Social Europe

Volume Two

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VOLUME 2

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PREFACE

'Dare more democracy!'

This was one of the most memorable slogans of former German Chancellor and Nobel Peace Prize winner Willy Brandt, whose portrait is on the front cover and to whose memory this volume is dedicated. This call for more courage in trusting people to run their own affairs still rings true today. But in our times it has to be seen against the backdrop of democracy being threatened at the same time.

Populism in particular is a burden on the democratic substance of many democracies around the world. In this volume, we look into the reasons behind the rise of populism as well as some potential remedies. Beyond the core subject, we also examine adjacent topics such as voting systems, politics and modern capitalism as well as the need for a 'just transition' away from carbon-intensive economic activities. We finish this volume with an outlook on some of the challenges of Brexit.

I hope you enjoy reading this collection of articles authored by some of the most authoritative voices on these subjects in the world.

***Henning Meyer**, Editor-in-Chief of Social Europe*

RIGHT-WING POPULISM TODAY

CAS MUDDE IN CONVERSATION WITH HENNING MEYER

Cas Mudde

Cas Mudde thank you very much indeed for taking the time today to speak to me about the far right and far-right politics in our times. You are an acclaimed expert on the subject. In order to get us going, based on your most recent book, you are arguing that we are actually in the fourth wave of what you call post-war right-wing politics. By way of background, what would you characterise as the first three waves of post-war right-wing politics, before we come to the fourth one?

The German political scientist, Klaus von Beyme, wrote already in 1988 that we were in the third wave of the post-war far right in Europe. He said that the first wave was so-called neofascism. It mostly lasted from 1945 to 1955, roughly. There was nothing 'neo' about it: these were just fascists. These were people who had been active in the Italian fascist movement, the Nazi movement or collaborators of that. They were mostly social groups taking care of paying widows and orphans, as well as people who had lost political rights.

There were one or two parties like the Italian Social Movement —the only successful one–and also the *Sozialistische Reichspartei (SRP)* in Germany, that was banned in 1952.

Then, a second wave started roughly in the mid-1950s and lasted until the 1980s. It was an amorphous wave of right-wing populist groups that were a hybrid of old and new far-right politics. They had a lot of people who used to be active in the fascist groups. They had some issues related to that but they

were largely populist movements against changes in society. The most important were the Poujadists in France. Most of them were flash-points. They had initial success and then disappeared.

Then in 1980, we started the third wave, which is parties like the *Front National* and the FPÖ in Austria. These were modern parties. They had a few people who had also been active in fascist groups. Mostly they were new leaders and they were busy with issues that were post-war issues, like immigration and unemployment. They were seen as challengers. They came from the outside. They were small. They were new. They were challenging the political mainstream.

Coming to the fourth wave that you now characterise, if you look at today's far-right politics, maybe we should also introduce a distinction. What distinction would you make between far-right politics and far-right populism? It's probably a term that is being used too often and too loosely. Maybe introducing some distinction would make sense. How would you make these distinctions between the fourth wave of far-right politics and what is often referred to as right-wing populism?

I use the term 'far right' as a container concept for both the extreme right and the radical right. The extreme right is against democracy *per se*. They are against popular sovereignty, majority rule. They are against the idea that people elect their own leader. We can think here about fascists and Nazis, in particular.

Then, the radical right, they do accept popular sovereignty, majority rule. They have problems with liberal democracy—

particularly with minority rights, with the rule of law, the separation of powers. It's within that category of the radical right that there are quite a lot of populist movements. Now, populists believe that the people are homogenous and pure, as are the elite. They believe they are the voice of all the people.

The radical right doesn't have to be populist but, in today's world, most radical-right groups are populist. That is not to say that most populists are radical right. You have left-wing populists, like *Podemos* or Chavez. We also have amorphous populists, like the Five Star Movement. So, populism is a part of the radical right but it is both less and more.

With regard to the fourth wave, which I believe started in the 2000s, there is a difference in a variety of ways. Most importantly, it is their role in the system. They are still largely the same ideologically. So, the *Rassemblement National* of Marine Le Pen is fundamentally not so much different from the *Front National* of Jean-Marie Le Pen. Where Jean-Marie Le Pen was a challenger to the system and his values and his discourse was separated from the mainstream, contemporary radical-right parties have become much more mainstream. They have also become normalised. So, those are two different processes.

My argument is that the fourth wave is different because during the third wave, they were challengers to the mainstream and now they are part of the mainstream.

So trying to undermine the system from within or being a part of it and just capturing the system?

Both. It's difficult to say because, in certain cases, they do change the system fundamentally. If we think about *Fidesz* in Hungary, they have reformed the liberal democratic system first

into an 'illiberal democratic' system. Now we could argue that it's not even democratic anymore and it's competitive authoritarian.

On the other hand, when the FPÖ in Austria went into government in 2000, they, by and large, just became part of the system and barely reformed it. It has a lot to do with how much power they have. Like I said, traditionally, radical-right parties have been junior partners in broader coalitions. As a consequence, they couldn't really do what they wanted to. With regard to *Fidesz* in Hungary, we see, in a sense, what the populist radical right would do if they have the whole power.

So, basically, you are saying that proportional representation systems might be a bit more resilient against these threats than first-past-the-post systems? The first-past-the-post system, because it tends to give one party a majority, might be more vulnerable.

Well, it depends. First-past-the-post is winner takes all, right? That generally means that, for a long time, the radical right doesn't get anything but, when they win, they win it all. So, I think the US is a very good example. In a proportional system, we wouldn't have had so much power in the hands of a far-right politician. Or, for that matter, Brazil, where Bolsonaro becomes president, whereas in a proportional system his party would be a relatively minor player.

So, what proportionality has done is actually bringing small parties into the political system. Now, that can be good and bad. Quite a lot of radical-right parties pretty much fell apart directly after entering parliament. Germany is a good example. I mean, almost all of those parties from *Die Deutsche Volksunion*

to *Die Republikaner* by and large, as soon as they won, they lost because they had internal struggles and splits. Others built from that and they started out small and became bigger and bigger.

It's not so much about the system. It's about the interaction of the system and the specific far-right actor.

Before we come to this—because that also relates to how to deal with far-right politics—one of the very interesting points in your books is that you are trying to paint a global picture of far-right politics. We're obviously very much concerned with European politics, maybe on a transatlantic spectrum plus Trump. You also mentioned Brazil. There's also India. If you look at those cases and across the globe, where would you see commonalities and where would you see regional differences and specific aspects that should be considered in each specific region?

Well, I'm not sure if it's necessarily regions rather than countries—sometimes even regions within countries. So, while it is true that there are some general global phenomena—like globalisation or growing ethnic diversity—that impact the radical right and the far right, globally, if you want to understand why Trump won, or why Bolsonaro won or why the BJP got re-elected, national factors play a major role. You can't understand Brazil without the PT imploding over corruption and all kinds of scandals. You can't understand the win of Trump without the primary system.

I worry a little bit about these really global-type visions. Also, to a certain extent, regionally because, outside of Europe, they are not clearly regional phenomena. There are a few far-right

groups of relevance in Asia, which are primarily in India and Israel and a little bit in Japan but they are already more complex.

In many countries, you don't have them, right? The same at the moment in Latin America. You have Bolsonaro. Then you have one or two other actors, like Piñera in Chile but they are nothing like Bolsonaro in terms of success or necessarily in background. You have Trump in the US but you have no one in Canada. So, in that sense, I think it's important to understand that the far right is not a purely European phenomenon. At the same time, in sheer numbers, it clearly is much more relevant and more broadly relevant in Europe than it is in any other context.

This is very interesting because this would be my next question. We talked about the characteristics of this fourth wave of far-right politics. If you maybe look to Europe, because you already mentioned what happened in Brazil and the implosion of existing parties and so on and so forth, what would you characterise, maybe in Europe specifically, as the necessary circumstances? What were the circumstances that allowed this fourth wave of far-right politics to resurface again?

If you look across Europe, there is clearly some sort of—I wouldn't say trend but similar experiences. One explanation was put forward by Jürgen Habermas ... He wrote a piece for us three years ago where he basically made an argument that it could be seen as an unintended consequence of the reform of social democratic politics.

His argument was that by adapting to the conservative,

neoliberal mainstream, democratic pluralism was condensed to such a small space that this opened up the opportunities for far-right activists to move into that void because people got the feeling that 'No matter what I vote for, the system is not really changing that very much.'

That's the feeling that participation in the democratic system might not change circumstances. If you are not generally happy with the direction of travel, after two decades you lose trust in the electoral system to actually affect something to this effect. Then he basically said: 'If that is your feeling, where else would you go, rather than into the irrational areas, to unload this discontent and try something new?' That was at least one explanation of what the circumstances were for the rise of far-right politics in Europe. Maybe you have a different view on this.

