketched above show us that the most dramatic problem today is the current gap between global demand and supply that has been favoring the underutilization of capacity in all advanced area. But there are problems at the supply side level as well. OECD estimates indicate that potential output level in the advanced economies may have decreased by as much as 3 percent as a consequence of the Great Recession. While potential growth is more difficult to pin down, it is likely that it has also been affected.

This is a result of a number of factors. First, the recession has significantly increased structural unemployment (or, in some cases, it has significantly increased the duration of unemployment) and has generated destruction of capital stock in several countries. In these cases, there may be loss in embodied knowledge and consequent negative impact on productivity. Second, total factor productivity may have been affected as a result of, for example, the closure of several companies and the loss of their stock of knowledge. Third, the rapid growth of the new emerging market economies, like China, has led to the loss of low-skilled manufacturing jobs in advanced economies and new investments in large industrial sectors were only temporary replaced by housing construction, which was sustained by low interest rates and huge deregulation.

Therefore to sustain and consolidate a recovery, it is not enough to just produce more of what used to be profitable pre-crisis. Firms should instead anticipate what will be profitable to produce in the future. Taking potential output back to its pre-crisis levels, and even more importantly boosting the rate of growth of output, will require not just supporting household consumption but producing an effort in reallocating resources toward new products and



sectors. In other words, **in order to leave behind the consequences of the Great Recession, all advanced economies will have to pursue “new sources of growth”.**

In this regard endogenous growth theory (EGT) aims to provide an economic explanation of the cross country variation in growth rates attributable to those supply forces governing the opportunity and incentives to create innovation and structural change. One version of EGT is based on the ‘Schumpeterian’ creative destruction process that is on the incessant innovation mechanism by which new production units replace outdated ones. In particular job creation and destruction is an integral part of the process by which an economy upgrades its technology and increase its productivity. Increasing the pace of restructuring of the economy is likely to be beneficial.

The deadlock of austerity policies in Europe

In the light of what is said so far advanced economies require short-term macro stimulus in tandem with investments to restore medium-term growth on a more structural basis. In this respect the present fiscal austerity measures applied on a large scale are determining recessionary effects on output in many advanced economies. This is particularly true in the eurozone where the ongoing austerity measures strongly supported by Germany and the conservative government led by Chancellor Angela Merkel are ultimately hindering growth, especially in the most distressed economies like Greece, Portugal and Spain. The belief is that these countries should restrain from excessive spending enough to restore credibility, bring down interest rates and restart economic growth. However, what is happening is that growth has suffered and recession has hit all peripheral countries. Fiscal austerity in individual European countries has resulted in excessively tight macroeconomic policy for the euro region as a whole. Together with Europe’s inability to handle the problems in Greece, it contributed to weakening market confidence and creditworthiness in many countries, notably Spain .

It is thus no wonder that Europe’s economic prospects are so poor. Twelve European countries are currently in recession – meaning they have suffered at least two consecutive quarters of negative growth – including big countries like Spain and Italy. Eurozone unemployment has risen for a 10th consecutive month to reach a new record high of 17.1 million in February, with the pace of increase showing little sign of slowing due to austerity programs across the continent.

To avoid the potential for another major crisis, it is crucial that European policymakers modify their policy strategy. First, they should recognize that fiscal austerity has become part of the crisis. EU countries, particularly those across southern Europe, would be well-advised to

take supply-side reforms more seriously than they have in the past. But there are obvious contractionary effects for the eurozone as a whole deriving from such an asymmetric approach.

For the past two years, policymakers across Europe seem to contest this point and argue that fiscal consolidation by itself will boost growth. The main hypothesis is that confidence-inspiring measures will foster and not hamper recovery. However, these assertions have little empirical evidence to support them. As a careful study conducted by the International Monetary Fund concluded in 2010, “fiscal consolidations typically lower growth in the short term”. In other words, their net effect on demand is contractionary, rather than expansionary.

Although highly indebted countries, such as those in the Eurozone’s periphery, should continue to undertake fiscal austerity, there are other countries – such as Germany – that can provide fiscal stimulus in the short run by postponing their own fiscal discipline adjustments. Peripheral Europe cannot possibly succeed in reducing its borrowing substantially unless surplus countries like Germany pursue policies that allow their surpluses to contract.

Furthermore if a eurozone deficit country were to reduce its trade and current account deficits without Germany playing any offsetting role, this would implicitly assume that the rest of the world would have to absorb a huge shift in the eurozone’s external position, from broad balance to large surplus. Currently, there seems to be very little room to shift the euro area’s imbalances to the rest of the world by transforming the region as a whole into another export-led growth area like East Asia. Such an action would also make even more difficult to stabilize and promote growth in the world economy as a whole.

A mix of Keynesian and Schumpeterian policies to face a severe prolonged economic downturn

If the diagnosis sketched above is correct, it means that to avoid a severe contraction that could turn the next 5 - 10 years in our countries into a Japanese style long-term depression, advanced economies, notably US and Europe, need to implement new policies for economic recovery and growth strategy that should be able to tackle both the lack of demand and supply deficit. All that by fulfilling the new and more stringent constraints arising from the needed consolidation of public debt.

A medium – to long – term plan to restore competitiveness and jobs in advanced economies is needed via massive long term investment (structural policies). It follows that fiscal stimulus measures are needed but should not be wasted by simply increasing current public



expenditure and/or by tax cuts to revive debt-burdened consumers in advanced countries, notably in the U.S. Countercyclical fiscal interventions should be targeted to new areas of growth, such as tangible and intangible infrastructures, education, job-training and human capital improvements, and alternative and renewable energies.

To justify these interventions one could emphasize not only the traditional Keynesian argument, emphasizing short run demand effects but also long run Schumpeterian growth effects working primarily through the supply side of the economy. Besides, most of these productive government investments need not add to net financial liabilities if they are repaid through future revenues, especially if they are able to stimulate additional private investments through new incentives.

The reasons for advanced economies' high unemployment and anemic growth are structural, including the rise of competitive emerging markets. The path to recovery and stable growth today cannot be found over a cyclical horizon. It follows that the issue of long-term investments (LTIs) is strategic and crucial for the future of advanced area and of the world economy. It is not a temporary device but a future permanent feature of our economies.

In the current sovereign debt crisis, the key issue is how to raise new resources for these investment for growth as well as enhancing a new legal framework for project bonds, debt instruments and more generally credit-enhancing initiatives.

First in most advanced economies, governments are now able to borrow at interest rates that are at historical lows, in fact close to zero or even negative in real terms. If the public sector can create assets that are useful to the economy, it can actually improve its balance sheet and reduce its degree of indebtedness by spending more today. In most advanced economies, infrastructure spending to lower logistics costs seems to offer obvious opportunities.

Second, budget accounting in the U.S. and Europe fails to distinguish between self-financing capital projects and those financed by general revenues. Nevertheless, the overall regulatory setting is still providing unfavorable incentives to long term investments. There is a general need to enlarge the worldwide share of financing for long-term capital investment at the expense of the short termism and speculation. New regulatory frameworks, friendlier to long term investment, should be adopted on every level, national, regional and global. They should involve accounting standards, prudential principles, corporate governance' rules, as well as "ad hoc" systems of fiscal incentives. If successful, new financial instruments will be an interesting long-term investment opportunity for private institutional investors, such as pension funds, insurance companies and households.

Conclusive remarks

One should recognize that the single most important driver of fiscal consolidation in countries is strong tax revenues, owing to their growth economic performances. Taking potential output back to its pre-crisis levels, and even more importantly boosting the rate of growth of output, will require not just supporting demand but producing an effort in reallocating resources toward new products and sectors.

However, in the current phase, markets cannot generate a fast demand recovery by themselves, since the weaker the expected growth in demand is, the smaller the desire of companies to invest; while they cannot generate structural adjustment as well until a demand recovery is going to consolidate. Therefore, the ongoing slowdown and simultaneous collapse of market confidence in the U.S. and Eurozone is sort of a trap. We are stuck in this trap today and we need to find a way out.

We thus need a medium- to long-term plan to restructure the economies and restore jobs in advanced economies via massive new investment in new infrastructure, upgraded skills, human capital improvements and low-carbon energy (structural policies). Increased long and medium term investment would help to stimulate economic activity, growth, employment and could address long-term problems as well – including environmental threats and increasing inequality in most countries. For capitalism and market-oriented economies to be sustainable rather than ending up in a prolonged stagnation **we need to return to the right balance between markets and provision of public goods.**

The general framework of principles to guarantee common goods and public interest is a task of political authorities. For too long now we have let the market alone decide; now the time is ripe to let politics come back to re-design the rules for a better future. It will not be easy because there are so far no signs of economic policies in the direction of the ones advocated above. Neither the U.S. nor Europe has even properly diagnosed the core problem. The fact that the U.S. and the Eurozone have no effective growth strategy is a great cause for worry. The recent turmoil in financial markets and the stalled recovery in the U.S. and Europe reflect these fundamental shortcomings.

At the same time **the need for concerted action at international level is greater than ever.** National policies clearly remain the drivers of what is happening and what can happen in each country, but these policies unfold in an increasingly interdependent world and everyone would benefit from much greater efforts by the leading nations to approach problems in a cooperative manner that takes full account of the factors that bind the world economy into an interdependent whole. A strong coordinated response among G-20



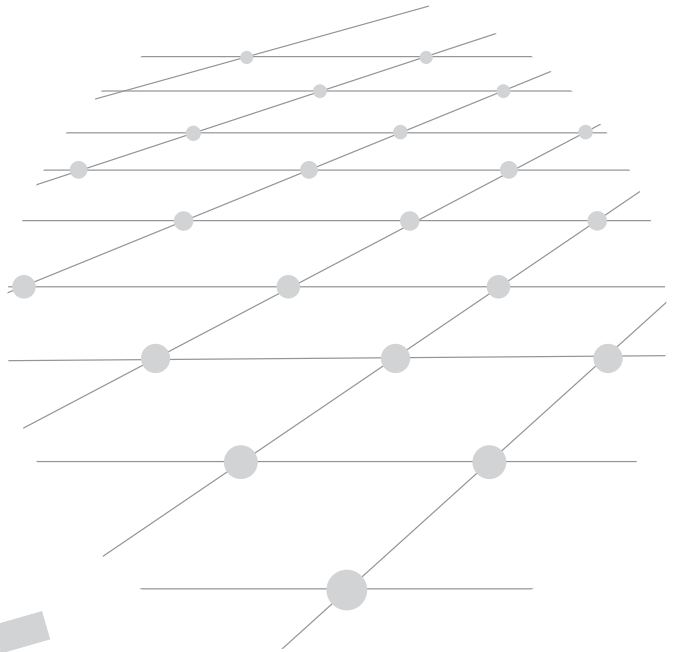
countries is therefore necessary in order to minimize the risk of a mild global economic slowdown or worse another severe prolonged recession. **A new sort of global leadership is needed.** Unfortunately, both Washington, Brussels and Beijing have been distracted by domestic constituencies. And time for action is running out.

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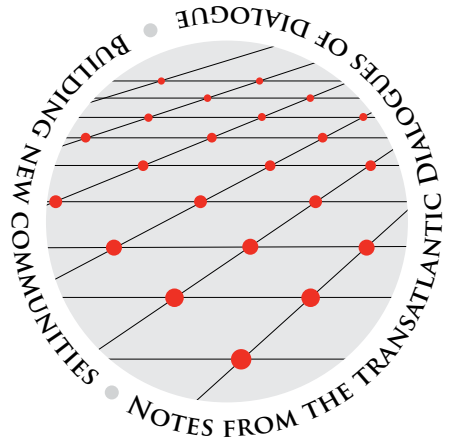
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Rémi BAZILLIER

A New Socio-Economic Paradigm: Jobs, Equality and Sustainability



Key words

Equality – Efficiency – Sustainability – Financial Crisis – Economic policy

Summary

In order to build the next socio-economic paradigm, progressives should address several challenges. The first challenge is a short-term one. The first priority is to give credible answers to the current crisis and the need to exit from this austerity trap where cuts in public spending lead to less growth and more public deficit. At the European level, a new strategy of investment is needed. In the mid-term, progressives should convince that the trade-off between efficiency and equity or between growth and inequalities can be overcome. An equalitarian policy can be efficient from an economic point of view. The last challenge is to redefine in the long-run these concepts of equality and efficiency. First, we suggest going beyond the concept of equality of opportunity by proposing a more ambitious concept of equality of autonomy. Second, the concept of efficiency should be revisited by taking into account the imperative of sustainability.

The Great Recession has led to an historic increase of unemployment level in most industrialized countries. After a short cycle of expansionary fiscal policies and a renewal of Keynesian ideas in 2008 and beginning of 2009, most countries have adopted austerity policies in 2010. This move was particularly important in the European Union due to the increased pressure on bonds markets. This leads to a vicious cycle of slow growth and public deficit with persistent high level of unemployment. The first challenge for progressive is therefore to propose successful exit strategies that would allow fostering growth, reduce public deficit and unemployment. This short-term strategy is an imperative. This is about the credibility of progressive forces worldwide. In various countries, conservatives have won both in general elections but also their ideas have gained much influence in the society. Even if it has been proven that this crisis was not a public debt crisis, the high fiscal cost of the crisis may have convinced voters that public debt was part of the problem and not of the solution. It is nevertheless proven that austerity policies would have depressive effects on the output, which would lead to higher level of debt and public deficit. **There is real challenge for progressives to exit from this *austerity trap* by proposing alternative macroeconomic policies based on the need to foster growth and employment before achieving the goal of reducing public deficit.**

But this won't be enough to answer new challenges addressed to progressives. Even before the starting of the Great Recession, ideological debates within the progressive family did not lead to a consensus on progressive values and their definition. This ambiguity is problematic as conservative definitions of values such as equality and justice has gained a lot of influence. This may explain why conservative ideas have remained so powerful in several countries despite their obvious responsibility in the current crisis. In a numerous number of countries, conservative ideas are culturally dominant, due to an insufficient ideological thinking within the progressive camp. There is therefore a need to stimulate the ideological debate about values (Stetter, Duffek & Skrzypek 2011). At the economic level, there is a generally accepted trade-off between *efficiency* and *equity* (Okun 1975). We will see that it is possible in lots of cases to refute this idea of a trade-off. But there is also a need to redefine these concepts of efficiency and equity.

In the long-run, **we have to solve the contradiction between the need to foster growth in the short-run in order to reduce unemployment, and the imperative of both**



environmental and social sustainability. If most progressives acknowledge the need to rethink the concept of economic development by including environmental challenges, there are a contradiction between this goal and the need to foster growth in the short run. Coherence is therefore needed to redefine a socio-economic paradigm taking into account the challenge of sustainability. The definition of efficiency should take into account multiple factors and consequences. There is a need to redefine the concept of effectiveness by including the imperative of sustainability. The goal cannot only be to maximize economic aggregates such as GDP. Policy makers need to include in their policy goals environmental and social sustainability.

There is a need to redefine the concept of effectiveness by including the imperative of sustainability.

In this short paper, we will briefly review these three challenges. Proposing a new socio-economic paradigm first requires exiting from this vicious cycle of low growth, high unemployment and deficit. In the short-run, which exit strategies from the financial crisis should be promoted? In the medium run, how can we redefine progressive values such as equality or justice to give a renewed progressive prospect? In the long-run, how can we reconcile the need for a sustainable model of production and consumption and the need to increase the number of jobs?

Which exit strategy from the crisis?

