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Policy Network Annual Spring Retreat

Warren House
London, 2004

At the end of March 2004, 120 progressive thinkers, policy-makers and politicians from more than 20 countries met to discuss the major political challenges we are currently facing and to develop new policy responses to them. The first annual Policy Network Spring Retreat was held last year as part of the preparation for the 2003 Progressive Governance Conference hosted by Tony Blair. This year's retreat, on the eve of the enlargement of the European Union and less than three months before the European elections, took place at a fascinating moment for European social democrats. The discussions were stimulated by the preparatory work undertaken by the new working groups *Policy Network* convened this January to take forward the work of last July's conference.

The Opening Plenary – Challenges for Progressives

The Spring Retreat was opened by a panel discussion chaired by Peter Mandelson. Geoff Mulgan, former head of the UK Prime Minister's Strategy Unit, was the first to speak. Presenting a series of challenges faced by progressives across the globe he drew on a 'Strategic Audit' carried out for the UK Cabinet in 2003. In his presentation he assessed the relative success of different countries in rising to these challenges. Geoff suggested to the audience that the key lesson which could be drawn from this audit was that "governments can make a difference", but also that they tend to "overestimate their influence and impact in the short-term and underestimate it in the long term".

Geoff's presentation was followed by that of Magdalena Andersson, head of the Strategy Unit at the Prime Minister's office in Sweden. In addressing why it was that many of the Nordic and Scandinavian countries seemed so successful in combining innovative and egalitarian welfare structures with the requirements of the dynamic knowledge economy she pointed to the high levels of integration of women into the labour market and political life. René Cuperus (from the Wiardi Beckman Foundation in the Netherlands) spoke next, focusing on the populist deficiencies of European social democracy. René suggested that the key for progressives was not just to get their policies right, but to ensure that these were presented to the public through appropriate political language. The danger was, he argued, that progressives would appear technocratic, appealing to the minds but not the hearts of those we sought to engage: themes that would be picked up in the subsequent working groups discussions.

A New Growth and Prosperity Agenda for Europe

At the heart of the discussion on economic reform was the nature of the relationship between the progressive social and economic agendas and whether the issues this raises should be tackled on a national or European level. The discussion focused on three areas: the macroeconomic framework; labour market flexibility and reform; and, the need to promote the innovation and liberalisation described by the Lisbon Agenda.

A comparison between European and US GDP growth formed the basis of a debate on the Lisbon plans for reforming the macroeconomic framework. There was a challenge to the premise that European economic growth is markedly inferior to the US, and therefore we should not be implementing US-style policies. Rather policymakers need to identify and exploit distinctive European capabilities based on microeconomic analysis for particular industries. Those speaking in defence of Lisbon's focus on growth argued that absolute GDP output is critical if Europe is going to be able to proliferate shared values and its common social model - economic growth is necessary to provide the budgetary capacity to do so. Some participants registered their concern that focusing only on US and the EU is too narrow and ignores the growth of other countries in the global economy. We need to recognise another dimension in relation to competing with low wage economies, such as China.

There was agreement that the labour market is a key indicator of how the economic and social agendas are interacting. While there was consensus that it is perfectly acceptable for social choices to account for European working conditions such as shorter hours, there was also recognition that where there is involuntary unemployment, then the sustainability of the model is problematic.

This led to a more specific discussion of employment in Europe and the need to create jobs. Participants agreed that investment in research and development and in the knowledge economy was needed to drive economic growth and foster globally competitive industries in Europe. This investment would address the problem of the brain drain which is haemorrhaging entrepreneurial talent. However, there was debate as to where these jobs will come from in reality. While some advocate European centres of excellence as described in the Lisbon Agenda, others argued that there is a real danger of creating a meritocratic elite where those who previously relied on a supply of unskilled jobs are left behind.

The need to marry the aims of economic growth and social inclusion formed the basis for consensus. All participants agreed that while economic performance indicators are important, quality of life must also form part of the discourse. However, they also stressed that decisions relating to participation in the labour market must be choices and not the result of a lack of employment opportunities.