That's a very popular view. The question—where else can you go? They could go to *Die Linke*. There is the same argument at the moment. It's the same argument that we have had now for four or five decades, pretty much. It's this idea that people are dissatisfied, particularly with the fact that both the major parties are the same—centre right and centre left, particularly when the centre left adopt neoliberalism. They are 'losers of globalisation' so they go to the radical right.

So, in the US, they go to Trump. Why wouldn't they go to Sanders? Sanders is a much more critical voice of globalisation and of the economic part. All research shows that if there is one issue that jumps out for voters of the radical right, wherever—or at least in Europe and north America—it's immigration.

Now immigration and economic anxiety are not necessarily

separated. For many people, they intermingle. It is, at the very least, the 'racialisation' of economic anxiety that drives them to the radical right. If you have mainly an economic worry, you see what we saw in the south of Europe after the Great Recession, which is left-wing populism. If you think that it is part of a broader, cultural change, then you go to the radical right. It's important that the Great Recession did not necessarily boost the radical right that much electorally. Whereas, the so-called refugee crisis and, I believe, the most important one—being the '9/11' crisis—did much more.

We talk all the time about crises and the term is problematic. Roughly in the 21st century, we've had three crises: the 9/11 crisis, the Great Recession and the so-called refugee crisis. Of these three, I think the 9/11 crisis was the most important for the switch from the third to the fourth wave.

In what way?

Because the 9/11 crisis prioritised sociocultural issues and made Islamophobia, as well as identity worries about immigration, mainstream. That opened up what they call discursive opportunity–opportunities for the far right which, up until then, had pretty much been anti-Turkish or anti-Moroccan. That only made sense in an ethnic nationalist discourse. Afterwards, it shifted to an ethno-religious Islamophobia, which made sense in a security discourse, which was shared by the right, as well as a defence of liberal democracy, gender rights, separation of state and church—those kinds of things. That, by and large, opened up the mainstream discourse to radical-right argument.

Basically, there was a catalyst when you actually blame the whole religious group for ill. You created a conflict line that,

as you said, moved from being actually more nationalist because it was pinned down in terms of countries, to more a specific religious group.

Then, presumably, came the next crisis—the economic and financial crisis—that put the economic fault lines in focus. Where would you see the refugee crisis bringing these two together?

Well, again, if you look, surely, at the results for far-right parties in Europe, the Great Recession didn't really do much. Some parties won; others lost. More than anything, what that did was fuel populism in general. Also, it killed what I've called the broader integration consensus that we have had, which was an economic integration, like neoliberalism, a national integration, a European integration, then a multicultural one. The Great Recession killed, by and large, the European utopia. Not in the sense that it killed the idea of European integration. It killed the idea that European integration had no negative effects.

So, that, of course, helped the far right because people were more open to looking at alternatives. The so-called immigration crisis was fundamental for the far right because it was really the perfect storm. Most radical-right parties are nativist, authoritarian and populist. Now, the nativism was clear. There were over 1 million foreigners coming—aliens—most notably Muslims. So that was directly there.

Then it was at the same time as we had terrorist attacks in Brussels and Paris. Mainstream politicians and media connected the two, which is exactly what the radical right has always done—connect crime and immigration. There it played on their authoritarianism. Then populism, in the sense that politicians

—particularly national politicians—were seen as not taking care of their people because they bowed to the EU. That has to do with the Schengen area and the argument that they would come in because of the EU. Also, that national politicians were not willing to create borders again, because they found Brussels more important than their own population.

So, it was the perfect storm for them. It had a massive effect, although it started to wane already at the end of 2016.

If I understand you correctly, you think amongst the two very often cited drivers of right-wing politics—socioeconomic circumstances and cultural aspects—you would prioritise the cultural elements?

Yes, absolutely. I don't say that economic anxiety doesn't play a role. My argument is that 'cultural backlash' plays a role for virtually all voters and economic anxiety for only a part of the voters. You see that very clearly in the more successful radical-right parties. Yes, generally they are over-represented among the lower educated—not necessarily the poor but the lower educated. They are very under-represented among the higher educated and the richest. The vast majority of voters for the radical right hold jobs and have decent incomes.

Actually, what we've seen in a lot of polls is that they say that their own economic situation is good but they think that the economic situation of the country is bad. The question is whether that is an economic assessment or is that related to their nativism? If you're a nativist and you think that a lot of Muslims come in, you think that your country is not doing well in all aspects. So, this is where I speak about a racialised view of it.

So, the economic argument might be a proxy for underlying cultural anxieties?

Yes. Let's be clear. If it goes economically great, then fewer people might have their nativism drive their vote. So, it does play a role in that respect. However, generally, if the discourse and the political debate is foremost socioeconomic, radical-right parties tend not to do very well, because they actually don't have very much to say on socioeconomic issues.

Yes. It's interesting. This fits with the observation that we have, say in Germany. The AfD are doing well in regional elections. The economy might be cooling off but, as it is, most people are pretty well-off yet there is the fear about the future.

You can also see it in the strange alliances—not in elections but in votes. If you look at the Brexit vote, the socioeconomic arguments might hold for the industrialised areas in northern England but not necessarily for Sevenoaks in Kent, which is a rich south-east commuter town. So, you have these alliances for exactly what you say, some people might have socioeconomic concerns drive their vote based on their cultural identity; others just say 'I'm doing well but I fear for the future.' This is mainly culturally rooted.

Yes, absolutely. I see neither the Brexit vote nor the Trump vote as pure radical-right votes or populist votes, for that matter, because first and foremost a Trump vote is a Republican vote. The main driver of Brexit was still the Conservative Party rather than UKIP or the Brexit Party. However, you see similar sentiments. So, that's one of the problematic aspects of some of the responses where people thought: 'Okay. We just need to ride

out this Great Recession and then everything will be fine.' It won't be because that's only a small part of the reason.

I also think we have very stereotypical views of who is the radical-right voter. The radical-right voter is always this lower-educated, angry, working-class male. Yes, the radical-right voter is male: in almost all countries, for every female voter, you have two male voters. They are also white. They are not particularly working-class. Only in a few cases is there a very strong part of their electorate that is working-class. Actually, they are not necessarily angry either.

So this is a stereotype?

It is absolutely a stereotype. Many are disappointed or frustrated but some just want something else. They just try this. Benjamin Barber, the American philosopher, already 20 years ago, had this thesis, particularly because Pim Fortuyn was successful in the Netherlands in the early 2000s. He said: 'Well, the Dutch are just bored. It was just bratty, bored kids.' Now, I think that's a bit too far but there is some anecdotal evidence of people who are pretty well off and who just think 'Let's try this.'

Shake things up?

Yes. If you are really privileged—like you are a rich, white man—you can do that because if it, by and large, screws up, you're not paying the price. So, there were interviews with voters of Geert Wilders in the Netherlands and they said that 'I'm just going to give him a try. If it doesn't work out, I'll get someone else'—whereas we often think about them as very dedicated followers.

We act as if everyone who voted for Trump believes that Trump

can kill someone in Times Square and get away with it. The vast majority of people who vote for Trump, or for the FPÖ or for the FN have a similar type of complex relationship to their party as other parties. Even within parties, there are differences. In the last regional elections in Germany, in Saxony 70 per cent of people who had voted for the AfD voted to support the AfD, whereas in Brandenburg about 60 per cent of people who voted for the AfD said that they voted to send a signal to the other parties. It really is much more complex that this one stereotypical story.

That leads us nicely into the €1m question, which is what to do about it. Your assumption is that the more entrenched, fundamental reason for the rise of far-right politics is the cultural one and the socioeconomic one is attached to it. Across Europe, if we come back to Europe specifically, the strategic response of progressive parties to rampant populism has been all over the place. Nobody has really found a good solution. What would be the building blocks, in your view, of the strategy to counter the rise of far-right politics?

To me, the key thing is that the struggle is not against the radical right. The struggle is for liberal democracy. Those are two different struggles that have similar consequences, in part. You can defeat the radical right very easily without strengthening liberal democracy. You can just ban them. If we banned them, we wouldn't in any way strengthen liberal democracy. If we strengthen liberal democracy, then, by definition, the radical right will weaken.

To me, this is about mainstream parties going back to an ideological story and prioritising the issues that they find important.

That does not mean that we go back to the '80s and '90s in countries like Germany and the Netherlands, where we, by and large, ignored or even put a taboo on issues like immigration and European integration. These are important issues but they are important issues on a long list of other important issues, like education, like the environment, work, healthcare. So, if we talk about the full range of issues, the radical right will already go down because they don't have anything particular to say on most issues.

For the last two decades we have talked almost exclusively about their issues: immigration, security and identity. So they seem very relevant. If that is just one out of seven issues, they are pretty much just relevant in one of the seven discussions and irrelevant in the six others.

It's not necessarily about changing people's views. There is a large part of the population, often the plurality, if not the majority, that are nativist. They see immigrants as threatening. That doesn't mean that they will always vote for nativist parties. For decades, they have been voting for social democratic parties, for Christian democratic parties, for whatever. It depends on what issues they vote on.

