



This publication is a result of an international conference which took place at the University of Haifa in cooperation between the Friedrich-Ebert-Stiftung Israel and the Haifa Center for German and European Studies. It was held on January 12 – 13, 2017.

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### **The Political Left: Faltering in Some Places, but Still Alive and Kicking**

Leftist political parties have lost much of their former appeal in countries such as Sweden, Denmark, Israel, Germany, Austria, France, the Netherlands, where they were once dominant political forces or at least serious challengers of a center-right government. In the United States of America, the center-right Republicans have the majority in both houses of the Congress. In Hungary, the Socialists, who once controlled the absolute majority of parliament, have been reduced to less than eight percent. In Poland, the political left practically no longer exists. And so on.

However, the trend is far from universal. In the UK, Labor made huge gains in the last elections and got 40% of the votes. In Spain, the center-left Socialists and the more radical leftist »Podemos« party got together 43 percent of the votes in the latest general elections. In the U.S., the Democrats, who have at least some attributes that could qualify them as »center-left«, got the majority of the popular vote in November 2016. In Argentina, 57 percent of the popular vote went to the two big center-left contenders. Canada, Italy, Greece, Ecuador, Bolivia, Chile, Venezuela and Nicaragua have governments that place themselves on the left side of the political spectrum. In Romania, the Social Democrats have achieved an overwhelming victory in the 2016 national elections. So you could say »the left is alive and kicking«.

But ever more alive and kicking is a political force with an agenda that is on several accounts the opposite of a leftist agenda: the populist right. And it feeds on support that once accrued to the left. Poland, Hungary, Turkey and Russia have authoritarian right-wing governments. In France, Austria, the Netherlands and

elsewhere, right-wing xenophobic populists have come to be serious contenders for power. The British have voted for leaving the EU, following a nationalist xenophobic narrative. Donald Trump became U.S. President with an even cruder campaign along similar lines.

### **The Decline of the »Good« Society**

All this is not just about **who** governs or will govern, but – more importantly – about **how** countries are governed. The ascending right-wingers pursue an agenda that runs counter to the liberal-humanistic core values of the democratic left. They promote a society the left has always fought. Yet the illiberal society that corresponds to the right's focus on identity and its insider-outsider mind frame is only a new twist in the long decline of that »good«, truly humanitarian society that the left has once set out to advance. The keyword here is social exclusion, which tends to come with the capitalist economy, which has been remedied to a certain extent (more in some countries than in others) during the »golden age« of welfare capitalism and which has grown again over the course of the past three decades or so (again: in some countries more than in others). Indeed, large parts of the world have moved ever further away from the center-left ideal of a socially inclusive society and one where the economy is subordinated to the human pursuit of happiness (a »social democracy«). The left agenda of promoting such a society – the essence of »progress« – has become less and less effective. Today the »progressive« agenda has largely turned into a conservative one, in the sense of preventing the erosion of the progress achieved at earlier times. But this defensive agenda has also become ever less effective. The process of social polarization is going on in many advanced capitalist countries. In the less

advanced countries, the problem is not so much that society becomes ever more polarized. It is rather the absence of significant progress towards more social inclusion – of course, different from country to country.

Altogether, we cannot but state that the left has not been successful lately in advancing the cause it has once set out to advance and which is linked to its very identity. This begs the question: why has it been like this? Answers can be attempted on various levels, focusing on the strategies of the left, the economics of the »good« society or the struggle for political power. But before discussing the why-question, a more distanced look at the life story of the left might enhance our understanding of what has been going on and what should be expected for the future. This story is closely linked to the historical drama of capitalism.

### **The Changing Role of the Left in the Capitalist Drama**

The capitalist mode of production and accumulation has early on generated serious discontents. They have, among other things, given rise to the emergence of the political left. They have also given rise to socialist revolutions and to defensive welfare-state measures in order both to attenuate anti-capitalist sentiment and to make up for weakening pre-industrial structures of solidarity. And it should not be forgotten: they have elicited considerable repression on the side of the political forces allied with and at the service of capital interests. But capitalism has also had a tremendous attraction, which has proven by and large more effective than its discontents. It has presented itself as the engine of ever growing prosperity, in which large parts of the population have been participating. Industrial capitalism has initiated an age

of increasing real mass incomes and ended centuries of mass poverty. With some delay real wages have been rising with productivity. Moreover, industrial development went hand in hand with an expanding market for services, generating an ever broader middle-class.

The left, first linked to the grand project of replacing capitalism with a truly humanitarian economic order, has been instrumental in mitigating exploitative excesses, extending welfare-state protection and strengthening labor's bargaining position. But by and large it has not been the political left which has made capitalism a political success story by taming it and making it compatible with mass prosperity. The »socialdemocratization« of capitalism, which has undoubtedly taken place, must be attributed to other forces. A major one have certainly been the labor unions, often a close ally of the left. Still, one can also speak with some justification of a broad »social democratic consensus« (sometimes referred to in the concept of the »social market economy«), a tacit understanding between organized labor and business, essential parts of which accepted the nexus of rising productivity, rising wages and expanding markets. And the understanding was helped by the desire to make capitalism attractive vis-a-vis Soviet-style socialism. In the drama of capitalist development, the part of the political left, at least in the rich countries of the world, was reduced to that of a system-conform contender in the »game« of democratic politics. If it upholds a mission beyond rhetoric, it is one of social fine-tuning. This corresponds to the »natural« evolution of democratic politics in the context of capitalist development till now.

