



Europe 2020

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Discussion Paper

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After the June 2009 European elections a debate about the future of social democracy in Europe has taken off. The weak performance of social democratic parties, both at European level and in many EU member states - at a time when one would expect social democratic policies to have great appeal - was as a signal calling for profound reflection on the state of our movement and directions for the future.

This debate is important and urgent, since we are convinced the tide will not turn if we ourselves do not actively pursue critical discussion, change and renewal in our parties. Renewal necessarily includes our approach to the European Union, the most important elements of which we have attempted to address here. As such, this paper wants to contribute to the discussions in the Socialists and Democrats Group in the European Parliament and in the PES, and to complement initiatives of the Policy Network, Wiardi Beckman Foundation, Renner Institut, Friedrich Ebert Stiftung, FEPS and other centre-left think tanks.

We have elaborated this paper on personal title and do not claim to present a final diagnosis or definite answers. But it contains the elements we feel ought to be taken on board. Naturally, we would warmly welcome your reactions, observations and comments.

The crisis of social democracy

European social-democratic parties have lost the political initiative. Across most of Western Europe the centre left is confronted with long-term downward electoral trends and faces an erosion of trust from the electorate—albeit to different degrees. It seems unlikely this is a temporary situation, which will solve itself with the next swing of the political pendulum. Furthermore, notwithstanding the successes of the Southern and some Central European social democratic parties, our political family as a whole is in a crisis. This much was proven in the slipstream of the financial and economic crisis, when it became clear we have no credible alternative narrative for economic and social governance that has broad attractiveness or distinctiveness.

Successfully finding a way out of the predicament European social democracy is in, necessarily involves more than laying down a pertinent policy program and reconfirming or better communicating our basic values, actions and achievements. Social democracy needs to reinvent itself, at national level but also as a political family sharing a common

vision, to allow us to forge broad progressive coalitions, both politically and with civic society, at local, national and European level and with strong global links.

This renewal needs to build on an honest analysis of our condition, but also a profound reflection on the underlying cultural, societal and economic changes of the last two decades. And it needs to tackle our political positioning vis à vis other political, social and economic actors, the substance of our program and our style and communication in an integrated manner.

Critical engagement with Europe

We also need to acknowledge that social democracy's close involvement in the European project has not always helped voters' identification with our parties. The European Union's current ingrained orientation to a, very often, neo-liberal market model reinforces the very tendencies towards more insecure livelihoods and growing inequality. Therefore, even though member states have remained responsible for most social and

welfare arrangements, European integration is seen as a vehicle of a purely market driven economic globalisation which appear to be moving our societies in uncomfortable directions. Many voters hold this against us.

But on the other hand, in a globalized risk society European cooperation is the most important instrument for individual European societies to maintain an influence over their own future. Economically and politically our countries have to a high degree become interdependent. Especially from a social democratic point of view, we need effective and intensive, internal and external cooperation within the European Union to maintain the achievements of the social market economy and preserve welfare arrangements.

Neither Europe, nor the US can any longer be confident to remain leading global actors. From some perspectives, like China's, the EU is rather at the periphery. This relative decline of the European continent may have absolute consequences for European member states, economically and politically. A divided EU risks being shut out from decision making on global governance. A strong Europe is necessary to take responsibility for both internal and global challenges and to retain an influence on the way globalization is structured and governed and therefore to accomplish important parts of our agenda.

Reclaim the EU as a progressive project

A convincing social-democratic vision for the European project needs to overcome the discrepancy between European policymaking and the concerns of our voters. To avoid social democratic parties turning inward and prevent a political backlash against European integration, reclaiming the idea of the European Union as a progressive project, is therefore a crucial element of social-democratic renewal.

This paper looks at the background of social democracy's electoral losses, focussing primarily on the experiences of continental Western Europe. It argues that an integrated approach to renewal is necessary, encom-

passing positioning, substance and communication. It concludes by presenting the main issues for a European agenda that could be part of such renewal.

Why did we lose the initiative?

Although the situation differs considerably across Europe, a number of common causes for the gradual decline of the strength of social democratic parties can be identified.

Fragmentation & new competitors

Firstly, in a parallel and interconnected evolution, our societies and political arena have changed. Traditional socio-political allegiances have diminished and the institutions that used to regulate social and economic life – churches, families, trade unions, public television and newspapers – have subsided or assumed other roles. Our societies have diversified, spurred by technological and cultural changes; citizens are less docile, more reflective, vocal and demanding.

