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WHERE MIGHT THE NEXT GENERATION OF PROGRESSIVE IDEAS AND PROGRAMMES COME FROM? CONTEMPORARY DISCONTENTS, FUTURE POSSIBILITIES FOR EUROPE

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In recent years, the European Union has suffered through a cascading set of crises, including the Eurozone crisis, the refugee crisis, the security crisis, Brexit, and Trump. But rather than bringing the EU together, with concerted responses, these crises have revealed cross cutting divisions among member states. What is more, they have been accompanied by major crises of politics and democracy for the EU as well as its member states.

At the EU level, questions are increasingly raised not only about the (lack of) effectiveness in solving the various crises but also democratic legitimacy. The causes are public perceptions of EU governance processes characterized by the predominance of closed-door political bargains by leaders in the Council and by a preponderance of technocratic decisions by EU officials in the Commission and the European Central Bank, without significant oversight by the European Parliament. At the national level, concerns focus on the ways in which the EU's very existence has diminished elected governments' authority and control over growing numbers of policies for which they had traditionally been alone responsible, often making it difficult for them to fulfill their electoral promises or respond to their voters' concerns and expectations.

The result has been increasing political disaffection and discontent across European countries, with a growing Euroskepticism that has fueled the rise of populist parties on the political extremes. In a world in which citizens have become increasingly dissatisfied with current economics, politics, and society, populist politicians have been able to find the words to channel their anger. Using rhetorical strategies and 'uncivil' language in a 'post-truth' environment that rejects experts and the mainstream media, they have reshaped the political landscape by framing the debates in fresh ways while using new and old media to their advantage as they upend conventional politics.

The underlying causes of the malaise fueling the rise of populists are known. These include the increase in inequality and those 'left behind', the growth of a socio-cultural politics of identity uncomfortable with the changing 'faces' of the nation, and the

hollowing out of mainstream political institutions and party politics. But although these help explain the sources of citizens' underlying anger, they do not address the central puzzles: Why now, in this way, with this kind of populism? And where are the progressives? Where the progressive ideas?

In order to consider where the next generation of progressive ideas and programs might come from that would be capable of reshaping the next phase of globalization (and regionalization with regard to the EU), we need to know first where we are, in terms of discontents with the current phase of globalization, and what problems result from such discontents. Once having identified the problems, the question is where do ideas about solutions come from? Who are the individuals, groups, coalitions, or leaders? And how do they bring about progressive change—in a revolutionary moment or incrementally? Through the success of political leaders winning the electoral battles of mass party politics or of policy entrepreneurs winning the technical battles of administrative institutions? And how long might this all take, meaning how much worse might things get before we turn the corner? Finally, what about the substantive content of the progressive ideas meant to solve the problems? To illustrate this last issue, I focus mainly on the European Union, with suggestions about how to think about a more progressive future.

Contemporary discontents and their sources

We begin with problem definitions, which are a first and necessary step in addressing the question of where do progressive ideas come from. Until we understand the sources of contemporary discontents, we won't come up with new ideas that address these discontents with discourses that resonate with citizens. Today, these sources are increasingly well understood. The root causes of citizens' discontents can be traced back to ideas—economic, political, and social. In the forefront are the neo-liberal economic ideas based in a philosophy focused on free markets, individualism, and a limited state that promoted the liberalizing and globalizing policy ideas and programs that have led to today's socio-economic problems of inequality and insecurity. But the sources of discontent also come from the liberal socio-political ideas that promoted the cosmopolitan and multicultural political and social values that have led to cultural backlash. The rise in political distrust may also be a by-product of both sets of ideas, neo-liberal and social liberal, but it also has roots in how globalization and regionalization via the EU have undermined citizens' power and influence in national political processes.

