

WORKING PAPER FONDATION POUR L'INNOVATION POLITIQUE

December 2011

What Future for the European Left?

By Sir Stuart Bell, member of the supervisory board of the Fondation pour l'innovation politique, labour member of Parliament

1.-

The European Left in Retreat

In the Swedish general election in September 2010 the Social Democratic Party registered its lowest vote since 1914.

The Party that was the comfortable home of social democracy no longer has majority support within the electorate. The Social Democrats entered into an alliance with the Workers Party and the Green Party in order to confront an alliance of the Centrist Party, the Liberal Party and the Christian Democrats, but the electorate preferred the centre right-governing coalition that had seen it through the global financial crisis and that had restricted sickness benefits and welfare payments. The electorate also disapproved of the centre-left coalition, 32% of traditional Social Democratic voters voting elsewhere because they opposed its alliance with the Workers Party, and another 45% because of its alliance with the Green Party.

At the European level, the Left has been in retreat since 2002. In that year, of the then fifteen member States of the European Union, thirteen were governed from the left. By the end of 2010, now with twenty-seven member States, only Portugal, Greece, Spain, Austria, Cyprus and the Czech Republic have governments either of the left or centre left. In the elections for the European Parliament in 2009 centre right parties won in the six largest member States: France, Germany, Italy, Poland, Spain and the United Kingdom. Far right anti-immigrant parties made advances in the Netherlands, Sweden and Hungary.

Again in Hungary, the Socialist Party (MSZP), describing itself as social democratic though espousing free markets, limiting the universality of benefits within the social system, nevertheless lost the 2010 general election, gaining only 19.3% of the vote and fifty-eight seats in Parliament. The centre right – Fidesz Hungarian Civic Union (FHCU) - took 52.77% of the vote and the far right – Movement for a Better Hungary (JMM) - took 16.7%. In the second round, the Fidesz party won such an absolute majority that allied with the JMM, they even had the two-thirds majority needed to modify the country's constitution.

In the 2011 general election in Great Britain, the New Labour Party lost power after thirteen years. Under the first past the post electoral system, the Parliament was hung, an event which had only happened once, in February 1974, since in the end of the First World War. Because no party had an overall majority, the Conservatives and Liberal Democrats entered into coalition, with a full-blown coalition agreement, due to run for five years and a pledge to introduce fixed five-year Parliaments, the next election to be held in May 2015. The Conservative Party gained 36.1% of the vote, the Labour Party 29% and the Liberal Democrats 23%.

In France, the Socialist Party has lost three Presidential elections in a row: in 1995, 2002 and 2007. In the 2002 election its candidate did not even reach the second round of voting due to the plethora of left wing

candidates who stood in the first round, thus allowing the National Front candidate through. The Party did better in Parliamentary elections in 2008, taking 186 seats in the National Assembly, and it did even better in regional elections held in 2010. It coalesced with the Green Party and other left wing parties to gain 54.1% of the vote.

In Italy, where eight parties of the left merged into the Democratic Party of the Left in 2007, the Party only obtained 37.5% of the vote in the Parliamentary elections held in April 2008. The Party had fought the election in coalition with the Italy of Values Party, but the coalition fractured after the election, which was won by Silvio Berlusconi's centre right party. In regional elections in March 2010, the Northern League won 60% of the vote and, out of elections across twenty regions, six out of the eleven regions that had left wing administrations saw the left defeated. Silvio Berlusconi's right wing government survived two votes of confidence in September 2010 and December 2010.

In Spain, the Socialist Workers Party (PSOE) of Jose Luis Zapatero won the 2008 general election with 43.87% of the vote; the People's Party took 39.94%. This gave the PSOE a slim 15-seat majority in the Cortes. The PSOE subsequently lost the European elections with 38.5% of the vote against 41.1% to the People's Party. The trade unions launched their first general strike in eight years in September 2010. Notwithstanding that the government of Jose Luis Zapatero had regularised illegal immigrants, passed a law to make more equal the two sexes, introduced civil partnerships, the Ministry of Equality, beacon of social democracy, was dismantled in October 2010 and placed as a subsidiary within another department. . The PSOE's term of office expires in March 2012 with an opinion poll showing a majority of those polled wishing an early election.

In Germany, the Social Democratic Party (SDP) governed in coalition with the Christian Democratic Party from 2005 through October 2009. Its share of the vote at that election fell from 34.2% to 23%, thus enabling the Christian Democrats to govern in a new centre-right coalition with their sister party, the Christian Democratic Union, and the Liberal Democrats. As at the end of 2010, notwithstanding voter disenchantment with the new coalition, it is the Green Party rather than the SDP that is garnering support. Opinion polls early 2011 show the Green Party would double its vote if an early election were held, putting it ahead of the SDP.

In Belgium, the Party had its worst electoral result in history when in June 2009 it lost ground in both regional and European elections. The country has been overwhelmed not with social problems but with response to the constitutional issues that have particularly divided the country since 2007. The rise of an anti-immigrant, nationalist party in the Dutch-speaking region has sparked new tensions. As at the end of January 2011 the country had not yet exited from the impasse of the 2010 general election result, with the consequence there remained no government and no constitutional committee set up to review the constitution.

In The Netherlands, the Labour Party (PvdA) has been the second largest political party since 2002 and led the coalition government from February 2007 through February 2010 when it withdrew. At the election in June 2010 the Labour Party gained 21.2% of the vote, the People's Party for Freedom and Democracy (PPVD) gained 20.5%, and the far-right Party for Freedom 5.9%. This gave the Party for Freedom nine seats. The Party for Freedom threw in its lot with the PPVD and thus the centre right were able to have a single seat majority in a 150-seat Parliament.

In Portugal, the Socialist Party won an absolute majority in 2005. In the European elections in 2009 it lost to the centre-right and ex-socialist Social Democratic Party (PSD) who took 31.7% of the popular vote against 16.5% for the Socialist Party. At the ensuing general election, the PSD was returned with 81 seats and the Socialist Party lost its overall majority, gaining 97 seats with 36.5% of the vote. It now governs as a minority party.

In Austria, the Social Democratic Party (SPO) has not diluted its social democracy and has eschewed the embrace of the neo-liberal capitalist economy. It has strong ties with the trade union movement and remains loyal to its socialist roots. Yet it registered its worst score since 1918 in the general election of 2008. It gained 57 seats against 34 for the People's Party (OVP); the Freedom Party (FPÖ) gained 34 seats, the Alliance for the Future of Austria (BZÖ) gained 21 seats and the Greens twenty. In the European elections the following year the Social Democratic Party ended behind the People's Party. The next general election is due 2014.

2.-

Defining Social Democracy

Social democracy has many variants and many definitions.

The social democratic concept of liberty is liberty for the individual to stride forward within an enabling State – individualism. It is incumbent upon the State to provide the framework for such liberty through equality; in this sense society and the State become as one. This is not a question of giving the citizen the capacity to live but to fulfil. The original aim of socialism was the abolition of private enterprise and private ownership of the means of production; there would be State control of the market economy. The welfare State would be created by way of paternal care. Since the economic aims of socialism and the aims of communism were identical, political parties of the left suffered from this common identity for decades, and still suffer in some European countries where Communist Parties collapsed but regurgitated as ultra-left wing parties.

The values of social democracy are those of equality of opportunity, of social justice, of empowerment, of community, of aspiration, all converted to principles such as the one defined by Tony Blair: ‘a belief that society is stronger through common endeavour, achieving more together than we achieve alone, to create for each the means to realise our true potential within a community where power, wealth and opportunity are situated in the hands of the many, not the few, where rights that were enjoyed reflected duties, and where individuals lived together in solidarity, tolerance and respect’; and all within an enabling State, a welfare State that protects those who cannot protect themselves, predicated upon the priority of a sound and growing economy with emphasis on job creation. The definition of such growth is one that results in less inequality, delivers more and better quality jobs, is more environmentally sustainable, and more concerned with improving citizens’ quality of life¹.

Social democracy must embrace a broad coalition of working class and middle class, of flexible workers in the personal services sector and in the social economy, as well as academics and professionals in the new knowledge sectors, enlightened entrepreneurs and unionised industrial workers. Social democracy unites those in need of protection, emancipates the vulnerable, and marries these commitments with aspiration to succeed; those who have a lot to gain and those who have already gained².