The consequence is that on the one hand, parties of the centre can no longer count on a loyal electorate, while on the other hand new political parties that emerged in the wake of these developments, seem to cater better to the demands of electoral subgroups. Challenging the once dominant position of the political parties of the centre in general, social-democratic parties in particular face competition from left, green and social-liberal parties. This diversification is a lasting feature of the political landscape.

An antagonistic 'zeitgeist'

Secondly, cultural changes in our societies have a deep impact on the appeal of our political program. Individualism, consumption and entertainment have become important motives, creating a social context where values such as solidarity and social justice or the legitimacy of promoting the common interest are experienced differently. In a sense social democracy is out of tune with this "zeitgeist", which resonates better with various strands of populism. Worse, we did not offer credible ways to reintroduce the concepts of solidarity

and fairness in combination with support for individual interests and aspirations into the public imagination.

Our legacy up for grabs

Thirdly, many of social democracy's main achievements – such as equality before the law, voting rights, paid holidays, workers' rights or education for all – have come to be taken for granted. That this was a big success and victory for social democracy was often even denied by ourselves. Such timidity deprives us of the opportunities to formulate a political vision that builds on this legacy.

The Third Way was a dead end

The success of many of Europe's social democratic parties in the 1990s was based on presenting a way out of the dichotomy between market and state, while maintaining the goals of social justice and equity. This allowed the centre-left to modernize the welfare state and pursue a comprehensive deregulation agenda in an age of economic optimism. At the same time, our economies underwent a fundamental transformation: the transition from organised industrial capitalism to global financial capitalism and a gradual shift from manufacturing to services. These developments reshuffled the field of economic governance, affecting the scope of state intervention. The Third Way's conviction that its policies could contain market forces was based on a previous version of capitalist organization that was fast disappearing. Moreover, the Third Way underestimated the political consequences of changing labour relations and the confusion between public and private its policies introduced. This now leaves social democrats struggling to credibly make a common case to tackle the flipside of the economic dynamism deregulation unleashed: job insecurity, in-work poverty and inequality, the dismantling of previous socio-economic arrangements and the (partial) privatization of the public sphere, the economic dictates of the global financial markets, private extravagancy or irresponsible risk taking.

The Third Way constituted more a compro-

mise with than an alternative to neo-liberalism, and we can now conclude that in the countries concerned, the success of Third Way constituted a temporary resurgence of social democracy at the price of a loss of ideological identity. The voters we have lost on one side, we haven't won on the other.

While the limits of the free market have become apparent, other political questions have gained prominence. Ranging from climate change to immigration and security threats, 9/11 was a watershed moment in this respect. Furthermore, the receding role of the nation state has gone hand in hand with an upsurge of identity politics, which has also impacted on voters' attitudes towards European cooperation. Our hesitations towards offering solid answers to these questions as part of our (common) program has reinforced doubts of voters, which is reflected, not least, by the advent of anti-immigration parties in some countries.

An icon of sincerity?

Fifthly, we struggle with the legacy of the Third Way in a different way, too. Because of our embrace of market logic, globalization, change and efficiency, our language sometimes appears insensitive to basic social needs and lacking compassion. In the balance between responsibility for government and responsiveness to citizens' concerns, social democrats are too often found on the 'managerial' side, presenting what are basically political questions as policy issues, underestimating the importance of voters' appreciation for a much more straightforward reasoning and vocabulary.

After years in government, sometimes in uncomfortable coalitions with the centre-right, we have also become identified with the changes that cause anxiety and insecurity, which is one of the backgrounds of the distrust and scepticism social democrats often face. Political challengers employ varying combinations of issue based politics, value orientations and populist sentiment to attract voters. The centre-right has internalised much of the social market agenda, while be-

neath the surface it often pursues a combination of economical deregulation and, increasingly, cultural conservatism or nationalism.

A triple trial

We can structure the task before us in three clusters: position, policies and profile. Crucially these clusters are mutually interdependent: to recapture our strength, we need to approach renewal in an integrated manner.

