What's Left of the Left

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What's Left of the Left: Democrats and Social Democrats in Challenging Times.
Conclusion

Progressive Politics in Tough Times

James Cronin, George Ross, and James Shoch

The stories told here are all about the fate of the center-left in tough times. What made the times so tough for social democrats and liberals were the three critical events noted at the beginning of this volume: the end of capitalism’s “golden age” and the loss of faith in the Keynesian policies that guided it; the end of communism and its disenchanting effects; and the globalization of the economy. All this made for a much less hospitable environment for the center-left. So too did the acceleration of the trend toward postindustrial employment and the shifts in social structure and demography that accompanied the transition. These forces were of course compounded by the legacies that liberal and social democratic parties brought into the new era. In some cases the center-left was clearly uncomfortable with the managed capitalism of the postwar period and had trouble reconciling its transformative goals with a more prosaic, if also more prosperous and democratic and equitable, reality. In other cases parties of the moderate left had become rather too comfortable in the mixed economy, too thoroughly enmeshed in its corporatist institutions and in the compromises they represented, and so unable to think beyond the time when those arrangements would cease to work. In all cases adapting to an era of slower growth and tighter budgets, greater technological change, and a more demanding and competitive world economy in which markets were seen as more useful than the state was a serious challenge. The main work of this book has been to chart and assess this adaptation. Here, roughly, is what we have found.

Center-Lefts Have Been Successful

Center-lefts were historically central in building, explaining, consolidating, and lately defending the modern welfare states and employment rela-
tions systems which have protected workers and citizens in Europe, North America, and elsewhere from the risks and uncertainties of capitalism. These innovations have taught us that peoples' lives need not be completely subject to the cycles of markets, the inequalities that markets produce, or the capriciousness that owners of capital might otherwise demonstrate. They have thus smoothed and humanized what would have been much rougher lives for hundreds of millions of people. Our first conclusion, therefore, is that these innovations are still solidly in place notwithstanding the tough times and substantial challenges, social changes, and outright attacks. To be sure, other actors have contributed to this result, and different center-lefts have played their roles in different ways to make this happen. But absent these historic victories and the efforts of center-lefts to maintain them, which during the tough times beginning in the late 1970s have often required difficult reforms, today's globalizing world would not have models to emulate for those who would democratize capitalism. This achievement has meant that neoliberalism has not won the decisive victory that three decades of political dominance might have led one to expect.

Center Lefts Vary Greatly

The second major conclusion to emerge from this book is that there is no single, universally agreed model either for democratized capitalism or for the center-left itself. Some center-lefts have obviously been more successful than others. Moreover, the special nature of each center-left has created a wide range of organizations, policy practices, and goals. Untangling these variants and the political economies within which they have arisen and worked has been one of our most important tasks.

The greatest center-left successes, which provide the most widely admired models for many center-lefts, are found in Scandinavia, and the reasons for this are elaborated in the chapter by Jonas Pontusson. In this region are several small, very well-organized societies where organizations, social groups, citizens, and politicians cooperate at a high level to maintain international competitiveness and domestic welfare. Here are highly coordinated market economies with unusual adaptive capacities and policy creativity which do very well on most performance criteria: growth, employment, innovation, per capita income, productivity, education, social security, gender equality, and reconciling work and family. The Swedish system, promoted as a viable “third way” before anyone had ever heard of Tony Blair, is the envy of center-leftists everywhere. What the Danes call “flexicurity” has recently been held up as a workable and humane policy response to a globalized and highly com-
petitive economy. Norway continues to impress, albeit while benefiting from oil resources, and Finland’s ability to shift gears after the cold war toward a growth model led by high technology has been truly extraordinary. Successful labor market reforms in the Netherlands may also have made the Dutch into honorary Scandinavians.

Scandinavian center-lefts are unique. They all emerged from very small economies and largely homogeneous societies which could only grow in conditions of trade openness to which they had to learn to adapt. To avoid the social disruptions and inequalities that could have followed their adaptation, they also had to find ways to help their citizens manage life transitions. Often they did so through institutions that simultaneously obliged employers to innovate and helped employees to move from declining to growing sectors. Many social democratic formations drew strong distinctions between industrial workers and other citizens. Most Scandinavian parties, by contrast, sought to promote equality among citizens, as Sheri Berman underlines, through policies of wage compression, redistribution through taxation, and universal access to a wide range of social programs and services, including retraining to facilitate job transitions. This has turned out to be a fundamental distinction.

