Features

Futures for social democracy
The once and future ideology

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Thanks to globalization, it is often said, the world is at the dawn of a new era. The spread of markets across the globe, and the deepening and quickening of economic interconnections accompanying it, is creating a fundamentally new situation for leaders and publics, imposing burdens while constraining choices. You can either opt out of the system and languish, or put on what Thomas Friedman has called neo-liberalism's 'Golden Straitjacket', at which point 'two things tend to happen: your economy grows and your politics shrinks' (Friedman, 1999).

Globalization's onward march has produced a backlash too, of course, and anti-globalization protests have become a regular feature of contemporary life. Yet today's market boosters find it hard to understand what the fuss is about. They point to the very real economic benefits that capitalism brings and the poor economic track record of non-market-based approaches to economic affairs, shake their heads, and dismiss the protesters as ignorant fools or adolescents acting out some personal psychodrama. If only the marchers could learn some math, they scoff, or learn to care about increasing the aggregate wealth of society as a whole rather than coddling a few special interests, everything would be fine.

What neo-liberals fail to recognize is that such narrow economistic attitudes miss the point. Yes, capitalism is easily the best system for producing growth. But that has never been, and is not today, the only issue. The real debate about markets has focused not simply, or even primarily, on their economic potential, but also on the broader impact they have on the lives of individuals and societies. Critics have worried, and still worry, not about whether unleashing markets will lead to economic growth, but about whether markets themselves will unleash morally and socially irresponsible behaviour while eviscerating long-standing communities, traditions, and cultures.

The roots and rationale of social democracy

It was in response to precisely such concerns that social democracy first began to emerge. The first half of the nineteenth century was the golden age of liberalism, which

emerged alongside the industrial revolution as the first modern political and economic ideology. In many parts of Western Europe, liberalism appeared as a progressive and even revolutionary force, promising to break down the remaining structures of the old regime and replace them with a system based on individualism, rationalism, and permanent economic progress.

Yet by the middle of the century, the practical consequences of unfettered capitalism – dramatic inequalities, social dislocation, and atomization – lead to a backlash against liberalism and a search for alternatives. Marxism offered the most powerful challenge from the left, and during the second half of the century it gathered many adherents and spawned its own political movement. But Marx had little to say about the actual transition from capitalism to socialism or about how socialist parties might help to bring such a transition about. These oversights were exacerbated by the materialism and determinism which his followers tended to emphasize.

By the end of the century, however, opposition to both economic determinism and political passivity was growing on the left. One of its sources was the recognition that many Marxist predictions had not come to pass – capitalism as a system had developed new vigour, while the bourgeois state had undertaken important political, economic and social reforms. Another source of opposition came from the sense that orthodox Marxism had failings not merely as a guide to history, but also as a guide to constructive political action. Socialist parties had become powerful actors in a number of European countries, yet orthodox Marxism could not furnish them with a strategy for using their power to achieve their goals.

If socialism was not going to come about simply because it was inevitable, then it would have to be achieved as the result of human action. Some activists, like Lenin, felt that this achievement could be imposed by force, and set out to spur history along through the politico-military efforts of a revolutionary vanguard. Others, not willing to accept the violence or elitism of such a course, chose to revamp the socialist program so as to attract the support of a majority of society. Although Bernstein's revisionism is the best known, he was hardly alone. All the features of his critique were brought forward in other West European countries during the late nineteenth and early twentieth centuries. As a result, socialist parties and the Second International were consumed by the 'revisionist controversy'.

The final break with orthodoxy came in the 1920s and 1930s as European socialists, now often the dominant parties in their national political systems, confronted the challenges of a socio-economic landscape transformed by the First World War. Populist movements on the right were starting to chip away at the support of traditional liberal and conservative parties. Right-wing protests against capitalism's atomization, amorality, and materialism had been growing since the end of the nineteenth century, but the war gave them a mass base. Concerned about the power and appeal of the right, many revisionists argued that clinging to the orthodox Marxist program would doom the democratic left to oblivion. They proposed instead a program that would tap into the needs of the mass of disoriented and discontented Europeans.

In the context of the interwar years and the Great Depression, this meant first and foremost using political forces to control economic ones. In Belgium, Holland, and France, Hendrik de Man and his *Plan du Travail* found energetic champions. De Man argued for an activist depression-fighting strategy, an evolutionary transformation of capitalism, and a focus on the control rather than the ownership of capital. Activists in other parts of Europe echoed the argument. In Germany and Austria, reformers advocated government intervention in the economy and proto-Keynesian stimulation programs; and in Sweden, the Social Democratic Party (SAP) initiated the single most ambitious attempt to reshape capitalism from within.

