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.
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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-
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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
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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...
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even within the economy and certainly on the need for other criteria for social policy and public services.

The transformation of the state and spatial rescaling in general have posed questions for the social democratic project, root as it was in the nation-state, although the term ‘globalisation’ has perhaps been stretched too much to be very useful and has doubtless been exaggerated greatly in scope. Global free trade regimes limit the capacity of states to protect vulnerable sectors and jobs. Regulation of capital and corporatist bargaining are more difficult in a world where firms can move location, although whether they actually do so is an empirical question. As states, regions and localities compete to attract footloose investment there is a danger of a race to the bottom in the form of reduced taxes (and therefore fewer public services) and lax regulation. In Ireland, the maintenance of a low rate of corporation tax has become a national shibboleth supported even on the left, so that working people have to shoulder the burden of a crisis not of their making. The centrepiece of the European integration project is the single market for goods, services, capital and labour, but without the social counterpart that emerged to manage the disruptive effects of the creation of national markets. There is a project for a social Europe but it lags well behind the project of economic Europe. The dogmatic way in which European competition law has been interpreted by the Commission and the European Court of Justice means that national social regulations risk being undermined.

It is now recognised that the welfare state itself has often created new patterns of winners and losers. Especially where it was designed around the model of the male breadwinner, it does not always address new social needs. It has proved difficult to reform as existing beneficiaries have resisted change. So expensive programmes for older people are maintained at a time when age in itself is a poor indicator of need, at least partly because older people vote more than younger ones. Restrictive labour market regulation gives rise to a secondary or unofficial labour market of people with little social protection while trade unions and social democratic parties risk representing only the labour market insiders. Migration has challenged the boundaries of welfare regimes tied to citizenship and created new divisions among the workforce.

One consequence of all this is the rise of new movements and parties challenging social democracy. Some have been to the left of social democracy but these have remained largely on the fringe. Green parties have made significant advances in some places and have forced social democratic parties to take on their concerns, creating some tension with elements within the social democratic coalition. The most serious threat, however, comes from the populist right, with its simplistic appeals to an imagined community of insiders, threatened by a combination in which foreigners, capitalism, social democracy, multiculturalism, Europe and globalisation can be presented as a single danger. Migration and law and order, rhetorically connected in populist discourse,
represent points of particular vulnerability for social democrats. The populist right, meanwhile, has embraced the welfare state, although defining the community so as to exclude incomers.

The issues

The book addresses the predicament of social democracy in Europe from a number of perspectives. We are interested in where social democracy is, how it can move on from here and what it should do to revive itself. Our interests are thus both analytical and normative. The idea is not to provide a manifesto or political programme, but to assess social democracy as a political project and show how its advances can be maintained and continued. The first question concerns the electoral fortunes of social democratic parties, whether they are in decline or whether we are seeing a trendless fluctuation. A related issue is the social basis for social democratic parties and whether it is stable, shifting or in decline. The demise of the old industrial working class need not be fatal if social democratic parties can establish a foothold in expanding social sectors, allying them with its traditional base. After all, social democratic parties have never simply been ‘labour’ parties despite what that term might imply. There is an important question of strategy here, in the way leaders are able to put together a broad appeal, aggregate different strands of progressive policy and face competition from new political parties and social movements.

We are interested in the social democratic programme, or rather the various programmes being presented by social democratic movements. This is not just a list of policies but rather a strategy linking the economic, social, environmental and cultural spheres, underpinned by a set of distinctive values. Different social democratic movements will have different syntheses which, in different contexts, have varying degrees of success. It is not possible simply to transplant experience from one context to another, but there is much scope for learning what works, how it does so, and why. We are also interested in thinking about the way forward, and how social democratic parties can escape from the various traps in which they currently find themselves.

