

Review Article

Social Democracy Then and Now

Robert Page

Department of Social Policy and Social Work, University of Birmingham, UK
E-mail: r.m.page@bham.ac.uk

C.A.R.Crosland (1956) **The Future of Socialism**, Jonathan Cape, London.
Donald Sassoon (1997), **One Hundred Years of Socialism**, HarperCollins London. (First published by I.B.Tauris in 1996)
John Callaghan (2000), **The Retreat of Social Democracy**, Manchester University Press, Manchester.

Between them these three books provide an excellent overview of the theory and practice of social democracy as it has twisted and turned over the past century. As Sassoon reminds us in his magisterial review of the West European left, revisionism of one kind or another has been a constant feature of socialist discourse. The key question has always been whether such revisions have helped to bring about the transformation of capitalism (or, perhaps more realistically, its humanisation) or, in contrast, helped to secure its long-term survival. The first, and arguably the most controversial, revisionism of social democratic thought occurred in Germany at the end of the nineteenth century. Bernstein sought to shift the ideology of the SPD away from the 'purer' form of Marxism contained within the Erfurt programme towards a more reformist approach in the light of changing political and economic circumstances. The fact that capitalism had not led to the immiseration of the working class, or shown the predicted signs of terminal decline, led Bernstein to advocate the adoption of a more realistic socialist strategy based on a non-revolutionary reformist strategy. As Sassoon notes, this shift in emphasis led to inevitable tensions amongst socialists which came to a head after the First World War when the establishment of the Third International (the Comintern) obliged all European socialist parties to choose between communist and social democratic visions of 'socialism'.

Both roads proved difficult. By the end of the 1930s the left was 'underground and persecuted in Germany, Austria and Italy; defeated and decimated in Spain; excluded from power in Great Britain; and marginalized in France. Only in the Nordic periphery, did the left possess strength and power' (Sassoon, 1997: 81).

The division of Europe following the Second World War left social democracy in the ascendancy in the West albeit under what Sassoon terms 'the shadows of American suzerainty' (112). However, the various post-1945 governments, in which the voice of social democracy was represented did not share a single vision about the respective merits of nationalisation, planning and welfare reform. Indeed, even when similar policies were pursued it was uncertain whether this could be interpreted as an indication of doctrinal convergence. For example, as Sassoon points out, 'nationalisation occurred for a whole variety of reasons: to modernize, to rationalize, to plan, to punish Nazi collaborators (France), to prevent the loss of a national asset (Austria), to protect employ-

ment, and so on' (165). While social democracy played a major role in securing the acceptance of economic management and state welfare provision across the political spectrum, there was no concerted attempt to transform capitalism as such. This is not altogether surprising given the economic dominance of the US at the time and the onset of the Cold War in 1947. Indeed, by the 1950s many social democrats were coming round to the view that, as capitalism was clearly capable of delivering 'growth, employment and rising purchasing power' (191), it would be inappropriate to dismantle it. This accord with capitalism was particularly evident in post-war Sweden in which employers, employees and the state operated in concert to develop a high-performing export-led market economy that provided the platform for subsequent welfare reforms. The softening of the social democratic approach also involved a shift away from anti-clericalism in countries such as West Germany where the new basic programme of the SPD, unveiled at the Bad Godesberg congress in 1959, emphasised the Christian underpinning of its democratic socialist approach.

In Britain, the revisionist case was set out most clearly by Tony Crosland in his influential book on *The Future of Socialism*. Crosland argued that the economic power of the capitalist class was declining as a result of growing state and trade union influence and the emergence of a more socially responsible managerial class. Crosland's appreciation of the positive aspects of this transformed capitalism, not least in delivering increased living standards, led him to seek a new definition of socialism which would embrace private as well as public enterprise. His solution was to equate socialism with ethical goals such as increased equality rather than with the wholesale socialisation of the economy. While this accommodation with capital did not preclude the pursuit of egalitarian policies, it did effectively rule out the radical economic transformation of society that had been seen by many Labour supporters as the party's *raison d'être*. For Crosland, though, the shift from a traditional to a more revisionist democratic socialist approach was not indicative of a diminished radicalism but, rather, a principled attempt to secure egalitarian outcomes by different means. Crosland was convinced that there was no need to nationalise the whole, or even substantial parts, of the private sector if appropriate regulation and intervention along Keynesian lines ensured that the gains from such activity could be shared on a more equitable basis. Equally, though, Crosland recognised that the pursuit of equality required other forms of state intervention, not least in the area of social welfare, in order to enhance individual freedom and opportunity and to secure a fairer distribution of rewards and privileges. Although Crosland's brand of revision was highly influential (particularly during Gaitskell's leadership of the party) it did not succeed in creating a long-term pro-market consensus within the party, as later attempts to develop alternative economic strategies demonstrated (Holland, 1975).