Any new model for social democracy must be a redefinition of its values translated to principles, creating under strong leadership policies to match, prioritising these policies, being compatible in their objectives, but reaching out to all sections of society, within the framework of social cohesion, and advancing beyond the present to future generations. Social democracy must work within an enabling State, which cannot be narrowed to subordination to the financial market place or the simple principles of Adam Smith, that of

defence of the realm, the rule of law and administration of justice, the promotion and maintenance of public works.

Social democracy has always indicated what is desirable for the whole of society. This was how George Bernard Shaw saw it in 1899. With agreeable foresight, he declared that this was what men and women desired through democracy, gathering the whole of the people into the State. Eduard Bernstein, in a book entitled *Theoretical Socialism and Social Democratic Practice*³ referred to in a debate in the French Chamber of Deputies in June 1906, declared that ‘social democracy had a lot to do, rather than speculating on great catastrophes – the great catastrophe of Karl Marx and revolution – in organising politically, and preparing the working class for democracy to fight for reform within the State’. The working class would be uplifted and institutions reformed in the democratic sense. Emile Durkheim also gave social democracy strong orientations in his 1927 essay entitled *Socialism*. His reflections might be redefined for the modern era in that the one thing that binds social democrats together is that, notwithstanding their differences, they share a deep conviction to seek out social justice; a belief that there can be a more perfect social order, that all men and women deserve equality of opportunity; and that there must be compassion towards one’s fellow men and women, both nationally and internationally.

It is not sufficient to say that the search for social justice is at the heart of social democracy. The centre right and right wing parties throughout Europe might dislike the welfare State and the public sector but they would object to being described as ‘heartless’. Social democracy cannot appeal to class, a concept of them and us, since the working class seems to have been replaced by those on low incomes who aspire to be middle class. Aspiration should be a social democratic value, added to equality of opportunity, and should have pride of place in the modern era.

The modern era is characterised by a falling away of the class structure, a weakening of institutions, the end of “jobs for life”, reductions in the retirement age, all encompassed within the neo-liberal capitalist economy. Can there be a social democratic narrative? Can there be a new model that goes beyond the intelligentsia, reaching to the wider voting public? And if there is to be a new model what should be its ingredients? How can social democracy fight for the collective good, for social justice and for a view of human wellbeing that includes but goes beyond material wealth?

3.-

Social Democracy and Liberalism

French philosopher and writer, Monique Canto-Sperber, has declared that the future of socialism lies in liberal socialism, a mix of social democracy and the liberalisms⁴. Canto-Sperber’s rationale lay in her perception that in the nineteen thirties socialists turned to liberalism, her definition of liberalism being that this is a fundamental and legitimate aspiration of humankind. Socialism did so to offset the attraction of Marxism, because it alone could not confront Marxism in the desperately troubled thirties and needed liberalism as an ally.

Liberalism and socialism would become one and indivisible, with roots going back to the Enlightenment. Their values were the same, both attached to individual liberty and to comprehensive social equality. This found an echo from Bertrand Delanoë, socialist mayor of Paris, in his book entitled *Audacity* published in 2008, when he declared that liberalism was first and foremost a political philosophy to which he was attached. Ségolène Royal, the Presidential candidate in 2007, declared that since its origin liberalism was indivisible from democratic socialism.

Both were partisans of liberal socialism at a time when the neo-liberal capitalist economic model which liberal socialism had adopted was about to collapse. Socialism had always been attached to individual liberty, social democracy had not been indifferent to market mechanisms, but socialism differed from liberalism in that it believed in active State intervention in order to enable a fundamental and irreversible shift in the balance of wealth and power to workers and their families. That different interpretation between social democrats and liberals on the role of the State exists to this day and can be seen in Great Britain in the new-found alliance of the Liberal Democratic Party with the Conservative Party that has never been enamoured of the enabling State.

Socialism further believed that freedom also meant economic emancipation, and disagreed with the theoretical basis on which liberalism rested and which had encouraged the rise of the capitalist system to the detriment of those who worked within it⁵. The social upheavals that subsequently occurred throughout Europe during the Industrial Revolution, in Great Britain, in France (Lyon) and Germany (Silesia), were a consequence of capitalist exploitation that led beyond human disasters to ecological disasters. But the failure of liberalism to embrace the needs of the working man and woman, to understand the significance and importance of the State, led to its collapse. Socialism thus gained ascendancy over liberalism but mutated from the overthrow of capitalism to an accommodation with capitalism through democratic socialism, which aimed transforming capitalist societies through the ballot box.

It mutated still further to a social democracy that no longer resisted capitalism but embraced it with light regulation, relinquishing the commanding heights to the private sector. Social democracy abandoned egalitarianism for individualism, relying on steady growth to advance the welfare State not with benefits but with entitlements. It fell back on the tenets enunciated by Labour politician Anthony Crossland in his *Future of Socialism* (1956), that growth would provide the tax revenues to liberate the individual and create a more generous welfare State.

Former British Foreign Secretary, David Miliband, has said that it would be possible to reconcile progressive politics liberalism and social democracy⁶, but the reconciliation can only come when those who believe in liberalism – based upon the original belief in freedom – join the social democrats. Social democracy may become a broad coalition of the left, bridging the gap between the liberal conservative and liberal left and new alliances with those within the social economy and civic society.

Social democracy should seek to bring within its folds all parties of the left who accept its values. It could then seize the mantle of progressive politics, make its own interpretation, shape the economic and political landscape of the future through its values in countries throughout Europe. Social democracy would build a fair economy, with its principles rooted in tradition, going beyond not an enabling but a bureaucratic State and overbearing financial markets⁷.

As will be seen, social democracy has already ceded enough ground to liberalism through the neo-liberal capitalist economy, but to advocate a further limitation upon the enabling State, to deny that the State is there to promote and to protect, to seek its further limitation, to declare open markets are among the best available means of stimulating innovation and efficiency; all this means there is indeed a further merging of social democratic values with liberal principles⁸. There may be an acceptable merger on grounds of individual liberty but social democracy must part company when it comes to limiting further the role of the enabling State.

4.-

Social Democracy and the Neo-Liberal Capitalist Economy

If socialism mutated to democratic socialism to social democracy, liberalism mutated too.

The older liberalism, based on classical political economy, maintained that the material position of the wage-earning classes could only be permanently raised by an increase of capital, and this none but capitalist society based on private ownership of the means of production could achieve. This contrasted with the socialist view that only by socialising the means of production would there be wealth for all.

If the doctrine of individual liberty converted to a fundamental and legitimate aspiration of humankind, so economic liberalism would be the freedom to own property, to profit from one's toil, initiative and enterprise and opportunism, and to resist any limitation upon these freedoms by way of regulation other than limited regulation to advance redistribution. Out of economic liberalism there grew neo-liberalism, born of the economic schools of Chicago and Washington, of economists such as Milton Friedman and Frederick Hayek, supported by Margaret Thatcher and Ronald Reagan, buttressed by the global economy, the liberalisation of the world's capital, converting capitalism to neo-liberal capitalism.

Where liberalism and social democracy coalesced was in accepting globalisation, accepting the predominance of the markets, embracing the idea that markets should be free and unfettered, overlooking that the free and unfettered market has always been a dangerous place, creating imbalance and dislocation, domestically and globally. Once the left believed in national champions; within the neo-liberal capitalist economy it accepted there would be winners and losers. Thus under neo-liberal capitalism some communities were destroyed and need to be rebuilt, whilst others have been built and thrive.

Social democracy did in its time seek an alternative to the neo-liberal economy, known as the third way, launched by President Bill Clinton, Tony Blair and Gerhard Schroder in 1999. The third way was described as marrying economic efficiency with social justice, rewarding economic enterprise and aspiration with care for the disadvantaged, being tough on crime and on the causes of crime, defending the national interest, and engaging productively within the European Union. This was to be the philosophical starting point for a modern progressive party. Five years later, meeting in Budapest, a dozen of centre left leaders, including the three above, met again to ponder how or why they had failed. The reason was that a balance could not be struck between the enabling State and the neo-liberal capitalist economy. The *laissez-faire* of the nineteenth century had converted itself into an aggressive promulgation of free markets which reputedly unleashed creativity, and on the back of this creativity created prosperity for millions.

