

MODERNISING SOCIAL DEMOCRACY: BACK TO THE FUTURE

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In preparing my speech for today, I reread the speech I delivered here two years ago. My party had just won local elections in the Netherlands and for the first time ever, the social democrats had become the largest party in the local councils. It seemed such a small step to victory in the then upcoming general elections of November 2006.

It didn't quite work like that: we lost the general election and we lost big. We didn't lose to the liberals and conservatives but to the populists on the left and right. We lost about a quarter of our seats to the populist left. The Prime Minister's party, the conservative Christian Democrats, also lost some seats, but remained the largest party by far.

I am now deputy Prime Minister and Finance Minister in a Grand Coalition of Christian democrats, social democrats and a small so called social Christian party. We are of course the junior partners in this centre-left government, and the prime minister is the Christian Democrat who we fought as our main opponent. To complete the picture, we have continued losing ground in the polls since the elections.

If it seems as though I have introduced myself in a rather woeful manner, it is only because I am convinced that the only way forward after a defeat is trying to learn and do better next time. And I think there were some lessons to be learned from from what went wrong, what voters were trying to tell us and where some of the weaknesses lie in modern progressive thinking. Certainly my experience applies to the Netherlands, with its system of proportional representation, its dozen or so political parties and its populist movements on the left and on the right. But I believe there are also more general lessons to be learned, lessons that are relevant to the work that has been done within these Policy Network-settings in recent years.

Before I share some of my more provocative ideas about these lessons learned, it is important to understand that these ideas are based on my observation of trends in modern Western societies.

The most significant trends I see in these societies are increasing diversity, globalisation and fragmentation. We are seeing an ever greater diversity in people's interests, their ethnicity, religion, education, their family-, work- and career work situation, their income levels. We are seeing borders becoming less and less relevant, whether in relation to economics, migration, domestic policymaking or building values. And as a result of both diversity and globalisation, we are seeing the traditional mechanisms that once fostered cohesion in our societies becoming less effective or less attractive and being replaced by forces that divide rather than unify.

The consequences of all this are considerable. Let me mention a few. Traditional *domestic* policies are becoming less effective and political parties are finding it harder to deliver on their promises. Equal treatment is increasingly difficult to reconcile with diverging interests and opportunities. Diverging interests make it harder to design policies that are beneficial to all or even many; which is one of the reasons why income distribution has made a comeback as a hot issue. It is increasingly difficult to promote solidarity, because our ability to identify with the backgrounds, needs and concerns of our fellow citizens has been compromised. Collective agreements are becoming less attractive because risk patterns are increasingly fragmented. Formerly undisputed values are being tested by new communities that demand their place in society. And social capital at community level is crumbling, thanks to increasingly diverse cultural norms and habits. Signs are we are moving from a high trust society to a low trust society, which in its most general terms will not favour solidarity and community building..

Two consequences are particularly relevant for us today.

First: these trends could lead to a new kind of inequality, between those who are able to seize the new opportunities and those who are not. Look at globalisation, for example. I am not sure we have sufficiently addressed the Jekyll and Hyde character of globalisation, the two sides of the same coin. Of course, there is no denying that globalisation offers tremendous opportunities for consumers and enterprise. It offers the prospect of prosperity to the poor and of freedom to the oppressed. But globalisation has its victims too, and not only in the short term. Take the workers who lose their jobs in traditional industry while top executives are awarded huge bonuses. Take the trade-unionist who becomes less influential vis à vis company executives of different nationalities in different countries. Take homosexuals and women, who thought they had achieved equal rights but now have to defend their rights and freedoms all over again, with the arrival of new communities with different values. Or take the ordinary, law-abiding citizen faced with the arrival of terrorism

from other countries and cultures, who wonders why terrorists call themselves true Muslims and what this says about the next-door neighbour, who happens to be a Muslim too.

Second: all this change affects social democrats more profoundly than any other political grouping. It reduces the effectiveness of the kind of policies we favour. It affects the cohesion that is our lifeblood. It hurts our international orientation that has always been core to our mission. It tells us we should think about religion and culture whereas our traditional strengths are on work and income. And it affects the traditional constituents that remain so important to us because they are the ones who feel threatened, who may become uncertain, cynical, populist or worse.

I have always strongly supported the work that has been done within this Policy Network setting to modernise social democracy..But I don't believe we have adequately addressed these phenomena. This is not to suggest that we should turn back the clock. The good work must go on. But we need to add one or two new elements. In fact, I say 'new' but they are not new at all. I say we need to go 'Back to the Future'. We need to continue to modernise, but with more focus on our roots. I have three recommendations. Mildly provocative...

First: we must become less academic and more populist. Policy Network and Progressive Governance have made a tremendous impact by trying to make the concepts and instruments of liberal politics work for progressive goals. *We now have to perform the same trick with elements of populist thought.* We have to become less focused on the macro consequences of changing policies, systems and grand schemes. Rather, we should take the micro-political consequences as our starting point. *This requires an approach that puts concepts of empathy, identity, trust and security at the heart of our political language. We must challenge conventional assumptions about ordinary people's ability to adapt to change and reform. And we may need to sacrifice some efficiency at the macro-level for concrete gains at the micro-level.*

Second: we must become less statist and more moralist. Social democrats have a history of wanting to change the world using legislation. But in an uncertain world, insecure citizens want politicians not only to propose policies. They also want them to take a moral stand. *This means we need to develop a politics of morality, values and symbols to a far greater extent than we have already done.*

Third: we must go back to the future and rediscover our roots. We will only be successful modernisers if people understand where we come from. We cannot afford to gain new supporters by losing our traditional support base in the process.

I believe we have done a great job of incorporating relatively liberal concepts like markets, private initiative, free trade, globalisation, empowerment and choice into social democratic thinking. Policy Network deserves great credit for this.

But at the same time, we may have underestimated the tensions that exist between this modernisation and more traditional progressive goals like income redistribution and employee protection. Underestimated the uncertainty it has brought to people's lives and future prospects and underestimated the ability of the less privileged to take advantage of these new and inspiring opportunities.

Ultimately this is about our ability to modernise. Not just our parties but our societies. Moving forward without leaving anyone behind. Arguing for progress that provides opportunities for everyone. We may be the ones to suffer at first now that societies become more diverse, fragmented and globalised. But we will also be the first ones to benefit, if we succeed in putting the confidence, trust and security back into our societies. This has always been our core business. And we have always been good at it. That is why I am confident we can make this work. With the Policy Network in the vanguard.