**The left embraces Keynesian economics**

*In the Great Depression of the 1930s, the British economist John Maynard Keynes discovered that economic activity and hence employment and investment for economic growth depend crucially on demand, which, in turn, depends on mass incomes. Economic policy based on the stimulation of demand was pioneered by Nazi Germany, the militarist government of Japan, the government of Franklin D. Roosevelt in the U.S. and (though first very reluctantly) the Social Democratic government of Sweden. The recognition that capitalism needed rising mass incomes – in line with productivity growth – helped the political left in the West to make its peace with capitalism. Demand stimulation became a center-piece of the left's economic »philosophy«. It seemed to be the royal road to high-wage full employment, the linchpin of social inclusion in a capitalist society. The requests of the capitalist economy and social justice did not contradict each other within this framework. The left clung to the convenient, and as such also irrefutably logical, paradigm a long time after the neoliberal »restoration« began to attack it head-on. It was three things that pushed the left demand-siders into the defensive vis-a-vis this attack:*

- *the seeming intractability of inflation*
- *the demand-siders' relative neglect of the supply-side conditions of investment and economic growth*
- *the perceived priority of competitiveness in global markets, which relegates – not only in small countries – internal demand to second rank*

*A strong point can be made indeed that lagging mass demand, linked to an ever more polarized distribution of incomes,*

*has become an economic liability in the OECD world. It implies that the health of the world economy needs redistribution. In a way, the former paradigm »social inclusion through growth«, which was cherished by the left, has become reversed.*

Regardless of whose merit it was, the »socialdemocratization« of capitalism had important consequences for the political left. It transformed a significant part of what used to be the »working class« into part of the middle class – with middle-class preferences and middle-class attitudes. As an irony of history, it contributed to the erosion of the left's »natural« base of voters. It dissolved the political milieus traditional leftist parties have drawn much of their strength from. The working-class turned middle-class does not support the political left unconditionally; it has no problems, as the case may be, to vote for center-right or other parties. Moreover, their class-interest, so to speak, has become detached from the one of today's lower-class, whose economic fortunes are shaped by the fact that they find themselves in another labor-market than the working middle-class.

**From Class Interest to Ideological Preference**

As a consequence of the direction the erstwhile class struggle has taken, the political left has been shaped predominantly by the dynamics of democratic politics and not by the »capitalist drama«. The anti-capitalist center-piece of the left's long-term agenda had vanished together with the fundamental antagonism between the capitalist and the working classes. The cause of social justice had ceased being a concern of the exploited masses. It had

become delinked from the natural interest of »the« working-class and become more and more a matter of social conscience and of compassion for the disadvantaged minority, those who for various reasons do not participate adequately in the society's increasing affluence (the long-term unemployed, those with precarious employment, single parents etc.).

The political left had to base its quest for electoral victories on something different from an anti-capitalist, socialist agenda. But more than that, the driving force behind the left agenda mutated from class interest to a value commitment or in other words: an ideological preference. Leftist thinkers have kept elaborating on the concept of the »good« society. The corresponding discourse also permeates leftist parties, but the political activists are seldom driven by intellectually coherent concepts. They are driven by a mix of vague left convictions (social justice, solidarity, human emancipation from the dictates of the market, etc.) on the one hand and power ambitions on the other.

### **The Left as Power Contender and the Importance of the Middle**

Regardless of what it confesses to stand for, the political left has to fight for votes. It has to win enough of them to form a government or to be part of a government. Only from the government position can it shape society in accordance with its ideals. But to get the mandate to govern a country, it takes much more than the commitment to social justice, an open society with maximum freedom of choice and an economy that is at the service of human fulfillment. Majorities of voters have to be convinced that the political left is the force that would govern the country better than its rivals of the center-right and the outer fringes of the

political spectrum. Thereby »governing better« means delivering on those things that are important to the voters.

To change things is normally not what those strata of the population want who have a decent standard of living. They tend to want most of all that their situation (including their often conservative style of life) continue, that threats be fended off and that economic perspectives for them and their children be favorable. Their support for the cause of social justice is conditional: other things, which have priority, must go well, more social justice should not impose costs on them. Redistribution as a zero-sum game, taking from the well-to-do (for instance in the form of taxes) and giving to the needy hardly gets majority support in affluent societies with broad middle strata, who suspect to end up on the »donors'« side. By and large, transition to more social justice has to come in a package together with economic growth that satisfies both the middle and the low-income groups.

Yet it is not only with regard to the political support by the middle strata that (expected) growth competence is important for the left, its central cause (a socially inclusive society) has been linked to economic growth, no matter how many votes it secures. For full employment at »decent« wages has been the lynchpin of social inclusion in the heydays of welfare capitalism, and even while being in power the left has not really succeeded to immunize social justice against economic adversity. Social inclusion remains the hostage of a country's good economic fortunes.

### **Government Competence More Important than Leftist Appeals**

Growth is not everything. Again and again, other issues dislodge (or seem to dislodge) the economy from the front place in the struggle for voters. Of particular importance in this respect are identity issues, including those related to religion and life-styles. Others are related to security in its various guises. And above all there are the challenges related to that ongoing »modernization« that originates in ever new technological possibilities and permeates all spheres of individual and social life. In all these issues that might be important to large parts of the electorate the vote-winning policy stance cannot be derived from the central values of the left. It might even be that fundamentally leftist responses to high-profile challenges, as currently in many »Northern« countries the immigration problem, put the political left at a disadvantage.

With regard to the issues that matter, including the one of economic growth, the left does not enter the political arena with the start advantage it might have when it comes to social justice. To the contrary, it has to overcome long-standing stereotypes that it focuses more on distributing wealth than on generating it, that its »natural« reflex is to tax and to spend, that it is deep-down against the bourgeois society the ordinary people know and like, that it prefers a soft stance in foreign policy at the expense of the national interest etc. Considering these stereotypes and the underlying conservatism of large parts of the population, the political arena is not a level playing-field for the left. Maybe, one should not overestimate this disadvantage. But the fact remains that the fundamental values of the left do not offer superior answers to the challenges

that often, probably most of the times, decide elections. So, if the left is to attract voters it must convey convincingly the notion that it has at the given historical moment the better competence in governing the country and in mastering the problems that are most important to the majority of voters. And to some extent, it must stipulate policies the voters demand and avoid others that are highly unpopular, even if they would correspond to the universalistic-humanitarian values of the left. For instance, it would not be an election-winner at present in Western Europe to favor an open-door policy towards refugees.

All these considerations prompt explanations for the political defeats and successes of the left for which the social democratic core agenda (social inclusion, space for human fulfillment, etc.) is of minor importance. This core agenda could even be related to electoral defeat if it comes in the voters' eyes with a comparatively low score in the economic field and in other issues considered more important at the moment. Another configuration, not implausible at all, is that voters do not expect significant progress on the justice front from a center-left government, given the left's economic »realism«, but that they attribute more general government competence to the center-right. In this configuration, the left has (slightly) inferior scores in economic and other issues, but cannot compensate them with really superior scores in the social field. When nobody expects social breakthroughs anyway (»there is not much they can do«), things become dangerous for the left. The situation can arise that it is neither supported by the middle strata, which attribute more general government competence to the center-right, nor by the lower strata, for

which the left's social rhetoric is empty talk.