Political economic sources of discontent

The sources of discontent are first of all political-economic, resulting from a globalization spurred by neo-liberal ideas that began with policy programs focused on global free trade and market liberalization in the 1980s and ended with the triumph of financial capitalism and ‘hyper-globalization’ (Stiglitz 2002, 2016; Rodrik 2011; Mirowski 2013). Moreover, neo-liberal ideas promoting the opening of borders to trade through globalization have led to uneven development and significant economic disruptions, in particular the shift of manufacturing from advanced to developing countries that have left more and more people being and/or feeling ‘left behind’ (Gilpin 2000; Eberstadt 2016). These problems have arguably hit the US and the UK harder than continental Europe, since the former introduced more radical neo-liberal reforms earlier and have long had less generous welfare states (Scharpf and Schmidt 2000), with fewer and less effective labor market activation programs in response (Martin and Swank 2012).

The discontents also come from the fact that the economic crisis that began in 2007/2008, far from changing the policy direction, also demonstrates the resilience of such neo-liberal ideas (Blyth 2013; Schmidt and Thatcher 2013a). Notably, the EU’s ‘ramp-up’ of the (quasi) state in order to ‘save the euro’ at the onset of the sovereign debt crisis was based on ‘ordo-liberal’ ideas (Dullien, and Guérot 2012; Blyth 2013) that promoted austerity along with neo-liberal ideas focused on ‘structural reform’ (Crespy and Verheuzin 2017)—which translated into ‘smash the unions,’ deflate wages, lower job and social protections, and cut pensions for countries in trouble (in particular in the case of program countries under supervision by the ‘Troika’ but also for non-program countries in trouble in the context of the European Semester (Schmidt 2016a). These policies have had particularly deleterious consequences in Eurozone countries, including low growth, high unemployment (in particular in Southern Europe), and rising poverty and inequality (Scharpf 2014; Matthijs and Blyth 2015).

Socio-economic and socio-cultural sources of discontent

The sources of discontent are naturally also socio-economic. These include the rise of inequality due to the accumulation of capital by the ‘one percent’ (Piketty 2013), along with neo-liberal policies promoting such changes through regressive taxation plans and cost-cutting to redistributive social programs and policies (Hacker 2006; Hemerijck 2013). Moreover, globalization has created a wide range of ‘losers’ or ‘left-behinds’ in de-industrialized areas, while generating a sense of insecurity for the middle classes, worried about losing jobs and status (Kalleberg 2009; Prosser 2016), or joining the ‘precariat’ (Standing 2011). Among specifically socio-economic issues, moreover, the ‘race to the bottom’ of lower skilled groups, especially of younger males, has become particularly salient (Eberstadt 2016).

The sources of political-economic and socio-economic discontent also link to the socio-cultural. These involve people uncomfortable with the changing ‘faces’ of the nation. Immigration is a key issue, as certain groups feel not just their jobs but also their national identity or sovereignty to be under siege in the face of increasing flows of immigrants (Berezin 2009; McClaren 2012), with rising nativist resentments tied to perceptions that other groups are ‘cutting in line’, and taking the benefits they alone deserve (Hochschild 2016). Nostalgia for a lost past together with fear of the ‘other’ have increased massively, along with the targeting of immigrant groups (Hochschild and Mollenkopt 2009). The question scholars raise here is whether the causes are solely because ‘it’s the economy, stupid’ or also, if not mainly, the ‘cultural backlash’ of once-predominant sectors of the population—older, less educated, white, male—whose worldview is threatened by intergenerational shifts to post-materialist values such as cosmopolitanism and multiculturalism (Inglehart/Norris 2016).

The social discontent has not only been related to immigration, however. Also targeted has been social liberalism, which underpins ideas about individuals’ rights to self-determination. These include the expectation of respect for differences not only involving race and ethnicity but also gender, accompanied by expectations of ‘political correctness’ in language (Lilla 2016). Particularly contentious have been questions of women’s rights when related to abortion, LBGQT rights when involving marriage and child adoption, and trans-gender issues, such as the ‘bathroom’ wars in US high schools (about which bathrooms may transsexuals and non-gender-identifying youths use). The discontented here are not only the economic left-behinds affected by neo-liberal economic ideas; they are also those unhappy with social-liberal political ideas. These are people who may be well off financially, but subscribe to socially conservative philosophies and/or oppose the socially liberal policy programs (Inglehart and Norris 2016).

