



# THE ROLE OF SOCIAL DEMOCRACY IN THE ERA OF DEMOCRATIC MALAISE:

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Dear friends,

It is a pleasure and honour to be with you today. The cooperation between FEPS and the Rafael Campalans foundation has reached a very important stage in the last years and we are more than happy that we organise together today a debate on the question of the role of Social Democracy in the era of democratic malaise.

When we discuss this crucial question of our movement we should first look at where Social Democracy comes from and how it has shaped politics, societies and economies in the past. We should then discuss why we speak today of an “era of democratic malaise” which is a very tough and also quite negative classification. And, most importantly, we should also enable ourselves to analyse what are the real challenges for the upcoming years and what are the possible solutions that would bring us out of this malaise.

### *1. Social Democracy legacy*

Let us start from the past so that we can better understand how progressives should place themselves in a Europe that currently fails to see a brighter future ahead. Social Democracy emerged as a movement against an economic and social system unable to accommodate hopes for a decent live and quality employment. The movement provided a motivation for workers across the globe to stand up, unite and strive for their rights and also for their dreams.

The record of the historical achievements is more than overwhelming and could be interpreted as the impossible made possible and that realities can be transformed.

The only reason why this statement might sound too pompous is because this proud legacy is nowadays often taken for granted. The deep respect and grateful memory of those, for whom core values have meant all, is often seen as too sentimental. The stories of struggles are summarised with complaints “those were the days” and then they sink in the emotional “before people believed in ideological principles”.





This is yet another sign of a general mistrust that every period of time has its own questions and hence requires its own answers. And even though now, as much as at the beginning, there are so many objections towards the current reality, giving in to resignation seems a frequently reoccurring feature. The neo-liberal attitude seems to have succeeded for this moment to convince the contemporaries that there may be some alterations, but there is no real alternative.

This certain confinement of politics, which has been reduced to a mere politicised management, is a discouraging feature. It makes values appear intangible. Hence also visions seem illusionary and long-term policies give an impression of being unreliable. On that wave, grand projects, such as European integration, are being seen with scepticism, cynicism and distrust. Social Democratic answers have been a passionate opposition to neo-liberalism, including calls to tame wild financial capitalism and to not permit further social deterioration. Unfortunately, the latter is a harsh reality resulting from the economic crisis and especially from post-crisis measures (such as austerity). Even though the Social Democratic reactions have been rhetorically strong, they still leave room for a certain doubt, if there is really an alternative progressive narrative that could be put in place instead.

The issue is a complex one and there are several dilemmas. Nevertheless, progressives have a chance to show how they can bring a brighter future for Europe.

In my view, the first quandary is on how to formulate a proposal, which would pave a different path and would defend itself in terms of economic feasibility. In the past, the post-war compromise in the shape of welfare state was seen as an agenda for the "times of plenty". It was subject to criticism in the peak of the economic crisis, as being unsustainable and leading to overspending. This topped the assessment that it would anyhow need to be profoundly reformed in order to respond to the needs and ambitions of the contemporary societies. Nowadays, the difficulty lies in the fact, that any sort of reform or any new political priorities being set in Europe's current circumstances are frequently perceived as "austerity in disguise".

Second, another thorny issue is that the movement itself seems to be experiencing a momentum of hesitation. Social Democracy, as a traditional established political force, has become a part of bi-polarised world of politics that is being rejected by people. It has become part of the set up that is being accused of having become detached from society it was supposed to represent, while at the same time incapable to exercise any power over the economy or to bring change. This makes Social Democracy and hence any other political offer it would wish to bring on board to be received with suspicion.



In such difficult conditions, it would be strange for Social Democracy not to become even more insecure and unsure of its own chances. Hence the crisis it diagnosed before has developed into a new stadium in which its own inferiority has become the first largest obstacle. Social Democracy of today starts experiencing new cracks on its portrait, tarnished among different currents and losing self-assurance that it can and should profoundly reform itself.

## *2. Era of democratic malaise*

The next issue for us to discuss is why are we currently speaking of an era of democratic malaise?

