











extremely hard mark and actively take part in the euro adventure with soft currencies. However, Germany insisted that the European Central Bank (ECB) be established under rigorous German standards and have its headquarters in Frankfurt.

Despite the severe effects of the European financial crisis, it is now widely believed that the separation of the political and monetary unions was a historical error. All of the Eurozone nations have shown their willingness to push political integration one step further. The risk of the executive authorities' autonomy must be avoided if the EU is to democratically recover from its crisis of legitimacy and confidence. The critical sovereign right of budget approval can only be transferred to the European level once the European Parliament is able to control national governments as effectively as national parliaments do.

### **3. Political legitimacy is mutable**

In conclusion, the once-strict requirements for attaining political legitimacy are now essentially a moving target. Traditional political forces have been given obvious limits to their expansion, but at the same time a dynamic front has developed to challenge the assumptions of democratic sovereignty in Europe (Habermas,2014:89-93). This transformation can be attributed in part to the way democratic and progressive forces operated during the crisis. In particular, the Social Democrats and the dominant Left failed to actively oppose neoliberalism by being silent while it played out in Europe and failing to take a stand in favor of growth and against unemployment, particularly in the South. The shortsighted risks of Germany-imposed fiscal austerity creating a competitive Europe were not really questioned by the center-left.

According to Schmidt & Thacher (2013) « *neoliberal ideas have generally been more successful in policy debates and political discourse, winning in the ‘battle of ideas’ against weaker alternatives. In some cases, that strength may come from the seemingly common sense nature of neoliberal arguments. For example, appeals to the ‘virtue’ of sound finances using the metaphor of the household economy—extrapolating from the need to balance one’s household budget to the need to do the same for the state budget—may resonate better with ordinary citizens than the Keynesian counter-intuitive proposition to spend more at a time of high deficits and debts. In other cases, neoliberal success can be attributed to the re-framing of current problems—say, as a crisis of public debt rather than of the banks; to the narratives—about public profligacy being the problem, belt-tightening the solution; and to the myths—for the Germans, that belt-tightening is the only way to avoid the*

*risks of hyperinflation of the early 1920s, thereby ignoring the risks of deflation and unemployment of the early 1930s that led to the rise of Hitler. Equally importantly, it may be that neoliberals are not so strong but their opponents are weak. Where, after all, have the center-left parties been in all of this, in particular in Europe throughout the Eurozone crisis? Notably, only very recently have European social democratic leaders called for growth, even as they continue to dole out austerity».*

All political forces have given the crises' political and social components, which frequently have dark overtones, second-class status. Even the center-left accepted the competitiveness priority, which was achieved by reducing consumption while reducing salaries, pensions, and public spending (Freeden, 2013:42-44;Mavrozacharakis;Tsagkarakis,2018).

Using this perspective as a foundation, Berman and Snegovaya (2019, 6) emphasize that the primary cause influencing the left's collapse is, *«the left's shift to the center on economic issues, and in particular its acceptance of "neoliberal" reforms such as privatization of parts of the public sector, cuts to taxes and the welfare state, and deregulation of the business and financial sectors»*. This shift over the long term had deleterious, perhaps even fatal, consequences. Berman & Snegovaya (2019,6) point out that the right shift of the left *«watered down the left's distinctive historical profile; rendered socialist and social-democratic parties unable to take advantage of widespread discontent over the fallout from neoliberal reforms and the 2008 financial crisis; created incentives for parties to emphasize cultural and social rather than economic or class appeals; and undermined the representative nature of democracy. The shift in the left's economic profile, in short, deserves center stage in any account of its decline. Moreover, this shift and its consequences have been crucial to the rise of a nativist, populist right and to the broader problems facing democracy today in Western and Eastern Europe, as well as other parts of the world»*.