So, first and foremost, we should just have an ideological, diverse political debate again. On top of that, it is important that we are much more consistent in our discourse about immigration and immigrants. At the moment, whenever a German of Turkish descent commits a crime, he is a Muslim. Whenever he scores a goal, he's a German. That type of behaviour sets a certain discourse and narrative that has effects.

We should not endlessly copy the radical right. This is what the

SPD wants to do in Germany at the moment. It says: 'Well, we lose all our voters to the AfD. We have to get tougher on immigration and protect our own workers.' Now, there are all kinds of problems with this. First of all, no, you don't actually lose all of your voters to the AfD. You lose them mostly to the Greens. Second of all, these issues are owned by the radical right. Even if you are tougher on them, people who find these issues the most important will not come back to you. Actually, they are not from you. These voters, even if they were working-class, never voted for you. This is the part of the working class that always voted right-wing.

Finally, what is the social democratic message behind it? You don't have to be for open borders but you should think about immigration and multiculturalism from a social democratic point of view, in which your solidarity is with the weak, irrespective of culture or colour. If you do that, your agenda should be driven by class first and identity second. This is something that is the only future, in my belief, for social democratic parties. It is to accept that the working class is diverse and that they, first and foremost, have social-class issues rather than identity issues.

This is interesting because, luckily, I think, in the SPD, the debate is advancing beyond that. It conflates with the issue of what the working class today is. Given how the world of work is changing, does somebody who works for, say, Volkswagen or Mercedes Benz and has a very highly paid job really have anything in common with, say, a cleaner or somebody like that? What would you say about this strategy?

I always think that if you talk about immigration you really need to break it down and identify the areas where there

are conflicts. If you look at immigration, you can broadly define it as freedom of movement within the European Union. At least in Germany, nobody has got an issue with that. Then you've got non-EU immigration. You can say we need non-EU immigration as well because we need skilled workers. The problematic part seems to be specifically asylum.

For this, you need a European approach. Obviously, Angela Merkel did not pursue a European agenda before it was too late. That's always a problem that I identified also in the UK, which I thought didn't help—if you just conflate immigration with everything.

In the UK, it was, to an extent, the 'Polish plumber' that came over and was perceived to steal UK jobs. Well, if the Polish plumber is leaving, they will find out that they didn't steal jobs but actually fulfilled jobs that were absolutely necessary. In most European countries, freedom of movement is not, yet, you might say, questioned to that extent. But you see how these issues get conflated.

If you try to identify or create a new policy on asylum, many other areas of immigration are not that contentious.

Well, maybe. Of course, a lot of the issue of asylum is related to the very strict economic immigration: if you don't allow for economic immigration, people only have one way to come in, so you can't separate the two. I've argued since the 1980s that west-European countries should become open-immigration countries for two reasons. First of all, it's a social justice issue, rather than an economics issue. Secondly, it's about control. Politics is about managing. One of the reasons why people are

so upset about immigration is because they feel that it's out of control.

When you officially argue that you are not an 'immigration country' and yet you have a lot of immigrants then, logically, a lot of people feel 'okay, so they are here even though they shouldn't be, so something is not working.' If you manage it, for part of the population, they will say 'okay, that's fine.'

Think back to the so-called refugee crisis. The Turkey deal didn't necessarily change that much of who was there. There were still about a million asylum-seekers in Germany. The feeling was 'we have it under control again.' Now, there are all kinds of moral issues with the Turkey deal but that is the key issue of it. It created at least the illusion of mainstream parties having control of the immigration issue again. Then, it turns out that a large portion of people are okay.

Even the people who would prefer not to have had one million asylum seekers, it's not a major issue for them. It's not make-or-break. They just want to know that the government is in control of this issue. So, if we do that, we should definitely look at the different categories as, in that sense, Angela Merkel has always done. She is very open towards refugees. She's not very open towards economic immigrants.

It is important to take lessons from a book Daniel Cohn-Bendit and Thomas Schmid wrote in the early 1990s, called '*Heimat Babylon*', in which they argued against defining immigration purely in terms of economic gain for the host community because, in that case, you get what we had in the '70s and '80s which is, by and large, an unemployed 'guest worker'. That doesn't make sense. If their only purpose is to advance our

economic success then if they don't have a job, or a good job, they don't have any purpose or rights in our society.

So, it is important to define immigration in whatever capacity, first and foremost, in terms of human terms and social justice. The fact that it also has economic advantages is a plus but shouldn't be the foundation.

Coming back to the point that we alluded to at the beginning: when these far-right politicians enter parliaments, how do you deal with them? Do you isolate them in parliament? Some say that isolation is the strategy. Others say have them as part of a government or part of a deal and then they will get disenchanted—others will see that they cannot deliver. What evidence is there for what kind of strategy works best?

Well, the evidence shows that there is not one strategy that works best. It depends a lot on the party itself. There are very badly organised parties, like the *Lijst Pim Fortuyn*. If you take those into government, they will directly split. *Lega Nord* has been in government several times and never split. There are other examples. The Danish People's Party supported three different governments in a row. They not only didn't split; they didn't moderate and they didn't lose votes.

First of all, you don't take a party you dislike into government to break it. That's the craziest thing to do. At the same time, the rise of the radical right comes at a time of increased fragmentation of our party systems. That changes the way that we govern. The radical right, on average, wins about 10 per cent of the vote, which is not much. However, 10 per cent or 15 per cent of the vote today makes you the second or third biggest party because of the fragmentation. Now, that means that if you're going to

systematically exclude that party, you probably need to have at least three, if not four, parties to constitute a government. You need to take those things into account.

So, at this point in time, it is irresponsible for every individual party to not think about their strategy towards the radical right. Every single party should think under which conditions they are willing to work with the radical right. Those conditions will be different for social democrats than for conservatives but it's important that you enter coalitions under your terms and those terms should always be liberal democracy. That should never be given up.

In that sense, the ÖVP in Austria absolutely failed. The FPÖ internal minister had raids in the intelligence service, etc, which they could have known but they didn't think about it. I'm not necessarily for a *cordon sanitaire*. I don't think that it's viable in many structures to live around the radical right. That also doesn't mean you should just work with them and hope that they implode. For a party like the ÖVP, it makes sense to govern with the FPÖ because they are ideologically pretty similar by now. For a party like the Greens, it doesn't.

The key point is maybe 'by now'. How actually is far-right politics changing conservative parties? If you look at what is happening to the Tories in the UK, it's quite breathtaking that the grandson of Winston Churchill was expelled from the parliamentary Conservative Party.

Yes. This is also one of the points I make about the fourth wave. In the fourth wave, there has come a growing separation of radical-right politics and radical-right parties. Radical-right politics, nativist politics, authoritarian politics, populist politics

now not only comes from the radical right. It also comes from conservative parties. It comes from social democratic parties, like in Denmark. In certain cases, the boundaries are just not clear anymore.

We regularly see the Norwegian Progress Party as a radical-right party. Yet, its stance on immigration is definitely not more extreme than the CSU in Germany or the VVD in the Netherlands. It is much less so than the Conservative Party in the UK or the Republicans. You have this transformation in the case of particularly *Fidesz*, where a conservative party just becomes far-right. The same happened with Law and Justice in Poland. The same happened with Likud in Israel. The same is happening with the Republican Party in the US. This is really a very different political context and space than we had in the '80s and '90s.

To wrap things up, if somebody now comes off this conversation and thinks 'Now, where do we start?', if you were advising progressive policy actors, what would your top three priorities be? So 'Start here. Go on with this. Go on further with this.'

Well, the first one is actually to get informed about why you lose and why the radical right wins, so that you don't make the mistake of basing your policies on this mythical idea that you have lost the white, working-class voter to the radical right.

Secondly, you have to think about what the essence of the system is. What is the essence of liberal democracy? Where can we have a debate about what is beyond debate?

Then, thirdly, what do I stand for? What is social democracy in the 21st century? Only if you know what you stand for can you

be either a steadfast opponent or collaborator of the radical right. At this point in time, many of the politicians live in the spirit of the third wave. They still think that the mainstream is liberal-democratic, relatively open, and that the radical right is somewhere that challenges from the outside. That, by and large, ignores reality and strengthens the radical right.

WHAT'S DRIVING POPULISM?

DANI RODRIK

Dani Rodrik

Is it culture or economics? That question frames much of the debate about contemporary populism. Are Donald Trump's presidency, Brexit and the rise of right-wing nativist political parties in continental Europe the consequence of a deepening rift in values between social conservatives and social liberals, with the former having thrown their support behind xenophobic, ethnonationalist, authoritarian politicians? Or do they reflect many voters' economic anxiety and insecurity, fuelled by financial crises, austerity and globalisation?

