Essay

In search of social democratic foreign policy

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Many social democratic parties adopted the aim of ‘sustainable’ economic growth in the 1980s, implicitly acknowledging the green critique of economic orthodoxies (Callaghan, 2000). The need to reduce carbon dioxide emissions had been an element in this green critique since the 1970s, and the first detailed proposals for carbon taxes made their appearance in the same decade (Baumol and Oates, 1975). The discovery of damage to the Antarctic ozone layer in 1985 and the Chernobyl nuclear meltdown in April 1986 provided additional evidence that environmental problems have global impact and demand international collaboration between states if they are to be addressed effectively.

Social democratic parties in Scandinavia, Germany and Austria were quicker than the other established parties (for example the left parties in Britain, Spain, Italy, France and Greece) to acknowledge that a problem existed. All of them were dedicated to working in the institutions of government to get things done, but real progress obviously required action at a trans-national level.

In 1988 the United Nations Environment Programme and the World Meteorological Programme established the Intergovernmental Panel on Climate Change (IPCC). The latter’s first report in 1990 confirmed the scientific basis for climate change and argued that human activity in the production of greenhouse gases would probably cause a rapidly deteriorating environment for humans. A succession of intergovernmental conferences followed and the Second World Climate Conference in 1990 called for a global treaty on climate change. A Convention on Climate Change came into force in March 1994 pledged to reduce greenhouse gas emissions to 1990 levels by the year 2000. The Berlin Mandate adopted in April 1995 called on developed countries to set quantified targets for future reductions within specified time frames. A treaty was negotiated in Kyoto in December 1997 to support these pronouncements, though it was not until February 2005 that it came into force (expiring in 2012).

The Kyoto Protocol, with 169 signatories – though not ratified by them all – required industrialised countries to cut their collective greenhouse gas emissions by 5.2 per cent compared to the year 1990 (a 29 per cent cut compared to the level that would otherwise be reached by 2010). It represents, according to its supporters, the most ambitious international carbon trading scheme extant. Yet it was painfully slow to construct and well short
of what was required, according to many scientists (while also completely unnecessary, according to the small minority of their colleagues who rejected the dominant view of global warming). Developing countries such as India and China were excluded from its arrangements and other major polluters such as Brazil and Indonesia were allowed to continue their practice of massive deforestation by fire. Yet other major polluters – such as Australia and the USA – used these exclusions to justify their refusal to ratify the treaty.

Thirty years of debate about global warming illustrates some general points about international politics. Even when the issue is indubitably global and has a life-and-death urgency about it, as identified by most of the world’s leading scientists, binding agreements between states are difficult to achieve. Such agreements may also prove to be much less useful than originally trumpeted – and then the work has to start all over again. The question is what difference can social democratic parties make in this intractable and unstable sphere?

The social democratic answer to this question has always been optimistic. At its origins in the last quarter of the nineteenth century social democracy saw itself as an international movement with an internationalist outlook. The Second International, founded in 1889, embodied this ideology. Its members thought of themselves as belonging to a movement that represented a huge societal shift towards democracy and social equality. It would be expressed in international relations by the advance of the rule of law and the spread of principles of equality and democracy within and between nations, eventually leading to world government.

The First World War and the socio-economic turbulence and political instability which followed put this internationalism to the test. Communist Parties were formed throughout Europe after 1919, partly on the grounds that social democracy had failed the test by taking a bellicose national stance in August 1914. Though a Labour and Socialist International (LSI) was reconstituted by 1923, the leading member parties paid little attention to its rulings or to each other (Colette, 1998).

Social democratic parties nevertheless persisted in the view that they represented a more ethical foreign policy than the non-socialist parties. Leaders such as Clement Attlee remained faithful to the idea of eventual world government even during the Cold War (Hennessy, 2000, 172). Hugh Gaitskell, who succeeded Attlee at the head of the British Labour Party, identified the components of the approach which would lead to this long-term outcome in 1958, when he said that a social democratic foreign policy repudiated the doctrine that ‘might is right’ and aimed for a world order based on international law. It opposed doctrines of racial superiority and affirmed the brotherhood of man, the right to self-government and the need for redistributions of wealth from rich to poor countries (Gaitskell, 1958, 223).