Reaffirm our values – find new allies

The core issues and values of social democracy (regulated markets, social justice, a reasonable social safety net, equal rights, international responsibility and solidarity) are still widely shared and even deeply engrained in the political orientations of European voters. There is thus still considerable scope for progressive politics.

At the same time, we are facing socio-political fragmentation. Moreover, voter apathy, distrust in political institutions and even outright political cynicism are on the rise. This makes it much more difficult to convince people of the urgency of political action towards common goals in such spheres as economic and climate regulation or global leadership.

Social democrats need to reconnect to a voter base that is much more varied and volatile than twenty years ago and will continue to diversify. To have broad appeal requires not only clarity and consistency but also a much more active effort to win people for our case. Our program needs to accommodate a blue-collar constituency – which is likely to further shrink, but will also be hit hardest by economic change. But we should not do so at the cost of losing middle class support, in particular that of a younger generation and an emerging class of entrepreneurial self-employed in the services economy, which is likely to further grow. The latter, although generally not uncomfortable in a competitive market environment, are neither necessarily economically right wing nor conservative.

They are a constituency of great potential for social democrats, which has so far been mostly overlooked.

Politically, we can presume, at least in non-majority political systems, that in the short to medium term social-democratic parties will not regain such strength to execute a political program single-handedly. This problem multiplies at the European level, since only a minority of European governments has a social-democratic signature. Regardless of their political colour they will tend, constrained by national circumstances, to pursue national policy preferences. In the European Parliament, this poses a tremendous challenge too, because majority formation necessarily implies entering into broad coalitions that include liberals, leftists, Greens and also the centre-right.

Therefore we need to orientate ourselves on the progressive block as a whole. A political agenda can no longer be effectively carried by political parties alone, but needs to resonate more broadly in society. The centre-left needs to form civic and political alliances around issues such as equal rights, & citizenship, global challenges (peace and security, development, climate change) and above all economic governance and social inclusion.

Put the market in its proper place

To counter the ideological hegemony of the market as panacea for all our economic and social troubles, Europe's centre-left is in urgent need of new conceptual thinking. If we are to recapture the intellectual and political leadership social democracy had in Europe only ten years ago, we need to develop a forward-looking vision beyond the dichotomy between state and market. A shift to the left in the traditional sense of a strong state intervention agenda is not the answer. Like placing trust in more market to cure our woes, this would be a return to the answers of the past under wholly different conditions. Moreover, it would leave social democracy both isolated politically – since such an agenda is unlikely to muster a majority – prone to the charge of hypocrisy and alienated from

the middle classes. But we do need reintroduce the distinction between the market as a positive mechanism that promotes wealth creation, and the market as a theoretical construct, as a goal in itself, and as an – often flawed and sometimes harmful – instrument for regulation in the public domain.

This vision must at the same time capture more than the purely economic dimension. We need to expand our political philosophy into the moral, ethical and cultural dimensions of social and economic life. We should consequently not shy away from propagating forms of solidarity that are genuinely embedded in social relations, rather than built on ideological preconceptions. These need to encompass not only the conventional lower and middle classes but extend to the ‘new poor’ and immigrant communities and – anticipating a possible clash of generations – need more explicitly reflect the relations between generations.

To promote a vision of society that is driven more by notions of quality of life than growth or quantity of consumption, we must identify and promote new markers of economic success and social achievement. The quest for alternative indicators than GDP for economic performance is a welcome first step in this direction, but needs to be complemented by broader reflection on cultural patterns that shape people’s motivations and aspirations, if we want to achieve the lifestyle changes necessary for a sustainable future. In this framework we should also address the role and practices of states in a broader sense: the possibilities and limits to global governance and the relation between the private sphere, public identity and government.

A new style

Our political practices and style have not adequately adapted to new social and cultural tendencies. A different style of communication is not just a complementary or optional element of renewal and entails more than a simple update of form. Rebranding social democracy – including charismatic leadership – is central to the challenge we face and

at the same time dependent on the extent to which it can reflect programmatic renewal. Communicating differently can only be effective if we have a coherent message.

In many countries our close link with state management negatively affects the trust citizens accord us. That also applies to our activities at EU level, where perhaps sometimes we act too much as the defender of institutional interests, and too little as a political actor and movement. We should move from institutional identification to civic identification, while emphasizing we are part of a global movement. This needs to be reflected in a different, more authentic language that is closer to people’s concerns. Finding ways to present complex problems in more elementary terms is a major challenge, closely related to conceptual renewal. Furthermore, feelings of insecurity put a premium on sincerity and value based politics. Solutions should not only be right, they should also feel right. Politicians need to be able to connect to the emotions of voters.