Diversity and Equity: Public Services in the Local Community

The Diversity and Equity working group addressed precisely how progressives may combine both diversity and equity in contemporary Western societies. The pluralism of the participants, their different national experiences and professional backgrounds, greatly aided the working group participants in explored this highly controversial area.

Diversity is a fundamental feature of modern times. There is an increasing growth of societal differentiation, which crucially affects the stability of our social, political and economical institutions. Diversity is not uniquely bound to the very relevant case of immigration or cultural compartmentalisation. Diversity is also linked to the consolidation of wealthy democratic societies, where the expression of personal demand, individual freedom, is not only assumed as an essential right or value but also as the engine for economic growth and social innovation.

An increasingly diverse society is not only an unstoppable trend but also a necessary one for progress. However, growing differentiation does not imply the passive acceptance of social inequalities. Historically, equity is one of the central pillars of social democracy and one of our central values. Diversity must not lead to weakened social cohesion and solidarity.

The underlying discussion of the working group dealt with how progressives may articulate policies that respect and encourage diversity while continuing the struggle against inequality.

Throughout the session there was consensus that public services are still a fundamental tool to pursue equality and social cohesion. What was not clear-cut is how public services may be changed in order to effectively achieve such goals.

First of all, the introduction of choice in public services was seen as a driving force for change. In that respect, a public service system able to offer choice to users would match the demands of a diverse society. Thus, choice would not only nourish a plural amalgam of expectations, rallying social support

for public services, but also becoming an incentive for innovation through partial competition. However, the concern for reproducing the traditional inequalities of market systems within public services was repeated throughout the discussion. In that respect, two kinds of choice were identified. First, a system based on horizontal choice, which could offer diversity and where ability to pay (or rather to co-pay) does not determine service quality. Second, a model of vertical choice where ability to pay does allow one to obtain a better service, though always within the public services system.

These questions led to a second main area of discussion, critically, the setting of minimum standards in public services, together with the reinforcement of regulation and monitoring of professionals. Hence, while regulation and monitoring could reassure a minimum (high) degree of services quality, they also could strengthen centralisation, hinder professional innovation and, as a result, reduce the necessary responsiveness of the service.

Finally, the problem of civil service recruitment and motivation was addressed. The need for reinforcing the appeal of public services, not only in terms of pay but also in building up more attractive career paths was stressed. At the same time the spectrum of incentives must be expanded, to motivate public services workers and help them to fulfil their personal and professional potential.

The reform of public services is central to the achievement of a more just society, which at the same time is also able to adapt to socio-economic change and respond to a growing social plurality. Nonetheless, policy-makers, public services professionals and citizens must work together in order to attain a harmonic interaction between diversity and equity.

Global Governance: shaping a safer and more equitable world

Discussing global governance only two weeks after the atrocities of March 11th in Madrid, the agenda of the working group was, as a matter of course, framed around the question of security: "Shaping a safer and more equitable world".

Progressives do agree that the struggle against terrorism has to take into account much more than a military strategy that could potentially tackle the problems of private warfare and regional conflicts. This is inevitably linked to questions of economic prosperity and political stability in all countries of the world, putting issues such as failing states, a new development round and HIV/AIDS at the top of the agenda.

Multilateralism is the key to many of the challenges the international community faces in the 21st century. Participants agreed that the revival of the Doha round is crucial in this respect and that it can only be achieved by reforming the agricultural policy of the industrialised world. Despite the fierce criticism from opponents of globalization the World Trade Organisation (WTO) remains the "vehicle for progress" in removing trade barriers and triggering economic growth.

Nonetheless, the issue of legitimacy must be addressed within those international organisations and their democratisation should be a priority for progressives. The widespread protest against the current set-up of the 'international system' as well as the lessons learned from the Iraqi crisis demonstrate the need for more effective multilateralism, and the need for any international action to be perceived as legitimate if it is to be effective.