This statement was intended to be relevant to the world of its time. Critics did not complain so much that it was insufficiently socialist as that it was insufficiently observed by Labour Governments. As recently as 1997 a Labour government announced its intention of pursuing an ethical foreign policy. In the long list of its aims was the reduction of world poverty, spreading the benefits of globalisation to the poor, championing democracy, human rights, and European unity. Within six years it had engaged in five wars – some would say in prosecution of this idealism, while others saw evidence only of a mockery of ethical principles. Foreign policy – at the origins of social democracy a rather marginal
question – soon acquired a power to divide and grip social democracy that was the equal of any other area of policy. It is not difficult to understand why.

The first century of social democracy coincided with the bloodiest period in human history, an epoch of wars, civil wars and revolutions, as Lenin predicted in 1916, but one in which, contrary to his expectations, Communist regimes made a major contribution to the carnage, with wars against their own people (Lenin, 1916). The failure of Communism, in terms of socialist ideals, was one of the experiences of the twentieth century which undermined the stock leftist argument that capitalism was the sole major cause of cruelty and injustice in the world. Fascism was another of these experiences because, like the Communist states, it showed that the political regime mattered independently of other considerations.

Influential interpretations of the inter-war experience built upon these controversies. They laid much of the blame for the Second World War at the feet of those who refused to see that the relations between states were inevitably governed by power politics (Carr, 1939). The development of the Cold War within two years of the defeat of fascism consolidated this theory. In fact some leading social democrats had always taken a ‘realist’ view of international politics (Shaw, 1900). But soon after the Second World War, when the world was polarised by the rivalry between the USA and the Soviet Union, foreign policy issues became immensely more controversial in all social democratic parties, in the context of a nuclear arms race. Foreign policy had achieved primacy in social democratic thinking.

**Cold War social democracy**

It did so as a bi-polar world emerged from the Second World War, based on the rivalry of the military and ideological superpowers of the USA and the Soviet Union.

The USA stood for liberal democracy and open, global markets as the basis for both world peace and prosperity. American power – economic, military, and cultural – enabled the USA to act as the hegemon of this system. The Bretton Woods Conference of 1944 saw the creation, under American leadership, of some of the institutions that would manage this multilateral trading order – the International Monetary Fund (IMF); the World Bank; the General Agreement on Tariffs and Trade (GATT); and the dollar-gold system of international payments. The Marshall Plan was conceived in the summer of 1947 in order both to prevent Western Europe descending into economic chaos (which might aid the Communists) and kick-start an economic revival. It also became a vehicle for the promotion of US business techniques. The Soviet Union stood outside its framework, unable to accept its conditions and assumptions; so did the countries of Eastern Europe under Communist control. The war-generated spread of Communist and Soviet power was clearly the main impediment to the success of the American project in 1947.

Faced with the choice between these rival systems the social democratic parties chose American leadership in international affairs and actively defended and promoted many of the consequences and repercussions of this policy, such as the formation of NATO in 1949 and the US decision in 1950 to rearm West Germany. Then, as now, most social democratic party leaders took the view that a properly multilateral USA was a force for the sort of values in world politics that social democracy itself stood for – such as the
maintenance of international law and respect for the institutions in which it was embodied.

The Cold War was a permanent feature of world politics until the collapse of the Communist regimes of Eastern Europe in 1989 and the dissolution of the Soviet Union in 1991. It caused immense strains within social democracy over such issues as the loss of national sovereignty entailed by NATO, US overseas military bases, nuclear weapons policy, German rearmament, financial, military and diplomatic support for anti-Communist dictatorships, the proliferation and increasing destructiveness of nuclear weapons, and the various Western interventions in the Third World justified in the name of anti-Communism. The alliance with the USA was opposed within the social democratic parties for all these reasons, but also because the left-wing could not see how socialism in their own countries could be compatible with the global leadership of a country in which socialism was more of an anathema than virtually anywhere else in the world.

But even these critics could not deny that the post-war system constructed under US leadership also brought gains. The multilateral economic order which the US designed and policed brought sustained economic growth to Western Europe; welfare states flourished under the new dispensation; and former enemies such as West Germany and Japan were successfully reconstructed and brought into the liberal democratic world order. Americanisation in the form of mass consumerism and spreading affluence was hugely popular and in many ways compatible with the national goals and sensibilities which prevailed after 1945. Macro-economic management in this era was done at home to meet national requirements. Welfare states, emerging in all the West European liberal democracies in the ten years after 1945, were rooted in national political cultures and histories. Nation states acquired an unexpected potency, as world economic growth created the context in which confidence in Keynesian justifications for state economic activity flourished.

