ONE HUNDRED YEARS OF SOCIALISM

THE WEST EUROPEAN LEFT IN THE TWENTIETH CENTURY

DONALD SASSOON

NEW EDITION

I.B.TAURIS

One Hundred Years of Socialism

The West European Left in the Twentieth Century

DONALD SASSOON

I.B. TAURIS
LONDON · NEW YORK

Revised edition published in 2010 by I.B.Tauris & Co Ltd
6 Salem Road, London W2 4BU
175 Fifth Avenue, New York NY 10010
www.ibtauris.com

Distributed in the United States and Canada Exclusively by
Palgrave Macmillan, 175 Fifth Avenue, New York NY 10010

First published in 1996 by I.B.Tauris & Co Ltd, reprinted 2002

ISBN 978 1 84885 297 6

A full CIP record for this book is available from the British Library
A full CIP record for this book is available from the Library of Congress

Library of Congress catalog card: available

Printed and bound in India by Replika Press Pvt. Ltd.

One Hundred Years of Socialism

Donald Sassoon was born in Cairo and educated in Paris, Milan and London. He is Professor of Comparative European History at Queen Mary, University of London and is the author of several highly acclaimed books, including *Contemporary Italy: Politics, Economy and Society Since 1945*, *Mona Lisa: The History of the World's Most Famous Painting*, *The Culture of the Europeans* and *Mussolini and the Rise of Fascism.*

'A remarkable new work of historical analysis, which will soon establish itself as a classic' Eric Hobsbawm, *Guardian*

'remarkable … A massive and original synthesis which deserves to become a classic, there is nothing comparable to it in the English language' David Marquand

'[An] extraordinary achievement … this book is a small masterpiece' Sir Bernard Crick

'Admirable ... a compelling guide to the recent history of Social Democratic parties' Tony Judt, *TLS*

'the author has scaled a mountain of scholarship and returned with an indispensable work of reference and reflection'
Norman Birnbaum, *Political Quarterly*

'A majestic work. Nothing like this great survey exists in any language … an unfailing pleasure to read' *The Economist*

In memoriam

Emma Abeni
born on 24 January 1908, Brescia
died on 30 August 1989, Milan

on whose behalf much of what is narrated
here was, purportedly, done

Preface to the New Edition

THE FIRST EDITION of *One Hundred Years of Socialism* mapped out the history of West European socialist parties in the century that followed the creation of the Second International in 1889. New archival work, the endless stream of memoirs, and the constant outpouring of interpretative books have not modified the basic story outlining the vicissitudes of West European socialist and communist parties. What has considerably changed, however, is our perception of the future of socialism.

In 1996 few questioned the view that communism was dead, but many could reasonably expect that socialism, in the sense of modern social democracy, had still a lease of life. But the tasks of the two movements were quite different. The two forms of socialism – social democracy and communism – which have characterized the twentieth century were never quite comparable in terms of the tasks they had effectively set for themselves. They may have started with the same aim: the overcoming of capitalism, but they soon acquired other objectives and inevitably so since ideologies are shaped by the societies within which they operate and the relationship they have to political and economic power. Social democrats ruled only when capitalism was well-established and democracy had become the common property of the main political parties. Communists had to develop an industrial society; social democrats had to manage it. Communists prevailed in less developed societies, social democrats in developed market economies. Once it was accepted that the goal of the social democracy was the reform of capitalism and not its supersession, it could be assumed that no momentous event could deal social democracy the kind of fatal blow that history had dealt the communist movement.

