



SOCIAL DEMOCRACY

A SWOT ANALYSIS

SOCIAL EUROPE DOSSIER

SOCIAL DEMOCRACY - A SWOT ANALYSIS

SOCIAL EUROPE
FRIEDRICH-EBERT-STIFTUNG



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ONE

REINVENTING SOCIAL DEMOCRACY:
AN UPDATED SWEDISH MODEL

conversation with Bo Rothstein

Well, Bo, thank you very much for joining us today to do a SWOT analysis of the Swedish Social Democratic party SAP. What is the historic position of the SAP in the Swedish political system and where does it stand currently?

Well, the Swedish Social Democrats have I think forever, at least since back in the 1920s, been the largest political party. They have been out of power of course now and then, but it's for sure the dominant party, yes.

Although it's smaller now than it used to be, I think its record score was over 50% of the vote, then for many years it was around 45, 40% and now it's down to a little below 30. But it's still the largest party.

It still has a dominant position in the political system?

Yes, and currently it's in a coalition government with the Green

Party with some parliamentary support from the Left Party, but it's a minority government.

The parliamentary situation is complicated because we have an anti-immigration, xenophobic party known as the Swedish Democrats. Unlike similar parties in Norway, Denmark and Finland, this party has clearly a brown heritage.

I mean, there are populist, anti-immigrant parties also in other countries and they are populist/anti-immigrant but this party in Sweden has clear historical connections to Nazi and fascist organisations. So that makes it basically an untouchable party. Although it's the third largest party, nobody so far wants to collaborate with them.

If we come to the starting position of a SWOT analysis, in your view what are the strengths and the particular weaknesses of the Swedish Social Democratic party?

Well, I think I can speak for this type of social democracy in general. The strength is that the facts are on the side of social democracy. By that, I mean there are now a lot of measurements, rankings and studies comparing countries on everything from economics and things like the population's health of course, but also things like are people happy, gender equality, innovation, do people trust other people and so on.

If you put all these measures together, there's a very clear result. The traditional, northern European, social democratic model, which has been replicated to quite some extent in countries like Australia and Canada, beats everything else.

This is the model that creates on average most human well-being. This is not to say that there are not poor people or unhappy people or miserable people in this model, but much, much less so than in any other model that has ever been invented.

So that leads us presumably to some of the weaknesses that we see across the Western world?

It's a little paradoxical. Take Portugal which avoided austerity policies. That went very well. They went for classic Keynesian ways

to handle the crisis, unlike Greece, for example, and Portugal is now going well.

If you have this facts-based or evidence-based or enlightenment-based idea that we should have a system or socio-economic model that creates on average most human well-being, then there is nothing that beats this traditional, northern European, social democratic model.

Those right-wing parties that have managed to come close to this success, like for example the German Christian Democrats, have basically copied lots of what was in the traditional social democratic model when it comes to social insurance and so on.

This was of course also the case in Sweden when they ruled those eight years under the right-wing (Fredrik) Reinfeldt government; it didn't actually change much of the social democratic model.

If you get onto the weaknesses, are we seeing a disconnect between the facts and perception in much of the Western world?

Yes, but if I had any advice, I think this is the time to stand up against alternative facts and fake analyses of politics. What the social democrats should do is say: "Hey, look at the facts, look at the figures, look at the evidence. We are not perfect but has any system, be it communist, Nazi, fascist or capitalist, created a better model? No. The answer is no, no, no."

At the same time though, social democratic parties are very much under pressure. So where do you think the particular weaknesses are?

Well, one weakness is self-inflicted and that is that identity politics has taken over. I think for many reasons, that is a blind, dead alley to go down because it just creates divisions.

In the 1970s, the Swedish Employers Federation launched a big ideological campaign that was new for them, saying: "You should mostly look after yourself. You should be an individualist. Self-interest is good."

Identity politics is very much this sense of self-interest: "I, I, I,

my group, we need more, more, more.” It used to be the case that leftist politics was solidarity with other people, with the working class, with people who are poor, with the fighting people in Vietnam, what have you. Now, it’s basically self-interest and identity politics.

I think this is a blind alley. It just creates divisions. Instead of universal policies that cater for everyone, you split it up into group-based politics and that doesn’t work politically.

The other thing is of course that the Social Democrats haven’t found a good way to handle the immigration issue.

Are there any suggestions that you would have especially when it comes to immigration? I know it’s also a big issue in the Swedish discussion.

I have no way to make a political slogan of this, but my recipe would be tough love.

What does that look like in practice?

In practice, it would look like this: Yes, we should really have a generous policy when it comes to refugees, but they have to play by our laws. They cannot create parallel societies with parallel systems of justice and issues about gender equality and so on.

Of course, with immigrants, if it comes to criminality and so on, we should be tough. So, tough love would be my way – we should be generous, but also say: “If you come here and we let you in and we will help you as much as we can, you have to play by our rules. You can have any religion, any values, any ideas you want, this is a free country, but our laws, our rules are the laws, the rules. Period. We will not accept parallel societies.”

You’ve also referred to what you said was the fateful shift away from socio-economic issues towards identity politics. Do you see this also as the underpinning of the oft-cited divide between communitarian roots and the cosmopolitan elite? How do you think this division can be bridged?

I don't recognise such a big division. My explanation for the Brexit referendum, the Trump phenomenon, is a little different.

This cosmopolitan elite, the well-educated people like you and me, we have gained a lot from globalisation, but what was forgotten, especially in the neoliberal countries, was that there would also be quite a number of losers. People would lose their jobs, they would have to move and the losers weren't taken care of.

This is nothing new from a Swedish perspective. In the 1950s, the legendary union economist Gösta Rehn launched a policy that he knew would make quite a number of traditional industries that were unprofitable go bankrupt, or at least lose money. This was the famous Rehn–Meidner model with the solidaristic wage policy and free trade and so on. They knew lots and lots of people, workers, would lose their jobs.

Now the thing was, they should be given a very good second chance. There should be money for relocation, re-education, all the traditional means of social policy. That was forgotten.

I can very well understand that such people, they would vote for Trump or – no, I really don't understand that anyone would vote for Trump – but they would oppose globalisation and this free-market thing.

I remember interviewing Gösta Rehn. He said: "Well, it's also a matter of dignity." At the time when they started labour exchanges, they were quite dirty, filthy places on backstreets and so on. "No," he said. "They should be like banks. They should be right in the middle of the city, they should be elegant. Going in there and asking for help to get a new job, relocation or retraining should be like if you go into a bank and ask for a loan to buy a house."

So, there shouldn't be any stigma associated with it.

Absolutely not. It worked quite well for I think four decades.

But that stigma has returned.

It has very much returned. I should also say this is a quite complicated policy to launch because every person in such a situation is unique. They have unique skills, unique social situations, so you need to

have a quite well-educated quorum of civil servants or labour exchange people or people who have a very good empathy and understanding.

This is a complicated policy. It's one of the hardest policies to implement with any legitimacy, so you have to have very high quality in the staff that you hire.

So, it's not what we see predominantly now, warehousing unemployed people, but it's rather enabling and having a proper service culture to it as well.

You work in an industry and you cannot demand that people should have the foresight to say: "In six years, we will probably be run out of business because of competition from China or whatever. So, I should myself now start some retraining," and so on. That is not how life functions.

When it happens, there have to be resources and these resources should of course be taken from all the gains we, the elite or other people, gain from globalisation. Look at how cheaply we can buy things, how we can travel. Our standard of living has gone up dramatically.

So, it's not a question of resources. It's a question of fairness. A lot of people have been gaining a lot from globalisation and the losers have to be compensated in a good way.

Do you also see in Sweden, before we move to the opportunities and threats going forward, a very interesting finding that I now know from the German context, which is that you have cohorts of people who are quite satisfied with the status quo economically, but at the same time anxious about the future?

So, they think yes, at the moment things are reasonably okay but I fear for my children's future, I've lost the fundamental underlying promise of progress in the sense that the next generation will be just slightly better off than the previous generation. People every-

where, even in the countries that do well by any standards such as Germany, feel that this is under threat. Is this also the case in Sweden?

Not so much. I think it exists, but of course it has become harder for young people, especially on the housing market and to some extent but not so much on the labour market.

It's of course that the 1960s generation, the golden generation, have I think taken too much out of the system and left too little to their children and maybe grandchildren now. They have been extremely lucky with all material things. From what I can see, housing, education, student loans were extremely generous and created a system where you're not being so generous to the next generation. So, there is such a problem.

Recently, I wrote this article about unintended consequences. This is another fact, and the same with Germany: The countries that have taken a lot of refugees are growing, but the countries who have not taken a lot of refugees, like the UK, are not growing. The UK is in a real mess, I think. It's one of the worst economies so far, I think. Is it nought per cent growth or 0.5% or something?

Well, it's not much at the moment and the question is also what is it driven by? As you know, so far it's been driven by rising consumer debt so that will come to an end.

As you know, the Bank of England is already sending warning signals that consumer debt is at unsustainable levels. So, it's very hard to see the source of sustainable growth in the United Kingdom.

Yes. I can imagine that. Including me, a lot of people will be leaving the UK.

Including myself as well. I'll be leaving next year. But coming back to the SAP particular case, where do you see going forward the specific opportunities and

the specific threats for the party? Populism obviously is a threat, so how can the party react?

Populism is a threat and the anti-immigration party is strong.

On the other hand, we now see that traditionally there has been a very strong Conservative party, but the moderates are really in disarray. They've kicked out their leader, their poll ratings are really down. I think the latest opinion polls show that the Left Party, the Green Party and the Social Democrats are substantially ahead of the four Conservative or right-wing parties.

Also, they are in a successful government now. The public finances are in super good order, the economy is growing by 3.5%, 4%, so when the election comes they will launch a very generous budget, I think, with lots of reforms. So, I think they are in a quite okay situation for the moment.

If the economy is the important thing here, it is growing extremely well. I mean, there is a lot of unemployment but it's basically, I would say, people who, because this is a high skill, high pay economy, they are on wages that are going to be so low as to make them unemployable. It's refugees with extremely low human capital, people with lots of social or mental problems and so on. Otherwise, the labour market is extremely strong.

The problem is how to get back the voters who have decided to go with the Swedish Democrats and that will not be simple or easy. I think this idea of tough love could work.

It's like with children, I think. Or how should I say? You should love them but you cannot be extremely lax when it comes to rules because then they will misbehave.

I think there is a feeling, rightly or wrongly, that many immigrant communities have been able to create parallel societies. One of the most idiotic decisions was to allow religious schools, for example. We didn't use to have that. There is also ethnically based gang criminality, not at an American level, but still. There is a general feeling among a large part of the population that immigrants are to some extent exempted from playing by the rules.

I cannot think that 18% of the Swedish or Danish or whatever it is population are racists. They are unhappy with parts of immigration policy.

This leads right into my next question. A few months ago you wrote a very well-read article for us about how the marriage with the traditional working class is to an extent over. How do you see that traditional core constituency of social democracy changing and how can social democracy reconnect with this traditional core constituency?

First, the core constituency is now very small in sheer numbers.

The second is that a substantial part of them have gone to those populist parties. I'm not so sure that the appeal to the working class works anymore. I think the appeal should be to wage-earners, basically.

There is a conflict between people who live on their wages and people who live on capital and that conflict should be exploited, of course.

To launch a policy that has the working class at its centre, I think it's a dead-end for these two reasons. It's a small group. The traditional blue-collar working class is I think less than 8% – 9% of the working population now, if you mean people who have manual jobs in production. Of course, the huge majority are wage-earners.

This distinction that you mentioned between wage-earners and people who live off capital returns is likely to get even starker the more digital the economy becomes.

Yes.

So, going forward, you think that the Social Democratic party should focus on this particular distinction because that is one of the key conflict lines?

I've also for many years been interested in increasing the possibility for wage-earners to become core owners of their companies or

the public service production units where they work. I think that is an underexploited political way to go, to make it easier for, say, teachers to run their schools, for doctors and nurses to run their healthcare centres, in general for workers, wage-earners, to take the next steps.

This is a special route here, but I think if you see what is happening in the most developed parts of the economy, the high-tech industries, you see that owning capital is not giving you so much power anymore because you're so extremely dependent on the human capital. Such companies nowadays very often really want to make their staff in some way equity owners.

But it runs into one problem. The unions are not fond of it because it takes away their sense of solidarity in a way.

Yes. Against the backdrop of the shift towards the more digital economy and especially if you look at the research being done in the inequality area, the general idea of democratising capital ownership one way or another, and that includes different forms of management, how companies are owned and run, is I think huge on the agenda and it will become even more important going forward.

Yes. I published a book – unfortunately in Swedish – a volume, a couple of years ago about this. When it came out, nobody cared, but I can see I'm now more and more invited to give talks about this issue, so it is a coming issue which is interesting.

I think there are many, many ways to do this. In a way, it's a constitutional matter or, how should I put it? If there is a house with tenants in Sweden who rent their apartments and this house is put on the market, the tenants have the right to buy it and create a housing cooperative.

If they do that – I live in such a house – that has been very, very common in the last 15 or 20 years. They can just call one of the housing cooperative organisations and a whole package of rules and regulations of how to do it comes in the mail.

Say you are a group of nurses who run a home for the elderly and your local municipality says, “We’re now going to privatise this. Everything will be paid for by tax money but they won’t involve you. They say, “We are quite good at this, we would like to put in a bid. We could do this.” They call the union and ask, “Can you help us in any way how to do this?” They get a ‘no’ answer.

You know, there are quite a number of quite complicated legal matters that have to be fixed in such a situation, but there is no fixed model that you can just say: “This is how we want to do it.”

The whole legal system is very unprepared for this type of ownership. For example, a simple thing, what do you do with people who retire? Should they become external owners? Then the whole idea is of course gone, right? Or what do you do with temporary workers?

All these problems can be solved, there are solutions to them, but they are quite unknown, at least in this part of the world. What we’ve found is that every such company that gets started by the employees has to reinvent the wheel. That is often one reason it doesn’t happen.

But do you think in general terms, the topic of ownership is one that is going to be put on the social democratic agenda going forward?

Yes. I’m not thinking of nationalisation, I’m thinking that ordinary people who have ordinary jobs could get together and do this.

Let me give you a relevant story. You know that both Volvo and Saab were in deep trouble a number of years ago. The people who worked at Saab and also their CEO said, “We have everything to be profitable. We have all the knowledge, all the techniques, all the machines, everything. We just need a new owner.”

Then I wrote that op-ed article in the local paper saying: “Well, if what you say is true, why do you need a new owner? What is this owner going to contribute? It’s not new technology, not new markets. You have everything, you said. Why don’t you go to the pension funds and ask if you couldn’t get a nice deal with them and run it yourself?”

Then I got a call from the civil engineers' union at Volvo. They said: "What you are writing is very interesting. We have actually created such a society, an organisation, member organisation, to do this, but it turns out it is impossible for us to do this at Volvo. Why? Because the blue-collar union says absolutely no."

Why was that? What was the argument for saying no?

Because for a blue-collar union, you have to think, all their sunken cost in knowledge is to have this opposing position. They know everything about framing legislation and safety regulations and negotiations. If that goes, they have nothing.

So, this is a problem for real, that the traditional unions are not much in favour of this ownership democracy.

I don't know if you have seen it, there is a very good documentary about this. 'Can We Do It Ourselves?' by Patrik Witkowski. It's a very, very good documentary. He has many good ideas.

It's showing this is not problematic, it can be done, there are a lot of examples where it works, but there are a number of issues, very much a mental blockage.

It's interesting because usually if a company is sold and the new owners, they usually have some sort of restructuring which would be against the interests of blue-collar trade unions as well. So presumably, the transition and management of that ownership transition should actually in theory be easier if the owner was technically a pension fund, a Swedish one.

Yes. It's also a change of capitalism. Now most of capitalism is owned by pension funds, some mutual funds. These capitalists have no knowledge or actually no ambition to have any say about the company.

So, the old idea of shareholder value is not there because the shareholders don't exercise any control or any discipline.

Exactly. What has happened is this managerial golden time where they can take out gigantic wages because they are exploiting this vacuum. But basically, shares have become more like bonds.

That's a very interesting comparison because it provides a framework to explain how these, that you mentioned, salary excesses could actually come to pass, even though the shareholders should actually exercise this proprietary role.

But they don't because they're very weak and they don't know how to run the companies. I think of the Swedish stock exchange, 80% is now owned by institutional investors.

80%?

80%. I don't know for other countries, but this is a very different capitalism. The most successful bank in Sweden, the biggest owner is an employee-run pension fund.

So basically, if you condense the discussion of the last 10 minutes or so, the task for social democracy is basically redefining capitalism around different models of ownership.

Yes.

So that is in your view the core challenge going forward?

Also, in addition to making the case that when it comes to human well-being, this traditional social democratic model with a regulated market economy but with high taxes and lots of social insurance and social service, that is the model that creates overall most human well-being. It's known. This is not a political statement, it's an objective fact.

