



## FEPS Secretary General László Andor's address to the Fabian Society

London, 18th January 2020

Dear Andrew,

Dear Friends,

The Foundation for European Progressive Studies (FEPS) is very proud of the cooperation with the Fabian Society, and I am glad to be here with a group of former and current members of the European Parliament, who will contribute to the discussions. This annual conference is an emblematic part of our joint work, and today it provides an opportunity for reflection and analysis about the causes of decline, and the potential sources of a future progressive recovery.

### Post-election landscape of social democracy

In an all-European social democratic perspective, decline is indeed the word we have to use to describe the trends of recent decades. There have been specific periods when voters shifted back to the centre left, but there have been more examples of voters shifting away, especially in the recent years of increased electoral volatility.

The 2019 European Parliament (EP) elections saw social democracy falling to a historic low. In the new EP, the share of seats held by socialist, social democratic and related progressive parties is the lowest ever. Overall electoral support for progressives continues to show a downward trend in Europe, due to a combination of strategic mistakes but, more importantly, longer-term economic and societal trends, such as globalization, falling trade union membership and, perhaps ironically, a more highly educated electorate (resulting in the weakening of party loyalty).

Despite a most dynamic EP election campaign in Spring 2019, in some EU countries social democrats appear not only weakened but disorganized and dispirited. It is a landscape for Leo Tolstoy, who could spot a few happy families that are similar to each other, and many unhappy ones, who are unhappy on their own ways, for very different reasons.

The collapse of the Socialist Party in France leaves a large hole in the map, and the disarray into which the German SPD has fallen since the EP elections has become a comparable drama.

Among the 'new EU Member States' in the east, social democrats are in power in some countries—but not without controversy—and modest improvements in others have not been robust enough to produce an overall winning formula.



On the positive side is the improved performance of the left in the Iberian Peninsula and a few other parts of the European south, together with the Dutch surge and the return of the centre-left to government in the north.

It is a very important part of this assessment that, while showing some strength in the north and the south, the situation of the social democrats is nothing less than critical in the two major countries which have been the driving force of European integration for seven decades: France and Germany.

This probably makes a deep analysis necessary, on the role which the overlapping EU crises have played in the decline of social democracy and the importance of European policy as part of the progressive reconstruction strategy that has to be built now. Not least because the specific concerns regarding the EU have also been tormenting the left in Italy as well as the UK. In case of Italy it is primarily about the monetary union, and in the case of the UK the single market: the system built on four freedoms, including the free movement of people.

#### Brexit and our future cooperation

While the Maastricht Treaty (1992) produced a decade long crisis in the Conservative Party, Brexit has become a major problem for Labour. A deep reflection about UK-EU relations is justified, but sitting on the fence for too long is not tolerated by the electorate.

However, Brexit does not simply mean leaving the European Union. A deeper meaning of Brexit is blaming the EU for the failure of British capitalism. And we have to be clear: British capitalism is not a system that delivers decent working and living conditions for many millions of working people.

The UK figures for income inequality are among the highest in Europe. Taking into account the system of Inherited privileges, severe territorial imbalances, the weaknesses of industrial relations and the recent attacks on the welfare state by the governments of Conservatives and Liberal Democrats, a progressive agenda that wants to achieve social justice needs to put forward much more elements in the UK than in other European countries.

However, the crux of the matter is that the European Union was not seen here as helping to deal with the pressing social problems, which would have been a legitimate demand even if most of these problems are home grown. On the other hand, various tools the EU offered were simply not used here. The UK has never used the EU Globalisation Adjustment Fund, and the UK government also refrained from the 7 year transition period that was offered regarding workers coming from new member states that joined the EU in 2004.

The fact that benefits of the single market do not automatically trickle down to disadvantaged regions and social groups played a major role in the 2016 referendum result. English people outside metropolitan areas felt disenfranchised politically and economically, while UKIP, reinforced by egocentric Tory politicians, ensured that their frustration is directed to Brussels instead of London, or more precisely Whitehall and Westminster.