New communication strategies also need to take into account that public opinion is no longer defined through a limited number of channels, but continuously shaped and reshaped in a volatile public arena that is fragmented and characterized by a domination of electronic media. That implies careful dealing with compromises and presenting them for what they are. It also means the anticipated public reception of our positions need to be taken into account much more seriously.

There is also a great challenge for the organisation of our parties. Have we drawn the right conclusions from the fact that many of our parties have lost considerable parts of their membership base? Many citizens continue to be politically active, but they increasingly prefer looser forms of political engagement than full-scale party membership. However, our parties are still mostly centralised organisations that offer few opportunities for active participation. In order to mobilise majorities, we will therefore also need to identify and practice new ways to

reach and connect to our voters, organise two-way communication, connect to grass-roots movements and mobilise civic support for our agenda, all of which require a sustained effort and an open view to examples of success within our own political family both inside and outside Europe.

Find the narrative

Successful renewal thus critically depends on approaching our position in the political field, the substance of our program in a broad sense and the way we communicate simultaneously. We also need to take the underlying factors explaining our weak position seriously, which implies that a successful new narrative needs to tackle not only the economic, but also the cultural and the political dimension. We cannot afford to be selective.

The problem lies not in the basic values and principles of social democracy. We must rebuild our agenda firmly from that basis, but acknowledge that to realise it in a radically different context than when it was conceived, social democracy must formulate an agenda that constitutes a genuine alternative to more of the same. We therefore propose it should incorporate four principles throughout.

Firstly, we need to emphasise the importance of the relation between the individual and collective. In a changing society, with strong tendencies of individualization, we must promote a new spirit of community, which can encompass different levels (local, national, European or global) depending on the issue.

Secondly, social democracy must promote a shift from quantity to quality, not only because of the changes necessary from the point of view of sustainability, but also as part of a vision of society not defined by consumption, income or profit. Thirdly, we need to develop and disseminate an alternative conception of the economy, regulation of the market and its relation to the public domain.

Finally, we need to give politics back to the people. After all, the crisis of social democracy is also a symptom of a broader legitimacy

crisis of democratic politics. That we take this seriously needs to be reflected programmatically, in the way we communicate and above all in the way we act politically. This applies not least to European politics, where the accusation that decisions are taken over people's heads is often all too easy to make.

Europe 2020

The outline of an agenda

A first test for our new capacity to regain confidence and design visions for the future is our capacity to actively participate in the discussion and formulation of the agenda for Europe 2020. Already in the coming weeks and months we must define a social-democratic agenda for the European Union, which must embody the changes in our thinking and define a solid common platform for social democratic parties. Our agenda should also be distinctive, but without being radical to the point that finding majorities becomes impossible.

Economy for the people

The formulation of the coordinates of a European regulatory framework, in addition to national and international rules, is needed as precautionary measure against the derailing tendencies of free markets. It must also counter the conclusion that the internal market has on the whole been a driver for market liberalisation instead of a safeguard against the misuse of market power by the few against the majority of citizens.

In concrete terms, as social-democrats we share the conviction that people, not profit, come first and that common action is a necessary counterforce to market egotism. A European framework for economic governance should match the flexibility and volatility of global capital, promote a better balance between economic growth and equity, and contribute to directing investments towards sustainable technology. A solid European framework for supervision of the financial sector is a first necessity. In this respect, businesses, especially those who are victims of

financial market bubbles, are not necessarily adversaries, but potentially strong allies.

Our aim should not only be to make market capitalism accountable to citizens' interest, but also to define spaces of social and public activity shielded from market intrusion especially in the field of public services. This implies a certain redefinition of the hierarchy of economic freedoms. The mere occurrence of market distortions as a sufficient argument to force economic competition onto certain sectors or the harmonisation of widely varying regulations or institutions is a victory of economic theory over social reality. Efficiency gains from competition do not always weigh up to the, sometimes considerable, economic and social costs involved, especially in the longer term.