No one can be sure that a distinct brand of European social democracy will survive in the future except perhaps as isolated local forms in a handful of small European countries. Generic progressive politics will, of course, continue to inspire a significant proportion of Europeans and, indeed, of people throughout the world. They will advocate human and civil rights; promote legislation supporting claims made by those who have been and still are being discriminated against; and seek to widen access to education, culture, and health. One does not need to be committed to a socialist or even a social-democratic agenda to hold such views. Progressive liberals, 'social' Christians and even 'compassionate' conservatives can do so just as well. Socialists too were inspired by the principles of individual rights that originated with the Enlightenment. Though they wanted to challenge the power of capitalism, as they emerged as

an organized political movement in the late nineteenth century they advocated an extension of democracy that was based on the idea of individual rights rather than class principles. Universal suffrage, which they advocated with passion, assumes that all individuals have exactly the same worth when voting: each, literally, counts as one. In the domain of politics, socialists, far from being class conscious, were staunch individualists. Those who, at the turn of the century, upheld a class conception of democracy were the liberals and the conservatives who defended an electoral system that allocated votes in terms of the wealth possessed or earned by each individual and who opposed the enfranchisement of women. Though socialists often did not fight for female suffrage with great vigour, they all stood firmly on the side of real universal suffrage. One could almost say that one of the great achievements of socialists was to have forced liberals and conservatives onto the path of liberalism and civil and human rights while advocating first the destruction of capitalism and then its reform. Liberals and conservatives, of course, can claim with equal vigour that they succeeded in imposing on socialists the realism of accepting market relations and the abandonment of the utopianism of the classless society.

So, the socialists set about reforming capitalism – an apparently modest task when contrasted with the final goal of abolishing it. Nevertheless, reforming capitalism is exceedingly complicated. The problem lies in conceptualizing what 'reforming capitalism' means. The system, it is widely acknowledged – and by Marx and Engels in the first place – is one that, unlike its predecessors, has change and dynamism at its very foundation. As they explained in one of the famous passages of *The Communist Manifesto*, change is in the nature of the beast, it reforms itself continuously:

> The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form was, on the contrary, the first condition of existence for all earlier industrial classes. Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real condition of life and his relations with his kind.

The dilemma of social democracy, as explained throughout this book, is that traditional social democratic reforms, such as the welfare state and redistribution of wealth, tend to strengthen capitalism by providing it with both social peace and a wider market for consumer goods. In turn, social welfare and redistribution also require a strong capitalism. Reforms that aim to regulate capitalism itself, such as setting a ceiling to the length of the working day, the regulation of pay by establishing a minimum wage, and basic labour rights such

as maternity and paternity leave create winners and losers among capitalist firms since some, because of their size, or their position in the market or their efficiency, will benefit from the discomfiture of those that are less lucky or less efficient or too small. In some circumstances large firms are better able to cope with such reforms than small ones, but this is not a universal law: flexibility may enable some small firms to be more effective at times of rapid technological change. Social democrats, inevitably, always face the issue of which aspects of their own 'national' capitalism will be strengthened by their reforms.

Virtually anything can unleash 'spontaneous' reforms – a change in the weather, taste and fashion, and above all the changes generated by capitalism itself, such as technological development and migration from the rural to industrial sector. Reforming social democrats can also use (and have traditionally used) two powerful instruments. The first was the action of their own supporters, usually organized in trade unions making demands on capitalists. The second, which became important as social democrats grew in numbers and were able to capture government, was the state and the laws it enacted. This was the basis for the Left's acceptance of the State - not just the state as a concept, but the state as a machine, as a coercive apparatus. Such acceptance came late in the twentieth century because social democrats before 1945 were seldom in control of the government machine. In the years before the First World War, they had assumed that they would be able to force the bourgeois state to implement many of the reforms of the socialist programme. In principle, they were not wrong. Without the state there could not have been the socialization of some of the cost of reproduction of the working class (the welfare state) and a regulation of the working day. Powerful trade unions, without a political party, could have struggled alone and negotiated with employers over the length of the working day, the conditions of work or holiday pay. They could have acted as a pressure group and wrested concessions from governing political parties (prior to the Second World War, this was the British experience and the prevailing pattern in the USA).

Having correctly identified the state as the principal regulator of the capitalist economy, socialists sought, successfully, to democratize it and use it. As long as the state held the position of chief regulator, social democratic strategy retained its full coherence. As various aspects of capitalism (especially its financial organization) developed in a global direction with increasing force from the 1980s onward, this state-oriented strategy began to falter. Social democrats in the West remained wedded to a national conception of politics and reinforced it constantly, ring-fencing their achievements (welfare, education, civil rights) within the territorial boundaries of the state, while capitalism set out to stride the globe.