In any event, the citizens' social circumstances have gotten worse as a result of the financial crises' emphasis on austerity and competitiveness. Greece, a nation with long-term deficits, serves perhaps the best illustration of how the race to implement austerity measures has resulted in surpluses in foreign trade. But all of this contributed to a serious social and political crisis, which was followed by a protracted period of political and social unrest.

Additionally, social democrats handled the refugee crisis casually and supported an open borders rhetorical policy, which once again disproportionately affected the South. It also displayed a careless unwillingness to deal with the

pandemic dynamically by bolstering the welfare state. The compromises and solutions put forth by the center-left to address the issues are therefore unconvincing, despite the fact that Europe has been in a state of crisis since 2007, and the heads of state and prime ministers of the countries have been slipping from one emergency to another (Andor, 2020: 642-654).

Due to the rising unemployment, Germany's stabilization program has not been able to find the required counterbalances. According to Fisoussi & Sacareno (2013:7) « ... *Germany and EU institutions blamed the crisis on public finances excesses, imposing austerity and the signature of the fiscal compact to introduce in member countries' constitutions the balanced budget requirement*».

The left-leaning parties must mount an anti-hegemonic onslaught against attempts to undermine the welfare state's fundamental institutions, privatize all aspects of social life, and submit it to market principles if the democratic component of politics in Europe is to be revived. Right-wing populist parties may attempt to take this space if the political left fails to address the aspirations of the public for a society that is more just and egalitarian (Mouffe, 2011: 5)

#### **4. The lack of options, German politics, and the democratic left**

The assumption that public policies, state injections of liquidity to revive the economy, and programs to strengthen the welfare state to deal with the pandemic and the refugee issue are necessary for a way out of the crisis has not been adequately defended by progressive forces and the center-left over the past ten years. To summarize, the democratic left insists on a certain easing of social repercussions through appropriate social transfers but has not redefined the state in an advanced and modern manner (Wang, 2020: 59–60). Nevertheless, Rodrik (2011; 2012) observes that effective economic policies have always relied on the state to foster growth and quicken structural transformation, notwithstanding the criticisms made by neoliberal economists regarding the functions of the state. In particular, as is evident, national governments were responsible for saving significant businesses, stimulating financial markets, and bailing out banks during the financial crisis. They also provided a social safety net (Rodrik, 2012).

According to Legatum Institute research (Alfaiate, et al. 2014), nations with a relatively high regulatory role of the state and the ability to provide high levels of social welfare, education, and individual freedoms while also integrating immigrants and minorities into the real economy, such as New Zealand, Norway, Sweden, Denmark, Canada, Australia, Finland, Sweden, Denmark, and Australia, have the best



economic indicators for the years 2009 to 2014. Therefore, social cohesion has a beneficial impact on the real economy. The majority of empirical research demonstrates the connection between welfare and income security and a broad institutional framework, which includes a range of legal and regulatory frameworks derived from the level of governmental involvement on the economy (Rodrik, 2004; Zattler, 2004: 19-25). Prior studies, in particular, by the IMF (IMF, 2003), the World Bank (WorldBank, 2002), and a number of reputable scholars (Hall & Jones, 1999; Acemoglu, Johnson & Robinson, 2001; Rodrik, Subramanian & Trebbi, 2002), highlight the critical importance of the institutional role of the state for economic growth. The creation of a solid institutional structure at the national level aids in the smooth operation of society and averts situations of political, economic, and social unrest, which are typically associated with weak, unstable, and states with low efficiency metrics (Fukuyama, 2004; Zattler, 2004).

Market economies require robust state institutions at the economic and fiscal levels in order to maintain macroeconomic and fiscal stability as well as transactional legal certainty, efficient market operation, and social cohesion. With the help of suitable incentives and regulations that foster trust, transaction certainty, and efficiency, a reliable state institutional framework may create the overall conditions for investment and growth. In this situation, it is obvious that the state's role is essential to the proper regulation of the labor, financial, and products markets. Acemoglu et al. (2019) even go so far as to say that democratization often results in a 20 percent boost in GDP per capita over time.