Regardless of the specific policies they advocated, one thing that joined all budding inter-war social democrats was a belief in the need to use state power to tame capitalism. In order to do this, however, they had to win majority support for their programs. In an era of dislocation and disorientation, these social democrats realized that appeals to the 'people', the 'community', and the common good were much more attractive than the class struggle of orthodox Marxism of the individualism of classical liberals. It was in Scandinavia, and in Sweden in particular, that this new approach was embraced most wholeheartedly. During the inter-war years, the Swedish SAP developed a comprehensive economic program designed to harness the powers of the market and reshape the Swedish polity. In selling this program to the electorate, especially during the depression, the SAP stressed its activism and commitment to the common good. The SAP's leader, Per Albin Hansson, popularized his theme of Sweden as the *folkhemme*t or 'people's home'. He declared that 'the basis of the home is community and togetherness' and stressed that social democracy strove 'to break down the barriers that separate citizens'. The result was that while in countries such as Germany and Italy the populist right assumed the mantle of activism and communal solidarity, in Sweden it was the social democrats who became the champions of the 'little people', 'one with the nation'.

By the end of the 1930s, all the components of what would come to be known as the post-war social democratic compromise had already been developed, although it was only in Sweden that they were fully implemented. The irony of the post-war era would be that just as these policies came to be widely accepted, many social democrats forgot why they had championed them in the first place. By the start of the post-war era, many of the pioneering activists and intellectuals of the 1920s and 1930s had either died or emigrated. This loss was deepened by the fact that as social democrats were becoming government officials and managers of capitalism, they naturally looked for technocrats rather than intellectuals and activists as party leaders – people comfortable with, and good at, the ordinary politics of ordinary times. These new leaders presided over unprecedented power and political success, but they lacked the old-timers' hunger and creative spark. Triumph, in short, bred smugness and intellectual stagnation, and the result was a movement that lost touch with its original intellectual and political rationale.

The story of social democracy in the 1950s and 1960s is that of a movement undermined by its own success. Everything seemed fine on the surface, but beneath it the intellectual and theoretical foundations erected by Bernstein, de Man, and other revi-

sionist and social democratic thinkers were being eroded through ignorance and neglect. In the mid-1970s, new economic problems developed across the industrialized world and Western Europe in particular, and many of the specific policies associated with social democracy came under attack. Yet because the movement had forgotten that these policies, although crucial achievements, were only means to larger ends, social democrats often clung to them tenaciously and lost ground to neo-liberal forces offering bolder, more innovative responses to the crisis.

Social democracy for the twenty-first century

The irony here is that the contemporary period resembles in important ways the one in which the movement emerged a century ago. Then as now, economic globalization was bringing the world together and generating both unprecedented prosperity and social discontent. Then as now, the political environment was dominated by a belief in the primacy of economics and unfettered markets and yet marked by a longing for some type of social control and communal solidarity. Whether or not the participants recognize it, in other words, today's battles over globalization are best viewed as simply the latest chapter in an ongoing debate about the implications and consequences of capitalism and whether and how it can be reconciled with democracy and social stability. Now as before, liberals who venerate markets uncritically and old-style leftists who are unwilling to recognize any good in them have little to offer the vast majority of people who recognize and want to share in capitalism's material benefits but who fear its social and political consequences. And now as before, social democrats have principles at hand to help navigate just these shoals.

This is not a common view, I realize. In recent decades, the social democratic movement in Europe has become a shadow of its former self. Identified by both supporters and critics with a particular set of statist welfare policies designed for mid-century conditions, it stumbled when conditions changed and those policies fell out of favour. The increasing mobility and internationalization of capital have complicated state efforts to regulate business decisions and development, while international competition, some argue, has made generous welfare states and high tax rates luxuries that can no longer be afforded (Garrett and Lange, 1991; Moses, 1994; Scharpf, 1991; Streeck, 1998). Immigration and the changing nature of European societies, others contend, have undermined the sense of common purpose and willingness to sacrifice necessary to sustain broad universalistic policies.

Yet none of these are reasons for despair, since none of them affect the basic problem of modernity – the tension among capitalism, democracy, and social stability – to which social democracy was and remains the only durable solution. Upon close examination, in fact, the most significant obstacles to a social democratic revival turn out to come not from structural or environmental factors, nor from the vibrancy of alternative ideological approaches, but from intellectual fallacies and a loss of will on the part of the left itself.

Perhaps the most prominent attempt to refashion the democratic left for the contemporary era has come from the so-called 'third way' associated with British Prime Minister Tony Blair and sociologist Anthony Giddens (Giddens, 1994 and 1998). Even though its very name is designed to indicate continuity with traditional social democratic politics (indeed, the subtitle of Giddens' book is *The Renewal of Social Democracy*), its proponents appear not to understand that one of the core principles of social democracy has always been a belief in the primacy of politics and a commitment to using democratically acquired power to direct economic forces in the service of the collective good. Supporters of the 'third way' strive to bring efficiency to the fore; they seek to retain the communitarian aspects of social democracy while rejecting the idea that market forces may need to be redirected or even overruled in order to achieve some more fundamental societal goal. Not wanting to transform or transcend capitalism in any fundamental way, they favour policies that may provide a 'safety net' for the poor and underprivileged, for example, but want to avoid challenging market principles whenever possible. (This is also true, of course, of almost all American Democrats).