The crumbling of communism, some had hoped, might have led to a strengthening of social democracy – despite the unfounded but widespread view that it would negatively affect social democracy, which, it was said, had been tarred by its ideological association with communism. In fact, as I point out

below, social democratic parties were strongest in the decade following the collapse of communism, a movement they had disparaged anyway well before the official demise of the USSR.

The end of the USSR did, of course, affect Western communist parties deeply. The Italian Communist Party, the strongest in the West, changed its name and continued its long-standing evolution towards social democracy, an evolution punctuated by repeated changes of name, each underlining its growing distance from its roots – first as the Democratic Party of the Left (still bearing some of the symbols of its past such as the hammer and sickle), then 'Left Democrats' before expunging even the generic 'Left' to become, with unchanging prospects, *il Partito democratico* tout court. At least the Italian communists survived, though as a shadow of their former selves, while the Italian Socialist Party, which the corruption scandals of 1991–92 had fatally undermined, simply disappeared.

The other Western communist parties were annihilated. Even here, however, one should not over estimate the impact of the fall of the Berlin Wall in 1989. A year before the fall, at the 1988 French presidential elections, the French Communist candidate André Lajoinie obtained a miserable 6.7 per cent (in 1969 Jacques Duclos had managed a respectable 21 per cent). Worse was to follow when Robert Hue reached 3.4 per cent in 2002 and Marie-George Buffet gathered only a miserable 1.94 per cent in 2007. Even the Trotskyites did better. The French Communist Party had become a *groupuscule*. But its disappearance was due more to the emergence of a socialist party strong enough to rally all those who wanted to defeat the right than to events in Moscow. When the fortunes of the *Parti socialiste* started deteriorating after Lionel Jospin's astounding defeat in the presidential elections of 2002, communism passed the stage of possible resuscitation.

The communist story was equally dismal elsewhere. The Portuguese Communist Party, which obtained 18.9 per cent of the vote in 1979 declined throughout the 1980s, ending up with only 7.6 per cent in 2005. The fall of the communists was even more abrupt in Spain. Under the banner of *Izquierda Unita* it still managed to win 11 per cent of the vote in 1996, but by 2008 this had crumbled to 3.8 per cent.

After 1989, social democracy was the only form of socialism left in Europe, including eastern and central Europe where the former communist parties were reborn as social-democratic parties. These were determined to defend and extend one of the positive features of communist rule, namely the welfare state and the protection of workers, protection all the more necessary since pro-market forces had been unleashed and enjoyed wide local and international support. The prospects of this revitalized left with a foot in the (communist) past were good. In the first free elections after 1989 the post-communist parties were the strongest parties of the left everywhere except in the Czech Republic – where the communist party had not changed its name. The others had rechristened themselves as social democrats or some similar appellation, thus

explicitly recognizing the failure of a movement that had sharply demarcated itself from the labour movement in the West. Lenin's embalmed remains were still exhibited before tourists in Moscow, but Leninism was now truly dead.

Social democracy lived on, even in the countries of the former Soviet bloc. In Hungary the socialist party (the post-communist party) has remained the leading left party and was able to obtain over 42 per cent of the vote in the 2008 election (it had only 33 per cent in 1994) and was in coalition with the liberals. In Bulgaria the socialist party (as part of a wider electoral bloc) obtained 34 per cent in 2005 and also returned to government in coalition with other parties. In Poland a coalition of left parties led by the Democratic Left Alliance (*Sojusz Lewicy Demokratycznej* or SLD) clearly won the 2001 elections, although it equally clearly lost the subsequent two elections.

In the former communist world it has proved almost impossible to preserve a strong public sector, or contain the growth in inequalities, or enhance or even maintain the pre-existing welfare state. The fault was not (entirely) of the new social democratic parties: as I said before, a weak and barely established market economy is not the best platform for the development or preservation of social democracy.