Political sources of discontent

Finally, the discontents are also political, as people feel their voices no longer matter in the political process. The problem is that citizens generally feel that they have lost control as a result of globalization and/or Europeanization—where powerful people at a distance make decisions that have effects over their everyday lives that they don’t like or even understand (Schmidt 2006; 2017). These include not just global or regional decision-making bodies but also big businesses able to use the political system to their advantage, whether in not paying taxes (e.g., Apple) or to get the regulations they want, regardless of their effects on social and environmental policies (Hacker and Pierson 2010; Culpepper 2011). In the Eurozone crisis, the problems were epitomized by the recourse to ‘governing by rules and ruling by numbers,’ as the Stability and Growth Pact was reinforced by ‘pact’ after ‘pack,’ including the Six-Pack, the Two-Pack, and the Fiscal

Compact, all focused on forcing conformity to rules that, far from helping solve the problems of growth for countries in trouble, limited their ability to deal with them (Schmidt 2015, 2016a).

In this context, mainstream party politics has increasingly become hollowed out and delegitimized, as political leaders are forced to choose between ‘responsiveness’ to citizens and ‘responsibility’ for maintaining international and/or EU commitments (Mair 2013). Moreover, party government is under siege by opposing forces, with populists demanding responsiveness on the one hand while technocrats insist on ‘responsibility’ on the other (Caramani 2017). Additionally, the new electoral divides related to the increasing split between ‘xenophobes’ and ‘cosmopolitans’ only further complicate any kind of party politics, (Kriesi et al., 2012). Finally, voters, instead of being the information-seeking issues-focused utility-maximizers expected by pollsters working with rational man models, tend to be deeply uninformed, lack meaningful preferences, or, when they do have preferences, base them on partisan loyalties, or norms and culture (Achen and Bartels 2016). This makes voters highly susceptible to the siren calls of populist leaders, who promise everything even though they are unlikely to deliver policies that will actually work to improve their lives.

All of the above manifests itself in the increasing discontent citizens have expressed in the ballot box as well as in the streets. Citizens generally have developed a growing distrust of governing elites and a loss of faith in their national democracies as well as in the EU (Pew and Eurobarometer polls, 2008-2016). Votes for the political extremes, on the left as well as on the right, attest to strong desires to register protest against the sitting parties, the elites, and the establishment. Such votes—as well as higher and higher rates of abstention—are also citizens’ protest against their growing sense of a loss of enfranchisement. Such disenfranchisement is a result of the removal of more and more decisions from the national to supranational level, whether to international institutions because of increasing globalization, or to the EU because of increasing Europeanization in the case of EU member-states. As I have written elsewhere, in the EU, the problem for member-state democracy is that it has increasingly become the domain of ‘politics without policy’, as more and more policies are removed to the EU level, where decisions take the form of ‘policy without politics’ (however political the policies are in reality), often with highly technocratic debates not recognizable to the citizens who expect more normative arguments based on the left/right divide (Schmidt 2006). It is therefore little surprise that ‘take back control’ became the slogan in the UK, or that populist parties across Europe advocate leaving the EU in order to take back national sovereignty. Indeed, we could even say that citizens everywhere have moved increasingly from politics *without* policy to ‘politics *against* policy.’