There was hope halfway through the last decade that the grip of neo-liberal capitalism might be weakening. Stephen Haseler, Professor of Government at London Metropolitan University, perceived that when the French electorate rejected the proposed European Union constitution in 2005 it did so partly because it feared the liberal capitalist approach would jeopardise the welfare State⁹. Even after the financial crisis had swept the world, there were those who believed that if capitalism had not come to an end, the financial crisis of 2008 marked the end of the so-called Reagan-Thatcher counter revolution¹⁰.

However, the coalition of liberalism and social democracy remained popular as the neo-liberal capitalist economy climbed in ascendance, so much so that Massimo d'Alema, former President of the Council in Italy, declared that it was liberalism that had vanquished communism and that liberalism and socialism could now go hand in hand. The partnership could be extended from the domestic to the global economy: internationally there were other bodies that could take up the regulatory burden: the World Trade Organisation, the International Monetary Fund, the eventually-created Group of Twenty, and the institutions of the European Union.

The third way espoused by Tony Blair and Bill Clinton became a partnership between social democracy and the neo-liberal capitalist economic model; but imbalances soon became apparent, with regulation from international bodies non-existent and only light touch domestic regulation. A future Prime Minister, Gordon

Brown, estimated that globalisation had cost the Western industrialised nations a million manufacturing jobs and half a million service jobs.

In its embrace of the neo-liberal capitalist economy, social democracy sought to add its principles of fairness and social justice. In Great Britain, New Labour sought to marry the neo-liberal capitalist economy with the public sector, increasing expenditure on health and education and transport, introducing the national minimum wage, signing up to the European Union's social chapter, increasing such benefits as the winter fuel allowance. These years were a testament to the success of the marriage of neo-liberal capitalism with the public sector. Growth in Great Britain was faster than on the continent and its productivity gap closed with both the European Union and the United States¹¹.

But when the financial crisis arrived, when State borrowing went up and the era of recession was upon us, the opposite of comrade fraternity set in. Those who paid taxes resented that these taxes were transferred to those on welfare. In Great Britain, in response to public criticism, the New Labour government sought to limit benefits. By embracing the neo-liberal capitalist economy, social democracy had disaffected the working class, weakened the welfare State, and enabled the spotlight to turn on nationalism and immigration, condemned for leading to housing, education and health and social services.

When the neo-liberal economy collapsed in market failure, reductions in public expenditure, in employment in the public sector, the consequences cascading down to all sections of community and society, social democracy gained no benefit. In fact, it was held to blame, and social democracy in Europe remained in decline.

Social democracy cannot revert to old-style socialism, anti-globalisation or opposition to markets; it cannot turn back the clock from the modern State; but it can and must reassert its values in order to restore trust within those electorates who blame it for its espousal of the neo-liberalist capitalist economy. It must see off those who believe that there is no alternative emanating from the centre left to the neo-liberalism that has cast its cloak over the industrialised world.

However, in seeking to redefine itself, social democracy faces a formidable opponent.

5.-

The Rise of the New Right

The agenda of the New Right has been defined by the British politician Peter Hain as supporting deregulation of the labour markets, wage cutting and attacks on employee rights¹². For Raffaele Simone, in his new book, *The Gentle Monster*¹³, the New Right is a culture which he describes as young, bold, imaginative, iconoclastic towards its former right wing ideology and contemptuous of social democracy and its perceived failures. The New Right has built upon the traditional respect of Conservatives for the free market, it has supported deregulation of financial as well as labour markets, and fully accepted the neo-liberal capitalist economy. It is oriented towards finance rather than industry and is hostile to the State and State intervention.

According to Raffaele Simone, the rise of the New Right does not lie in ideology but changed circumstances. The New Right was slow to acknowledge the ascendancy of social democracy in the late nineties and early years of the new century, but adjusted to this and cast off its image of so-called 'nastiness'. It adopted the social democratic shorthand of progressive, fairness, equality, social justice, in Britain even picking up New Labour's cast-offs by adopting empowerment within the community. The New

Right might equally be described as Compassionate Conservatism, arguing that ‘all human life is of infinite value; a good society will help people fulfil their potential and aspiration’.

At the heart of the New Right are principles of independence, responsibility and freedom, individualism and empowerment that hardly differ from the values of social democracy. This means that the New Right has moved into the centre ground where social democracy had settled. Conservatism has always had its philosophy, reducing State intervention, reducing the welfare State, putting emphasis on security at home and abroad, reducing taxation, enhancing private enterprise. The New Right has cleansed Conservatism of a cold humanity, as Raffaele Simone says, not abandoning its own right-wing ideology but allowing this to metamorphose into the new genre of Conservatism, even with some reluctance from the right itself.

It is this liberal conservatism that vies with social democracy for the heart and mind of liberalism. Tony Blair declared that the ideal of a progressive alliance between New Labour and Liberal Democrats died in 1997. It was buried for the short term in the coalition agreement entered into between Conservatives and Liberal Democrats in Great Britain after the general election in 2010. But it is this liberal conservatism that was able to bind itself to the Liberal Democrats, and it is this strand of thinking within modern Conservatism that will always make it easy for liberalism to swing towards the Conservatives. Thus the rise of the New Right coincides with fast-moving changes to society.

6.-

Social Democracy and the State

Throughout Europe, States spend 6% of their gross domestic product on health for their citizens. The State provides local government services, health and safety legislation; it protects children; it regulates public utilities; it provides for domestic security through the police and defence through armed forces. The State provides jobs within the public sector. The State can deal with climate change and energy security. The State oversees and directs both the micro and the macro economy through its elected government; it is the State that dealt with the financial crisis.

Social democracy must stand up for the State - if it does not who shall? -, for an enabling State that over-arches society and provides direction in the interests of all its people. Limiting the powers of the State does not add to the powers of the individual within society but diminishes both. When the State abandoned its proper supervision and regulation of the financial markets it was individuals within society that paid with their financial wellbeing. Where the State was interested in advancing equality, to the benefit of people, that equality would have suffered.

It was in the individual interest for the State to intervene through government to deal with the financial crisis, borrowing in order to do so, printing money by way of quantitative easing, avoiding a prolonged recession, but the outriders of the financial markets bore down on countries such as Greece and Ireland, who embarked upon deficit reduction programmes that were less orderly, more stringent, more careless of social cohesion than they might have been. Sovereign States have consequently been weakened and the price of their weakness is paid by their people in reductions in public expenditure, reductions in the welfare State, and the raising of taxes. The State interest requires to reassert itself against the interests of the markets.

To argue for an enabling State brings the concept into conflict with those who believe the interests of the State and of the individual are mutually exclusive. Had the State not intervened to save the banking system not only would the role of the State been diminished but so too would the role of individuals. To reduce the

powers of the State is ultimately to reduce the powers of the individual; to balance the two means both shall benefit.

7.-

Social Democracy and the Welfare State

The State is constantly under attack as if it were an enemy. Over and above the limitations sought by the progressive left, the New Right still seeks to reduce State intervention. Indeed in various countries a number of factors have made the welfare State less attractive; the public sector absorbed wealth but did not produce it as did the private sector, and it became a burden. Welfare might be the jewel in the crown of social democracy but it became tarnished with resentment.

In Great Britain, the public sector employs up to 47% of the workforce. In Denmark it is 37%. Within the Nordic States, there are generous payments to recipients paid for from taxation, 51.5% of gross domestic product in Sweden and 43.3% in Finland. Systems are universal and in Denmark there is a constitutional duty to provide home and food.

Throughout Europe, the welfare State is one of the great successes of social democracy, accepted by left and right within the political spectrum, but as growth receded, when deficits required to be reduced, so welfare States came to be reduced. The welfare State may continue to be at the heart of European democracy but as the New Right redefines the nature of the State it equally redefines what it means by the welfare State, away from providing for those who are dependent to assisting those out of their dependency.

The welfare State is no longer a safety net but a springboard to assist people to achieve independence for themselves and their families. The New Right rejects the concept on which welfare has been built, that as an economy strengthens so too does the largesse to those recipients of welfare. The view of the New Right is that as an economy declines the entitlements must decline with it¹⁴. The New Right should 'use prosperity to invest in self-generating social institutions and values, helping people acquire the skills and national networks of independence'¹⁵.