More specifically, we are interested in the scope for government in regulating and steering the economy. How footloose are multinational firms in practice and can they be anchored more effectively by social democratic regimes and therefore drawn back into social compromise? Is Keynesian economic management (including the real Keynes and not just the vulgar version) unsustainable, or is this just a tale told by anti-Keynesians? Here there is a need to challenge what has become received wisdom. For example, the collapse of Keynesianism is often marked by the failure of the Mitterrand experiment in 1981–3, although France’s trade deficit at the time was much less than that in the contemporary UK under Thatcher and both budget and trade deficits were
worse under the contemporary Reagan administration in the USA. We suspect that in recent decades there may have been a lot of Keynesianism practised under the rhetorical umbrella of monetarist orthodoxy (in the USA in the late 1980s and the UK after 1992). What new instruments are available to social democrats for economic management?

Social democracy has traditionally been seen as a way of dealing with capitalism but which variety? For example, these can have a long-term or short-term focus; based on share value or firm growth; individualist or cooperative; domestic or transnational; corporatist or neo-liberal. Some appear to be more compatible with social democracy than others. Simply to characterise the ‘Anglo-Saxon’ variety as the only or indeed the dominant form of capitalism is inaccurate.

Then there is the welfare state. Arguably, welfare states need to be restructured, but this does not necessarily mean retrenchment or loss of universality. On the contrary, reform can make welfare states more redistributive and inclusive and even save money in the process, particularly where better-off groups have been able to use their political power to gain advantage, or where public services have been used for political patronage. Tackling the issue, however, is notoriously difficult for technical as well as political reasons; and short-term losers often need to be compensated, making reform expensive. There has been a widespread move to link welfare states to labour market policies and thus to economic management more generally, but this too is notoriously difficult for parties of both right and left. Traditional social democracy was able to make the claim to be both economically more efficient and socially more just; can this be repeated, or has its historical moment passed? There is also the question of taxation, and how it can be made more progressive and linked with the welfare state as well as economic growth considerations. Anti-tax movements in many countries have prevented a rational debate about taxation and fostered an assumption against progressive taxation even among some people who would benefit from it.

European integration has in many ways provided benign conditions for social democracy, by securing economic growth, containing the nationalism which produced two world wars, and sustaining distinct European forms of capitalism, but, as noted above, it also poses some dangers to the European welfare settlement. In the face of populist right-wing parties preaching a return to national solidarity, linked to xenophobia and ethnic nationalism, social democrats need to rethink their strategy at the European level to ensure that there is a social counterpart to the single market. The eurozone crisis has posed the question of whether economic integration is going to move forward towards greater political union, or regress to national protectionism. Europe may also threaten national social settlements, if the competition element of the project is allowed to dominate over the idea of a more social Europe.
Diminishing economic insecurity, migration and Europe have been linked by the populist right as the basis for a new security discourse aimed at those sectors most under threat, often the core of the social democratic vote. It is therefore important that social democratic parties have an alternative security prospectus that is both effective and convincing.

Social democracy is not just a set of policies or even a programme for government. It is also a political movement. It has been borne by political parties and trade unions, two types of movement which are in decline. It may be argued that parties of all persuasions are in decline, as measured by membership or voting for the traditional parties. This is, however, a greater concern for social democrats, who are interested in using public power to achieve social change, than for neo-liberals whose aim is the depoliticisation of the economy. Similarly, trade unions are not the only collective bodies to be losing members but they are important for social democrats. New social movements have incorporated parts of the social democratic agenda but they are less linked to political power, are often less organised and their members less committed. Social democratic parties have, of course, never relied purely on the organised working class and have always incorporated other progressive interests, but their ability to do so is perhaps reduced by the competition from single-issue groups.

Social democracy has often been associated with a strong and centralised state as the vehicle for social and economic change but it also contains localist traditions, which are being rediscovered in the twenty-first century. Social democratic parties have been successful at the sub-state level in France, Italy, Germany and the United Kingdom, although to some extent this is due to the very fact that they are not in office at the state level. This has given social democrats an opportunity to think of new instruments and strategies of social change and for new alliances with social movements, notably environmental movements and green parties.