Scandinavian center-left approaches have had one additional consequence. Their combination of well-coordinated, competitive market economies able to make supply-side adaptations in the face of industrial change with commitments to equal socioeconomic citizenship have been difficult for opponents to dislodge, because practically everyone has become a stakeholder. This helps to explain a recent paradox: the systems have held on despite the electoral and organizational weakening of center-left political parties. In Sweden social democrats can still effectively dominate policymaking, even if they are in opposition. Norwegian social democrats remain—barely—in control of broad coalitions, but the model persists. Elsewhere Scandinavian center-lefts today are part of broad coalitions whose precise directions they often cannot control, or in some places, like Denmark, have been in opposition for some time, but again the framework remains intact. Scandinavian political economies thus seem durable, even if center-left political hegemony is not.¹

Center-lefts on the European continent, particularly in France and Germany, the most important members of the European Union, have evolved in a different fashion. In the postwar period both France and Germany chose export-led development models, but in very different ways. In both countries social democracy came with a focus on industrial workers rather than on equal citizenship for all. This focus fed strong concerns about redressing workers’ conditions (which in Germany meant primarily male workers), lead-
ing to compromise with Bismarckian and Christian-Democratic social insurance approaches, in which benefits reflected wage inequalities, and strong measures to protect industrial workers in the labor market. In the reconstruction years of high postwar growth and full employment, virtually everyone was a “worker,” however, which obscured potential problems.

Germany chose corporatist approaches according to which welfare state programs and labor market protection were built mainly on private deals between employers and unions. One result was that Germany’s perennially successful export firms built job security, retraining, in-house flexibility, and a degree of redistribution into their company practices, often accompanied by Mitbestimmung, which gave workers a say in corporate choices. The French model had similar aims but used different techniques. Starting from behind, France under de Gaulle chose statist techniques to build national champion exporters alongside its Bismarckian, corporatist welfare state programs and legislated labor market protection (both strategies were informed by the goals of a broad Resistance coalition that included Christian Democrats but was premised upon an ideology of Republicanism). Neither the German nor the French model has weathered recent tough times well, though for different reasons.

Large problems appeared first in France. As Goldhammer and Ross show, French statist strategies were stymied by the international changes that began in the 1970s. Mass unemployment followed, uncovering large categories of citizens who were not “workers” in the traditional sense and so suffered from a range of exclusions. The center-left, in power during much of this period, devised innovative reforms to combat surging poverty while also deliberately removing large numbers from the workforce and promoting work sharing among those who remained in it. This policy contravened the conventional wisdom of the moment, which instead advocated new supply-side activation and more flexible labor markets; it also contributed to growing divisions between outsiders and insiders, often the remnants of weak French unionism, who used their influence to protect their advantages. The French center-left suffered greatly as a result. The French political system, in which the presidency is the key to governance, places a premium on forming and managing multiparty coalitions. The Socialist Party—which has not won an important national election since 1997—has had great difficulty doing so, in large part because of widening diversity in the left’s electorate, which has aggravated intractable internal problems.

The German story is different. Germany withstood new challenges after the 1970s because of its successful pursuit of monetary stability and its continuing adeptness at competing in export markets. But unification of West
and East Germany proved costly and contributed to a slow unraveling of collective bargaining, greater unemployment, and rising social policy expenditures. If Germany’s export sector was to continue to conquer international markets as long as they remained buoyant, to do so it needed strong productivity gains, leading it to shed more and more labor. One result has been that Germany’s once-powerful union movement has fallen into serious if largely unacknowledged decline, as unemployment and the growing costs of pensions, healthcare, and unemployment compensation have posed new problems for German governments. The Red-Green coalition (1998–2005) led by Gerhard Schröder finally confronted some of these problems in ways that have since proven costly among social democratic voters, while at the same time Germany has created its own growing insider-outsider labor market problem. The SPD now finds itself in a situation where sustaining its traditional working-class base, and by implication the German export sector, runs counter to reforms that might attenuate the problems of outsiders. The consequence has been a steep decline in SPD electoral performance—to 23% in the parliamentary elections of 2009, its lowest score since 1945. It now has severe problems in claiming political leadership and preventing the rise of electoral competitors, and faces new and difficult coalition-building tasks.

“Southern” European center-lefts, whose electoral fortunes are discussed by Gerassimos Moschonas, have had different histories from both the Scandinavians and the continentals. Portugal, Spain, and Greece, less developed than northern European countries, all suffered under unpleasant and protectionist dictatorships during the postwar period. When the dictators all fell in the 1970s, the long complicity of right-wing parties with them gave center-lefts significant political advantages. The center-lefts then chose strategies of catch-up modernization and Europeanization, and when in power, which they have very often been, they opened and remodeled their economies, joined the EU and received helpful development aid from it, improved national institutions, and revamped social and labor market regimes. What is most significant in these stories is the difference in political timing from the European North. From the 1980s northerners struggled to adapt over-rigid and costly postwar structures, while southern center-lefts embarked on a modernizing trajectory that presented opportunities to build electoral strength, win elections, and govern. Yet there are signs that this southern trajectory may be running down, mainly because the benefits accruing from being on the right side of history are dissipating, while economic growth has become harder to engineer and financial stability increasingly difficult to maintain.