### **Communication and Charisma**

Another dimension must be taken into consideration. When the electoral contest is about competent governance rather than the direction the country should take, the mode of communication is often more important than the explicit message. Appeals on the subconscious level are crucial for many voting decisions. Of particular importance are those that are related to the person of the top contenders and are referred to in the concept of »charisma«. Charisma does not only denote the personal »radiation« of a political leader, but also his/her ability to reflect the mood of the time. Many electoral outcomes can probably be explained by the differences in personal charisma and the patterns of communication more than by anything else. This applies to victories and defeats of the left. One could speak of »negative charisma« when an incumbent head of government loses appeal and gets discredited (complacent, wrong decisions, out of tune with the new challenges, sexual affairs etc.), which again can be to the benefit or the disadvantage of the left.

Talking about political communication, it cannot be left without mentioning that the digital revolution has brought profound changes. Social media are still gaining importance, reducing to a still unknown degree that of traditional mass media, hitherto the crucial carrier of political messages. It should be expected that these changes are neither to the advantage nor the disadvantage of the left. They pose a challenge of adaptation and some live up to it sooner than others.

### **The Perils of Pragmatism: Losing the Lower Fringe without Winning the Middle?**

Altogether, electoral victories and defeats tend to be decided in the middle ground of the society, especially in highly developed countries, which enjoy a certain degree of mass prosperity. As a consequence, the political left, if it does not opt for a niche strategy, is under pressure to occupy that middle ground – with the reputation of broad-based governing competence and with charismatic appeal. From this strategic priority, it is only a small step to a change in identity. And in fact, center-left parties have to a considerable extent become mainstream centrist parties confessing leftist values and sporting left-talking youth organizations. Their remaining leftist tint puts them at disadvantage with some segments of the conservative middle class, so that they have to win majorities with the remaining, more open-minded segments and, of course, of what is left of traditional working-class support. This stipulates a certain tight-rope walk, as the left cannot easily afford to lose the latter group, but cannot concentrate on it and its interests either. Going for the center of society only is politically not a promising option for the left.

Talking justice and equality without offering a set of policies that is convincing when campaigning and effective when governing tends to erode the left's leftist credentials in the long run as well. For it carries the risk that those who would be in need of more equality (of chances as well as of outcomes) develop the opinion that they should not expect much from those who call themselves left, but are in reality part of the centrist and neoliberally tinted »political cartel«. In fact, the lower income groups have in many countries largely retired from electoral politics at all, which is an element to be taken into

account when explaining the decline of the center-left in some countries. And it is not only the »fatalistic« bottom groups of society that stay away from »cartel politics«, which they consider irrelevant for them. Also many young adults have turned away from it because they do not see the difference it makes whether the one or the other party governs the country.

The fact that certain layers of the society stay away from electoral politics makes it the more important for power contenders to get the support of those who do not stay away, i.e. predominantly the established middle-class with its inherent conservatism. But this would be the recipe for normal times. The apolitical parts of the population are principally available for political mobilization if the right mobilizers arrive on the scene and manage to inject new enthusiasm and new hope into heads and hearts. Then the electoral equation changes – not to the advantage of the center-left.

### **Struggle for Power vs. Struggle for Progress**

Ideally, the quest for power should be at the service of the leftist cause, which cannot be advanced without political power. But unavoidably, the need to accept compromises and to adjust policy programs to the signals of the political market have made for an uneasy alliance within the left movement between the pragmatists who go for power on the one hand and the »true believers« who go for the »good« society, or better: for various concepts of the »good« society, on the other. Among the leftists »at heart«, there is a great deal of anti-capitalist sentiment, which the pragmatists cannot but relegate to an unhelpful utopian discourse.

The political left being institutionally immersed in the contest for power, it is

also unavoidable that there are those who use the party as a vehicle for their personal ambitions, confessing leftist values according to expedience. This outright opportunism as well as the pragmatism imposed by the electoral process in the absence of a clear mandate by a class constituency with a distinctive class interest is liable to frustrate the leftists »at heart«. Their convictions tend to find expression in the discourses that take place besides the contest for power. On and off they give rise to social movements like, for instance, »Occupy! « or »attac«, which might pioneer new policy agendas, but often vanish after a while without having made much difference in leftist politics. These movements attest both the existence of leftist aspirations that do not find entrance into party politics and the inherent weakness of designs of a better society that are not backed by class interests. On the other hand, movements have succeeded to change business behavior when they managed to affect sales prospects (direct boycott or negative image). This sort of success does not build on the economic interests of those who support the movement, but on their sentiment of fairness, justice, etc., i.e. ideas of how the world should be. In this respect, they are a vehicle for the shaping of society or the world in accordance with leftist values that fits the post-class-struggle world. Movements do not follow the democratic principle of asking the people for their political preference. They are a means of combat, so to speak, heavily dependent on the mobilization of »fighters« for the cause and on the human and financial resources that takes, in this respect not all that dissimilar from revolutionary avant-gardes.

## **The Discontents of Capitalism Return...**

However, there are reasons to expect that the discontents of capitalism have not been forever reduced to a non-dangerous degree; with the demand for social corrections will staying in the range of fine-tuning.

