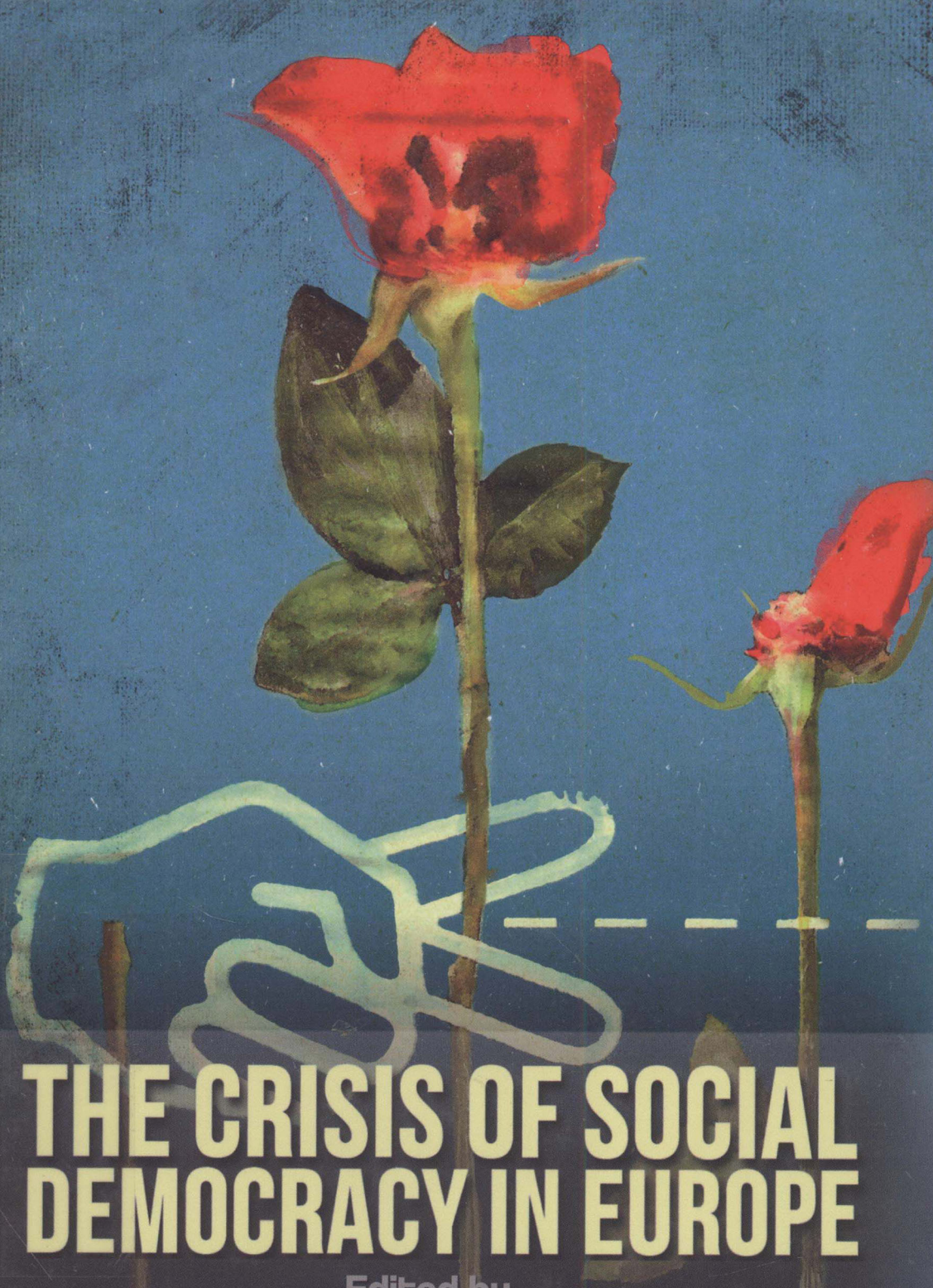

THE CRISIS OF SOCIAL DEMOCRACY IN EUROPE

Edited by

Michael Keating and David McCrone

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ABOUT THE CONTRIBUTORS

Michael Keating is Professor of Politics at the University of Aberdeen and the University of Edinburgh.