Much depends on the answer. If authoritarian populism is rooted in economics, then the appropriate remedy is a populism of another kind—targeting economic injustice and inclusion, but pluralist in its politics and not necessarily damaging to democracy. If it is rooted in culture and values, however, there are fewer options. Liberal democracy may be doomed by its own internal dynamics and contradictions.

Enduring feature

Some versions of the cultural argument can be dismissed out of hand. For example, many commentators in the United States have focused on Trump's appeals to racism. But racism in some form or another has been an enduring feature of US society and cannot tell us, on its own, why Trump's manipulation of it has proved so popular. A constant cannot explain a change.

Other accounts are more sophisticated. The most thorough and ambitious version of the cultural backlash argument has been advanced by my Harvard Kennedy School colleague Pippa Norris and Ronald Inglehart of the University of Michigan. In a recent book, they argue that authoritarian populism is the consequence of a long-term generational shift in values.

As younger generations have become richer, more educated, and more secure, they have adopted 'post-materialist' values that emphasise secularism, personal autonomy and diversity at the expense of religiosity, traditional family structures and conformity. Older generations have become alienated—effectively becoming 'strangers in their own land'. While the traditionalists are now numerically the smaller group, they vote in greater numbers and are more politically active.

Will Wilkinson of the Niskanen Center recently made a similar argument, focusing on the role of urbanisation in particular. Wilkinson argues that urbanisation is a process of spatial sorting that divides society in terms not only of economic fortunes, but also of cultural values. It creates thriving, multicultural, high-density areas where socially liberal values predominate. And it leaves behind rural areas and smaller urban centres that are increasingly uniform in terms of social conservatism and aversion to diversity.

This process, moreover, is self-reinforcing: economic success in large cities validates urban values, while self-selection in migration out of lagging regions increases polarisation further. In Europe and the US alike, homogenous, socially conservative areas constitute the basis of support for nativist populists.

Economic shocks

On the other side of the argument, economists have produced a number of studies that link political support for populists to economic shocks. In what is perhaps the most famous among these, David Autor, David Dorn, Gordon Hanson, and Kaveh Majlesi—from MIT, the University of Zurich, the University of California at San Diego and Lund University, respectively—have shown that votes for Trump in the 2016 presidential election across US communities were strongly correlated with the magnitude of adverse China trade shocks. All else being equal, the greater the loss of jobs due to rising imports from China, the higher the support for Trump.

Indeed, according to Autor, Dorn, Hanson and Majlesi, the China trade shock may have been directly responsible for Trump's electoral victory in 2016. Their estimates imply that had import penetration been 50 per cent lower than the actual rate over the 2002-14 period, a Democratic presidential candidate would have won the critical states of Michigan, Wisconsin, and Pennsylvania, making Hillary Clinton the winner of the election.

Other empirical studies have produced similar results for western Europe. Higher penetration of Chinese imports has been found to be implicated in support for Brexit in Britain and the rise of far-right nationalist parties in continental Europe. Austerity and broader measures of economic insecurity have been shown to have played a statistically significant role as well. And in Sweden, increased labour-market insecurity has been linked empirically to the rise of the far-right Sweden Democrats.

Convergence

The cultural and economic arguments may seem to be in tension—if not downright inconsistent—with each other. But, reading between the lines, one can discern a type of convergence.

Because the cultural trends—such as post-materialism and urbanisation-promoted values—are of a long-term nature, they do not fully account for the timing of the populist backlash. (Norris and Inglehart posit a tipping point where socially conservative groups have become a minority but still have disproportionate political power.) And those who advocate for the primacy of cultural explanations do not in fact dismiss the role of economic shocks. These shocks, they maintain, aggravated and exacerbated cultural divisions, giving authoritarian populists the added push they needed.

Norris and Inglehart, for example, argue that 'medium-term economic conditions and growth in social diversity' accelerated the cultural backlash and show in their empirical work that economic factors did play a role in support for populist parties. Similarly, Wilkinson emphasises that 'racial anxiety' and 'economic anxiety' are not alternative hypotheses, because economic shocks have greatly intensified urbanisation-led cultural sorting. For their part, economic deterministes should recognize that factors like the China trade shock do not occur in a vacuum, but in the context of pre-existing societal divisions along socio-cultural lines.

Ultimately, the precise parsing of the causes behind the rise of authoritarian populism may be less important than the policy

lessons to be drawn from it. There is little debate here. Economic remedies to inequality and insecurity are paramount.

BETWEEN 1945 AND 1989: THE RISE OF 'ILLIBERAL DEMOCRACY' IN POST-COMMUNIST EUROPE

PETER VEROVŠEK

Peter Verovšek

The revolutions of 1989 seemed to signal the victory of liberal-democratic capitalism in Europe. The states of central Europe, which Milan Kundera called the 'kidnapped west', abducted from their heritage by the Red Army at the end of World War II, quickly adopted political, legal and economic reforms based on the liberal-democratic model. On May 1st 2004, a mere 15 years later, the first post-Communist states were celebrating their accession to the European Union; the reunification of Europe seemed complete.

Another 15 years on—from the vantage point of 2019—this narrative appears hopelessly naïve and Panglossian. Although EU membership was supposed to turn the border between east and west into a relic, cold war divisions are still salient, with states on either side operating with different understandings of democracy, as well as of the role and value of the nation-state.

Memory cultures

In contrast to the postwar system of liberal democracy established in the west, which protects human rights and privileges the rule of law over national sovereignty, in post-Communist Europe a different model of 'illiberal democracy' has emerged, which emphasises the popular sovereignty of the 'imagined community' of the 'nation' over external claims to protection, legal procedure and international law. To understand this bifur-

cation, we need to pay attention not only to economic and cultural factors but also to the influence of memory cultures on contemporary politics.

While the historical imaginary of western Europe continues to be defined by the defeat of fascism in 1945, across central Europe it is dominated instead by 1989. These divergent frameworks of collective memory bring strikingly different lessons to bear on the present.

In western Europe, collective remembrance is shaped by the traumatic events of the second world war, culminating in the victory over fascism. Immediately after the end of the war, key political leaders concluded that lack of protection of human rights at both the national and international levels had played a central role in enabling the atrocities of the Holocaust. Acting as what Jeffrey Alexander refers to as 'collective agents of the trauma process', they argued that pooling sovereignty in institutions beyond the nation-state and establishing systems for the international protection of human rights were the only ways to overcome the national antagonisms which had led Europe into two world wars.

This conclusion had important consequences for postwar democracy. Although popular sovereignty was still important, 1945 showed western Europeans that 'the will of the people' could only function properly within a constrained democracy, which privileged the protection of human rights above majoritarian popular sovereignty. The postwar liberal-democratic order in western Europe thus sought to ensure that nation-states could not deploy national law to 'kill the juridical person' by taking away basic rights from unwanted individuals—the

first step in the administrative process which culminated in the gas chambers of the Holocaust.

The lessons of 1945 also have important implications for the relationship between democracy and the nation-state. The postwar fear of nationalism in the west led to the emergence of the EU, which sought not only to 'make war unthinkable' through greater political co-operation but also 'materially impossible' via a common market and other economic measures of integration. Additionally, the Council of Europe was established to protect human rights at the supranational level, both through monitoring and legally through the European Court of Human Rights, which can enforce the European Convention on Human Rights juridically.

Totalitarian occupation

Memory culture in the east developed very differently. While 1945 is also an important symbolic date in central Europe, in this region it stands for the transition from one form of totalitarian occupation to another—from Nazi to Soviet rule enforced by the quick development of one-party states. The legacy of Communism therefore has important consequences for views of democracy and the nation-state.

Ágnes Heller points out that across the region the Communist Party was seen as 'a mechanism for executing the will of the Central Committee, and thus the will of Moscow'. As a result, in much of post-Communist Europe '1989' does not evoke a turn towards the liberal protection of human rights, but a desire for self-government.

Just as memory entrepreneurs in the west helped to shape the lessons of 1945 by emphasising the protection of rights and privileging the universalistic state over the parochial desires of the particularistic nation, the post-Communist narrative has also been disseminated and institutionalised by important carriers within these societies. Most notably, Viktor Orbán in Hungary and Jarosław Kaczyński in Poland have both focused on the nation and national sovereignty, creating narratives which treat the past as a history of disasters imposed by external powers. These national leaders thus downplay the dangers of Nazism and nationalism which form the core of the western narrative, in favour of a story that emphasises the need for national self-rule.

Refugee influx

These different understandings of democracy, as well as the place of the nation-state within European and international politics, became especially politically salient as the influx of refugees from north Africa, the middle east and beyond increased in 2015. Coming on the heels of the Great Recession of 2008, this so-called 'invasion' fuelled xenophobic, right-wing populism across the continent.

However, whereas some governments in the west, as well as the institutions of the EU, have sought to push back against these trends—moving to defend liberal principles by upholding the international right of refugees to claim asylum and developing quotas for the distribution of asylum-seekers at the European level—the post-Communist states responded by tightening asylum laws, rejecting refugee resettlement arrangements,

erecting barbed wire and even criminalising assistance to refugees. This has resulted in what the former president of the European Council, Donald Tusk of Poland, called a split 'between east and west ... compounded by emotions which make it hard to find common language'.