- First, the capitalist economy can no longer project all that easily the image of an engine of increasing prosperity the way it has done when it »capitalized« the whole pre-capitalist economy, absorbing its work-force into the dynamics of rising productivity. The perspective of being lifted out of pre-industrial poverty and rural restrictions into modern affluence and urban freedom does no longer exist in the highly developed parts of the world. There, rising productivity does not carry the perspective of rising prosperity for large parts of the urban lower class either, the way it has done during the heydays of welfare capitalism (»Fordism«). Lack of bargaining power has decoupled their remuneration from productivity. Instead, increasing productivity now carries the menacing perspective of people losing their source of income, as output growth might not keep up with the new productive possibilities.
- Second, the historically exceptional situation of sustained rapid economic growth after the destructive war was not to last forever. But economic growth was an essential ingredient to the post-war »prosperity-for-all« formula. Social inclusiveness of (some) advanced capitalist societies was based on the tandem of (a) »good« jobs for almost all adults in the labor market and (b) welfare-state provisions for the vicissitudes of economic life. With the end of exceptional growth

came also the end of »good« jobs for all. The tandem became lopsided, with the labor-market part being less and less effective and the welfare-state part not being designed to make up for it. As a consequence we witness something of a creeping »de-socialdemocratization« of advanced capitalist societies.

- Third, the protagonists and main beneficiaries of today's capitalism have become less worried about society and less inclined to make compromises for the sake of social inclusion, since they do no longer have to be wary of a socialist alternative.

## **... Without the Left being Able to Capitalize on Them**

It is to be expected that there will be increasing resentment on the side of those who are left behind. It is furthermore to be expected that the resentment will be articulated one way or the other in the political arena, regardless of what the established political left does. It is to be expected that it will, sooner or later, get linked to an agenda of change beyond social fine-tuning. It would seem that this is a situation that should benefit the left, which has always seen itself as the force of social justice.

But the center-left has – for good reasons – arranged itself as part of the capitalist system and built its political fortunes on middle-class support. It has become locked, so to speak, in the centrist political »cartel«, which imposes prudence when it comes to policies of redistribution. In fact, the economics of the labor market make it difficult to go beyond talking social justice and to really promote it. As we shall discuss later, what would be needed (in rich societies) to ensure prosperity for all, would change the labor market regime and possibly that of

taxation to such an extent that sufficient political support seems highly questionable. Large parts of the middle class are certainly open to the idea of more justice, but they are even more given to fears about the economy and its competitiveness. Therefore, what would from an economic point of view be »convincing solutions« appears from a political point of view as a recipe for electoral disaster. Since it is the »natural reflex« of political parties that go after electoral victories to stay away from policies that (might) antagonize large parts of the middle-class, the left cannot really tackle the problem of creeping social polarization at its roots. The social democratic core agenda will remain victim to economic adversity. When and if the populists really do take up the cause of social inclusion (what LePen might do, but other European right-wingers not at all), the political cleavage »center-right vs. center-left« might be replaced by »center vs. populism«. If the populists, too, disappoint their lower-class followers the political cards will be shuffled anew one day – maybe with a new chance for a rejuvenated and bolder left, but maybe also with a more radical right.

All this applies to the **political** left, to »Social Democratic« or »Socialist« parties. It does not apply to the labor unions. They have become weakened in many countries, mostly because the structural conditions have become less conducive to mobilization (decline of factory work, growth of new service branches), but they face renewed demand – often still latent, but increasingly also manifest – as (part of the) wages get detached from the society's increasing prosperity. In fact, it is them, more than leftist governments, which would be in a position to make rich countries' societies more socially inclusive.

### **The Future of the »Good« Society: Exploring the Scope for Action**

We could ask: who can promote the cause of the »good«, truly humanitarian society with all its connotations, if not the left? But we can also ask: what do we need the left for and why should we wish that it wins elections if progress towards the »good« society does not depend on the left, but on all sorts of contingencies? The link between such progress and the political fortunes of the left is all but straightforward, and we can only attempt here to shed some light on the major dimensions of it: the economics of the »good« society, the policy options to deal with the challenge, and the politics that shape the responses to the challenge. It is tempting to come up with recommendations. But it is good to be aware that the forces that in retrospect will be seen as responsible for the course of events and the evolution of reality might not be the decisions of leftist leaders nor the insights of the thinkers who advise them. It is perhaps more likely that decisions of political »players« reflect the true, but hidden forces that shape history.

But then, part of the left world-view has always been the conviction that reality can be changed to the better by deliberate, intelligent and courageous action. Leaving fatalistic thoughts aside and exploring the scope for »enlightened« action for progress towards a »good« society – for a road map – we would first have to understand the challenge to which such action has to respond. That brings us back to the capitalist economy, which once gave rise to the political left and defined its great challenge. And as one of the first things we should have a closer look at that market where the mass of the people earn their income: the labor market.

### **The Labor Market as the Key to Social Polarization**

The key to social exclusion, social polarization or excessive inequality is to be found in the labor market. For it is here, and only here, where the large majority of the population of post-agrarian societies can earn a »decent« income, that is in touch with the society's (more precisely: the politically organized society's, i.e. the country's) overall prosperity. Transfer incomes as well as public goods and services, paid by governments out of tax revenues, can alleviate the nexus between job and income. But for strong reasons, politics has set so far a rather tight limit to that. If you do not own wealth or are linked as spouse or child to a family with sufficient income you must during working-age earn sufficient money in the labor market, in order to escape poverty.

But today, many (most?) labor markets do not offer decently paying jobs in sufficient number to let the whole working-age population, including family dependents participate in the country's prosperity, which, in turn, is based on the national economy's productivity. In fact, many (most?) labor markets are today segmented into parts where wages rise with overall national productivity (not just with the productivity of your specific sector) and other parts where they don't. The segments where wages are de-linked from national productivity tend to be characterized by an oversupply of manpower and by the absence of strong labor unions. There, employers can afford a »take-it-or-leave-it« stance. Labor is exploited because it is available for exploitation. But to be sure, the ultimate exploiter is mostly not employers, who would boost their profits, but the rest of society, which benefits from cheap goods and services.

Why the segmentation, why the oversupply of manpower, why the organizational weakness? The answer is complex and highly controversial. It is well beyond of what this text can seriously attempt. Nevertheless it constitutes a key to any political agenda aiming at a socially inclusive society. Ingredients to the answer are

- the dynamics of manpower supply, shaped by demographics, labor migration and education;
- the dynamics of the demand for manpower, shaped by (policy-responsive and repeatedly crisis-prone) global economic growth, by national competitiveness and by the development of production techniques and productivity;
- the political sociology of labor`s organization for collective action, including factors such as spatial concentration of work processes, cultural homogeneity of workers, temporal stability of work relations, construction of life chances in the workers' minds, repression, etc.