The New Right further challenges the welfare State by declaring that it has not achieved its aims. It has not reduced poverty. It has not encouraged employment. Thus a Conservative Secretary of State in Great Britain can point out that the working age welfare budget has increased by forty-five per cent in real terms over the last decade but that poverty for working-age adults has increased and social mobility reduced. Vast sums have been spent but the poor have become poorer and those wishing to climb the ladder to prosperity have been deprived of the opportunity.

Social democracy cannot turn its back on the welfare State, on its commitment to alleviate and reduce poverty, whilst seeking through equality and aspiration to lift those out of a poverty trap. In the Nordic States unemployment is low and welfare payments are high. A successful welfare State can only remain successful if the economy remains successful, but as the private sector constantly uses entrepreneurial skill to metamorphose itself, so must the welfare State be subject to scrutiny and reform, so that there is an appropriate balance between the public and the private with the approval and support of citizens.

8.-

Equality of Opportunity or Equality of Outcome?

When the executive of the French Socialist Party announced in November 2010 some two hundred propositions on equality, it also included revenue equality. Ed Miliband, when running for the leadership of the Labour Party, declared that less income inequality would be for him ‘an explicit goal’, and linked income equality with raising the wages of the low-paid. The British Prime Minister, David Cameron, expressed his concern at revenue inequality when he addressed the World Economic Forum at Davos in January 2011 and Dominique Strauss-Khan, on behalf of the International Monetary Fund, has called for ‘a new global growth model’, claiming that gaping income gaps threaten social and economic stability. He saw widening economic disparities to be one of two global risks, the other a failure of global governance.

Equality in its broad sense is a universal principle not limited to socialists, democratic socialists or social democrats. It is the sense that no-one should be prevented by arbitrary obstacles from using his or her capacities to achieve personal objectives. In the United States, going back to the Declaration of Independence, equality and liberty are interchangeable. Equality of opportunity presented no conflict with liberty to shape one’s own life

Even free marketers saw no inconsistency between their system and the pursuit of broad social and cultural goals, between free markets and compassion for the less fortunate, though in the case of the free marketers they preferred such compassion to be expressed through private charity rather than taxation, but accepting that in the twentieth century it was the State rather than charity that would be the prime motivator of help for others¹⁶. Equality would become the progressive creed, uniting all, no matter what other differences there might be, because inequality was itself unjust¹⁷.

There is often a divergence as to what constitutes equality. The word might be used loosely, vaguely, in general and misleading terms. Not everyone can be born into wealth and comfort, in peace rather than war, into an age of prosperity rather than depression; there are differences of gender, of nationality and colour, cultural and ethnic differences; but all should be given the opportunity to rise to their true worth. The debate between equality of outcome and equality of opportunity appeared to be resolved. The issue became more topical, more amenable to serious discussion during the global financial crisis, when it became known that in the United States the share of total income going to the top one per cent of earners which stood at 8.9% in 1976 rose to 23.5% by 2007; during the same period the average hourly wage declined more than 7%.

The neo-liberal capitalist economy does not take kindly to equality of revenue: ‘Without the incentives offered by inequality, either as a reward or punishment, a capitalist economy simply loses its dynamism. There needs to be fear and greed in the system to make it tick’¹⁸. The concept that everyone should have the same level of living or of income, and should finish the race at the same time and place, this conflicts with the concept of liberty. J. Rawls, in his *Theory of Justice*, declared that ‘all social values, liberty and opportunity, income and wealth, and the basis of self-respect, are to be distributed equally – unless equal distribution of any or all of these values is to everyone’s disadvantage’.

There has never been within democratic socialism or social democracy an absolute quest for full equality: ‘Absolute equality of outcome has never been advocated by those on the mainstream Left. Equality of outcome is contrary to human nature and inimical to liberty and personal autonomy’¹⁹. A genuine commitment to the principle of equality of opportunity must seek to achieve fairness of outcome, since inequality of outcome in one generation may lead to inequality of opportunity in the next.

The consequence of high inequality within society is that ‘it tears at the human psyche, creates anxiety, distrust, and gives rise to an array of mental and physical ailments’. According to two British epidemiologists, Richard Wilkinson and Kate Pickett, high inequality leads to more criminality, to more police and prisons, higher rates of mental illness, drug abuse, and other problems²⁰. A comparison with Germany and the United States shows that Germany with a more efficient economy has less inequality, and that equality itself is uplifting and benefits all sections of society. It links with individual liberty, social

justice, community and empowerment, and economic efficiency. The objective past, present and future of democratic socialism, or social democracy, as former Leader of the Labour Party Neil Kinnock has written, is individual freedom. The means which democratic socialism or social democracy has chosen to protect this freedom are equality and democracy. 'Political economy is not a question of economic organisation or historical inevitability but moral choice.' In short, equality has an ethos of its own.

9.-

Individualism

Alexis de Tocqueville in his *American Democracy* declared: 'I see a crowd all equal who turn around themselves without rest to gain small and vulgar pleasures that fill their soul. Each one, once retiring from the game, becomes strangers to the destiny of others. His children and friends are occupants of this space.' Tocqueville saw that democracy would dissolve into individualism. Yet socialism had little time for individualism in the past; it had more to do with egalitarianism and collectivism.

Egalitarianism would be achieved through collectivism, through the actions of the State. Society itself was collectivist, existing above its members. Collectivism was the principle that all boats lift on a rising tide; the individual benefits from the collective. Those who rail against collectivism believe that it holds the talented individual to ransom; it prevents the entrepreneur doing his job, benefiting society by creating wealth and opportunity for others. Its proponents are to the right and to the left.

As the State consistently retreats, and in the face of the ever-growing demands of individuals, so the movement is away from egalitarianism towards individualism. It has been said that 'freedom is an intellectual achievement which requires disavowal of collectivism and an embrace of individualism. It is by offering the individual the capacity to achieve that one rediscovers the idea of justice and removes State dependence'²¹. The pursuit is for individualism linked to consumerism and empowerment, aspiration around social justice, equality of education, lifelong learning, school reform, family support, and a new approach to public services such as health, individualising these and empowering the individual on the principle of fairness.

Health services, for instance, would be personalised and a more equal society created in health, bringing into play the principle of equality. In France, Laurent Fabius has called for individualism, solidarity and regulation and no 'rattrapage social'. This agenda might be social democratic but so attractive it is now embraced by the New Right. However, for the New Right it is an opportunity to limit the welfare State by reducing the number of workers in the National Health Service in Great Britain.

Education and improved living standards have enhanced individualism and removed the desire of individuals to be told what to do by the State. This creates an additional dilemma for social democracy. It believes in an enabling State, but the intrusion of the State is often perceived as offensive to individuals. And the more social democracy defends and advocates an enabling State the less this extends the boundaries of individual freedom, and the less attractive this becomes to those who wish to be 'individualised'.

You may whisper it gently, but there is a negative side to individualism. Why should an individual espouse concepts of fairness and justice and equality, empowerment and community, lending a helping hand to those whom they perceive do not wish to help themselves? This negativism extends further and creates its own paradox. Parties of the right have in the past been upholders of financial discipline, but such parties have become adept at casting these principles aside to embrace individualism and consumerism. Individualism goes hand in hand with the falling away of values, of morality within society; it becomes comfortable to discard class consciousness, not to be concerned with those who cannot help themselves.

Social democracy is perceived as standing up for those who see themselves as underprivileged, impeding individualism and prejudicing those who wish to progress.

In spite of these diversions, social democracy must allow individuals to rise through equality of opportunity to achievable levels of attainment. Social democracy should not propose a better life; it should propose that the individual makes for himself or herself a better life. This too is social justice. Thus social democracy marries three principles, equality, social justice, aspiration, all converging to individualism

This should not, however, be at the weakening of the enabling State but be complementary to it.

10.-

Consumerism

Raffaele Simone has pointed out that within society there is a passion for wealth creation, for distraction, for rapid satisfaction – for consumerism²². Society no longer saves, it spends and were the consumer society to fail economies will fail too. Hank Paulson, Secretary of State at the United States Treasury during the financial crisis in 2008, declared that one of his anxieties was that the money markets would collapse and consumers cease spending. ‘Neither a borrower nor a lender’ be might be the advice a character in Shakespeare gives to his son, but borrowing and spending is the ultimate in the consumer society where saving is discouraged.