It is easy to blame central Europe for holding on to an outdated, dangerous conception of democracy, rooted in nationalism and the nation-state. However, this view disrespects the historical experiences and collective memories of post-Communist Europe. Despite their desire to integrate central Europe into the EU, many western Europeans have found it difficult to understand the importance of 1989 to the post-Communist historical imaginary.

A series of hearings and conferences organised by the Slovenian presidency of the EU in April 2008 thus 'brought to light a strong feeling that the Member States in Western Europe should be more aware of the tragic past of the Member States in Eastern Europe'. In its subsequent declaration on 'European conscience and totalitarianism' (2009), the European Parliament observed that 'Europe will not be united unless it is able to form a common view of its history, recognises Nazism, Stalinism and fascist and Communist regimes as a common legacy and brings about an honest and thorough debate on their crimes in the past century'.

A greater appreciation of the importance of collective memory in shaping politics in the present also has important implications for international development and attempts to consolidate democracy around the world. Most notably, recognising the importance of history and memory in the consolidation of

democracy might help development agencies and international organisations to realise that the very term democracy will mean different things to different people because of their differing historical experiences. This has important implications for democratic consolidation, both in Europe and beyond.

WEIGHTED VOTING, REVOLUTION AND THE APPLAUSE IN A CONCERT HALL

BRANKO MILANOVIĆ

Branko Milanović

Several days ago, I listened to a concert in a music hall that is normally full to the rafters but on that day was half-empty. The concert however was magnificent and when it ended the audience stood up to give prolonged applause to the musicians.

What we were trying to do was not only to make up for the missing public but to use the applause as a gauge of our appreciation. We were not using polite clapping as if it were a digital, 1-0 variable—applauding or not—but going beyond that to show the strength of our emotion.

Currently, in democracies, people are each given one vote in every election or referendum. The vote, if we decide to use it, is binary: it shows that we prefer one option rather than another. But it gives no clue as to how much we prefer it.

Weighted voting

Weighted voting tries to remedy this. Should not people who feel very strongly about an issue have a chance to express that —to give a sign that they feel much more strongly about that issue than another issue, or much more strongly than another person who may be indifferent between the options or between the issues? In principle this is desirable, but how can it be reconciled with an equal voting power for all? If people were simply allowed to choose the number of votes they claim reflected the strength of their preferences, one person might

take five or ten votes, whereas another person might have only one.

The solution lies in giving people the same amount of total votes over a number of elections, but giving them the freedom to use these votes in accordance with how strongly they feel about individual elections. It is like, in a casino, being given ten tokens each: you can decide to use all of them in the first round or play one in each of ten rounds. Equality among voters is thus maintained, while they are allowed to make the strength of their preferences known.

Early democracies were weighted—but in a very different sense: only some categories of people had the right of vote. In both Greek city states and the ante-bellum United States, the franchise was limited to free (non-slave) men. In some US states, it was additionally limited by a wealth census (amount of property owned or taxes paid). The same census-based voting rights existed in all countries vaguely considered democratic in the 19th century. Women moreover were excluded in all developed countries until the end of the first world war. In such weighted systems, preserved today only in some international organisations such as the IMF, the weights were used so as not to give every individual (or relevant unit, the country) the same importance.

In modern democracies, we have a one-person-one-vote system (1p1v). But that system, while egalitarian, does not allow the expression of the strength of preferences. A system of weighted voting—one person, n votes—should solve that problem.

And it is not a minor problem. Whether (in the US) you are a strong Donald Trump supporter or equally strongly his oppo-

nent, or (in the UK) a Leaver or Remainer, it is clear, I think, that you wish you had a chance to express your conviction more strongly. In a weighted system you would be able to do so: you might skip voting in local elections, or in a referendum about which you did not care, keeping all your votes to cast them in favour of or against Trump or 'Brexit'.

Rebellion or revolution

Short of such a possibility of weighted voting, what are the alternatives for those who really feel strongly about some issues? Basically, nothing but civil disobedience, rebellion or revolution.

It is often said that revolutions are minority affairs. Neither the US war of independence nor the Russian revolution would (probably) have happened with a IPIV system. The reason they happened is because to those to whom the issue really mattered only violence remained—unlike the fence-sitters, the revolutionaries were willing to die for their cause, which is, in a way, the ultimate weighted vote. But nowadays we should be able to do it better—without spilling blood.

In an excellent recent book, *Radical Markets: Uprooting Capitalism and Democracy for a Just Society*, Eric Posner and Glen Weyl propose a special form of weighted voting, 'quadratic voting', where everyone has n votes but if he or she decides to hoard them and use them for only one election the voting power of such votes is less.

Suppose that you and I each have nine votes but I decide to use them in nine elections while you hoard them to use in one election about which you care. According to quadratic voting, my

overall voting power would be nine (nine times one); yours would be only three (square root of nine—hence the term 'quadratic').

The system of quadratic voting would ensure equality among citizens and enable expression of the strength of preferences while penalising a focus on only one (or a few) issues. Many alternative forms of weighted voting are of course possible, including the simplest where each vote carries the same voting power.

The difficulties

The difficulties lie elsewhere: should people be given equal numbers of votes for (say) a four-year period or longer? And then, as voters do not know what future elections are coming—or (say) who would be the candidates in the US presidential election in 2020—how can they judge the relative importance of one election versus another?

Suppose hypothetically that you were a strong anti-Trump voter but had already used all your votes in the 2016 election and so had none left for 2020. Thus, you would no longer count at all. Or suppose that you were an indifferent voter then and had by now accumulated a bunch of votes which, in a very tight 2020 election, might be very valuable. What should you do? You alone, indifferent as you are, could be worth ten other committed but voteless individuals.

Similarly, weighted voting does not solve the problem of who is entitled to vote in the first place. The political status of territories that aspire to independence cannot be solved by weighted

voting prior to agreeing who has the right to vote (basically, only the concerned territory or the larger unit).

There are many other problems one can imagine. Yet the fundamental truth of weighted voting is still incontrovertible: we should be able to devise a system which enables preferences to be expressed not only as binary choices but fully, including the underlying strength of our sentiment. Going back to the example of the concert hall, we should be able to reward those whom we admire with longer than usual applause.

THE DOWNSIDES AND DANGERS OF ECONOMIC DETERMINISM

SHERI BERMAN

Sheri Berman

We are living in a time of rapid and disorienting change. Twenty-first century capitalism differs greatly from its postwar predecessor and many believe it has changed western societies in ways that have caused growing dissatisfaction with democracy, the decline of the traditional left and the rise of the populist right.

There is clearly some truth to this argument. But it is also true that arguments like these are not new, and have always been flawed and incomplete.

The economic determinism at the core of such arguments has been a staple of thinking on the left and right since capitalism emerged. But now as in the past, economic forces and developments (the 'base') do not alone determine the nature of politics (the 'superstructure'). More specifically, voters' identities and interests cannot be read off from their position in the economy (their 'relationship to the means of production'). An examination of capitalism can at best be the beginning of an explanation of political outcomes, not its end. As Antonio Gramsci reminded us about a century ago, 'the counting of votes is the final ceremony of a long process'.

Collective identity

During the late 19th and early 20th centuries many assumed the development of capitalism and the changes in social structure generated by it would inexorably produce certain polit-

ical outcomes. In particular, it was widely believed that, because of their position in the economy, workers would develop a strong collective identity and a shared interest in the victory of socialist parties and the overthrow of capitalism—something the left welcomed and liberals and conservatives feared.

Of course, this didn't happen. Economic position did not mechanically translate into social-class status: more people worked for a wage than belonged to the working class, defined as a self-identified group of people with common interests and a shared identity. Relatedly, workers did not all demand an end to capitalism or vote socialist. Indeed, the number of workers in the population turned out to be a relatively poor predictor of socialist party success temporally or comparatively: within particular countries the success of socialist parties over time was weakly correlated with the proportion of workers in the population, as was the relative success of socialist parties cross-nationally.

This is because, to paraphrase the great British historian EP Thompson, rather than being given, identities and interests were made.

Critically shaped

Most obviously, identities and interests only become salient when they are mobilised around. As is the case today, during the late 19th and early 20th centuries religion, language, ethnicity and nation competed with economic class to determine workers' identities, political priorities and voting habits. Accordingly, which identities, cleavages and issues came to

dominate political competition was critically shaped by the policies and appeals adopted by politicians and parties.