Additionally, other actors in the wider political arena need to be better integrated in order to advance the reform process. As ruling politicians have their own constituencies they often reluctantly implement decisions at the national level that have been taken at the international level. The system of accountability for politicians remains national, but the solutions for global problems lie in international institutions, despite their current failings. This paradox needs to be resolved by using the pressure that comes from civil society, NGOs and the like. "Change has to occur through pure political action, *not* solely through governments."
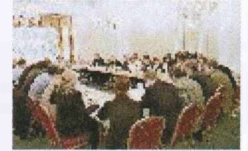
Participants also repeatedly stressed the importance of Europe's role for the wider security agenda. Europeans cannot disassociate security in Europe from the development of poorer countries. What is needed is a new partnership with the near neighbourhood, giving particular attention to southern Mediterranean countries, such as Algeria and Morocco, and the Arab world.

But steps towards democracy in the wider Middle East cannot be implemented if it is perceived as being introduced by a foreign country. Democratic reforms can only be achieved by dialogue and cooperation, by helping Muslim countries to create a civil society and political platforms as well as by enhancing cultural, diplomatic and military cooperation.

Finally, participants agreed that regionalism has proven to be the key to peace, growth and prosperity. Its success in Europe should actively be promoted in other parts of the world, linking it consequently to conditionality. The success of recent reforms in Turkey can be taken as an inspiring example.

Closing Plenary – The challenge of democratic renewal

The closing plenary of the Spring Retreat was titled: "The challenge of democratic renewal: rebuilding trust in the age of insecurity". By bringing together 120 representatives, from so many different countries and parties, this last session was able to share national perspectives and experiences on political renewal and the paradigm shift in political communication that has occurred in the past decade. Several main themes emerged during the discussion.

The debate opened with the question of whether we should we be trying to examine the style of the right-wing populists, in order to overcome them.

Can there be such a thing as left-wing populism? Participants suggested that we should not be afraid of addressing voters' real emotions; addressing fears and insecurities. This is something which does not come naturally to Social Democrats. The style of political communication has become more and more important in conveying a message. Controversially, one of the strengths of populist politicians is that they are not afraid of normative politics.

Participants agreed that we are now competing with an entertainment culture in order to gain attention. We have to be sophisticated in political communication or we will be ignored. Old style political communication saw the public as lucky to receive 'words of wisdom' from above. It is not the politicians who are giving the public *permission* for them to vote for government. Social democrats must confront the realities of the entertainment culture and not just for pragmatic reasons. They must embrace it because this is the world which the voters inhabit.

Speakers felt that this was not about advocating the 'celebritisation' but rather the personalisation of politics. The media is obsessed with a cult of personalities, partly as a sales mechanism. But this is a very negative approach. If politicians offer leadership and clearly state their agenda they can convince the public. Participants spoke in favour of "the positives of conviction in an uncertain world". However, other participants argued there was an urgent need for politicians to have greater honesty in admitting uncertainty and fallibility. There is a danger of hubris about what can be achieved as politicians. Emphasis on personality may also distract from delivery.

The debate then focused more on the question of *how* to build trust. It was agreed that trust is easily lost and takes time to re-build. The populists are successful because they talk directly to people's insecurities. That is why we have to address people's problems and fears regarding the future. Participants thought that it was a mistake not to go far enough in reform: to have all the pain with no positive results is the worst of both worlds. Progressives have to find something important, a vision, and a narrative for the future. Social democrats must empower the electorate by equipping them with the necessary tools and skills in order to handle the new life challenges of our complex society.

Through *political* renewal progressives can constantly challenge their thinking and their ideas, preventing themselves from becoming stale. The process and outcome are equally important. Otherwise, trust and confidence risk becoming just buzzwords. The plenary ended with an appeal to the audience to plan for the future and a reminder that we must treat every year in government as if it were the first.

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