Alongside this apparent revival of the nation state in Western Europe, however, there was a rapid acceleration of trans-national and globalising trends. The Cold War made some of these developments possible, such as the first steps towards West European economic and political integration and the formation of NATO. States like Britain, France, and West Germany surrendered some of their sovereignty in the interests of security and economic growth. But it was not until the 1980s that these trends were commonly linked to a sense of the obsolescence of the nation state.

During the Cold War the claim that social democratic governments could make a difference in international relations was questionable for a variety of reasons. In practical terms, sceptics could point to the rarity of social democratic governments. They never existed at all in the world's two most powerful states – the USA and the Soviet Union – and were mostly confined to the Scandinavian periphery which, in terms of international influence, counted for little. Any hope that the UN would fight effectively for social democratic principles in world politics was dashed by the Cold War, with each of the contending sides using it as a vehicle for their own propaganda and rival interests. Conservatives claimed that publics shared their values as far as world politics were concerned (Huntington, 1957, 455), recognising a precarious global peace when they saw one and favouring risk-averse policies to hold it together.

When social democrats formed governments or participated in them in states such as France and Great Britain, critics often claimed that they could not tell the difference in foreign policy. True, a British Labour Government had conceded independence to India,
Burma, Ceylon and Pakistan. But it had also pursued a policy of social imperialism in Africa, while French Socialists participated in administrations that waged war in Indochina and Algeria. In the half century after 1945 it was the continuity of foreign policy, rather than changes caused by the circulation of governments, which was remarkable.

But then party ideology could count for little for those who believed that the real problems of politics were determined by relations of power (Morgenthau, 1948). Applied to international relations this was commonly interpreted to mean that only states mattered in international relations and these were concerned only with interests, of which the most vital – such as security – depended on power. Social democrats preoccupied with the Cold War were very likely to take this view, and insist that it was also the view taken by the men in the Kremlin (Healey, 1952), though other social democrats argued that the contest with Soviet Russia would be settled by a battle of ideas informed by whichever of the competing socio-economic systems prevailed, especially in the Third World.

The advocates of realism, it is fair to say, were comfortable with the prominence of permanent elites – bureaucratic, military, financial, diplomatic and intelligence – in the making of policy. These elites could be expected to understand the prevailing realities and problems of managing the system and would work behind the scenes in harmony with the elected components of the ‘core executive’, while excluding cabinets and parliaments (Watt, 1965). In Britain every Labour Government conducted foreign policy within this tightly exclusive framework (Callaghan, 2007) and – ‘Third Way’ rhetoric notwithstanding – New Labour reproduced the pattern (Williams, 2004).

Among the ‘built-in stabilisers’ ensuring that elected politicians complied with the main strands of policy were the various treaties, alliances and other obligations already entered into, together with the complex web of relationships that these entailed. This legacy would constrain the policies of an incoming social democratic government. Politicians who challenged the dominant assumptions of foreign policy could be excluded from the foreign policy loop and kept away from the relevant Ministries. International law was generally not a matter for the concern of cabinets and was often treated as ‘a tightly guarded secret, monopolised by a small elite of foreign offices and civil servants’ with support from ‘a handful of trans-national corporations’ and, more recently, NGOs such as Amnesty International and small numbers of academics and lawyers (Sands, 2005, 4).

The main justification for Cold War realism was that it provided a value-free analysis of international relations. It is easy to see the utility of this contention for any ideology. It provides a spurious ‘scientific’ authority and saddles alternative positions with a ‘utopian’ or ‘idealistic’ tag. In practice realism drew from the well of pessimistic conservative assumptions about human nature and the world as a dangerous place. Order is the highest good in this view, though conflict is inevitable – either because of the flaws in human nature, which Morgenthau stressed, or the structure of the international system, which dictates that one state’s security measure is another’s mortal threat (the so-called security dilemma). The emphasis on managing order, moreover, had an intrinsic appeal to those states which were the main beneficiaries of the status quo (in terms of wealth and power). These states would have to include all those in which social democratic parties were prominent. Managing, rather than changing, the system might also appeal to those permanent elites, mentioned earlier, inclined to believe that the institutions they represent (military, intelligence, diplomatic) are the best that can be hoped for, contrasting with
schemes of reform which inevitably imply risk, disturbance of the balance of power, and perhaps untenable assumptions about the intrinsic desirability of ‘justice’ or ‘peace’.

Social democrats emphasising Gaitskell’s ‘brotherhood of man’ would receive short shrift in such circles. Manifestations of this supposed naive idealism – sometimes depicted during the Cold War as lack of patriotism, even treachery – included left-wing campaigns for unilateral nuclear disarmament and détente with the Communist bloc; and left-wing opposition to such pillars of the status quo as apartheid South Africa; or arms sales; or the maintenance of colonies and right-wing dictatorships.