Do you see any other social democratic parties that already have a policy agenda that is forward-looking, or do you see them pretty much all in the defensive?

I wish I knew more about the Portuguese party. They seem to

have been quite forward-looking but I know too little about them to say something.

Okay. The Portuguese party is hopefully also going to be part of this series of interviews and podcasts.

Bo Rothstein, thank you very much for the interview and I'm sure we can come back to these issues later again.

TWO

DUTCH SOCIAL DEMOCRACY: REUNITING THE FRAGMENTED LEFT

conversation with René Cuperus

So, René Cuperus, thank you very much for joining us today in the SWOT analysis project of different social democratic parties across the world. We're going to talk about the Dutch case today, the PvdA, its position and its strategic objectives.

First of all, what is the historic position of the Social Democratic party in the Dutch political system and where does it stand now?

You should compare the Dutch political system more or less with the German one. There were two post-war people's parties which were dominant, the Christian Democratic People's Party and the Social Democratic People's Party. Those were the dominant forces from the '50s, from the Second World War.

The Christian Democrats were a bit more dominant than the Social Democrats, exactly the same as in Germany where you have

the same kind of more or less even balance between Christian democracy and social democracy.

What we see in the Netherlands is the build-up of a post-war welfare state, like in Germany, like in Scandinavia, like in France or Belgium, like in Western Europe, a liberal democracy and what I would call a post-war, middle-class society.

I think the strength of this combination of Christian democracy and social democracy is that they were able to build a middle-class society combining a rather egalitarian balance between equality and inequality and a social market economy. In that story, the Social Democratic party of the Netherlands, the PvdA, the Labour Party, played a pivotal role.

So that's the start, that's the historical legacy of the PvdA, that it was one of the pillars of Dutch post-war society. What we see, and it's a story which is true for all the social democratic parties in Europe, is a permanent revision of social democracy since the Second World War.

First of all, we saw that this party which was the champion of the welfare state radicalised in the '60s and the '70s. In the Netherlands, it was a rather extreme radicalisation. The PvdA became more or less a Marxist party or a radical left party. It was penetrated by the new academics, which were the children or grandchildren of the workers. They took over more or less this working-class party.

So, this party transformed from a working-class party to a party for progressives, for hippies, for the emancipation of feminism, of homosexuality, gender equality/identity – these kinds of things. This was the story of the PvdA in the '60s and '70s.

Then we had a new revision in the '80s due to the economic crisis and to the crisis of the welfare state. First, we had this problem of social democracy, in the long years in the desert, that we were not able to be elected as the SPD in Germany was unable to get elected against Kohl, like the Labour Party in the UK against Thatcher. We had the same kind of problem in the Netherlands, that we were out of

the political centre for a decade more or less in the economic crisis of the '80s.

Only by a new revision transforming it from a working-class party and a party for progressive academics into a third way party or a more or less social liberal party, were we able to get elected again in the '80s and early '90s.

That's a permanent revision, that's a permanent change of the image or the character of the party. I think it is one of the stories, one of the causes for the crisis of social democracy, that this permanent revision led to a problem of credibility and trust within the wider electorate.

Where does the party now stand against the back-drop of recent elections?

At the moment, it's really in a big crisis. The PvdA is doing worst of all in Europe.

We suffered the biggest historical defeat in Dutch political history in the last elections. We went from 26% to 6% in one election, from 38 seats in a 150-seat parliament to nine seats at the moment. I think now we are about the seventh party in the Netherlands, both in real terms and in the polls.

So, we're talking here about a total breakdown of Dutch social democracy. This is really a catastrophe. It's a catastrophe for this party and its history.

The big mystery is: What are the real causes? What are the possibilities to rebuild this party? What's really going on?

Okay. If you come to the core of the SWOT analysis, where do you think the strengths and weaknesses of the PvdA lie and where is the balance between them?

It's hard to talk about the strengths of a party with nine seats in Parliament which had been one of the biggest parties of the Netherlands before.

It's a bit complicated. You could say one of the strengths of the PvdA or Dutch social democracy is that we turned the Netherlands into a social democratic country. So, the legacy may be that the

country is far more social democratic than the weak power position social democracy now occupies.

The strengths may be the penetration of its ideas and ideology within the wider society. After all, the Netherlands is quite an egalitarian country still, comparable to Scandinavian levels. So despite a sizeable right-wing populist revolt, it's still a very tolerant, open and libertarian country in line with social democratic values in this respect.

I think for outsiders, for Americans or for the Chinese, they would conceive the Netherlands as a very social democratic country. That's a miracle, that we live in a social democratic country with a very weakened social democratic party.

Part of the explanation is the political system in the Netherlands, which is quite different from countries around it.

We have a very extreme representative system. There's nearly no hurdle to enter Parliament so the political system highlights all the currents in society. So, we have about 10 to 15 parties in Parliament.

This means that all the parties, especially the bigger parties, have to deal with extreme political competition. If you look at the left in the Netherlands, we have one, two, three, four, five different parties all competing with the social democratic party, which is completely different from the Labour Party's competition in the UK or the SPD's in Germany.

For instance, in the Netherlands, the competitors of the PvdA are the green left, the Green Party of the Netherlands, we have a social liberal party for academic professionals, D66, which is also on the left more or less. We have a socialist party which conceives itself to be a classic social democratic party against a third way neoliberal social democratic party. We have a party for the animals, for animal welfare, and we have a party for the elderly. All parties are circling around this formerly big tent party of social democracy.

If you look at the last elections, you see that because of disappointment and discontent with the latest government performance of the Social Democratic Party, the PvdA, in terms of austerity and

welfare state reform, the Social Democratic Party, the PvdA, more or less exploded into all these different constituent parts, these fragmented, smaller parties.

That's what happened and the big question is: Can you rebuild this big tent party out of all these smaller constituent parties which are now rather strong in Parliament?

So, the way you resolve that paradox, that on the one hand Dutch politics is very egalitarian, very social democratic, but at the same time the party is doing very badly, is that the electoral system incentivises fragmentation and polarisation in the system. At the same time, these five or six parties that you mentioned on the left, is their vote share stable? Is it just a matter of how relatively stable vote share shifts between these parties?

More or less, but at the last election, we saw a shift to the right, to be honest.

We see in the Netherlands, and I think that's true for the whole of western Europe, we see a shift to the right, to the centre-right, and a shift to the right-wing populists. The left's share of votes has diminished in the last elections.

Also for the greens, which were very popular in the Netherlands, unlike the greens in Germany which are facing a crisis or a malaise. In the Netherlands, the greens are the party of the hipsters, of the millennials. But despite the fact that they were quite in fashion and quite cool, they were unable to get as many votes as expected.

We see a shift to the right in the Netherlands because of all the traps and challenges of globalisation, migration and terrorism. We see an overall mood, especially in the Netherlands, a mood of discontent, of fear, which is profiting the right more than the left, which is a general problem for the left.

Would you then characterise the strength of the PvdA as being that legacy of having built up that kind

of society, or being a core force in building up that society you see today, and basically that strength is you can build on these foundations to go forward?

Yes. The strength of social democracy, it remains its personnel. The best politicians in the Netherlands still are the social democrats, more or less. Even enemies or political opponents would say that the ministers of the Dutch Labour Party belong among the best politicians of the Netherlands.

People like Dijsselbloem or Asscher or Frans Timmermans they are all well-respected and high-quality professionals, sometimes a bit too far to the right, as is true in the case of Dijsselbloem within the Eurozone, but you cannot doubt their professionalism and quality.

The same applies to some mayors in the Netherlands. The Mayor of Amsterdam is very popular and he is a social democrat. The Mayor of Rotterdam, who is the first Moroccan Dutch mayor of Europe even; and the first Muslim mayor of a big city together with the London mayor.

These people are very strong and popular in our country. So that's still the case, because we were of course a classical traditional governing party with all the deficits associated with that, because if you are governing all the time you tend to lose some of your connection to society. You can isolate yourself in government.

There's a strength and weakness in this regard, that because we were the permanent governing party, you are isolating yourself from the day to day worries of people, but at the same time, you are producing well-governing politicians. So that's a strength and a weakness at the same time.

Where do you see the opportunities for the PvdA to change course and where are the particular threats? You mentioned fragmentation as a weakness, polarisation and fragmentation certainly a threat going forward, but where do you see these two categories?

They're combined. One of the biggest problems facing the centre-left or the progressives is what I always call the clash of global-

isation. We find in literature that in our societies, there's a clash around the issues of globalisation between two classes in society – you could even say between the higher educated and the lower educated, between the cosmopolitan and the nationalist, communitarian people.

For me, that's a bit too black and white, to be honest. I think this way of thinking is not really interested in the middle-class society where it's much more complex, but there is some truth in this clash around issues of globalisation between the higher educated and the lower educated, especially in terms of identity politics.

This refers to the European Union. Are you in favour of European integration or do you feel threatened by it? This especially refers to the issue of migration and Muslim migration. Do you feel threatened by mass migration? Do you feel threatened by labour migration for your job? Yes or no? These tensions, these are hurting the centre-left and the Social Democratic People's Parties, in their core.

That's very visible in the Netherlands, that we have a completely fragmented electorate which is at war about these kinds of issues.

Here, we see the enormous attraction of the right-wing populist movement in the Netherlands attracting the former classic electoral base of the social democratic parties.

The strengths of the left-wing populists, the Socialist Party in the Netherlands, the SP, comparable to the German *die Linke* or the PVV party, the right-wing populists dealing with the cultural backlash of globalisation seem to be very attractive for the former electorate of the social democratic big tent party. I think this is one of the main problems, the main reasons for the crisis of social democracy.

At the same time, within this story there also lies opportunity because a lot of people say we have to rebuild the people's party. We have to overcome these divides in society, we have to overcome the divide between the migrant population on the one hand and the lower educated population on the other hand. We have to overcome

the divide between the cosmopolitans and the so-called national communarians.

We can only have one future as a country if we are able to overcome these divides and for that, you cannot overcome divides with a fragmented political system. You need a binding mission, you need co-operation and you need understanding to solve these divides and conflicts. For that, you need the formal people's parties of Christian democracy and social democracy.

What do you think are the kinds of topics that can be used to reconnect to the different parts of the constituencies that you mentioned have been drifting apart as a result of the pressures of globalisation impacting differently on different people? How can you bridge this disconnect and with what kind of political agenda?

For the left especially, a return to social economic issues is very important. We have become culturally too liberal in combination with becoming economically too liberal, and that's a suicide letter to social democracy. You cannot both be culturally liberal and economically liberal at the same time. It's the end of social democracy.

You can remain culturally liberal, but that means that on the economic front you have to tackle inequality, you have to bring security and certainty back into society.

If you look at a country such as the Netherlands, we are living in a hyper-flexible society. People are not getting fixed jobs any more. Young people are not getting fixed jobs and people beyond the age of 50 or more, they also are not hired for fixed jobs any more.

The whole labour market has become one big flexible system which is very detrimental, very problematic for a Labour party which always invested its ideology and values in certainty and security on the labour front.

I think we made big mistakes as social democrats in recent decades. Neoliberalism is a bit too brutal a word. We have had some neoliberal collaboration in recent decades and we were not coura-

geous enough, I think, against the companies and the whole world of business interests and people sense that. People sense that we betrayed our values in this respect and paying a price for that now.

I think to restore an agenda of economic equality in a very hyper-flexible society is more advantageous to the lower classes of our society than to the higher ones. Flexibility is more a problem for the lower strata than for the higher strata in society.

So, we have to restore that balance, otherwise people will continue to feel threatened by globalisation, by Europe, by migration. If we cannot deal with that threat or that perception of threat and fear, we will not win any trust and social credibility back at all.

So basically, your argument then is that the shift towards identity politics has neglected the socio-economic space where conditions have effectively worsened for a lot of people?

That's a very good summary, yes.

Basically, that neglect of socio-economics led to the fragmentation of the electorate that we now see and you would have to counterbalance this by moving back to socio-economic issues but without necessarily sacrificing the advancements in cultural liberty.

Of course.

But a refocusing of socio-economics against a backdrop of cultural progress might be the best direction to travel?

Yes. But there are some weaknesses there as well. I always say that the social democrats or the Christians to the left have two main weaknesses vis-a-vis the centre right. You will always see this in the German election campaign, it has to do with economic competence and with law and order issues.

If you are not credible or trusted by the wider electorate on these two key issues, economic competence and law and order, you will lose all elections.

Still that's the case. Look at Schulz at the moment in Germany with his agenda of social equality, social justice. Social justice is great, fine, but it's an addition to other levels of Maslow's pyramid, which are economic security and law and order.

We are still not credible and trusted on this front of economic competence and law and order, especially not in a world of terrorist threats and radicalisation, etc. We are weak on these two key issues.

Going back to the social economic agenda does not mean let's go into social justice again and only talk about equality. No, we are living in a much tougher world where you also have to be trusted on managing the economy, on managing business.

We are fairly weak at business experience on the left. We have a lot of talk about how to run businesses, but we are not very experienced in managing big companies on the left. So that's a weakness, that's a flaw.

The same applies to the law and order issue. We tend to be very secondary in this field. We are called the party of the migrants so we tend to defend migrants first and attack neo-Nazis at the same time, which I think is a good position, but we are not seen and trusted as the party of dealing with the negative effects of mass migration and the refugee crisis, etc.

Even in Germany, Angela Merkel was the main factor in dealing with the refugee crisis in 2015. She still is more trusted on this issue than the SPD, and that's a big lesson I think for the centre-left; how to be credible and trusted while maintaining your values in the fields of economic competence and of law and order.

If you are in this kind of complex society with a lot of insecurities, these are key for any electorate – and social justice and equality are very important but they should be treated as a third part of the whole puzzle.

You have to frame it probably in one broad stroke. Admittedly, the problem is that you probably cannot define all of this just in an election campaign because it probably takes a lot more preparation to convey that

kind of competence. But there cannot be security without social justice in the sense that if you are the left behind in society, there is by definition no security for you.

So, what the the solution could be for this dilemma that you sketch out is to define a broader idea of security which contains law and order, which basically is physical security and economic security which is related to two elements of economic progress.

That's the competence argument, that you can manage the economy well, you're competent at steering an economy macro-economically, but at the same time at the personal level, the social justice argument is effectively also a social security argument for individual people because – especially if you're the precariat, one of the left behinds – there is no economic and social security for you and your family. The fear is that you are left behind even further in future.

That's a good point, but the problem with the social democrats is when they talk about social justice or when they talk about the left behind, people in Germany, in Gelsenkirchen, say they don't understand or they don't trust the social democrats in saying that they mean to help them in Gelsenkirchen. They think that when social democrats talk about the left behind, they may also point at the left behind in Bulgaria or they might point at the left behind in Africa or they conceive the refugees in Africa as the left behind whom they should care for.

This completely unfocused language and discourse about solidarity, to whom does it really apply? If you talk about social justice and equality and left behind, who are you talking about? This unclarity about all these different forms of solidarity; international solidarity, global solidarity, European solidarity, national solidarity, this

conceptual mix up of social democrats is I think one of the main causes for its crisis.

We are not trusted in the national theatre when we talk about social justice and about the left behind. That's a tough lesson but that's what you can see in a lot of research in the Netherlands, that the concepts and the language of the social democrats are too unfocused for people to feel included.

So, you need to develop a much clearer and more strategically focused narrative and that obviously you cannot do within a few weeks of an election campaign, but that ground has to be prepared over a long period.

We need a lot of analysis and as the centre-left and social democrats, we need a lot of rebuilding. Also, the analysis of society should be much sharper and more focused.

That's also one of the things I wanted to bring forward here. For me, that's a big question. Why is this enormous populist movement, right-wing populist especially in western Europe, why is it so strong in the most successful egalitarian, prosperous countries in Europe?

If you look at strong right-wing populist parties in Europe, you talk about Switzerland, you talk about Austria, you talk about Flanders, Sweden, Finland, Denmark, the Netherlands, globally speaking, we're talking about paradise here. These are the most prosperous, most egalitarian, most happy countries in the world.

But still, or because of that, there's an enormous right-wing populist revolt going on within paradise.

I think that the lesson for the social democrats is that this has to be combined. The lower middle-class is alarmed about whether we can maintain this social democratic paradise in the new global age? That's for me the alarm of the right-wing populist. Can we maintain, say, Finland, Sweden, Denmark, Austria, Switzerland, the way it is like now, can we maintain this model of society in the future?

The alarm signal, which is very problematic, because right-wing populism can be very dangerous for democracy and for liberal democracy if it's not understood well, but this alarm in the most

happy, prosperous, social democratic countries in Europe of a populist movement should be taken very, very seriously by the social democratic elite.

I'm not really sure that we understand the message, even today.

René, the final question basically, do you see any signs internationally that somebody is understanding the message? Do you see any maybe good examples or role models of social democratic or progressive parties shifting in a way that is successful in reconnecting with core constituencies?