A particular goal of this book has been to give appropriate attention to center-lefts in the “liberal market economies” in the United Kingdom and the
United States. The two cases are historically rather different. In the United Kingdom postwar development toward what might have resembled a continental model was quite advanced by the 1970s, but it abruptly stopped in 1979 after the electoral victory of a Conservative Party that under Margaret Thatcher had rediscovered the virtues of markets. The consequences for Labour, as elaborated by James Cronin, have been dramatic. Thatcherism worked such fundamental economic and social changes that Labour was forced to adapt, since it could persist in or return to pre-1979 politics only at the risk of electoral irrelevancy. The Labour Party eventually made basic changes in outlook and strategy. These were embodied in Blairite “third way” politics whose starting point was a broad acceptance of the more market-oriented policy frameworks that Thatcher had left behind. The thrust of Labour’s new strategy was thus to promote economic management for balanced growth within these frameworks and then, once economic success was obtained, to use the fruits of growth to initiate reforms that would reinforce safety nets, attenuate the extreme inequalities left by the Thatcher era, and rebuild public services on new grounds. New Labour’s record of success at most of these endeavors was considerable. One important index was a substantial reduction after 1997 in the dramatic income inequality that Thatcherism had wrought. But after Labour had been in office for more than a decade, support began to ebb. Labour began to look tired and exhausted, it was stuck with an uncharismatic leader in Gordon Brown whose grip on the highest office was nevertheless tenacious, and its record looked decidedly less impressive as the economy was hit by the financial crisis of 2008. As the nation and Conservatives looked forward to a Tory victory in 2010—and got something different but close enough—the key question became how much a new government would move away from the policies of New Labour. Labour had effectively re-centered the political settlement left in place by Thatcher, moving it toward the left by making it more humane and restoring public services and according to government a greater role in society. Would the Tories under David Cameron move back to the right, hewing to their Thatcherite heritage, or would they obey the logic of electoral competition and fight on the more centrist ground occupied by Labour (Cronin 2009; McKibbin 2009)? The unusual outcome of the election of May 2010 seemed to give at least an indirect answer: the Tories, in coalition with the Liberal Democrats, would be required to adopt a rhetoric and style of politics that would distinguish their policies from the still toxic past evoked by the name of Margaret Thatcher. To this extent the settlement brokered by New Labour would not be quickly or easily undone while Labour’s fortunes, ironically, might not easily be revived against rivals with which it did not seem to differ greatly. The issue remains
very much in doubt, however, for the austerity policies proposed by the coalition are harsh and contain more than a whiff of Thatcherism.

The American case, discussed from different angles by Ruy Teixeira, Christopher Howard, and James Shoch, also begins with a “liberal” market context that is quite different from that of Europe and a history different from that of Britain. The United States, which during the New Deal in the 1930s made a strong start toward what might have been a welfare state and an industrial relations system along European lines, stalled far short of completion in the immediate postwar period. Among other New Deal beginnings were a Bismarckian pension system, the groundwork for strong labor market regulation in the Wagner Act, and initiation of a discussion of national health insurance. But despite active Keynesian economic management and the perpetuation of the New Deal political coalition, reformist momentum slowed, sometimes in historically ironic ways. The development of trade unions led to collective bargaining for privately provided health insurance and supplementary pensions in ways that benefited insiders at the expense of outsiders, and blunted the political thrust behind campaigns for more universal programs. The successful civil rights movement and disastrous Vietnam War of the 1960s and economic problems in the 1970s tore apart the New Deal coalition and opened the door to a powerful neoliberal offensive marked by a strident anti-statism, a strong reassertion of individualism, and a determination to weaken the social programs and labor protections created by the New Deal and Great Society programs of the 1960s. In critical respects this thrust lasted longer than Thatcherism, encompassing twelve years after 1980, interrupted by the two-term presidency of Bill Clinton, during much of which Republicans controlled both houses of Congress, and then, until 2009, the two-term presidency of George W. Bush. During that extended period the entire American political spectrum was moved dramatically to the right, bringing with it a large increase in inequality and an exaggerated insider-outsider society in which the lowest-paid and least secure were kept going, more or less, by harsh workfare policies (Wilentz 2008). The victory of Barack Obama in 2008 appeared to have revived center-left reformism, but Obama was compelled to start from a very low baseline. The economic stimulus bill, healthcare reform, and new financial regulations were all important achievements. But in the face of intransigent Republican opposition, an ambivalent public, and significant institutional obstacles, progress has been difficult and, after the Republicans’ big gains in the 2010 congressional midterm elections, will become even harder. Further advance, if it occurs, will demand extraordinary strategic skills on the part of the center-left, and the results are likely to be different from those in Europe.
The post–cold war center-lefts in Central and Eastern Europe, discussed by De Waele and Soare, provide yet another trajectory. After 1989 there was no possibility of reforming the socioeconomic order established by Soviet domination, and strong incentives existed instead for moving decisively toward market-based democracies. In the years immediately following the end of communism, this was the path taken throughout the region. Initially the lead was taken by anticommunist reformers, but in many places they were quickly supplanted by parties that were technically “center-left” but had been hastily built around the vertebrae of older communist parties whose leaders had converted to markets and democratic institutions. The secret of this odd success story was the ability of ex-communist leaders and parties to shift political and organizational resources from the old regime to new purposes, while competitors had no comparable resources at hand. These “successor party” center-lefts faced contradictions. Once in power they had to pursue liberalizing reforms that displeased their supporters and undercut their prospects. Predictions about the future in this region are hazardous, of course, because the period since the early 1990s is so brief and the outcomes of transition remain uncertain.