As noticed by the French economist Bruno Amable (2012), there is a paradox in the current crisis. One could have expected that the financial crisis lead to an electoral sanction for promoters of financial liberalizations, which were mainly (but not only) conservatives. On contrary, the recent period have seen a cycle of political defeats for the Left (UK, Spain, Portugal...). This apparent paradox is not new: the same dynamic was observed after the 1929 crisis where Right-wing political parties first gained positions in elections before a more positive cycle for the Left after 1932 (Lindvall 2011). It seems that the sanction for on-going governments cannot explain the entire dynamic as left-wing governments were more hit than right-wing governments. It does not seem also to be linked to an increased selfishness of voters during crises as some polls shows that left-wing ideas gained supports in the last years (Barnes and Hicks 2012). One remaining explanation is therefore the perceived credibility of such governments. The problematic aspect for progressives is that anti-debt speeches have gained a lot in popularity. Using this fear of an uncontrollable public debt, conservatives are using austerities policies to reach other goals such as the

weakening of the role of the State in the economy, the weakening of social protection mechanisms or deregulations of markets. In other words, austerity policies may have other goals than the only reduction of public deficit... which may explain why these policies have been largely unsuccessful in the last years. If progressives want to be convincing, they first should not focus on this goal to reduce public debt in the short run but focus on growth instead. And they have to convince that it is a much better way to reduce public deficit in the medium run. It is not an easy task as conservatives are blaming progressive politicians to be irresponsible when they are not putting a full emphasis on the reduction of public deficit. **But, the economic arguments are strong enough to be able to change the scope of the debate:**

- 1. austerity policies are likely to be counterproductive and lead to higher deficit and lower growth when countries are in recession;**
- 2. investments (public and private ones) are needed to foster the economy. New investment strategies are therefore needed.** Cutting public spending or increasing taxes are not the best way to reduce public deficit. Growth policies are a much more powerful to do so. In Europe, where the austerity policies are the toughest ones due to the public bonds crisis, a new strategy of investment is therefore needed. Even if the concept of social investment may be criticized (Antonucci et al. 2011), the idea of a social investment pact is very relevant: *“Long term-goals of social and economic policy in the EU must not fall victim to short-term policy orientations prompted by the banking crisis that hit the global economy in 2008 and the subsequent financial and fiscal problems affecting the Eurozone and the EU at large”* (Vanderbrook et al. 2011). This change in the scope of the debate is an imperative if progressives want to build on a next socio-economic paradigm in the medium or long-run. If not, there is a risk to fall in a race where conservatives and progressives would compete over the best way to cut public spending or increase taxes. If modernization of the welfare state is surely needed in different aspects, progressives cannot compete with conservatives on the ground of austerity.

There is no trade-off between growth and equality”

This idea of a trade-off between what is efficient and what is equitable is potentially dangerous for progressives. The underlying argument behind this tradeoff is that a fair policy cannot be fully efficient from an economic point of view. That may also explained partly why the right-wing parties are sometimes considered as more credible than left-wing parties on economic issues. *“Your ideas are right, but this is not economically realistic”* is often a critic addressed to the Left. In times of crisis where “economic credibility” is of great importance to the



voters, this is potentially disastrous for progressives. One fundamental goal to strengthen the next socio-economic paradigm is therefore to deconstruct this idea of a systemic trade-off.

Of course, we do not argue that this trade-off never exists. At the microeconomic level, there are strong arguments behind this trade-off. At the macroeconomic level, this trade-off may be seen as a possible contradiction between growth and inequalities. Okun (1975) in a very influential book argued that this trade-off between equity and efficiency is somehow “inescapable”.

The idea of a transitional trade-off between economic development and inequalities have been popularized by the work of Simon Kuznets (1955) showing that the process of economic development first leads to an increased level of inequalities because of a capital accumulation concentrated in the hands of some individuals. But inequalities should also be reduced in a second step due to the transmission of growth to the poorest and to an increased demand for redistribution. This *optimistic vision* of a *transitory* trade-off between economic development and inequalities has unfortunately been questioned by a large number of empirical studies studying this relationship in various countries with very different levels of development. The second part of the inverted-U shape relationship is far to be automatic and countries largely differ in their support for redistribution policies.

Galor and Moa (2004) propose a unified theory focusing on the type of growth to explain this relation. Inequality would be growth-enhancing when the first motor of growth is the accumulation of capital. That would correspond to the first stages of development. But in the latter stages of development, human capital emerged as a prime engine of economic growth and equality starts stimulating the growth process because of its capacity to overcome the adverse effects of credit constraints. “*The aggregate stock of human capital would be therefore larger if its accumulation would be widely spread among individuals in society, whereas the aggregate productivity of the stock of physical capital is largely independent of the distribution of its ownership in society*” (p. 1001). This unified theory provides “*an intertemporal reconciliation between the conflicting viewpoints about the effect of inequality on economic growth*” (p. 1002). We can however propose an alternative interpretation of this result. The human capital-oriented or the physical capital-oriented types of growth crucially depends on political choices and development strategies. We can argue that governments and more generally countries may have chosen, at different stages of their development, one or the other strategy focusing either on the accumulation of physical or human capital. It may depend on the specialization of the country, and its industrial structure. One hypothesis is that the difference between egalitarian or anti-egalitarian growth is not a difference of timing but rather a political decision (that of course can be explained by external factors). That may explain why empirical studies on the evolution of such dynamics between growth and inequality are rather inconclusive.

A fundamental argument that can be used to refute this idea of an “inescapable” trade-off between efficiency and equality is to acknowledge that income inequalities create *negative externalities*. Unequal development models are risky. One fundamental reason is that income inequalities appear to create *negative externalities* on various aspects that may negatively affect the process of economic development. In developing countries, various studies show that large income inequalities may explain a high level of social instability, that have adverse effects on growth (Alesina and Perotti 1996). Inequalities may also be counterproductive if it reduces incentives for innovation (Aghion et al. 1999). In a seminal paper, Galor and Zeira (1993) show that equality stimulates investment in human capital and in individual specific project and enhances economic growth, at least in wealthy economies.

And this growing literature about the negative effects of inequalities is also relevant for industrialized countries. Several authors consider that income inequalities in the US have played a major role in the starting of the current financial crisis. Rajan (2010) argues that it has explained this increased pressure for subsidized housing finance that lead to the lending boom observed prior to the crises. Using similar arguments, Kumhof and Ranciere (2011) show theoretically how increased inequalities may explain a rapid increase of leverages which possibly leads to crises. They also present some stylized facts showing that similar evolutions were observed before the 1929 crisis. Inequalities are possibly creating both social and financial instabilities.

To sum up, there are strong arguments showing that inequalities cannot be seen as a “necessary evil” at the macroeconomic level. Policies aiming at reducing income inequalities are potentially also interesting from an efficiency point of view. The negative correlation between inequalities and wealth has been confirmed by a recent FEPS study (FEPS and ECLM 2011). Easterly (2007) also shows that the causality link goes in that way: inequality does cause underdevelopment: *“high inequality is found to independently be a large and statistically significant barrier to prosperity, good quality institutions, and high schooling”*.

Tax cuts for the richest have often been presented, even by progressives, as necessary to increase incentives to work and enhance economic growth. This view is in contradiction with the recent literature showing that inequalities harm growth. Blank (2002) also shows that rightly designed redistribution policies can be both equitable and efficient economically. Diamond and Saez (2011) calculate the optimal top marginal rate, ie the one that maximize tax revenues taking into account the negative effect on economic activity through behavioural responses (a decrease in labour supply). They find that the optimal tax rate for the first percentile is about 73%. When considering ways to increase tax revenues in the current context, raising taxes for the richest is a good option, as it is also a way to reduce inequalities



and hence increase the growth potential. There is a space for such policies as top marginal rates are around 40% in most industrialized countries.

Redefining equality and integrating sustainability in policy goals

We have just seen that inequalities were not a consequence of economic development but on contrary a possible determinant of underdevelopment. We have however to underline the ambiguity coming from very different conceptions of equality and inequality. In a recent paper (Bazillier 2011), I review main conceptions of equalities and propose to build on the concept of equalities of autonomy proposed by Fleurbaey (2008). The chosen definition of equality will be very important to determine the scope of social policies.

There is a commonly accepted trade-off between equality and responsibility. Conservative approaches of equality are then based on the need to equalize opportunities between individuals (Arneson 1989, 1990; Cohen, 1990) and then let them live up to their responsibility towards their individual choices. Policy implications will then depend on the concrete definition of opportunities and the real possibility to equalize them. Also this perspective neglects the different capacities of individuals to exploit their own opportunities. This approach appears clearly too restrictive to give a progressive definition of equality. Several authors have tried to enlarge the scope of equality of opportunities in order to take into consideration these limitations (Roemer 1993). But inequalities of outcome should also matter. Because of the negative externalities created by too large inequalities (of outcome), we have also to overcome this trade-off between equality and responsibility to tackle inequalities of outcome whatever is the real effort of individuals. As stated by Fleurbaey (2001), "the bulk of egalitarian program is precisely to (...) look for institutions that would enable the population to form a community in which values of solidarity and mutual care would be embodied in institutions and would guarantee that every individual would benefit from equal status, equal respect, equal ability to provide for oneself and one's family, and would be preserved from subordination, exploitation or humiliation". In other words, principle of individual responsibility should not overcome the rejection of any forms of domination. Taking into account these limitations, Fleurbaey (2008) proposes to substitute to the concept of equality of opportunity, the concept of equality of autonomy. This concept requires strong institutions to help citizens attaining a good level of competence allowing them making their own choices. A high minimum income is needed to respect the dignity of every individual, whatever are the circumstances. These institutions also should preserve equalities in social relations, ie. ensuring that social inequalities do not hurt social cohesion. It can be seen as a mixture of equality of

opportunity and equality of outcome as the institutions should prevail too large level of inequalities. This concept calls for a closer look to the whole distribution of income, and not only the situation of the worst-off.

Lastly, **the next socio-economic paradigm should also take into consideration the need for sustainability**. Traditional economic policies aim at maximizing efficiency or income. But economic efficiency can be antagonist with sustainability. In other words, all paths of developments are not equivalent and progressives should therefore keep in mind this imperative of environmental sustainability and social cohesion in the long-run. This has concrete implications in the short run. For instance, stimulus plans could have been used in priority to finance “green investments”, as proposed by UNEP (2009). Unfortunately, green stimulus has been until now insufficient to finance the ecological transition (Barbier 2010).

There is also a need to redefine economic indicators to take into account this long-term prospect. Sen et al. (2009) propose different alternatives for measuring properly economic performance and social progress. However, they show the theoretical difficulties to assess real levels of sustainability. This is still an on-going challenge.

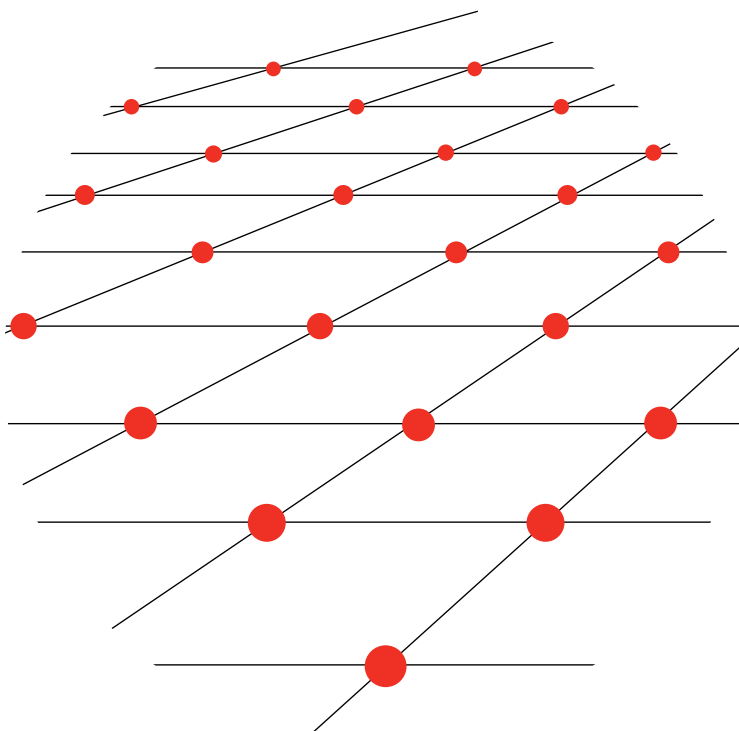
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**BUILDING
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A New Approach to Work and Employment



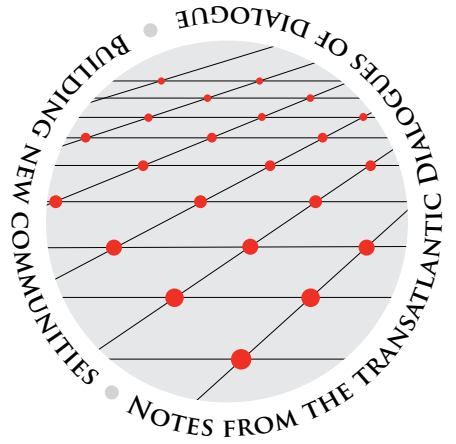
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José ITZIGSOHN

The Left and the World of Work



Key words

**Solidarity economy – Cooperatives – Marginal mass –
Informal work – Alienation.**

Summary

The policies of the left have historically focused on protecting formal work and developing welfare institutions. Contemporary neoliberal globalization, however, has tilted the balance of power in favor of capital and against labor, undermining the socioeconomic basis that made this political project feasible. Under these conditions, the number of people employed in protected formal work is reduced and the working conditions of this sector are threatened. We are seeing globally the rise of precarious, unstable, and informal work. These trends are, on the one hand, unique to the contemporary period, but they are also part of the structural characteristics of capitalism. Global capitalism structurally cannot produce enough jobs to incorporate the world's labor force to formal employment and therefore it tends to produce a large number of unemployable people that is not part of the process of capital accumulation. The social reproduction of this marginal mass takes different forms: through welfare or unemployment programs, where available, or through informal or illegal economic activities, where there is no state support for the social reproduction of those excluded from the labor market. This essay argues that the left needs to develop policies for the marginal mass and that one way to do this is through the promotion of the solidarity economy.

The world of work, the critique of the ways in which we produce, is the origin of left politics. With time left parties and governments abandoned their concern for the world of work and shifted their attention onto questions of income redistribution and social issues. There are, however, powerful reasons for the left to turn back its attention to the world of work. The global division of labor and innovations in labor saving technologies affect the livelihoods of many working people around the world. Under neoliberal globalization innovations in the organization of production threaten the livelihood of many people and also the environment. Left parties and movements need to think about an alternative way to think about work and production. In this essay I suggest that **the solidarity economy offers the left the possibility of addressing exclusions created by labor saving technologies and the global division of labor and at the same time, it offers the possibility of remaking the economy on a different, more humane basis.**

There have been two historical positions in the left towards the world of work. The first one, which I will call here utopic, was the emancipatory vision articulated by the young Marx. For Marx estranged work was the source of the different forms of alienation of workers and changing this was necessary to unleash the full potential of human beings. For Marx work was the creative element in humans, and working for society – overcoming estranged work – a necessary step for human emancipation. A precondition for this was the development of technologies – forces of production – that would reduce the time that people needed to spend at work in order to subsist and that would make thereby making it possible for workers to exercise their creative powers. Incidentally, Keynes also articulated a vision of the influence of technology in reducing the burden of work and allowing people more time to spend on other areas of life (1930). Of course, under the contemporary form of neoliberal globalization, the benefits of highly productive, labor-saving technologies are appropriated by a small minority of people while for most, the effect is in producing a large mass of surplus labor that puts down pressure on wages and threatens the livelihood of workers worldwide.

The second historical vision of the left is a pragmatic one, consisting of improving the conditions of workers through union negotiations and labor regulations. This was the concrete politics of the left in the twentieth century and the goal of social democrats in the developed north, developmentalists in the global south and communists in the former east. Western European Social Democrats were the most successful in pursuing this strategy, particularly in



the 30 years of growth that followed World War II. Contemporary neoliberal globalization, however, has tilted the balance of power in favor of capital and against labor, undermining the socioeconomic basis that made this political project feasible. Under these conditions, the number of people employed in protected formal work is reduced and the working conditions of this sector are threatened (it should be noted, however, that the consequences of the new global economic order have varied considerably by region, particularly in the global south).