Taken together, these sources of discontent—political economics, socio-economic and socio-cultural, and political—suggest that democratic legitimacy has increasingly come in question. The questions involve three aspects of legitimacy, including political (often known as ‘input’ legitimacy), meaning citizen representation and governing elites’ responsiveness; performance-based (‘output’ legitimacy), linked to policies’ effectiveness and outcomes; and procedural (‘throughput’ legitimacy), concerning the efficacy, accountability, transparency, inclusiveness and openness of the governance processes (Schmidt 2015, 2016). The problem with regard to legitimacy today is not only that citizens feel they have little political input into the decisions that most affect their lives. It is also that neo-liberal economic policies have increasingly failed to perform, in particular for those who feel ‘left-behind,’ and in light of the anemic growth since the economic crisis, itself evidence of a neo-liberalism gone too far. Finally, the administration of the rules has been seen as lacking in accountability and transparency, while excluding citizens and dissenters alike from having any say over the decisions, given the multi-level nature of the EU’s policymaking processes.

Where do progressive ideas come from? And who are the agents of change?

But once we know the sources of discontent, having identified the problems, there is no guarantee that progressive ideas will pop up to respond to those problems. So where do the new progressive ideas come from? And who develops them and/or brings them to public attention. Here, the question is about the circulation and dissemination of ideas. This is a question also therefore about the ideational agents—activists in social movements, advocacy coalitions of activists with policymakers, epistemic communities of like-minded economic thinkers, bankers and financial reporters, policy entrepreneurs who coordinate the construction of policy ideas, and political entrepreneurs who translated policy idea into language accessible to the general public, who campaign on platforms espousing such ideas, and win elections.

New ideas can come from social movements, as in the Occupy Movement and its idea of the 1% that briefly electrified politics, such that everyone, including Presidents and PMs on the left but also the right talked about it. But social movements don’t necessarily always get it right in terms of the real sources of their own discontent, or the solutions. In the case of the British referendum on membership in the EU, for example, most remarkable was that although neo-liberal government policies were a major contributor to the causes for anger that lent support to the Brexit camp, it was largely absent from the campaign, which instead blamed the EU and immigration for all of Britain’s ills (Schmidt 2016b; 2017). Only with the disastrous (for the Tories) snap election called by Theresa May did neo-liberalism become the target, with the ‘dementia tax’ symbolic of a new

government that, despite a Manifesto discourse that suggested it was abandoning the radical neo-liberalism of the Thatcherite past, continued with specific austerity policies. The Grenfell Tower fire highlighted another deleterious effect of neo-liberalism, the move to deregulation, which has further galvanized opposition to the government.

Discursive coalitions are also important for the circulation of ideas, if not always the creation of new ideas. Unions served this function in the past for workers. Today, discursive communities are also made up of virtual communities, through Facebook and other social media that bring together like-minded people across the globe. But, as we have seen, this has given tremendous strength to the forces of reaction—the white nationalists and the alt-right—even more than to progressives.

New ideas can come from a variety of places, including academic theorists in universities, policy analysts in think tanks, as well as independent thinkers. Most notable on this score is Piketty's (2013) book *Capital* highlighting the rise of inequality linked to capital accumulation aggravated by regressive taxation, which graced the coffee tables of many of the very people it was about: the most unequal of all, the rich and powerful. Brain trusts, think-tanks, political philosophers, macro-sociologists, or economic theorists in universities or in other venues are most often the sources of progressive ideas. Thus, JFK had his 'Camelot' and the brain trust of Harvard academics; and Tony Blair had Anthony Giddens for the 'third way.'

Progressive ideas can naturally also come from a range of political entrepreneurs. These are political leaders, whose discourse ignites imaginations, persuading the people of the necessity and appropriateness of their ideas, as rhetorical leaders who usher in a new political economic order (Widmaier 2016). Here, I'm thinking of Teddy Roosevelt, the first 'progressive,' and of FDR, and even Macron.