Center-Lefts Are a Family That Often Disagrees, Even about Its Models for Society

The record surveyed here leads to several further conclusions. One is that even if center-lefts may have had broadly similar outlooks and have faced similar challenges in the tough times we examine, their responses have been divergent, and they have often disagreed profoundly on day-to-day matters. In brief, center-lefts, given the variety of their situations, have had different strategies and goals. This is mainly because their actions have been constrained by different political economies which have opened quite different “paths” upon which they became “dependent.” These paths, together with significant institutional variations, have also created widely varying electoral equations. To illustrate, let us take the issue that has perhaps loomed largest for center-lefts in recent years: the need to introduce supply-side flexibility into postwar social and employment policy systems.

The Scandinavians have been able to “flexibilize” with relative ease, even though they have had to make serious changes, because of their long experience with international openness and existing practices of supply-side flexibility. The “continentals,” in contrast, have had a rockier time because changing activation and flexibility policies has meant changing benefit systems and protective regulations, eliciting strong resistance from entrenched
interests. The result has been reluctant, spasmodic, and weak supply-side reforms whose economic effects have been modest but which have nevertheless contributed to a loss of political support. “Southerners” have faced similarly entrenched corporatist interests, but they have often been able to limit the damages through their broader modernizing strategies. Center-lefts in “liberal” environments—the United Kingdom and the United States in our volume—had to work with the consequences of conservative policies to open markets, make labor markets more flexible, and weaken unions, regulation, and social protection. These changes left a legacy of flexibility with a harsh, almost Darwinian edge. Center-lefts could then propose new policies to limit the harshness. In the new market democracies of Central and Eastern Europe, center-lefts faced yet again different choices. With little choice but to slash and burn earlier protective arrangements which had guaranteed social services and jobs (not always good ones) for practically everyone, center-lefts created “activated” and often much harsher labor markets and social policies. Economic growth cushioned these processes somewhat, although better-skilled and better-organized center-rights have already emerged to challenge these center-lefts.

There are many more examples of the differences between center-lefts. Despite a general commitment to greater social security and justice, center-lefts have had widely varying approaches to the new social policy challenges surrounding what Jane Jenson labels “new social investment,” particularly in the areas of “care” and poverty policy. And while most center-lefts have become vulnerable to rightist anti-immigrant populism, they have responded in very different ways—often successfully—as Pérez shows. In the light of such persistent differences in approach, there is little mystery in the difficulty that European center-lefts have had in finding common ground on EU-level policies, as George Ross suggests.

**Center-Lefts Face Common Challenges**

Despite these differences, a common set of problems confronts center-lefts almost everywhere. The most important is electoral erosion, which is happening in different places at different rates, with the one significant but only partial and not necessarily lasting exception of the United States. In his wide-ranging essay Gerassimos Moschonas notes that this erosion has been slow and that it affects major center-right parties as well, although to a lesser degree. Deep sociological causes undoubtedly explain a great deal. Traditional lefts were usually built on a projection that industrial workers—with common situations, identities, needs, interests, and goals—would come to
dominate politically. But service-sector work and salaried “new middle class” work has grown much more rapidly than traditional working-class occupations. In addition, those who do these “new middle class” jobs have often developed outlooks quite different from those of workers, sometimes joining single-issue parties, social movements, and lobbies which disagree with parts of what center-lefts advocate.

Another reason for the slow electoral erosion is that the basic programmatic and utopian projects that lefts developed over more than a century are now largely exhausted. The goal of “democratizing capitalism” has largely been achieved. Programs to take democratization further or in new directions do not mobilize in the ways they once did. Today’s center-lefts are often confronted with the apparent need to “modernize” and reform what they have largely put in place, a much less glamorous, less inspiring, and also more divisive project than before. “Transcending capitalism,” the early left’s utopian goal, could in the past connect day-to-day reformism to a grander vision for a new and dramatically different society. This utopia is no longer politically plausible. Markets are here for the duration, and everyone knows it.