In some parts of the global north, these developments have inspired theories of the end of work. From the point of view of the global south, these theories cannot but generate some perplexity, as it is obvious that under capitalism, people cannot reproduce themselves without working. What is on the decline in the global north is well paid, protected employment. This by no means equals the end of work. Instead, we are seeing the rise of precarious, unstable, and informal work. That is, we are seeing a convergence – with a lot of caveats – between the conditions of employment in the global north and the global south.

These trends are, on the one hand, unique to the contemporary period, but they are also part of the structural characteristics of capitalism. As José Nun (2000) pointed out, capitalism tends to historically produce a marginal mass of unemployable people. Nun developed this thesis from Marx's concept of relative surplus population. He argues that Marxists have identified this concept with that of the reserve army of labor, that is, a segment of the population that is not employed but that can be incorporated in the production process at moments of increased demand. Nun agrees that this can be the case in parts of the world at specific historical moments, but he adds that capitalism also regularly creates a large population that is not employable and therefore not part of the process of capital accumulation. He calls this unemployed and unemployable population the 'marginal mass.'

The social reproduction of the marginal mass takes different forms: through welfare or unemployment programs, where available, or through informal or illegal economic activities, where there is no state support for the social reproduction of those excluded from the labor market. The size of the marginal mass varies historically and also geographically, depending on the particular conditions of capitalist accumulation in specific regions and times, but it is always a structural component of capitalism as a global system. Nun emphasizes that the marginal mass is not functional to the process of capital accumulation and can, at times, be severely dysfunctional to that process. The marginal mass becomes a political problem that is dealt in different ways in different parts of the world: from welfare policies to repression and incarceration.

The presence of a structural, though historically and geographically changing marginal mass should force the left to rethink its strategy and vision towards work. Left politics have

been historically oriented towards organizing and protecting formal labor. The politics of protecting formal work should be still pursued in those areas of the global economy where the demand for labor is rising and there are shortages in the labor supply. These politics should also be sharply defended in those parts of the global economy where workers have achieved good working conditions. But the **left needs to develop a politics for the structural marginal mass**. One way to do so is through the promotion of the solidarity economy.

The solidarity economy includes economic organizations such as cooperatives, associations of small producers, local or regional economies characterized by degrees of cooperation between businesses, local money initiatives, community initiatives for the delivery of services, and the like. In general, the solidarity economy is characterized by economic units owned by their workers (or small businesses), where the goal is the reproduction of life rather than the accumulation of capital (Singer 2011). Solidary economies often emerge as defensive reactions of people excluded from the labor market, but they can also become engines of growth for localities or regions. The promotion of solidarity economies can help the left achieve important goals.

First, **solidarity economic activities create employment**, offering options to people who are not incorporated into formal work or who have been displaced by the “creative destruction” of the market to work in jobs in which they have a say in their work. The solidarity economy reconnects the working person with the working process and with other workers, and in this way has the potential to overcome alienation at work. Second, **solidarity economic activities can consolidate the social life of localities and regions**. As solidarity economic units do not close in search of more profitable activities or leave in search of cheaper labor, they can be the anchor of stable local and regional economies and they can reconnect workers with their communities. Third, **solidarity economic activities can also operate as economic stabilizers**. Since solidarity economic units do not fire people in times of economic downturns, they can sustain economic demand at the local level. If the solidarity economy is large enough, it can have a stabilizer effect at the national level on Keynes’ aggregate demand. Finally, **solidarity economic activities, if guided properly, can help promote a green economy** (Schorr 2010). As the solidarity economy is tied to its surrounding communities and it is not guided by a logic of accumulation for the sake of accumulation, it should be potentially easier to change the logic of economic calculus so that it internalizes environmental externalities.

To be sure, **the solidarity economy operates within the market economy and its economic units have to be competitive in the markets they operate. But the criteria of competitiveness of solidarity economic organizations are different from those of corporations**. While they have to generate enough income to secure a good life for their workers/owners, they do not have to produce profits or dividends for shareholders. Furthermore, solidarity economic



activities have cost structures that allow them to weather crises better than traditional capitalist businesses as they do not have to pay ridiculously large salaries to their managers.

Examples of the achievements of the solidarity economy abound. The most famous one is the case of the Mondragon Corporation in the Basque Country. The Mondragon cooperatives have had tremendous success and have become in fact a global corporation. Through this process, however, they remained attached to their region. While the Basque country has experienced deindustrialization the Mondragon cooperatives remained in place and created a vibrant local economy based on workers ownership and participation in their workplaces (Flecha and Santa Cruz 2011). An example of the use of the solidarity economy to fight poverty and exclusion can be seen these days in the city of Cleveland, Ohio. The American Midwest has experienced high rates of unemployment and poverty. In this context, groups within Cleveland civil society organized to find an economic development model that would address the needs of the residents of the city. It is in this context that they decided to promote a group of workers owned cooperatives. Central to this idea is the fact that another economic development initiatives, based on incentives to the private sector, had failed because once the incentives ended businesses left the city. A cooperative owned by workers, residents in the city, is there to stay. An important element of this strategy is that these cooperatives are also developed as green enterprises. In Brazil the solidarity economy has also flourished through the promotion of cooperatives and the takeover of bankrupt enterprises and their transformation into cooperatives (Singer 2007).

The examples are indeed many, but in most cases we are talking about isolated initiatives, defensive responses of excluded sectors that organize to fight for their livelihood and their lifeworlds. A challenge for left parties and movements is to transform these isolated initiatives into a thriving economic sector that presents an alternative economic logic. Left governments can commit to support and promote this type of activity to increase the number of initiatives and scale them up into an alternative economic sector. There are a number of possible policies to achieve this: by providing assistance in forming and developing this type of enterprise, by creating easy lines of credit for them, by providing tax breaks for this type of business, by contracting to acquire goods or services from solidary enterprises, and by making it easy for workers to appropriate bankrupt enterprises. Perhaps left governments can develop targets for the development of the solidary economy.

To be sure, the solidarity economy can lose its distinctive characteristics. Anybody familiar with cooperatives, for example, knows that there is a potential for the development of an administrative stratum with its own interests detached from the rank and file – Robert's old oligarchization thesis – and for the transformation of cooperatives into enterprises that are undistinguishable from regular private firms – the Webb's old degeneration thesis. There is

indeed a strong critique of the Mondragon cooperatives as they have become a global corporation and employ a large number of non-cooperative members (Kasmir 1999). I believe that in spite of their growth into a multinational corporation, the Mondragon cooperatives still retain many elements of the solidarity economy such as the commitment to the workers participation, to low income differentials, and to its locality, but it is true that it has become also a major global employer of wage labor. Moreover, those familiar with the history of the Israeli cooperatives and labor owned enterprises – and I mention this example because this was once an important segment of the Israeli economy – know how this sector can become a conservative force and how cooperative experiments can end rather badly.

Left governments can address the potential for “oligarchization” and “degeneration” by establishing regulations that guarantee that solidary economic enterprises retain their character. For example, there could be regulations that forbid the selling of all or parts of solidary economic units, or special taxes obligating the economic solidary units to contribute to their communities, or government support can be tied to the use of green techniques of production or the maintenance of democratic governance within the enterprise. The details of support and regulation policies are important but they are beyond the scope of this paper. They would also need to be worked out at the local level.

The promotion of the solidarity economy can awake the political energies among sectors excluded from the formal labor market that are disenchanted with current politics, particularly the youth. For this to happen it is necessary to frame the different economic initiatives within a larger political project of social transformation. A commitment by left

Help promote the emancipatory vision of the left by creating less alienating work and by promoting an economy that brings together producers, communities, and the environment.

governments, parties and movement to the solidarity economy can provide a political impulse to build an alternative hegemonic understanding of the economy, an economic vision that lead to the decommodification of labor and of the environment. Without this political commitment to an alternative way of organizing the world of work the solidarity economy can still produce jobs in democratic workplaces and more stable local economies, but its transformational potential is limited and the risk of losing its distinctive character is higher.

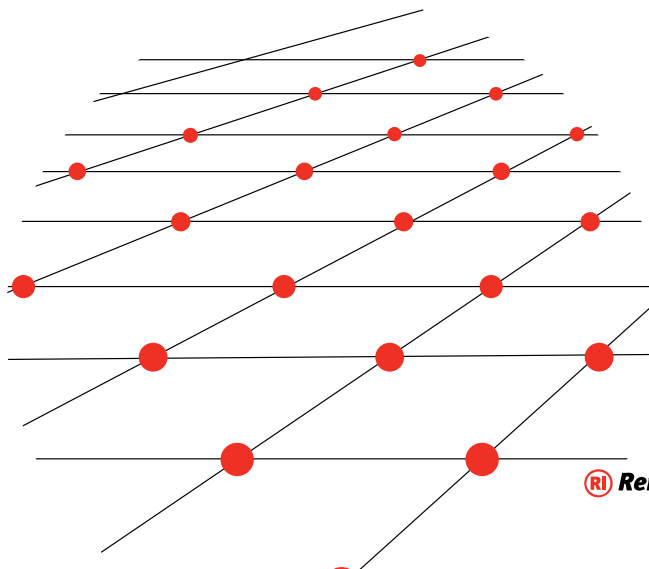
To conclude, the idea of building an economy based on a logic of solidarity rather than a logic of capital accumulation is not new to the left. It has been part of the program of utopian socialists, anarchists, left populists, and communitarians. The state-centered left – in its social democratic, communist, or developmentalist forms – has always had a place for cooperatives



in their visions, but they have been a rather marginal component of their policies. To be sure, I am not suggesting abandoning the strategy of promoting protected work and welfare policies. That strategy should certainly be pursued and defended by the left, particularly in those regions of the world economy where structural conditions make it feasible; but that strategy has always left out those who were not incorporated into the circuits of capital accumulation – the marginal mass. For that reason it should be complemented by a strategy of promoting **the solidary economy. As argued above, that strategy can help achieve several of the pragmatic goals of the left. It can also help promote the emancipatory vision of the left by creating less alienating work and by promoting an economy that brings together producers, communities, and the environment.**

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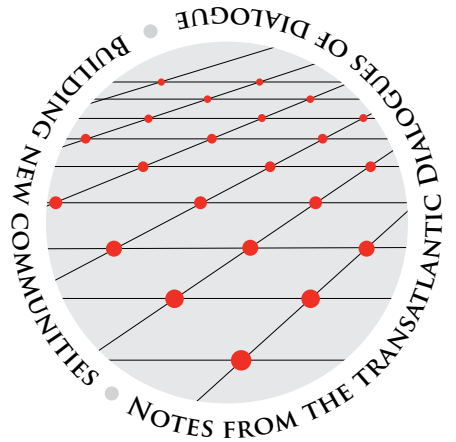
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Hours Reductions: An Ideal Issue for a Red-Green Coalition



Key words

**Worktime reductions – Unemployment – Growth –
Carbon emissions – Working hours**

Summary

Four years after the global financial panic of 2008, the inability of existing approaches to navigate an exit from the devastation it has caused is increasingly evident. One obvious pathway forward is to address unemployment not through growth, but by reducing hours of work. Since the 1870s, worktime reduction has been a central feature of European and North American economies and an essential element of maintaining balanced labor markets and high levels of employment. Furthermore, worktime reduction is a largely unrecognized approach for addressing ecological degradation and climate change. On the basis of new research using data from OECD countries over the last 3 decades, Kyle Knight, Eugene Rosa and I find that shorter hours have a strong negative relationship with carbon emissions, carbon footprints and ecological footprints. As the arithmetic of carbon emissions becomes more transparent, the failure to address growing demand for energy and other natural resources is less and less justifiable. As our model shows, working hours are a powerful tool for reducing unemployment and emissions simultaneously.

Finding a Way Forward

Four years after the global financial panic of 2008, the inability of existing approaches to navigate an exit from the devastation it has caused is increasingly evident. In Europe, the conservative, austerity-driven stranglehold on policy has been an utter failure. This is not a surprise for anyone who has studied the Great Depression of the 1930s. The political power of financial interests prevented measures to end that downturn, and resulted in long term stagnation and unemployment. Today, the vicious spirals triggered by European budget-cutting and anti-Keynesian policy are leading to the immiseration of millions, destabilizing democracy as they embolden a resurgence of extreme right-wing forces, and consigning an entire generation of young people to lifelong labor market consequences. In the United States, the benefits of seignorage have allowed the government to avoid serious budget cutting, however, continued large-scale unemployment and high deficits are also a political powder-keg. Furthermore, the rise of the Tea Party, the increasing ability of reactionary forces to demonize the unemployed as lazy, or drug-addicted, and the continuing power of the Republican attack on the state itself make it impossible for the state to undertake policies that could put the roughly 25 million Americans who remain under-and unemployed back to work. Indeed, these are dangerous developments that jeopardize a functional and humane social order.

The continued dominance of austerity policies in Europe, and the failure to address unemployment in the US are testaments to the power of conservative political forces. But that power itself also highlights the inability of progressive and Social Democratic parties and organizations to move beyond Keynesian ideas. We remain trapped in old ways of managing the economy. Contrary to the dogma of conservative economics, the Keynesian approach does work - deficit spending will create employment and revive macro-economic growth. However, the increasing globalization of the economy means that national policy is less effective than in the past. More spending is necessary to create any given level of jobs. But more importantly, the Keynesian macro-agenda itself exacerbates other pressing problems, most notably carbon emissions and ecological degradation. At a time when these pressures are become increasingly serious, we cannot afford the "indiscriminate growth" agenda of Keynesian economics. Growth itself, as an abstract or undefined goal, has become a big part of the economic problem. Ecological degradation, driven by growth, is becoming costly, even



if those costs are rarely accounted for in GDP accounting, or are perversely considered positive additions, as when clean-up spending is measured as an economic benefit. If the post-crash economic conversation has revealed anything, it is the bankruptcy of both mainstream and Keynesian approaches to address the civilization problems the planet now faces. Wealthy, carbon legacy countries may not have accepted their moral obligations to move beyond fossil fuels, but they will be under increasing pressure to do so. And that will expose old strategies, which rely on countries “growing” their way of our problems. We need to do things differently.

One obvious pathway forward is to address unemployment not through growth, but by reducing hours of work. Since the 1870s, worktime reduction has been a central feature of European and North American economies. The reduction of annual hours from approximately 3000 per year in 1870 to less than half that today has been not only an important, but an essential element of maintaining balanced labor markets and high levels of employment. Indeed, I would argue that this history reveals that hours reductions in line with productivity increases are necessary for achieving full employment. While I cannot do justice to this argument here, it is worth pointing out that countries which have done the most to reduce hours such as Germany and the Netherlands, have enviable levels of unemployment today, in comparison to the US, where hours have risen since the 1970s, and structural unemployment and underemployment has moved alongside them. As Table 1 shows, all six countries but the US have achieved impressive levels of worktime reduction in the last 60 years. Conservative calls to reverse this trend threaten to worsen unemployment. The US experience, where more than 25 million are current either unemployed, under-employed or marginally attached to the labor market, should be a cautionary tale.

history reveals that hours reductions in line with productivity increases are necessary for achieving full employment.

The importance of sharing work equitably in periods when labor demand is low, is well known in European discussions. However, **there is another reason why worktime reduction should be a key demand of Social Democratic and progressive forces, which is the link between hours and climate destabilization.** I will argue below, on the basis of new research I have conducted with sociologists Kyle Knight and Eugene Rosa, that shorter hours are a powerful lever for reducing emissions, carbon footprints and even ecological footprints. Putting hours on the policy table allows us to move beyond Keynesian approaches that no longer have political resonance to consider more transformational changes in how wealthy societies are structured.