A word of caution here: Non-progressive ideas also come through in this same way. In the US, neo-liberal ideas were also explicitly under attack by Donald Trump, with his campaign discourse questioning how well the US had actually done, and whether globalization was good for the economy, while promising to remedy the problems by bringing jobs back home, even if it meant imposing higher taxes and tariffs on US firms (Schmidt 2017a). Nigel Farage was also amazingly successful in the Brexit campaign, although admittedly helped by Conservative Party leaders such as Boris Johnson and Michael Gove. In continental Europe, moreover, populist leaders—such as Marine Le Pen or Geert Wilders—have also been successful in increasing their political presence and support, with anti-globalization, anti-EU as well as anti-Euro memes having joined the long-standing anti-immigrant ones as central themes. And most such leaders also

have their in-house organic intellectual, such as Beppe Grillo, helped on strategy by the internet expert Gianroberto Casaleggio (and now his son).

So what makes progressive ideas and political actors progressive—and different from extreme right wing populism? We have no room here to parse the differences between ‘good’ populism and ‘bad,’ and whether some progressives may be ‘populists’ or not. Suffice to say that progressives tend to adopt a certain kind of pragmatism that recognizes that one has to make promises that can be kept, more or less. Their goal is for the most part reform rather than revolution, even if such reform may appear revolutionary in terms of the reversal of past policies.

The challenge for progressive political actors in this context is how to regain control of both the agenda and the discourse, in ways that return to civil language and truth-based discussion while framing debates in ways that galvanize citizens just as much as the populists, but in a positive direction. The question is how to channel the anger in more positive directions, to get us beyond this possibly pivotal moment in history. Notably, Macron’s discourse, with its positive take on the EU, and its straddling the center ground with policies of what we could call the ‘critical center’—not centrist—seemed to have hit the mark.

The problems for progressives come not just from how to win against the populists with a more ‘sensible’ progressive message. It is also a question of how to combat neo-liberal ideas, given their embeddedness in the very rules on national, regional, and global institutions. Part of the problem is that the traditional social-democratic European alternatives such as greater public ownership and industrial policy are not just marginalized, they are ruled out in advance as the target of EU action in the name of ‘the single European market’ and international competitiveness (Thatcher 2015; Jabko 2006). Moreover, the traditional domain of the social democrats involves deploying the state for the greater good, whereas nowadays the state always makes an easy target for neo-liberals, and campaigning against opponents in power—or even one’s neo-liberal predecessors—is easy if the message is always that the state needs to be scaled back and reformed to meet the neo-liberal ideal. Similarly, portraying welfare spending as ‘wasteful’ or pointing to ‘unsustainable’ rising costs due to ‘longevity risks’ is easier to convey in political discourse than alternative ideas that such spending supports the competitive economy or reflects changing social preferences about collectively-provided benefits (Schmidt and Thatcher 2013b).

How do progressive ideas bring about change: Revolutionary or incremental?

How do progressive political leaders put theory into practice? Is it in a ‘revolutionary’ moment of massive reforms? Or incrementally, through piecemeal reforms that slowly build momentum, guided by a set of ideas about the problems to tackle, but without any necessarily overall vision of what this would generate? And can we separate the two?

In some cases, a blueprint for reform may be in the minds of policymakers—as when Thatcher came to power with a neo-liberal agenda nurtured by the works of Hayek and Friedman. With Macron, the policies announced in his campaign on reform of labor regulation were clearly laid out with regard to the sampling on the right (more flexibility in labor markets) and the left (more security for individual workers through universal unemployment insurance, better opportunities through training and education). Winning elections on the basis of such ideational platforms confer greater legitimacy, because the political leader promises, and then goes about keeping that promise. For Macron, this has been important for his ability to resist the strikes and protests in the streets, since it has meant that ‘the people’ did not join the strikes, but have given his progressive agenda a chance. Obama, in contrast, did not have as much of a chance because he was confronted by a hostile majority in Congress for most of his mandate.

But in most cases, including the seemingly revolutionary moments, the ideational innovations develop incrementally over time. It is only looking back from the vantage point of many years in the future, that they appear revolutionary, as a clear paradigm shift to a new political economic order. In the moment of change, the process appears much more incremental and experimental.