In his book, *The Gentle Monster*, Raffaele Simone declares that social democracy no longer has projects worthy of our time. Since it has espoused freedom of the individual, it cannot do other than accept the freedom of the individual to participate in the consumer society, the right to purchase as he or she wishes, to ensure there is full and free competition. The global economy also provided opportunities for countries with a low wage base and social security systems to penetrate the markets of the industrialised countries.

For Raffaele Simone, the New Right may be ultra-conservative when it suits its purpose but is fully supportive of consumerism. The markets and the consumer society are the pinnacle of modernity. This is both populist and anti-political, seeking to push consumers in the belief that increasing consumption is economically good²³. Consumerism finds its greatest comfort in the neo-liberal capitalist economy, linked to improving lifestyles, but equally giving rise to criticism that consumerism is materialist, lacking in spirituality.

For French philosopher Bernard Stiegler, social democracy must reach out to another type of society, one not based on the consumer, relying more on community; this he describes as ‘the social’. He accepts such an orientation is unlikely, given the short-term view of politicians, but he noted with disquiet that at the height of the financial crisis the French Socialist Party urged the people to consume their way out of the crisis. He feels only green parties speak common sense on consumerism; this is why they find an echo from within the electorate.

Over the years, the consumer has become more and more aware of the impact of consumerism on the environment. The European Union seeks to make producers and consumers cognisant of the significance of maintaining a sound environment and business has allocated substantial resources to making their products environmentally-friendly. Green consumerism goes hand in hand with ethical consumerism, awareness raised as to the nature of products and their production, especially as harm extends to the environment. This,

too, has widespread support from within the business community. The ethical principle has extended beyond products to the workplace where industry standards have been improved.

Social democracy can serve consumerism by supporting the aims of the 2001 Lisbon Agenda. The Agenda is an aggregation of programmes and strategies, economic and social targets, devised by the European Commission, that declares the consumer is best served when there is created 'the most competitive and knowledge-based economy in the world'. The aim of the Agenda is to create an internal market of five hundred million committed to a social agenda as well as an economic one, with greater social cohesion, seeking its own rebuttal of the neo-liberal capitalist economy, but – alas - also overwhelmed by the financial crisis of 2008.

11-

Empowerment

When Tony Blair launched his version of the stake holding society at Singapore in 1996, he used the word empowerment. Empowerment was to be found in the pulling together of the stake holding economy and society. They would assemble all the gestionnaires within society, not only the stakeholders of a business but carrying forward the concept of society to all manner of participants. The stake holding society would provide quality education and training, creating a community based on morality, both in the work place and within the welfare State. Workers would be treated as partners, individuals given a stake in society. The stake holding society would marry the principles of markets and wealth creation with free and open democracies.

Decentralisation would be sought, decision-making brought closer to the people. The stake holding society would be based on inclusion, with rights and obligations; there would be an acceptance that jobs move around in a market economy, some jobs lost, some jobs created, but those disinclined to work, those who opt out, would find they had no claims upon others within the stake holding society. There would be egalitarianism in that 'the wealthy would not be able to accept to exercise the rewards of riches without accepting the obligation to pay proportionately higher taxes for the wider good'.²⁴

The concept faltered with criticism from within the left, not impressed by social democracy, still idealistic that individual opportunity could be promoted through 'education, education, education', as Tony Blair declared, through training and greater incentives and subsidies to workers.

However, within social democracy the concept of empowerment would not go unattended. Social democracy should seek to empower individuals to take decisions about their own priorities and the direction of local public services, giving individuals ownership and a stake in these services, devolving power and opportunity to local communities. Empowerment would also link the social democratic values of equality, individual liberty and community.²⁵ 'Community expresses fellowship, the sense of belonging, a shorthand for the concept of interdependence and mutuality of individuals and collections of individuals'. This differentiates socialism from liberalism or conservatism.

The Conservative-led coalition in Great Britain has embraced empowerment. It is a novel principle for the New Right, for which it means reducing expenditure in the public sector and providing a framework for letting the individual get on with his or her life within neighbourhoods and communities – the New Right's definition of individualism. Empowerment becomes a Victorian principle in a modern guise, rolling back the

frontiers of the State, getting the State from the backs of the people, more privatisation of public assets, and where the assets are public more private sector involvement. The Conservative-led coalition describes empowerment as The Big Society, depending on the decision of millions, including philanthropy and social action. It is Liberal Conservatism described by the Prime Minister, David Cameron, as ‘a huge culture change where people in their everyday lives, in their homes, in their neighbourhoods, in their workplace don’t always turn to officials’. However, empowerment is so alien to the New Right that by January 2011 the Big Society almost became an endangered species, afflicted by severe deficit reduction, specific cuts in the social economy, and bewilderment within its own ranks as to what the Big Society actually meant.

The fact that the New Right has its own definition of empowerment, however befuddled this is, does not detract from social democracy again making its own. Social democracy must be innovative in its ideas, based upon its values and principles, driving forward the social agenda so that individuals and communities can be truly empowered.

12.-

The Environment

According to Andre Gorz in his book *Capitalism, Socialism and the Ecology*, the environmental restructuring of society requires a new eco-social rationale. Socialism, according to Gorz, could not regenerate unless it accepted the need for environmental change. The goal must be to preserve and improve human life conditions, to reactivate centres of consciousness within society; such centres must go beyond preserving the environment but must encompass the promotion of education, of culture, as well as justice and human rights²⁶.

Social democracy must place at its heart concerns for environmental protection; and this it must do not only for the present but for future generations. The fact that other parties promote environmental protection cannot weaken social democracy’s own commitment, either in individual European countries or at the level of the European Union, which shares the goal of environmental protection but does not have overarching competence.

We have seen that socialism was born out of the industrial revolution, so that in environmental terms socialism was never free from seeking to protect the producer, the creator of employment, considering the environment as secondary. Environmental policy has changed in recent years but is fertile territory for the Union’s policymakers. The health and wellbeing of citizens, equilibrium between environmental protection and industry, the creation of eco-industries, deeper integration on environmental standards, raising awareness to environmental protection on the global stage – these are noble endeavours to bind the Union with its citizens.

Social democracy has sought to reconcile the neo-liberal capitalist economy with State intervention for purposes of environmental protection, with its constraints upon manufacturing that could lead to a weakening of growth and job creation. But damage to the environment means damage to health and limiting damage becomes an issue of social justice, thus slipping environmental justice into the interstices of social democratic values. This does not mean that the aims of green parties are the same as the aims of social democracy. The new Green Party Member of the House of Commons decries consumerism and growth and believes greater equality makes growth less necessary; that it is not consumption that drives human happiness but contented families, strong communities, meaningful work and personal freedom. Green parties like to hitch a lift with social democracy but in doing so only weaken the values of social democracy for their own single-issue cause.

Social democracy should enlarge its definition of social justice to incorporate environmental justice, fully supporting the environmental aims of the European Union, but should refrain from any alliance or coalition with green parties that detract from the overarching values of social democracy and thus weaken the message it gives to electorates.

13.-

Immigration

The benefits of immigration are lost to media stories of those immigrants who supposedly milk the system. Resentment at immigration gives rise to nationalism; thus in the Swedish general election in the same year 20% voted for an anti-immigrant party. Fear of the so-called Polish plumber was one element in the rejection in a referendum in France in 2005 on the European Treaty.

The Polish plumber might be imaginary but reflected Euro-wide concerns that the free movement of people within the Union was a problem. This was self-evident in 2004 when freedom of movement was curtailed for people from ten new member States acceding to the Union. Rumania and Bulgaria will apply for free movement for its citizens in 2011. Immigration can bring with it the benefit of skills, but skilled immigration was the first to be capped in Great Britain by the Conservative-led coalition.

Social democracy, with its belief in social justice, has been particularly vulnerable in the eyes of the electorate when it comes to immigration. The Euro elections in 2009 saw a turning away from social democracy when the electorate blamed it for the financial crisis and for immigration. In the British general election in 2010, in some constituencies, the vote of the anti-immigrant British National Party rose four-fold to the detriment of New Labour candidates.