This is the setting for the present predicament of social democracy. Can social democratic reformism still be a force in Europe? The parties, of course, are still there, but has the impetus for social democratic policies exhausted itself over these last ten or twenty years? Is there any comfort for those who still regard themselves as social democrats? I write these words at a time of deep crisis for social democracy. At the end of the 1990s there seemed to be no crisis at all. The British Labour Party, led by Tony Blair, had been returned to power in 1997 after 18 years of conservative rule. In the same year in France the *Parti socialiste* won the legislative election and Lionel Jospin became prime minister. In 1996 Romano Prodi, at the head of a coalition of parties which included the former communists, formed the first 'left' government in post-war Italian history, defeating Silvio Berlusconi. In Germany, in 1998, Gerhard Schröder, leader of the Social Democratic Party, became Chancellor of Germany. Thus, for the first time ever, not only parties of the left led the four largest states in western Europe; but they also ruled (alone or in coalition) most of the countries of the European Union, including Sweden, Holland, Austria, Belgium, Denmark, Portugal and Greece.

Had European social democratic parties succeeded in exploiting that unique conjuncture to develop their policies at the European level, establishing, for instance, a social security net binding the whole of the European Union, or a redistributive fiscal policy across the EU, or a tight system of labour regulations enforceable throughout Europe, one would be able to write, with some degree of confidence, that social democracy, though unable to expand seriously in the rest of the world, had managed to survive and even thrive in its European redoubt.

This, however, was far from being the case. How difficult it was for social

democracy to abandon the integument of the nation-state was abundantly noted in the first edition of this book. The last ten to fifteen years seem to have confirmed this. By and large the European Union has remained a loose confederation of states with different capitalisms. As the twentieth century faded away the 15 countries of the EU still had markedly different fiscal policies, different industrial relations systems and different welfare states. In the first few years of the new millennium 12 more states entered the union, most of them poorer than the poorest of the old 15, with an ill-equipped industrial structure and a poorly-regulated capitalism. The ease with which the European Union was enlarged was widely celebrated even though the chief reason why expansion was so simple was because integration had been so perfunctory. Much of what the European Union had achieved was the removal of barriers to competition to facilitate the free movement of goods, capital and people. There was no European political or social dimension – just a group of states negotiating. There was never serious Europe-wide cooperation between socialist parties. The Party of European Socialists (PES) may comprise more than 30 social-democratic parties, but it is not a party in any of the accepted senses of the word since it does not even contest the elections for the European parliament (which are always contested by national parties and never by a European party). The European Confederation of Trade Unions is a pressure group that issues declarations and negotiates agreements; it is not a force with which employers or governments have to reckon. They have no authority over national unions and cannot call workers out on strike. They are restricted in what they do by the limitation the member-states have imposed on supra-nationalism. And everything must be subject to the goal of unrestricted competition under the guise of harmonization.

Socialist parties, when in power, end up having to do what European governments are expected to do – to ensure that their own 'national' capitalism (namely firms operating within its borders and/or employing considerable numbers of its own people) remains strong and competitive. This is why, addressing the financial community at Mansion House on 20 June 2007, just as the cataclysmic forces of the credit crunch were about to be unleashed, Gordon Brown, then still Chancellor of the Exchequer, congratulated the City of London for their remarkable achievements, 'an era that history will record as the beginning of a new golden age for the City of London'. He praised in particular the country's and, by implication, his government's openness to the world and global reach, 'pioneers of free trade and its leading defenders', 'with a deep and abiding belief in open markets' and happy that London had seen off the competition from Tokyo and New York.

Politics, in fact, has remained overwhelmingly 'national' in character and the parties of the left, like those of the right, have continued to respond to a national electorate. The weight of their own and of their countries' traditions inevitably constrained them. They react to the persisting differences in the levels of development and structural characteristics of their respective economies. The

European economies are far from converging. The size of the working class may have been shrinking everywhere, but the rate of deindustrialization is highly uneven: it is far higher in Sweden and in the UK than in Germany or Austria; Greece is more inflation prone than Germany; unemployment in Spain is far higher than everywhere else; inward and outward investment prevails in Britain as does resistance to taxation. Opposition to cuts in welfare spending is more significant in France and Germany (where, however, it takes different forms) than in Britain. Social indicators suggest other differences: a higher rate of divorce and family break-ups in Britain; lower demographic growth in Italy, Greece and Spain; lower female participation in the labour force in Holland; and more part-time female work (and concentrated among the less skilled) in Britain than in France. Ecology plays a far more important role in politics in Germany and Sweden than in France or Spain. Feminism is stronger in Western than in Eastern Europe.