The economic crisis that broke in 2008 might have been expected to cast doubts on the model of deregulated finance capitalism that had dominated the Western world in recent decades, and for a short while there did appear to be a return to the powerful state and a form of Keynesianism. It was not long, however, before orthodoxy reinserted itself both within states and in international organisations. This cannot be explained by relative success of deregulated capitalism or by any law of necessity. It must, rather, be down to the failure of social democrats to offer a plausible alternative. In some cases (notably the United Kingdom) they had relied on an over-expanded finance sector to provide the money for expanded public services. More widely, there has been an intellectual failure to think through the bases of a renewed social democracy for contemporary society. At root, we would argue, the problem is one of ideas and politics, rather than of ineluctable economic necessities.
The chapters

The first section of the book examines the performance of social democracy in Europe. Donald Sassoon presents a historical overview, showing that crises are a recurrent feature of capitalism which have often been misinterpreted as harbingers of radical change. The Long Depression of the late nineteenth century did not bring down capitalism but did lead to social reforms. The inter-war Depression led social democrats to accept a new compromise with capitalism, leading to the reformist programme of macro-management of the capitalist economy, of welfare regulation, state interventionism, and the Keynesian welfare state of the post-war era. David McCrone and Michael Keating look at the performance of social democratic parties in Western Europe and find a pattern of steady, if uneven, decline. It may be that this is true of all mainstream political parties, but that is scarce consolation for a movement committed to long-term, progressive change.

Milada Vachudova finds that social democracy in Central and Eastern Europe has not enjoyed the success expected of it since the transition to democracy and examines the reasons for this. On the other hand, she expects social democratic parties to do well in the future in the face of the weakness of right-wing and green parties. David Heald examines social democratic policies on public expenditure, disentangling the various purposes and instruments. High public spending is not in itself a sign of social democracy and Heald argues that a defence of public expenditure requires a hard-headed analysis of its economic and social impact.

The following chapters look at ‘classical’ social democracy, that is, the combination of economic and social policies that underpin the best-known social democratic experiments. The Nordic countries inevitably feature strongly here. Indeed, Bo Rothstein and Sven Steinmo suggest that it is only they who can claim to be truly social democratic. The secret is universalism in social provision, binding citizens into the collectivity, but an increasingly pragmatic attitude to how services are delivered. This is combined with economic flexibility and a willingness to let old industries go under. Henry Milner takes a similar line on the success of the Nordic model, but emphasises cultural factors or ‘civic literacy’ that have encouraged citizens to accept that collective solutions are in their individual interests. Neither chapter sees the social democratic model as being in terminal decline, although Milner does detect strains and problems. Susi Meret and Birte Siim take a less optimistic view, showing how right-populist and anti-immigration parties have exploited weaknesses in the Nordic model and appropriated defence of the welfare state and even gender equality in order to undermine the social democratic appeal.

Three chapters on political economy follow, linking the management of capitalism, labour market policy and welfare, a nexus central to the social democratic project. Martin Rhodes surveys contrasting models of political
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economy and social democratic efforts to reform labour markets and welfare states. The paradoxical conclusion is that social democratic parties have lost less electorally in countries where welfare states have been weaker and labour markets less regulated – the liberal welfare state countries. The severest challenges are faced by those social democratic parties that, historically, were builders or co-builders of large, highly decommodifying welfare states, as in the Nordic and continental-conservative countries. In Germany, social democrats have lost votes to the Greens and the Left Party, while in the Nordic countries they have been outflanked by the mainstream conservatives, while losing to the populist right, both of whom have embraced welfarism.