Yet for true social democrats, efficiency may be an important criterion for judging policy, but it is not the only or even the most important one. Social democrats have traditionally accepted the market because of its ability to provide the material basis upon which the good life can be built, but have been unwilling to accept its primacy in social or political life. What the 'third way' is really resuscitating and updating is thus not social democracy, but a strand of liberal revisionism (as opposed to socialist revisionism) that was particularly popular in Great Britain around the turn of the twentieth century (Bellamy, 1992; Kloppenberg, 1986). That may be all well and good, but it should hardly be held to constitute the outer reaches of contemporary progressive aspiration.

The road ahead

The prerequisite for a social democratic revival is a discovery of the movement's own founding principles. To begin to solve contemporary problems, in other words, social democrats need to remember that their movement has long been characterized by a desire to use markets to drive growth while at the same time using the state to protect citizens from the collateral damage that markets inflict, and by a commitment to work earnestly on behalf of the entire community rather than at the service of its individual components or special interests.

A re-examination of the history of social democracy suggests some clear guidelines for those undertaking the task of spelling out the details of a viable new political program. In keeping with their movement's best traditions, twenty-first century social democrats should reject both the globaphilia of neo-liberalism and the globaphobia of many current leftists. They should strive instead to promote what has been called 'progressive globalisation' (Jacobs, Lent, and Watkins 2003), harnessing the productive potential of expanding markets while managing the process so that it works to the benefit of all.

Participants in today's globalization debates need to be reminded that it was only with

the post-war order that Europe managed to combine capitalism's ability to generate untold riches with functioning democracy and social stability. One of the great ironies of the twentieth century, therefore, is that the very success of this social democratic compromise has led us to forget what a historic accomplishment it was (Bergounioux and Manin, 1989; Manin and Bergouniux, 1979). Indeed, today even many on the left question this accomplishment, wondering, for example, whether 'capitalism with a human face' is something worth fighting for. Such arguments reveal a profound misunderstanding of the original impetus and rationale underpinning the post-war order, as well as a lack of appreciation for how different it was from what came before. For social democrats, the goal was not merely to create a 'kinder, gentler capitalism', but rather a world where the market's impact on social and political life was limited as much as possible. This was, in many ways, a revolutionary goal: it went against profound tendencies inherent within the capitalist system as well as the traditional arguments of liberals, both of which push toward and expansion of the market's scope and reach (the best discussion of this dynamic remains Polanyi, 1947). It was, to an impressive degree, realized during the post-war era.

But if social democracy should trumpet its accomplishments and stay true to its principles, it must also be pragmatic. To the extent that capitalism has changed, so too must social democracy's approach to managing it. And indeed, while some European countries are struggling, others have proven quite adept at competing in the global economy – and this divide is simply not correlated with taxation rates or social welfare spending. In fact the paradigmatic social democratic political economies – Sweden and the other Scandinavian countries – have done just fine in recent years, consistently outscoring other European countries and often even the United States in global competitiveness rankings.

Social democrats should not be afraid to jettison specific policies that no longer work; they need to innovate and apply the movement's core principles to changing conditions. The whole point of social democracy is that economic development must not be viewed in isolation as the sole criterion of socio-political value. Social democrats believe that decisions about economic policy must be judged not exclusively on growth rates (although they prefer high ones, *ceteris paribus*) but also on the basis of how growth affects other goals – such as social solidarity, social stability, environmental protection, and the maintenance of a well-functioning democracy. Various indices have been developed to measure countries' 'success rates' based on more than economic criteria alone, of which the UN human development index is perhaps the most well known. It incorporates not merely GDP, but also literacy, life expectancy, and so forth. Not surprisingly, using such criteria Europe – particularly Scandinavia – does very, very well. As more and more people in the developed and developing world embrace a world view where a focus on growth is tempered by a consideration of other goals, so should an appreciation for social democracy advance – but only if its adherents can use the movement's principles to come up with fresh policies that address age-old problems such as commodification, anomie, and personal and communal disruption in ways better suited to contemporary economic realities.