But as these examples imply, it is far from self-evident that the conservative disposition in world politics steers its advocates away from reckless, short-term and self-defeating policies. Why should we regard arms sales, or support for ruthless dictators, or military and diplomatic interventions justified in terms of the balance of power as inherently conservative? Their motivation might be conservative but they could be just as easily the causes or supports of radicalism and instability in the international system. In fact one cannot deduce policy from realism. Realists disagree and take up contradictory positions, as do conservatives and social democrats. The idea that realism leads to a dispassionate, value-free policy is as fictitious as the idea of a value-free realist analysis.

The national view

Domestic variations between nations continued to have a bearing on a state’s international policy throughout the post-war era. Different historical experiences helped to shape differences in national political cultures and these often mattered in international policies.

In Sweden a policy of neutrality – which was flexible and based on realpolitik in 1939-45 – developed as an activist, principled internationalism up to the 1960s. It survived Sweden’s membership of the European Union in 1994 as an aspect of Swedish identity, though not within the Swedish political elite, where a process of adjustment had been taking place, bringing Swedish international perspectives into line with the Euro-NATO mainstream (Agius, 2006).

In West Germany foreign policy was dominated in practice by the need to rehabilitate the country after the Second World War as a reliable, peaceful, democratic and anti-Communist member of the Western liberal capitalist order. The social democrats under Kurt Schumacher’s leadership stood opposed to this orientation (led by Konrad Adenauer) on the grounds that it accepted and reinforced Germany’s partition. For the same reason the SPD was not reconciled to West Germany’s membership of NATO until 1960. Under Willy Brandt the SPD also championed a dialogue (known as Ostpolitik) with the Democratic Republic of Germany in the 1970s in an attempt to normalise relations between the two Germanies. Since reunification in 1989 and the end of the Soviet Union in 1991 a different ‘normalisation’ of foreign policy has been taking place, with the elite seeking a more activist military role for Germany in international affairs.

In France, the security problem posed by Germany, the retreat from Empire and the will to find an alternative grand strategy were factors in the support for European economic integration. The internal Communist threat was also a major influence in the late 1940s in pushing the socialists to support Atlanticism and West European economic integration (Newman, 1981, 189). It was the Cold War that made possible an alliance between the US,
West Germany and France around the project of West European economic integration (Duchene, 1994, 224), and it was the Cold War which conditioned opposition to it in the 1950s and 1960s from the Communist Parties of Italy and France, the largest parties of the left in those countries.

As these examples show national political cultures were never homogenous. Mass social democratic parties were themselves evidence of significant divisions within societies. In Britain, for example, the Labour Party inherited the tradition of radical dissent on foreign policy, which had attached itself to parts of the Liberal Party before 1914, and Labour added a socialist dimension to this critique, particularly after the 1931 political crisis. In the two-party system which dominated in Britain after 1945, it was Labour which attracted critics of Empire and imperialism, opponents of militarism, nuclear disarmer, and activists who wanted détente with the Communist bloc. Talk of the need for a ‘socialist foreign policy’ persisted until the 1980s within the party. Labour was also the party which stressed international law and the value of international institutions such as the UN.

This pattern was reproduced, with national variations, across the social democratic world. In the West German case, disaster in two world wars powerfully reinforced both social democratic anti-militarism and the wider conviction – which was expressed by the Christian Democratic Party of Konrad Adenauer in particular – that West German security depended on embedded membership of the West. The lessons of history thus provided rival and divergent prescriptions in West Germany – the pacifist-inclined ‘never again war’ as well as the lesson ‘never again alone’, with the latter emphasis supporting membership of NATO as well as the alliance with France (Nielsen, 2006, 24-40).

American plans for a missile defence system utilising sites in Europe in 2007 illustrate the main points of the preceding paragraph. Opinion polls showed public opposition to these plans in countries such as Britain (54 per cent), Poland (56 per cent) and the Czech Republic (70 per cent). Social democrats throughout Europe gave voice to this opposition on the grounds of arms control, non-proliferation, and the maintenance of friendly relations with Russia. But this episode also revealed that some social democrats – including a Labour Government in Britain – welcomed the US initiative. Indeed Tony Blair and his Defence Secretary, Des Browne, invited the US to make use of installations in Britain such as Flyingdales and Menwith Hill. Parliament was not consulted, nor was the Labour Party membership (Folley, 2007).