Colin Crouch argues that it is increasingly difficult to maintain the old social democratic synthesis, as the globalisation of the economy, the decline of the organised industrial working class, and the growing dominance of neo-liberal ideas have been shifting the balance of power against those forces on which social democracy depended. ‘Third Way’ social democracy responded by no longer regarding capitalism and corporate power as problematic and reshaping their programme around them. Such a stance involved overlooking several major problems, however, notably the power of the business corporation, which has reached deeply into public services and is not necessarily to be identified with the free market. Crouch argues that the corporation must be regulated and advocates the ‘social investment welfare state’ as an alternative formula. He also believes that, given the weakness of political parties, social movements may be a better way to realise social democratic goals, confronting corporate power directly.

Ulrich Hilpert and Desmond Hickie address the difficulties for social democratic economic policy following the demise of national Keynesianism and the challenge of industrial competition from Asia. These difficulties have been compounded by neo-liberal policies in Europe. They argue that a new social democratic settlement can be forged based on labour and employment, focused on high-value industries, education and research. Using high skills and education, labour can play a critical part in delivering economic prosperity and social welfare in modern societies. There is room for social democratic policy, but it needs a flexibility of design that reflects the flexibility shown by high-technology workers, businesses and the modern industries and regionalised economies in which they work.

Yves Mény shows how European integration has come to be defined largely as a market-making mechanism, with social compensation for market losers left to national governments. Their ability to respond is increasingly constrained by single market regulations zealously enforced by the European Court of Justice. Yet the resulting divorce between economy and society is unsustainable in the long run, calling for a political response if the welfare settlement is to be preserved.

Social democracy has often been associated with liberal security policies or
penal welfarism. Such approaches are, as Neil Walker shows, more difficult to sustain in the face of populism and a culture of security that tends to reject the economic and communitarian solutions of social democracy on grounds both of pragmatism and of morality. A social democratic security policy needs to address this issue.

For much of the twentieth century, social democracy was associated with a strong and centralised state, able to wield the levers of power for progressive aims. Yet earlier traditions were often local and regional. State transformation and rescaling have removed from the nation-state many of the instruments for social and economic management, while decentralisation has vested significant powers at local and regional levels. Social and economic struggles take place at a variety of spatial scales. Michael Keating looks at how social democracy and social democratic compromises can develop at the sub-state level.

In conclusion, David McCrone and Michael Keating draw together the strands of the various arguments. They argue that social democracy has a future but that it needs to undertake serious rethinking both about policies and about politics. The current crisis of finance capital provides a historic opportunity to do this.
Two forms of social order died in our big Europe during the years after about 1980: the Communist system embedded in the fifty-year continental order of the Cold War, but also the regulated, social democratic welfare order developed in the nations of Western Europe after 1945. One of these deaths should gladden the soul. But the second should trouble it. (Ascherson 2012: 17)

Is social democracy dead? Or, rather, as Neal Ascherson formulates it, is ‘the regulated, social democratic welfare order’ dead? Readers will possibly have reached their own conclusion, as well as their assessment as to whether it is the more troubling death, if death it is. Our own view is that it is possibly more complicated than that, dependent, as it is, on what we mean by ‘social democracy’ and, crucially, the health or otherwise of its political carriers. History should make us wary of jumping to a conclusion. In this concluding chapter, we will focus on the following key issues: the extent to which social democracy is tied to the changing fortunes of eponymous political parties; what might account for the relative decline in party electoral fortunes; the extent to which social democracy is defined by its social programme, or whether it is more akin to a philosophy or ideology; and finally its prognosis in the post-2008 ‘crisis of capitalism’.

It is easy to fall into the trap of assuming that social democracy is time-bound, and in particular was inextricably linked to Trente Glorieuses. After all, with the exception of the Nordic countries – and even there it was not straightforward – social democratic parties were more out of government than in. Yet social democratic ideas on social welfare and management of the economy were pervasive, and widely shared by Christian democrats, conservatives and progressive liberals. These include state ownership; a commitment to the redistribution of income and wealth; social welfare and social security;
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economic Keynesianism; labour and employment law; equality of educational opportunities; and, later on, multiculturalism and ‘diversity’; gender equality; environmentalism. In the 1990s, on the other hand, social democratic parties were in power across much of Europe but social democratic ideas were in retreat. We therefore need to distinguish between the fate and the future of social democratic parties of the familiar type, and social democracy as a broader project.