Growth and The Ecological Challenge

The failure of wealthy countries to make serious progress in reducing emissions has begun to create cracks in the consensus around the necessity of economic growth in a number of countries. As the arithmetic of carbon emissions becomes more transparent, the failure to address growing demand for energy and other natural resources is less and less justifiable. When countries begin to grapple with real targets for emission reduction, the evidence shows that technological and efficiency gains have not been keeping up with increases in demand. This is a point that has been made by numerous analysts, among them the New Economics Foundation (Sims, Johnson and Chowla 2010; Jackson 2009; Schor 2010). A revealing case study of the U.K. shows that once carbon targets were legislated in 2007, the realization that growth as usual was not compatible with them became much more widespread. Indeed, under BAU growth assumptions, the entire carbon budget for the Kingdom would eventually be needed by one sector (aviation) alone. (Hayden 2010)

This conversation has been most active in Western Europe, and especially in those countries that are taking climate targets most seriously. Hayden's case study of the UK (2010) has described a "dance" in which policymakers and campaigners approach the possibility that growth may not be possible but also back away from the enormous implications of that view. And yet in the last 5 years, mainstream voices have begun to question the feasibility of continued growth. These include Lord Stern himself, who has raised the question of whether wealthy countries can continue to grow and still keep humanity at safe atmospheric concentrations of GHGs, as well as Lord Giddens. The widespread attention paid to Tim Jackson's Commission on Sustainable Consumption report "Prosperity without Growth," was indicative of the growing legitimacy of this conversation, as is the success of a number of New Economics Foundation publications and initiatives. In Germany, the initiation of a three-year commission on alternatives to GDP is an indication that a process of de-centering growth is now underway. In Austria, an ongoing government discussion about "Growth in Transition" reveals that new paradigms for economic security and well-being are being discussed across the continent.

Among environmentally-oriented scholars in the social sciences, the critique of growth has been of longer vintage, beginning in earnest in the 1970s with the publication of the Meadows' Limits to Growth. While there were relatively few adherents to this position after the economists' critique of LTG, however, interest in slow or no-growth economies expanded by the mid-1990s and has developed more rapidly in the 2000s. **There is now a considerable literature advocating a rejection of a growth-centric society and economy** (Daly 1977, 1996; Sachs et al 1998; Schor 1991, 1995, 2010; Victor 2008; Speth 2008; Jackson 2009). In



general the argument is that global North countries should reduce their carbon emissions and materials footprints by a combination of technological change and constant (or even reduced) demand. The global north is assumed to be wealthy enough to absorb the costs of slow or zero growth, in contrast to poor countries, which need to expand output in order to raise living standards for large poverty populations. This approach goes by a number of names, such as steady-state economics, sufficiency, new economics, de-croissance or de-growth. Increasingly, shorter hours are at the core of this conversation.

Options for a slow or no-growth economy: why hours reductions are necessary

If ecological conditions require that wealthy countries reduce their emissions by managing demand, (i.e., if technological and efficiency gains are not sufficient to reduce emissions to desired levels) reduced worktime becomes an imperative. (The assumption here, from the previous section, is that technological change is not sufficient and stabilizing demand is necessary.) Before making that case, it may be useful to briefly consider the alternative: a path that reduces emissions in wealthy countries without changes in working hours. That possibility would entail lowering the share of consumption in GDP by stabilizing the level of domestic consumption and shifting profits/investment to the global south. This could stabilize consumption-related emissions and the ecological and carbon footprints of global north countries. It would effectively entail a rising share of ecological space being allocated to the south, an outcome that most justice-based solutions to shortages of global ecological space would agree is a fair outcome. (Sachs and Santarius 2007; Ackerman et al 2009) In such a scenario, the economies of the global north would remain more or less intact, but the benefits from productivity growth would be transferred to the global south. Thus, northern populations would not receive higher wages despite working more productively. While there is certainly a moral argument that this would be a fair trajectory based on the historical transfers of wealth from south to north as a result of colonialism and neo-colonialism, it will be a politically difficult sell to Northern populations.

While this scenario may sound dystopian, it may be a reasonable description of what has already been happening in the US, where wages have stagnated or fallen for many workers, living standards are in decline, and investment is shifting to low-wage countries. This is not happening for ethical or ecological reasons, but because the power to dispose of the economic surplus has become concentrated in the hands of a small group of powerful corporations and individuals. It is possible that Western European workers may suffer a similar fate, particularly if the economics of austerity continues to dominate the European debate.

However, this trajectory will prove to be one that generates discontent and backlash and is hardly a democratic response to ecological overshoot. It is not a direction of choice.

Therefore, let us consider the alternative preferred by most ecologically-oriented economists, which is to stabilize GDP growth and use productivity gains to reduce annual hours of work and/or effective working life. To see why shorter hours are necessary under this scenario, let's begin with the assumption of a constant labor force (i.e., no population growth or immigration), and annual increases in labor productivity growth. If GDP growth is zero, then the normal workings of the economy will lead to progressive reductions in the demand for labor. Each year a given level of output can be produced with fewer hours of work, on account of productivity growth. Firms can lay off workers, because they are no longer necessary to produce the (stable) level of production that is required in the no-growth economy. If productivity rises by 3% annually, 3% of workers will be made redundant under this scenario. Each year the pool of unemployed will grow, and the labor market will become increasingly dis-equilibrated. Clearly, this is not a feasible scenario. Victor's macro-model of the Canadian economy yields this type of outcome, under a plausible set of conditions (2008).

And yet, if there is an exogenous constraint on growth caused by ecological targets, this is what is likely to happen in an unregulated market economy. That is because firms face a variety of incentives to concentrate work across a smaller number of people. (For a discussion of this issue, see: Schor 1992, Golden 2009) Because many labor costs are paid on a per person basis or have some invariance with respect to hours, it is more profitable for employers to hire fewer workers and keep them on longer schedules rather than to allow hours to fall for all workers. These labor-invariant costs include health insurance (in countries such as the US), hiring and training costs (everywhere), and the portion of employer taxes for pensions, unemployment insurance funds or worker disability that are capped beyond some level of income. In many countries, these hours-invariant costs have grown substantially and comprise a rising fraction of total compensation. (Schor 1992). Hours-invariant costs are not the only reason firms tend to prefer fewer workers on longer schedules. Other motives include the use of long hours as a signaling device for commitment and loyalty and the impact of schedules on labor discipline. (For a recent review of this literature, see Golden 2009) Indeed, a variety of explanations suggest that employers dislike hours reductions. Perhaps the strongest piece of evidence for this claim is that in order to be offered short hours jobs, employees typically have to accept severe penalties in wages, benefits and career mobility, which are common characteristics of part-time work.

Let us now return to our hypothetical no-growth economy. The alternative to an expanding pool of unemployed is to reduce hours of work for all employees, by an amount equivalent to the rise in productivity growth. This will avoid increases in unemployment, and



provide the benefit of more free time across the labor force. However, to achieve this outcome there must be countervailing factors to firms' preferences for longer schedules. In the past, the most important countervailing factors have been strong labor unions and government commitments to use hours reductions to avoid unemployment. (On the role of unions, and differences in hours across OECD countries, see: Alesina, Glaeser and Sacerdote 2005) Going forward, policy interventions that re-structure the incentives facing firms will be necessary. There are also tax and subsidy policies that can provide positive incentives for firms to reduce hours, such as tax credits for avoiding layoffs, and use of the unemployment insurance system to facilitate shorter hours of work.

Another option is to transition workers into retirement, and thereby concentrate hours reductions among the most senior members of the labor force. This circumvents the financial disincentives associated with work sharing for firms, and avoids the problem of rising unemployment. However, a reduction of the retirement age poses other challenges. One is that public pension plans in many countries are facing actuarial shortfalls. There must be a funding mechanism to protect the solvency of pension systems if their liabilities are to rise. Furthermore, unless earlier retirements are voluntary, or pension benefits are generous, this path means that senior employees are forced to take on a disproportionate share of the adjustment burden. While this may be fair, given the high consumption of the current senior generation and its attendant contribution to emissions and eco-degradation, adding generational differentiation to a shorter hours program must be done with care.

Hours reductions and ecological outcomes

So far I have considered the question of hours from the assumption of an ecological imperative for slow or zero growth, and argued that hours reductions are likely a necessary component of a successful steady-state economy. We can also explore the question from the other direction. If a country is able to achieve a path of progressively shorter hours of work, what are the likely ecological impacts?

To date, there is relatively little research on this question. However, there are at least two reasons to believe that shorter hours are conducive to reductions in ecological and carbon footprints (EF or CF) and eco-impacts more generally. The first is the scale effect. It is best illustrated by considering the dynamic path. Here we assume that the economy is experiencing annual increases in productivity as well as yearly improvements in the carbon and eco-intensity of GDP. If productivity growth is used to produce extra output and incomes, then the rates of de-carbonization and de-materialization are reduced by the extent to which production is increasing. On the other hand, if productivity growth is used to reduce hours of

work, and output is stabilized, then carbon- and materials-reductions will all go to reducing EF or CF, without being “erased” by rising output. The key issue here is controlling aggregate demand, and through it, the volume of production. Because shorter hours are an alternative to higher incomes, they affect the scale of production. Therefore, we expect that countries which take a higher fraction of their productivity growth in the form of hours reductions will have lower EFs and CFs, *ceteris paribus*.

In addition to their connection to household incomes, **hours are also an economic resource in themselves, because time is always an input into all forms of consumption and domestic production.** As Gary Becker and Kelvin Lancaster noted more than 50 years ago (Becker 1965; Lancaster 1966) households consider both their income and time budgets when they make choices and engage in activities. This is a point that is typically left out of economics teaching, and is often neglected in research, perhaps because it complicates simple welfare conclusions, but it is widely accepted in theory. Households who are richer in money and poorer in time will opt for time-saving activities and products, such as faster transportation. This is the compositional effect. Activities with low eco- and carbon intensity seem to be more time consuming, although there is relatively little research on this question. (Jalas, 2002) However, transport is a clear case in which speed is associated with higher energy costs. Food preparation is likely another (Jalas 2002). An expected effect of shorter hours of market work is that households will opt for more sustainable activities, products and practices, and thereby have lower EF and CFs, holding income and other factors constant. We anticipate that the scale effect will be considerably larger than the compositional effect, but that both should be operating over time.

There are relatively few studies of the relationship between hours of work and EF and CF. (For a review of this literature, see Knight, Rosa and Schor 2011). I have recently completed a study using such a pooled model for 29 OECD countries from 1970 to 2007 with co-authors Kyle Knight and Eugene Rosa. [These countries include Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, South Korea, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States. OECD countries excluded due to not being classified as high-income are Turkey, Poland, Chile, and Mexico.]. The results reported here are from our joint work. Details on our estimates, as well as our full results, can be found in: Knight, Rosa and Schor 2011. We estimated three dependent variables—Ecological Footprint, Carbon Footprint (which is just the carbon portion of the EF), and national CO₂ emissions. (On EF, see GFN 2010 and Rees 2006) Our independent variables are average annual hours of work, as reported by the Conference Board in the Total Economy Database, which is a harmonized international dataset that includes annual hours, GDP, labor



productivity, and population. Hours of work are intended to measure actual hours worked, including overtime and excluding holidays, vacation and sick days. Table 1 below is derived from our results and displays the direction and significance of our findings for all the variables included in the model. As these results reveal, the size of the scale effect is much larger than the compositional effect, however both are important. (The composition effect in the carbon emissions model is not significant, likely because emissions measure national emissions on the production side, and do not represent consumption.) Overall, we find that annual working hours are a large and significant predictor of ecological outcomes.

Concluding Remarks

Evidence of the failure of standard approaches to achieve full employment and achieve emissions and footprint reductions is mounting. Hours reductions are a triple dividend policy. First, they are a key mechanism for successfully achieving carbon and eco-targets. They allow a necessary stabilization of demand. Second, hours reductions help to maintain employment and reduce unemployment. And third, because time off the job is a benefit to individuals, households and communities, democratic support for reductions in carbon footprints can be secured. In the end, a positive link between policy and well-being is a political necessity in a democratic society.

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Table 1. Annual Hours of Work per Worker: A 1950-2010 Cross-National Comparison

	France	Germany	Italy	Japan	Netherlands	U.K.	U.S.
1950	2,241	2,387	2,469	2,076	2,299	2,218	1,909
1975	1,953	1,808	1,934	2,076	1,740	1,928	1,755
1990	1,705	1,576	1,867	2,031	1,508	1,783	1,724
2000	1,591	1,471	1,861	1,838	1,435	1,712	1,739
2010	1,552	1,408	1,778	1,735	1,377	1,650	1,695
Change '50-'10	-689 / 31%	-979 / 41%	-691 / 28%	-341 / 16%	-922 / 40%	-568 / 26%	-214 / 11%

Table 2. Predicted Change in Dependent Variables for 10% and 25% Reductions in Work Hours with All Other Variables Held Constant

Reduction in Work Hours:	Scale Effect ^a		Compositional Effect ^b	
	10%	25%	10%	25%
Ecological Footprint	-12.1%	-30.2%	-4.9%	-12.2%
Carbon Footprint	-14.6%	-36.6%	-8.6%	-21.5%
Carbon Dioxide Emissions	-4.2%	-10.5%	nsc ^c	ns

^a Scale effect refers to estimates based on models that control for population, urbanization, manufacturing as a percentage of GDP, services as a percentage of GDP, labor productivity, and the labor participation rate.

^b Compositional effect refers to estimates based on models that control for population, urbanization, manufacturing as a percentage of GDP, services as a percentage of GDP, and GDP per capita.

^c Ns indicates that the estimated effect of work hours on carbon dioxide emissions in this model was not statistically significant at the .10 level and is therefore not reported here.

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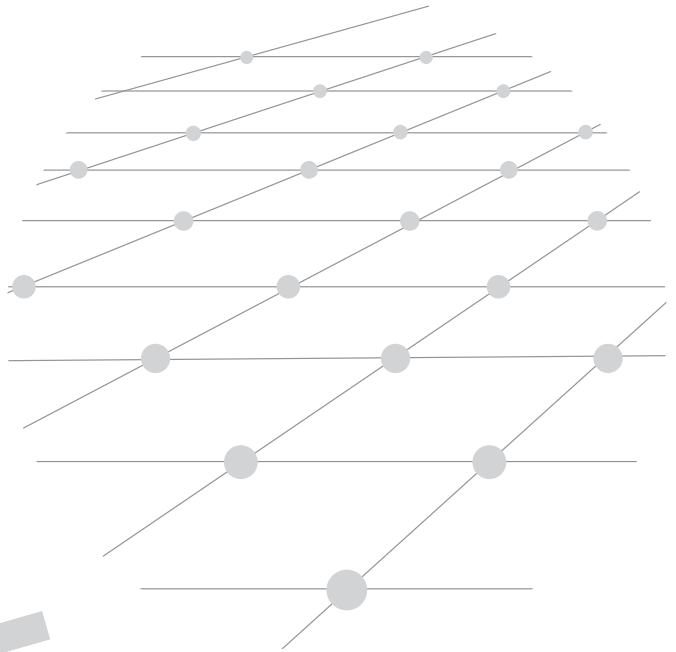
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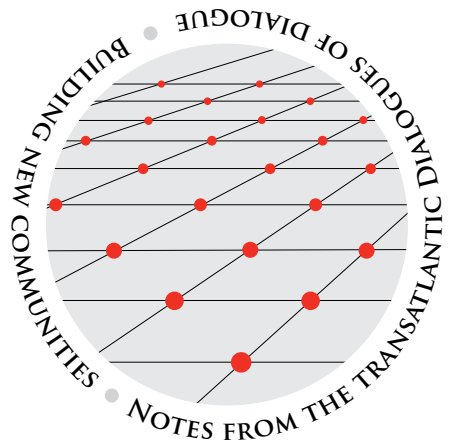
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Cornel BAN

Brazil's Lessons for Europe's Unemployment Problem



Key words

Brazil – Europe – Development bank – Unemployment – Industrial policy

Summary

How can Europe tackle its unemployment problem? This study suggests that in addition to looking for solutions among EU high achievers on job creation, one can benefit a great deal in the long term from looking into the success of Brazil at maintaining and creating employment under tough external constraints and using meager institutional resources. In the light of this case, the main lesson is that European countries with high levels of unemployment should consider establishing state-owned financial institutions tasked to fund employment-rich economic activities. The main advantage of this approach is that if these institutions need no direct funding from the public budget, they can improve the employment performance without hurting the fiscal dossier of the state.