The last 20 years witnessed the extraordinary ideological success of the proponents of the liberalization of market forces and the effective termination of the main European model of capitalist regulation, 'national-Keynesianism' – a termination that many came to deplore (too late) after the upheaval caused by the credit crunch of 2007–08 and the subsequent global downturn. 'National-Keynesianism' assumed that national economic policy could be relatively effective in determining major economic variables such as the balance of payments, interest rates, prices, growth and employment. Irrespective of separate national traditions, economic particularities, contrasting social structures and cultural differences, the nations of the world were being enjoined to deregulate labour markets, to lower or eliminate tariffs, to privatize state property, to eliminate subsidies and, in general, to let market forces operate with as few impediments as possible. An international communication system, largely originating in the West but global in its reach, enveloped the entire planet. Consumption patterns were rapidly internationalized: similar fast food outlets, items of fashion and television programmes became available in New Delhi, Tokyo, Rome, Paris, Moscow and Cairo. The spectacular development of the internet further shortened distances and facilitated communications. A 'grand narrative' of global proportion, unequalled in earlier times, established itself. It told a story of progress that was sharply different from that told by the Left. The Left narrative was one in which socialism was the natural successor to the Enlightenment. A rational system of distributing resources and organizing the economy would complete the work of democracy. Against this project, so argued those on the Left, were ranked the forces of obscurantism and reaction, those who wished to protect ancient privileges under new (capitalist) guises.

But the new grand neo-liberal narrative told a different story. According to this, the world market was opening up an unprecedented era of individual freedom. The state, by imposing rules and regulation, was holding back such development. By taxing people it taxed enterprise, innovation and individual effort. Socialism, in whatever form, had been defeated and deservedly so since

it was and is, so they allege, illiberal, statist, dogmatic, rewards inefficiency and penalizes initiative. Socialism, continued the neo-liberal narrative, has remained anchored to a nation-state whose only useful tasks are now not much more than maintaining law and order and defending the national territory. There could be no global challenge to global market forces – only resurgent forms of nationalism or the rise of different varieties of religious fundamentalism – paltry local reactions rather than international countervailing forces able to challenge the Onward March of Capital.

It is, of course, far too early to establish whether the so-called credit crunch of 2007–08 and the ensuing global economic crisis can lead to a revival of the fortunes of social democratic parties and the abandonment of neo-liberalism. The fact is that in the ten years following the peak of social-democratic electoral and political gains there have been no major strides towards either strengthening welfare states or redistribution, even in the economically strongest states.

Today the signs are ominous and disheartening for social democrats. This may be surprising since it was widely assumed that the neo-liberal apologists of deregulation would have been the ideological losers from the collapse of banks and insurance companies and the unpopularity of incompetent bankers in receipt of absurdly large bonuses. The wave of nationalization and state intervention that followed the credit crunch of 2007–08 certainly humiliated the neo-liberals when, as Stephen Foley pointed out in *The Independent* of 15 October 2008, startling and unexpected events unfolded, such as the transformation of the US government under George W. Bush into the largest shareholder in the American banking system. The humiliation for those who had once been celebrated as the Masters of the Universe was compounded when their unjustified greed was revealed – spectacularly so in the case of Richard (Dick) Fuld, the Lehman Brothers' chief executive, who admitted receiving from his company $350 million in bonuses (and not $500 million as he had been accused) between 1993 and 2007 – which works out at well over $10,000 per working hour (the US federal minimum wage was, in July 2009, $7.25). Yet, his main achievement appears to have been that of driving Lehman Brothers to the largest corporate bankruptcy in recorded history. According to a report by Jonathan D. Glater and Gretchen Morgenson in the *New York Times* of 15 September 2008, an institution with assets of $639 billion – more than the gross domestic product of Argentina – was not worth anything at all by the second half of 2008. In the USA the beneficiary of the crumbling of the neo-liberal state may well have been the election of the most 'left-wing' president since Roosevelt (though hardly a socialist as some of his opponents, such as the Republican leader in the House of Representative John Boehner claimed in March 2008). In Europe, however, the anxieties, so far, have been directed elsewhere, namely towards strengthening the already substantial vote for the parties of the xenophobic right. The left performed increasingly dismally and, by the end of 2009, there will hardly be any socialist governments left in Europe – a remarkable change since 1999.