### **The Impact of Globalization**

The increasing openness of national borders to movements of finished goods, unfinished products, information, finance and people, referred to in the term »globalization« is an important element in the labor-market syndrome. It has tended to increase competition between national work forces and within them. Financial globalization has probably increased the real economies' vulnerability to crisis-like contraction of demand and hence of employment and incomes. Moreover, globalization has increased companies' ability to escape the jurisdiction of particular states and given them a lever to extract concessions which benefit them and weaken the states' ability to redistribute and to prevent companies

from externalizing costs (natural environment, human health, family life etc). Altogether, globalization has weakened the grip of politics on markets, thus weakening also the protection people and societies can expect from the impact of market adversities on their lives and life chances.

### **The Exceptionality of the Post-War Decades**

As argued above, the economic growth rates of the first post-war decades were exceptionally high and were bound to come down to a normal level some time. It was in this period that some of the affluent countries of the world had come close to »prosperity for all« while others could see themselves as approaching it. Full employment and soaring demand for manpower, characteristics of booming economies, were crucial ingredients to that »prosperity for all«, which from this perspective was as exceptional as the underlying economic growth. It corresponded to that particular phase and not primarily to a left political agenda. It did not need particularly much leftist determination to coerce capitalism into a socially inclusive society. And when the real challenge came, namely to maintain the post-war social achievements under conditions of economic adversity (decreasing demand for manpower) the lack of power behind the social democratic agenda became manifest. Seen like this, the left has not become weaker, its fundamental weakness vis-a-vis the dynamics of capitalism, which had been veiled by the exceptional post-war conditions, was only brought to the fore when these conditions no longer prevailed.

### **A Deliberate Capitalist Strategy?**

One strand of thinking would see behind the change of economic conditions, which set in in the 1970s, a deliberate capitalist strategy, aiming to weaken labor and counter the threat organized labor had become to capitalist property rights. According to this interpretation of economic history, the central political moves of the capitalist restoration were (a) the shift of priority from growth and full employment to monetary stability, and (b) the successive liberalization of international trade and international capital movements, which set the regulatory regimes of nation-states and national workforces in competition with each other for the »favor« of transnationally operating capital.

The left opposed the »neoliberal« framework of ideas that accompanied the capitalist restoration and denounced it as society-eroding "market fundamentalism", but it was not fighting the decisive regulatory moves that skipped the balance in the labor markets. For a long time, it focused in its economic policy on the recuperation of post-war growth rates. This focus made it practically unavoidable to attach priority to national competitiveness, defining a socially inclusive labor market as a fruit of competitiveness, rather than as a »non-negotiable« that would have to be ensured also in times of economic adversity. With the fight against economic adversity – only to be won in cooperation with transnational capital – as the practical linchpin of its agenda and with social inclusion being postponed so-to-speak until victory, the center-left is not all that different any more from its center-right rivals.

### **Making the Labor Market Socially Inclusive Again**

Leaving aside for a moment the issue of political support, it would be imperative to have the supply of low-wage manpower be dried out. Underbidding competition between job-seekers would have to stop. In the absence of sustained extraordinary fast economic growth, this is imaginable only if wage-earners form an encompassing cartel of manpower supply, with »decent« minimum wages for different types of work. The cartel makes sure that the overall amount of work (in terms of hours) offered does not exceed employers' demand. Thus, employers will not find personnel below that wage threshold. To match demand and supply, (weekly, monthly, yearly or over a longer time interval), working hours per person are reduced if necessary (and lengthened again when indicated).

This arrangement has a price: less hours worked will mean less money earned – at least in the short run. Not only the work load is being redistributed, but also the wage sum that corresponds to that work load. In the longer run increases in average productivity will neutralize this effect, unless demand for manpower keeps decreasing in line with productivity growth. This has never happened economy-wide since the industrial revolution. But if it should happen in future it would mean the end of the work society we have known for many generations. De-segmentation of the labor market would then no longer be sufficient for a socially inclusive society, more radical adjustments would be needed to distribute prosperity.

For the time being, the task is (still) to ensure a just distribution of that income source, which is by far the most important one for the bulk of the population in post-agrarian societies. Or to put it different:

to prevent that part of the work-force finds itself in labor-market segments where they have to accept badly paid precarious jobs or else stay without job. The cartel to get this accomplished must be set up by organized labor itself. The well and securely employed wage earners would have to show solidarity and accept the wage cut that might result in the short run from a reduced working time. This is not something government can decree. But sympathetic politics can help – with protective and restrictive labor-market laws, with public endorsement of the cartel principle and of flexible working hours replacing flexible hiring and firing, but most importantly with a comprehensive policy package to maximize employability.

### **Education as a Key Policy with Multiple Dividends**

For the cartel approach to labor-market de-segmentation to work, the skill structure of manpower supply has to match the one of manpower demand. A higher effective minimum wage per hour (thanks to the cartel) is to be expected to crowd out a number of low-wage, low-skill jobs from the market, whereas shorter working hours increase the demand in other segments of the labor market with a more demanding skill profile. This requires adequate qualification and repeated requalification. Universal free access to high school is not enough. The social mechanisms that systematically generate deficits of qualification (inability and unwillingness to acquire degrees) must be made inoperative. That cannot be discussed here. It should only be mentioned that a socially polarized society is itself an important origin of qualification deficits. Lower-class milieus often weaken from early childhood on young people's chance to succeed in school. Appropriate policies would have to neutralize this

negative effect – among other things by providing universal free-of-charge day care on high professional level. An active zoning policy, which interferes with the real-estate market, would have to mix lower-class and middle-class living quarters, thus watering down the self-reinforcing effect of anti-educational lower-class (youth) cultures.