Europe's unemployment problem

Rapidly deteriorating changes in the daily lives of citizens tend to cripple the stability of the political order that governs their lives. Since the inception of the sovereign debt crisis in the Eurozone periphery, the deleterious political consequences of the revision of the social-liberal compact through austerity and deregulation of labor markets has emerged as the main menacing specter for Southern European democracies. The situation was serious enough to prompt the head of the European Commission to wonder aloud whether the Spanish, Portuguese, and Greek political systems could survive popular uprisings sparked by the deprivations accompanying the debt crisis and austerity policies. By the spring of 2012, even the most dispassionate observer of the European crisis would note that the combination between austerity and the further weakening of labor institutions began to reach its political limits in the South, where more and more citizens protested both in the ballot room as well as in the street.

The biggest problem highlighted by the crisis was growing unemployment. For many decades the direct creation of jobs through the expansion of employment in the public sector or through public works had been a policy workhorse for European governments. But over the past three decades this policy was replaced market-oriented strategies such as labour market deregulation, cuts in corporate and marginal income tax but also financial innovation emerged as the fulcrum of the neoclassical turn in labour market policy.

In the EU this neoclassical turn led to a cul de sac. The post-Lehman crisis exposed the extent to which much of the job creation statistics of the 1990s and 2000s were closely tied to an economy increasingly addicted to the financing of unemployment-mopping sectors like construction and retail. Moreover, with few exceptions, even before September 2008 unemployment figures across much of the EU looked mediocre at best, with the youth suffering disproportionately from the crunch in employment in general and in living wage jobs in particular. According to Eurostat, between 2000 and 2007 youth unemployment rate in the EU was around 16%. Today, living in a labour market with 22% unemployment, the average European young person is as likely to be unemployed as the average Spaniard.

Does the failure of the neoclassical employment strategy mean that Europeans should revisit direct forms of employment creation? The sovereign debt crisis that struck the Eurozone



may dampen such expectations. In countries that are in the cross hairs of sovereign bond markets, the expansionary fiscal packages required by expanding the government payroll or by contracting public works are seen by governments as avenues towards fiscal catastrophe in the current conditions. One may beg to differ with the expansionary fiscal consolidation thesis that dominates thinking in Europe right now. But even if one agrees with austerity, one may still find some policy space on the employment front.

During the past two years the talk of the town has been vocational training. Austria, the Netherlands and to a more modest extent Germany showed that vocational education programs that respond to labour demand in a competitive manufacturing sector really make a difference for employment figures. Denmark's flexisecurity also withstood the test of the crisis. Yet these robust policies do not stand to travel easily to other national contexts in the short term, as they are based on fine-tuned institutional synergies between the state, labour and capital that took decades to build. Not everyone can turn overnight into an economy with a strong export-led manufacturing economy or have the institutional and fiscal resources of a Scandinavian unemployment insurance system.

Yet the case of Brazil suggests that more direct forms of employment creation are viable. For that, though, one may have to step outside the reigning Brussels Consensus and head South.

Brazil's neo-developmental challenge

As the crisis wreaked havoc with old socio-economic certainties in Europe, in Brazil, a country once mocked for its great future potential and disappointing performance was producing an economic model where most felt that economic performance was being balanced adequately with social equity. While the other BRICs were plagued either by authoritarian rule (China), façade parliamentary rule with little redistribution (Russia) and increasing social polarization (India), Brazil emerged as a vibrant democracy layered with participatory procedures where a social-democratic government creatively carved space for inclusionary economic growth.

As tens of millions were lifted out of poverty throughout the 2000s, the economy boomed. Brazil's leading corporations were on a global acquisitions spree and, far from needing bailouts, Brazil's banks were building transnational empires and funded the internationalization of Brazilian firms. With a GDP of 2 trillion dollars, Brazil had an economy bigger than Italy's, comparable in size to Britain and France and ranked as the fourth most attractive investment destination after China, the US and India. To reach this performance Brazil's Workers' Party developed a critique of neoliberalism while carefully mapping out its structural constraints, designed an alternative polity regime (neo-developmentalism) and made a political decision

to translate this design into policy. The result was a policy settlement that prioritized social equity-centered national development objectives while adopting macroeconomic policies that kept the country off the cross-hairs of the same bond vigilantes that made many European countries renege on key pillars of what was left of the postwar social compact.

How have Brazilian progressive political forces achieved this and what are the concrete policy lessons that European progressives can draw from this experience? This paper addresses this question by first exploring the intellectual roots of neo-developmentalism and then by unpacking the concrete policy lessons offered by Brazil under Lula and Rousseff. Before I delve into these arguments, two caveats are in order. First, it's not clear how sustainable Brazil's economic model is given its reliance on an ongoing commodity boom that has brought not only windfall fiscal revenues to fund progressive policies but has also begun to erode the country's industrial base through an appreciated exchange rate. Second, Brazil remains a developing country with extreme income polarization, labor informalization and a safety net that has a much lower weight in the public budget relative to Europe's democracies. Yet Brazil's golden decade speaks to the greatest vulnerabilities of Europe's periphery today: its inability to generate employment outside of the cluster of export-led economies and its weak industrial competitiveness.

From Developmentalism to Neo-Developmentalism

The term neo-developmentalism was first used in 2003 by Brazilian economist and former policy maker Luiz Carlos Bresser-Pereira, in an attempt to define an alternative to the Washington Consensus orthodoxy (Bresser-Perreira 2003; 2004; 2007; 2009, 2010). By the end of the decade, the term caught up in some quarters of Brazilian economics and political economy (Sicsu et al 2004; Arbix and Martin 2010; Doctor 2009; Morais and Saad-Filho 2011) just as it began to enter the international development discourse (Khan et al 2010). In 2010, at a Sao Paulo convention prominent Brazilian and international scholars merged structuralist and Keynesian thinking into a new development paradigm in a manifesto entitled "Ten Theses on Neo-Developmentalism".

According to its advocates, **neo-developmentalism entails a new form of state activism. Its core is a national capitalist development program meant to guide the transition of developing countries away from the Washington Consensus. The main aim of this program of capitalist development is the achievement of full employment in conditions of price and financial stability.** In terms of its intellectual lineage, neo-developmentalism shares a number of characteristics with ISI or "old" developmentalism. The first is the assumption that the world economy consists primarily of nation-states that compete with each other through



their firms, an assumption that entails the espousal of varying degrees of economic nationalism. But rather than lead to some variant of ISI, in the case of neo-developmental economic nationalism means the adoption of a development strategy that allows domestic firms to seize global economies of scale and technological updating processes, but also innovation policy and an activist trade policy targeted at strong intellectual property regimes and investment opportunities for domestic firms. The second commonality is an understanding of economic development as a structural process. This entails commitment to the mobilization of all available labor resources, increasing productivity in each industry and the steady transfer of finance to high wage and high value added sectors.

Neo-developmentalists also believe that protectionism should be scrapped and the goal of the open economy should be accepted as fundamental. This acceptance is predicated on important interventionist qualifications, however. The goal of the open economy should be complemented by the goal of using industrial policy to increase the share of medium and high value added products and services. This is to be done through industrial policies targeted at firms judged to be able to compete internationally.

This renewed stress on industrial policy comes at a time when new frameworks for rethinking development such as “new structural economics” are picking up steam in academia and the IFIs (Lin 2011; Lin and Chang 2011) (Joon Chang 2011; Krueger 2011). Justin Lin, the World Bank’s chief economist, recently advocated for a “new structuralism” that emphasizes the centrality of both market mechanisms and state interventions in development. Lin stresses that there are large gains to be made from state-sponsored industrial upgrading and diversification strategies that build on a country’s existing comparative advantage. Other scholars have disputed this approach and argued that industrial policy should target technologically advanced industries in which the country does not necessarily have a comparative advantage, albeit without making excessive leaps away. In this market-making approach the state nudges domestic and foreign producers to go faster up the ladder of technological sophistication than the market “tells” them to, thus fostering comparative advantage over time (Joon Chang 2009; Wade 2010).

While there is no manifest consensus among neo-developmentalists on the weight of market-conforming industrial policies versus market making ones, **the Sao Paulo manifesto contributes to this debate by stressing the macroeconomic dimension of industrial policy. Drawing on a mix of post-Keynesian and structuralist thinking in economics, its signatories argue that “the demand side is where the major growth bottlenecks unfold” and that “in developing countries there are two additional structural tendencies that limit demand and investment: the tendency of wages to increase at rates below the growth of the productivity, and a structural tendency to overvaluation of the nominal exchange rate”**

(Sao Paulo Manifesto 2010). To address the first predicament they advise the adoption of increasing the legal minimum wage, cash transfers to the poor, and a government guarantee to provide employment at a living wage. And to address exchange rate overvaluation and fluctuations in market sentiment, neo-developmentalists suggest that economic development should be financed essentially with domestic savings.

Finally, contrary to the old developmentalist complacency towards inflation, **the neo-developmentalists join the orthodox in upholding an unwavering inflation aversion**. Yet, unlike the orthodox, neo-developmentalists think that this objective should not come at the cost of high interest rates. The goal of macroeconomic stability found in the Washington Consensus is complemented with a firm commitment to full employment and a more progressive distribution of income. The orthodox faith in untrammelled free trade is replaced with acceptance of capital controls, conservative foreign indebtedness ratios and the accumulation of domestic public savings in order to increase the investment rate.

All these concepts are obviously ideal types. If old developmentalism and the Washington Consensus are the extreme ends of the liberal-statist policy spectrum, neo-developmentalism is somewhere in an uneasy middle. As my analysis shows, Brazilian policy elites certainly accepted enough of the neo-developmentalists theses to fit under the aegis of this term but yielded to enough economic orthodoxy to be closer to the liberal end of the neo-developmental spectrum.

The Lessons of Brazil's Developmentalism

Monetary orthodoxy can cohabit with fiscal activism

Brazil shows that the monetary policy orthodoxy embraced in Europe can co-exist with unorthodox fiscal policy in times of crisis. Adopted under Cardoso's presidency, the goal of price stability has remained sacrosanct and the instruments for achieving this goal have been in line with the latest international fashions: central bank independence and inflation targeting (Giavazzi et al 2005; Vernengo 2006; 2008; Barbosa-Filho 2008). The last economic crisis did not challenge the status quo with regard to the institutions and instruments of monetary policy. The only remarkable deviance for orthodoxy was the slashing of interest rates in the second half of 2011, a measure adopted following the pressure of a new executive gripped by recession fears and despite the fact that inflation was persistently above the central bank's targets.

the monetary policy orthodoxy embraced in Europe can co-exist with unorthodox fiscal policy in times of crisis.



The goal of macroeconomic stability informed fiscal policy under Cardoso, Lula and Rousseff alike. During the past decade Brazil maintained fiscal surplus targets ranging between 3 and 4% of GDP and stabilized the level of the public external debt. Instead of shrinking the state, Cardoso's post-*dirijiste* cycle actually increased state revenues to one of the highest in the developing world, a trend consolidated under Lula, who went as far as increasing the surplus targets during his first term.

During his second term, however, Lula modified this "golden rule" of fiscal policy by setting surplus targets at a level consistent with a stable ratio of public debt to GDP, while allowing for target reductions in case of needed expansions in public investment (Barbosa 2010: 7). It was also after the 2006 policy shift that Lula's government adopted a "growth acceleration program" that expanded the aggregate demand through state investment in infrastructure, orders for state banks to expand credit and for state-owned enterprises to expand investment (Barbosa and Souza 2010). As a result, Brazil's investment rate climbed from 15.9% in 2005 to 19% in 2008. Further demand-side measures included constant expansions of the minimum wage, the growth of social programs and a large increase in public sector employment (Morais and Saad-Filho 2011: 35-37).

This expansionary, albeit not deficit-based fiscal policy shift came in handy during the crisis, when surplus targets were slashed and a substantial increase in the level of public debt was avoided. The first counter-cyclical policy instrument was the use of income policy and social policy to generate multiplier effects. The federal government maintained its commitment to mandatory real wage increases and opted for the extension of the duration of its woefully underproviding unemployment benefits, two measures that have been advocated by neo-developmentalists. Similarly, Brasilia enhanced the coverage and benefit levels of cash transfers, a measure that injected \$30 billion into the economy at a time of falling aggregate demand (ILO 2011: 5). But while they benefited 20% of the population, at the cost of only 0.026% of GDP and 2.4% of the stimulus package, these measures hardly posed any risks to macroeconomic stability.

The second counter-cyclical strategy was a direct fiscal stimulus animated by strong redistributive concerns. To mop up the unemployment created in the construction sectors, the government used a large chunk of the stimulus package to boost spending on infrastructure and launch a program to build one million affordable housing units. The latter program was executed in a way that involved the private sector but maintained the state's control over the process: a government fund acquired hundreds of thousands of residential units built by the private sector and then sold them directly to poor families at subsidized values and interest rates (Barbosa 2010:8). Furthermore, to slow down job losses in manufacturing, the government cut the industrial production tax, a measure that saved close

to 60,000 jobs in the car industry alone, a sector known for its impressive multiplier effects.

Such measures are hardly typical of neoliberal crisis packages. But like the enhancement of social programs discussed above, these demand-side measures did not endanger the objective of fiscal stability. Moreover, in relative terms, the value of the direct stimulus was quite small. Most importantly, the federal government avoided deficit spending and chose instead the more modest path of a cut in the primary surplus, which was reduced from 4.2% in the third quarter of 2008 to 1% a year later (ILO 2011: 31; 33). In this way Brazil's stimulus package was operated within the limits permitted by the aversion to deficits associated with the Washington Consensus, a fact noted by the three main bond rating agencies who upgraded Brazil's sovereign bonds in 2009 and 2010.

Employment is best targeted through domestic public finance

Reassured by conservative monetary policy, mandatory surpluses and expectations of falling public debt, transnational finance capital tolerated a few bolder departures from conservative fiscal policy during the crisis. Among these was Brazil's off-the-books stimulus package camouflaged as credit policy targeted at employment-rich sectors. This demand-side measure was possible only because in violation of the Washington Consensus, the Brazilian government did not privatize federal banks and showed no compunction in using them as development banks. Even before the crisis state banks were the main providers of industrial credit, with private banks keeping most of their operations in government bonds and consumer credit while remaining averse to extending credit to corporates.