Bitter divisions about foreign policies within social democracy always could coexist with remarkable continuity of policy between different governments, as the case of Britain illustrates since 1945 (Callaghan, 2007). Elite opinion in all states normally sets the framework for policy formulation and domestic political argument. It may also be at this level that ideological thinking is at its most sophisticated and most needed for purposes of domestic explanation, justification and mobilisation. Even when public opinion was highly sensitised to foreign policy and mobilised around it – as in relation to the siting of Cruise Missiles in Europe in 1990 – elites continued to make policy (much of it secretly, beyond elected assemblies) and were often able to persist with an unpopular orientation. Elites are advantaged in expertise, information and means of communication. They can also be continuously, rather than fitfully, interested in foreign policy, though this isn’t always apparent in practice. Elites are usually the source of ideological renewal – for example the ‘Third Way’ and ‘globalisation’ since the 1990s.
That said, old assumptions about the ignorance of the public on international issues, and the elites’ ability to manipulate them when they do show interest, have to be qualified. During the Cold War twenty to thirty per cent of Western publics demonstrated serious concern about foreign policy at any given time (Smith, 1985; Aldrich, 1989; Risse-Kappen, 1991). Opinions on basic foreign policy issues, moreover, seemed to be stable over time, rather than the short-term plaything of political propaganda. Thus first use of nuclear weapons commanded only minority support in the US throughout the Cold War. More recently, opposition to the war in Iraq in 2003 was little affected by the barrage of pro-war propaganda emanating from the war’s elite advocates.

As we shall see, the elites’ near-monopoly of foreign policy-making – subject to external pressure ever since the beginnings of democracy – is particularly precarious in the contemporary world. Indeed the proliferation of groups in civil society which focus on specific international questions and think systematically about certain foreign policy issues requires us to think in terms of ‘issue publics’ in foreign policy, rather than a single, undifferentiated ‘public opinion’. Western societies are increasingly multicultural, for example, and productive of interest groups with special commitments to aspects of foreign policy. Western policies in the Middle East and the former Yugoslavia have illustrated this point in relation to Europe’s Muslim populations since the 1990s.

The prospects for direct influence of such pressure groups on the making of foreign policy, however, will vary between nation states. Domestic variations in the concentration of executive power and the degree to which policy networks are state-dominated will have a bearing on the efficacy of such groups. Likewise domestic variations in the structure of society will determine the degree of ideological heterogeneity, polarisation and mobilisation on foreign policy issues (Risse-Kappen, 1991). In Britain and France, to take two examples, executive power is concentrated, policy networks are state-dominated, and public opinion on foreign policy has been divided on both class and ideological lines. Foreign policy is thus often controversial, and capable of stirring large public protests. State policy in Britain and France, however, demonstrates strong continuity from one government to another.

Even in political systems which exhibit less concentrated power and more diverse and influential policy networks – such as the USA – elites believe democratic publics lack expertise and constancy. They consider that the public does not see the big picture, the long view, or the national interest. Instead public opinion is thought to be short-term and reactive, emotional, parochial and averse to sacrifice. In sum, foreign policy is a problem in a democracy and most acutely so in democratic states with global interests and the ambition to manage world order. American policy-makers have been telling us this ever since 1945 (Kennan, 1951; Brzezinski, 2004).

The elite ambition, given the unreliability of democratic majorities, is to conduct foreign policy without reference to the public. When unable to do this, elites seek to mobilise public opinion and will ride out the storm when faced with public dissent. The course of European integration illustrates all these points, the project having been elite-driven for almost all of the time since 1945, yet more recently dependent on an elusive democratic legitimacy, particularly in relation to constitutional change since 2004. The failure to secure this legitimacy, as in the Irish referendum on the Lisbon Treaty in 2008, has produced evidence, to paraphrase Brecht, that ‘the people had forfeited the confidence of the European elites and can win it back only by redoubled efforts’.
But in a world of increasing global integration, elites have to get used to the fact that publics appear to be increasingly sensitised to what used to be called ‘foreign’ affairs, while national governments are less able to manage how these publics think about them.

Exit Cold War, enter globalisation

‘Nowadays, the intersection between politics and the economy in different parts of the world, including the emerging markets, is very strong.’ The press attributed this banality to the former Prime Minister of Britain, Tony Blair, upon the occasion of his acceptance of an advisory job to the international investment bank J. P. Morgan (Blair, 2008). Blair’s extensive contacts in the world of politics were expected to be useful in his new part-time position and worth the £500,000 annual salary. Indeed he was expected to take up ‘a small handful’ of similar roles with international firms. President George H. W. Bush and John Major had taken similar positions when they left political office.