David McCrone is Professor Emeritus of Sociology at the University of Edinburgh.

Colin Crouch is Professor Emeritus of the University of Warwick, and external scientific member of the Max Planck Institute for the Study of Societies, Cologne.

David Heald is Professor of Accountancy at the University of Aberdeen Business School.

Desmond Hickie is Professor Emeritus at the University of Chester.

Ulrich Hilpert is Chair of Comparative Government, Friedrich Schiller University Jena.

Yves Mény is Emeritus President, European University Institute.

Susi Meret is Assistant Professor at the Department of Culture and Global Studies, Aalborg University, Denmark.

Henry Milner is senior research fellow at the Chair in Electoral Studies, Department of Political Science, Université de Montréal.

Martin Rhodes is Professor of Comparative Political Economy and Associate Dean at the Josef Korbel School of International Studies, University of Denver, Colorado.

Bo Rothstein holds the August Röhss Chair in Political Science at the University of Gothenburg.

Donald Sassoon is Professor of Comparative European History, Queen Mary, University of London.

Birte Siim is Professor in Gender Research in Social Science at Aalborg University, Denmark.

Sven Steinmo is a Professor of Political Science at the University of Colorado, Boulder, and Chair in Political Economy and Public Policy at the European University Institute, Florence.

Milada Anna Vachudova is Associate Professor of Political Science at the University of North Carolina at Chapel Hill.

Neil Walker is Regius Professor of Public Law and the Law of Nature and Nations at the University of Edinburgh.

PREFACE

This book started from a puzzle. Given the failings of neo-liberalism revealed by the economic crisis starting in 2008, why was social democracy not triumphant? After all, its political success over much of the post-war period was bolstered by a particular representation of the inter-war years and a belief that governments had put the old economics behind them, while some social democrats had given early warnings about the follies being committed from the 1990s. Despite the caricature about social democratic governments being free spenders, they have tended in office to be rather fiscally responsible.[1] Nor was there reason to believe that electors had rejected social democratic ideas about public services, although they may in some cases have become less tolerant of welfare dependants.

There is no simple answer to this puzzle but the contributors to this collection agree that social democracy's problems do not stem from a fundamental flaw in the core idea, nor that social and economic change have rendered it redundant. Social democracy is in good health in some places, while elsewhere it is struggling to find its voice. One problem lies in the realm of ideas, where neo-liberalism has gained the ideological hegemony, to the extent that social democratic parties internalise it and seek to modify it only at the margins. Another is the inability to adapt to a more complex but still socially stratified and unequal society. A third lies in the decline of mass party politics and of the social institutions such as trade unions, which provided the means for social democrats to mobilise.

Our contributors do not present a single vision of social democracy but have been encouraged to interpret it in their own ways. The result is a complex picture, highlighting problems but showing that social democratic thought and practice are by no means dead.

We hesitated over the title of the book, fearing that the word 'crisis' was

too dramatic or fatalistic. Yet, used in its original sense, a crisis is a moment of change, which provides opportunities as well as threats but makes the status quo untenable. The economic woes of the decade provide such a moment and a challenge.

We dedicate the book to our friend Stephen Maxwell, intellectual and activist, whose dream of an independent social democratic Scotland was profoundly shaped by his internationalist convictions. Stephen died before we went to press but his contribution to our seminar in Edinburgh, commenting on the draft chapters, as well as our discussions over the years, have left a strong and inspiring influence.

Note

1. Even the much-criticised dash for growth of the first Mitterrand government in 1981–3 registered smaller fiscal and trade deficits than the contemporaneous Reagan administration, while the Thatcher government in Britain was rescued only by the influx of oil revenues (which were to leave no lasting legacy).

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The state of social democracy

On the face of it, social democracy is in crisis. At the time of writing, there are very few left-of-centre parties in power in Western Europe. Norway, Denmark and Belgium have social democrat heads of government but in coalition, while the French Socialists govern thanks to divisions on the right and the electoral system. In Central and Eastern Europe, social democratic parties – whether new parties or former communist parties – have failed to fulfil their early promise.