However, for some political operators, Brexit is not simply about the UK, and it is not simply a blame game. By pulling out the UK from the European architecture, it is also project to undermine and if possible destroy the European Union, which some in the US consider to be an economic rival, and many in Russia consider to be a political threat.

For the British people, which is the most important, Brexit has been a drift towards a future the majority of the British society clearly does not want, but the democratic processes of the United Kingdom have been too weak to block.

It remains a task for progressives to jointly design a progressive strategy for EU—UK relations, in order to

- 1/ take care of the rights of each other's citizens and ensuring that they do not suffer abuse and discrimination, and in this context to tackle rising xenophobia and racism;
- 2/ continue close cooperation, especially in areas where the UK has been playing an outstanding role historically, which means in particular finance, defence and science;
- 3/ protect, and if possible improve our democratic standards, including the political neutrality, integrity and objectivity of public media and the judiciary.

#### Progressive European agenda

Any progressive program today at the EU level needs also to deal with the EU-UK relations, but in a way that is embedded in a broader agenda to reform the EU. Compared to five years ago, the social democratic program seems better prepared for this and it is more cohesive. There are three key areas where we are focusing today in the EU institutions:

- 1./ reshaping the global order in the interest of sustainability;
- 2./ revamping the Economic and Monetary Union to facilitate convergence, and
- 3./ reinventing Social Europe to tackle inequality.

For social democrats, the constant development of a Social Europe is a core task. The availability of jobs and the quality of our workplaces today largely depend on EU regulation, and this has to be updated to ensure that new trends such as digitalisation and robotisation do not undermine the high standards we have achieved. The success of several legislative cycles at EU level that produced the 2014 Enforcement Directive on Posted Workers and in 2018 a revised Posted Workers Directive has ended the period when workers coming from other EU countries were presented as the main threat to welfare in our Member States. Further efforts to stamp out 'social dumping' have to concentrate on such proposals as the co-ordination of minimum wages across countries. Although the EU itself is not and will not be a welfare state, it has to develop a safety net for the national welfare systems, for



example through a reinsurance of national unemployment benefit schemes. Participants of a recent debate in this field have promoted the concept of a 'Social Union'.

Missing the opportunity of earlier social democratic electoral success (in the 2013-4 period) to reform the EU financial and economic model leaves a crucial and comprehensive task which no other force is ready or capable to tackle yet. One can, as Professor Joseph Stiglitz does, argue for a general rewriting of the rules of the European economy, but there should be no doubt that the reform of the single currency must be at the centre of this effort. If and when the Economic and Monetary Union (EMU) can be relaunched, the most urgent tasks will be the completion of the Banking Union by adding deposit insurance to the existing pillars and the introduction of a genuine fiscal capacity in support of risk-sharing and convergence. Such measures do not require a federal leap or treaty change. Besides the questions of the EMU, the time has probably come for an effective industrial policy, with new potential for innovation as well as regional development.

Finally, the future of EU integration and, within that, the perspective of a Social Europe also depend on a global progressive agenda. Europeans, more than anybody else, can and must strive to rescue collective action in the world. The main threat to multilateralism comes from the country which invented the system—the United States of America. It threatens the achievements of the recent past, including in climate policy, nuclear disarmament and economic development. The current juncture calls for a rediscovery of the social democratic tradition of global solidarity and the construction of a progressive international agenda. However, saving EU integration and multilateralism from the new authoritarians and nationalists is not about defending the *status quo ante*, since the *laissez faire* of transnational finance and the 'race to the bottom' generated by unregulated trade in the past thirty years have contributed to some of the alarming political developments of our time, as they have also contributed to Brexit.

### Closing remarks

A critical assessment of the neoliberal period is a crucial part of progressive reconstruction in economic and social policies, but also regarding the global agenda. There are large constituencies in Europe looking for the political force that insists on the simultaneous pursuit of sustainability and equality. Wherever Brexit takes you in the coming years, we will have to work on this together.

Thank you!