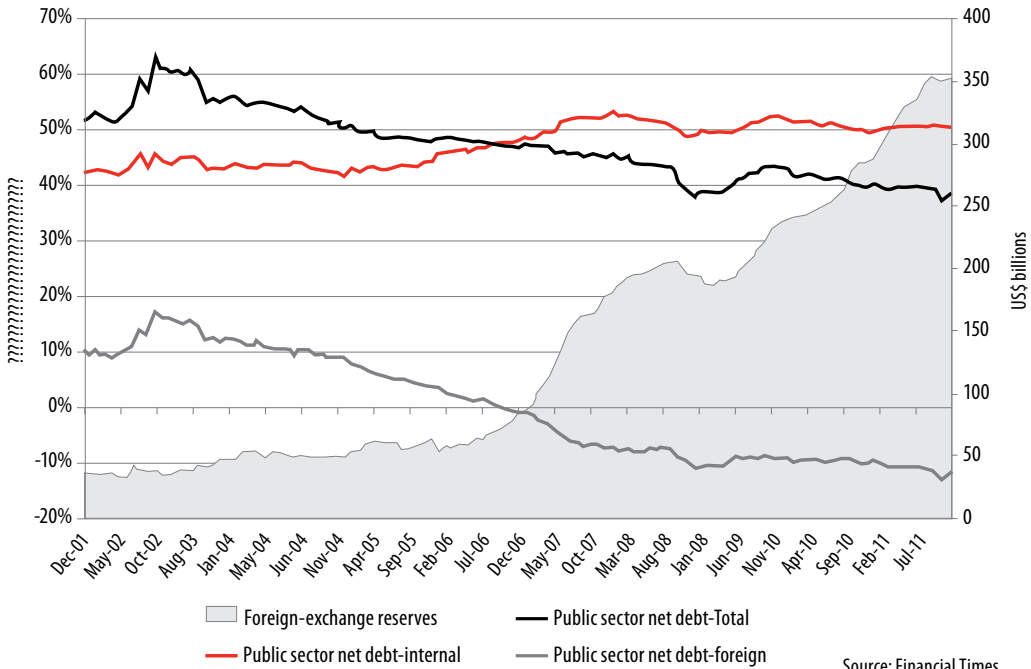
Given this structural characteristic of the financial sector, the Ministry of Finance was able to ask three federal banks (*Banco Nacional de Desenvolvimento Economico e Social* or *BNDES*, *Caixa Economica Federal* and *Banco do Brasil*) to keep lending to employment-rich large firms and SMEs at a moment when private banks were weary of lending. To ensure the success of this operation, the Ministry of Finance spent no less than 3.3% of GDP to capitalize the already huge BNDES, so that this bank could increase its volume of credit by no less than 85% by offering loans to firms at half the level of the yield on government bonds. But because this measure was a below-the-line loan to BNDES, it was not considered as part of the stimulus package (ILO 2011: 48-49).

In addition to these credit lines through state banks, in 2009 the government used public savings to create a sovereign wealth fund with an initial amount of 0.5% of GDP which immediately planned the release of almost half of its money to infrastructure investments (ILO 2011: 41). In short, the government used 3.8% of GDP in off budget measures to fund carry out counter-cyclical fiscal policy by stealth. Had these measures been on the books, Brazil's fiscal virtue would have been questioned, as the budget deficit would have been in the red.



Finally, Brazil’s inching towards neo-developmental thinking is evidenced by a steady commitment to the objective of reducing the footprint of foreign capital in the state’s balance sheets. As the table below shows, while the share of public debt owed to domestic financial institutions increased during Lula’s terms, the debt owed to foreign creditors was dramatically reduced over the same period.

Debt and foreign reserves in Brazil



Conclusions

The main lesson of Brazil for Europe’s Southern periphery is that **the goal of full employment should be on a par with the goal of macroeconomic discipline**. Nevertheless, since 2006 Brazil also showed that orthodox fiscal policy can be edited with a complex array of policies aimed at expanding investment and aggregate demand without attracting the ire of the more conservative sectors of the bond market. Thus, during the economic crisis, the government used its control over federal public banks to run an off-the-books stimulus camouflaged as credit policy alongside an official stimulus package in order to help close the output gap. While signaling fiscal virtue in its official accounts, the government in Brasilia had no hesitation to use its very powerful public financial institutions to unlock the devices of the credit system blocked by the financial crisis that hit the country in 2009. In so doing, the government showed that macroeconomic stability is not the only goal and that kick-starting

demand and creating jobs in a slump, albeit surreptitiously, is just as important. Finally, Brazil reduced its reliance on foreign savings, as if enacting the neo-developmental argument that “growth strategies that rely on foreign savings cause financial fragility; get governments caught up in regressive “confidence building” games; and, all too often end with a balance of payments or currency crisis” (Sao Paulo Manifesto 2010).

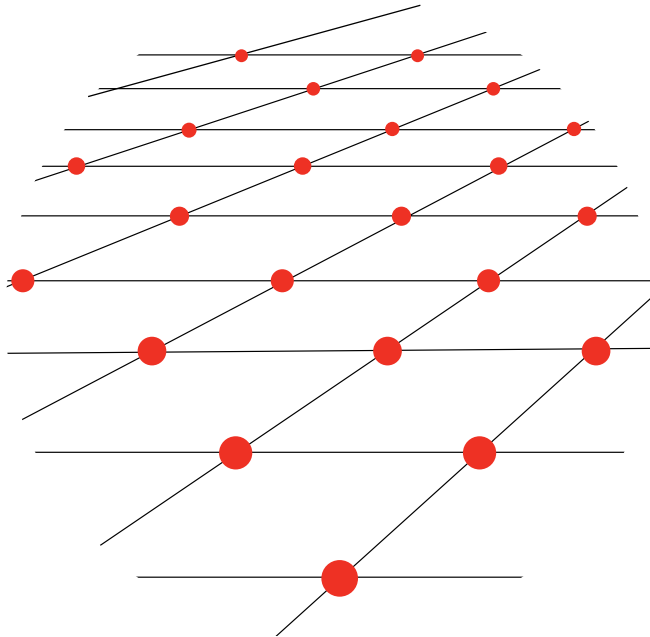
Employment-oriented growth, public banks with clear development goals and state reliance domestic finance once served Europe well during postwar recovery as well as in the spectacular growth of some East Asian economies. The familiar counterarguments about the supposed superiority of the transnationalized private financial sector over the public should resonate less today, given the very high cost of the financial crisis on governments’ balance sheets. BNDES is, after all, a competitor to the World Bank itself in terms of its lending portfolio and its public mandate has not come at a cost to its soundness.

The objection that development banks are appropriate for developing countries suggests a certain “developed” country hybris. There is nothing “developed” about punishing levels of unemployment, and the rise of the BRICs challenges old assumptions about core and periphery in the global economy. Moreover, as the crisis demonstrated ad nauseam, eurozone member states are already in the position of developing countries when it comes to their relationships with sovereign bond markets (de Grauwe 2011).

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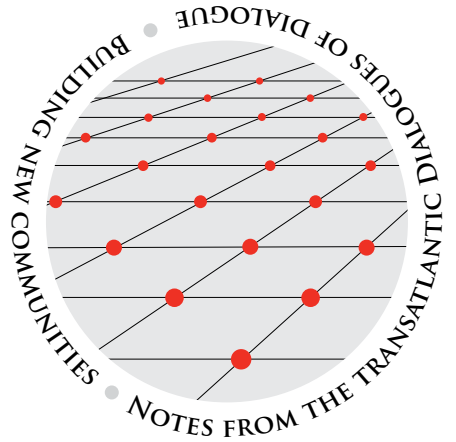






Dimitris TSAROUHAS

Organized Labour and the Progressive Movement

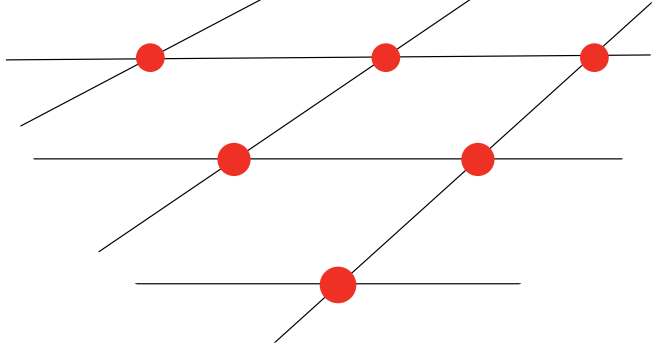


Key words

**Progressive movement – Trade unions –
Community unionism – Institutions**

Summary

In this essay, I discuss the relationship between labour and the community by focusing on organized labour, primarily trade unions. My argument is twofold. First, the “union revitalization” debate is a helpful starting point in breaking the inward-looking cycle that trade unions have become entrapped. I draw on community unionism and use the example of Working America to illustrate the point. However, building new bonds between labour and the wider community is not a uniform process across the western world since it very much depends on institutional contexts and traditions. Secondly, I argue that trade unions are a central actor in the process of linking labour and communities, and not only because of a romanticized (and thus potentially misleading) interpretation of their historical contribution to the progressive movement. Trade unions retain a central economic and political role in labour market regulation and the degree to which states adjust to external economic shocks in a smooth and socially acceptable manner. The challenge today therefore is to avoid the easy dismissal of trade unions as an anachronistic relic of the past and examine the conditions under which they can form part of the progressive coalition our societies need.



Introduction

The last few decades have seen a revolution unfold, with technological change and economic restructuring at the heart of this process. The consequences have been profound, and this has been particularly evident in the sphere of the labour market. The reorganization of production along post-Fordist lines and ‘just-on-time’ techniques challenge not only traditional work patterns, but also the political links and practices that labour has been accustomed to. Moreover, individualization and a growing alienation from the workplace have eroded the erstwhile strong community bonds that underpinned the production process. In our ‘post-industrial’ age (Armingeon and Bonoli 2006), an increasingly feminized workforce, the end of full employment as a realistic promise to the young generations and the growing role of the service economy (Esping Andersen 1990) are pushing labour to the limits of its legitimacy and erode traditional understandings of what labour stands for.

In this essay, I discuss the relationship between labour and the community by focusing on organized labour, primarily trade unions. My argument is twofold. First, **the “union revitalization” debate is a helpful starting point in breaking the inward-looking cycle that trade unions have become entrapped.** I draw on community unionism and use the example of Working America to illustrate the point. However, building new bonds between labour and the wider community is not a uniform process across the western world since it very much depends on institutional contexts and traditions. Secondly, I argue that **trade unions are a central actor in the process of linking labour and communities**, and not only because of a romanticized (and thus potentially misleading) interpretation of their historical contribution to the progressive movement. Trade unions retain a central economic and political role in labour market regulation and the degree to which states adjust to external economic shocks in a smooth and socially acceptable manner. The challenge today therefore is to avoid the easy dismissal of trade unions as an anachronistic relic of the past and examine the conditions under which they can form part of the progressive coalition our societies need.



Trade Union Decline and Renewal: Community Unionism

There is little doubt that organized labour is facing a severe crisis. Looking at trade union membership rates in Europe is evidence enough. From 2000 to 2008 union membership in the European Union (EU) went down from 46 to 43 million, whilst wage employment increased from 120 to 140 million. Moreover, union density in the EU fell to a little more than 23% over the last decade, since enlargement to Eastern Europe added tens of millions of new workers but union membership rates stagnated (Bryson et al., 2011: 98).

These figures suggest that the problem is deep, and can be traced both to external changes and internal problems. Externally, changes in labour markets, management and organization made trade unions less central in delivering economic growth. They were significantly weakened as globalization offered new exit opportunities to capital and diminished its returns regarding centralized collective bargaining (Swank, 2002: 27). New dividing lines among working people emerged, as a division between the competition-exposed, tradable sector of the economy (and its unions) and the “sheltered” domestic sector was identified. The era of globalization also witnesses massive population movements resulting in flows of immigration towards the western world that transform the social fabric and further contribute to a frantic search for a new sense of identity among the working people.

This is only part of the story of decline, however. The unions themselves have been blamed by their own members and dissatisfied employees for failing to live up to their role as guarantors of workers’ rights. Their disconnection from ordinary members and inability to come to term with the transformations underway in the world of labour mean that they have let down vast swathes of their more diversified constituents. In addition, trade unions have been accused of often acting as ‘veto players’ (Tsebelis 2002) in the political arena, obstructing policy reform and blocking necessary changes in policy areas such as pensions (Tsarouhas 2012).

These challenges have given rise to a rich academic literature on trade union renewal, and the formulation of alternative strategies for recovery (Fairbrother and Yates, 2003; Frege and Kelly 2003; Turner et al. 2001). Among the most significant of these is the need to give expression to new forms of solidarity and mobilize potential adherents.

Clegg (1976) stressed the link between labour relations institutions and the model of trade union organization, paying special attention to collective bargaining processes. Institutional approaches are accused of attributing too great a role to institutional arrangements (“path dependency”) and sidelining the potential for agency-driven activism. In today’s conditions, such an accusation has to be taken seriously. It is thus important to balance

structure-driven accounts with attention to the role of agents. Concepts such as “union identity” are very helpful in this regard. They tend to treat trade unions as dynamic entities able of responding to a changing environment. For Hyman, union identities form part of a wider process of union-derived strategy and are defined as “Inherited patterns of ideology, discourse and programmatic commitment. Such identities bias contemporary responses to challenges and opportunities, but they contain internal tensions and contradictions which create the possibility of change” (Hyman 2001, 223). In that framework, then, the key issue becomes the extent to which unions have the capacity to formulate a new identity in an era of crisis, and whether they are able to utilize existing resources to become more relevant for their members as well as the wider community.

Examples of attempts by unions to recruit new members and link up to the community have recently emerged, particularly in the Anglo-American world. This is no surprise: long-term processes of union decline in those countries led to a severe drop in trade union influence and their under-representation in workplaces (Bryson et al., 2011: 99). As a consequence, their strategies for renewal entailed attempts to enlarge their scope of operation and become attractive to new groups outside the realm of collective bargaining.

In that context, **community unionism is particularly significant. This is a type of trade union activism that goes beyond the workplace and is potentially more effective because it aims at mobilizing groups** (such as environmental groups, religious associations and ethnic minorities) outside the workplace and to give voice to a broader-than-the-workplace agenda that addresses issue of environmental standards, regional economic development and local services (Wills, 2001: 466). Such activism has great potential, not least because it binds trade unions to their locality with bonds of solidarity and with groups who share similar concerns. Added to that is the fact that it allows trade unions to shed at least part of their negative image by introducing them as dynamic and relevant groups to a new generation of workers who have little or no ties to the labour movement. Finally, community unionism strengthens trade unions in the long run as it allows them to build a support base among the community and exert stronger pressure on employers to respect employee rights. It is therefore a method of union renewal that uses non-traditional vehicles to reach its objectives.

In the United States, where community unionism has advanced more than elsewhere, this type of renewal has met with real success. Working America is an example of this type of renewal (Freeman 2005). A community affiliate of the AFL-CIO, this organization has galvanized support by using door-to-door methods and reaching out to people from diverse political backgrounds and beliefs. It campaigns on workplace rights in the same way that it fights for quality education, healthcare and corporate accountability. Its wide scope of activism has meant that it is now present in all 50 states, yet tailors its campaigns to the particular needs of



the community it is represented. By use of new technology, not least the Internet, it has expanded its membership to 4.3 million. The fact that membership comes with added benefits, such as a prepaid debit card and budget counselling (<http://www.workingamerica.org/membership/Why-Join>) helps explain its current success.

Context Matters: The Limits of Community Unionism

While community unionism is a helpful addition to the search for a renewal of trade unionism, it is not a panacea. This is for two reasons. On the one hand, community unionism suffers from some weaknesses that limit its effectiveness. On the other hand, this type of activism is very much the result of an institutional context prevalent in the Anglo-American world and not easily exportable in Europe. The social, economic and political environment within which renewal is attempted matters when assessing its potential success.

Community unionism is recording some real successes, but the question over its real impact is not always very easy to answer. In some cases, such as the SEIU battle in the US (Erickson et al., 2002), the battle aimed at maintaining members and mobilize them in search of a better deal with employers rather than reaching out to the community. Secondly, community unionism has yet to come up with a particular pattern that unions will be able to use and adjust to their conditions. Too much ad hoc activism tends to get channelled to particular causes, yet unions do have a mandate and role to be part not only of their locality but also to push for decent wages and work conditions through collective bargaining (Bryson et al., 2011: 104). It is not always clear to what extent community unionism addresses this still important function of trade unionism.

Community unionism has grown strong in those countries where unions have tended to rely heavily on their members, both for reasons of political influence and financial clout. It has thus been driven by an existentialist search for a new role in a political context that rejected trade unionism as part of the social deal, and an economic context favouring individualized approaches to workplace problems.