Why should this be? One might take the view that it is all part of the electoral cycle, and that sooner or later social democratic parties will regain power. After all, they seemed to be doing very well in the late 1990s. Yet this does not account for their current and systematic electoral weakness wherever one looks, and begs the question as to what it was in the cycle itself that banished social democrats from office. A more sanguine view might be that 'we're all social democrats now', that the project has achieved success in building and institutionalising the welfare state; in other words, the demise of social democracy is, paradoxically, a function of its success. Other parties, in these circumstances, feel able to steal the social democrats' clothes. We might take the view that the triumph of capitalism is such that, having ameliorated the worst excesses of capitalism, social democracy rests content, or recognises that it has reached the limit of its achievements. Alternatively we might argue that the social and political values of their respective electorates have moved significantly to the right as regards employment law, nationalisation and social welfare; that the erosion of social democracy reflects the ebbing of leftist values more generally. Various 'Third Way' projects may simply have illustrated the point, since social democracy itself was originally conceived of as the third

way between revolutionary Marxism and unbridled capitalism. It may also be that the social support base of social democracy is eroding, so that it is no longer possible to put together the coalitions of interests that underpinned social democratic projects in the various states of Europe in the past. Instead, discontent may merely sustain various forms of populism.

Given that capitalism itself appears to be in crisis, and the hegemony of neo-liberalism may be coming to an end, it seems strange that social democracy should fail to reap the benefit. Whichever of these explanations, if any, account for the failure of social democratic parties to win elections, it seems to us an ideal moment at which to examine social democracy as theory, values and practice. Furthermore, the apparent decline of centre-left parties and movements may be telling us something of major importance about our social and political world.

The collection looks both backwards and forwards. We are interested in knowing where and how far social democracy has retreated, and for what reasons. This encompasses the study of the support base of social democratic parties, labour and other civil society organisations traditionally allied to social democracy, and the shift in values and attitudes among the electorate. We are also interested in where social democracy can go from here in addressing key political and policy dilemmas. How can social democratic parties rebuild their support bases and compete for power? How can social democracy itself be reformulated for the twenty-first century? We recognise that there has never been a single social democratic model and are alert to variations in both support and policy. So in the future, there may be different combinations of support and policy in different countries and at different levels. The chapters are thematic and comparative, although not necessarily systematic, as some themes are better illustrated with some specific cases. For example, the Nordic experience is of wider interest.

What is social democracy?

Social democracy comes in so many different forms that one might be forgiven for saying that there is no such thing, or at least that there is no core set of beliefs and practices. We would argue that the concept is useful but that it is multidimensional. Rather than one of those rigid social science concepts in which each case must include and exclude the same things, it is perhaps a family-resemblance concept in which the cases are linked in different ways. At its broadest, it is a political philosophy seeking to reconcile market capitalism with social responsibility. This is expressed in some classic texts but also in an endless series of 'Third Way' proposals, from Bernstein's revisionism of the late nineteenth century to the 'new middle' a hundred years later. It is also a political tradition, a set of intuitive ideas about fairness and equality and a moral economy that refuses to accept the automatic primacy of markets or the need

for inequality. Social democracy can also be seen as political practice, a way of governing which systematically seeks to include the needs of the deprived and to emphasise the public domain over the private, while being rather pragmatic about how this is to be done. For much of the twentieth century, it was associated with an extensive state sector, both in the economy and in public services, but this is to be seen more as a means rather than an end in itself.