Foreign policy has always concerned itself with the promotion of national business interests but greater attention is given to this matter today (Dickie, 2004, 35–42) and business plays a strong direct role in the foreign policy process (Lee, 2004). Blair’s rationale for urgent social democratic ideological renewal always strongly invoked globalisation. By the 1990s this had become the watchword throughout Europe and North America. The globalisation of finance had contributed to the collapse of the Bretton Woods system in 1971–73. US governments then began to dismantle controls on the movement of capital. By the end of the 1980s financial deregulation of this sort had spread across most of the liberal democracies.

At the same time a range of other developments contributed to the increasing complexity of foreign policy and the blurring of the distinctions between domestic and foreign issues. This was true of such problems as the environment, policing, public health and migration. States increasingly needed to act trans-nationally and in concert over such matters. Soft power was more important than hard power in many of these areas. But closer relations between states – above all in the European Union – also left any single state with less autonomy and room for manoeuvre.

Globally the USA seems to be the only exception to this rule. President Bill Clinton promoted globalisation as an inexorable, technologically-driven, force for good. There was, he said, no rational alternative to it and everyone would benefit if all the states in the world embraced open markets. Few questioned that the USA would be the main medium-term beneficiary of globalisation but the Clinton administration’s tendency to gloss over its costs was widely ridiculed in the American foreign policy community by those who pointed to growing regional instability and anti-Americanism (Mead, 2004, 70–82).

Tony Blair nevertheless adopted a similar rosy picture claiming that the distinctive contribution of New Labour was that it realised there would be social costs which a modernised welfare state would have to deal with. So globalisation was inevitable and for the good, but it generated some problems which states would be able to tackle, such as the need to constantly re-skill the work-force and protect the chronically uncompetitive. New Labour was more content than many of its continental sister parties within the Party of European Socialists (PES) with the fact of rising domestic and global inequality. It was also comfortable with the idea of attracting capital by means of low business taxes, light
regulatory frameworks and flexible labour markets. Critics from within social democracy, both in Britain and continental Europe, were less complacent, while commentators of widely different ideological persuasion pointed to rising global inequalities as a source of international conflicts, environmental degradation, political and economic instability and human misery (Kaplan, 1994; Davis, 2006).

Britain had been transformed under the Conservative governments of 1979 to 1997 into the most deregulated economy in Western Europe. After 1997 New Labour did not intend to impair this supposed comparative economic advantage. In any case, the New Labour leadership believed that highly regulated economies and those committed to generous welfare policies could not survive for long in a world of increasingly mobile capital. Hitherto attractive models of social democracy within the Labour Party, such as those of Sweden and Germany, now looked unsustainable from this 'globalisation' vantage point. One can read this New Labour view as an ideological adaptation to the exceptionally internationalised condition of the British economy and its need to appease globally mobile capital (Hirst and Thompson, 2000). The speculative financial crises which afflicted Mexico (1994) and East Asia (1997-98) brought talk of the need for new regulatory measures to prevent their recurrence. But hopes for change – such as those voiced by Gordon Brown – focused on the very international organisations that had proselytised and enforced neo-liberalism.

More radical suggestions from social democrats such as Oscar Lafontaine, Gerhard Schroder, Viktor Klima and Dominique Strauss-Kahn that Britain might take action against the use of British Overseas Territories as tax havens, or support qualified majority voting within the EU on corporate tax harmonisation – to address competitive tax dumping – were given short shrift by the New Labour Chancellor of the Exchequer (Callaghan, 2000, 169-74). New Labour governed on the assumption that any such actions were contrary to British interests or as futile as state-sponsored industrial policy might be in a liberal market economy like that of the UK. Continental social democrats openly expressed their anxieties, meanwhile, that globalisation signalled a long-term shrinkage of the scope for political action at the national level.

It had always been clear to some commentators that much that passed for an inevitable, impersonal globalisation was the result of national policies designed to attract capital, such as the removal of controls on capital mobility and the erosion of legal rights for workers. Once begun, however, such measures could foster a competitive race to reduce real wages, restrict social policy entitlements and lower corporate taxation. The established practice of companies dumping the costs of their activities on others would only be encouraged to spread by such processes, leading to ‘social dumping’ or the undercutting of rival economies by cuts in business taxes funded by cuts in state welfare provision and other public provisions. This was the road taken by Britain under Thatcher and it was something that French and German social democrats sought to avoid in their own countries. The damage felt in environmental degradation, widening inequality and broken communities could only undermine the credibility of social democracy, they believed.