A suitable institutional structure (institution building) for the adequate political regulation of the economy, however, has not been able to develop at the national and international levels due to the advent of neoliberalism during the 1980s and the social democratic compromise. Instead, market liberalization, deregulation, and privatization have been the main focuses of economic reforms.

The escalation of the austerity policies recommended by the German political leadership and its simultaneous adoption in several EU nations led to a complete political standstill of all democratic political groups because there was no new social democratic narrative about the state. Only gullible individuals, however, could believe that the German political establishment was unaware of the severe effects that the policy of extreme and ongoing austerity would have on political systems, causing governments to fall, political morale and parliamentary life to deteriorate, and even disintegrating collapses.

Along with these misleading changes, the extreme political poles on the right

and left are becoming stronger. The center-left is failing to persuade people of the alternative course, while people across Europe are doubting the legitimacy of their governments and Eurobarometer polls reveal that a significant part of Europeans are gloomy about the future of the EU. Social democracy appears to be stuck in the past, unable to move past or perhaps even transcend the Third Way era, instead of appropriately addressing the issues of the day. During this time, the democratic left underwent substantial neoliberal market model adaption. The Schröder-Blair manifesto, which was released 10 years ago on June 13, 1999, provided the framework for the Third Way agenda's subsequent changes, was perhaps where this development was most noticeable in Great Britain and Germany. It has since come to light that social democracy's shift to the New Center was a form of political marginalization.

### **5. The right's ascent, the need for reaproaching the working class, fresh issues and dated demands**

Ironically, the escalating crises have compelled all political forces—including those on the right—to accept the necessity of an active state that performs social paternalism functions. Evidently, the electorate has the greatest mistrust for the established political forces of parliamentary democracy, particularly social democracy, because of this paradox (Dalton (2004: 157).

However, it is undeniable that the right has expanded across Europe in all of its forms, while the left has solidified its position. A crisis of left-wing politics, in fact of left-wing ideology as a whole, is at the root of this downturn. In order to create a new progressive, multiparty movement devoted to redistribution, the modern center-left must develop a new social alliance. It involves forming a diversified movement of many socioeconomic groups that split their votes between liberal parties, environmentalists, and socialists and the left.

In order to create a comprehensive agenda that will appeal to this complex new multiracial social movement, the new social democracy should identify social groups that support a new economic model, a new welfare state, and the expansion of social rights.

Inadvertently, the majority of social democratic parties across several European nations have as their "reference subject" a white, middle-aged man employed in manufacturing whose voice needs to be "won back." The working class as we know it today is not like this image. In a wide range of productive industries, we have low-wage workers of all stripes. Therefore, the key question is: What kinds

of policies may be modified to take into account the diverse interests that exist within this huge and diverse social group? It is obvious that one party cannot represent all of these interests. It requires a fresh perspective and cutting-edge demands that address the social body's modern makeup while emphasizing the most vibrant and forward-thinking segments of the populace. The call for wealth redistribution between generations should come first and foremost. Younger voters confront a number of challenges, including a far more competitive job market, greater housing costs, frequent training debt payments, increased social risk exposure, and more. What political actions should the new social democracy adopt to create an intergenerational contract, then?

It is obvious that there is no reason to equate this objective with the nationalization of sizable portions of the economy or with a socialist strategy that is especially interventionist. Nowhere does it say that if the left wants to win over younger voters, it must always cling to the antiquated political tools of the 1970s. Many progressive middle-class groups are afraid of the center-left because it frequently bears extreme political baggage. These groups advocate fair distribution of wealth and believe that a radical political agenda is not the best way to achieve these goals.

However, policies involving significant investments in a tuition-free education, solutions to issues like housing, an increase in public housing, essentially guaranteed income, higher health care costs, moderate rather than irrational tax increases for higher incomes, environmental policy, gender equality, minority rights, investments in new technologies, innovation, and green energy, investments in the public telecommuting sector, etc. are undoubtedly appealing policies.