It depends on your conception of social democracy and your personal flavour.

I see a Danish social democratic party being quite successful in reconnecting with its former working-class constituency but they do it in a very brutal and harsh way by taking over a big part of the right-wing populist agenda, being very xenophobic in defending their welfare state and their welfare system and their national culture. There you see a shift which is one of the options but it's very much disliked by the majorities now in the social democratic parties.

You see other developments like the Corbyn radicalisation within... He's taking over an established centre-left party via his own more radical grouping, which is a strange model. I like the energy of his movement but I don't like his proposals or his political platform.

For me, there's a problem in general with political parties. I don't see any young people becoming members of parties any more. We have these movements like Macron's Republic on the march...

So, I'm looking for the new generation, which I'm very hopeful about: the millennials. I see a lot of idealism, I see a lot of social values which I would call even social democratic within this new generation, but I don't see them invest their social energy into the parties of their grandfathers, the social democratic parties.

I think we should be very keen on developing new parties, new party coalitions, party alliances within the left. Especially the Netherlands where we see all these small parties, I think we have to

look for a regrouping where this new energy of the millennials can be very fruitful. That would be my most hopeful statement at the moment.

Okay. Well, to sum it up, the situation is difficult but there is hope for the future, especially if there's a way to get the millennials involved in party politics from which so far they have been rather put off.

THREE

HUNGARIAN SOCIAL DEMOCRATS TAKE FIGHT TO ORBAN

conversation with László Andor

So, László, thank you very much for being with us to talk about the Hungarian Socialist Party. What is the historical position of the Social Democratic Party in Hungary's political system and where does it stand now?

To analyse the Hungarian situation we need to go back to 1989, because that's when the Hungarian Socialist Party as we know it was launched. Also, this is a historical period when most of the significant political players, including the current prime minister Mr Orbán, started their political career. So, this is one long period in which we can define Hungarian politics from many angles.

In the 1990s, the Hungarian Socialist Party was a leading party and if you look at the electoral results, let's say in the first 15 years after the democratic period started, the socialist party had the best electoral results in Hungary.

Absolutely counter-intuitively, it started to crumble after joining

the European Union. So, the big expectation was that joining the EU would also consolidate social democracy, partly because the EU provides a good pattern. In most EU countries, social democrats are in the top two or three and very often in power. Also, because the EU provides the means to sustain a social market economy and the welfare state, it helps economic convergence.

Why has it turned out to be the opposite? 1.) Hungary entered the EU with a very large legacy debt and that caused a significant instability which the socialist liberal government was just unable to manage in a consistent way. In 2006, when all other economies in the region were booming, Hungary was implementing a stabilisation programme and that started to create ambivalence inside the party but also to alienate some of the base which the party had in the previous roughly 15 years.

Then 2.) the socialist liberal government was caught up in the great financial crisis in 2008 and 2009, which again, with external intervention from the IMF, put us on the track of a very harsh fiscal adjustment policy which probably destroyed whatever remained of this broad support.

So, since about 2010, the socialists have been in opposition and never really managing to go beyond their core support. There is certainly a core, which is for sociological, ideological or various other reasons strongly attached to the centre-left and specifically the socialist party, but this is an ageing sociological group. Its values do not really transfer to the young generation, and any kind of reconstruction on the centre-left has turned out to be very difficult and very temporary.

If you come to the core of the SWOT analysis where are the strength and the weaknesses of the party?

In the 1990s, it was quite clear, because the socialists won the election in '94 and remained the strongest single party in '98, but they narrowly lost power that year to a right-wing coalition. It was clear that the party's technocratic capacity was seen as a major strength (and it returned to power in 2002).

There were many new players in Hungarian politics in the centre and the centre-right at that time, but since a lot of people in the centre and centre-right were new to politics they often were seen as incompetent. Socialists, although some of them carried the baggage of being political active before '89, simply because of the technocratic experience were seen as dominant, as almost a, kind of, natural party of government.

This technocratic charisma through various cycles of misfortune since EU membership has significantly weakened and the perception has disappeared that the socialist party could be seen as superior in terms of government capacity.

At the same time, the organic links to the natural base, which would be employees, especially those organised in trade unions, retired workers, student movement, so all these have been pretty much weakened.

Youth was always a problem, from the very start. Young people in Hungary, in the beginning, inclined towards liberal parties and later they were mainly inclined towards nationalism, and occasionally far-right nationalism. So, the base for the socialist party was largely active employees and, for a very long period, pensioners.

It's, primarily, since the time of the fiscal adjustment that this strong base amongst pensioners has been lost. Fidesz clearly is dominant among pensioners. I mean, to some extent, it's still the working population, especially organised labour, public sector employees like teachers for example, that might be considered as where the socialist party has greater influence.

Also, it's a bit of a regional issue. There are some regions where traditionally the socialist party has been relatively strong and maintains its strength, but this is again a major issue. I would say there is some strength, seen in a SWOT analysis, in Budapest and some of the more traditional left-wing cities like Miskolc or Salgótarján, or Pécs, but we have also seen that in some of these cities it has been difficult to preserve power in municipal government.

We have several cases, as with László Botka who is now the prime

minister candidate of the socialist party, that someone for a relatively long period managed to maintain municipal leadership in a significant city – in his case, Szeged.

Okay. So, there are regional disparities where you can make a distinction between strengths and weaknesses.

Yes.

Obviously, against the backdrop of the specific Hungarian situation with Orbán and the way he has transformed his rule, where do you see the opportunities and threats going forward?

As for threats, the Hungarian case is in a way specific because the main threat for the Hungarian left, but Hungary in general, is the authoritarian tendency of Viktor Orbán and his political party. At the beginning, after they took over in 2010, this was not such a manifest trend but step-by-step I think it became clear that in the absence of internal and external constraints, they just go forward and forward towards a regime where they cannot be replaced.

The concentration of power, the lack of checks and balances, the fact that the party in government can just change the rules and shift the resources at any time, of course makes life difficult, if not impossible for opposition parties.

Now, there is also a difficulty, not really a threat, but let's say a difficulty, a weakness, which is linked to social democracy in Europe in general, there is a lack of orientation in social democracy in general. I would say that ten, 15 years ago, there was a clear ideological orientation of the Hungarian socialist party which was a focus on Blairism and the Blairite version of the progressive political family.

After the years which I described, 2006 to '10, this shine of Blairism was lost, not only in the UK but also in Hungary and the subsequent party leaders in various ways tried to distance themselves from, let's say, a neoliberal version of social democracy, but without the capacity to give or define a very clear direction.

What we are experiencing now, since January, is another attempt

in this fashion. To redefine a social democracy, but in the absence of a very clear and meaningful model which could be followed. This is not such an easy effort in Hungary.

If you look internationally again, do you see any parties that could be like role models? I mean, you mentioned that the Labour Party in the '90s was the role model for a lot of social democratic parties.

Yes, I think from the angle of Hungary, it's not that hard to detect centre-left parties which are more successful. They might be either in government or have a strong position in opposition and waiting for a victory. These are primarily two types of parties, one which is the party of Robert Fico, our neighbour in the North, which is more nationalistic.

So, if you compare the Hungarian socialist and the Slovak socialist, the Slovaks are clearly a lot more nationalistic. Whether voluntarily or by compromise, whatever, there is clearly more open nationalism. Of course, in many ways it's not something that would be attractive, but you have to recognise that they are quite successful.

The other version which you can see in Portugal, you can see now in the UK, I would also say Sweden, where social democracy is more characteristically left-wing and tries to rekindle some features of the classic social democratic programme. Which is the importance of public ownership, the importance of a strong welfare state, an explicit fight against inequality, income inequality but also inequality of wealth and a focus on the fight against poverty as well.

These are, in my view, the clear models. Where we have seen the meltdown of social democrats, from the Netherlands to Greece, it has largely been explained by too strong an attachment to economic policies, especially micro-economic policies, which have no real connection with social democracy and do not connect with the values or principles of this tendency.

I mean, all over the place social democratic parties have trouble connecting with their core constituency and even because of societal changes it may not be as

straightforward as before to define what this core constituency is.

In previous discussions on this project, interview partners identified this shift away from socioeconomic policies towards identity politics as one of the contributing factors to a growing disconnect. So, without throwing away the liberties that were fought for, but you can also identify a shift back to a classic socioeconomic arena that maybe was neglected in recent years?

In the Hungarian context?

In general terms.

Well, in general, I would say that of course there might be confusion and ambiguity in the situation, but intellectually I wouldn't say it's as hard as you describe. I mean, Greece, if you remember the time of Papandreou, the party of Papandreou, Pasok, knew quite well that austerity is not a social democratic policy but the country was suffocated and they were forced into that direction.

Which was not the case in the Netherlands and the Dutch social democrats, they chose this direction. Nobody forced the Dutch into that direction and especially into playing a leading role through Dijsselbloem at the helm of the Eurogroup in this type of economic policy making in Europe.

That's, I would say, an important dimension, which we haven't discussed so far, the role the European Union plays in all this and the lack of a strong social democratic voice and explicit pursuit of an alternative model at European level. This is a critical issue for many parties today, if the social democrats are seen as defenders of a status quo, defenders of a model which was not created by them, then of course, people in increasing numbers will ask the question: why should we vote for them? What do they represent at the EU level?

So, basically, if I've got you right, you see that trying to influence European level politics and trying to

change the way politics is being formulated at the EU level is an absolutely necessary complementary part to reconfiguring national social democratic politics?

Yes. In some areas this is well understood, in other areas it isn't. I give an example of where I think it is well understood. All the discussion on social dumping, for example, comes from the recognition that the EU, because it's a single market, brings not only opportunities but also limitations to national welfare states and labour regulation, and the protection of the workforce and social rights within countries. This needs to be compensated by EU-level action, either legislation or financial instruments, or policy co-ordination, but some form of EU policy needs to supplement and protect the national welfare systems.

I would say that this approach or programme of social democracy has been in existence but very narrow in recent years, especially if you look at discussions in the European Parliament. Very focused debates on social dumping but only very general pursuit of an investment agenda, for example. Which allowed the current Commission to get away with an investment plan whose added value is in doubt.

So, for seven, eight years now, the perception of the public, including supporters of the centre-left, there has been a grand coalition, centre-left, centre-right, jointly governing Europe, but the centre-left components of this agenda, in many cases, are either vague or nominal.

Okay, and finishing off, again, with the Hungarian case. What would be your best recommendation for how to develop the party in the specific and very difficult context of Hungarian politics?

Well, I think a critical issue has been dominant since 2004 (when Hungary became a member): how do they come to define its place in the European Union, and whether EU membership and its various facets help the pursuit of a social democratic agenda. Cohesion policy was supposed to play a major role in that, and that also went utterly wrong in the Hungarian context. In the first period, because of inex-

perience, and in the second period, since Fidesz is in power, because of the EU funds being integrated in a political food chain of the centre-right.

So, obviously, in order to regain not only support for social democracy but also combined support for the EU project and social democracy, you need to be able to redefine what cohesion policy is for, because if it's not possible then the components of these programmes fall apart.

So, this is exactly, because of the deepening of internal territorial imbalances, an absolutely critical question for the socialists to regain support in rural areas. I mean, now, the party has more or less withdrawn to towns and especially the larger cities. Of course, with such a geographic focus, you cannot become a dominant party again. So, this is one very important issue.

The second issue is the question of youth. I think this is perhaps slightly easier, because I think more and more young people understand that the policies of the right in Hungary are not about creating opportunities for young people, from the reorganisation of the high school to Internet use. I mean, in a variety of ways, Fidesz has just undermined the opportunities of young people and that's why such a high proportion of Hungarian pupils and students want to go to other countries, especially in western Europe, and also young employees want to leave the country.

This is something which invites a strong social democratic programme. Schooling, training, universities and the opportunities for young people in the world of work, this may be a complex problem but I don't think it's impossible to resolve. The problem comes with the fact that most of the people who would benefit from a strong social democratic programme supporting education and youth, they are already outside the country or will soon be leaving.

Then Hungarian electoral law doesn't allow you to vote if you do not reside in the country, and there are about 200,000 Hungarians in the UK and they left because they didn't like the situation at home, but they cannot vote postally. They can only vote if on the day of

voting they go to London and visit the Hungarian embassy. So, up to 200,000 people are supposed to vote in the Hungarian embassy in London, even if they work in Manchester or Glasgow, or anywhere.

So, obviously, Orbán did his best to disenfranchise these people who dare to move out of the country to work, while at the same time he gave the franchise to ethnic Hungarians living in surrounding countries and they can vote postally, even if they don't have a residence in Hungary. So, the electoral system has been manipulated to reflect these conditions.

Okay. Well, certainly very challenging circumstances in the case of Hungary. László Andor, thank you very much for this conversation and I hope with this project we can contribute to generating some new ideas that might be helpful in different European countries.

FOUR

SOCIAL DEMOCRACY KEY TO
DEEPENING EUROPE'S DEMOCRACY

conversation with Eunice Goes

Good afternoon, Eunice, and thank you very much for taking the time to talk to me today about the Portuguese Socialist Party. What would you say is the historic position of social democracy and the Socialist Party of Portugal in the Portuguese political system. Where does it currently stand?

Well, the Portuguese Socialist Party has had a key contribution to make to Portuguese democracy. So, without the efforts of Mário Soares, and of the Socialist Party, perhaps it would have taken much longer to have a democratic government in Portugal. Social democracy was at the birth of Portuguese democracy and thanks to its efforts we have a consolidated democracy now in 2017. So, those first steps were absolutely crucial. The other very big contribution that the Socialist Party has made was in anchoring Portugal in the European democratic project.

Being seen as a European nation took precedence over democratic socialism or social democracy. In fact, socialist governments in Portugal in the late 1970s and early 1990s imposed really painful austerity on the population with the goal of joining the European Community later on.

So that has been its contribution, and this European-ness of the Portuguese Socialists is pretty fundamental and pretty important for us to understand where they are now, and in the past. And where they want to go.

Okay, and it's a party in government at the moment. What is its role in Portugal's recent votes in the wake of the Eurozone crisis, and what kind of alternative policy mix has it come up with now in government?

Well, the current prime minister, António Costa, as a very pragmatic but also quite principled prime minister, was quite key in ensuring good governance. He maintained stability by securing an agreement that allowed for a minority socialist government supported by two radical left wing parties. I'm not so sure that the socialists now offer, really, an alternative to austerity. There is a massive difference from what we had before, but Portugal is still committed to maintaining certain fiscal targets.

And even though the economy is growing quite fast – economic growth in Portugal is higher than the European average, – we've met our fiscal targets. And there has been an investment in social policy, in particular pensions, wages and so on. There has been a price to pay in terms of investment. António Costa has managed to create that little alternative that was possible within the very strict constraints of being part of an older liberal monetary union.

So basically, he's pushed as far as it could go within the existing framework, basically?

Exactly. That's exactly what he did, and if we look at the macro-economic policies of this government only two years, soon to be two years, in power, essentially there was a trade-off. The trade-off was to

stop privatisations and invest in the social fabric. Poverty in Portugal reached extremely high levels during the worst periods of austerity, but the price to pay was that there was no much-needed public investment. It's at the lowest level since 1995, the year before Portugal joined the European Community.

So it's not a recipe for the future. It's not a recipe for a prosperous and sustainable future, because for the economy to grow, it needs to invest not only in infrastructure but invest in the scientific and technological fabric of the country. Within the budgetary constraints imposed by the monetary union now, that is not possible.

And if we take a step back from the current politics of the government, and have a sort of bird's eye view of the party as such. Where do you say are the particular strengths and weaknesses of the Portuguese Social Democratic Party?

Well, I would start with the weaknesses, because they will enable us to understand the current strengths. The first weakness, and perhaps the main weakness, of the Portuguese Socialists and this was the kind of original sin of most social democratic parties in the 1990s – was that it accepted without questioning the new liberal turn of the European Union. That led to the primacy of markets over the primacy of politics at European level, and we know where all that ended.

It ended with the small state mentality that governs the monetary union, and ultimately led to extremely painful austerity that brought rising unemployment and poverty. And eventually, the rise of xenophobic forces in several European countries. Thankfully, Portugal escaped that particular trend. That was the weakness of Portugal. Never a leader in terms of political thinking, essentially it followed the crowd. It followed what became the dogma for European social democrats.

But, in terms of strengths, the socialists have also understood the limits of that dogma and started to argue for a different course, an alternative. And this is what this socialist leader, and our current

prime minister, Costa, has been doing. His strength was in arriving at the right moment and making the most of it. There was a window of opportunity for change and he has used it. The other strength is very effective leadership. We often forget these questions of leadership when discussing social democracy.

