

# OUT OF THE DOLDRUMS

by László Andor



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, calling for a serious reflection, but without falling into despondency. Keynesian macroeconomic strategy as well as a bolder social policy for the EU is vital - and so is a global progressive agenda.

**D**espite a most dynamic EP election campaign in Spring 2019, in some EU countries Social Democrats appear dispirited, and give the impression of sailing on a stagnant, if not a slowly sinking ship. 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.

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 offer solace.

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. This very mixed overall picture makes a deep reflection necessary, on the role 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.

Defining a progressive programme at the EU level appears a key task in itself, but also because it frames Member States' policies. Compared to five years ago, that current Social Democrat programme seems better prepared and more cohesive. The endeavour is to make progress in three key areas: reshaping the global order in the interest of sustainability, revamping the Monetary Union to facilitate convergence,

and reinventing a Social Europe to tackle inequality.

For Social Democrats, the constant development of a Social Europe is a core goal—even if some believe the point is to be more liberal than the Liberals or greener than the Greens. It should be clear that absorbing policies championed by Liberals or Greens cannot be a substitute for delivering on key issues, including Keynesian macroeconomic policy. The availability of jobs and the quality of our workplaces today 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 successes of several legislative cycles at EU level like the 2014 Enforcement Directive on Posted Workers and 2018 revision of the Posted Workers Directive have ended the period when workers coming from other EU Member



States were presented as the main threat to national welfare of other 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 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'.

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Missing the opportunity of earlier Social-Democratic electoral success 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 Joseph Stiglitz does in this number of the Progressive Post, 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. Because of the risk of disintegration in case of another economic downturn, EMU reform is vital - but further building-blocks of a new business model should not be forgotten either. In particular, 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. The US has been looking for ways to manage its own relative decline and today this has become more disruptive than constructive. 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. 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.

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. Demonstrating this capacity will bring the wind back into the sails of social democracy.



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