In the earlier “imaginary,” the goal of transcending capitalism and the reformism that came with it promised successive redistributions that would reach an end state in which privileged capitalists would no longer exist. Center-left reformism, no longer backed by the socialist dream, today lives in a reality which seems to demand policies that would reconfigure and fine-tune social protections and supports, and redistribute income and opportunity from some parts of “the people” to others. The goal could be restated in terms of “equality.” Older lefts could at least pretend to be engaged in a quest to create nearly absolute equality among citizens by positing and proposing to fight a zero-sum redistributive game with capitalists. Today’s center-lefts, while they may still focus on reducing excessive wealth, in particular because of the substantial recent increase in high-end incomes, are aware that the concentration of wealth is only a small part of the “equality puzzle” they face. In many places large insider-outsider gaps have opened in which relatively secure salaried employees and unionized workers coexist with badly paid, insecure workers who face much harsher labor market and living conditions. The need to respond to these gaps is now a central issue, and since doing so often requires shifting resources from one part of the center-left’s potential base toward another, solutions are not easy. Still, the alternative is to allow a caste-like, dualistic social order to emerge. Pledging to increase “equality of opportunity,” as practically everyone has been doing for some time, may be electorally successful on occasion, but center-lefts stand to lose if the pledges turn out to be hollow, as they very often have been in the past.
Center-Lefts Have Had Trouble Combining Management and Reform

It is also clear from our analysis that center-lefts with serious claims on governmental power have long had to strike delicate balances between managing markets and reforming them. Finding the right combination has been difficult, as was amply demonstrated throughout the Keynesian postwar era. It may be that in some places electoral decline has been tied to an overemphasis on the part of center-lefts on management and a move away from serious reformism, a reflex that would be understandable in response to brutal neoliberal offensives and the inroads of globalization. Given new social patterns and coalitional difficulties, the challenges of creative reformism have undoubtedly got much larger, while the tasks of management and governing have not become any easier. It may also be that the temptation to run by proving superior management skills alone has grown among center-left parties. Have at least some center-lefts shifted their visions too much from creative reforming to managing the complexities of ever more powerful markets? This is at least what the former French foreign minister and socialist elder statesman Hubert Védrine thinks. He found “incomprehensible” the miserable results of center-lefts in elections to the European parliament in 2009: “Perhaps it is because so much of social democracy over the last thirty years wanted so much to free itself of the absurdities of communism and hard left ideas that they have shifted too far in the other direction. As a result ideologically they’ve wrong-footed themselves. They bought into the market economy, which they believed to be well-regulated along the lines of ‘the Rhine capitalist model’ and instead they woke up in some kind of jungle” (Védrine 2009).

The more “managerial” that center-lefts become at the expense of proposing distinctive reformist programs, the more likely it is that center-left and center-right appeals will become difficult for citizens to distinguish. Historically lefts led reformist crusades, but as reform has succeeded, the crusading spirit has ebbed. Though differences of emphasis remain, in recent times the center-lefts in many countries appear to stand for programs and policies quite similar to those of their rivals on the center-right. In this new context at least some voters will look for parties that do have real crusades on offer, while others will try to judge dispassionately between the comparable platforms of the major contenders on the basis of which is more likely to be a better manager. Still others will vote to throw out incumbents because of perceived performance failures or simple boredom.

The narrowing of programs and identities between center-lefts and center-rights has occurred not only because of growing managerialism on the left.
Social changes toward what many call post-industrialism have transformed center-left parties into broad cross-class or “catch-all” parties oriented toward the much-discussed median (or swing) voter. Together with the advent of modern polling and other campaign techniques, this transformation has helped to erode or blur left-right partisan distinctions and reduce the importance of issues altogether, in favor of an emphasis on candidates’ personal characteristics and other non-policy factors. This point should not be overstated, since incentives remain for parties to remain attentive to their informed and engaged core constituencies, even in majoritarian electoral systems like those of the United States and the United Kingdom where the pursuit of the median voter is more likely than in systems based on proportional representation (PR). In PR systems the formation of center-left electoral strategy is more complex. To win and govern effectively, successful parties must appeal to the political center, but they must also build strong and stable coalitions with other parties—usually Greens, liberals, or groups further to the left. This task, easier when the key center-left party is dominant on the left side of the political spectrum, becomes more complicated when the center-left is less dominant and smaller parties see it as a promising source of more support for themselves. In such situations, which appear to be becoming more typical, the bidding process for votes on the left may make it much more difficult for center-lefts to appeal to critical median voters. Too exclusive a focus on centrist median voters, of course, can lead traditional center-left supporters to defect to smaller parties to the left.