Of course, it was not just in the UK that challenges were mounted to those revisionist versions of social democracy based on Keynesian interventionism, the mixed economy and state welfare. For example, Sassoon charts the revival of working-class militancy in other parts of Europe between 1960 and 1973: the re-emergence of ideological and student contestation and second-wave feminism. Undoubtedly, though, social democracy's biggest challenge came in the 1970s when it became more difficult to regulate capitalism effectively, especially after the surge in oil prices in 1973. Crucially, this economic downturn was linked to the failure of Keynesian economic policy, generous welfare provision and the excessive power of the trade unions. The scene was thus set for a systematic assault on social democracy. By the early 1980s social democracy was on

the defensive as the neo-liberal agenda of deregulation, privatisation and public expenditure cuts rapidly achieved hegemonic status. However, there were exceptions as the radical social democratic programme introduced in France in 1981 demonstrated. As Callaghan points out in his highly informative review of *The Retreat of Social Democracy*, the new Mitterand government attempted to 'sponsor structural reforms in the French economy, which would both foster growth and champion social justice'. (102). The programme was impressive. Pensions, family allowances and disability benefits were substantially increased. Housing subsidies were improved and the minimum wage rose significantly. Although some of the costs of these progressive changes were met by regressive forms of indirect taxation, more egalitarian measures were also employed. An increased tax burden on high earners was imposed, death duties increased and a new wealth tax was introduced in 1982. In addition, more public sector jobs were created, the working week was reduced, annual leave entitlements were raised, and workplace rights were enhanced. However, French progressivism came to a shuddering halt within the space of 12 months, not least because of the impact of global recession. Devaluation, price and wage freezes, cuts in public sector employment and benefit cuts became the order of the day. Although Callaghan believes that policy misjudgements were also significant in explaining the 'Socialists' retreat' the main lesson that other social democrats drew from the French experiment was the inadvisability of pursuing an adventurous domestic agenda which disregarded the reality of stronger global forces. Moreover, there was greater recognition of the need to adjust to global economic change. For example, the Swedish decisions to reduce taxes, increase competition and reform social insurance coupled with entry into the European Union in 1995, were clearly prompted in response to external pressures.

In their concluding sections both Sassoon and Callaghan explore the future of social democracy with particular reference to the approach adopted by New Labour in Britain. While other social democratic parties seem to have responded to global economic change in ways that preserve core principles, New Labour has shown itself willing to contemplate much more wide-ranging changes. For example, it has decided to embrace the economic changes brought about by globalisation. It has adopted a much more positive approach to the market, risk-taking, incentives, and accepted that there will be a growing gap in the level of material rewards. Indeed, at first it appeared that the creation of New Labour and the 'Third Way' would lead to a formal rejection of social democracy. However, both Blair and Giddens have recently emphasised their support for a modernised form of social democracy (Blair, 2000; Giddens, 2000). Accordingly, while they are willing to work with the grain of contemporary capitalism, New Labour continues to emphasise the role of government. However, they firmly believe that the relationship between government, individuals and communities must change if a more inclusive society is to be created. For example, government-provided education and training must be accompanied by willingness on the part of citizens to avail themselves of the services provided. Similarly, additional resources for disadvantaged communities will be predicated on evidence that members of those localities will be willing to take an active role in economic and social regeneration.

While New Labour has been criticised by many of its own supporters for jettisoning cherished principles such as equality of outcome, which the Chancellor Gordon Brown (1999) famously declared as 'neither desirable nor feasible' (42), its second landslide electoral success in 2001 (albeit on the lowest turnout since 1918) has only served to

intensify its desire to pursue the revisionist path set out in its manifesto 'Ambitions for Britain'. The key question is whether New Labour's desire to press ahead with labour market flexibility, welfare reform and merit-based rewards (see Le Grand, 1999; Collins, 2001) will resonate with other European social democrats. Although there have been signs of a shift towards New Labour's approach (most famously in the joint declaration between Schroeder and Blair concerning Die Neue Mitte), it would be premature, as Callaghan contends, to declare that some form of new revisionist consensus has now emerged.

Despite the undoubted achievements of social democracy over the past 100 years, it is clear that much more needs to be done, not least in the workplace. As Sassoon forcibly reminds us:

Socialists have traditionally tried to intervene in the world of work and, after one hundred years of struggle, producers – in Europe at least – work a little less, and in far more salubrious circumstances, than they did a century ago, and perhaps with greater dignity. But they have not increased their control over their conditions of work at a pace remotely comparable to the expansion of political democracy, the increase in material prosperity, the extension in social welfare, or the advance in science and technology. (758)

The key question is whether social democracy has the collective capacity to continue along a progressive path in the twenty-first century or whether the various forms of new revisionism signifies a growing inability to wrestle effectively with the economic and social dilemmas of the age? Certainly, the electoral successes of the European left in the late 1990s suggest that there is an opportunity to continue to pursue a broadly progressive economic and social agenda. For example, although there are significant differences between Britain and its continental partners over such issues as the relationship with the United States (where New Labour has continued to pursue a pro-American stance on economic and defence matters), the role of trade unions, employment protection and the pace of European integration, there are signs of modest convergence in relation to economic policy, privatisation, de-centralisation, and welfare reform. The importance of developing a more integrated European social democratic stance cannot be overstated. As Sassoon (1999) points out, if Europe was once again to descend into a situation of 'regional rivalries, squabbling nationalisms, and narrow politicking, there would be no serious obstacle left to the world-wide hegemony of unfettered market forces' (: 36).

References

- Blair, T.** (2001), 'Third way, phase two', *Prospect*, March: 10–13.
- Brown, G.** (1999), 'Equality – then and now' in D. Leonard (ed.), *Crosland and New Labour*, Basingstoke: Macmillan, chapter 4.
- Collins, P.** (2001), 'A story of justice', *Prospect*, May: 28–33.
- Giddens, A.** (2000), *The Third Way and Its Critics*, Cambridge: Polity.
- Holland, S.** (1975), *The Socialist Challenge*, London: Quartet.
- Labour Party** (2001), *'Ambitions for Britain, Labour's Manifesto' 2001*, London: Labour Party.
- Le Grand, J.** (1999), 'Conceptions of social justice,' in R. Walker, (ed.), *Ending Child Poverty*, Bristol: Polity, chapter 8.
- Sassoon, D.** (1999), 'European social democracy and New Labour: unity in diversity?', *The Political Quarterly*, 70, 1, 19–36.