For example, FDR was elected as a result of a powerful discourse identifying the problems, but not many of the solutions. Indeed, his initial economic formula was some version of classical austerity, which he quickly dropped once in office. The full set of ideational solutions came to him only while in office—as Keynesianism *avant la lettre*, given that he was experimenting with his policy program before Keynes had even written his *General Theory*. Thus, the coming to ideational solutions is not necessarily fully developed in advance but may involve a process of *bricolage* where new elements are added and exchanged for old elements and new ideas layered on top of old ones (Carstensen 2011).

This is the good news, then, since it means that progressives don’t need a fully developed program that is ‘good to go.’ But how long does such incremental change take, once problems are identified and new ideas about how to solve them developed? This can take a very long time—just think how long the neoliberals were out in the cold. If we date their beginning from the establishment of the Mont P  lerin Society in 1947, it took a very long time indeed for their ideas to take hold in the 1970s, and to become hegemonic

beginning in the 1980s. For that matter, we could say the same about neo-Keynesianism in Europe, which may have begun in the US in the mid 1930s, but didn't get to Europe until much later, after fascism and Nazism were vanquished.

Lest people feel too optimistic, we should remember that Karl Polanyi (1944), in writing about the counter-movement of the people against classical liberalism that later was to produce the Keynesian revival of the postwar period, was all too aware that that counter-movement first brought fascism and Nazism. Let us hope that Marx building on Hegel in the *18th Brumaire of Louis Bonaparte* was correct, that 'the first time tragedy, the second time farce' holds true, with the farce of Trumpism and Mayism.

Moreover, our whole discussion here is focused on the national level, where elections can indeed produce sea changes through new political leaders with new ideas. But in the EU—let alone at the international level—the lack of elected governments ensures that change is slower. In the EU, one possibility for change would be for the election of progressives in country after country, to make up a new majority in the Council—although the more likely eventuality at the moment is a new majority developing on the other side, resulting from the election of increasing numbers of extreme right governments. Another possibility is that the ideas migrate to the supranational institutions, with a slow and incremental shift in policy ideas. We have already seen this with EU institutional leaders engaged first in doubling down on the ordo/neo-liberal rules and then, once they saw that these were producing poor economic outcomes and bad politics, shifted to 'reinterpreting the rules by stealth' beginning in 2013. This succeeded in improving economic performance, but left political legitimacy in question—as EU officials continued with the austerity discourse despite increasing flexibility in the interpretation of the rules. By 2015, however, stealth was replaced by the creation of rules for flexibility. This worked better in terms of political legitimacy, but the rules remain suboptimal and a constraint on better performance (Schmidt 2016a).

This, then, is about slow incremental change. Such cautious incrementalism ensures that we are unlikely to see any radical change in policies—let alone a paradigm shift in the Kuhnian sense. But, in a positive take on the future, this does not rule out the incremental reinterpretation of the rules and recalculation of the numbers over the medium term. Although one cannot expect a paradigm shift back to neo-Keynesian expansionism, we could see the emergence of a new set of ideas. For example, in place of today's 'expansionary fiscal contractionism'—the phrase sometimes used to describe the ideas behind austerity and structural reforms (Dellepiane-Avallaneda 2015)—why not a new paradigm of 'expansionary stability,' or 'stable expansionism,' in which the stability rules are made truly compatible with growth-enhancing policies?

If this were the outcome, then the Euro crisis would have done what past crises have been touted to do: after an initial period of delayed or failed responses, the EU muddles through to a more positive set of results while deepening its own integration. If this were to be the case, thirty years hence, looking back, scholars could very well situate the beginning of the new political economic paradigm of ‘expansionary stability’ at the current moment of incremental rules reinterpretation.