Yet the institutional and political context of trade unionism in Continental Europe is different. For all the myriad problems unions face here, their plight is still much better than in the UK or the US. In Europe, trade unions are more often than not part of a dense institutional fabric that assigns them core responsibilities regarding not only a voice in labour market restructuring but also the administration of schemes such as unemployment insurance funds. The Ghent system, despite its problems and decline in certain countries where it has been practiced (Böckerman and Uusitalo 2006) is the best example here. Moreover, unions in

Europe tend to be strongly represented at sectoral level and engage in collective bargaining at that level, as well as receive support for their activities from the state and/or employers (Bryson et al., 2011: 104).

The above is not to suggest that community unionism is irrelevant in Europe. To the contrary, its creative solutions and flexible nature that utilizes technology as well as traditional, door-to-door mobilization techniques has high potential to revitalize a movement that has lost its ability to connect to ordinary citizens. But it is to recognize that a uniform application of revitalization techniques used in one context may be less appropriate in conditions where resources and concomitant expectations differ substantially. Moreover, **trade unions can experiment with ways of reaching out to the community by means of reframing their political message and adjusting their campaigns and demands to the requirements of the modern era.** The Swedish Trade Union Confederation (LO) provides an example of an encompassing trade union federation that reframed its understanding of equality in the 2000s to push gender at the forefront of its collective agreement demands (Tsarouhas 2011). It could thus reach out members and non-members alike by making its core business relevant to many more than its active members, and align itself with feminist organizations and NGOs in pursuit of gender equality.

Conclusion: Rebuilding the Progressive Movement

Community unionism can help arrest the decline of organized labour's ability to connect to the citizens and the community as well as its members. Such a process is never easy. After all, trade unions do have a dual role: they are political actors in the process of labour market regulation and welfare reform, and they are economy-oriented actors as labour market partners seeking to influence wage and work conditions through agreements with employers and/or the state. This is by definition an uneasy position to be in, particularly when unions are exposed to often unfair criticisms of being narrow-minded "insiders" when they attempt to stand up for union-friendly legislation and/or avert reforms undermining collective bargaining (Schelkle, 2011: 309).

The above discussion points to the need to tread carefully when trying to understand the lessons of community unionism. What is not needed in this process is unwarranted fatalism

Renewing their practices and learning the right lessons from community unionism can go a long way towards allowing trade unions to become a central part of the new progressive movement.



about the role and functions of trade unions. This is not only because they still have a role to play in contributing to consensus-based public policy reform and changes in the welfare system (Hammann and Kelly 2007). It is also because the decline in their political influence is itself subject to changes in public policy (Bryson et al., 2011: 104). After all, it has been shown that institutional features approximating social democratic objectives, such as social corporatist interest representation and universal welfare programmes, mitigate the impact of globalization and do not have to lead to the abandonment of progressive politics (Swank 2002). Renewing their practices and learning the right lessons from community unionism can go a long way towards allowing trade unions to become a central part of the new progressive movement.

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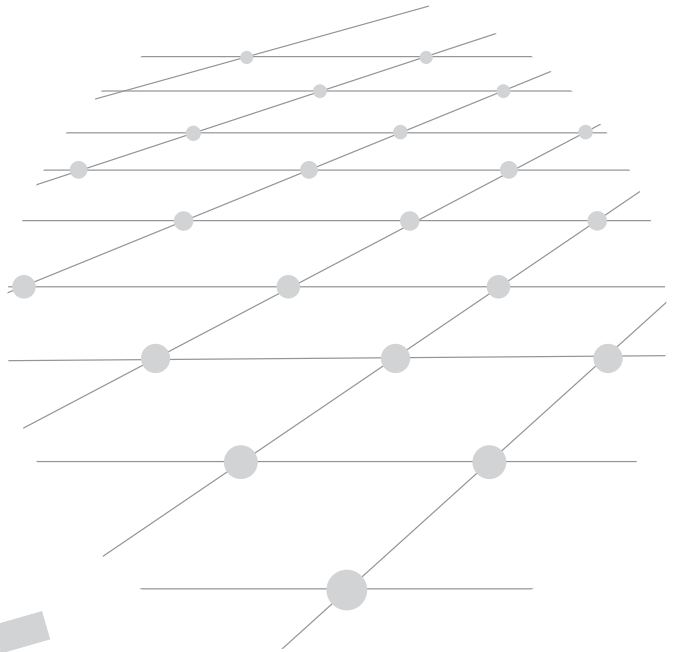
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Biographies



Gianpaolo BAIOCCHI is a political sociologist and ethnographer at Brown University interested in questions of participatory democracy, civil society, cities, and critical theory. His Phd (2001) from University of Wisconsin dealt with the now-famous “Porto Alegre Experiment” in participatory democracy, and he has continued to write on that theme. His most recent book, with Marcelo K. Silva and Patrick Heller, *Bootstrapping Democracy* (2011: Stanford University Press) is an evaluation of the impact on the practices of civil society of the institutionalization of participatory democracy. He has, in addition, published essays in venues like Boston Review, Economic and Political Weekly, American Sociological Review, Thesis Eleven, and Politics and Society. He is part of a five-person interdisciplinary team completing a book on the civic imagination of activists in a US city. He is one of the signatories of the Right To The City founding documents in the US, and works with the Participatory Budgeting Project as well.



Cornel BAN is deputy director of International Development Studies at the Watson Institute for International Studies at Brown University. His research bridges political economy and sociology and is focused on the diffusion of new economic ideas across national policy spheres, with Brazil, Spain and Romania serving as empirical background.



Rémi BAZILLIER is an assistant professor at the University of Orléans and a research affiliate at the Laboratoire d’Economie d’Orléans (LEO-CNRS). His research focuses on development, labour economics and sustainable development. His current work studies the economic consequences of labour standards, the linkages between migration and social conditions and the influence of Corporate Social Responsibility. He received his Ph.D. in Economics from the University of Paris I Panthéon-Sorbonne in 2007. He wrote several papers published in international peer-reviewed journals including World Development, Journal of Development Studies, or Revue Française d’Economie. He recently published a book on the linkages between Labour and Sustainable development (“*Le travail, grand oublié du développement durable*”, col. eDDen, ed. Le Cavalier Bleu, Sept. 2011, 224p).



Patrick DIAMOND is a Gwilym Gibbon Fellow at Nuffield College, Oxford, a Visiting Fellow in the Department of Politics at the University of Oxford, and a Senior Fellow of the Policy Network. He is the former Head of Policy Planning in 10 Downing Street and Senior Policy Adviser to the Prime Minister. His recent publications include: *"Beyond New Labour"* (with Roger Liddle, 2009); *"Social Justice in the Global Age"* (with Olaf Cramme, 2009); and "Global Europe, Social Europe" (with Anthony Giddens, 2006); *"After Third Way. The future of European Social Democracy"* (with Olaf Cramme, 2012).



Yiannis Z. DROSSOS is the author of numerous books and articles on mainly Constitutional but also on Administrative and European Community Law. He has participated in coordinated various academic programs in subjects of Public and European Law in several countries (such as India, Pakistan, Latin America, Armenia, Turkey, Rumania, Malta and others). He is member of several scientific associations and bodies, such as the Board of Directors of European Public Law Organization (1997 – to date). Prof. Drossos has developed extensive administrative and political activity in the framework of several European Union institutions (Council of Ministers, European Parliament) and with the Greek government, in particular with regard to issues related with public administration, Greek participation in the European institutions, with European and international negotiations and national defence. He is practicing attorney at Law at the Athens' Bar.



Karl DUFFEK, born in 1962, is *Director of Renner Institut and Vice President of the Foundation for European Progressive Studies (FEPS)*. Mr Duffek finished his studies of German Language and Literature, English and American Language and Literature, Political and Social Sciences at the University of Vienna, Austria and the University of Hagen, Germany. In 1986 he graduated as Mag. Phil. In the years 1985 – 1987 Mr Duffek served as Member of the Representative Body of the Department of Humanities of the University of Vienna, chairing its work in the years 1985 – 1986. From 1988 till 1992 Mr Duffek was a fellow of Renner Institut (the Political Academy of the Sozialdemokratische Partei Österreichs (SPÖ), in charge of education policy and social sciences. In 1992 he became Deputy Director of this Institute, which function he held for six years. Since 1997 till 1998 Mr Duffek was Secretary of the Programme Committee and Coordinator of the new Political Platform of the SPÖ and following that he served as the SPÖ Federal Secretary for Education. Since 1999 Mr Duffek

has been Director of Renner Institut and a Special Advisor to the SPÖ party leadership on the Programme and Ideological issues, and currently he also serves as SPÖ International Secretary. He published several books, among which there are: "*Social Democracy and Education*" (eds) F. Becker, K. Duffek, T. Mörschel, Amsterdam 2008/Graz-Wien 2007; "*Sozialdemokratische Reformpolitik und Öffentlichkeit*", F. Becker, K. Duffek, T. Mörschel, Wiesbaden 2007; "*Moderne Österreich*", (eds); P. Filzmaier, P. Plaikner, K. Duffek, Wien 2007; "*The EU – A Global Player?*", R. Cuperus, K. Duffek, A. Fröschl, E. Mörschel, Wien-Berlin 2006.



Ernesto GANUZA is scientist at the Spanish Science Research Council. He is Doctor of Sociology from the Complutense University, Madrid (2005). His research lies in the participation of citizens in governance, as well as procedures and tools that would make it possible through the problematization of deliberation, the contemporary political space open to participation and the democratization challenges resulting. His current interest lies in the difficulties of democratization in contemporary political spaces considering participatory and deliberative processes that allow anyone to be linked to political environment from which no one seems to want to resign. He has published among others "*Rethinking the sources of participation*" in *European Sociological Review* (2008), "*The deliberative turn in participation*" in *European Political Science Review* (2011), "*¿Cambian las preferencias los participantes en la deliberación?*" en *Revista Española de Investigaciones Sociológicas* (2012) and other books about Participatory Budgeting in Europe and Participatory Methodologies.



Paolo GUERRIERI is professor of International Economics at the University of Rome 'La Sapienza' and visiting professor of the Economics of European Integration at the College of Europe, Bruges (Belgium) and the USD, Business School, University of San Diego, California. He has been a visiting professor at the University of California, Berkeley and the Université Libre de Bruxelles, (Belgium). Additionally he has held positions at numerous institutions as a visiting scholar and researcher including the University of Pennsylvania (Philadelphia, USA), University of Oxford (Oxford, United Kingdom), Universidad Complutense (Madrid, Spain), UniBo Ba University (Buenos Aires, Argentina), Natolin College (Warsaw, Poland). He has served as an advisor to several international organizations including the OECD, World Bank, CEPAL and the European Commission. At present he is the director of the international project on "Assessment of ICT impacts and the EU Growth and Competitiveness" for the EU Commission, DG INFSO. Some corporations he has consulted for include ENI, Fiat, ENEL and Pirelli. He has published 17

books, monographs or anthologies and more than 105 articles and book chapters in the area of international economics, international political economy, European economic integration, economic regionalism. He has published in a variety of venues, including Cambridge Journal of Economics, Economic Modeling, Oxford Development Studies, Journal of International Comparative Economics, Economics of Innovation and New Technology, The International Trade Journal, Regional Studies, Structural Change and Economic Dynamics, Technovation, Weltwirtschaftliches Archiv.



Alfred GUSENBAUER, born 1960, was federal Chancellor of the Republic of Austria and member of the European Council between January 2007 and December 2008. He led the Sozialdemokratische Partei Österreich (SPÖ) between the years 2000 and 2008. Dr. Guesenbauer studied law, philosophy, political sciences and economy at the University of Vienna and

there obtained Ph. D. in political sciences in 1987. Dr. Gusenbauer began his political career in the Sozialistische Jugend Österreichs (SJÖ), of which he was President from 1984 till 1990. Dr. Gusenbauer was Member of the Austrian Parliament from 1993 till 2007; Member of Parliamentary Assembly of the Council of Europe from 1991 till 2007; and was Chairman of the Social, Health and Family Affairs Committee of the Council of Europe from 1995 till 1998. He has been actively engaged in the Party of European Socialists (PES), as the party's Vice-President and in the Socialist International as its Vice President since 1989. Dr. Gusenbauer was Professor-at-Large at the Brown University in Providence, Rhode Island; is a Visiting Scholar at Harvard University and James Leitner Fellow for Global Affairs at the Columbia University of the N.Y.C. Furthermore, Dr. Gusenbauer is President of the Renner Institut, President of the Austrian-Spanish Chamber of Commerce, CEO of Gusenbauer Projektentwicklung und Beteiligung GmbH and chairs several boards, as i.e. STRABAG SE. Dr. Gusenbauer holds an honorary doctorate of the Hertzliah University of Israel and is Senator of the European Academy of Sciences. Since the beginning of the initiative in June 2009, Dr. Gusenbauer chairs the *Next Left* Research Programme of the Foundation for European Progressive Studies (FEPS).



José ITZIGSOHN is a professor of sociology at Brown University. He conducts research on alternative ways of organizing work and production. His first book, *Developing Poverty* analyzes the organization of the informal economy in Costa Rica and the Dominican Republic and its relation with state regulations of the labour market. He is currently writing a book on the recuperated enterprises in Argentina, analyzing how industrial democracy works in these

recuperated enterprises in Argentina, analyzing how industrial democracy works in these

enterprises. He also writes about migration and immigrant incorporation and he is the author of *"Encountering American Faultiness"*, in which he analyzes the ways in which Dominican immigrants and their children incorporate into the US social structure.



David KENNEDY is Manley O. Hudson Professor of Law and Director of the Institute for Global Law and Policy at Harvard Law School. He teaches international law, international economic policy, legal theory, law and development and European law. He joined the Harvard Law faculty in 1981 and holds a Ph.D. from the Fletcher School and a J.D. from Harvard. His research uses interdisciplinary materials from sociology and social theory, economics and history to explore issues of global governance, development policy and the nature of professional expertise. He has been particularly committed to developing new voices and perspectives on international affairs. As a practicing lawyer and consultant, Professor Kennedy has worked on numerous international projects, both commercial and public, including work with PricewaterhouseCoopers with their emerging markets and anti-corruption practice, with the United Nations, the Commission of the European Union, various national governments and with the private firm of Clearly, Gottlieb, Steen and Hamilton in Brussels, where his work combined European antitrust litigation, government relations advising and general corporate law. A member of the Council on Foreign Relations, he is past Chair of the World Economic Forum's Global Advisory Council on Global Governance. In 2011 he was appointed Foreign Advisor to Thailand's Truth For Reconciliation Council. At Harvard, he served as Chair of the Graduate Committee and Faculty Director of International Legal Studies. He founded the European Law Research Center at Harvard in 1991 and served continuously as Faculty Director. He has advised a number of educational institutions on their academic programs, and lectured as a Visiting Professor at numerous universities across the world. In 2008-2009, he served as Vice President for International Affairs, University Professor of Law and David and Marianna Fisher University Professor of International Relations at Brown University.



Michael D. KENNEDY (@Prof_Kennedy) is professor of sociology and international studies at Brown University where he explores the relationship between knowledge practices and global transformations. Beginning with studies of intellectuals and professionals in East European social movements and systemic change (e.g. *"Professionals, Power and Solidarity"* [1991], *"Cultural Formations of Postcommunism"* [2002]), Kennedy now works on how transformations in the communicative capacities of intellectuals and their institutions and networks articulate

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Ricardo LAGOS ESCOBAR born on 2nd March 1938, served as President of the Republic of Chile between 2000 and 2006. He is a lawyer and holds a PhD in economics from the Duke University (USA). During the 80's he led the Democratic Alliance and the Independent Committee for Free Elections, and then became the founder and first president of the Party for the Democracy. Among many functions, Mr. Lagos was Minister of Education and Minister of Public Works under the two previous governmental periods, served as Special Envoy for Climate Change of the UN from 2008 to 2010, as also was President of the Club of Madrid from March 2006 to January 1st 2010. Since 2006 he presides the Fundación Democracia y Desarrollo. The recent book of Mr. Lagos, *"The Southern Tiger: Chile's Fight for a Democratic and Prosperous Future"* has just been published by Palgrave MacMillan. Mr. Lagos is married, has 5 children and 6 grandchildren.