But very often the achievement of social democratic goals is dependent on having principled but also quite effective leaders. Costa has proved that in the domestic realm, where he managed to convince the communists and the radical left bloc to support his government, and he also has won plaudits in Brussels. The German chancellor, Angela Merkel, has a very good relationship with him, and he has convinced the Brussels authorities that Portugal will meet its fiscal targets.

As Portugal does that, he has argued very persuasively but very diplomatically for reforms of the monetary union, and he is trying to build alliances. All of this takes time, but these are the necessary steps for effective and sustainable change in Europe that will favour social democratic politics.

If we look at what kind of opportunities and threats there are for the Portuguese Social Democratic Party. Maybe seen in a more widely European view against a backdrop of surging populism and the success of populist parties. So, where would you pinpoint the opportunities, and threats?

The opportunities are the change of mood in Europe. There is a realisation that austerity does not work, that the monetary union must be completed and reformed. So that is the opportunity, and I think Costa is making the most of it. The threat is that he alone won't be able to change Europe. So other member states, other prime ministers and presidents of Europe, hopefully from more powerful states, will help him make the case for that change. In terms of threat, the threat is still, I'm afraid, Germany.

Germany is very resistant to the idea of changing the monetary union. In particular, the most harmful aspect of the monetary union,

which are its governance rules. There are over-strict budgetary criteria and a stability pact that need to be reformed to allow for economic growth and the achievement of other social goals, as opposed to only low inflation and fiscally conservative balanced budgets.

How do you think the party should react to these opportunities, and the threats, for that matter? By building more coalitions across Europe and making the case, or what would you advise?

I think the advice that perhaps can best be made, taking it from Portuguese experience, is dialogue. It's dialogue, it's accepting that change is slow and that it'll take a lot of time for change to happen, but small incremental steps can lead to radical change. I think that has been Costa's approach. He has shown that dialogue has contributed to that change. That has happened at the national level. We should not underestimate what was achieved in 2015 in Portugal.

He managed to have two parties who had vowed never to support the socialists ever in their lives, he managed to get them to support his own government. This agreement on the left about what can be done, and what are the limits to those ambitions, is extremely important. I think he learned from the mistakes of Syriza, the Greek government, during the height of the Eurozone crisis. He has learned that isolation leads nowhere. Essentially, Greece was extremely badly treated by the European institutions.

So, he has learned from that and he has used those lessons to promote dialogue, to show that they are meeting the targets set by the EU. That they want to comply, that they are committed to the European project, but there has to be some leeway, and we need to be able to discuss the fundamentals. These are the lessons I think we can take from the Costa experience.

What are the specific circumstances in Portugal regarding populism?

Well, populism in Portugal, we can call some of the radical left parties populist, but it's a kind of very low-key type of populism. I'm

more comfortable calling the left bloc a radical left-wing party as opposed to a populist party, and the communists, well, they don't really classify as a populist party. So, the lesson that Costa can send is that dialogues with these parties actually benefits the socialist parties, because if we look at opinion polls, the socialists are now doing extremely well: 40 per cent, and they were really low previously.

Five points below since the beginning of the summer because of the fires and little scandals that have emerged. But they were 40%, two years ago they were on 25%. So, a massive rise in popularity. On the other hand, the popularity of the radical left bloc and the communists has stagnated or declined. So, the lesson here is that dialogues with the radical left, they actually benefit social democratic parties because it humanises those parties.

It reminds them of their ideological goals, it reminds them that they're left-wing parties, and that galvanises voters that were perhaps somehow turned off by the electoral process.

If you look around social democratic parties and progressive parties, even more widely across the world, there seems to be a common problem: the core constituency, or what used to be the core constituency of social democratic parties, is changing. And the parties are struggling to connect or to reconnect with their core constituency. Is this also the case in Portugal?

Well, in Portugal, as in other southern European countries, the constituency of socialist parties has traditionally been middle class, lower middle class. The industrial working class has normally voted for the communist party. So, the problem is less acutely felt across southern Europe than it is, for instance, in Britain or other European countries where social democratic parties relied essentially on the votes of the industrial working class. But this has been going on for quite a long time, since the 1970s, that there have been massive changes in European economies.

So, there's been the transformation of these economies from

industrial economies into service economies, and the social democratic parties have paid a heavy price in terms of losing considerable votes. But I think that the lesson for or the focus of social democratic parties should be not so much on the industrial working class, but coming to the realisation that there is a class of educated left behind. Quite a big chunk of populations now with university degrees, but who are yet in insecure employment or who have great difficulties in buying a house, even finding affordable rental accommodation, who see themselves unable to start a family because life is too tough and too insecure. This precariat is, I think, the new constituency for social democratic parties, and it took them a very long time to realise that this is where their future lies.

Even though social democracy is doing comparatively well in Portugal, progressive parties everywhere are looking to the future and thinking about their next big political agenda. Do you see, looking internationally, any sort of role models that could provide guidance? Some parties that have already made more progress than others in identifying what a progressive idea of the future could be?

I'm afraid there are no real role models that offer a kind of blueprint for the future, but perhaps they don't need to draw big, new blueprints because the lessons are there in the past. Social democracy did well when it remembered that it was a political project to regulate capitalism with the explicit aim of ensuring prosperity, democracy and certain cosmopolitan values. I think this is what social democratic parties across Europe need to remember. They need to remember what are their values, and what are their goals. They need to put politics above markets.

The project of the left and of social democracy was always one of transforming society, not one of accepting the world as it is. So, it is remembering these roots, it's remembering what is the purpose of social democracy, that its renewal relies upon. Accepting the status quo will be very detrimental. Europe has been a very big obstacle for

the fulfilment of a social democratic vision. In particular, the Europe of the 1990s until today. Europe needs to rediscover its social vocation.

We used to talk about the European social model. Not any more. This is what the European social democrats should start doing. We saw what were the dangers of ignoring the European social model, the European social vocation, and those are poverty, the brutality of austerity and a rise of xenophobia and fascist parties across Europe. So, the ingredients are there. What is needed now is real political will.

Beyond reviving the idea of a social Europe and the European social model, do you see any kind of other topics that social democracy should get its teeth into, in trying to shape the future? I mean, against the backdrop of the digital revolution that is now coming, against the backdrop of insecure regions around European borders, refugee problems, and so on and so forth. What do you think are the big topics that require strong social democratic and progressive answers?

The deepening of democracy, that's absolutely fundamental. A deepening of democracy that will lead to a greater consciousness of what being European means. I think that will contribute vastly to the promotion of cosmopolitan values across Europe, and they are very much needed. And in terms of looking at a prosperous future, that future needs to be sustainable. We need to think about our impact on the environment, and prosperity should not be done at the expense of social inclusion.

So, we need to have some truly courageous discussions about work and the future of work. What it means to live in a good society. What is a good society? What should be the goals of the good society? Is it just work? Working, being in full employment? Or finding fulfilled work and other forms of happiness? Work that is not paid but

needs to be recognised. It's in these issues that Europe will find the root of its renewal.

Well, that's quite an agenda, Eunice. So that's basically work for the next decade, at least.

It's the Social Democratic Party so you're always thinking ahead and always thinking of ways of changing and improving.

FIVE

PASOK: NEW LEADERSHIP, NEW DISCOURSE TO REVIVE GREEK SOCIAL DEMOCRACY

conversation with Kostas Botopoulos

What would you say is the current situation of Pasok, the Greek social democratic party? What is the historic position of social democracy in the Greek political system? Given the recent Greek crisis, where does the party now stand?

I've been working for some 30 years now around the socialist parties. Not only in Greece but in Europe. My doctoral thesis, my first book, is on what I call socialists in power in Greece, France, and Spain at the start of the 80s. It goes back to that very different period. Since then I've been studying the evolution of socialist and social democratic parties.

PASOK was until 2012, I would say, one of the most popular socialist parties in Europe. It followed a very steep upwards course after the dictatorship. PASOK was founded in 1974 just after the dictatorship and the beginning of what we term here in Greece the

New Political Era, *Metapolitefsi*. There's a special Greek word for that.

PASOK started with 13% in the first elections in '74, went up to 25% in '78 and came to power with around 48% in '81. In seven years, it grew from 13% to 48%. About one in two Greeks voted for PASOK and this continued throughout the '80s and the '90s.

Even the two occasions that PASOK lost the elections in the late 80s/'90s, it got about 40% of the popular vote. And the same happened in the 'noughties'. PASOK came back to power in 2009 with 44%. This was the government of George Papandreou, which had to endure the crisis and the memorandum, the famous (Troika) memorandum. From there the downhill route, if I may put it so, started. In 2012, from 44%, PASOK went down to 13%.

Even worse, in the 2015 elections when Syriza, the leftist party, won power there were two elections in six months. PASOK did very badly: 4.6% in the first and 6.28% in the latest elections. There we had the really downward route. From 44% we came back first to 13%, which incidentally is the start of the rot.

Now PASOK scores in single digits. It even went down to less than 5%. At that point, it was the seventh party in the Greek Parliament after always being the first or the second. Now it's the fourth party in the Greek Parliament with 6.28%. It's been a steep decline electorally since 2012.

What are the main reasons behind this weakness and this decline of the party?

I think that the main reasons for the decline have to do with two linked factors. The first is that PASOK has been for 30 years almost continuously in power or in a position to be the first or second party, so very much involved in decision making in Greece. This has taken its toll. But most importantly, this has taken the biggest psychological toll. Then it got translated into electoral terms with the advent of the crisis because for good or less good reasons it was perceived as responsible. Not immediately because it must be noted that the crisis in Greece only really began in 2009.

At the end of 2009, PASOK won the elections with 44%. This is the last PASOK government. At the end of 2010 with the memorandum already being enacted since May PASOK won the local elections once more and had a very good showing in the opinion polls as well.

It wasn't immediately after the advent of the crisis and of the memorandum but slowly it began to dawn on PASOK's electorate or to be perceived as being responsible, if I may put it so, for the crisis, which took a terrible toll on the lower classes. We are going to talk about the sociological changes but the popular classes, as in most social democratic cases, were the bulwark of PASOK's voters.

They became totally disenchanted both politically because they thought that it was the fault of PASOK that this situation – not only financial but also the day-to-day crisis – had begun. But also, and this is I think most important, there was a big psychological bridge among popular electors – the people that voted traditionally for PASOK for 30 years – because it slowly dawned on them that PASOK opened the door through which the policies of harsh austerity were brought into Greece.

Another factor that played an important role was that during this period, we had the crisis on the one hand, the disenfranchisement of the popular electorate and also some very important scandals, which also took a toll on the image of a (once-)popular party. The most important one being a vice-president of both parties, the government and the Socialist International, who is now in jail and who was rightly seen as somebody who used his political power in order to gain money.

The combination of those three factors. The crisis, the political change vis-à-vis the political and psychological change vis-à-vis the popular classes and the scandals, which also took a toll on the image of a left-wing party, I think achieved this very brisk and phenomenal, I would say, collapse. You know, the term *Pasokisation* is based on this brisk change of fortunes of a socialist party.

Against this spectrum of decline and crisis, are there any strengths left in the party?

That's difficult to say now because you know the situation is so difficult. Both in the global political landscape in Greece and also in the electoral fortunes of PASOK. To give you an idea, PASOK is polling now around 7% or 8%, so it's still in single digits following the elections of 2015. Notwithstanding the fact that Syriza, the leftist party which came into power and which grabbed a big part of its electorate, is perceived as a failure by most people. Syriza is no longer popular at all so less able to continue grabbing the attention of people who once voted PASOK and then voted Syriza.

Even so, PASOK is still polling in the single digits. The electoral situation is bad. It's difficult to find good spots. I would find two glimmers of hope if I may put it so. Also on the pessimistic side, there's the phenomenon which plays a very important role of the global difficulties of the socialists and social democrats throughout Europe. This is also something which has an echo in the Greek electoral system.

On the brighter side, first of all, as you may know, now as we are talking we have elections. The first round is next Sunday and the second round is in ten days, the Sunday after that. We have the election of the new chief of PASOK through a popular consultation. Many people are expected to vote and it's very important to see how massively people will come out to vote. The goal being to start anew, to rejuvenate a bit this very poisonous legacy.

If this succeeds, and that's a big if, and if the new leader, who has been president since 2015 and she is a strong favourite to win, takes note of this participation and really makes a change and starts afresh, the situation might get better. This is one glimmer of hope.

The second one is because of the general situation, because things are so difficult – the crisis is continuing for a seventh year in Greece. I think there is a need for seriousness and for following the course of democratic values. For change but not through radicalism. For change as political change, which would bring a better life for

people. Those things are coming to the fore again because of the situation.

If the party arrives at this rejuvenation through this election, it might start being credible again. The big thing now is that PASOK because of the situation we described is not perceived as credible. It has lost the very important psychological link with the popular classes and with the electorate at large. Those are the main challenges now.

You mentioned the opportunity to potentially reconnect with the co-constituency.

Yes.

Apart from the process of electing a new chairwoman or chairman, how do you want to overcome this loss of authenticity, this loss of trust with the co-constituency? I mean it probably needs a bit more than just the change of an electoral process for getting a new leader.

Sure. The way this can be done is the classical way of all reformists in social democratic parties. Namely through the policies they will be proposing. There is also in conjunction with the election of the new chief also a big debate on what should be the policies and the proposals of, let's say, the rejuvenated or the new party – because there's a possibility of even changing the name after the election. There's also this ideological and political rethinking going on, which if there's also the big stimulus of participation in this process could be a start for reconnecting with people.

It's not only the personalities that are going to change. The main thing is that in light of the crisis, in light of the more general problem also of European social democracy, there's a big effort to change the propositions, the discourse, the main attributes of these parties. That's the way the reconnection is perceived. Also through, as you know, the classical social democratic way of winning mayorships in some towns, by using local connections, by trying to be more vocal in parliament etc. But the main thing is the new leadership, the new

image of rejuvenation of the party and the new political discourse of this party.

Okay. To wrap the conversation up, there are of course also not just upsides but there are potentially threats to PASOK if it fails to rejuvenate itself. At the same time, you mentioned the reconfiguration of the policy agenda. If you look internationally, do you see any potential role models for that? Where do you get new policy inputs and inspiration from?

Yes. It's difficult to say internally. In Greece we have an anti-model, if I may put it so. We know that there must be a change. The already existing model of PASOK as a party that works from the bottom up, if I may put it so, with a very strong leadership. This was one of the main historical characteristics of PASOK. Not only in Greece but in Europe in general. When it started, it had many, many active members, which was a new phenomenon for Greece. We had up to 200,000 to 250,000. For a country like Greece, it's a very big number.

In the first direct elections of the leaders of PASOK, I remember when George Papandreou was first elected and he had no opponent. And one million people went to vote. There was a very important connection with the populace. Be it the voters of PASOK or people interested in the history of this party.

This is over as a model. Both the bottom-up approach, a very strong leadership, the monolithic government. There's no possibility for the time being for PASOK to rule alone. Even if it were to go from single to double digits or even to improve its electoral performance twice over, it's impossible now. We have a new electoral role. We have got used to having coalition governments now in Greece.

All these things have changed, so there's an anti-model, if I may put it so. As for the model, if it were to come from other European countries, there's a debate I would say but this has to be taken up with caution. With all due respect, the dissimilarities are bigger than the similarities. But theoretically, there is a debate currently going on

in what I call the ideological discourse between, let's say, a type of more reformist, Macron-type party and a more not leftist but trying to be part of a coalition of the left. More of the Portuguese type.

If I were to generalise that would be the two poles around which the Greek socialist experience can take form as we speak. Not tomorrow because there's still a lot of political and ideological work to be done and it very much depends on the new leader as well.

One would be to go more to the centre, a reformist Macron-like party of government. The other would be to try to refocus on an alliance of the left. The big difficulty in Greece being that the left for the time being is occupied by Syriza, which is not a social democratic party. This is one of the big changes, the big differences, vis-à-vis the Portuguese experience where the social democrats are the big component in the left-wing alliance.

Whereas in Greece, PASOK cannot be at this point the main part of it. Syriza – again this is my personal opinion but I'm very adamant about that – is not at all a social democratic party. It has the characteristic of a populist nationalist nominally leftist party, which is not at all what the social democratic experience would require. An anti-model is the existing model of PASOK.

Well it's either the French or the Portuguese option. Thank you very much, Kostas. This was very insightful. We'll sure follow what the development of PASOK is and see where the party decides to go.

SIX

THE US DEMOCRATIC PARTY AFTER THE ELECTION OF DONALD TRUMP

conversation with James Galbraith

In your view, what is the historic position of the Democrats in the US political system and where do they currently stand?

The Democrats have undergone an evolution over their course. It's the oldest political party in the United States and, just to resume very briefly the late 20th century, it was the party of the New Deal, of the New Frontier, John F. Kennedy, the Great Society of Lyndon Johnson. Over the most recent 30-year period, it has become somewhat different from that: a party of third-way centrism with what I think we identify in Europe as a moderately neo-liberal agenda but, in the United States, strongly associated with the financial sector.