There is no shortage of accounts seeking to explain the decline of social democratic parties (for example, Cronin et al. 2011; Meyer and Rutherford 2012). Most of these focus on ‘supply side’ factors such as that electorates no longer find such parties attractive. Thus, the changing shape of the class structure, and in particular the relative decline of an organised manual working class, might seem an obvious factor in eroding support for social democratic parties. The problem with that explanation is that there never was a strong and straightforward association between class and politics in most Western democracies. There were too many regional and cultural (notably religious) variations in play to make that possible. In any case, the heyday of Trente Glorieuses was one in which organised labour did not vote straightforwardly for the centre-left. Neither does the ‘end of class’ thesis square with rising levels of social inequalities in many Western democracies. Social class may have changed its shape but it has not disappeared. In any case, social democracy in practice was based on a variety of social forces, differing from one country to another.

The second, and related, explanation for social democratic electoral decline focuses on changing attitudes and values. The electorate has supposedly become less solidaristic, more individualistic and ‘right-wing’. This is more easily asserted than proven. In the UK, for example, the success of Mrs Thatcher’s Conservatives was in spite of, rather than because of, the steadfastly centrist, even social democratic, views of the electorate (Heath et al. 1994, 2001). Much more had to do with the perceived economic competence, or lack of it, of contending parties, and far less with supposed ‘post-materialist values’ (Inglehart 1990) generated among electorates.

Finally, there are explanations based in the hegemony of ‘globalisation’ and globalised markets, with their particular impacts on the role of the state (see, for example, Cronin et al. 2011: 7). Such explanations seem to us to explain too much as well as too little to account for the changing fortunes of Western European social democratic parties. Much depends on how individual states decide to address global issues, and the contrasts between ‘Anglo-American’ and continental European are too great to be explained by a single set of processes.

So there seems to us too much variation in the success and failure of social democratic parties in Western Europe to give credence to any straightforward explanation by ‘supply side’ factors. Nor can we claim that the demand for
social democracy has disappeared, as seemed likely a few years ago, given the continued existence of social inequality and deprivation.

Perhaps social democracy should be seen as a philosophy rather than a set of parties, a narrative, a projet which sits comfortably and naturally on the centre-left. It does not cease to be ‘social democratic’ if certain elements are missing and can adapt over time. Pre-eminently, social democracy implies a commitment to social equality, or at least reducing inequalities of life chances; of opportunities rather than outcomes. Once more, flatter systems of social inequality as in the Nordic countries are a condition for, as well as a creation of, social democracy. The sentiment that one can be ‘intensely relaxed about people getting filthy rich as long as they pay their taxes’, as the New Labour politician Peter Mandelson commented in 1998, is not one which sits easily in a social democratic politics.¹

Social democracy also rejects the idea that greater equality necessarily comes at the expense of economic performance or, indeed, that the economic and social spheres can so easily be distinguished. The chapters in this volume by Rhodes, Crouch, and Hilpert and Hickie show that social democracy is, and must be, both a social and an economic project, an idea that seems to have been lost some time in the 1990s. The commitment to social justice while improving life chances and economic performance in social democracies leads to an emphasis on the role of education and training, both instrumentally and as a feature of the good society. Western societies (most successfully in the Nordic countries and in Germany) can only hope to compete if they have well-educated and skilled labour forces. They will lose if they enter a race to the bottom. Universalism plays a role here, in binding everyone into the project and creating a virtuous circle of improved economic performance and social cohesion, as the chapters on the Nordic cases demonstrate.