Altogether, the field of education is one where »conventional« center-left parties that are not ready for profound changes, could set in motion considerable progress towards a socially inclusive societies. It is a field for no-regret policies par excellence. Even if the power structures in the labor market go on polarizing incomes, an inclusion-oriented comprehensive policy of education constitutes a big step in the direction of equality of chances (something most societies are very far away from). In addition, an extension of public or publicly sponsored education efforts creates more jobs than can be expected to emerge in almost all manufacturing industries or world-market oriented service industries, and these jobs are relatively insensitive to the business cycle or to changes in the economy's international competitiveness. The ones who hold them tend to support a pro-active welfare state, because their livelihood depends on it. Moreover, a sustained effort to have the whole national work force highly qualified (in tune with what the economy needs) is one of the most important, though in itself not sufficient, things the state can do to position the national economy favorably in the global markets. Here are public expenses – which require taxes – that could be »sold« also to voters who would rather favor a slim state and for whom social inclusion is not of high priority. For a politics that is locked in mainstream thinking, there is the chance that a combination of economic success,

aggressive and solidarity-oriented (but not economically irresponsible) labor unions and a favorable global economy go a significant way towards »prosperity for all«, without that a more radical resetting of labor-market parameters would (yet) be needed.

### **Extending Public Goods and Services**

Free education is one of the most important public goods. Others are internal and external security, communication and transport infrastructure, basic scientific research, recreational facilities like parks, and in a wider meaning of the word also - in some countries – subsidized services and goods, such as health services, cultural offers, public transport, utilities or housing. Public goods correspond basically to the functional needs of the modern national state (even though this is questioned by some liberal extremists). But they have the side-effect, so to speak, of making society more egalitarian, because they make items of living standard and living quality available independently of the beneficiaries' purchasing power (decommodification). Extending the public-goods approach and financing essential services and goods to some degree or entirely in a collective fashion out of the state's budget would, therefore, be another way for leftist governments to strengthen social inclusion.

Of course, the public-goods approach to social inclusion raises the issue of public finances and of taxation, an important setting screw for social justice, and one where improvements can be achieved in most countries without questioning fundamentals of today's market economy. But, of course, putting a higher tax burden on the rich and the upper middle class will meet political resistance and will

easily be denounced as damaging to the national economy.

### **A Post-Employment Society: Three Avenues to keeping it Socially Inclusive**

Public goods are a way to make individual income less relevant. As a policy approach they gain importance when the distance between the lower and the middle incomes grows. If it should become ever more difficult to supply all adult persons first with a »decent« work income and as a sequel then with a »decent« after-work pension, public goods would point to one of the three avenues towards a socially inclusive »post-employment« society. The other two are transfer incomes and redistribution of wealth.

Transfers out of the public budget are already an important source of income for considerable percentages of the population in rich countries. However they are not meant to provide an income at par with »decent« salaries, but rather to put a bottom line to the depth of poverty – something like a guaranteed minimum income. As a means to distribute prosperity in the »post-employment« society it would have to mutate from a means to address emergency to one of accommodating the new normalcy. A »basic« income would not do, because in a context of receding work income, this would most likely establish a different form of polarization: those who have to live on the tax-financed »basic« income vs. those who have a »decent« income out of work and property. If the transfer income is to exceed »basic« dimensions, the problem of financing also reaches new dimensions which easily amount to a fundamental system change. It is not the place here to discuss this still a bit utopian type of adjustment. It should only be mentioned that a transfer income (basic

or more) does not necessarily have to be unconditional. It can also follow the logic of a negative income tax with rates above 100 percent. This could result in a more equal distribution of income than unconditional transfers and it might cost less.

The other radical alternative to a »decent« wage income for all would be an income out of rent-yielding property for all. This would presuppose a radical redistribution of property, something the communists once set out to do and failed – for reasons that still need a more levelheaded analysis than has been offered so far in the exuberant equation of capitalism with prosperity, abundance, innovation, freedom of choice and democracy and of socialism with the opposite of all that.

### **Protecting People against Markets in a Globalized World**

Responding to the challenge of early industrial capitalism with its global outlook, the left started out as an internationally oriented force: the liberation of human beings from capitalist exploitation had to match the limitless scope of the capitalist economy. But it was sovereign and competing nation-states which organized the capitalist world, and the nation-state became the relevant arena of the class-struggle. It turned out to be economically feasible to fight for the specific distributive interests of the national working-class, leaving aside the »proletarians of all countries«, while the institutional and cultural integration of the nation-state as well as the institutional and cultural distance of other nation-states channeled its struggle »naturally« into the national arena. It is there where policy measures to purposefully shape reality find their relevant support. Structures of supra-

national governance have been developed, but not to the point where national majorities can be overruled. The only exception is the European Union, where (majority-backed) governments can form relevant majorities amongst themselves and have certain policy measures enacted against the national majorities of some member countries.

In advanced capitalist countries, the sovereign nation-state could serve as the relevant political entity where to pursue »prosperity for all« because national labor markets were effectively protected against foreign underbidding competition. This protection was based essentially on the advanced economies' superior productivity, which provided – together with the non-tradables sector – a large enough sanctuary for high-wage labor (with an ever changing structural composition). It remained up to the labor unions to get the whole work-force included in the high-wage economy and, if necessary, to form manpower supply cartels.

With production of goods and services becoming ever more global (also in the form of trans-national value-added chains), underbidding competition began to creep in nonetheless. The case for protection has gained in persuasiveness. Or else, the trade-union logic of taking underbidding competition out of the labor market has to be applied on a supra-national scale, which corresponds to the extension of the integrated high-productivity economy – in other words: developing supra-national regulation of markets. This is an area with rapidly changing contours. Still, one should not fail to see that increasing competition between industrial locations and their work-forces favors the division of national labor markets into segments with underbidding competition and rather

stagnating or declining wages on the one side and protected ones with wages rising in line with overall productivity on the other. Socially inclusive societies on a purely national scale become more difficult with ongoing globalization.

### **The Populist Appeal: An Identity-Charged Version of Social Inclusion**

Underbidding by cheap foreign labor is not all there is to the new reality of globalization. What intrudes more visibly into people's life is the increasing movement of people across national borders. Regardless of the effect they have on the domestic labor market and on the well-being of the native population, they blend with cross-border trade into a globalization syndrome that sparks growing resentment. And those who are ready to exploit it, the so-called right-wing populists, are advancing in the polls. They present foreign culprits for the own people's social problems. They openly question the order of things which have for decades defined the neo-liberal mainstream and to which the left has de facto (if not rhetorically) subscribed as well. The populist »polit-entrepreneurs« charge the issue with identity politics and a distinctive insider-outsider perspective.