The global downturn, which so many have compared with the Great Crash of 1929, far from representing a springboard for a revival of socialism has confirmed the triumph of capitalism. A social order can be said to be truly ensconced not when everyone celebrates its beneficial effects, its sturdiness and strength, but when everyone rallies to its defence when it falters. The central preoccupation of political forces everywhere was, in fact, how to save the system. From Beijing to Washington through to London, Paris and Berlin left and right were united by the understanding that the system had to be saved. Few on the Left envisaged that a credible alternative to capitalism could be erected after its failure, whereas the neo-liberal right, a little humbled, simply kept a low profile ready to fight another day. The only threat to global capitalism came from its biggest supporters, the advocates of global deregulation, not from social democrats. Social democrats had never tried to rock the boat when it leaked but had done their best to find ways of keeping it afloat. They knew that their past and future successes were closely connected not only to their vision or their ability to obtain popular support but also to a multiplicity of factors, including the wealth of the economy and the prevailing political ethos and relative strength of capital and labour. For instance, in the nineteenth century, though social democrats did not yet exist, the British working class was large and well organized with, by the standards of the time, a long history of struggles and militancy. No established party could ignore the workers. The religious fragmentation of the country, especially of the working class, helped prevent the formation of a religious party along the lines of continental Christian democracy. The result was that, in the second half of the nineteenth century, Liberals and Conservatives competed with each other for the support of the labouring classes and incorporated in their own programme aspects of a social democratic platform before that could find an outlet as an organized political party. This helped delay the formation and growth of a large British socialist party along the lines of the German Social Democratic Party. On the continent, a similar process of co-option was under way: nation-building required the incorporation of demands emerging from the lower classes and took the form of what was called in Germany a form of 'state socialism' - built by Bismarck and supported by the socialist leader Ferdinand Lassalle. Liberal, conservative and nationalist parties were at the forefront of this movement. Church-based parties eventually joined them, particularly when the Roman Catholic Church, with the publication in 1891 of Pope Leo XIII's encyclical *Rerum novarum*, abandoned its intransigent defence of the ancient regime and adopted a new position towards what it called the 'social question'.

It followed that it was no longer possible, if it ever was, to establish a clear and permanent distinction between socialists and non-socialists in terms of practical policies. The extension of democracy, the institution of the welfare state, the control of the working day were socialist aims and policies, but one can always find, at any moment, similar demands advanced and implemented by non-socialist parties, be they right, centre, conservatives, liberal, Christian

or nationalist. From the outset, 'socialism' was not the prerogative of socialists.

It is true that socialists were forced, in their everyday practice, to trim their demands and accept compromises, but so were the conservatives and liberals. The extension of democracy and the advance of mass society meant that no political party could hope to obtain sufficient support either by defending the *status quo in toto* (the essential conservative position) or by proposing to return to the *status quo ante* (the essential reactionary position). Reformism triumphed. It was adopted by the most varied forces: in Germany by Bismarck and later the Wilhelmine nationalists as well as the 'social' Christians of the *Zentrum* party; in Italy by the majority wing of the Liberal Party (Giovanni Giolitti) and the emerging forces of political Catholicism; in France by the Radicals of the Third Republic; in Britain by both Disraeli's and Salisbury's conservatives as well as Joseph Chamberlain, Gladstone, the New Liberals, Asquith and Lloyd George; in Austria by the anti-Semitic Social Christians of Karl Lüger and in Holland by the new confessional parties in alliance with the more enlightened Liberals.