Many European center-lefts are thus likely to face more difficult strategic circumstances in the electoral “tough times” to come than they have done in the period we have reviewed. There are good recent examples of this. In the presidential elections of 2002 the French socialists failed to qualify for the runoff round when the far-right National Front got slightly more votes. Analysts attributed this failure to the campaign strategy of the Socialist candidate Lionel Jospin, who focused on median voters with the runoff in mind (which polls indicated he might well have won had he got through the primary) rather than attending to coalitional issues on the left. In Germany’s general elections in 2009 the Social Democrats, threatened with a loss of votes to die Linke on its left, chose not to move left. Instead they decided to market governmental competence against a Christian Democratic chancellor who could and did outbid them on these grounds. Italy presents yet a different variant: there a motley collection of different left-leaning parties—hard-line leftists, left liberals, Greens, and a relatively strong ex-Communist party which has become center-left—has on occasion been able to win elections but not to stick together on important policy matters thereafter. As might be expected,
recurring bouts of failure in government have had disastrous effects on the electoral fortunes of the center-left. Dilemmas of this sort present themselves across Europe, and they seem to be getting more serious, while effective answers have proved illusive and at best temporary.

Center Lefts in the Great Recession

Lefts and center-lefts have always had to confront new situations, changing realities, and emerging problems. The onset of the global financial crisis in 2007–8 and the protracted downturn that ensued meant that center-left parties and movements which had barely and not always effectively adapted to the post-Keynesian and post-communist era found themselves at yet another historic crossroads. Are the stances arrived at after thirty years of debate and experimentation likely to persist, or will the new Great Recession lead to another effort at rethinking and yet another shift in orientation and practice?

The Great Recession is the largest disruption of capitalism to occur since the Great Depression of the 1930s. The expanded economic role of governments in the immediate response to the crisis was initially interpreted as a rebirth of Keynesianism which could redound to the political benefit of the center-left. The reappearance of government and the return of Keynes proved superficial and short-lived, however, and three years into the crisis, center-left parties have profited little from the onset of hard times. Worse still, small but significant groups of voters in Europe, including some who earlier may have been on the left, have opted to support xenophobic anti-immigrant parties in ways that have shifted electoral balances further to the right. Such has been the case in Sweden, Denmark, the Netherlands, Belgium, Austria, France, Italy, and several Central European countries. And even where there were historical and institutional barriers to this, as in Germany and the United Kingdom, there have been indirect effects of a similar kind. In the United States, where Obama’s victory raised the hopes of center-leftists everywhere, the rightward shift has had a slightly different shape, but has been quite as great.

The Great Recession began in the United States, where loose monetary policies and unregulated financial practices stimulated an extraordinary housing bubble, which then burst disastrously. The resulting shock waves shook the global financial world. Stock markets dropped, losses decimated private savings, credit dried up, and governments and central banks were forced to bail out financial institutions because the functioning of the “real economy” depended on their ability to provide credit. Different emergency efforts across the transatlantic area gradually brought about a semblance of
stability, and by mid-2009 the initial financial panic had subsided and it appeared that the downward spiral toward depression had been limited by various stimulus measures.

Yet the Great Recession was not so easily overcome, as events in the Eurozone then confirmed (Dadush et al. 2010). Initial crisis coordination within the EU followed the transnational scenario of bailouts, stimulus plans, and reregulation of the financial sector. There was one puzzling early European indicator—a North-South divergence in interest rate spreads on Eurozone government bonds—that was duly noted and then filed away. The bond spread issue exploded in the spring of 2010, however, threatening to push the global financial order again into chaos and cut short a still anemic economic recovery. The initial cause was Greek national insolvency, which spurred intense market speculation, but similar debt problems affected Ireland, Spain, Portugal, and even Italy. To save the Greeks and then the Irish, devising new anti-crisis measures became obligatory for richer EU members, but they disagreed about what to do and took months to find compromises, during which the financial markets chipped away at the EU’s financial credibility. Eventually a large bailout fund was put in place by the EU and the International Monetary Fund (IMF), but not before much damage was done to Europe’s economy and to the EU as an institution.

The acute phase of the crisis, when global economic catastrophe threatened, would have been much worse had governments not acted as they did. But even with these actions, the economic downturn that followed was protracted and painful. By late 2009 the drive for further government intervention had stalled. Government intervention helped ease the crisis, but it was also apparent that the resilience of neoclassical economics and opposition from business, parties of the right, and fearful voters to major systemic reforms were great. The result for center-lefts was a new and even more complicated situation.

**Center-Left Prospects**

Our authors have gone to great lengths in examining the kinds of reforms to existing social programs and the kinds of new programs that center-lefts could promote to ensure the maintenance and continued viability of humanized democratic societies in today’s challenging globalizing environment. As they have noted, it was heartening that the easiest successes in these areas, ensuring the provision of basic security and opportunity needs for entire populations, had been won in most places, although not all, as the experience of the United States shows. There existed a viable social model that center-
lefts had done much to put in place. Reforming successful programs and devising new programs to meet new problems are demanding tasks, but not at all impossible, the authors believe. Who but center-left thinkers, movements, and parties will devise paths to more genuine equal opportunity? Who but the center-left will put in place the new flexibility that market societies need by giving people the educational and employment resources that will allow them to maximize their personal capacities and confront the frequent life and occupational transitions that are already becoming the norm? Who but those nurtured in the social democratic tradition are best placed to promote genuine social inclusion? Who but those long committed to an egalitarian society can struggle effectively against deepening inequalities in income and wealth?