The crisis, which is clearly not only an economic crisis but also a crisis affecting politics, institutional and democratic set-ups as well as our social daily lives and the environment, has not yet been solved. Words such as “responsibility”, “solidarity” and “coordination” have deeply inputted the European debate and its member-states. Since the beginning of the crisis, it has often been argued by Social Democratic politicians and leaders that the only way out could be a combination of solid and robust budget consolidation and debt control with stronger growth, employment and social cohesion. In other words, fiscal responsibility should be combined with economic effectiveness and social fairness. But is this really a shift away from the neo-liberal approach or should the movement in this respect link its historic roots with a real and concrete economic alternative? It seems to me that we are still in a situation of “acting and reacting” instead of “changing for alternatives”.

The policies essential for building the institutional and economic foundations that would put Europe and its member-states onto a different and more equitable development trajectory are not yet at the centre in the debate within the Social democratic movement. This we have seen last year during the European election campaign and we see it nowadays in different countries like in Germany, in Italy or here in Spain.

Let us be clear: the roots of the current situation steams from the neo-liberal shift in the 1970s-1980s and should be seen as the culmination of a pattern of crises that has become frequent and deeper over the past 30 years. It is not by accident that we had last year the publication of the international bestseller of Thomas Pikett on Capitalism in the 21<sup>st</sup> century, it is not by accident that most of the progressive economists like Joseph Stiglitz or Paul Krugman and others argue since long that the policy priorities shifted away from the commitment to full employment and that is wrong and the cause of the problems we face.





This goes along side with rising public discontent how traditional parties and especially the Social-Democratic parties are behaving. The centre-left has unfortunately not come to a convincing explanation of a strong message of change able to convince people and especially the younger generations to lend again their trust and invest their hopes for a better future in the Social Democrats again. Very often the message discredits the conservatives but on the other hand does not come forward with other clear alternatives.

The message being delivered today is: "No visionary promises, we will stay realistic and pragmatic and tell you how we are planning to govern".

Is this enough or is it only a message of a spring in autumn? We are on the edge of a point of no return in Europe and at a point that is not only more and more dangerous in the short term, but puts us right in the path of a deeper crisis in the long term.

This also has a great deal to do with the fact that we are increasingly facing Eurosceptic, nationalist and neo-populist movements. These movements are primarily an expression of the crisis that has now been continuing for 7 years and the dissatisfaction with European policy. Not only in Greece with Syriza, in Spain with Podemos or in the UK with UKIP and in France with Le Pen is this becoming increasingly clear. Germany is also affected. AfD, Pegida, neo-nationalist riots as this week in Saxony are all expressions of it.

What does this neo-populism mean? What they want is a step backwards, a dissolution of the European Union and its structures, they want to return to national currencies and seek answers to the challenges of the crisis in nationalist and nation-state solutions. They do not see the need, in the face of globalisation and digital progress, to bring Europe closer together in order to create better opportunities and common conditions for work and employment.

Such groupings are clearly the visible and more than alarming symptoms of a sick Europe, which can only be solved by more democracy, more transparency and more accountability of the EU itself.

Yes, it is Brussels that even today takes the most important decisions for the EU Member States. But it is also Brussels that is too technical, too bureaucratic and too remote from the needs of the citizens.

Neither the 2000 Lisbon Strategy nor the 2020 Strategy could deliver, for which Brussels should be held primarily responsible: Europe needs to find a viable and feasible answer to the globalised economy.



Here lies the challenge of Social Democracy.

It does not have to be the case any more that the poorer and more vulnerable layers of society pay the highest price in the form of long-term unemployment, lack of future opportunities and social impoverishment in old age.

Economic inequality has increased immensely. Unacceptably high unemployment, particularly among young people, is criminal neglect of the essential principle of the European Union – **Solidarity**! Here we are again back at the roots of Social Democracy that I spoke about in the beginning of my speech. There is no need for "more Europe", what we need is a "democratic Europe and one closer to the citizens".

Citizens should no longer identify Europe with bureaucracy and imposed controls, but with their future and that of their children.

The Social Democracy transformation should be based on critical learning from the past, while at the same time asking a question: what is the new compromise between the labour and capital that would need to be framed in order to bring the world into equilibrium?

I'm sure that Social Democracy can re-emerge anew amidst such a difficult environment in Europe. Before Social Democracy showed that it is a force that can deliver on empowerment, prosperity and progress for all. It is time for the progressives to come up with a refreshed narrative on ways to ensure a fairer distribution of wealth, income, knowledge and power in the world of today.

If we work on this basis I am convinced that the political discontent against traditional parties will decline and a new consensus among citizens will arise.

Thank you very much for your attention.