Leadership needs to be shown by social democracy to extol the virtues of skilled immigration, but hostility to immigration will remain for so long as the after-shocks continue from the 2008 financial crisis. In Spain, in order to accommodate growth, eight hundred thousand foreign workers were allowed into the country in 2006; from 2005-07 the proportion of foreign workers in the labour force rose from 8% to 12%. In Great Britain, by granting immediate labour market access to nationals from the new European member States in 2004, not only were hundreds of thousands of East European workers already in the country legalised but they were joined by 447,000 others, an increase of 700% from 2004 to 2008.

Problems from such immigration cascaded down to local level. Social democracy cannot leave it to the New Right to deal with immigration but must have a positive platform of its own to address the issue before its own voters who turned away from it at the Euro elections. Social democracy must apply the same values to immigration as it applies to other political domains, those of fairness and social justice, seeking to define fairness in this context.

14.-

Social Democracy and the European Union

In an uncertain, precarious and often chaotic world, with immense global challenges ahead, it is incumbent upon social democracy to project its own values, principles and policies upon the screen of the European Union. The Group of the Progressive Alliance of Socialists and Democrats within the European Parliament has called for proposals to make the Union more social, including a directive to guarantee basic labour rights, a social services directive to ensure higher quality care, and greater protection of employment rights and conditions in the work place. In the aftermath of the financial crisis, the Union should seek greater economic coordination and crisis management, with the creation of a European Stability Agency and

empowerment to issue eurobonds to lower public borrowing costs and weaken speculation that has undermined Union economies. A financial transfer tax is advocated; this is known as a Tobin tax, a tax to ensure that the biggest share of future global recessions falls upon financial institutions and not the Union's citizens.²⁷

The Union is a geographical, economic and political space with limited pooled sovereignty and foreign affairs competence remaining within the domain of the member States. Nevertheless, member States must actively and unreservedly support the Union's common foreign and security policy, in a spirit of loyalty and mutual solidarity. No member State should act contrary to the Union's interests.

Social democracy can identify with the Union's global strategy to attack poverty and disease, creating economic interdependence and trade development, all relying on soft rather than hard power, on influence rather than the imposition of will, seeking to make the world safer and better.²⁸

The goals of social democracy within the Union must be to strengthen its internal market along the lines proposed by the Lisbon Agenda, to strengthen the single currency with appropriate fiscal responsibility in all the member States. Competitiveness must be improved, with a better framework for innovation, greater investment in research and development; there must be sustained and integrated climate change and energy policy. Industrial policy can have emphasis placed on the eco-industry, whose turnover amounted to 227 billion euros in 2004.

Since Union goals – energy security, environmental protection and the fulfilment of the Lisbon Agenda – could only come about through member State action, it is incumbent that social democracy in member States support such action. There is for instance no single market in energy. The market lies in each and every member State. There are structural differences on how these member States fulfil their market requirements, and whilst the Union could lay down rules and regulations it is a matter for each member State how to operate these. It is in the member States themselves that social democracy can be a force for Union advancement in the interests of the European peoples.

15.-

Fair and Progressive

Many political concepts are reduced to shorthand terms and enter the lexicon.

Fairness is now the most commonly used word, followed by progressive, so that a whole political philosophy might be fashioned from the two, but one which would be meaningless since it is embraced by both left and right. It is a contradiction in terms for the New Right to describe itself as progressive, to call for fairness when embracing the neo-liberal capitalist economy which cannot, in and of itself, be fair – and nor is it designed to be. Fairness is subjective rather than objective and creates its own imbalance within society. 'The sufferer from a chronic illness believes that it is fair there should be no limit to the spending on drugs to alleviate his or her condition because the need is so obviously desperate even if, as a result, there is less cash to spend on other drugs for other people. Key workers insist that it is fair for them to withdraw their labour in a strike even if it causes collateral damage to others.'²⁹ Is there such a thing as social fairness and if there is what is it? Is it socially fair that benefits should be entitlements and universal? That the tax burden should shift from the low earners to the high earners?

What may be fair to the New Right might not seem fair to social democracy. For example, is it fair to have an industrial policy that targets poorer regions or to have a regional policy that treats all regions equally? Social democracy would say the former and the New Right the latter. Fairness falls within the values of

social democracy, to target the needy in society. If this is the case why should benefits be universal other than that they have become generally accepted and there is bureaucratic inertia to target them and make them less universal?

Measuring subjectivity and objectivity within an overall interest is difficult and gives rise to the use and misuse of the terms fairness and unfairness. A bank bonus is subjectively fair to the banker who receives it but objectively unfair to the general public in a time of financial crisis perceived to have been caused by the banks. Such bonuses gave rise to a convenient £2.5 billion tax in 2010 in Great Britain, but is such a further tax requisite when the financial crisis has passed?

These are major challenges for social democracy as it redefines what it means by its values, what principles should ensue from these principles, and subsequently what policies should flow. Balance and proportion are required. What should not be done is to leave the word fairness in the air, in the ether as it were, without resolution, to be trotted out by the false prophets and soothsayers, without rigorous examination of what it means and against the criteria against which it should be judged.

The word progressive also needs to be defined in order to be understood. For the former British Prime Minister, Tony Blair, to be progressive means ‘to believe in social justice, that is using the power of society as a whole to bring opportunity, prosperity and hope to those without it; to do so not only within national boundaries but outside them; to judge our society by the condition of the weak as much as the strong; to stand up at all times for the principle that all human beings are of equal worth, irrespective of race, gender or sexuality or ability – and always to strive for those at the bottom, the most disadvantaged, the ones other forgot’³⁰.

But Nick Clegg, leader of the British Liberal Democratic Party, entered into a coalition with the Conservatives because he thought they were more ‘progressive’ than Labour. In The Netherlands, there are three parties who aspire to being progressive and so call themselves: The Socialist Party, the Labour Party, and Progressive Liberals. The left group in the European Parliament, consisting of socialists and democrats, introduces itself as progressive. It is not in the term itself but in its interpretation that lies the true definition.

16.-

The Challenges of Social Democracy

1.- The Challenge of Identity

The European left is not itself wholly committed to social democracy. The fact that the group within the European Parliament describes itself as the Progressive Alliance of Socialists and Democrats is a testament to this.

One challenge, elaborated by Raffaele Simone³¹, is that ‘no value of the left has been inculcated into the minds or the imagination of the voter. The core vote is a traditional vote, passed from father to son, mother to daughter, but for how long?’ Social democracy cannot rely on old-style loyalties but must evolve and advance and be dynamic and confident in the process. It cannot seek nor rely on a big idea. As ideology falls away so too does the traditional vote; as society changes so social democracy must change with it, not modifying its values but redefining principles in accordance with those values. Yet whilst the social democratic values, reaching from its history, pervades many centre left parties they neither describe themselves social democratic or so call themselves.

The British Labour Party is democratic socialist in accordance with its constitution, but the new leadership of the Labour Party has declared that model to be defunct and by way of consultation seeks new policies to face the future. Some of the centre left describe themselves as progressive and believe the term to be so all-embracing it that will attract elements of the Liberal Democratic Party and others who also call consider themselves progressive.

In France, both Ségolène Royal and Bernard Delanoë have espoused the liberal model, the Socialist Party calls itself both democratic socialist and social democrat. In Italy, the centre left proposes to choose a single candidate for the leadership through primaries, seeking to marry the moderate with the radical wings of the parties that constitute the left. Coalitions are inevitable in Italy under their system of proportional representation, so that within the left the values and principles of social democracy are diluted when it comes to the formulation of policy.

Indeed, the weakness of social democracy in many European States is that due to proportional representation absolute majorities of a particular party are excluded, requiring coalitions of either left or right, and in the case of the left making it difficult to create a coalition specifically around the values and principles of social democracy. Experience shows that proportional representation encourages small parties and factionalism, so that to stare at obtaining more than 4-5% of the vote to obtain a seat in Parliament becomes more important than writing the social democratic narrative and defining what is the big picture of individual and State interests.