Social democracy can also be defined as a party family, a group of like-minded parties across the world, committed to the same goals and sharing the same ethos, although it is not always easy to identify these parties. In the late nineteenth century, the term social democracy was generally used for Marxist parties and some confusion remained up until the Bolshevik Revolution, which marked the definitive breakaway of the Communist family. Names can still be misleading, as in Portugal where it is the right-of-centre party that bears the label. In France, the term social democrat has long been treated with disdain within the *Parti Socialiste* and its predecessors, despite the fact that they are clearly part of the family. When a section of the right of the British Labour Party broke away in the 1980s they took the name Social Democratic Party before merging into the Liberal Democrats, whose social democratic wing has now been marginalised. When Labour underwent its revisionist incarnation as New Labour, the term social democrat was avoided by the party leaders seeking to distance themselves from their own past, despite the fact that it was the revisionist wing of the party which had previously embraced the term. Their intellectual mentor, Anthony Giddens (1998), however, depicted the Third Way as a new stage in social democratic development. The party family can be identified by membership of the Socialist International and the Party of European Socialists. The Democratic Party in the United States is not a recognisably social democratic party, but it is the home for social democrats, who rub shoulders with people who in Europe would be part of the centre-right.

Social democracy has also been a political and even a social sub-culture, rooted in working-class communities, bound by traditions of solidarity and institutionalised in trade unions, social movements and tenants' associations as well as middle-class and intellectual societies. These provide social boundaries, defining 'us' and differentiating us from others and providing mutual support in industrial and social conflicts. In some European countries, this maps onto left/right distinctions going back to the democratic revolutions or church/state conflicts of the nineteenth century. Elsewhere it is the product of industrial conflict, although in some places agrarian struggles have also sustained the coalition. Once set, such patterns of solidarity and of shared meaning can persist for long periods.

So rather than impose a strict taxonomy of parties, or stipulate core doctrines or practices that need to be present for a party to qualify, we prefer to define social democracy in a broad sense, recognising its different manifestations across time and space. Lest this sound too vague, there are some key ideas

that are timeless and serve to delimit the social democratic project. A central one is that of tamed capitalism, an acceptance (against classical Marxism) of the necessity and instrumental value of the market but a belief (against economic liberalism) that it needs to be socially and politically constrained. On the one hand, this is because of the socially degrading effects of unbounded capitalism. On the other, it stems from a belief that socially guided capitalism can actually be more efficient, saving the market from its own contradictions. During the twentieth century, the main means of doing this were limited state ownership, Keynesian macro-economic management, indicative planning and corporatist policy-making whereby the state, labour and capital cooperated in their mutual interest.

A second key idea is that of social solidarity and equality. Social democrats have never sought complete social and economic equality, recognising its utopian character and accepting the need for incentives in the productive economy. They do, however, believe in the use of public power to restrain excessive inequalities. The amount of inequality they are prepared to countenance varies by time and place but the principle does imply upper and lower limits to income and wealth. It is straining the meaning of social democracy to declare, as New Labour people did, that one is immensely relaxed about people being filthy rich or that one does not care what people at the top are earning, only about those at the bottom. Similarly, social democrats are not concerned only with equality of opportunity, or meritocracy, but also favour some equality outcomes. Beyond this, there are multiple ways of conceptualising and measuring inequality and many arguments about how it should be addressed. Given the origins of social democracy in industrial class society, inequality has generally been seen as a class matter, arising from uneven opportunities to benefit from economic production, but this is by no means the only dimension of inequality.

Social democracy in its most elaborate forms has not treated these two questions of economic management and social equality as distinct. Rather, social democrats have argued, against neo-liberals, that inequality is itself economically inefficient and that a socially managed economy can better address issues of poverty and need.

Social democrats have also tended to be social liberals, favouring individual rights and the classic liberal freedoms and preferring liberal to repressive penal policies. They have tended to sympathise with minorities, whether defined by ethnicity, religion or sexual orientation, and to support the rights of women for full participation in economic, social and political life.

In international affairs, social democracy has been associated with a cosmopolitan stance, and with internationalism and cooperation as a means of regulating relations among states. It has stressed the common interests of people across borders and supported the rights of colonised peoples. Yet it has also embraced various forms of nationalism. For all the talk of international-

ism, social solidarity is strongest within the boundaries of nation-states, which have provided the framework for the welfare settlement. This has produced an ambivalent attitude to European integration. Social democrats in the early years were often suspicious of the European project, an attitude which persisted in Scandinavia and in recent years has come back elsewhere. For these social democrats, 'Europe' is a market-based project threatening national welfare settlements. Where new nationalisms have challenged existing states, social democrats have sometimes divided, as in Scotland where the smaller nation appears to offer better chances for social democratic advance than the larger – British – state.