Now it's facing a crisis of that particular policy orientation, which is largely discredited and does not have a broad popular base. This is the meaning of the Sanders campaign and the strong appeal of that campaign in 2016 to younger voters suggests that the future of the Democratic Party, so far as its popular appeal is concerned, lies in a

different direction, one that really encompasses substantially more dramatic proposals for change and reform and renovation.

In coming to the structure of a SWOT analysis, where would you identify the strengths and weaknesses of the Democrats today?

The strengths are evident in the fact that the party retains a strong position on the two coasts and the weaknesses are evident in the fact that it doesn't have a strong position practically anywhere else. The polarisation works very much to the disadvantage of the Democratic Party because the US constitutional system gives extra weight to small states, to rural areas, and the control of those states also means that the Republican Party has gained control of the House of Representatives.

The Democratic Party has failed to maintain a national base of political organisation and has become a party that is largely responsive to a reasonably affluent, socially progressive, professional class and that is not a winning constituency in US national elections. That's not to say that they might not win some given the alternative at any given time but the position is by no means strong structurally or organisationally.

When it comes to the opportunities and threats that the party is facing, a threat is obviously what happened in the last election with the rise of Donald Trump. How would you frame this in the context of the Democratic Party? Going forward, where do you think there are opportunities?

Up until this most recent election, the Democrats had won the presidential contest in a series of Midwestern and upper Midwestern states on a consistent basis since the 1980s. If one looked at Michigan and Wisconsin and Pennsylvania, Ohio a little less so but Minnesota, certainly, this was known as the Blue Wall. It was a set of states the Democrats felt they had a structurally sound position in.

It was clear, particularly since the global crisis in 2007-2009 and

the recession that followed, that that position had eroded because it was rooted in manufacturing jobs and organised labour and those jobs were disappearing after the crisis at an accelerated rate and this process was concentrated in those states. Trump saw this and took advantage of it.

The Clinton campaign, which was deeply rooted in the bi-coastal elites that dominated the Democratic Party, failed to see it adequately, failed to take steps that might counter it, failed to appeal to those constituencies and, in fact, treated them with a certain amount of distance if not disdain. It was something that could easily be interpreted as disdain in the way in which they scheduled their campaign.

She never went to Wisconsin, for example, and in certain comments that she made and the way in which she identified the core constituencies of her campaign, she really did not reach out to these communities. Trump, as he said himself, saw the anger and took advantage of it and that was the story of the election.

Hilary Clinton did win the popular vote by a very substantial margin, mainly because she had an overwhelming advantage in the state of California but that was 4 million extra votes that made no difference to the outcome whereas, in these upper Midwestern states, a few tens of thousands of votes were decisive and it was Trump that was able to walk away with the electoral votes of those states.

Obviously, the threat or the challenge of populism, especially right-wing populism, is not unique to the United States. If you broaden the discussion a little bit, what would you recommend? How should progressive parties in the US and beyond react to the challenge that right-wing populism poses?

I dislike the term populism as a general purpose pejorative in politics because it tends to be used by members of the professional classes to describe political appeals to, let's say, working class constituencies. Populism in the United States in the late 19th century was a former labour movement. It was a movement of debtors

against creditors and of easy money and silver advocates against gold advocates and that was the essence of it.

I find a lot to identify with in that tradition and so I'm not inclined to say dismissively that one should be opposed to populism. The Democratic Party's problem is that it had a core in the New Deal liberal period that was rooted in the organised labour movement – the working class and trade unions. That has been structurally weakened by the deindustrialisation of large parts of the American economy and the party has failed to maintain a popular base.

It could have developed and maintained that base but, in many ways, chose not to do so. Why not? Because if one really invests power in a working class constituency, you have to give serious consideration to what people in that constituency want. It's obvious that that would be in contradiction with the Democratic Party's commitment in the '90s and noughties to free trade agreements, to use the most flagrant example.

It would require a much more, let's say, real-world employment policy. It would require a responsiveness that was not there to the housing and foreclosure crisis after the recession. What happened in the period following the great financial crisis was particularly infuriating because everybody could see that the class of big bankers was bailed out and protected whereas people who were ordinary homeowners, particularly people who had been in neighbourhoods that were victimised with subprime loans, suffered aggressive foreclosure.

There was a fury that was building and it was building on a justified basis that the party had not been responsive to a series of really, I think, clearly understood community needs and demands.

You mentioned the constituencies, the working class, one of the discussions that we had in other episodes of this series was: is there still a coherent working class and what does that mean? For instance, if you compare the socio-economic position of, say, skilled workers who now have a pretty good wage compared to, say, cleaners somewhere, is there still

some kind of working class identity or is this actually fraying?

There's certainly the case that working class is a shorthand, which has a certain dated quality to it, for sure, but it's certainly the case that, since the mid-1970s in the US, the industrial working class represented by powerful trade unions has diminished dramatically and, in particular, in the regions of the country which constituted the manufacturing belt that was built up from, let's say, the 1900s into the 1950s.

There has been a terrific change in the economic structure of the country and it has diminished the membership, power and influence of the trade unions. No question about that. The concept of working class now does span a bifurcated community... There's certainly still manufacturing activity and some of it is really quite well paid and it's certainly better to be a manufacturing worker than to be in the low-wage services sector.

Figuring out how to appeal broadly to those constituencies and to constituencies that lie on a lower level of income than the established professional classes is the challenge. That challenge was met, pretty effectively, by the Sanders campaign in 2016. What Bernie Sanders was proposing was the \$15 minimum wage and universal health insurance and debt-free access to higher education plus progressive income taxes and a structural reform of the banking sector.

Those things stitch together some strongly felt needs particularly amongst younger people and that was, I think, why the Sanders campaign took off. People grasped that this was not an unlimited laundry list of ideas. It was a select and focused set, which Sanders advanced and repeated in a very disciplined way over the course of the campaign and so it was young people who rallied to that campaign. That does suggest that there is a policy agenda that could form the basis for the Democratic Party of the future.

Of course, a lot of that is already becoming even assimilated into the mainstream and, just yesterday, Tuesday 7 November, we had the election in Virginia and the substantial victory was won by a

Democratic candidate who had endorsed the \$15 minimum wage, for example. We are seeing that there is progress in advancing a redefinition of what constitutes an agenda for, let's say, working people, particularly young people who either are working or hope to be working some day.

One of the interesting discussions is probably how you relate campaigning activities on such issues to a constant or permanent communications strategy. One of the issues is that it's not good enough if you turn up six months before an election and you cover topics and you, basically, drop messages onto a ground that is very badly prepared for this.

How do you create a public discourse that basically entrenches these policies much more firmly in the discussions that would then give you the opportunity in a campaign to put this foundation into policies that could then rally support around them? It seems very difficult if the hegemony in the public discussions is elsewhere.

It seems to me this is a cumulative process but in order for a cumulative process, for a programme to reach a large body of the electorate, it has to be advanced in a consistent way. The extraordinary thing about Bernie Sanders in 2015 was that he was, essentially, unknown in the country. He was an independent senator from Vermont who identified as a democratic socialist and said so openly and proudly and who had been treated for the course of a long career as a figure very much on the margin of the national political debate.

People who had heard him, and I saw him occasionally in hearings at the banking committee in the House, and heard him speak in the Senate knew that this was a fellow of considerable stature who could speak very effectively on a range of issues. When he became a presidential candidate, what people grasped about him, an otherwise improbable personality to become president, he wasn't a polished

candidate with a big diverse résumé such as Secretary Clinton had but what they grasped was that this was a person who was authentic in what he believed in advance.

He'd been articulating his beliefs on a consistent basis. The alternative candidate, and one could have said if there had been multiple other candidates in the race than there was, the Governor of Maryland and there might have been Vice President Biden and so forth, were people who were in the position of coming to the race on the basis of their résumés and inventing their policy proposals and developing their policy proposals and saying, "This year, this is where I stand".

Now, for Secretary Clinton, to take just one example on the trade bills, on the TPP, she was for it before she was against it, to coin a phrase. It was clear to anybody that her coming out in opposition was something that she did, not out of conviction but because it seemed to be the politically advantageous thing to do in the Democratic primary given the challenge that Sanders was mounting.

People can see that that's not a principled stance. You can justify it and you can write a policy paper on the details that makes it appear perhaps plausible but people aren't dumb about these things. They can see a political manoeuvre. They don't necessarily despise political manoeuvres but they're not going to treat a person who frames positions in that way, they're not going to invest that person with the same credibility which they invested in Bernie Sanders.

This is what caused a lot of people who, actually, would not have agreed with Sanders or, if you'd just given them the policy proposals, would have said: "That's far out, that's ridiculous, that's socialism". They would have said: "I don't think we can afford it" or whatever they would have said but, when it came through as the positions of someone who had been advocating this consistently, they said: "Well, I can respect that, this is a figure we can..."

He won a measure of trust, let's say, for candour and decency and honesty and that gave him, I think, an appeal with, among other

things, working class voters that Secretary Clinton wasn't able to match.

As in similar cases elsewhere, progressive parties have an authenticity problem, when the electorate clearly perceive that a policy position is taken out of election utility rather than conviction, that creates this suspicion.

Yes. The Democratic Party has a vast authenticity problem and has had for a generation. In fact, you can say that the conquest of the presidency that occurred in 1992, with Bill Clinton, and 2008, with Barack Obama, was built on a foundation of inauthenticity. That is to say, it was won by candidates who governed very differently from how they'd campaigned. With Obama, there was a vast surge of popular enthusiasm, which he showed absolutely no interest in developing into a political base.

Once in office, he governed on crucial issues and, fundamentally on the financial question, as the president of the financial elites and they had provided strong and financial support for his campaign. On national security questions, he established essential continuity with the previous administration, keeping on the Secretary of Defense who was perhaps not a bad appointment but we were not seeing the change or the break that the public, clearly, was ready for at that time.

Finally, if you look to the future, what are the policy issues or political issues that you think the Democrats need to target in order to reconnect and rebuild that authenticity that is clearly a precondition for reviving their fortunes?

I think the Democratic Party needs to face up to the fact that it lost the election in 2016 on the basis that it had lost an essential piece of its constituency, which it wasn't able to replace from anywhere else. It did not lose the election because of meddling or hacking or Facebook ads or Vladimir Putin or anything of that kind. It lost the election because it was attempting to restore a political coalition that

had elected Bill Clinton and elected, with an extra boost from special circumstances, Barack Obama.

That coalition had been fundamentally weakened by demography and structural and industrial change. That weakness is getting deeper as we speak. It's not as though the conditions in the upper Midwest are becoming more favourable for the Democrats. This is just a simple matter of, again, demography and political changes too as states fall under control of right-wing Republican administrations at the state level, it becomes harder for black people to vote.

There's a matter of voter suppression, which is a fact on the ground. The Democratic Party needs to have a strategy that can restore it as a functioning political organisation with a mass base and that is able to take advantage, either of the ability to regain ground where it has lost it or to build a new coalition in places where it hasn't previously been able to win.

You can look across the belt of the southwest and parts of the south and you can see, actually, trends that favour the Democrats but that would need to be accelerated in order to move those states from being modestly Republican to being solidly Democrat. That process already happened in Virginia. North Carolina is borderline. Georgia is something that has potential and Arizona and even Texas. In fact, in Texas, Hilary Clinton did better in 2016 than Barack Obama did in 2012.

You have some movement that is happening in parts of the country that the Democrats have not won in 30 or 40 years - since Jimmy Carter. Again, in order to make that work, it cannot be a party which raises money from Wall Street and spends it on television advertising and expects people to fall in line. Anything can happen when you have someone like Trump. We saw the Democrats have had a good week this week but that is not something on which one can rely as a strategy for winning a presidential election in three years' time.

We're going to see where this all ends up and the midterms are next year, I think.

Mid-term elections for the House are next year. The House is extremely difficult because of the gerrymandering, which is entrenched. The Republican majority, on the other hand, quite a lot of those members, a substantial number are retiring so it creates open seats in which there's a better chance for Democratic pickups.

It is, however, an underlying problem since the Democrats need to restore themselves at the state level so that they don't have a structural disadvantage in the House of Representatives. Whatever happens in 2018, of course, and then the White House comes up in 2020.

SEVEN

UK LABOUR: CREDIBLY REDEFINING
LEFT OF CENTRE

conversation with Colin Crouch

What would you say is the historic position of the Labour Party in the UK political system and where does it currently stand?

Certainly, since the Second World War it has been the second or main party in the country – that remains the situation today. It, and the Conservative Party, used to dominate the system completely. That is no longer true, there are more parties in the system. Labour's position as – currently, number two, potentially number one – remains as it has been for the last 70 years.

Where would you see the strengths and weaknesses of the UK Labour Party in particular, especially against the backdrop – as some were saying – that, under Corbyn, it might – or might not be – a role model for other parties to follow?

Its main strength is an extraordinarily strong and growing mass

membership. A highly enthusiastic mass membership, including a lot of young people – but actually people of all ages, men and women. Also, what you might call White British and people from various ethnic minorities as well. That's the main thing that's really going for it. It also has a strength, in that it has been willing – and this is where it does differ a bit, I think, from some of the other parties in Europe – to make a break with the Third Way kind of politics, and begin to express criticisms of the way capitalism is operating – which is something that New Labour and the *Neue Mitte* didn't do.

If you look, for instance, at the development of the membership, why does the Labour Party experience such a sudden influx of new members? What is the driver behind this?

I'm not sure. It's true there is an organisation called Momentum – which is a very clever leftish group organising that. That doesn't explain it, they've got to have fertile ground on which to mobilise. I think there is a generation, especially of younger people, who were looking for a politics that was different from what Blair and Brown were offering – and who seem to have found this in the Labour Party.

In what way do you think the very specific British political context plays a role? How is it comparable or not to other European countries? You've had a history of seven years of austerity, you obviously have the Brexit decision. There are a few political circumstances that are quite different from elsewhere in Europe.

I also think a characteristic, that is actually a bad characteristic, of our politics is helping Labour at the moment – paradoxically – and that is our voting system, that really makes it difficult to have a splitting of parties on the centre-left and the left. People, if they want to vote for the left, they're really only ever got one party.

The group around Corbyn, a rather left-wing group, managed to get control of the central machine, that then gives them control of the whole party. In Germany, the equivalent of the Corbyn takeover of

Labour is the formation of *Die Linke* as a separate party, which then leaves the SPD with the problem of forging a new identity for themselves somewhere between what they became in recent years and what *die Linke* are now. There are similar parties to the left of social democrats in Scandinavia.

I think, the British voting system means that – if a group manage to get control of a party – they don't have to form a splinter group. You've therefore got a party that stands a very good chance of being the Government. You're not supporting a little fringe, but a core party. I think that's the main difference with the rest of Europe, actually.

So, you reckon the different workings of the UK political system mean there is an opportunity to take over an existing machine, whereas elsewhere – probably driven by proportional representation electoral systems – the incentive is much more to split off and form a splinter group?

Yes, that's right. The same is happening on the right. The Conservative Party have been able to take over the xenophobic position that UKIP were representing. It no longer really has a threat to its right, it achieves that by itself moving to the right. Both of our main parties have moved more to the extremes, and away from the centre – which, as I say, is something that you have to do in a two-party system, a majoritarian system like ours. It's a paradoxical answer, that one.

It's interesting, because it's the complete opposite of the perceived wisdom – which is that elections are won in the centre.

Yes, yes. Germany gives an even bigger example of that, in the sense they've become an even bigger multi-party system. What happens when the centre has become unpopular? That's the question everybody is asking. I don't think there is a single country in the

democratic world – apart from, possibly, Portugal – where that question is not having to be asked now.

If you look at the weaknesses of the Labour Party, where do you identify its core weaknesses?

One of the things I mentioned as one of its strengths is also a weakness, that is the move away from the Third Way position. At the moment – this is at an early stage of development – they're getting some credit for that, from – especially – some young people. It also, of course, puts off another kind of voter. It's not clear how they can fully develop this position that is to the left of where Blair was, but trying not to go so far to the left that it becomes unrealistic. The crucial test for that will come with – if they were a Government – positions on debt and whether you bother to do anything about debt, and what do you do if there is capital flight?

So, the strength they've got is also a potential weakness. At the moment, even though the present Conservative Government is in total internal chaos – and is not managing Brexit very well at all – a majority of people still says they trust the Conservatives more than they trust Labour. That's because Labour is perceived by a lot of people as having moved too far to the left. It is that move to the left that has saved the party from further decline, so it's a very bitter sweet kind of situation.

If you relate this to some of the concepts of people's parties, which – at least on the surface – claim to have an offering for pretty much everybody in society: Is it, in your view, a mistake to see this all as moving from the centre rather than viewing it as an opportunity to increase the space covered by social democracy? If one thing seems to be prevalent across different countries, social democracy – the space that social democracy covers – has been squeezed.