Oscar LANDERRETCHÉ is the Director of the School of Economics and Business of the University of Chile where he is also an academic of the Department of Economics. He is a founding councilor and professor of the INFOCAP Union Leadership School and the founder and head of the TEJOS Young Socialists Political Economy Workshop. He teaches and researches in the areas of Macroeconomics, Labor Economics and Political Economy. He was the founding director of the Master in Public Policy at the University of Chile (2004-2010). He was the Chilean resident partner for the Global Source Partners network of New York for five years (2006-2011). Beginning his career as an economist working in the Central Bank of Chile as an economic analyst he has been a member of the Experts Committee on Trend GDP and the Financial Advisory Committee (in charge of sovereign funds) of the

Ministry of Finance. He was the Executive Secretary of the primary phase of the Bachelet 2006 presidential campaign, Executive Secretary of the Presidential Advisory Council on Labor and Equality 2007-2008, and Chief Economist of the Frei 2010 presidential campaign. His undergraduate studies were in economics at the University of Chile and he also holds a Ph.D. in economics from MIT.



Roger LIDDLE is Labour's front bench spokesperson on Europe in the House of Lords. He chairs Policy Network, the international progressive think tank, and is a Director of the University of Cumbria. From 2009-2010, Roger chaired the government's New Industry, New Jobs advisory panel in the Department of Business Innovation and Skills. From 2007 to 2010 he also chaired Cumbria Vision, the sub-regional economic development partnership in his home County. He was for seven years from 1997 special adviser on European affairs to the British Prime Minister, Tony Blair. From 2004-2007 he served in the European Commission, first in the Cabinet of the EU Trade Commissioner and then as economic adviser to the European Commission President Jose Manuel Barroso. Roger has written extensively on European and British affairs, including *"The Blair Revolution"* (with Peter Mandelson, 1996), *"Global Europe, Social Europe"* (with Anthony Giddens and Patrick Diamond, 2006) and *"Beyond New Labour"* (with Patrick Diamond, 2009), as well as several other Fabian Society and Policy Network pamphlets. He also co-authored two papers for the President of the Commission's thinktank, the Bureau of European Policy Advisers, on *"Europe's Social Reality"* (February 2007) and the *"Single Market: Yesterday and Tomorrow"* (July 2006), and since then has contributed to various edited collections on the Single Market, the social challenges facing Europe, the case for a social investment strategy and Britain's European policy.



Vivien A. SCHMIDT is Jean Monnet Chair of European Integration, Professor of International Relations and Political Science, and Founding Director of the Center for the Study of Europe at Boston University. She has also been a professor at the University of Massachusetts/Boston and has held visiting professorships or fellowships at a number of European institutions, including Sciences Po Paris, the Free University Berlin, Oxford University, the European University Institute, the Max Planck Institute in Cologne, the Copenhagen Business School, LUISS in Rome, and Harvard University's Center for European Studies. She has published over one hundred chapters in books and academic articles and is the author or editor of ten books. Recent books include *"Democracy in Europe"* (Oxford 2006), *"The Futures of European Capitalism"* (Oxford 2002), *"Debating*

Political Identity and Legitimacy in the European Union" (with S. Lucarelli and F. Cerutti – Routledge, 2011), and *"Welfare and Work in the Open Economy"* (2 volumes, with Fritz W. Scharpf – Oxford 2000). Recent distinctions include an honorary doctorate from the Free University of Brussels, the Franqui Interuniversity Chair of Belgium, and Senior Visiting Scholar at the Free University of Berlin. Professor Schmidt is also former chair of the European Union Studies Association – USA. She received her B.A. from Bryn Mawr College, her M.A. and Ph.D. from the University of Chicago, and attended the Institut d'Etudes Politiques, Paris. Her current research is on the impact of the Eurozone crisis on European political economy and democracy and on neo-institutional theory (in particular discursive institutionalism).



Juliet SCHOR is Professor of Sociology at Boston College. Her most recent book is *"True Wealth: How and Why Millions of Americans are Creating a Time-Rich, Ecologically Light, Small-Scale, High-Satisfaction Economy"* (previously published as *Plenitude*). She also wrote the national best-seller *"The Overworked American"*, *"The Overspent American"* and *"Born to Buy"*. Schor is a co-founder of the Center for a New American Dream, a former Guggenheim Fellow, winner of the Herman Daly Prize, and a member of the MacArthur Connected Learning Research Network, for which she is studying connected consumption.



Ania SKRZYPEK, (Skrzypek-Claassens), born in Warsaw 1979, is Senior Research Fellow at the Foundation for European Progressive Studies (FEPS). She holds a Ph.D. cum laude from the University of Warsaw, which degree she obtained for her thesis *"Cooperation of the socialist and social democratic parties in uniting Europe. From Liaison Bureau to PES. 1957 – 2007"* (also published in book format in 2010). Before joining the Foundation, A. Skrzypek worked as younger researcher at the Faculty of Journalism and Political Sciences at the University of Warsaw and also had served as twice consecutively elected Secretary General of Young European Socialists (ECOSY). Among her responsibilities at FEPS, she is in charge of the *Next Left* Research Programme, she co-coordinates FEPS Young Academics Network (FEPS YAN) and is Managing Editor of FEPS Scientific Magazine "Queries".

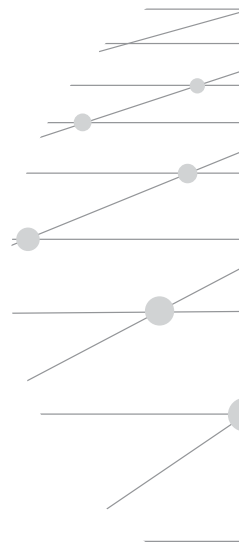


Ernst STETTER, born in 1952, is *Secretary General of the Foundation for European Progressive Studies (FEPS)* since its creation on 30th January 2008. He is an economist and political scientists, and a regular commentator on EU affairs in media. Dr. Stetter studied at Universities of Tübingen and Heidelberg in Germany, focusing his research on the issues such as: international trade, finance, economic, development and social policies. In 1976 Dr. Stetter started his professional career as a lecturer in economics at the DGB Trade Unions' Centre for Vocational Training in Heidelberg. In 1980 Mr Stetter obtained his Ph.D. in political sciences for his dissertation entitled "*The Association of ACP countries (Lome I and Lome II) with the European Community and the STABEX-System*". From 1980 till 2008 he worked for the Friedrich Ebert Stiftung (FES) in various positions, among them: as Director of the Paris Office from 1997 till 2003 and the Brussels office from 2003 till 2008.



Dimitris TSAROUHAS is Assistant Professor in European Politics at the Department of International Relations, Bilkent University. Dr. Tsarouhas sits at the Scientific Council of FEPS, the editorial board of Social Europe Journal and the Executive Committee of the Greek Politics Specialist Group of the British Political Studies Association (PSA). He is also a member of the European Union Studies Association (EUSA) and the University Association for Contemporary European Studies (UACES). Dr. Tsarouhas specializes in European politics broadly defined. His research seeks to transcend disciplinary, dividing and incorporating insights from IR, comparative politics and political economy. He is the author of "*Social Democracy in Sweden*" (London and New York: IB Tauris), editor of "*Bridging the Real Divide: Social and Regional Policy in Turkey's EU Accession Process*" (Ankara: METU Press) and author of numerous journal articles on European politics that have appeared in journals such as Public Administration, Social Politics, Social Policy & Administration, European Journal of Industrial Relations and Southeast European & BlackSea Studies.

BUILDING NEW COMMUNITIES



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 Leaders’ Visions for Europe’s Future” is the volume II of the series, presenting a unique collection of 28 groundbreaking speeches of progressive European leaders. Composed of 6 chapters (*“Time for a New Direction”, “Enduring Values, Enduring Virtues”, “Breaking down Neo-Liberal Myths”, “Together we are stronger”, “Jobs, welfare and prosperity”, “Beyond the Nation State”*), the book mirrors the social democratic responses to the world and European crisis, indicating also the path ahead for the left.

Featuring

Sigmar GABRIEL, Martine AUBRY, Zita GURMAI, Martin SCHULZ, Mona SAHLIN, George PAPANDREOU, Jose Luis RODRIGUEZ ZAPATERO, Poul Nyrup RASMUSSEN, Alfred GUSENBAUER, Borut PAHOR, Jutta URPIILAINEN, Eamon GILMORE, Caroline GENNEZ, Elio DI RUPO, Jens STOLTENBERG, Werner FAYMANN.



“Towards a new strategy” constitutes the 3rd Volume of the *“Next Left”* Books’ Series. Presenting a handful of stimulating ideas, this book part represents a decisive shift of the focus: from critical analyses of the crisis of social democracy to a proposal on what it could become in order to be a leading political force in the 21st century.

The articles gathered here provide a solid synthesis of a year-long research, of which outcomes became an inspiration for progressive movement on both the national and the European levels. The material reflects the main threads of the 4 colloquiums, organized by FEPS together with Renner Institut, which took place in Brussels and gathered more than 150 high level participants. At the same time it also echoes 14 round tables that FEPS held in respective EU member states thanks to the cooperation with its member foundations, involving more than 2000 academics, politicians and experts. As such therefore, this book presents itself as a unique compilation of the points raised about the renewal of social democracy on all levels and across the continent.



"Towards a New Strategy" opens with a foreword by Dr. Alfred GUSENBAUER, Chair of the *"Next Left"* Research Programme. Further the volume covers four chapters: *"Responding to Contemporary Society"*, *"Our Values in a Changing World"*, *"A New Socio-Economic Paradigm"* and *"Mobilizing International Solidarity"*. 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 character of the *"Next Left"* series, proving that a multifaceted approach is the key to success in ensuring the future for the progressive alliance in the 21st century.

Featuring

Irene RAMOS-VIELBA, Catherine de VRIES, Laurent BOUVET, Jan ČERNÝ, René CUPERUS, Florin ABRAHAM, George SIAKANTARIS, Attila ÁGH, Daša ŠAŠIĆ ŠILOVIĆ, Klaus MEHRENS, Rocio MARTÍNEZ-SAMPERE, Anne JUGANARU, Sunder KATWALA, Tim HORTON, Eric SUNDSTRÖM, Gero MAAß, Jan Niklas ENGELS, Carlo D'IPPOLITI, Kajsa BORGNÅS, Björn HACKER, Paul DE BEER, Dimitris TSAROUHAS, Carles RIVERA, Jens ORBACK, Ingemar LINDBERG, Conny REUTER, Cosimo WINCKLER, Tomáš PETŘIČEK, Patrick DIAMOND, Trinidad NOGUERA, Andrew WATT.



“Progressive values for the 21st century” is the 4th Volume of the popular *“Next Left”* book series, which since 2009 features noteworthy contributions to the pan-European debate on the renewal of social democracy. This new Volume represents a bold attempt of the *Next Left* Focus Group to offer a progressive ideological framework that would adequately shape the policy agenda and our movement in modern times.

The articles gathered mirror the results of a one year long academic debate. In its course, respective members of the Focus Group deliberated on what the progressive values are, how they are explained and what their meaning is in both party internal, but also societal context. The diverse profiles, fields of expertise and origins accumulated in the Group, ensured that the endeavour upheld an interdisciplinary character and had been representative for different streams of social democracy. This debate on substance was accompanied by a solid work that provided a suitable methodology for such a research, which gives the collection exceptional



potential to become the first step towards establishing a new, progressive European school of thought. While striving for it, authors enjoyed revisiting concepts that may have been taken for granted, as also reclaiming notions that may have been unjustly monopolised by other political families.

What makes this Volume unique is that it succeeds in translating the complex, philosophical, and hence relatively abstract deliberations into audacious policy recommendations. Herewith authors enact a new character of the ideological dispute, which impose leaving a safe haven of internal discussions and placing it in the heart of societal debate. Challenges to frame the next social deal and new socio-economic paradigm, as also to build potential for strategic alliances to establish a prevailing progressive majority remain therefore the integral part of the respective contributions.

Featuring

Julian NIDA-RÜMELIN, Gustav-Adolf HORN, Christine FÄRBER, Gesine SCHWAN, Ania SKRZYPEK, Rémi BAZILLIER, Patrick DIAMOND, Pim PAULUSMA, Eric SUNDSTRÖM, Dimitris TSAROUHAS, John HALPIN.



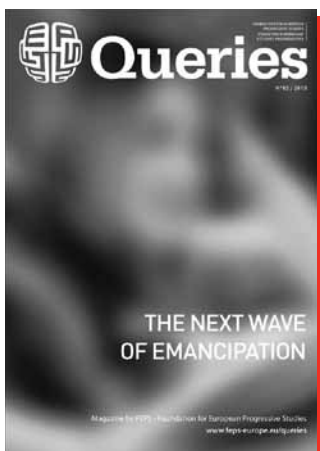
Queries



NEXT EUROPE, NEXT LEFT

In 2009, FEPS launched a call for papers addressing PhD and PhD candidates to elaborate on how they saw Europe in a decade. The call opened within the framework of its *Next Left* Research 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.

Contents: In Memoriam | Stimulus to Dialogue | Courage for Change | Lessons for *Next Left*



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.

Contents: Framing the Challenge, Regaining Credibility | Framing the New Social Contract | Understanding Modern Workplace | Realising Intergenerational Solidarity.



ASIA. WHAT'S NEXT? AN INDIAN PERSPECTIVE

It is commonly repeated that the post-War order belongs to the past, as it no longer mirrors reality and its institutional set-up has proven incapable to respond to the challenges of the modern times. Beyond any doubt, the groups of so called "BRICS" countries will play a crucial role in writing the next chapter of global governance – which is why the attention of FEPS is given to one of them, India. Resulting from a study visit that took place in Spring 2011, the issue features articles by respective Indian high-level authors, who kindly share their views on 4 themes.

Contents: Asian Spring: Promoting Diversity and Democracy | India in Shaping its future | A world player in the making | China: Reshaping the Status Quo.



THE NEXT WOMEN'S MOVE

Emancipation of women has been a core part of the progressive ideology. Despite this proud tradition, the women's agenda is gradually being claimed by conservatives and right wing extremist parties. This is high time to answer in a bold and decisive manner – and hence this issue of “*Queries*”, which was launched on 8th March 2012, shows deliberations on constructs of modern truly feminist cause. Bringing together European and American scholars, the volume presents aims that need to be achieved by progressives worldwide if they are to champion equality in the 21st century and reiterate their own *raison d'être*.

Among the specific themes, a prominent space is given to the question of domestic work. Studies and opinions shared indicate that it is the next mainstreaming theme – showing dilemmas of contemporary labour market. The evolution, that brought empowerment of women and enhanced their participation in employment, meant also that new mechanisms are needed to help the families and individuals cope with domestic work. The parallel growing demands (connected with the i.e. ageing society) and mounting deficiencies of welfare state, they induced an urge to find assistance elsewhere. A new precarious working group of domestic workers emerged herewith – majority of them being migrant women. Responding to that “*Queries*” proudly present the campaign “12 by 12”, which materials have kindly been provided by ITUC – International Trade Unions’ Confederation.

Contents: Emancipating Contemporary Women - Recognising the Value of Domestic Work | Responding to Anxieties – Justifying Women’s Migration | Regaining Women’s Support – Vanquishing Right Wing Populism | Defending Progressive Feminism – Inspiring the Next Wave



Forthcoming in June 2012

THE NEXT MISSION OF COSMOPOLITAN SOCIAL DEMOCRACY