If twenty-first century social democrats must reiterate their commitment to the

primacy of politics, they must also rediscover the value of communitarianism. The movement emerged partly in response to liberalism's obsession with individualism and orthodox Marxism's obsession with class conflict. What the masses stressed by capitalism really wanted, its founders recognized, was to be addressed as part of some overarching political community; only such an appeal could begin to restore the sense of *Gemeinschaft* that had been lost with the transition to capitalism. Communitarianism, like democracy, was also seen as both an end and a means: It was valuable not only as a counterweight to the atomization, divisiveness, and discord generated by capitalism, but also as a facilitator of other aspects of the social democratic program. Both a strong, interventionist state and generous, universalistic welfare policies, for example, depend on the support of a citizenry driven by a high degree of fellow feeling and a sense of shared purpose.

In an increasingly diverse Europe, basing a call for social solidarity on shared ethnic or religious background is no longer a viable or attractive strategy. Social democracy's refashioned communitarian appeal will therefore have to be built upon more inclusive grounds – namely, shared values and responsibilities. Social democrats must make clear, in other words, that since twenty-first century citizenship cannot be built on some fellowship of blood, it must be based upon the acceptance of certain rules and norms.

The communitarian 'leg' of social democracy is probably more difficult for the contemporary left come to terms with than its economic one. Many on the left may not like it, it may smack of nationalism or exclusivism, but the fact is that if you want an order based on social solidarity and the priority of social goods over individual interests, a strong sense of fellow feeling is required to get that order into place and keep it politically sustainable. So long as nation-states remain the basic form of political organisation in the world, moreover, such fellow feeling will have to be fostered within national borders. Social democrats who can't accept and deal with this will just end up ceding ground politically to the radical right and various populists, who will step in to supply the communitarian cravings that publics continue to display.

This is obviously risky territory to tread on, since the dark side of communitarianism can be very dark indeed. Social democrats should not peddle 'fascism-lite' nor accept nativism or prejudice. But ignoring the desire for some sort of community in a world where long-standing political, social and cultural traditions are being constantly questioned, is a recipe for disaster.

How to generate strong and emotionally satisfying communities in an increasingly post-modern world is one of the major challenges of the century. One practical implication is that the multiculturalism in vogue throughout much of the contemporary left ('everyone has their own values and all are equally valid') is therefore as much of a threat to social democracy as is globalization. Social democrats need to deal forthrightly with the social and cultural divisions currently roiling Europe, for example, and insist that all members of society adhere to certain common principles, even as they push for better integration of immigrants into the societies around them.

At the end of the day, in this area as in others, there is good reason to hope that

technocrats and political entrepreneurs will eventually come up with passable solutions for the various policy problems currently bedevilling the social democratic left. Even if they do so, however, it will lead to a true revival of the movement's fortunes only if activists can regain their optimism and vision. Perhaps the greatest failing of social democratic parties today, in fact, is their loss of the idealism that sustained the movement from the beginning.

It is possible to win elections without proclaiming any commitment to ideology or a desire to change the world. But over time, the parties that do so become dead men walking, losing momentum, enthusiasm, and the ability to weather difficulties. This is precisely what is happening across Europe today; social democratic parties continue to do reasonably well at the polls and join governments, but their membership figures are down dramatically and few think that they can do more than offer a kinder, gentler version of their opponents' platforms.

Given the movement's history, such a situation is simply astonishing. However pragmatic and flexible social democrats have been over the years in formulating their practical appeals and tailoring their programs to particular circumstances, they have always been driven by the conviction that a better world was possible and that it was their task to bring it about. From Eduard Bernstein to Henrik de Man, Carlo Rosselli to Per Albin Hansson, true social democrats have always thought (in contrast to their reformist cousins) of particular policies not merely as ends in themselves, but also as steps toward a better future. They believed, in other words, not only that there was no contradiction between present-oriented policies and future-oriented goals, but that in fact you could not (or should not) have one without the other. Social democracy, at least as originally envisioned, was based on the view that integrating theory and praxis was the key to political victory and that transforming the existing world was the ultimate goal.

All this began to change during the post-war ear, as the movement lost touch with its ideological heritage and began basing its appeal on its ability to manage the system successfully rather than to transform it. 'Up through the 1980s', as Michael Jacobs has noted, 'politics on the left was enchanted – not by spirits, but by radical idealism; the belief that the world could be fundamentally different. But cold, hard political realism has now done for radical idealism what rationality did for pre-Enlightenment spirituality. Politics has been disenchanted' (Jacobs, 2002). Many have welcomed this shift, believing that transformative projects are passé or even dangerous. But it is even more true that this loss of faith in transformation 'has been profoundly damaging, not just for the causes of progressive politics but for a wider sense of public engagement with the political process'.

As the great social democrats of the late nineteenth and early twentieth century recognized, the most important thing politics can provide is a sense of the possible. Against Marxist determinism and liberal *laissez-faireism*, accordingly, they pleaded for the development of a political ideology based on the idea that, in spite of everything, people working together could and should make the world a better place: the result was the most successful political movement of the twentieth century. The problems of the twenty-first

century may be different in form, but they are not different in kind; there is no reason that the accomplishment cannot be repeated.

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