To avoid such outcomes social democrats such as Lionel Jospin and Oskar Lafontaine proposed a strengthening of European Union (EU) federal structures. They recognised the trans-national nature of the problems to be addressed and the corresponding incapacity of
nation states to affect them. A politically strengthened EU could better manage itself as a single market, avoid destructive competition between its national members (such as the ‘social dumping’ just referred to) and play a role in global economic management. On this basis it would be possible to harmonise corporate taxes and develop common standards in employment law, environmental protection and social policy.

British Labour’s lack of interest in such measures surprised some of its supporters who remembered its (short-lived) desire to put Britain ‘at the heart of Europe’. This had been influenced by Jacques Delors’ vision of social reform, presented to the TUC in 1988, which showed that preparations for the single market involved commitments to enhanced workers’ rights, at a time when successive Thatcher governments had degraded such rights in Britain. Rising fears of ‘creeping federalism’ at Brussels within the British Conservative Party, and public divisions over ‘Europe’ within the British government, buttressed Labour’s conversion to a pro-European stance up to its return to power in 1997.

Even at the height of this enthusiasm there was no suggestion by Labour that being closer to the EU meant accepting something less than the special relationship with the USA which Britain had claimed since 1945. On the contrary, being closer to the heart of the EU, according to Blair, meant being taken more seriously in Washington. On this basis Britain would be the bridge between Washington and the EU. New Labour’s enthusiasm for Europe never entailed a prospectus of building the EU as an alternative to the American model of capitalism.

It was an enthusiasm in any case soon qualified both by the appeasement of euroscepticism within the British electorate and by doubts about European Monetary Union (EMU), particularly within sections of business. The idea that the European Union might offer a social democratic alternative to Thatcherism was also undermined by the advance of liberal economics within the European Community itself, by such measures as the Single European Act (1986), which abolished exchange controls and strengthened competition law and market forces. The capacity of the signatory nations to regulate their own economies was weakened by these steps.

The stimulus to further integration was temporarily provided by the collapse of the Communist regimes in Eastern Europe in 1989 and the reunification of Germany. The alliance of Germany and France was initially strengthened around the project of European political union and the expansion of the union to Eastern Europe, which became possible for the first time. Not only did the post-Communist countries clamour for entry, their inclusion became a goal of Western diplomacy, concerned as it was to shape the new states, fill the power vacuum and remove the potential for instability which the end of the Cold War signalled in Eastern Europe. The ground was quickly prepared for both expansion and deeper integration, including monetary union. EMU was seen by its social democratic advocates as a basis for and a stimulus to a common macroeconomic policy, as well as a contribution to exchange rate stabilisation (Schwanhold and Pfender, 1998, 24).

Social democrats, however, played only a minor role in the construction of EMU, as they had in all stages of the EU’s emergence since the beginnings of European integration in the 1940s. Only three of the twelve prime ministers who signed the Maastricht Treaty on European Union in February 1992 were social democrats. EMU was to be based on German institutions and priorities, to ensure low rates of price inflation and monetary stability. Thus it was no part of the European Central Bank’s formal remit to maximise employment, a goal
that had once symbolised the post-war ‘social democratic settlement’. Even more than the Bundesbank or the Federal Reserve, the ECB was designed to ensure sound money, a goal which most social democrats now fervently embraced, the painful experience of inflation in the 1970s and 1980s having taught them the consequences of its neglect.

After the passage of the Maastricht Treaty public disillusionment and scepticism with the EU increased throughout the member states as economic difficulties accumulated (Taggart, 1998, 363–88). Strong economic growth in the UK and the US after 1992 contrasted with the much poorer performance of the economies of France, Germany and Japan. Less regulated, lower tax economies were thought to be more adapted to globalisation. This was the view not only of business lobbies and multilateral organisations such as the IMF, it was also the view of New Labour by the time it entered office in 1997. By contrast with the ‘Anglo-Saxon’ model of capitalism, according to this argument, the European Union was stuck with ‘Eurosclerosis’ – at best sluggish economic performance and higher rates of unemployment, allegedly related to both relatively high levels of regulation and expensive social policies. The deregulated City of London, by contrast, notably thrived. This was the context in which Oskar Lafontaine’s ideas for tax harmonisation – precisely to prevent social dumping and the ‘race to the bottom’ – were quickly scotched by Gordon Brown. The Labour Chancellor was fearful of imperilling the City’s powers of attraction, these being based to a significant degree on the ability to avoid taxation.