Yes. I think all social democratic parties are facing an increasing split between their two core constituencies. Labour is no exception

here at all. The two core constituencies are the old industrial working class – which is declining but is still the main base – and the new, mainly female, professional classes – especially in the people-related professions – which is a growing group.

In a way, the social democrats and the Labour Party have had quite a benign situation. You’ve got this old stable group, they’re declining but there is this new future-orientated group that’s coming towards you. That coalition, everywhere – including Britain – is being put to the test by the rise of xenophobia, which is tending to be more attractive to the old working-class population. Whereas a more cosmopolitan liberal outlook is obviously far more attractive to the new middle-class constituency of social democratic parties.

Social democratic parties are always riding two horses, and these two horses are starting to go different directions over a very major issue.

Labour has been spared the consequences that, say, the SPD have faced on that, by taking up a completely ambiguous position in our last general election. They were saying, on the one hand – to the old industrial working class – “Look, we’re in favour of Brexit, we’re fed up with immigrants in the country.” Then, saying to the middle class professional electorate, “Look, you know we’re the ones who really support the liberal European values.” They were able to take up a contradictory position because they’re in opposition, so that’s another problem they would have in government.

That position is obviously unsustainable, so that straddle has to end at some point?

Yes. I suppose they’re hoping that Brexit will be all over before they have to form a government. It won’t be, because Brexit and its consequences will go on for quite a long time.

You alluded, already, to a few threats to the Labour Party. If you look at the landscape, broadly, where do you see opportunities for Labour and where do you see specific threats for the party?

The opportunities are to build on this space that they’ve acquired

now, to build on the trend you see in the leadership. These are mainly men and women who've spent their lives as protestors, never ever thinking they would be anywhere near government – always taking up left-wing protest positions.

They've now seen there could be something more substantial for them. You can almost watch them learning, as you observe them in successive television interviews. They get more statesmanlike, more mature, more considered in their views. They haven't shifted to the right, or anything of that kind, but they're just getting more articulate and more able to see that proper left-wing politics is not a very simple thing – it's complicated. So, they are learning.

I think these are the strengths, these are the opportunities, that they've got – that ability to try to define a new left-of-centre position that is somewhere between the Third Way and an old social democratic position. I'm not sure they're completely there yet, but I must say- I've always been rather opposed to that kind of politics – a strong left. I didn't vote for Jeremy Corbyn in the election within the Labour Party, but I've got increasing respect for what they're doing as each week passes.

The main threat they pose is that too many people will be frightened that this is a return to... The Conservative newspapers – who totally dominate political debate in this country – see them as almost synonymous with Stalin, and certainly see them as a dangerous, irresponsible left. If enough people believe that, then they have a serious threat.

The other threat they have is that they have – one day – to really work out what they want to do about our relationship with Europe. As Michel Barnier (*chief EU negotiator*) pointed out to Britain – but I think he was talking to the Labour Party, last week – “Do you really want to go off and follow Donald Trump in a deregulated market society?” Labour is officially backing Brexit now. There has always been a left-wing anti-Europe position in Britain, they've taken up that position now. Anyone who is ruling Britain after Brexit is going to have an awful time. Labour will have its own particular torments.

So, basically, you see the opportunities and threats as correlated in the sense that it is really all about winning the credibility game. In the sense of presenting to the British public that it's not a return to early 1980s style hard left politics, and – at the same time – fighting the messages that are being published by the mainstream media – the right-wing media –that is a completely incredible opposition?

Yes. In an atmosphere where, I think, a large part of the general public is more willing to see a need to challenge capitalism. They probably wouldn't use that language, but people are fed up with the rich getting richer and richer, they're fed up with the arrogance of large corporations, they're fed up with the cynicism of the privatised public services. The atmosphere is right for a more critical economic approach. As long as they can, both, convincingly make that a responsible approach and actually convince people it is a responsible approach.

You already alluded to one of the key challenges – that social democracy has always been composed of two different groups, that used to go side by side but now are increasingly on diverging trajectories. How do you think social democracy in general, and the Labour Party in particular, should react to the threat of populism – and especially right-wing populism?

My own view on this, I like to present as being an intellectual view – I think it's actually a deeply emotional one actually. I am not willing to tolerate any concessions at all with xenophobia. Right-wing populism is a slightly different phenomenon, the one that worries me is xenophobia – the hatred and fear of foreigners.

As soon as you follow xenophobes, you legitimise what they're saying. As soon as you accept, "Oh yes, there is a problem," you start to define an Islamic problem, a Jewish problem. You define, then, a whole group of people as a problem. Once it's accepted that a whole

group of people are a problem, then the way is open for increasingly unpleasant solutions to that problem.

We had made a lot of progress in our societies in the west, especially in Germany – but everywhere – in simply getting that kind of racist discourse made completely illegitimate so that people would no more talk in that way about an ethnic minority than they would use foul and filthy language in public. It became one of those moral things. Events like the election of Trump and the Brexit vote have changed all of that. In this country, now, there is a legitimacy of anti-foreigner discourse.

My wife and I walked past a group of young people in Oxford the other day. Admittedly, they were drunk. They were singing a song against Jews. Before Brexit, that would not have been possible. It simply wouldn't have happened. The further you accept the legitimacy of a xenophobic discourse, the more that the debate moves in their direction. I think there has to be a fight in favour of liberal values.

We're watching, by no means the most ethical institution in the world – UEFA, the European Football Association – running its anti-racism campaigns. Uncompromisingly anti-racist, they simply say, "We're not going to put up with this." I think all people, in political life – who care about what will happen to our countries – need to take up that line – no tolerance to the intolerant. That's the starting point.

There is a very large section of public opinion that is actually very hostile to xenophobia, especially young people. They're there, and they have to be cultivated and they have to be made to see this is an issue where they need to take sides.

So, in the discussion about how to deal with populist forces, where do you stand then? There are basically two conflicting strategies. The first one is engage with them and, just basically, try to reveal how shallow their offers – or what they claim to be political offers – are. Or, on the other hand, the position that Jürgen

Habermas – for instance – is also presenting. By engaging with them, you actually enter their turf and legitimise some of the discourse they present. The consequence is that it becomes more mainstream, and it opens the gate for them.

I think there is a third position. Of course, a large number of different kinds of people are xenophobic – including some very wealthy people. There is this picture, there is a liberal elite and an illiberal population. There is a very nasty part of the right-wing elite which is very racist. To the extent that there is a wider social phenomenon out there, that has been expressing itself in things like the Brexit vote, the vote for Donald Trump.

This is very much associated with people living in areas – especially previous industrial areas – that are now left behind. These are people that feel, “The future has nothing to offer us. Everything is taking place without us. The areas in which we live have become miserable and wretched, they have no future. If we get new employment, it’s just in warehouses and call centres. What life is this?” That seems, to me, a legitimate complaint for people to be making.

I think it comes out, a bit, in Germany – especially in the east – people saying, “What has happened to our *Heimat*?” Their *Heimat* can be their local city, their local region.

Public policy needs to ensure that as many areas as possible can see themselves having an economic future they can be proud of, because they feel their city is engaged in something that’s going somewhere. People can only believe in the future if they see the future around them. I think there are issues of urban policy – and local economic policy – that have got nothing to do with xenophobia on the face of it which may actually be the most substantive answer of all.

Related to this, you talked about the divergent paths on which the traditional core supporters of the democratic parties and the cosmopolitan – more internationally-minded – constituency are going. What do you

think is the driving force behind that split, why are these two paths diverging now? Previously they seemed to be – if not happily married together – at least, it was much easier to form a coalition among those people.

Because these issues weren't at the forefront. Globalisation, immigration, the refugee crisis – and then added on top of that, terrorism – these things have all come together to make national identity politically relevant in a way that it hasn't really been in Europe or the United States since the Second World War.

I think, it's quite possible that in the 1950s – if there had been challenges of this kind – we'd have had the same effect. In fact, to some extent we did actually. Certainly, in Britain we had race riots in the 1950s. We had similar things in the 1960s, at that point we were still sufficiently close to the Second World War and to Adolf Hitler for all establishment politicians to say, "This is the road down which we will not go," and completely excluded it. Politicians who did try to exploit it were marginalised and excluded.

Now I think, partly, the combined challenge of globalisation, refugees, immigration, terrorism, is much bigger. All we were dealing with in the '50s and '60s were small numbers of immigrants, it wasn't combined with the other things. Secondly, we're that much further away from the memory of what fascism was about. I think that's really explained, why now?

Okay. Against this backdrop, the final question. There is a lot of soul searching across social democratic parties, and also within the Labour Party of course, on how to handle these kinds of issues that we've been talking about. Do you see – maybe, even, just in part – any good role models or parties that seem to have a more successful way of dealing with these challenges than others?

Not yet. You see, there is the deeply ambiguous case of Emmanuel Macron in France. He's the only leading politician –

there are very good examples of excellent men and women in every country, but he's the only prominent leader – who is really out there defending passionately a cosmopolitan liberal approach. That's linked with some social policies that, it seems to me, could go in a direction that will undermine what he's trying to do. If he tries to make the labour market less and less secure, he will only make more and more people feel insecure. If you feel insecure you vote for the *Front National*.

So you don't think that anybody has found, even, a half-baked solution yet?

Not people in leading positions. Go to any country, you will find quite a lot of people active in politics who are thinking in the right directions – thinking about reconstructing a world in which people feel they've got a future, they've got security and a life they can be proud of.

You'll find a lot of people think in these ways, it hasn't quite got through to the leadership yet – because they're still really worried about the basic simple issue, “Do we really have to follow xenophobia? How far can we dare stand against it?” You see this in Denmark, in Austria, various countries. I think, with a little time, they might start to stop panicking and then say, “Come on, what are the more substantive issues under all this? Can we not just address those issues, rather than getting involved in debates with racists directly?”

EIGHT

AUSTRALIAN LABOR: WINNING BY REJECTING INSTITUTIONALISATION

conversation with Tim Dixon

What is the historic position of the Australian Labor Party within the country's political system and where does it currently stand?

Australia's got an interesting story on social democratic politics because it had the first national Labor government in the world, if I remember rightly from my days as a prime minister's speechwriter. I think it was 1908, perhaps, but certainly the one to win outright (*Ed: Chris Watson served four months as Labor premier in 1904*). Its early origins go back to the 1890s and the trade union movement. If you think over the period of now it's 120 years, it's been in government less often than the Conservative parties, who've generally governed in coalition, but it has been the national government for around about a third of the time.

Its most successful time was the 1980s and 1990s. There was a national Labor government that's regarded, really, by universal consent as a very successful reforming government. It had a shorter

time in government more recently, from 2007 to 2013, but Australian politics has also got the same electoral contest at a state level, with six states.

In fact, Labor has governed more often at state level than the Conservative parties. Even in some of the quite Conservative states of Australia, like Queensland in the north, it's essentially been in government almost unbroken for the last 30 years, with just a couple of short one-term governments in between.

It's a story of being the major alternative government to Conservative parties of having several periods in government, generally quite short. But, as I say, at the level of the states and even more regarding the service delivery that the states do, it's actually been the dominant party.

Okay. If you look at the current situation of the Australian Labor Party in relation to, let's say, other parties, maybe next door in New Zealand but also European counterparts, maybe also to the US Democrats, where do you see particularly its strengths and weaknesses?

It's stronger than in most other countries. In European countries we see the decline of social democracy, but that's partly because you've got multi-party systems and so votes leak in many directions to the Greens and similar left parties, but also to the populist parties.

In Australia populism has not been as strong. It's been much more clearly on the right, as well. The way Australian politics works, because it's got the alternative vote or preferential system, we think in both the primary vote terms and so the Labor Party has gone from having the low-to-mid 40s to generally mid-to-high 30s in primary percentages. But, because it comes down to the final preference vote or alternative vote between two candidates at the individual electorate or seat level, in most cases those votes that go to independent or Green parties come back to the Labor Party.

As the overwhelming proportion of them do, then, even when you get a low primary vote, even if it's only 30%, 32%, 34%, you still

actually elect Labor candidates. As a result, it's a much more dominant party. There are very few seats that are not held by either of the major parties. That's obviously very different to the situation in most European countries.

It's more similar to the US, although not the same, because there are minor parties and so there is a contest on the left. Nowadays it's with the Greens. It's been other parties in the past, and there are some insurgent parties on the right. Certainly, when a strong independent candidate stands in any seat these days, they stand a good chance because there's the general disenchantment with the political system that we see throughout the world, but that has not translated into a decline in the position of the party in the way that it has elsewhere. I think that just comes down to the actual voting system. It just tends to because of preferential voting. It tends to direct the votes back to the major parties.

In terms of current polling, there's a strong expectation that Labor will win government in the election, which is due in the middle of 2019 although could happen sooner. The conservative parties have been in power only for four years now, four-and-a-half years, but they're really struggling with incredible internal tensions – really between the more liberal and more hard-right conservative forces.

New Zealand is a useful comparison point because the countries are quite similar in their position to European cultures in the Asia-Pacific region. They have just elected a Labour government, only in the last few months, in really what was a surprise election. A quite successful and relatively stable Conservative government had been in power there for quite some time, for about a decade, but they had had a change of leader. Their new leader wasn't as popular. NZ Labour – very, very late in the electoral cycle – elected a young woman to lead the party at only 36 years old, not well known, and she just cut through very, very well to the population.

Again, I would say voting systems are important. The particular voting system – the multimember system they have in New Zealand

– produces a different set of results because of its structure, but Labour have just got over the line to return to government.

This situation in Australia and New Zealand in that respect is quite different because it's a story of strengthening Labour parties, but I would still say that the underlying forces of disenchantment with the overall political system and a willingness to try alternatives, that's still there, but it's been masked by those aspects of the system.

Also, I think the other thing is economic success. Australia in particular went through a really strong boom period – kind of similar to Canada, I guess, as the most comparable of Western democracies – during that period, the decade from 2003, 2004. So, there were really substantial increases in per capita income coming off that because of iron ore, and coal, and other exports.

That has just meant that the kind of pressures of austerity and the stagnation in wages have not been a part of the Australian experience, until recently. It's just beginning to happen, I think, now in the last three, four, five years, but that has just meant there's been less disenchantment than what you've seen in European countries.

Would you say that the underlying tensions that help propel populism in Europe and other places are there to the same extent, only masked by the electoral system, or do you think it's different?

The interesting comparison, for instance, would be in terms of a country that does economically well. My own home country, Germany, has been doing well economically but recently has suffered a severe setback in the Bundestag's elections when the AfD entered Parliament with a quite strong showing.

Obviously, it's interesting to compare it also to the (British) Labour Party because, to an extent, the 'First Past the Post' system here in the UK also masks a lot of underlying currents that are going on. If you look at the Labour performance in Scotland when Ed Miliband

was leader, the electoral system seemed to mask developments up to a certain point when there is really a tipping point. Then the whole thing falls over, as when Labour basically lost the whole of Scotland to the SNP. How would you judge what is going on in Australia against the comparison of those two cases?

Look, I think the differences are that... I think the research that I've been doing most recently, which has actually been – a lot of it has been – focused in Europe, is looking at the reasons for the appeal of authoritarian populism. There are obvious drivers: the combination of terrorism, the cultural and demographic changes taking place, especially high levels of immigration, economic factors in the decade since the financial crisis, and the rise of social media, the loss of trust in parties, all those factors.

I think that the best evidence says that the driving forces in what's going on are actually cultural and identity-based, but economic factors make people a lot more vulnerable to divisive, populist, cultural, identity-based messages. The countries like France, for example, Italy, where there's been more economic stagnation – and I think specifically it's not just stagnation, I actually think the bigger factor is people's sense of confidence in the future and, "What jobs are my kids going to do? What's my kids' future?" – if people feel good about that, they have a very different resilience to go through periods of hardship.

In most Western countries now, people are asking that question and they don't know what the answer is. It's in that context when they feel an uncertainty and an insecurity about the future. They see the decline of services around them, the nature of work has become more insecure. Then they see high levels of immigration in that context and they say, "What on earth? Why are people coming in when we don't even know what jobs our kids are going to do?"

I think that the bigger driver, though, in that story is actually the strength of cultural and identity issues. People are feeling more disconnected from each other, they're perceiving more threats

around them, and in that context that appeal that says, “There’s an ‘other’ that is threatening us that we need to be protected from,” and that “If we come together, and we draw the lines more strictly and we don’t let those people in, then we’ll be safer.” That kind of appeal around cultural identity works more in countries that have a stronger and more singular sense of cultural identity.

This is where Australia is different because Australia is an immigration society. 28% of the population was born overseas and 60% was either born overseas or one of their parents was, so it just is a very multicultural society. That’s really different to a lot of European societies, who are managing much more recent large flows of immigration. That, I think, challenges identity.

Most European societies don’t have a strong multicultural or multi-ethnic notion of identity. It feels like, “If you’re Turkish, then how can you be German as well?” or, “If you’re Syrian, how can you be Swedish as well?” etc. I think Australia is more like the United States in that respect. It’s just been an immigration country. It’s a younger country, very, very large numbers of new migrants coming in all the time.