One challenge social democracy is unlikely to take up is seeking to rectify the failure of light-touch regulation in relation to the neo-liberal capitalist economy. The European Finance Ministers met in Brussels in September 2010 and agreed to strengthen the Union's competence, setting up three new regulatory authorities, with their respective headquarters in London, Paris and Frankfurt. Their objective would be to reduce fragmentation between authorities in member States by creating this supranational supervision, a new platform of supervision, or mixing metaphors a new control tower with radar screens to avoid further shipwrecks: in fact three metaphors rolled into one.

2.- Leadership

Franklin D. Roosevelt declared in a phrase oft-repeated that one has nothing to fear but fear itself. Social democracy has only itself to fear, in its reluctance and oft-times refusal to accept within its own policies the need for change. If the third way model failed, it failed because it was overwhelmed by the neo-liberal capitalist economy, but it failed too because centre left parties were less than enthusiastic in following its course. Tony Blair in his memoirs lists a number of changes proposed to welfare, even attacking the structural deficit, but none of them able to have the acceptance of the New Labour Party.³² That is why strong and persuasive leadership is required to steer social democracy to its new model, not in one country but in several, whether social democracy is in government or otherwise.

Leadership must be in tune with the people, reaching out to them on the basis of values that convert to principles and to policy. Social democracy must create for itself an ethos around which the left can assemble, emerging rather than being dragged back to its historical past. That ethos should embrace all sections of the community, with emphasis on balance and proportion, so that those in need and those with aspiration are equally taken into account.

The values themselves should be subject to challenge in their definition. Words such as progressive, fairness, empowerment, community may have become political coin, but they mean different things to the New Right than to social democracy. A constant evaluation of values and principles for the age in which we live should be the lodestone of social democracy. The fact that words have been adopted by the New Right does not mean that the principles behind them have been adopted; they should be subject to a clearer social

democratic interpretation; not the interpretation of the New Right that converts them into financial reductions of the State and its public sector.

3.- Defining the Welfare State

How does social democracy define the enabling State at a time of financial retrenchment that translates itself to reductions in public services and the welfare State? Social democracy must accept this retrenchment – *reculer pour mieux sauter* – and advocate policies of growth that would bring retrenchment to an end more quickly, leading to a remodelled welfare State on which to build the future.

The new financial regulation adopted by the United States and the European Union, and proposals to be submitted to the Group of Twenty will take time to work through to genuine regulation of the market place. In the meantime, social democracy must accommodate itself to understanding how financial markets have evolved, traders imposing their will on sovereign States and obliging States to adopt policies not in the interests of their people, creating their own destabilising volatility. Hedge funds are the major cause of this and the largest hedge fund manager in the United States, the soothsayer who foresaw the collapse of the sub-prime mortgage market, made \$5 billion in 2010.

Whilst awaiting international regulation, social democracy cannot reverse the influence of the financial markets and must accept deficit reduction as a fact of modern life, learning the lesson of over-reliance on borrowing rather than taxation to maintain high levels of public expenditure. Welfare benefits or entitlements must be targeted to bring balance and proportion to the welfare State. Welfare programmes do not stop at welfare payments but cover education and health and social services, among other programmes. Targeting becomes all important in order to assist those in need, seeking to create a homogeneous society living at peace with itself. This is well-nigh impossible without leadership, but social democracy cannot yield the financial terrain to the New Right and must accept that any economy must be brought into balance, not to accommodate the financial markets but because excessive borrowing leads not to growth but to stagnation.

Living within one's means becomes true of States as well as of individuals.

4.- Social Cohesion

Social cohesion has been damaged in the wake of the financial crisis of 2008. The European Union programme set out in the 2001 Lisbon Agenda was against a background that some fifteen million citizens were unemployed, a figure that would increase within the then fifteen member States over four years to eighteen million. There was the need to link the then new single currency with monetary policy but, if there was sufficient reform within the internal market, gross domestic product would increase by three quarters of a percentage point a year. By way of an antithesis to the neo-liberal capitalist model, the Agenda would set growth targets, converging the economic with the social.

Seeking to restore social cohesion can be achieved when economies become stable and again advance, the difficulty being that several nation States are seeking stability and growth at the same time, using the same methods, seeking export-led growth. However, the restoration of social cohesion, using leadership as the lance, maintaining support for the enabling State based upon the values of social democracy, provide for an inspiring agenda. If, as has been said, 'social democracy is the doctrine of a contented society, not merely a rich society,' the restoration of social cohesion, the people living at peace within themselves, this must be a true social democratic goal.

5.- Time for a Change

Social democracy when in opposition cannot wait for right-wing governments to fall on their faces. There is what may be described as ‘a social democratic conservatism’ that applies to the Social Democratic Party (SPD) in Germany which says one can shuffle around progress in order to preserve the status quo and defend the gains social democracy has already made. If the social democratic conservatism is so innate, the SDP might settle for this; it may stand back and make no modernising change; it may rely on its popularity being restored come the next election. As we have seen, the Swedish Social Democratic Party was ahead for four years in the opinion polls but lost the election.

It is debateable that within democracies electorates like to change their governments on the basis of unpopularity without there being a viable alternative. This may be distorted by a sudden swirl of outside events, as in Sweden with the Social Democrats in the seventies when the issue was nuclear energy, or the financial crisis in the 2011 general election in the Republic of Ireland; but if the electorate might sometimes wish to punish it must also be attracted by the manifesto commitments of alternative parties. Will any centre left coalition prevail at the next election to the Chamber of Deputies in Italy? Will the Socialist Party in France prevail at the next Presidential election? We must wait upon events, as Emilio Cavour once said, but not live on hope alone.

6.- An Ethos Not an Ideology

If ideology is out, an ethos arises for social democracy from its values and its principles. This ethos provides a clear and distinct political identity for social democracy. According to this ethos, in the words of Monique Canto-Sperber, it can create policies that are ‘precise and realistic, and inspired by clear and powerful ideas’. Social democracy cannot fall back upon management or competence. It cannot claim that it is better at managing budgets, health and education, transport and welfare; that it can better service taxation and provide better public services and economic stability. All these are important within the machinery of government, but without the ethos there is not the direction.

17.-.

The New Social Democratic Model

It is not that, in the past, social democracy has been lacking a model.

If socialism has been in unambiguous retreat for decades, accelerated by the fall of the Berlin Wall in 1989, falling into desuetude as an example for nations to follow, throwing the Left into confusion, as many Communist Parties revived themselves under another name; if pure and unadulterated socialism gave way to democratic socialism to social democracy with a liberal tinge; so many left parties adhere to the past in the hope that what was then achieved can be achieved in the future. Social democracy might have made more than two steps forward in the years leading to the financial crisis, in Great Britain advocating entrepreneurial and flexible markets, calling for education, skills and technology, believing in open competition and not protectionism, but all overwhelmed by the onset of the crisis.

The core values of social democracy are:

- Equality
- Social justice
- Empowerment
- Community
- Individualism
- Aspiration

These values must guide political action and be translated into principles.

The overarching principle is that social democracy is progressive:

- A belief in social justice, that is using the power of society as a whole to bring opportunity, prosperity and hope to those without it ;
- to do so not only within national boundaries but outside them ;
- to judge our society by the condition of the weak as much as the strong ;
- to stand up at all times for the principle that all human beings are of equal worth, irrespective of race, gender or sexuality or ability ;
- always to strive for those at the bottom, the most disadvantaged, the ones others forget.