Toward a Next Generation of Progressive Ideas for Europe¹

The resilience of neo-liberalism is not the only problem for progressives. Equally if not more problematic is the rise of populism, in particular on the extreme right, which constitutes a challenge to political stability and democracy not seen since the 1920s and 1930s (Mudde and Kaltwasser 2012; Müller 2016; Judis 2016). Progressives need to come up with new and better ideas that rally citizens around more positive messages that serve better ends than those of the populist extremes on the right. These need to be ideas that they can communicate effectively through the new social media as well as the old, and that resonate with a broad range of citizens. But which ideas, then?

With regard to economic and socio-economic ideas, progressives have some rethinking to do. Social democratic parties have yet to come to terms with their own complicity in the resilience of neo-liberalism, and the myriad policies focused on liberalizing the financial markets, deregulating labor markets, and rationalizing the welfare state that left large portions of the electorate open to the populist siren calls of the extreme right. Such policies, in many cases led by the social democrats in the name of a progressive agenda, benefited some people a lot: the top classes—not just the 1% but the upper 20%, in particular since the financial crisis and eurozone crisis—but not the in-betweens, who neither benefited from the boom for the top nor the welfare for the bottom. These are the people who feel left behind, and are! They are increasingly frustrated, resentful, and insecure; they are looking for explanations and answers; and only the extreme right speaks to them! But what the extreme right proposes, involving increasing protectionism and an end to free trade, dismantling the EU and getting rid of the Euro, closing borders to free movement and to immigration, are potentially disastrous for themselves, their countries, Europe, and the world.

At the same time, the populists’ concerns ought not be dismissed out of hand, in particular with regard to protecting the welfare state and jobs, nor should the populist desire for more national control over the decisions that affect people the most be ignored. The questions are: How to do this in the context not just of globalization but also of the

¹ Much of this section and the next extends my discussion in Schmidt 2017b

Eurozone crisis, with its austerity rules for countries in trouble, and its stability rules for all, which limit investment for growth. And what to do about the EU more generally, which appears to control what national leaders can do, thereby limiting their responsiveness to their own citizens?

For progressives, the way forward requires changing Eurozone governance as well as the way in which the EU works as a whole, in both cases to give more power back to the national level while at the same time enhancing the EU's coordinating ability.

Progressive Ideas for the Eurozone

For countries in the euro, the EU needs to give back to the member-states the flexibility they have had in the past to devise policies that work for them. The Eurozone has been 'reinterpreting the rules by stealth' for quite a while now, by introducing increasing flexibility in the rules and numbers while denying it in the public discourse (Schmidt 2015a, 2016a). As a result, the Eurozone operates with suboptimal policies that, although revised to allow for improving performance, still haven't resolved the Eurozone crisis once and for all. Countries in Southern Europe in particular suffer as a result. It is about time that political leaders—and in particular progressives—push harder for a rethinking of the rules, so that everyone can benefit from being in the Euro and, indeed, in the EU.

One way of rethinking the rules would involve making the whole exercise of the European Semester more bottom up and flexible, rather than continuing with the top-down 'stability' policies of the European Semester—however flexibly interpreted through derogations of the rules (e.g., to France and Italy in 2013 and again in 2015) and recalibrations of the numbers (for Spain in 2013). The Eurozone already has an amazing architecture of economic coordination, reaching into all the Eurozone ministries of finance and country economic experts. Why not use that coordination to ensure that countries themselves determine what works for their very specific economic growth models and varieties of capitalism? And to have the new 'competitiveness councils' or the existing fiscal councils act more as industrial policy councils rather than structural adjustment hawks? The countries' decisions on the yearly budgetary cycle could be debated with the other member-states in the Euro-group as well as the Commission, the EP, and the Council to enhance democratic legitimacy. They might additionally be coordinated with the ECB to allow for greater differentiation in euro-members' macroeconomic targets, to match their particular circumstances while fitting within the overall targets.