The center-left has not gained much in the new century, however, whether in the “normal times” before 2007–8 or since the Great Recession. Before the crisis center-right parties in countries like Germany, France, Denmark, and Sweden had already won power, although often in coalition, by promising to administer and reform the welfare state, to make it work efficiently in the face of new constraints induced by globalization, rather than roll it back. Sometimes they also capitalized on growing anti-immigrant sentiments. More recently center-lefts across Europe suffered major losses in the European parliamentary elections of June 2009, and in September of the same year the German Social Democrats had their worst national election vote since the end of the Second World War. Next Labour lost the British general election of May 2010 and the Swedish Social Democrats failed to regain power in September of the same year. The Greek, Norwegian, and Portuguese social democrats did manage, barely, to win at the polls, and the Spanish left managed to cling to power. But who would now want to be in government in Greece, Portugal, or Spain in the aftermath of the Eurozone crisis? With Obama’s victory in 2008 the United States appeared to be an important exception to the lack of center-left political success in the Great Recession. It now seems, however, that Obama’s election was more a reaction to the noxious policies of George W. Bush and the shock of economic crisis itself than any announcement of a growing movement for change.6

To put it simply, the characteristic twentieth-century pattern of enduring and largely class-based political mobilization has given way to a more fluid and unstable environment. This context, whose maturation was a key feature of the era covered by this book, means that no party can be expected to achieve the sort of sustained political dominance premised on a “hegemonic project” or “bloc” that once seemed possible. Success in the new world of politics is more temporary and precarious. The resurgence of center-left parties in Europe during the late 1990s did not last, and not simply because of
the mistakes of its leaders. Obama’s victory in the United States has been even more fleeting, and there is no certainty that the few reforms it won will result in durable gains for the party. There is thus little certainty either in Europe or the United States that the political payoff for reengineering relations between state and society and creating a more just and humane social model will be either large or permanent.

The predominance of center-right parties that we see today faces an analogous mix of uncertainties. Just as center-left parties long relied on a big, solid phalanx of working-class votes which is no longer so big nor so solid, parties of the right long relied on the backing of a solid alliance of the upper, middle, and lower middle classes that is no longer so coherent and effective. That coalition—brought together by fear of the left and resistance to high taxes and union power, and consolidated by the cold war—has also begun to fragment. Anti-communism no longer holds the amalgam together, while the growth of the professions, the state, and services throws up a highly educated new middle class more open to some of the appeals of the center-left, especially on social issues. Party allegiance on the center-right has therefore also weakened, bringing a politics based on ad hoc alignments, “wedge” issues, and personalities.

The medium-term evolution of politics and policy on both sides of the Atlantic could thus converge around a pattern in which the center-left remains an important and essential player in a political universe without dominant parties. The implications of living in this universe, which have become clearer in recent years, are that center-left victories, when they come, are modest, while defeats, when kept within bounds and understood for what they are, need not be crippling. This is not an argument for complacency, for we must not forget that center-lefts will still have important contributions to make in ensuring that global capitalism does not develop unopposed and that its progress does not undermine the security and quality of life that parties and movements of the center-left have done so much to bring about. It is nevertheless a counsel for patience and for looking to the long term.

Still, the prospects of parties of the left will be enhanced precisely to the extent that they can provide effective responses to the challenges of the present era. Before the financial crisis the major challenge was to generate sustained growth in a highly competitive global economy while preserving and making more effective the essential supports that will make it possible for ordinary people to live and compete in that world successfully and with security and dignity. Post–Great Recession conditions add new challenges. To be sure, the economic crisis has underlined how much today’s globalization cries out for intelligent new governance and new regulatory initiatives both
nationally and internationally, which center-lefts, because they are more likely to believe that such things are needed, could provide. But post-Great Recession circumstances are likely to make success considerably more difficult to attain. This is because staving off the worst in the global financial crisis has turned into a long-term and very costly enterprise.

As in any recession, tax revenues declined because of reduced growth and consumption, while outlays for social programs rose considerably. Beyond this, when governments entered the scene as lenders of last resort to shore up credit, employment, and consumption, national budget deficit and debt levels shot up. Rare indeed in Europe and North America are countries whose annual budget shortfalls after 2007 have been less than 10% annually and whose national debts have not ballooned. We should not forget, however, that the Great Recession was the first financial disaster of the era of globalization, and this has made an ironic difference. The financial markets that caused the crisis were quickly called upon to finance the new national debts that the crisis produced. Investors had to be repaid, of course, and this meant that the markets had to evaluate the quality of the debt instruments that were issued, leading to the differential interest rate spreads that among other things underlay the Eurozone imbroglio. This, perhaps more than anything, limited how much stimulus different countries could enact, and quickly created large new concerns about budgetary stability.