Britain’s semi-detached relationship to the EU was no longer an obvious weakness by the time Tony Blair’s second government was formed. It had become clear by 2001 that the security map had changed and that the EU’s very expansion would undermine the federal momentum and provide plenty of obstacles to political integration. The Cold War was over, Germany was reunified and reoriented. The future trajectory of the EU had become impossible to see. Meanwhile, Britain’s role in trans-Atlantic relations was variously estimated by American observers as ranging from that of a useful bridge (Nye, 2000, 51–59, 55) to one devoid of interest for the Washington-based foreign policy elite (Brzezinski, 1997, 43) whose complacent calculation, even before the 2003 invasion of Iraq, was that the UK had no foreign policy independence of the USA.

At the start of the twenty-first century Britain continues to insist on its special relationship with the USA and demonstrates its existence by supporting US foreign policy goals with more alacrity than any other EU state. It continues to regard itself as a ‘pivotal power’ (Blair, 1999) – ‘a power that is at the crux of the alliances and international politics which shape the world and its future’. It lives with the contradiction that its relative power, by any criteria, continues to shrink. British troops have been used abroad more than those of any other European power over the last forty years (Wallace, 2005, 53) and are currently overstretched to the limit. France and Germany, by contrast, have been more committed to European integration. Any idea that Britain forms some sort of bridge between the EU and Washington is predictably rejected in Berlin and Paris.

But the EU itself has so far failed to find a common defence and foreign policy and European social democrats have been no more successful in formulating common policies within the Party of European Socialists (Lightfoot, 2005; Ladrech, 2000). The recent growth of the EU has reduced the prospects for a united approach, though the expansion itself is a victory for a diplomacy based on soft power. Even the question of whether the EU should represent any sort of alternative to American capitalism divides social democrats.
(Callaghan, 2000). But it has certainly been a force for integration and the spread of liberal
democratic values and human rights. In the longer run it may also encourage the strength-
ening of social democracy in central and eastern Europe, though national and other
divisions within social democracy will continue to block a common social democratic
position in many areas of policy.

Conclusions

In searching for social democracy in foreign policy we find it reflected in all the parties of the
PES, in the values expressed in their manifestoes and programmatic statements. It has been
expressed as a critique of militarism, imperialism and power politics; an affirmation of
international law; the amelioration of global inequalities; and the promotion of diverse
linkages between nations. Broad goals such as these need specification in realisable policies
with modern application, of course, and they provide plenty of scope for differences of
interpretation.

The optimist might find evidence of progress since the Second World War in the work
and principles espoused by the UN and the EU; in the Nuremberg judgments; in the
creation of a rules-based international system (especially in economics) and in the work
done to support human rights and outlaw genocide and prosecute criminals (such as the

Broader trends might buttress such progress. Globalisation (and regionalisation, as
represented by the EU) has made foreign policy less distinguishable from domestic policy
than it used to be. It has made people and governments conscious of their interdepend-
cency with the peoples and governments of other countries. Making and implementing
viable foreign policies depends increasingly on a multilateral approach in fields such as
migration, technology, crime, health, science, narcotics and many other issues which are
hard to reduce to the realist paradigm. The old socialist refusal to accept the abstraction of
politics from the socio-economic looks increasingly sensible in the modern world. The links
between nations thicken – private and public, formal and informal.

The European Union is the best illustration of the process by which traditional political
diplomacy shrinks in relation to broader cultural connections between peoples.
Globalisation may also make the domestic foundations of foreign policy more unstable by
increasing the ethnic, religious and cultural heterogeneity of societies and heightening
public awareness of trans-national issues. Governments have to make ever greater efforts
to sell foreign policy to sceptical publics. They also have to concern themselves increas-
ingly with commercial and environmental diplomacy and a range of ‘new’ global problems
which do not admit of military solutions.

The end of the Cold War has also exposed the USA to public gaze as the sole global
superpower. US unilateralism has damaged the legitimacy of American foreign policy and
its self-image as the benign upholder of global order and peace. The strain on the credi-
bility of social democrats who advocated uncritical support for US policies since 2001 has
been evident, at a time when international law and multilateral institutions and diplomacy
have commanded less support in Washington.

International law and multilateral institutions are precisely the traditional emphases of
the moderate left in Europe and such progress as has been made in world politics since
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1940 has usually involved the USA championing the same things. The great legitimising slogans of Western foreign policy in that time have not only utilised values that social democrats have preached, they testify to the popular foundations of those beliefs.

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