Other principles ensue and are linked and may overlap:

- The definition of growth must be one of robust economic growth that is socially fair, benefits all regions, results in less inequality, delivers more and better quality jobs, is more environmentally sustainable, and more concerned with improving citizens' quality of life and less with crude measures of gross domestic product.
- A belief that society is stronger through common endeavour, achieving more together than we achieve alone, to create for each the means to realise our true potential within a community where power, wealth and opportunity is situated in the hands of the many, not the few, where rights that were enjoyed reflected duties, and where individuals lived together in solidarity, tolerance and respect.
- That social democracy is fundamentally about liberty and extending the boundaries of individual freedom through greater equality, whilst acknowledging that self-fulfilment for the greatest number can be attained by recognising the collective obligations we owe each other in the context of a strong society.
- That public purpose is as important as private profit; and that the government has a duty to pass laws, levy taxes and provide money and services to protect people from the insecurities and deprivations in a market economy³³.
- That social democracy is distinct from liberalism in that social democracy believes in a strong State to make life better for everyone. It accepts that a properly functioning market economy is the best way to generate the money needed to finance our social ambitions.
- That social justice is attained by using the power of society as a whole to bring opportunity, prosperity and hope to those without it; to do so not only within national boundaries but outside them; to judge our society by the condition of the weak as much as the strong; to stand up at all times for the principle that all human beings are of equal worth, irrespective of race, gender or sexuality or ability – and always to strive for those at the bottom, the most disadvantaged.
- That the enabling State should not be further limited, whilst accepting that the reformed market economy with stronger domestic and international regulation is about the best available means of stimulating innovation and efficiency.
- That social democracy needs to fashion not larger government but an effective strategic State that can steer and intervene in the complex networks and institutions of a globalised economy and society.
- In the face of a more individualistic society, social democracy must mutate, no more slogans of collective emancipation, but offering each and every citizen the possibility of realising his or her own self.
- Within the European Union, to strengthen the internal market, improve competitiveness, creating a better framework for innovation, greater investment in research and development, developing and sustaining and integrating climate change and energy security policies.
- That for the European Union, the overarching principle must be that we do together what member States cannot do alone, projecting values into the outside world that are universal.
- Not least, accepting that the environmental restructuring of society requires a new eco-social rationale, with environmental protection policies and appropriate to protection of the earth which we have inherited and must pass on.

It is from principles such as these that policies must flow so that they form a coherent whole. Each policy commitment must be tested against both values and principles, be compatible in their objectives, understanding that if the language of socialism was the language of priorities so it is with social democracy.

There must be a clear vision of the society social democracy wishes to create, defined with boldness and resolution. Social democracy is not a counsel for the defence but a vanguard into the future.

19.-

Conclusion

Social democracy must be proud of its origins, never forgetting from whence it came and who it seeks to represent; it must remember who carried the banner of socialism and democratic socialism, as well as articulating the hopes and aspirations, the wishes and desires - built on neither selfishness nor greed - of the present generation and those to come.

Social democracy does not need to advance a political agenda; rather it must accept the present agenda and build upon it. It must provide a real and valid alternative to the New Right at a time when the Right are seeking to change public attitudes away from supporting the public sector and the welfare State.

There must be a clear racing line that reflects the moving political scene, the era in which we live, the circumstances in which we find ourselves, not to allow social democratic values to be high-jacked by other parties, by false prophets and soothsayers, not to ignore their intrusion into these domains but to confront and challenge them, and ultimately surpass them.

Social democracy does not rely upon the tide in the affairs of men and women to sweep it back to power in the twenty-one member States of the Union where power has fallen away. Social democracy is not a management consultancy; it is a movement with an ethos that arises from values.

Nevertheless, the promulgation of a sound economy with growth written into the script, and an understanding of the social limitations when there is no growth, are primordial. Within the present, social democracy can only create a homogeneous society when fairness is properly defined and sought, where this affects all people within a community and a nation, and where if there is no growth the limitations this imposes are properly explained and understood.

It follows that if social democracy is about sustainable growth and job creation it is also about reductions in poverty, especially child poverty, and ensuring no disequilibrium between those who work and those who do not, with appropriate surveillance to ensure that no disequilibrium occurs that will unbalance society and weaken social cohesion.

The welfare State cannot at any time, or for any reason, be a disincentive for recipients to work, to participate, to earn. If the welfare State suppressed the desire for individuals to use their initiative not only the welfare State but social democracy has failed.

Social democracy must seek to bring left wing parties together in Europe to support its ethos and its principles, building policies on these. The traditional left wing vote is fast ebbing away. Social democracy must appeal to the electorate to support its social democratic policies. It has not the time to debate around its own navel, not in a fast moving world that is the modern era; having defined its values and principles, worked through its policies, it must advance them in the political market place.

Raffaele Simone in his book *The Gentle Monster*, has declared that the task for social democracy in the twenty-first century is difficult, conscious of globalisation, and the challenges it has thrown up. Social democracy must engage continuously, seeking new policies in keeping with the times, constantly inventing

new and sound reasons why one should be – and one should stay – on the left. If the price of freedom is eternal vigilance, the price of social democracy must be confidence and optimism.

Having achieved widespread political acceptance of its goals of fairness, justice and equality, this is not the end of its history; if class has disintegrated, if there is less respect for institutions, if social structures have been weakened, if insecurity prevails, this is the time for social democracy to move forward in the belief and with the commitment to a free society with equal worth to all citizens.

¹ Roger Liddle, “Building a new European model of capitalism” *Policy Network*, October 2010.

² Rene Cuperus, Frans Becker, “Bridging and bonding the left”, *Policy network*, October 2010.

³ Eduard Bernstein, *Socialisme théorique et social-démocratie pratique*, Paris, Stock, 1900.

⁴ Monique Canto-Sperber, *Les Règles de la liberté*, Paris, Plon, 2003 ; Voir également René Passet, Laurent Baumel et Guillaume Duval, « Socialisme et Libéralisme » in *Les Notes de la Fondation Jean-Jaurès*, Fondation Jean-Jaurès, Paris, 2004.

⁵ René Passet, Laurent Baumel et Guillaume Duval, « Socialisme et Libéralisme » in *Les Notes de la Fondation Jean-Jaurès*, Fondation Jean-Jaurès, Paris, 2004.

⁶ Ed. Miliband, *Fabian Lecture*, January 2010.

⁷ Rene Cuprus, Frans Becker, “Bridging and bonding the left”, *Policy Network*, September 2010.

⁸ Roger Liddle, “Building a new European model of capitalism”, *Policy Network*, October 2010.

⁹ Stephen Haseler, Henning Meyer, Detlev Albers (ed.), *Social Europe: A Continent’s Answer to Market Fundamentalism*, London: European Research Forum at London Metropolitan University, 2006.

¹⁰ Stefan Collingnon, “The Dawn of a New Era: Social Democracy after”, in *Social Europe: A Continent’s Answer to*

Market Fundamentalism, London: European Research Forum at London Metropolitan University, 2006.

¹¹ Geoff Norris, “Understanding Labour’s political decay”, *Policy Network*, November 2010.

¹² Peter Hain, *Ayes to the Left. A Future for Socialism*, London: Lawrence & Wishart Ltd, 1995.

¹³ Raffaele Simone, *Le Monstre doux*, Gallimard, Paris, 2010.

¹⁴ Milton Friedman et Rose Friedman, *Free to chose*, New York: Harcourt, 1980.

¹⁵ Ian Duncan Smith, *There is such a thing as a society*, London: Politico’s Publishing Ltd, 2002.

¹⁶ Milton Friedman et Rose Friedman, *op cit*.

¹⁷ Gordon Brown, *Why the right is wrong*, London: Fabian Society, 2010.

¹⁸ William Hutton, *The State We’re in: Why Britain Is in Crisis and How to Overcome It*, London: Jonathan Cape, 1995.

¹⁹ Gordon Brown, *op cit*.

²⁰ Richard Wilkinson, Kate Pickette, *The Spirit Level: Why Greater Equality Makes Societies Stronger*, London:

Bloomsbury Press, 2009.

²¹ Amartya Sen, *L’idée de justice*, Flammarion, Paris, 2010.

²² Raffaele Simone, *op cit*.

²³ *Ibid*.

²⁴ William Hutton, *The State We're in: Why Britain Is in Crisis and How to Overcome it*, London: Jonathan Cape,

1995.

²⁵ *Ibid.*

²⁶ André Gorz, *Capitalisme, Socialisme et Écologie*, Paris, Galilée, 1991.

²⁷ *The Group of the Progressive Alliance of Socialists and Democrats*

²⁸ Stuart Bell, *An Ever Closer Union – The Forward March*, London: Kindle edition, 2007.

²⁹ Will Hutton, *Them and Us: Politics, Greed and Inequality – Why We Need a Fair Society*, London: Brown Books

Group, 2010.

³⁰ Tony Blair, *A Journey: London*, Random House, 2010.

³¹ Raffaele Simone, *op cit.*

³² Tony Blair, *op cit.*

³³ Peter Kellner, *The Crisis of Social Democracy*, London, Demos, 2010.