In particular, the degree to which workers came to see their economic identities and interests as primary was critically shaped by parties on the left. As Adam Przeworski and John Sprague put it in their classic study *Paper Stones*:

> The causes which lead individuals to vote in a certain way during each election are a cumulative consequence of the competition which pits political parties against one another as well as against other organizations which mobilize and organize collective commitments. The strategies of these organizations determine, as their cumulative effect, the relative importance of [various] social cleavages on the voting behavior of individuals ... Solidarity among workers is not a mechanical consequence of their similarity. The competition among workers can be overcome only if some organization ... has the means of enforcing collective discipline.

Whether, for example, left parties cultivated strong ties with unions and other civil-society organisations, championed universalistic or targeted welfare-states, appealed to workers alone rather than to 'the little people'—to all citizens potentially at risk from the downsides of unregulated markets—and so on, critically influenced working-class cohesion and voting patterns, as well as the degree of support socialist parties attracted from workers and non-workers alike. Similarly, whether the right was able to monopolise nationalist sentiment and thereby create tensions between national and class identities, or institute social policies that divided the working class against itself or other social groups, critically shaped identity

formation and voting patterns during the late 19th and 20th centuries.

Dramatic change

As capitalism entered a phase of dramatic change at the end of the 20th century, seeming once again to make 'all that is solid melt into air', economic-determinist thinking returned with a vengeance. The most obvious manifestation of this was neoliberalism, which proclaimed the primacy of markets and the inefficiency and even undesirability of state attempts to rein them in. It also, of course, promoted a particular type of 'identity'—individualism rather than one based on class or nation. And it prioritised particular goals—most notably economic 'efficiency' rather than equality or social stability, as advanced under the postwar social-democratic order.

But even outside of neoliberalism's advocates, economic-determinist thinking is back in fashion, in the form of arguments that identify the development of capitalism and the changes in social structure generated by it as the cause of our era's most pressing political problems. Such arguments go something like this.

As Fordist production has declined and western economies have become increasingly dominated by knowledge-based industries and the size, interests and identities of socio-economic groups have changed. The decline of the working class due to trade and automation has caused the decline of the left. The suffering of the working as well as parts of the middle class, which have also experienced stagnating wages and growing insecurity, has fed the rise of populism. Highly-

educated members of the middle and particularly the upper classes, on the other hand, have captured an ever-increasing share of national wealth and income while becoming increasingly segregated from capitalism's 'losers' in cosmopolitan metropolitan areas, leading to growing social divisions and resentments as well as dissatisfaction with democracy.

Now as in the past, there is some truth to such arguments: changing economic and social conditions matter. But also as in the past, such changes are not determinative. Within constraints, politicians and parties have choices and these choices matter. A full understanding of our era cannot take the problems we face as givens, but instead examine how they were made—how politicians and parties helped determine what identities and interests have come to dominate contemporary politics.

Disillusionment

Why did the most important interpretation of and solution to the problems of late 20th-century capitalism come from the neoliberal right? Why, even after the 21st-century financial crisis, when disillusionment with 'free' markets and neoliberalism was at its height—as Nicolas Sarkozy, France's right-of-centre president put it at the time, everyone now recognised that 'the idea of the all-powerful market that must not be constrained by any rules, by any political intervention, was mad'—was the left unable to offer voters a distinctive and convincing alternative?

Relatedly, why has the left been unable to construct new solidarities and coalitions among the increasingly large number of

citizens suffering from the downsides of contemporary capitalism? Workers and many members of the middle class find themselves in precarious economic positions and resentful of growing social and economic inequality. Why hasn't this led to the formation of a new class identity among the economically insecure and at-risk?

A recent survey in Germany, for example—where the economy has done well and unemployment has been low—reveals that a majority of citizens worry about their own and their country's economic future and view socio-economic status as the most important dividing-line in contemporary German society. Why has the main beneficiary of these trends and concerns been the populist right rather than the traditional left?

Answering these questions requires more than an analysis of economic and social trends. If we want, accordingly, to fully understand the problems the west faces today and devise effective solutions to them, we must move beyond economic determinism and instead examine the choices made by parties, particularly those on the left.

THE MANCHESTER REVOLUTION

PAUL MASON

Paul Mason

Imagine this: a child is born in a city where 40 per cent of the workforce make things with machines and manual labour. The dominant social relationship is the wage relation. The social contract is strong and mediated through taxation. Most services are provided by the state.

Sixty years later a child is born in the same city. Now only 10 per cent of the population are involved in manufacturing—and, of them, half are engaged in tasks that look more like science or computing. The forms of exploitation by capital are now primarily financial, with the wage relationship secondary to value extraction—via interest, monopoly pricing, under-paid work and the exploitation of behavioural data. Most services are provided via the market.

In the 250-year lifecycle of industrial capitalism, that 60-year chunk has clearly seen a major mutation. It's been driven by technology, globalisation and human development. And its social impact is clear.

In the 1960s, the streets of the city were quiet during the day and like the grave on Sundays. There was a clear dividing line between work and leisure. Today that city's streets buzz with open air cafes; the pavements are full of people conversing or consulting smart devices as they walk.

In the 1960s, a prominent scientist of the city had been recently persecuted for being privately gay. Today his face is on the £50 note and the city has an entire district devoted to gay culture.

The city is Manchester, on whose outskirts I was born in 1960. Renowned as ground zero of the industrial revolution, its current workforce dynamics are startling. Out of a working-age population of 1,760,000, 24 per cent work in finance and professional services; 20 per cent work in health, education and social care; only 10 per cent work in manufacturing.

Beyond carbon and capitalism

The question is: what will Manchester look like in another 60 years? I want to imagine the best-case outcome of a transition beyond both carbon and capitalism in the birthplace of manufacturing.

It should be entirely possible, within 60 years, to automate manufacturing completely—reducing the workforce at most plants to a small oversight function. By then we should have gone far beyond simply automating human processes (as with the auto-industry robots which spot-weld like a giant human on speed): the processes themselves will be essentially non-human. We might 'grow' a metallic object or print it—just as turbofan blades are formed out of a single metal crystal under lab-like conditions today.

So maybe 95+ per cent of the workforce are concentrated in services, many of them human-to-human. Because we have eliminated financial speculation and automated many financial processes—such as commercial banking, commercial law, accounting and forward markets—the financial workforce is also small. But the health, culture, sport and education workforce is large—eclipsing the business-services sector, just as it now eclipses manufacturing.

Most people 'work' only two or three days per week—and work is, as today, a mixture of work and leisure. Karl Marx's famous reprimand to Charles Fourier—that work 'cannot become play' but only be reduced in time—has been disproved. But they were both right: automation has made working hours shorter and blurred the edges.

There are no tech monopolies—only a mixture of innovative small-and-medium enterprises (SMEs), which make traditional profits, and public-information utilities, which charge only the cost of production and maintenance.

Holistic healthcare (including mental health, physiotherapy and dentistry), education to degree level and city transport are all free. The average rent is around 5 per cent of the average wage (as in Red Vienna in the 1920s)—and the interest rate on mortgages is capped at around the same level.

By 2080 the city has long-ago achieved a zero-net carbon target, and its progressive government is engaged in innovative processes to remove carbon from the atmosphere and make carbon reparations to the rest of the world.

Cultural and political struggle

The next question is: how did we get here?

First, we made the 2020-30 decade into a mass cultural and political struggle for a new kind of capitalism. Governments were formed which suppressed speculative finance; built a million new green social homes and began the greening of all remaining housing stock; subsidised the creation of new city transport systems and the removal of all petrol/diesel cars and

trucks from the road; broke up or nationalised the tech monopolies, taking the registration of data into common ownership; consciously fostered the creation of a big, granular non-profit sector—including banks, retail outlets, health and social-care providers and cultural-production centres; and removed all coercion from the welfare system, merging state pensions and benefits into a single, modest basic income, enshrined as a right in the constitution.

The result, by 2030, was still capitalism. But the government had learnt how to measure it in a different way—not only calculating gross value added but measuring physical outputs, hours worked and productivity. If 'total economic utility' was divided in 2020 into 40 per cent state, 59 per cent market and 1 per cent non-profit, then by 2030 some 10 per cent of the economy was operating 'at cost'. Nominal gross domestic product had stabilised and begun to shrink.

As a result, the financial markets had begun to price in the suppression of speculation and the eventual end of the capital-accumulation process. In a word, they suffered a panic—over the prospect of a post-carbon and post-capitalist world—and the state and the central bank were forced to step in to save, stabilise and own the financial infrastructure, allowing speculative capital to fail. The entire rescue was funded through creating money at the central bank and monetising the national debt.

The 2020s were fought out as a battle between a profit-centred and a people-and-planet-centred economy. The radical social-democratic government, recognising the dangers of too rapid and dramatic state intervention, consciously fostered the

regrowth of an SME-scale private sector, using public intervention and funding to crowd entrepreneurs out of low-value operations and towards tech and social innovation.

The world economic system, which was already disintegrating by 2020, could not survive the simultaneous adoption of green post-capitalism by left-liberal and social-democratic parties. By 2030 it had fragmented into regional blocs—with Europe as the most successful, China embracing and absorbing most of Russia and central Asia and north America cohering into a fairly self-contained market.

