Can social democracy be reinvented?

Social democracy in terms of democratic politics (of various parties and movements) to combine equity and sustainable growth is hard-pressed. In the South, market driven global development comes with more inequality and conflicts; combined with authoritarian rule or elitist democracy. In the North, this contributes to the undermining of politics, making winners less dependent on equitable growth and losers more attracted by ethnic nationalism. Social democracy does not seem to be a viable alternative. Is it losing out? Concerned scholars on Scandinavia and India are now publishing a joint book that for the first time discusses if social democracy can be reinvented by comparing the North and the South.

Nobody wanted to trade Nordic Models. As legendary Indonesianist Benedict Anderson, who said he could only write his path breaking book on nationalism (Imagined Communities) when he was expelled by Suharto and began to ask fresh questions from his exile in Thailand, we were in search of new perspectives. Scholars of progressive development in Kerala and the introduction of social rights during the Indian centre-left government 2004-14 were interested in new insights. And those studying the conditions for social democracy in Scandinavia were in need of revealing quires from outside. Initially, therefore, we specified the universal processes that constitute social democratic development in both the North and the South: (i) democratic political collectivities based on broad popular interests; (ii) democratic linkages between state and society; (iii) equal civil, political and social rights in society and working life; and (iv) social growth pacts between capital and labour, and self-employed in primary sectors. Thereafter we analysed Indian experiences in these respects by asking questions with Scandinavian history in mind, and vice versa. What are the results?

Today’s Scandinavian model rests with remnants of the social pacts in the 1930s between employers and unions, in tandem with social democratic led governments. The pacts fostered economic growth, full employment and extensive welfare reforms by way of collective agreements (including on wage compression) and representation of the main interest organisations in public governance and administration. Our first conclusion, however, is that although this old development strategy remains tenable it is now missing a crucial pillar. The model presupposed comprehensive industrial development with a strong and relatively homogeneous labour movement that could enforce pacts with well-organised employers who focused on modernisation and accepted a welfare state in order to gain cooperation and international competitiveness. Scandinavia has changed. And even if there is swift industrialisation in countries like India, only 10% of India’s labour force has regular employment in the formal sector. The huge majority of people is temporarily and informally employed, or belong to the impoverished self-employed or educated freelances that are exposed to precarious conditions.

Yet, social democratic development is not passé. The remaining arguments are that the conditions can be improved by transformative politics. The second conclusion is that the history of the other intrinsic dimensions of social democracy remains instructive. The successful Swedish anti-corruption reforms during the 1800th century, for example, presupposed active and locally rooted citizenship. Statist decisions were important but not enough. This kind of citizenship, says the leading Indian expert, is now much needed in his country too. Moreover, it was necessary in Scandinavia to scale up poverty relief in
municipalities and through civil societies to universal state welfare programmes, when agricultural communities could not take care of all the new labourers and associations and unions could not assist all the vulnerable people. In the South today, attempts at local citizenship and self-help (such as through participatory budgeting) must also be related to universal welfare systems and social rights. Otherwise, it is impossible to fight the abuse of power at the central level (as in Brazil), put up a fight on next to global labour markets, and provide alternatives to private insurances for the rich and authoritarian and religious charity to the poor. Similarly, much of the unique Scandinavian trust in universal state and municipality programmes rest with representation of the interest organisations in public policy making and administration. In the South, this is an unresolved issue, neglected by authoritarian rulers as well as populists and liberal democrats. Most importantly: not even the strong Scandinavian labour movement was able to win elections and implement reforms on its own, even when women became increasingly active. There was a need for broad alliances with the farmers (about welfare for all and protection against displacement) and later on with the middle classes (about welfare and education). Also, this contained fascism and national-socialism. In the South, the divisive class structure and organisation makes alliances even more important.

It is true that such transformative politics were insufficient conditions to foster equitable growth. As we drew attention to in the first conclusion, comprehensive industrialisation, strong labour movement and powerful modernisation-oriented employers that allowed for social pacts were also necessary. And today, much of that is not at hand, especially in countries like India. However, our third conclusion is that the uneven development generates new contradictions that open up for the renewal of social democracy through alternative sequencing. While the extensive welfare state in the North grew out of the social pacts, priority in the South should be given to struggle for public welfare, social rights and decent work already before growth pacts are feasible. This is certainly because ordinary people must be strengthened and protected against the uneven development. But it is also because demands for universal welfare reforms and labour rights may foster the joint actions that are needed if permanent and informally employed labourers and professionals as well as the self-employed poor shall ever be able to come together and negotiate fair inclusive development with state and business. To promote joint organisation, then, and to contain corruption of the public services fought for, demands for representation of democratic interest organisations, beyond liberal democratic institutions and populism, are also needed ahead of growth pacts.

This is not impossible. The outstanding struggle in Kerala already in the early 20th century against colonial, feudal and religious repression and exploitation was based exactly on broad alliances for equal civil, political and social rights, while more recent problems are related to political factionalism. The local but also central efforts in India during the past three decades at civil and social rights are also indicative of what is possible to achieve, even though they have rarely been related to alternative economic development. Also, the national reforms have been top-down oriented and possible to defy by the new government. Moreover, while the populist AAP-party in New Delhi carries along many problems, its landslide victory in 2015 testified to the potential of broadening anti-corruption campaigns from focusing on major crooks to also fight undemocratic governance and the abuse of welfare and services for ordinary people. Finally, informal sectors workers begin to organise behind demands for public welfare, decent work conditions and representation in negotiations. And reports from other countries show that ordinary unions too need to engage in similar issues, to prevent competition from low paid unorganised labour. Conversely, serious defeats have occurred when unions have ignored informal sector labourers, as in West Bengal and South Africa.
The final conclusion is that it should be in enlightened Scandinavian interest to foster such attempts. This is because they are the precondition for social pacts towards fair inclusive development—which in turn may expand the export markets based on increased demands for products that are important for ordinary people and environmental protection. Norway’s ability to sustain ‘social democracy in one country’ thanks to extremely favourable terms of trade is exceptional and may be reduced with lower oil prices. In any case, more fair development would also reduce unemployment, conflicts and streams of refugees. Unions’ engagement in corporate responsibilities and the Swedish-led introduction with Nordic social democrats and the ILO of a ‘Global Deal’ are therefore positive. But such agreements must be accompanied by support to local actors who can come together and enforce them. And more sectors than industry and the permanently employed must be included in dialogues and interest-based representation. The number of temporarily employed labourers, the vulnerable self-employed and the precariat among the professionals increase rapidly. Besides, they all need to be included if it shall ever be possible to also build alternative parties and better liberal democracy. This should be the bottom line in social democratic development and democracy support.

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