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## What the European left can tell us about neoliberalism

*Europe's left has traditionally championed social protection, labour rights and expansive welfare states. Yet as Virginia Crespi de Valldaura and Gianmarco Fifi explain, the left has also played a key role in sustaining and shaping neoliberalism.*

Recent years have witnessed heightened focus on the rise of right-wing forces in Europe. Such an interest has often overshadowed the critical transformations within the European left. This stems from more general debates in political economy that have often regarded progressives as marginalised victims of the so-called neoliberal period and of globalisation more broadly.

In depth analysis of left-wing groups in Europe reveal their key role in proactively shaping European integration as well as economic policymaking. Dealing with these issues is essential for any future reflection on the trajectories of progressive politics in Europe. It is also crucial for understanding the electoral decline of social democratic parties across Europe, which many accounts have linked to this espousal of centrist economic positions.

### Did the left make neoliberalism?

Traditionally, left-wing parties in Europe have championed social protection, labour rights and expansive welfare states. However, as discussed in [this recently published paper](#), a noticeable ideological shift occurred in the late 1970s and 1980s when leftist parties in France, Italy, and Spain began to adopt and justify liberal economic policies. This change marked a departure from Keynesian economic principles towards embracing elements of market liberalism, such as austerity and labour market deregulation.

Evidence shows that this was the result of a proactive adaptation by left-wing parties to a changing global and European context. In France, for example, Socialist leaders under François Mitterrand initially attempted to implement expansive social reforms but soon reversed course, adopting

austerity measures and market-friendly policies to combat inflation and stabilise the economy. They presented these changes as necessary steps to maintain social protection levels and address broader economic challenges.

In Italy, the transformation was equally framed as a conscious choice in the face of the failure of Keynesian policies. The *Partito Comunista Italiano* (PCI) moved from advocating radical economic reforms to supporting policies like wage restraint, fiscal discipline and labour flexibility. This ideological shift was partly motivated by the desire to ensure Italy's competitiveness in the European market and align with European integration goals. In Spain, the Spanish Socialist Workers' Party (PSOE) embraced labour market reforms and austerity to stabilise the new democratic regime post-Franco, framing such changes as crucial for the future modernisation of the country.

The major labour unions in the analysed countries showed a similar approach to liberalising policies and austerity. The Confédération Française Démocratique du Travail (CFDT) in France, for example, actively defended labour market deregulation as a means to greater employment, while the Unión General de Trabajadores (UGT) in Spain initially supported wage moderation as a means to increase private sector investment and job creation.

## Progressive neoliberalism

These developments could be framed through the concept of “**progressive neoliberalism**”. Rather than viewing neoliberal policies as a betrayal of their foundational values, left-wing parties began to see them as tools for achieving progressive goals. For example, labour market flexibilisation was framed not as an end in itself but as a means to enhance employment opportunities and integrate marginalised groups into the workforce.

Reforms were presented as necessary for ensuring economic competitiveness, which was seen as the key means to increase employment and make the welfare state sustainable. They were therefore conceived as new policy instruments to achieve existing social democratic objectives, such as equality and social protection. This approach helped normalise neoliberal policies across the political spectrum and provided a rationale for leftist support for market liberalism.

In emphasising these elements, our research reveals the left's unexpected role in sustaining neoliberalism's resilience. Contrary to dominant views within the media and in academic debate, left-wing parties and trade unions were not merely passive victims of a right-wing neoliberal wave. Instead, they played an active role in shaping and legitimising neoliberal policies. This is crucial for understanding how policies that are often portrayed as regressive have become entrenched across Europe – not only through right-wing advocacy but also through left-wing acceptance and implementation.

## A leftist “cordon sanitaire” to protect Europe?

Reinforcing the aforementioned findings, **a recent paper** shows the increasing oppositional role played by centre-left forces vis-à-vis traditional progressive proposals (such as unproductive forms of social protection and public spending). The paper shows how these groups continuously reference the EU as a benchmark that defines the realm of possible and desirable policies.

The anti-populist positions adopted by such parties have been defined and re-defined through the lenses of what appeared to be needed for European integration. In many cases, this has entailed espousing more market liberal policy positions than their political opponents on both the left and the right.

In the early-2000s, the centre-left Italian Partito Democratico (PD) used the term to contrast unproductive uses of spending by the Berlusconi government and then by the M5S-League coalition. A similar rhetoric could be found in the Spanish PSOE, which applied the term to the far-left challenger party Podemos as economically irresponsible in contrast to the PSOE's project of Europeanisation and modernisation (before subsequently forming a coalition government with them in 2019).

However, the centre-left's definition of populism has narrowed as European support for austerity measures has faded. More recently, the PD has started using the term almost exclusively as a synonym for right-wing extremism. In the sphere of economic policy, this seems to have opened the space for social democratic parties to readopt more leftist policy stances, at least for electoral purposes. This is exemplified by the 2019 PSOE-Podemos coalition and 2023 PSOE-Sumar coalitions in Spain, as well as the emergence of the New Popular Front in the 2024 French legislative elections.

This does not mean that **“progressive neoliberalism”** has been relegated for good. As the new von der Leyen Commission continues to favour market liberal solutions such as a Capital Markets Union to resolve Europe's competitiveness issues, some figures on the left have emerged as **staunch supporters of these policies**, while others advocate more **interventionist ideas such as tax and wage harmonisation at the European level**. It therefore remains to be seen whether the left will turn back to more interventionist policy stances, or whether it will continue justifying liberalising policies on “progressive” grounds.

*For more information, see the accompanying papers in the **International Spectator** and **New Political Economy**.*

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*Note: This article gives the views of the authors, not the position of EUROPP – European Politics and Policy or the London School of Economics. Featured image credit: **Shutterstock.com***

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