## **6. Conclusion: Unity and a new social agreement**

Therefore, a new social compact is always a possibility, as we know from historical precedent. The two world wars and the Great Depression taught us that big crises led to a fundamental restructuring of the tax code. After COVID-19, we'll probably see it again. One explanation for this is the knowledge that lower socioeconomic groups or those directly affected by pandemics are the most severely affected by the crisis, whilst higher socioeconomic groups are largely shielded or can be insulated. A renewed sense of solidarity may require higher-income groups in society to shoulder a larger share of the burden of the rising costs of the welfare state through increased public spending on health care, possibly higher minimum wages, increased assistance for those with precarious employment, and other measures.

There is a chance for a brand-new social contract, much like there was one during World War II and the Great Depression. However, a brand-new genuine concern connected to COVID-19 is also starting to materialize, namely the threat to the right of each individual to freedom. The democratic left cannot watch helplessly while some people or groups are advised to stay home while other people or groups are permitted to walk outside while personal information is gathered, people's movements and behavior are observed, and so on. The public health system, the common good, and communal responsibility must not infringe on individual rights according to the social democratic political philosophy. At its essence, democracy must be based on freedom.

We predict that these issues will become a new source of conflict in the years to come since the center-right camp is less concerned about them than the center-left camp. The aforementioned observations undoubtedly support the idea that left-leaning politics need a paradigm shift in order to prefer policies that encourage historical advances in favor of mankind rather than against it.

People who support initiatives to resurrect the left as a whole shouldn't ignore the fact that basic aspects of human dignity and the inviolability and indivisibility of fundamental human rights, which serve as the cornerstone of all democratic politics, are being violated even in the developed Western world today (Flood & MacDonnell & Thomas, & Wilson, 2020). There cannot be social justice or peace when human rights are not upheld and maintained, and there can never be sustained economic growth. Then, is it any wonder that the "new center-left" has prioritized reform over asking all European and supranational institutions whether they believe that the rigid austerity policy is compatible with the idea of human rights and whether they think that the social war that Europe as a whole is currently going through is compatible with the idea of human dignity?

The call for a "new left" with a relevant narrative is undoubtedly necessary. This demand is a direct result of the present-day uncertainty and instability that the so-called social left, in general, is experiencing.

It is clear that the left is divided along ideological and organizational lines, much like a broken mirror (Müller- Hennig, 2018:7-9). According to this perspective, terms like "reform" or "modernization" do not have a consistent interpretation in the left's conceptual toolbox and even take on a negative connotation because they are perceived as an unsettling dynamic of society that requires active resistance. Today's left-wing politics frequently involve protecting the victories of the past. We must at

least maintain the status quo because we cannot turn the hands of history back to a glorious period in the past. Therefore, the question: Does the left represent the new conservatism? arises.

The "postmodern center-left" responds to this topic with an allegedly realistic vision while also evoking hollow modernization rhetoric through the failed traditions of the so-called third way and the new center. This new worldview is dominated by the idea of reform. The center-left and social democracy in Europe have so far been unable to recover from the unpleasant experiences of the new center and modernization, which its proponents conveniently ignore.

The purpose of social justice is not at all present in the framework of an extreme realism, which primarily refers to the necessity for fiscal consolidation. The political undercurrent and supporting "story" of a contemporary social "philosophy" of solidarity, progress, and justice are entirely absent.

However, pragmatism is only a virtue if it can be measured against certain legal standards and political objectives. Realistic but substantive demands are part of politics. Long-term political change only occurs when goals are intelligible and evident to the public. In times of adversity, the "hard management" side typically coexists with the "populists and vigilantes" camp. Both have a distinct political core that translates into extensive but understandable political abstractions. On the one hand, subversion of the established order; on the other, budget cuts and poverty. As befits a social democratic or center-left party, no tangible and distinct concept of "social peace and justice" and "balancing of social interests" has yet been developed.

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