This is not without irony for the left. Having moderated its agenda of social inclusion for the sake of political realism, it is getting confronted with a more radical, mainstream-wisdom provoking agenda of social inclusion – embedded in an overall political program that is diametrically opposed to the universalistic values of the left. Not only that, one could make a point that it is precisely the embedding in identity politics which brings the shelved issue of social inclusion (prosperity **for all**) to the center of political attention again. Of course, the populist right could not show anywhere

yet that the »de-globalization« they advocate reverses social polarization. Crucial in our line of reasoning is that they dare question core tenets of mainstream economics and are politically rewarded for it. The left has resigned to the idea that the markets set limits to a socially inclusive labor market and that little can be done to change that, if a miracle does not come up with the present of strong economic growth. Implicit in this kind of »realism« on the side of the left is a hierarchy of values which subordinates social equality to the rules of the market and to property rights. It even comes out (side on side with the center-right) to the defense of the market against the populists who promise or pretend to give priority to the well-being of the society. In its attempt to get that measure of middle-class support that is necessary to win elections, the left has emphasized its liberal, universalistic and humanistic values that would appeal to the »modern«, not so dyed-in-the-grain conservative segment of the middle-class. It has emphasized emancipation from all sorts of illiberal restrictions and prejudices, it has emphasized open-mindedness and an open society while de-emphasizing its erstwhile critique of capitalism. Now that the right-wing populists bring to the fore lower-class interests within a frame of identity politics, the left finds itself as defending the interests of the cosmopolitan class on the sunny side of the street. Its own long-cultivated open-society ideals have become a handicap.

### **Post-National Society, Identity and the Need for Community**

There is another dimension of the populist appeal, one which the left also found notoriously difficult to accommodate. Many people, especially those without a higher education, are attached to their

milieu in the sense that it constitutes an essential element of their »community«. The intrusion of too many strangers damages the milieu and the community associated with it – not only because of some strangers' deviant behavior, but also because of their different behavior. This perception is not to be equated with a xenophobic attitude, even though it can go hand in hand with it. The unwanted transformation of people's milieu is felt like a cultural deprivation or even a cultural »expropriation«. Therefore, many people resent large-scale immigration without necessarily being xenophobic. The left has great difficulties with openly taking up the essentially communitarian anti-immigration sentiment and exploiting it for campaigning. It has always understood itself as a force of progress towards a world free of exploitation, discrimination and identity-based violence. In its early stages, the left movement was outright international in its outlook, as it corresponded to the nature of capitalist exploitation. In the course of its move towards the middle of society it got shaped by the cultural cosmopolitanism of many of its active members.

All this does not mean that leftist governments practice an open-door policy towards immigration. Nor does it mean that the left could not reconcile its universalistic humanitarian values with many people's need for community. But it feels the growing competition by the populists, who have no inhibition to exploit wide-spread resentment against the multi-cultural new reality.

While the left must come to terms with many people's need for community it should not close its eyes before the upcoming tide of transformation of what used to be – for a few centuries and by far not everywhere – the world of relatively

homogeneous national societies. It is pretty safe to predict that multiculturalism is going to advance and that defusing its inherent conflict potential will be one of the tasks of the future. Apart from the countries that have always had a heterogeneous population (and repeated violent conflicts when sentiments of identity were activated), we witness the growing phenomenon of geographically dispersed and continuously changing trans-national societies (e.g. Romanian migrants all over Europe and in North America). And we witness the re-emergence of non-national identities, for instance along religious, but potentially also ethnic (Chinese!), lines.

### **Uncomfortable for the Left: Class Conflict between Losers**

Even though the left has turned – unavoidably – to the middle classes in its quest for power, it has always understood itself as the political force that cares for those who are systematically disadvantaged by the capitalist market economy. This understanding has run into difficulties which touch on the essence of the left world-view. The underprivileged in the rich countries of the world belong, in a global perspective, to the privileged part of mankind. But what was long seen as a challenge for a both humanitarian and peace-strengthening agenda of the international community is taking on features of a global struggle over distribution. In broad strokes, this struggle sets the underprivileged of the poor countries against the underprivileged of the rich countries, while leaving out the owners of capital and rent-yielding assets. Whether the first group really improves its situation at the expense of the second group may be controversial, but increasing parts of the second group (the underprivileged in the rich countries) see it that way, which gives politics in the

advanced capitalist countries a new twist. The lower class there is beginning to become conservative, wanting to stop the intrusion of the new competitors into their markets and »their world« while their erstwhile political advocates of the left are part of the pro-globalization alliance.

The political left is badly prepared to ride itself on that new wave of lower-class discontents. Its humanitarian roots and its long-cultivated quasi-cosmopolitan stance of open society cum global responsibility forbid it to adopt the zero-sum talk (we lose what they gain) of the populist right. The left is tied to a positive-sum world view, which has strong theoretical roots, but is hard to sell to the (temporary?) losers of globalization-induced structural change. For broad acceptance of the positive-sum view, the national economy must boom, offering job opportunities and perspectives of a better future – one more reason for the political left to give priority to economic growth and its precondition »competitiveness«, not any different from what its rivals of the center-right do. If, for one reason or the other, this kind of »forward defense« does not work or does not show effect with the losers the idea to protect your own people from foreign underbidding easily becomes appealing, as soon as somebody challenges publicly the free trade consensus.

Both the protectionist and the anti-immigration stance are bound to activate a sentiment of »us vs. them«, of »our country first«, a sentiment which can be activated also with an intolerant, aggressive accent.

### **Re-Nationalization: A Dead End Road**

Until recently, the »wretched of the earth« were harmless. They are less and less so. As a consequence of the ever decreasing importance of geographic

distance (an essential element of what we call globalization), the misery, the frustrations, the anomy and the crude power structures of the outside world have begun to invade the well-ordered prosperous world – with migrants, refugees, organized crime, terrorism and with a continuous offense to the humanitarian values on which »political civilization« in the rich world is based. It is becoming a menace that cannot be ignored any longer and the challenge arises to contain that menace. Whether border controls, fences and other repressive responses, that would attest the sovereignty of the nation-state, can do that in the long run, is to be doubted. Most likely this sort of reinforced sovereignty constitutes a dead-end road. And the open, liberal society, which is a fundamental part of the quality of life in the rich countries, would be lost in the course of the ever deeper retreat into that dead-end road. This judgment does not contradict the desirability of a democratically legitimized rule-setting authority to protect people and preferred standards against unwanted outcomes of global market processes. The issue here is not just markets vs. rules, not the primacy of democratic politics, which needs something like a sovereign state. It is the chance of safeguarding both the effectiveness of national borders and the survival of a liberal, open society. The suspicion is that the chances are low indeed and that the left project of the »good« society cannot succeed this way.