I think that factor means that the kind of divisive cultural issues, debates, and immigration debates, while they’re there for sure in Australia, they’ve actually been channelled more into the issue of refugees. They actually haven’t challenged the overall context of a high-immigration society in Australia. They haven’t changed that. I think that means those cultural identity issues that drive populism in most European countries are just not there in the same way in Australia. They are there, but they just have not been as strong.

Maybe that’s also a question of time. After all, the number one immigration country in the world, the US, did elect Trump on the back of its own history of immigration. I agree with you that there is a combination of socioeconomic and cultural reasons for the rise of right-wing populism, but from your point of view

how would you suggest social democratic parties should react to this very tricky landscape?

If you look, for instance, at the electoral map in Germany, large parts of Eastern Germany, the electoral patterns look much more akin to Poland and Hungary than to Western Germany. You seem to have a pattern that objection to immigration is located in the places where there are either, indeed, hotspots, where there are parallel societies or problems locally, and in the places where there are no immigrants whatsoever. It's obviously very, very difficult to react to that kind of situation with one kind of uniform policy, but what would you suggest?

I think that the challenge that we're facing is that the split between the city and regions – the regional split, which is another way of talking about the split in education outcomes – is increasingly shaping the electoral map in Western countries. I think understanding what's driving that is the key to the future, probably more than anything else.

One insight that is very clear from the research that I've been doing, which is in France, Germany, the Netherlands, Italy – and we're just launching a huge study in the United States at the moment, and we'll be doing some other countries as well next year – most Western democracies have around 25% to 30% of their people who are essentially liberal and cosmopolitan in their bearings. They have more open values, they're open to change, they embrace globalisation and its cultural dimensions. They have humanitarian instincts, generally quite strong liberal instincts.

On the other side, probably about 15% to 20% of the population have got strong, hard, more closed views, more fearful of change, resistant to change, and anxious about their country. They're the kind of people who will say, "I feel like a stranger in my own country sometimes." Then in the middle there are people who have got a set

of anxieties about change, and cultural change, and immigration and those sorts of issues, but also have some liberal views and are certainly not closed-minded people.

I think this is the change in the way that the electoral map looks everywhere – that increasingly we’re talking about an identity split between more open and closed values, and not the same old spectrum of left to right. The insight from all of that is there just isn’t a majority of a population – really in any country – that is simply the cosmopolitans.

The danger for our social democratic parties is that because they’re mostly composed of the metropolitan, well educated, comfortable with change and globalisation, with those kinds of people, that they’re disconnected from an important part of what has always been the base of successful social democratic parties.

The answer has to be that we don’t become illiberal and abandon those people. In fact, that group is generally the largest group in any individual country, but, as has always been the case, you win government by appealing to a broader constituency than just the one.

I think that’s the key. We need to understand more of, and not look down on, the middle groups, the people in the middle groups... In all of the analysis of what happened in the United States in the 2016 election, I think one thing which emerges time and time again is the sense in which people in those middle groups – Midwestern states especially – felt looked down on, felt culturally and in terms of their identity disrespected or distant from the coastal elites of the Democrats.

I think that that story, which has played out, obviously, very strongly in the US, is at the heart of the challenge that all of the Western democracies face. I think Australia is actually probably a more mild version of that because of the stronger economic conditions that I described, and the fact that it has been a more multicultural society throughout its history.

These dynamics are being seen everywhere because they’re being driven by globalisation, by the changing nature of work, by all the

increased levels of insecurity, terrorism, the sense of a cultural clash in our societies. All of those things are very similar. Social media is playing a role, too, because it tends to polarise and isolate us from the views of other people who don't think like us, but I think that that comes back to this challenge of building broader constituencies.

If we come now to the final part, or opportunities and threats not just for the Australian Labor Party but social democracy more generally. What I find interesting about the analysis that you've just presented and you have referred elsewhere as well – the difference between the communitarians and the cosmopolitans – is it always raises the question in my mind: what has changed? Basically, what has driven the wedge between those two groups that used to be more united under the roof of social democracy?

It seems to me that you pinpointed a very key point, is that the ones in the middle, the ones who are neither strongly cosmopolitan nor strongly communitarian – or closed, as you put it – have anxieties about the future. They don't feel confident. From your point of view, is that one of the key things that has changed that has basically helped to break this, maybe always, fragile coalition?

Social democracy tends to do well when there is a positive view, a positive narrative about the future. Our kids will have it just that little bit better than we do, but, if there's a fundamental anxiety driven by the things that you mentioned – globalisation, digitisation, changing nature of work, immigration, crisis around the world, all those things – do you think that this is one of the key factors that has changed the dynamics of this coalition?

Yes, I think that's right. I think there is a disconnection between

the experience of globalisation of much of the leadership of social democratic parties, because they're successful. They thrive in that environment. It's often stated, but the analysis of the shrinking proportion of political representatives who actually have a manual work background or a mainstream technical qualification, technical experience rather than a more highly educated experience. I think that's a really important factor.

I think also – I think especially true in European social democratic parties, but it's true everywhere – we've become quite institutionalised. I think it's the case where social democracy is fundamentally in crisis and its survival is at threat. Look at the Netherlands result, where the vote was under 10% this year.

I think in that context the challenge for us is go back to our roots. Social democracy in its essence is about the representation of the interests of the whole community, and especially of ordinary working people. Yet what's happened is the parties, as they've institutionalised, they were for many generations successful, politically dominant, they've become institutions of power.

I think they particularly became too committed to a state-centred model and failed to realise that the institutions of the state were themselves often a cause of frustration for ordinary working people and weren't necessarily delivering. We haven't had the mechanisms to hear the frustrations of ordinary people, or we've dismissed them. There's still too much of that happening and still too much dismissal of the anxieties of the middle groups.

I think there are obviously many other elements to it. I think that when you have a dominance of older leadership, the under-representation of women and minorities, for example, parties can look more like the past and less like the future. I think that's a factor in many places. I think on that score Australia has actually done quite well.

The Cabinet, the various Cabinets I worked with in Australia, really the majority of their best ministers were women. While Julia Gillard, as Prime Minister in Australia, got subjected to really vicious misogyny from the hard-right groups, actually more broadly that

masked the fact that a real strength of that government was that it looked more modern because of its composition.

I think there's obviously a mix of factors there that play into its success or failure, but I think not being institutional, being adaptive to an environment where power no longer resides in the established entities, that social trust has declined, that we need to think about more participatory models of politics, we need to be more representative of the communities there we're standing for, those are all really critical elements.

People are willing – the public is more willing – to embrace change, actually, than what the political order has been. I think that's something that's got to change. We have to be much more willing to be innovative, to try different models.

I think the last thing that I just touched on that's important, as well, is regional policy. I think that we have to think more about location, so cities and regions, and how we address people's lived experience in those communities. We've underinvested in the policy around that. I think that your best examples of progressive social democratic leaders in many countries now are emerging from city government. I think that's a key indicator for where we might go in the future.

NINE

PARTI SOCIALISTE: SQUEEZED BETWEEN MACRON AND MÉLENCHON

conversation with Philippe Marlière

What would you say is the historic position of the Parti Socialiste in the French political system, and where does it stand after the recent presidential elections?

Well, the Socialist Party in France has always been a very specific, atypical type or brand of social democracy. For a very long time, political scientists would even consider that it's not social democracy. Socialists themselves like to say, "We are socialists, not social democrats," meaning by that, "We're more radical," that was always, at least until the 1980s, a defining thing.

Why isn't it historically a social democracy, or a type of it, like in Sweden, Germany or in Britain? I think unlike those countries, there was never any organic link between labour or the trade unions and the party.

The unions and parties of the left were never historically, if you like, working together. There was always a clear separation. There's even a charter, the Charter of Amiens, signed in 1906, an old text

which really sets up this dramatic separation between the two sides, because simply, the unions did not trust the Socialist Party, which they considered far too parliamentarian, bourgeois, etc.

Historically, it's a funny type of social democracy then, although, more recently, to be fair, the Socialist Party has finally accepted that it is a kind of social democracy. Probably again, meaning that they've toned down, they've probably changed politically, ideologically, and they are now reconciled, if you like, with a more reformist nature, but that's recent. I think it probably dates back to the 1990s.

It's a kind of party, if you like, which historically has also had always to compete with a strong communist party, that's something you will encounter when studying other European countries, especially in the south, Italy, Spain, Portugal, possibly Greece.

A strong communist party, in the French case, that's absolutely the fact, because it was, until the late 1970s, the main party, the dominant party on the left. The overtaking, in terms of the leading party on the left, only happened in the early 1980s, with the election of Mitterrand.

That is a very specific situation in France whereby socialists always had to compete with a strong, or stronger, party to its left, more radical. The communists had also the advantage over the socialists of having close links with the main union, the CGT, and you have, of course, real roots in the working class, in the labour movement, something the socialists have always struggled to establish.

Historically, in a nutshell, that's the situation, a situation of political, electoral gaining ground which only started in the 1980s, and which lasted, well, there was a good 30 year run of that, with the socialist having even two presidents elected, first Mitterrand, then Hollande, and they were also in government several times.

This, of course, seems to have come to an end, and, being cautious about that, we don't know what tomorrow will be, but in the presidential then legislative elections, the socialists lost very heavily.

It seems that's not the first time the socialists lost heavily. In fact,

the whole electoral history of the socialist party is fantastic electoral victories, followed a few years later by amazing slumps and defeats.

This time, you know, political commentators in France are really wondering, because of a number of objective factors, if, that it's not the end of the party, so a situation which will be more similar to the one that one finds in Greece, with the historic decline of PASOK, or in a number of different countries as well.

Also in Italy it's very hard to say that the Democratic Party is a truly social democratic party. There are a number of countries in Europe where social democracy is on the wane or has disappeared altogether.

The French situation is in between. The party is losing a lot of members. It's losing a lot of its leaders. If you think that the two candidates, which made it to the final of the primary election, Benoît Hamon on the left, and Manuel Valls on the right wing of the party, they have both left the party since the election, so that shows that this party is really now in a very poor shape.

That directly links to the next question about strengths and weaknesses of the Parti Socialiste. You already mentioned quite a few weaknesses of the party, not least losing leading politicians since the presidential elections. If you were to be tasked with finding some strengths, where would you see them?

Well, the strengths of the Socialist Party, and that's not very original because that's something you will find across the board in Europe with all social democratic parties is that, if you like, the Socialist Party, at least when it was electorally winning elections, was a party which was able to appeal to different constituencies, in terms of class, in terms of gender, in terms of age and generations, in terms of ethnicity.

It's a party which really managed to be very strong, and get strong support from all kinds of constituencies, that seems also, that's why we were saying earlier, probably the situation is very serious for the socialist party.

It seems to be a great loss of support amongst voters, amongst constituencies where the socialists used to be very strong, notably the young and people working in the public sector, that's been the case, at least for the past 20 years.

As for the more popular, more working-class support, the socialists have lost a lot of them, that's why, one of the reasons why, it is becoming very difficult for socialists to win an election. At least, that's been the case for the past five years, where they lost all elections, at every echelon: local, regional, national.

It's because there is very, very little support now coming from the lower middle-class, salaried workers and that, of course, some have gone to the right, some have gone a little bit to Le Pen but essentially, and more recently, to Mélenchon, the radical left, but essentially, there's a lot of abstention amongst working-class voters.

The strength is that, for a very long, the socialist party was a party with a real dynamic amongst different social backgrounds, which it seems to have lost lately. Also, it was able to rebound at every major electoral defeat.

It seems now, of course, it's too early to tell, but we're six months into the Macron presidency, not that the new president is extremely popular. I think a lot of these reforms of the labour market are proving quite unpopular. The situation he has created, and the deep realignment of French politics, and party politics, he has been doing, well, it's still there. There's no opposition on his right, and the socialists are nowhere to be seen as a serious opponent to Macron.

Now, the issue is whether they should really oppose Macron, is he really a political opponent, or is he someone we can, in some circumstances, support in some of his reforms? Of course, this is a very blurred image for the socialist party really. They're really, if you like, squeezed between Macron and Mélenchon, and his new party on the left, so that's why the future, at least, in the short-, mid-run, seems bleak for it. There's no recognised leader, members are leaving en masse. Yes, things do not look too good, at the moment, for the Socialist.

If you look at threats and opportunities, and let's focus on the threats first, in previous conversations about other cases of social democratic parties across Europe and beyond, obviously the rise of populism, right-wing, as well as left-wing populism, has been one of the key threats identified. What's the situation with this in France with the Parti Socialiste now wedged seemingly between the *Front National* on the right and the new party of Jean-Luc Mélenchon on the left?

Yes, part of the reshaping of French politics, and that's a very recent thing, has been that there's a kind of anti-party mood in France. Of course, France isn't the only country in Europe, or in the world, which has been experiencing that. The backlash against parties and professional politicians is very strong in France.

Of course, that has benefited a number of movements which, for the most part really, have been, of course, rejecting the very notion of party. They are movements, that's the case with Mélenchon and the so-called Unbowed France, *La France Insoumise*, that's the case, even of Macron. Of course, he's transformed his movement into a proper, fairly traditional party after his election, but he ran the campaign with a movement.

Something Mélenchon also insists on very much: "We're not a party. Everyone's welcome. You can even be a member of another party and join us. Our organisation is transversal, no longer hierarchical, pyramidal, or vertical." This insistence on new forms of democracy, an organisation against a very corseted way of doing politics within parties, is a very strong thing.

You can even say Le Pen, because Le Pen, it's a party, okay, but it's one-person party. It's Marine Le Pen and then her followers, so that can be seen also. Populism has become the factor, the key thing, the key word.

Any scholar, any student, of populism should look at France very carefully, because it's really become the new battleground for all

forms of populism, left-wing, right-wing, far right-wing, and you might argue to some extent, a centrist type of populism with Macron. In the end, all the ingredients, all the characteristics of populism are met by Macron.

One leader, fairly charismatic, trying to establish a direct relationship with people, with the nation, talk about recapturing sovereignty, or national, or popular democracy in some cases. All that is part of the usual populist narrative. It's very strong, very buoyant in French politics.

Le Pen and Mélenchon, yes, indeed are the two most vocal proponents of that new trend. Of course, it's not good news for the socialist party, which remains a traditional party, tries, of course, to up its game, to modernise, to be more open, to take on board new issues.

To be fair, the socialists have always been good, historically, at taking on board new issues, sometimes recycling them, so that they could be absolutely presented in a social democratic, reformist mode to the people. They were very good at doing that with issues such as the environment, feminism, and so on, and so forth.

Now, it seems that they might have run out of steam because, and that's really the big issue, the central issue, what are the new issues of social democracy, of the French Socialist Party? For a very long time, for the past 30 years, the big issue has been a combination of a social justice agenda together with a strong commitment to European integration that started off, of course, with Mitterrand.

Now, it seems that the debate on Europe, it's not a straightforward one. You have people still supporting Europe, but you also have, and I'm not talking here about extremes, left and right, you have a fairly mainstream opposition to Europe, not the idea or the concept of Europe. I think still the majority of the French people are attached to it, but to the institutions and the policies implemented on behalf of the EU. There's a rising opposition to that. It's becoming mainstream.

A lot of the people used to vote for the socialists, who used to believe in that narrative, "If we get more integration, if we get a closer

partnership with, say, Germany, we'll be better off." I think that kind of belief, that kind of narrative has not gone. The main party really to support and, so to speak, embody that narrative, was the socialist party. Now, it really adds up another problem for them.

In this kind of difficult landscape, where do you see the opportunities going forward for the Parti Socialiste?

Well, to be fair, I'm really struggling, as we speak today, to find, to end, this conversation on a positive note regarding the socialist party. I'm not saying that the party is doomed and is going to vanish or disappear in the short run. Of course, I'm not a journalist, I'm not a politician, so I ought to be extremely cautious about that, and who knows? The party might make a remarkable comeback.

For sure, it is very weakened today. The reason why it has been weakened, of course, you can argue that the Hollande presidency wasn't a big success, that a lot of people really resent what he did or didn't do, notably on the left, which would explain the actual result and why Hollande didn't run a second time. He simply thought he would lose.

A lot of people, of course, disagreed with the policies of Hollande, found him too new liberal, too right wing, disappointing on a number of issues, including societal issues. Again, that wouldn't be the first time that the socialists are defeated, and are, for a short period of time, unpopular as a result of their time in government.

Here, again, the malaise, the problem, seems to be deeper than that, because of the realignment of French politics. I think one man has really created a new situation, it's Macron. Macron is an amazing surprise in the French political game. He shouldn't have been a candidate, shouldn't have been elected in the first place. He was there, I think, because of the deep contradictions and problems arising within the socialist party.

At the top level there was Hollande, the government which became towards the end of his presidency extremely unpopular, Hollande being the most unpopular president of the Fifth Republic.