After 2030 however, with financial globalisation suppressed, a new form of economic globalisation, based on travel, information-sharing and trade in raw materials, did revive.

Between 2030 and 2050 the city government of Manchester aggressively prioritised the idea of a just transition to zero-net-carbon status. It operated as a city-region, distributing major service entities such as the universities, research-and-development institutions and large healthcare facilities into the once-stagnant ex-industrial towns.

By 2040 Manchester city centre was vehicle-free, with bikes, trams and walking the dominant transport modes. Flight rationing remains in force but there are promising developments in mass, carbon-free, fuel-cell aviation, so the city decides to maintain Manchester airport, despite demands from radicals to rewild it.

The river Irwell, as dank in 2020 as when Friedrich Engels stared at it from Ducie Bridge, now has otters playing on its banks, and upriver—somewhere between Ramsbottom and

Bacup—there are beavers. As for the social life of the city, it's as different to now as now is to the postwar age of Ena Sharples and Stan Ogden (characters in the Salford-based soap, Coronation Street) but I cannot predict how.

Lack of imagination

To survive the battles of the 2020s, the left must imagine its own utopia. But what is frustrating about the current focus on achieving carbon neutrality is the complete lack of imagination —among policy-makers, scientists and protesters—about what the economy, as a precondition for achieving it, would look like.

In one sense, the failure of economic imagination is understandable. Economics as a mass academic discipline only took off during the last 60 years and its key tenet has been that ... nothing different is possible. But because the world is now forced to imagine capitalism without carbon, it must also be forced to contemplate an economy without compulsory work.

The objective is to make the economy carbon-free and circular in resource terms, to reduce hours worked and promote measurable increases in human health and happiness, to reintegrate the suburban rust belt with the centre and to find sustainable sources of food. Modelling and testing transition paths needs to become a deadly serious task.

The city is going to be the primary unit for making this transition: it is big enough to operate at scale yet small enough so that different transition paths can be tried in different cities, and so that the population can feel close to the decision-making and experience the outcomes directly.

In 1960, when I was born, Manchester looked and felt like an electrified version of its 19th-century self: there were still smokestacks, cobbled streets and coal fires. Today it feels like an era has passed. By the year 2080 a whole other qualitative transition needs to have happened. But it won't even begin unless we can imagine it.

WHY SHOULD JUST TRANSITION BE AN INTEGRAL PART OF THE EUROPEAN GREEN DEAL?

BÉLA GALGOCZI

Béla Galgóczi

That there is a climate emergency has been widely acknowledged. New scientific evidence on the devastating effects of climate change, ever more dramatic, appears on a weekly basis. Scientists warn that global warming may reach a tipping point in the immediate future—one that triggers a sudden and violent shift in the system and catalyses a domino effect of dramatic further changes via positive-feedback mechanisms.

While the COP21 Paris agreement of 2015 was a historical milestone, the commitments of the signatories would only confine global warming to an estimated 3C by the end of the century, compared with pre-industrial levels. This would far overshoot the +1.5C ceiling which, according to the Intergovernmental Panel on Climate Change, is necessary to keep the impacts within bounds.

Long-term objective

Acknowledging the gap between the European Union's earlier commitment and the Paris targets, in November 2018 the European Commission set the long-term objective of a climate-neutral Europe, to be achieved by 2050. The European Green Deal, announced by the new commission as its flagship initiative, is to transform this objective into concrete policies. One pillar is a large-scale investment plan, which would require estimated yearly commitments of between 175 and 290 billion euro to energy systems and infrastructure.

Stepping up the EU's climate ambition is unquestionably the priority. But we need to be aware of what it means to reduce greenhouse gases in the next 30 years at four times the rate the EU will have achieved between 1990 and 2020. This would constitute a fundamental revision of the linear, extractive and fossil-fuel-based growth model of the past, with a restructuring of the entire economy—leading to major changes and adjustments which would affect jobs, livelihoods, working conditions, skills and employment prospects.

This paradigm change can only succeed if it happens in a socially balanced way. 'Just transition', a framework developed by the trade-union movement to encompass a range of social interventions needed to secure workers' rights and livelihoods when economies are shifting to sustainable production, has become a recognised element of climate policies, referred to in the Paris agreement.

Early declarations about the European Green Deal suggest that a social dimension would be one of its integral elements. The cases of two key sectors of the European economy—energy and the automotive industry—demonstrate why this is important.

Phasing out coal

Meeting the commission's objective of a net-zero-carbon economy by 2050 will not be possible without the timely phasing out of unabated coal from energy generation. In 2015, 18 per cent of the EU's greenhouse-gas emissions came from the chimneys of just 284 coal-power plants, with a total employment of 52,700 across the union. In 2017, the number of coal-mining jobs in the EU was just below 130,000.

Although the total number of coal-dependent jobs makes up only a small fraction (about 0.15 per cent) of European employment—and a much greater of jobs were lost during the financial crisis—the challenge is that these are concentrated in a small number of regions with wide-ranging potential impacts on the local and regional economy. Poland alone has nearly two thirds of the coal-mining and nearly half of total coal-dependent jobs in Europe.

In many of these regions, the livelihood of a large part of the population is dependent on a coal-based economy. Although a lot of progress has been made in 2019, the current coal phase-out plans by member states are inadequate by far (see map) and substantial efforts remain to be made.

The status of coal phase-out in the EU (as of October 2019).
Source: Europe Beyond Coal (2019) and national sources. Cyprus, Belgium, Latvia, Lithuania, Luxembourg and Malta have no coalfired plant. While Estonia does not have a coal plant its energy generation is largely based on a much more polluting solid fuel, oil shale, and it has no plan to phase it out.

Phasing out coal is thus a manageable and highly rewarding ambition—indeed, it is seen as a 'low-hanging fruit'. But dedicated and concentrated efforts are needed in terms of regional and employment initiatives, in which an EU-level Just Transition Fund must play a leading role.

Transport shift

Unlike coal, cars and individual transport will still have a future

in a net zero-carbon world. But it will be a very different one from today, with a shift in modes of transport and a phase-out of the combustion engine. Although the automotive industry is not widely seen as a case for just-transition policies, the magnitude of employment change in this sector will definitely require that.

Unlike coal, the industry is a key employer in Europe, covering 13.8 million jobs altogether. It is undergoing three simultaneous transformations. First, regulation aimed at fulfilling climate objectives and improving environmental performance is pushing it towards powertrain electrification.

Secondly, there is a 'mobility revolution', whereby extensive digitalisation and vehicle electrification will boost the development of new business concepts and service-provision functions, based on new connectivity and autonomous features. Such change is truly revolutionary since it has the potential for overhauling vehicle usage and ownership, along with the industry's traditional business model.

Thirdly, digitalisation across the automotive value chain promises to stretch the physical limits of flexible production further, with considerable impact on working environments. Intelligent production systems are building the interface between production machines and employees through an integrated communication network. In addition to the new automation potential opening up, this will also facilitate comprehensive control of the production process.

The paradigm change in mobility and transport will also have a disruptive effect on established patterns of globalisation in the

industry. Car manufacturers in Europe will need to face these challenges, which will rewrite business models with reverberations throughout the supply chain.

Social dimension

An ambitious European Green Deal can only succeed if it has a strong social dimension. As the European Trade Union Confederation puts it, this must be 'inclusive and supportive for the most vulnerable regions, sectors and workers'. The transport and energy sectors will deliver a large part of the decarbonisation of the European economy and deserve special attention—in terms of investment and social and employment policies.

Phasing out coal as soon as possible is the pre-eminent interest of the entire EU and will have a huge reward in terms of emission reductions, combined with very limited employment effects at the European level. At the same time, coal-based employment is concentrated in a small number of European regions. There is a clear case for European solidarity and the delimited scale of the problem allows of rapid progress.

European structural and cohesion policies need to prioritise Green Deal objectives but dedicated support is also required. The existing European Platform for Coal Regions in Transition needs to be equipped with appropriate finances and could be rebranded as the Just Coal Transition Platform.

The automobile industry faces even more complex challenges and its importance for the European economy is of a different magnitude. Its transitions will need tailored employment policies under a new framework. Social dialogue and plant-level

agreements will have a key role in managing an epochal transformation process.

With higher climate ambition it must be clear that earlier ideas about a Just Transition Fund should also be upgraded. Pooling existing funds and attaching a 'just transition' label won't do.

PREVENTING DIGITAL FEUDALISM

MARIANA MAZZUCATO

Mariana Mazzucato

The use and abuse of data by Facebook and other tech companies are finally garnering the official attention they deserve. With personal data becoming the world's most valuable commodity, will users be the platform economy's masters or its slaves?