The success of reformist socialism, like the success of all political ideologies, lay in the fact that it did not have a monopoly on what it stood for. In politics, success consists of ensuring that what one thinks of as normal, desirable or possible becomes the shared attitude, the common property of the entire polity. To achieve this, however, it is necessary to formulate demands that are detachable from the ideological package (the symbols and language) that accompanies it. This can only be realized when the connection between ideological values and practical policies is vague and loose, and thus ready to be endlessly renegotiated. It is precisely because it is perfectly possible to be in favour of adequate pensions without signing up to the end goal of socialism that liberals and conservatives can fight for adequate pensions. Consistency and coherence may enable small political sects to survive indefinitely, but they spell certain ruin for parties and movements with real hegemonic ambitions.

The commitment of socialists to the state grew as these aims became more significant and as the final aim of a post-capitalist state receded ever more into the future. Universal suffrage made the state more receptive to demands that the socialists made on behalf of all citizens. It also made it more legitimate and hence more powerful. It enabled socialists to achieve political power by 'capturing the state machine'. This facilitated the implementation of the rest of their reform programme – the regulation of the working day and the socialization of some of the cost of production and reproduction. This transformed industrial society.

It is thus hardly surprising that, as socialists proved successful in reforming their capitalist societies, they were reluctant to let go of the existing regulatory institutions – a large public sector, a powerful central bank, a mechanism of exchange control, a complex system of subsidies and regional policies, and an intricate mechanism for the control of the labour market. This regulatory aspect

became the centre of all socialist policies towards capitalism and further reduced the importance of the older goal of abolishing capitalism. The prosperity associated with capitalist growth, the establishment of full employment, the protective apparatus of the welfare state, the patent incapacity of communist states to develop a consumer society comparable to those in the West, had almost eliminated the deep-seated antagonism to capitalism that had existed previously. Other political parties, such as those committed to Christian and conservative values, which in the past had not been major proponents of capitalism, discovered its virtues too. Thus, gradually but constantly, at varying speeds depending on differing political conjunctures and, above all, on electoral vicissitudes, the parties of the left dropped all their radical anti-capitalist symbols. This process, generally referred to as revisionism, accelerated in the late 1950s with the German SPD Bad Godesberg Congress culminating with Tony Blair's New Labour in 1997. By then free untrammelled market capitalism had established itself as a major ideological strand in European politics to an extent unparalleled in the past when, especially in Catholic Europe (Spain, Portugal, Italy, Austria and southern Germany), the leading non-socialist ideologies had always had a traditionalist form (Christian democracy), a national-popular one (Gaullism), or an authoritarian-populist one (fascism). Even in protestant Nordic countries, where the agrarian parties actively cooperated in the establishment of social-democratic hegemony, neo-liberalism acquired a significant position. In Britain - the original home of laissez-faire ideology - free market liberalism gained a dominant position during the 1980s.

The global downturn that followed the credit crunch of 2007–08 has been greeted as a fundamental defeat for neo-liberalism, but it is unlikely that this defeat will be more than temporary unless supra-national forms of regulation can be established, which is a somewhat remote prospect given that the world is still a world of nation-states and no world power is strong enough to impose its will.

The difficulty facing those who still call themselves socialist is that, while they need capitalism and the economic growth and prosperity it can generate, capitalism does not need them. Capitalist societies can be organized in an economically sustainable way by offering only minimal protection to some marginal groups (the USA) or by devolving welfare activities to organizations of civil society such as large firms, families and social groups (Japan). Moreover, socialist leaders and followers are increasingly reluctant to identify with the term socialism. No ideology can survive for long if its followers are embarrassed to identify themselves with it.

The task of defending what I and others have called the 'European social model' – an appellation that serves a purpose even though each European states has its own 'model' – is all that remains of the social democratic agenda. How far this largely defensive action can go will depend on how the global crisis, which started in 2007–08, will develop. It will also depend on the longer term effect of the shift of manufacturing outside Europe, principally to China.