### **Riding the Tiger of Globalization**

An alternative strategic approach is to integrate more or less the whole global population into the high-productivity and prosperity system of the advanced capitalist world. Ultimately, this would extend the idea of social inclusion, which is at the core of the left identity, to the

whole world – in a rudimentary form. The driving force, though, would not be the emancipatory struggle of the »wretched of the earth«, but the fear of the privileged and their ability to mount a bold enlightened response.

How to mount such a response? The best would be that all over the world developmental states emerge like in our days China and India, which modernize their societies and start a sustained economic catch-up process. But social reality in large parts of the world is not conducive to such a scenario. Many countries are governed by predatory elites whose rule rests on clientelist structures of favor-trading. These political systems may be very unstable, but the underlying pattern tends to be robust, resisting outside attempts to put in place more responsible governance structures. Foreign money (»aid«) does not improve the odds for economic take-off there, it rather reinforces the essentially anti-developmental clientelist structures. Violent conflict becomes easily endemic, adding to the incentives for people to emigrate. It seems questionable that an international system of sovereign states can do much to inject a »productivity drive« into such policies.

This puts into the focus an alternative approach: maximizing the manpower-absorbing capacity of the highly developed countries and the developmental states. There, the apodictic conviction »the boat is full« would have to give way to sustained efforts of making the boat bigger. The economies would have to expand, demand for manpower would have to grow, rising productivity would have to be neutralized by ever shorter working hours, so that labor-market polarization be avoided. Immigrants into the booming economies would have to be qualified for the labor

market, integration into their new societies be facilitated and promoted in a result-oriented – not just politically correct – way, deviant behavior be sanctioned. At the same time, strategies would have to be devised to contain migration in order to keep it more or less adjusted to the (forcefully expanding) absorptive capacity of immigration countries. To this purpose, people in emigration countries could perhaps be given long-term perspectives. One could think of waiting lists and qualifying efforts already there, which could create a notion of mutuality, of »cooperative mankind«, that could supersede the notion of mutually indifferent or even hostile nation-states with their separate populations. It would reinforce the notion of trans-national society, which has already become a growing and ever shifting reality among migrants with roots and relatives in more than one nation-state and diaspora communities »around the globe«.

These are only very rudimentary first ideas to show some tentative lines along which a future-oriented left would have to develop a strategy of global inclusion, in order to get out of the disaster-prone dead-end road which the discontents of globalization threaten to drive the world of nation-states into. The development of strategy would have to go hand in hand with an effort to expedite the development of structures of supra-national governance – something against the current trend of re-nationalization.

Going for a less polarized world and for supra-national structures is a highly ambitious undertaking, and it is probably not an election winner in the short run. But not doing it might well strengthen the xenophobic right. Retreating into the comfort zone of the national snail-house is not a convincing option any more in the

globalized world, but it is still a big seller in the political market – to the disadvantage of the left. The most forward-looking of leftist thinkers have recognized the challenge of devising long-term solutions in the form of reducing the differential in prosperity and opportunities between rich and poor countries, adjusting rich countries for an increasing influx of migrants and developing robust structures of supra-national governance. But this is not the confidence-inspiring notion of »progress« into the promised land of human liberation, which had been the driving force of the left for generations. It is progress into the uncharted territory of a post-national world, an escape route from the looming disaster of globalization »going wild«. It is not an immediately inviting prospect, but to save both the left and its cause, the »good« society, it might be necessary to ride the tiger of globalization, even though it comes as a menace to that »good« society.

Conditions of success would be (a) education of the existing national workforce and as of arriving migrants, as well as of potential migrants in their home countries; (b) a high degree of unionization in the immigration countries; (c) permanent adjustment of working hours to the requirements of full »decent« wage employment; (d) trans-nationally coordinated bargaining strategies of labor, in order to subdue underbidding; (e) sustained economic growth in as many countries as possible; and (f) of course, a retarding containment of the process of economic globalization, so as to keep adjustment pressure and growing adjustment capacities in a certain balance. As said above: not more than markers for a still to be drawn road-map.

## A Short Conclusion

For the time being, policies to bring about prosperity for all should concentrate on the parameters of the labor market and on public goods, with education constituting a strong link between the two. Unfortunately, this would not easily become an election-winner for the political left. It could if it were embedded in a package of general governing competence and a lead in charisma vis-a-vis the political rivals. Again unfortunately, electoral victories of the political left, based on just that, do not easily lead to significant progress in those structures that determine social inclusion or social polarization. Short-term political realism, guided by the fear to antagonize the middle strata, whose support is crucial for sustained electoral success, tends to thwart the long-term pursuit of ideals in the democratic political arena. And perhaps a third time unfortunately, growing discontent of the losers of today's capitalism could thoroughly change the electoral equations. It might combine with identity-related fears of larger segments of the population to wash to power right-wing forces, which blend intolerant identity politics with authoritarianism and **perhaps** an attempt to reign in markets to the benefit of social inclusion. What would then be left of the left?

However, the story does not end there. It might herald a disagreeable period of world politics indeed if right-wingers take over in a number of countries. »Western political civilization« (rule of law, democratic freedom, commitment to human rights) will most likely suffer. But both the drama of capitalism and the drama of globalization will go on and pose challenges, which the populists, as they present themselves today, are not at all in a position to meet. The need for a humanitarian response, more fundamental than one can recognize in current democratic politics, should be expected to become more urgent. If you call this response »leftist« you touched on the essence of what gave birth once to the political left.

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## Imprint

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P.O. Box 11235 | Herzliya Pituach 4673334  
Israel

Responsible:  
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for German and European Studies (HCGES)

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