Prospects for democratising the platform economy remain dim. Algorithms are developing in ways that allow companies to profit from our past, present and future behaviour—or what Shoshana Zuboff of Harvard Business School describes as our 'behavioural surplus'. In many cases, digital platforms already know our preferences better than we do and can nudge us to behave in ways that produce still more value. Do we really want to live in a society where our innermost desires and manifestations of personal agency are up for sale?

Capitalism has always excelled at creating new desires and cravings. But with big data and algorithms, tech companies have both accelerated and inverted this process. Rather than just creating new goods and services in anticipation of what people might want, they already know what we will want and are selling our future selves. Worse, the algorithmic processes being used often perpetuate gender and racial biases, and can be manipulated for profit or political gain. While we all benefit immensely from digital services such as Google search, we didn't sign up to have our behaviour catalogued, shaped and sold.

Economic rents

To change this will require focusing directly on the prevailing business model, and specifically on the source of economic rents. Just as landowners in the 17th century extracted rents from land-price inflation, and just as robber barons profited from the scarcity of oil, today's platform firms are extracting value through the monopolisation of search and e-commerce services.

To be sure, it is predictable that sectors with high network externalities—where the benefits to individual users increase as a function of the total number of users—will produce large companies. That is why telephone companies grew so massive in the past. The problem is not size but how network-based companies wield their market power.

Today's tech companies originally used their broad networks to bring in diverse suppliers, much to the benefit of consumers. Amazon allowed small publishers to sell titles (including my first book) that otherwise would not have made it to the display shelf at your local bookstore. Google's search engine used to return a diverse array of providers, goods and services.

But now, both companies use their dominant positions to stifle competition, by controlling which products users see and favouring their own brands (many of which have seemingly independent names). Meanwhile, companies that do not advertise on these platforms find themselves at a severe disadvantage. As Tim O'Reilly has argued, over time such rent-seeking weakens the ecosystem of suppliers that the platforms were originally created to serve.

Rather than simply assuming that economic rents are all the same, economic policy-makers should be trying to understand how platform algorithms allocate value among consumers, suppliers and the platform itself. While some allocations may reflect real competition, others are being driven by value extraction rather than value creation.

New vocabulary

Thus, we need to develop a new governance structure, which starts with creating a new vocabulary. For example, calling platform companies 'tech giants' implies they have invested in the technologies from which they are profiting, when it was really taxpayers who funded the key underlying technologies—from the internet to the Global Positioning System.

Moreover, the widespread use of tax arbitrage and contract workers (to avoid the costs of providing health insurance and other benefits) is eroding the markets and institutions upon which the platform economy relies. Rather than talking about regulation, then, we need to go further, embracing concepts such as co-creation. Governments can and should be shaping markets to ensure that collectively created value serves collective ends.

Likewise, competition policy should not be focused solely on the question of size. Breaking up large companies would not solve the problems of value extraction or abuses of individual rights. There is no reason to assume that many smaller Googles or Facebooks would operate differently or develop new, less exploitative algorithms.

Creating an environment that rewards genuine value creation

and punishes value extraction is the fundamental economic challenge of our time. Fortunately, governments too are now creating platforms to identify citizens, collect taxes and provide public services. Owing to concerns in the early days of the internet about official misuse of data, much of the current data architecture was built by private companies. But government platforms now have enormous potential to improve the efficiency of the public sector and to democratise the platform economy.

To realise that potential, we will need to rethink the governance of data, develop new institutions and, given the dynamics of the platform economy, experiment with alternative forms of ownership. To take just one of many examples, the data that one generates when using Google Maps or Citymapper—or any other platform that relies on taxpayer-funded technologies—should be used to improve public transport and other services, rather than simply becoming private profits.

'Free market'

Of course, some will argue that regulating the platform economy will impede market-driven value creation. But they should go back and read their Adam Smith, whose ideal of a 'free market' was one free from rents, not from the state.

Algorithms and big data could be used to improve public services, working conditions and the wellbeing of all people. But these technologies are currently being used to undermine public services, promote zero-hours contracts, violate individual privacy and destabilise the world's democracies—all in the interest of personal gain.

Innovation does not just have a rate of progression; it also has a direction. The threat posed by artificial intelligence and other technologies lies not in the pace of their development but in how they are being designed and deployed. Our challenge is to set a new course.

BRITAIN'S POST-BREXIT CHOICES

NGAIRE WOODS

Ngaire Woods

Huge amounts of time, effort and frustration have gone into negotiating the terms of the United Kingdom's exit from the European Union. Assuming the UK does leave the EU, its government will need to begin the long, difficult process of negotiating new relationships with the rest of the world. That will involve tough choices, one of the thorniest of which is whether the UK should align its regulations in key economic sectors with those of the EU or the United States. Where, then, is Britain headed?

The prime minister, Boris Johnson, wants the UK to reach a trade and investment agreement with the US after Brexit. After all, America is the UK's largest single-country trade partner and its biggest source (and destination) of foreign direct investment.

In seeking such a deal, however, the UK would have to decide how far it is willing to realign its regulatory regimes with those of the US (as American firms and investors want). Closer alignment with the US would create new barriers to trade with the EU, which is a much larger market for UK exports. Moreover, the prospect of adopting US standards—on drug pricing, the environment, food standards and animal welfare, for example—is already creating a public backlash in Britain.

As the UK prepares for life after Brexit, regulatory tensions with the US and EU could potentially flare up in two other important sectors.

Banking and finance

The first is banking and finance. In 2018, the UK's financial services sector contributed £132 billion ($170 billion) to the economy, or 6.9 per cent of total output, provided 1.1 million jobs (3.1 per cent of the total) and paid some £29 billion in tax (in the 2017-18 UK tax year). The sector also generated £60 billion worth of exports in 2017 (against £15 billion in imports).

But the financial services sector poses huge risks if it is not adequately regulated. The 2007-08 financial crisis reduced UK national output by 7 per cent, wiped out one million jobs, caused wages to fall by 5 per cent below 2007 levels and brought bank lending to a halt. All parts of the UK (and much of the rest of the world) felt the catastrophic impact.

After the crisis, an independent commission made a clear case for regulatory reform to protect the British public (and the public purse) from reckless bank lending. Policy-makers in the EU and the US also accepted the need for robust regulation.

Today, however, America and Europe are pursuing sharply divergent approaches. EU regulators continue to strengthen prudential rules and capital requirements (especially for very large banks) and are widening the ambit of regulation to cover every asset and profession in the financial services industry.

The US, by contrast, has reversed course under the president, Donald Trump, whose administration has set about undoing core elements of the regulations implemented after the financial crisis. The US government's agenda now includes

lowering capital requirements, weakening stress testing and 'living wills' for banks and allowing more proprietary trading and unregulated derivatives dealing. It is also intent on rolling back consumer and investor protections, reducing prudential regulation of systemically significant banks, undermining the regulation of non-banks and the shadow banking system, reducing funding for research and monitoring of the financial industry and taking a hands-off approach to enforcing securities laws.

Some investors would benefit hugely from US-style financial deregulation in the UK, and will continue to push for it. But their quest for profits over systemic safety would jeopardise the hard-won regulatory measures that currently protect the UK public from a repeat of the 2007-08 crisis. It would also damage the City of London's place at the heart of European finance.

To date, the UK has taken a robust approach to financial regulation and implemented measures that go beyond those introduced by EU regulators. These include a new regime aimed at holding senior bankers accountable for their decisions and ring-fencing large banks' retail operations to protect customers' deposits from shocks to the wider financial system. And because the UK public broadly supports these measures, the post-Brexit government will presumably be hesitant to weaken them.

Technology companies

The second challenge for the UK after Brexit will be handling the big US technology companies. In 2019, a UK Parliament re-

port found that Facebook 'intentionally and knowingly violated both data privacy and anti-competition laws'. Yet the size and global reach of the big tech firms make it hard for any non-US government to regulate or influence them.

Instead, the EU has led the way in enshrining citizens' rights to data privacy, through its General Data Protection Regulation (GDPR). Furthermore, the European Commission has adopted a stance strongly in favour of protecting competition and limiting the digital giants' market dominance. In March, the commission fined Google €1.5 billion ($1.7 billion) for blocking rivals in the online advertising market—the third time it has penalised the company for antitrust violations.

The US government, however, strongly supports the free movement of data (which the big American tech companies want), while Trump has previously been quick to criticise the commission for fining Google.

The UK relies heavily on the big global tech firms, all of which are American or Chinese, and must therefore try to regulate them. Once it leaves the EU, it will face a choice between giving in to US pressure or finding a way to mirror EU regulation (including the GDPR and the EU-US Privacy Shield Framework).

Brexiteers claim that the UK can create its own 'global strategy' and do things 'Britain's way' after it leaves the EU. In 2016, for example, the then prime minister, Theresa May, said that after Brexit the UK would rely upon its 'steadfast allies' to establish an alternative to the EU's Galileo satellite-navigation system.

Several years later, however, with Trump in the White House

and the UK in a much weaker negotiating position with the EU, it is not clear who these steadfast allies are.

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