Social democracy has historically assigned an important role to the state as an agent of social change. This need not, indeed does not, imply state ownership of the means of production so much as an interventionist role in managing capitalism, setting the ground rules, managing the framework. Social democratic belief in the benign potential of the state has too easily been caricatured as paternalistic, inefficient and expensive, but the disasters of unregulated markets in recent years, not to mention the growth of unaccountable corporate power (as noted by Crouch), now show the state in a better light and remind us of the need for proper regulation, the latter concern shared also by thoughtful conservatives and liberals.

One weakness in traditional social democracy has been the assumption that the state necessarily equals the ‘nation-state’. As Keynesianism in one state becomes impossible, social democrats have looked to Europe for the creation of a regulated market, but, as Mény shows, the European Union we have contains a structural bias in favour of market competition and its expansion into areas formerly considered the realm of social policy. The entrenchment
Conclusion

of monetarist doctrine in successive stability and fiscal pacts is exacerbating this problem, while European social democratic parties fail to come together to address it. The distancing of Nordic and British social democrats from the core European project merely weakens social democracy as a whole. Similarly, social democrats have yet to address the rescaling of public policy below the nation-state and the challenges of multiculturalism, as noted by Keating and by Meret and Siim. There is as yet little willingness to accept and develop difference and divergence across the state in benefits and life-style outcomes. Social democracy’s struggles in dealing with ‘multiculturalism’ and diversity (see Meret and Siim) have allowed it sometimes to be outflanked by the extreme right in competing for working-class votes.

Of course, the state, at whatever level, is not and cannot be the only vehicle for social democracy. Growing an active and rich civil society between ‘state’ and ‘market’ is more likely to guarantee not only personal liberty but also social justice. A concern with the quality of life extends social democracy into the realm of environmental politics, and makes it a more congenial bedfellow for green politics and parties. Not for nothing is it more common to find electoral alliances, formal and informal, between social democrats (rather than centre-right parties) and greens. Social democracy is predicated on the idea of a public domain that is not reducible to the market or to the state and a broader public interest not reducible to the sum of individual interests. This takes us into Milner’s concept of civic literacy, based on an understanding that our own interests are often also the common ones (which is not to deny that there are also differences of interest). Given the decline of political parties as vehicles for public education and mass mobilisation, it may be, as Crouch argues, that new social movements in civil society will play the larger role here.

What is the prognosis for social democracy in the second decade of the twenty-first century? Sassoon shows that economic crises in capitalism do not automatically work to the benefit of social democracy. Social democrats have had to make and seize opportunities, forging new policies to update their core values and forging social alliances, at one time with advanced liberals and later with greens, feminists, new leftists and territorial movements. Where, as in the UK, the electoral line was crossed such that social democracy gave way to social liberalism, the centre-left lost power. Where, as in the Nordic countries, social democrats tried to reconcile social justice, individual liberty and economic efficiency (Pierson 2001), they were much more electorally successful, if nowhere near the levels reached in the post-war period. What we have is a variety of social democratic models rather than a single one. As Alfred Pfaller pointed out, ‘ultimately, it is social democracy that matters, not Social Democracy’ (Pfaller 2009: 20).

The post-2008 crisis of capitalism, brought on by the banking crisis, provides the context and challenge for social democracy. What Colin Crouch has called ‘the strange non-death of neoliberalism’ (2011) signals that the return of
social democracy is by no means certain. It remains to be seen how the reaction to ‘austerity politics’ in Western Europe will express itself, for shifts to the radical right or left are possible, as well as government from the centre. The challenge for social democracy is to be a key part of Europe’s future rather than an episode of its history.

**Note**

1. Out of office in 2012, Mandelson subsequently described his remarks as ‘spontaneous and unthoughtful’ (<http://www.guardian.co.uk/politics/2012/jan/26/mandelson-people-getting-filthy-rich> (last accessed 6 March 2013)), but the comment came to stand for New Labour’s break with its social democratic past.