One consequence was that an armada of international authorities (the G-20, OECD, IMF, EU, and ECB, among others) urged a massive turn to austerity. Such a turn, already begun in Europe and pressed by ascendant Republicans and conservative Democrats in the United States despite persistent low growth and high unemployment in both regions, greatly complicates the strategic situation for all political forces. The level of austerity imposed on the economically and fiscally weaker European states could be lessened were the stronger states, especially Germany, to engage in more fiscal expansion, thus boosting exports, growth, and tax revenues in the more vulnerable nations. But the continuing hegemony of orthodox economic thinking prevents this.

Consequently, devising medium-term austerity politics on the scale that will be needed challenges everyone. It may be less of a problem for center-rights, however, to the degree that they are less committed to social programs involving redistribution. Cuts in existing welfare programs, educational systems, healthcare, and pensions, like those that the recently elected British coalition of Conservatives and Liberal Democrats is already implementing, may be easier to make in the heat of crisis and “in the interests of all” than they would ordinarily be. Indeed, post-crisis conditions may provide a more propitious moment for center-rights to work basic change in social programs,
perhaps to undercut their universality, for example, than they have seen in some time (Vis 2010). That right-wing populist explosions on both sides of the Atlantic are moving political discourses and repertories rightward may also facilitate neoliberal declensions of austerity.

The situation presents formidable new challenges to center-lefts. The few center-lefts actually in power, in Greece, Spain, and Portugal, for example, now have little choice but to propose and administer harsh austerity and to do so without dismantling past achievements. This demands strategic intelligence that few of these parties possess. Where center-lefts are now in opposition they first have to reflect on how to take advantage of the decline in center-right popularity that is likely to follow attacks on longstanding social programs. This could lead them into a political minefield, however. They will inevitably be drawn toward struggles to defend such programs, but excessive reliance on defensiveness will allow opponents to label them as irresponsible naysayers in national crusades to survive. To avoid this they will have to summon unusual creativity in proposing redizns of programs that will also save money, an almost impossible task. At the same time, they will also have to position themselves as better and more innovative managers of austerity than center-rights. The risk is that center-lefts will come to look programmatically very much like the center-rights whose draconian measures they oppose. These are not altogether new strategic dilemmas, but they have become much more difficult to resolve in Great Recession conditions. The center-left’s future will very much depend on whether it is able to resolve them.

Notes

1. Volatile new forces of the right, mobilized against immigrants, could sap even more center-left electoral support. Managing coalitions may therefore turn out to be more complicated than fending off neoliberalism.

2. We should recall here the Italian case, briefly discussed in the Introduction. Italy’s center-left probably falls into its own category, somewhere between the other “southern” cases and what we have referred to as the continentals, even though comparative European politics textbooks often discuss Italy with northern countries. Italy had no dictators after the Second World War, but it was politically dominated most of the time by the Christian Democrats, whose power was based on Catholicism, cold war fears of both the internal and the external left (Italy had one of the most powerful and skillful communist parties in the world), old-fashioned clientelistic patronage politics, and considerable corruption. The country thus modernized in an unusual way, its northern half to levels of development and wealth comparable to those in northern Europe, its southern regions as poor as the poorest parts of Latin Europe, its institu-
tions and welfare state a mixture of clientelism and modernity. Once the center-left was able to make claims on governing after both Christian Democracy and the cold war collapsed in the 1990s, it suffered from serious multipartisan pluralism. It was able to win and sometimes, as in the mid-1990s, able to work significant change, but eventually its coalitions would collapse in acrimony, recently giving way to the odd, sometimes clownish, charismatic politics of Silvio Berlusconi.


4. On the revival of Keynes see Skidelsky 2009.

5. It is almost as if contemporary successors of the crisis-shaped electoral movements of the early 1930s, which were often protectionist, are now xenophobic. Students of electoral politics may soon be able to explain this better than we can now, but the answer may lie in political economy: it may be that broad-scale protectionists movements have been more or less ruled out by economic globalization, which has greatly increased the strength of elites and domestic interests with stakes in open international markets. Instead, the sentiments that once rallied behind protectionism and restrictions on the movement of goods are now turned against the international migration of persons.

6. Obama’s presidency managed to pass a major reform of American healthcare and the financial sector over fierce Republican opposition in Congress, but at the cost of many of the other changes that it had initially promised, after which it was stymied politically. Worse still, a confluence of different anti-statist, populist, and conservative oppositions accusing Obama of a multiplicity of alleged sins, including a desire to install “European-style socialism,” helped Republicans win a massive victory in the 2010 midterm elections. The question for the American center-left then became whether it would be able to find enough support in 2012 to reelect Obama rather more than how to pursue any new progressive agenda.