New issues regularly come onto the agenda to change or modify this social democratic core. The issue of the environment has raised questions about the productivist model in which material accumulation would provide the resources to sustain social services while not restraining personal consumption. Environmentalists are not all on the political left but most of them are, and challenge social democracy in its own ideological and political space. The salience of gender poses questions about the definition of groups and the conceptualisation and measurement of equality as we can no longer take for granted that the natural unit is the (male-headed) household. Another issue is intergenerational equality, which poses a new cleavage not corresponding to traditional occupational class divisions. Multiculturalism confronts social democrats with serious dilemmas. On the one hand, they support diversity and community rights. On the other, they are often rooted in republican conceptions of civic equality which refuse to accept that cultural differences are politically relevant, or in notions of class solidarity across ethnic and cultural boundaries. More generally, the rise of individualism presents new questions to a notion of social democracy bound up in collective values and practices.

Of course, it can be argued that none of these priorities is specific to social democracy. Christian democrats and traditional conservatives believe in managed capitalism and have embraced Keynesianism. Social solidarity and justice can be derived from Catholic social thought or paternalism, so feeding into the parties of the centre-right. Social liberalism is primarily the property of the liberal family. Both internationalism and nationalism are found right across the political spectrum. Moreover, the combination of these elements within social democratic parties can provoke conflicts. There are big differences among social democratic parties on the extent of state intervention in the economy or the balance between economic and social considerations. There is a streak of social authoritarianism in many social democratic parties, especially when they are tempted to follow what they see as the prejudices of their core electorate. Nonetheless, we see in these elements the main strands of social democratic thought and practice, allowing us to identify a distinct tradition, even if it merges into other traditions at the edges.

The multidimensional nature of social democracy has always meant that it

is realised as a coalition of forces, whether among parties or within individual parties. There is usually a left/right division, although the issues which mark it can vary. Factionalism and tradition as much as policy issues can define these internal cleavages, which often pitch the upholders of tradition against revisionists of various sorts. Social liberalism, environmentalism or nationalism also divide the social democratic family. Some countries have more cohesive and continuous social democratic parties than others; the Scandinavian countries stand apart here. Social democratic parties have sometimes had a core of support in the industrial working class but this has never provided anything like the whole of its support base. Middle-class support and leadership has nearly always been critical. In some cases, there are organic connections with trade unions, while in others there are not. In Italy, France, Spain and Greece there was a historic competition with Communist parties, while in parts of Northern Europe (Germany, France, Ireland) leftist parties have from time to time sprung up to outflank them. Relations with green parties have varied from cooperative to competitive. Self-understandings of social democracy have also varied, each being rooted in a different ethos and combination of ideas and, having enjoyed more or less electoral success, seeing themselves as governmental or oppositional forces.

Challenges to social democracy

In recent years, the social democratic synthesis of the twentieth century has come under increasing challenge. The transformation of capitalism and the productive economy have undermined many social democratic ideas and practices. Old class divisions no longer make sense and the idea of a 'working class' is ever more elusive, creating problems for those parties (mainly in Northern Europe) which rested on it. Trade union membership is in decline everywhere, especially in the private sector. The decline of manufacturing industry has created a 'missing middle' in the class spectrum, the skilled working class that provided much of the leadership for trade union and social democratic movements. Working-class communities, in which people could see a unity of interest in the workplace and the city, have been disappearing. The growth of the welfare state, a social democratic achievement, has created divisions between those working in the public and the private sectors, exploited by the political right.

Neo-liberal ideology has spread since the 1970s from universities and think-tanks into the media, government and political parties to the point that the market has become in many places almost the sole criterion for judging policy. This is particularly noticeable in England, where universities, schools, hospitals, local authorities and cultural bodies are all subjected to the logic of market competition. Social democracy has historically represented a compromise with market capitalism but has also insisted on the limits of markets