There was a gap, there was a void, if you like, which Macron exploited, because this was a man who was totally untested politically, a young man coming from the banking sector, ran alone without the support of any party, probably because people felt that the socialist party now had reached the end of the road, so to speak, people leaving the party en masse.

I think here of a number of extremely important leaders to support Macron in the first instance. Of course, following the victory, you had more people coming to him, creating a new situation whereby the traditional parties of the left and right, normally we had two big parties on the left, communist, socialist, two big parties on the right, a kind of neo-Gaullist, post- neo-Gaullist one, *Les Républicains* currently, and a more pro-European centrist, Christian Democratic one, the former party of Giscard d'Estaing.

All that has gone, that was a situation for a very long time until the 1990s at least. Four parties, and two on the left and two on the right, both of them on the left and right being of about equal strength, that has gone.

Now, you've got a very fragmented political landscape. You no longer have all those parties; the communist party declined but has, of course, continued. You have the rise of a radical left, but who knows where that radical left will go under Mélenchon. You've got the far right, despite Le Pen's poor campaign in the second round, but she's still there. *Les Républicains*, they're weakened as well. The socialists are they really a spent force?

To conclude, the question for the Socialist Party, the question which social democracy has to answer everywhere, which is, how useful is this organisation, or this political force for, say, broadly speaking, salaried workers? How useful? The question of usefulness, because if you're not useful to your constituencies you will disappear. People will leave you. People will stop voting for you.

Usefulness has to do, of course, with the match between your policy proposals, but also your principles, how you behave when you're in government, the kinds of personnel running the party. Are

they electable or not? Are they popular or not? On all those fronts, very important, the Socialist Party amazingly has to be one of the most important parties of French politics in the past 30 years. It seems to have no answers to any of that, or when it has answers, they're very unpopular, very discredited. What's its usefulness?

For the time being, it's not useful, because you've got centrists, the centre-right governing party with Macron. You've got a rising radical left, not strong enough to ever compete for government, but strong enough to really capture a strong chunk of the left-wing electorate, which has radicalised, by the way.

Yes, so there's really very little room for that party, because its social agenda is not strong enough to appeal to left-wing voters. Macron, as a kind of modernist, reformist, pro-business force is also appealing to the right-wing segments of the socialist party voters. It's really a very bad situation for the socialists. They've got very little room for manoeuvre indeed.

Well, it sounds like that, as in other cases, the party is caught between a rock and a hard place?

Yes, that's correct, sadly.

TEN

SPD TASK AHEAD: ENACTING COMMUNITARIAN AND COSMOPOLITAN VALUES

conversation with Wolfgang Merkel

What, in your opinion, is the historic position of the SPD in the German political system, and where does it stand now? It's certainly an interesting inflection point.

If we talk about the historical position of the German Social Democratic Party (SPD) it depends how far we want to go back. If we take a brief look, going back to the early days of the Federal Republic after the Second World War, then we find a social democracy which started with a moderate beginning in terms of electoral success. Then it turned left in the 1950s and confined itself in a so-called '20% tower' by presenting itself with anticapitalist positions. It turned again in 1959 when it got rid of the Marxist terminology in the Bad Godesberg program.

Over the next ten years the SPD grew stronger and stronger in opposition, until it joined the first grand coalition with the CDU/CSU in 1966. After three more years it formed a two-party coalition with the Liberals. Only in 1972, at the peak of Willy

Brandt's popularity, did it become the strongest party. It was only in 1998 after 16 years of Helmut Kohl in government the SPD was able to repeat a similar electoral triumph. From 1969 to 1982 Germany was governed by a rather successful social-liberal coalition through which the SPD dominated politics in Germany. I would consider this phase the most social democratic one for the Federal Republic of Germany, when the cultural, social and political modernisation of our society made huge progress. Without a doubt, the Social Democratic Party was the driving political force behind this process.

However, it was a much stronger reformist force after 1969, during the first phase under the Chancellor Willy Brandt, than it was at the end of the 1970s and the beginning of the 1980s under the more pragmatic Chancellor Helmut Schmidt. When the liberals left the coalition the social democrats were forced out of government by a constructive vote of no-confidence by the Bundestag. The SPD had to go back into opposition. The following period out of power did not prove to be a time when the social democrats recreated themselves very effectively. There is a long-standing, but largely unfounded myth inside the SPD that the social democrats can recover and rejuvenate only in opposition. This can be observed at present as well when Martin Schulz decreed immediately after the electoral defeat that the SPD will not join any government.

Nevertheless, after 16 years of government under the Christian Democratic Chancellor Helmut Kohl, the SPD won back power in 1998 and formed a ruling coalition, this time with the Greens. It was a historical moment, since the first red-green coalition was seen as the most progressive coalition formula. I would consider this to be a period when the SPD stuck, only to some extent, loyally to its social democratic values. Following the so-called 'Third Way' the SPD adopted too many market-liberal policies.

Here, I am not thinking so much about the (in)famous Hartz IV labour market and social policy legislation but much more about what I would see as a failed tax policy. They gave too much away – they reformed the taxation system too much for the benefit of huge corpo-

rations and those on high incomes. Strange enough: the leading SPD-politicians believed in the neo-classical “trickle down” effect. In reality, their policies increased socio-economic inequality in Germany. Seen from a progressive perspective the governmental balance was mixed: Positive results with regard to environmental-, social- and citizenship policies, but negative outcomes of an overly business-friendly tax policy.

Seven years later the red-green coalition lost by a very small margin against the incoming Chancellor Angela Merkel in 2005 and became junior partners in a grand coalition now ending its second term of office. After 2005 one could describe the SPD’s development as one of slow erosion and decline. The peak – so to speak – of this decline was certainly the last election in September this year when they only won 20.5% of the popular vote.

As you mentioned, the story of the SPD has been one of decline. That is obviously also the case, and often even much more pronouncedly so, for other European social democratic parties. When you look at the SPD as it now stands, what would you consider its strengths and where would you identify its weaknesses?

If we look at the SPD at the end of 2017, it is somewhere in the middle of European social democracy. Less successful, still, than most of the Scandinavian social democratic parties, but certainly stronger than the Socialists in France, and Greece or the Social Democrats in the Netherlands, where the parties have virtually (or almost) collapsed.

The strength of the SPD, and in particular compared to those socialist or social democratic parties, is that they have stronger social and organizational roots in defined segments of society, certainly, still, among workers. However, this is changing. We may talk about this later, but German social democrats have a closer connection to the trade unions and the state. The trade unions are still stronger in Germany than in many of the western, or eastern, or southern European countries. So, the SPD does not look splendid, but it is

certainly in a better shape than many of her sister parties in neighbouring states.

Another structural strength of the SPD is its close connection to the state. Even when the social democrats are in opposition at the federal level they often hold strong governmental positions in the single states (Laender). There, the SPD has performed pretty well in some states. It is always in some state governments; therefore the SPD never lost its “organic” links to the state even when in opposition at the federal level. This is rather different from many of the social democratic parties in the rest of Europe. We should still exclude from this sample the Scandinavian countries.

So, the SPD has proven that it can govern according to its values, as well. This is what we have seen even in the last grand coalition, at least during the first two years, when the ministries led by SPD ministers performed pretty well. For the first time, they introduced a minimum-wage law, which is, admittedly, not that high, but it was a powerful first step, €8.50 per hour. Now, the government has to enforce the law which is not fully and properly obeyed to by certain sectors of the economy, particularly construction, gastronomy, and the food services industry.

The problem the SPD has faced during the last ten years, is it has turned out to be more a ‘coalised’ than a ‘coalising’ party, meaning it entered most of these coalition governments, especially at federal level, as the junior partner, and has paid a bitter price in the electoral arena, despite having an acceptable, or even, sometimes, a good performance in government. The notorious “chancellor bonus” always went to the Christian Democrats.

Why do you think this was the case, even though a lot of the policies that were promised have been successfully implemented? What is your explanation for the lack of electoral benefit that resulted from this?

It sounds very simple, but I think the party that is represented by the Chancellor has a huge advantage compared to the junior partner in government, especially when a large part of the population

perceives the performance in government pretty favourably. The socialists paid the electoral price that they joined these coalitions as the junior partner. There is a lack of institutional fantasy or courageousness in that the SPD leaders still do not ask for a rotation in the chancellery after the first half of the legislative period. The present SPD leaders lack a Machiavellian will to power which was present under Chancellors Helmut Schmidt and Gerhard Schröder. Why should an “Israeli solution” not work for Germany? There is no natural political law that the somewhat smaller partner never can represent the Chancellor in grand coalitions. The SPD should not enter any grand coalition without such a rotation if the party still wishes not to commit electoral suicide.

Just let me add one more thing. We should not forget that culturally, and in its social structures, Germany has always been more a conservative than a progressive country. We talked about the years between '69 and '82, and then about the years from 1998 until 2005 when social democrats governed the country with a smaller coalition partner. These were extraordinary times, but even during this time the Social Democratic Party, mostly, was not the biggest party in the country.

If you go back to the election of last September, we've seen the rise of the AfD, a right-wing populist party now also in Germany, and you might argue that what has been happening in other European countries for a long time has now caught up with Germany, too. So, if you look at the new dynamics in the German political system, where do you see the particular threats to the SPD as the main social democratic party, and where do you see particular opportunities in this new configuration?

That sounds like the typical ‘disease’ of social scientists: that they have a clearer view of the problems, dilemmas, *aporias* and challenges. If I can start with that, one has to say the pluralisation or

augmentation of the number of parties within the German political system has constrained the political space for the SPD. Since 1990 we have to the left of the SPD “*Die Linke*”. I would not call it a left populist party, as some do, but left-socialist party. We have an ecological party “*Die Grünen*”, which is rather strong if we compare it to other European countries. Now we have, since the latest election, a right-wing populist party in the Bundestag. Beyond the center-right CDU/CSU the SPD has progressive and right-wing competitors too.

Strangely enough, it seems to me that this right-wing populist party is now the strongest threat to social democracy, because it performs better among workers and the lower classes than the social democrats do at present. So, the SPD did not only lose ecologically inclined voters to the Greens, and more socialist inclined voters to the left. Moreover, it lost most recently a part of its more authoritarian-orientated voters, above all workers and lower class employees, to the AfD, the German right-wing populists.

The political space, in such a party system, is not that big anymore for the SPD, far from what it used to be in the 1950s, 60s and 70s. It is one of the threats: the Social Democratic Party may not be able to extend its political space and reach again. The dilemma is that the more, for example, it goes to the left, which I would recommend, with regard to tax policy, social policy, educational policy, the more it runs the risk of losing voters to the Christian Democrats. But social democracy in Germany and elsewhere has to rediscover its progressive traditions in terms of social justice, even this is not without risk.

If the social democrats go too far to the left, they certainly lose voters at the centre, where Merkel’s CDU, at least, the modern part of her CDU, is prepared to take on all the disappointed voters from the centre of our society. If the SPD is not ecological enough, it loses voters to the Greens, and if too much orientated towards classic industrial policies it may even lose more support from the post-industrial middle classes.

No doubt, the SPD is in a difficult strategic situation. My brief

recommendation would be: on the left-right axis they should get a more, and a clearer, leftist profile, in re-distributionist terms. But there is a new 'cultural cleavage' emerging in Europe. We term it as a conflict between middle-class cosmopolitans, and the lower classes, which adhere to nativist or communitarian values. Here, the SPD has to be extremely careful not to impart too much cosmopolitanism, because then it would lose the rest of its working-class base. This is highly problematic, and it is a real strategic and ideological threat to social democracy in Germany (and Austria as well).

If I can dwell a bit more on the point you just mentioned, that other social democratic parties struggle to connect to at least part of their core constituencies. That there's seemingly a change in their core constituency, meaning that what used to be a more harmonious marriage between communitarians and cosmopolitans, that kind of alliance seems very fragile, and fraying around the edges.

The social democratic task has to be to free sections of the communitarians from their nativist inclinations and to strengthen the solidaristic versions of communitarianism. This can be done by recourse to the nation state even by social democrats. Open borders are not per se progressive. Neoliberals are the most pronounced defenders of open borders. I will come back to this point. Cosmopolitans tend to underestimate the value of a strong communitarian, and solidaristic nation state. However, the nation state can no longer be based on an ethnically homogenous nation, but has to be rooted in a republican understanding of the demos. To do that, but not give up the nation state in favour of liberal cosmopolitanism, is one of the tasks of present-day social democracy.

So, why do you think, first of all, is there a trajectory that these two groups are moving apart, and why is social democracy struggling to remain connected to at least one of them?

One part of the answer is that these different groups have different economic and social interests. Another is that they rely traditionally on different sets of values and cultural preferences. If I can dwell on this a bit more, then I would say, people who are in favour of open borders – I simplify the cosmopolitan position – are in favour of opening the borders for goods, services, capital, but especially, also, for refugees, asylum seekers, and of giving up competences to a supra-national level, for instance to the European Union.

They are the beneficiaries of open borders. They come from the higher-middle strata. They are well educated. They have the kind of human and cultural capital, with which they can live in Berlin, Zurich, New York or Rome. Communitarians are mostly coming from the lower strata, they are less educated, their human capital is simply not very mobile. They depend on narrower, domestic contexts. They have to rely on communicative and supportive neighbourhoods. They and not the cosmopolitans from higher social classes have to carry large parts of the burden, if a country opens wide its borders for migrants.

This has been the case, to some extent, during 2015 and '16 in Germany. It was clear that the traditional working classes would not benefit from the uncontrolled influx of refugees and migrants. The lower classes compete at the lower end of the labour market, or the housing market, and in the educational “market” as well. They have reasons, they have rational economic reasons, for not opening the borders too wide.

On the other hand, there's also a tradition of internationalism within social democracy. This is an ideological heritage, which the social democratic parties cannot or should not give up so rapidly. However, the cosmopolitans are prone to vote for the Greens, and now, to some extent, for the Merkel CDU as well. It might be an illusion that social democratic parties will win over many cosmopolitan voters for their distributional cause. In cosmopolitan and environmental matters they only can be an incomplete copy of the green original.

Therefore, my advice to the SPD would be: be wary of opening the borders too much without thinking about the consequences. This is something where your traditional clientele has to carry the main burden upon the whole of society. That is what the cosmopolitan functionaries of the party's headquarters forget sometimes

It is, somehow, a simplified understanding of justice and humanity, if one believes the more we open the borders, the more humanitarian we are. The whole discussion brought forward by Paul Collier and others points in a different direction: progressive governments should go into those countries where refugees live in camps and should really work there to better the living conditions. They could do more for the well-being of millions of people than to pull the fittest of them by illusionary promises into European countries. This does not exclude accepting quotas of immigrants on clear criteria and the consent of the people and not the elites alone. Such discussions are utterly absent from the official social democratic discourse.

It is a shame that a rich country such as Germany only commits 'development aid' worth just 0.52% of GDP (2017). The Scandinavian countries invest 1% of their GDP into development aid. It's more in this direction social democrats should think of going than of opening the border only for a small portion of those who are living in miserable conditions.

What you describe is a very difficult balancing act for the SPD, as well as, presumably, for other social democratic parties across the world. Do you see any international role models, you know, parties that have managed this balancing act reasonably successfully, and that other parties could learn some lessons from?

I'm always cautious when I'm asked, "Is there a role model?" The contexts are different. Traditions are different. This is what we have to keep in mind. So, I would not recommend as some do, simply to look at the United States and the (partial) success of Bernie Sanders or to Jeremy Corbyn in UK. They have got an appeal to younger people which most European social democratic parties don't have.

That is true. Traditional social democracy can learn from their electoral campaigns. But campaigns are something different from governing complex and open societies. Some social democrats have welcomed the advent of Emmanuel Macron. However, I do not think that President Macron can be an example, or a role model, for the SPD as some pro-EU activists would have us believe. If one looks closer at his economic and social policies, then the SPD should be quite distant from this kind of (neo-)liberal policy tradition. One can cooperate with Macron's "*En Marche*" on matters of European integration, but certainly not follow his socio-economic model. The authoritarian way he leads his movement-party "*En Marche*" can be ruled out.

What social democracy can learn from Sanders and Corbyn is authenticity and credibility. To regain lost credibility is important for social democratic parties all over the continent, particularly among young citizens. Again, if I would ask, "Which party comes closest to a role model?" then I would answer we have to look to Scandinavia. If we look to Denmark then we find a social democratic party which campaigns very firmly against immigration, but develops social justice within Danish society. Sweden remains another point of reference for social democracy as well.

Therefore, it should be a mix between the Danish case, which is highly successful on the labour markets, and the traditional Swedish social democracy as well, where we certainly find a more balanced mix of cosmopolitan and social democratic- communitarian values. However, the balance has to be a very fine-tuned one, and each party and country has to find the right balance on its own. This is true for the SPD as well.

CONVERSATION PARTNERS

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