In economic governance we should not consider inclusiveness as a mere welcome by-product of market dynamism, but as a primary goal. After all, inequalities and unfairness not only damage the individuals and groups concerned. They also work against social peace and competitiveness of our societies. More equality and fairness is a contribution to the general welfare and therefore in the interest of all "classes". In that sense it is, in itself, an investment in our societies and economies.

Make innovation matter for all

Education can make a strong and vital contribution to both competitiveness and fairness. Special attention has to be given to the role of education in the fight against exclusion and for job creation. In this sphere, promoting creativity and innovation as main drivers of economic growth must be accompanied by a renewed focus on inclusiveness and economic equality. The flexicurity approach, which has been the centrepiece of the Lisbon strategy, carries distinctive social democratic undertones, with its focus on skill development, lifelong learning and active labour market policies.

Nevertheless, in practice the emphasis has been on flexibility to the relative neglect of

security and social cohesion. Flexibility must not be defined only in the interest of business and must be accompanied by a high level of security. Although the impact varies across the EU, in some countries the effect has been to proliferate low paid insecure jobs and a growing risk of in-work poverty.¹

Apart from purely economic effects, the flexibilization of European labour markets has had a profound social impact. It has become all but common to stress the development of the knowledge economy and focus on skills, knowledge, creativity and innovation to secure the economic fortunes of Europe. The image of the future this agenda paints, however, produces feelings of insecurity, degradation and alienation among those who feel they lack the skills to come along. There is a clear link between this phenomenon and the loss of support for social democratic parties from lower classes.² We should find ways to ensure Europe 2020 offers chances to all, not only the young and bright. If we fail in this respect we risk strengthening already existing outsider feelings.

An inclusive society: equality & diversity

We must seek to align the poorer groups of our societies, irrespective of their ethnic and national background, with the middle class and their interests. The middle classes are not the enemy of social democracy, but should be invited to be partners in building a more just and fair society. Both public intervention and private initiatives are welcome to build cohesive societies with strong solidarity.

Social democracy should not accept the submission of statehood and collective security or the advent of individualism, but promote a combination of individual empowerment, organized civil society and collective services. Education should make a definite contribution, towards a stronger sense of responsibility and awareness of the value of individual liberties and collective accomplishments, but also the cultural rights of the different ethnic groups.

The fight against right wing populism and xenophobia can only be effective, if we stress the socio-economic dimension, also in the integration debate. Diversity and migration are characteristics of modern societies. But we have to try to control and streamline migratory flows, emphasising rights and obligations from all sides.

Connect sustainability

Our economic objectives need to converge with the demands of sustainability, which requires European leadership for global action but also a solid framework for regional and local initiatives. Our program should contain concrete ways of articulating how the restructuring of the European economy towards sustainability offers the prospect of creating new jobs and improve the environment at the same time. Here, we need to link cultural attitudes and economic patterns to the fight for a more sustainable environment, with the development of a clear attitude for clean politics, and (intergenerational) solidarity and the fight against poverty and inequalities. The issue of the quality of life with its economic, social, psychological and cultural dimensions has to be of central concern for social democracy.

A Global Actor

EU policies must reinforce national and local initiatives and construct an enabling and strategic European framework for our societies. The Europe of 2020 should neither be a Super State nor only a marketplace. According to social democrats it should be a promoter and enforcer of national, regional and local efforts in sustainable economic growth, human rights inclusiveness and quality of life supplementing and supporting the necessary global efforts.

This cannot be separated from the global challenges for the EU, where it needs to carve out a leadership role among a growing number of emerging global actors. Social democrats must articulate Europe's responsibility to act according to these principles globally. Because worldwide poverty is not only a shame and to fight against it is more

than a moral obligation: it is also a question of long-term global security. The same is true for climate change and demographic developments. In these fields social democrats must find one line for their domestic, European and global policies.

The Lisbon Treaty will increase the engagement of Council, Commission and Parliament to implement this responsibility. In the course of that political strategy, we should help to develop a specific European identity, which is not to contradict national identities or be in competition to other nations or

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¹See: Anke Hassel (2009), 'Towards a European safety net'. In: Roger Liddle (ed.) *After the crisis: A new socio-economic settlement for the EU*. Policy Network, pp.129-140

²See: Alfred Pfaller (2009) *European Social Democracy – In Need of Renewal*. Friedrich Ebert Stiftung, p15.