Such a bottom-up approach is likely not only to promote better economic performance

but also much more democratic legitimacy at the national level. This is because it would put responsibility for the country's economics back in national governments' hands at the same time that it would encourage more legitimizing deliberation at the EU level. All this in turn could help counter the populist drift in many countries, as political parties of the mainstream right and left could begin again to differentiate their policies from one another, with debates on and proposals for different pathways to economic health and the public good, that they then debate and legitimate at the EU level as well. This could help combat the populism that claims to be the only alternative to EU-led technocratic rule.

None of this will work, however, if member-states continue to have to contend with excessive debt loads that weigh on their economies (e.g., Greece and Italy), if they are left without significant investment funds provided by banks or the state (e.g., Portugal, Spain, Italy, and even France), as well as if some countries continue to have massive surpluses while failing to invest sufficiently (i.e., Germany and other smaller Northern European countries). Some extra form of solidarity is necessary, beyond the European Stability Mechanism. Innovative ideas for renewal, such as Eurobonds, Europe-wide unemployment insurance, EU investment resources that dwarf the Juncker Plan, a EU self-generated budget, and other mechanisms for other areas of concern—including solidarity funds on refugee or EU migration—would be necessary. Failing this, at the very least member-states should be allowed to invest their own resources in key areas needed to promote growth, like infrastructure, education and training, research and development, incurring long-term debt at low interest rates—without adding this to deficit and debt calculations, as under current deficit and debt rules.

Progressive Ideas for (Re)Envisioning the Future of the EU

Finally, we need to re-envision the EU itself neither as single speed or two-speed with a hard core around the Eurozone. Rather it should be seen as multi-speed with a *soft core* of members resulting from the overlap of different clusters of member-states in the EU's many different policy communities, with different duos or trios of member-states playing leadership roles. With this in mind, the EU could retain its appeal even for an exiting member-state like the UK, which could decide that it should reclaim a leadership role in Common Security and Defense Policy, as one of two European nuclear powers, while standing aside in other areas such as the Eurozone. Seeing the future of EU integration as a differentiated process of member-state participation in different policy communities beyond the Single Market would thus also allow for each such community to further deepen by constituting its own special system of governance.

For such differentiated integration to work, however, with all member-states feeling part of this *soft core* EU, whatever their level of involvement, they need to be full members of the EU institutions. This means that all members should be able to exercise voice in all areas, but vote (in the Council and the EP) only in those areas in which they participate. Since all are members in the most significant policy community, the Single Market, this ensures that they will be voting a lot. For the Eurozone, this would mean envisioning that where some members in the future, say, pledge their own resources to a EU budget, their representatives would be the only ones to vote on the budget and its use, although everyone could discuss it (no separate Eurozone Parliament, then, but separate voting for members of a deeper budgetary union).

The knotty problem remains the question of politics and democracy. Representative institutions need to be reinforced. At the moment, the EU serves the purpose of the populists, by hollowing out national representative institutions, allowing the populists to claim that they are the true representatives of the people. To change this, the EU needs to do more to reinforce citizen representation and participation. For the Eurozone in particular, this at the very least demands more involvement of the European Parliament in decision-making, through a return to the Community Method. Turning Eurozone treaties into ordinary legislation, for example, would help break the stalemate that makes it impossible to change such legislation (given the unanimity rule), and make them subject to political debate. But the EP would also need to find more ways to bring national parliaments into EU level decision-making. And the EU as a whole must devise new means of encouraging citizen participation, from the ground up.

Conclusion

The big question for progressives, in sum, is how to counter the populist upsurge with innovative ideas that go beyond neo-liberal economics while promoting a renewal of democracy and a more egalitarian society. But this requires not just workable policy ideas developed by policy entrepreneurs that can provide real solutions to the wide range of problems confronting Europe today. It also demands political leaders with persuasive discourses that can resonate with an increasingly discontented electorate, more and more open to the sirens of populism. For the moment, we continue to wait not so much for the ideas—in many ways we know what they are—but for the discourse of new political leaders able to convey such progressive ideas in uplifting ways that offer new visions of the future able to heal the schisms on which the populists have long thrived.

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