



Speech by Enrico Letta, deputy secretary of the Italian Democratic Party

Progressive Governance Conference
London, February 19th, 2010

Events over the past few weeks demonstrate that we face a number of very immediate challenges, but I would like to spend a few words taking about longer term scenarios, because I think that to get out of the impasse, effective crisis management in the short-term will not be enough. I can sum up my argument in three basic points:

- First, conservative politics in Europe benefited from the crisis because they abandoned their traditional values of restraint and pragmatism, choosing to embrace a narrow and inward looking populism
- Second, the aftermath of the crisis is a golden opportunity for progressive forces to seize the initiative by advocating long term, comprehensive reform, changing the relationship between governments, markets and citizens.
- Third, good policy substance will not be enough. Progressives must be able to construct a solid narrative around this project, and the narrative must serve the purpose of appealing to a broad spectrum of citizens.

The success of conservative politics in this phase has left many perplexed. Supposedly, economic discontent should be the lifeblood of the centre-left.

I think this is a particularly dangerous brand of conventional wisdom. To ascribe this political cycle to an "anomaly" is to fail to grasp the extent to which conservative politics in this phase is tied to populism.

This was true even before the crisis. The conservative strategy of the past decade has capitalized on deep-seated fears about the openness of our societies.

They have railed against immigration with unprecedented xenophobia.

They have exploited the impasse over institutional reform in Europe to mount an all-out assault on integration.

They have unfairly capitalized on people's legitimate concerns about globalization by endorsing a misguided and dangerous protectionism.

When this populism is projected through control of media outlets, we have the Italian case. But I would warn you against defining Berlusconi as just an anomaly: I often find myself thinking about whether Italy, on that, is 15 years behind, or 15 years ahead of the rest of Europe, which is the true nightmare scenario of course.

For conservatives, the tighter their embrace of populist practices, the more rewarding the crisis has been. The payoff for conservatives is in distracting public opinion by stoking their fears, not in committing to change the way things work.

They have no stake in reforming the system. Their optimal strategy is, without a doubt, a quiet return to "business as usual" after the storm of the crisis.

The challenge for progressives must be to push back against this tendency and fight for deep, lasting reform. This will certainly require redefining the relationship between government and the market.

We can do this first by recognizing the two dimensions in which populist narratives prosper. A spatial dimension, dominated by divisions and barriers; and a temporal dimension dominated by the monopoly of the present.

As far as the space is concerned, conservatives celebrated the crisis as the demonstration that citizens can only find protection from the dangers of globalization behind national barriers.

Progressives committed to defeating populism must convince voters that the benefits of openness can be maintained, and its dangers confronted, through better, more efficient and more transparent cooperation at the European level.

The possibility of new supranational but ineffective regulatory institutions for the financial sector is far too apparent. I find the Council's compromise on European banking supervision wholly unsatisfactory.

We must return to the spirit of the Turner Report, which was very clear: first, strengthening national regulators and creating supranational ones are alternatives, not complementary choices, and second, regulators must be truly independent of political power.

Similarly, we must not abandon the Single Market to nationalistic pressures, which have been all too apparent over the past few months.

In this I have to point out that the Barroso Commission has been wholly inadequate in its response to the crisis and its promotion of the opportunities of our common economic space as a remedy.

(Defending and implementing the Single Market is probably its foremost responsibility, and its complete absence during the most difficult period of the crisis was inexcusable).

We must push for greater economic coordination in Europe to bolster growth. In this progressives can only fault themselves. Ten years ago, out of the 15 governments of the European Union, 13 were led by centre-left coalitions.

And yet when we designed the Lisbon Strategy and its institutional mechanisms for implementation and compliance, we could not escape the logic of the minimum common denominator.

Everybody tried to convince themselves that the open method of coordination would work, because it was a new way of doing things. The result was a toothless strategy and a lost decade of stagnant growth.

Today, progressives must be on the front line in pushing for a Lisbon II growth strategy that looks beyond the goodness of our intentions and achieves results. The bolder the progressive will be in recognizing Lisbon II as the opportunity to define our identity, the clearer will be our alternative project and our narrative.

Popular support is closely connected with clarity and delivery: with Lisbon II citizens must feel that they are active stakeholders in the process.

This is all the more necessary given the recent turbulence inside the eurozone.

What the Greek experience shows above all is that, in the short term, the eurozone needs to set up a crisis management mechanism. A sort of European Monetary Fund could be both stricter and more effective than an IMF intervention, which is unthinkable, as it would destroy our credibility.

In the long term, it needs to remedy the imbalance between its monetary and economic arms. In this I applaud the efforts of the Spanish Presidency to bring about more binding forms of cooperation.

If progressive forces are to fight back the rising tide of conservative populism, we must find a way of weaving our policy prescriptions into a single, coherent NARRATIVE which will appeal to a majority of voters.

It is time to stop thinking that Europe is “unsellable”. Institutional reform was certainly necessary, but it became unsellable because we allowed conservatives to frame the debate about Europe as if the Constitution were the only issue on the table.

Now that we have the Lisbon Treaty, that alibi no longer exists.

What European citizens want is a Europe that delivers. The Europe of the Erasmus program, of low-cost airlines, of human rights, of a modern and united approach to immigration.

(A Europe that embraces openness while addressing the legitimate concerns of its citizens about social protection. National governments can no longer confront these issues alone.)

Populist conservatives draw their strength from their ability to convince voters that inward-looking policies will solve their problems.

It is our responsibility as progressives to persuade them that the opposite is the case.

In sum, progressives must construct their own narrative in an idea of space that embraces the fundamental quality of openness.

The other dimension is time: we must recapture time from the populist obsession with the present. The crisis was a spectacular demonstration of the damage that this short-termism can cause.

Mark to market accounting. The bonus culture. They are all genetic mutations of the dictatorship of the present.

Progressives must rediscover the future, the long-term, as a value in itself. And I am certain that citizens will reward us for it.

Let me conclude with a story from Italian tradition. A wayfarer stumbles upon two bricklayers in one of the thousands of squares.

He asks the first bricklayer what he is doing, and the bricklayer replies, unhappy and lacking motivation: “Can’t you see? I’m piling bricks”.

The wayfarer then turns to the second, and asks him the same question. This bricklayer, smiling and enthusiastic, replies: “I am participating in the construction of our city’s cathedral”.

And they are doing the same job.

But the first one is sad because of the poor action.

The second one puts his piling bricks in a mission that gives meaning to his job and may be to his life.

Dear friends, we will win again when people will see the populists and the conservatives piling bricks and us, progressives, building cathedrales.

ENDS