Can social democracy be reinvented?

Now it has been confirmed in the United States that large numbers of people are drawn to support right wing populist nationalism in the Global North as well as the South. Social democratic politics that aims to combine equity and sustainable growth is in retreat. Are there any ways ahead? Bernie Sanders’ proposition to modernise Roosevelt’s New Deal and Johnson’s Great Society may work in the integrated US economy, but do not seem to be viable for the fragmented European Union. Social democrats in export driven Scandinavia suggest a Global Deal on decent work and inclusive and sustainable growth, inspired by the Nordic Model. And activists in the South add social rights and impartial public administration in particular. But do such priorities add up and are they realistic? For the first time, concerned scholars who focus on Scandinavia and India have published a jointly authored book that discusses whether social democracy can be reinvented, by comparing the North and the South.

We are not in the business of promoting a Nordic Model. As legendary Indonesianist Benedict Anderson, who said he could only write his path-breaking book on nationalism (Imagined Communities) because he was expelled by Suharto and therefore began to ask new questions from his exile in Thailand, we are instead in search of fresh perspectives. Scholars of progressive development in the Indian state of Kerala and some of those who were active in the introduction of social rights during the national centre-left government of 2004-14 were interested in new insights. And students of the conditions for social democracy in Scandinavia were interested in probing questions from outside. So initially we specified the universal processes that drive social democratic development in both the North and the South: the formation (i) of democratic political collectivities based on broad popular interests; and (ii) of democratic linkages between state and society; (iii) the establishment of equal civil, political and social rights in society and working life; and (iv) negotiation of social growth pacts between capital and labour, and those 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?

The Scandinavian model is rooted in the social pacts of the 1930s between employers and unions. The pacts fostered economic growth, full employment and extensive welfare reforms by way of national collective agreements and representation of the main interest organisations in public governance and administration. Our first conclusion, however, is that although this development strategy remains tenable, a crucial pillar is missing. The model presupposed comprehensive industrial development with a strong labour movement within which a majority were interested in holding back the top wages and in increasing the lowest. This was attractive for many of the well-organised employers, too, as they wanted stability and productive welfare state measures so as to reduce conflicts and promote modernisation and international competitiveness. But Scandinavia has changed. And even if there is rapid industrialisation in countries like India, less than ten per cent of its labour force has regular employment in the formal sector. To some extent in the North but especially in the South, the huge majority of people are temporarily and informally employed, or belong to the impoverished self-employed or are educated freelance workers who are exposed to precarious conditions. Yet, our remaining arguments are that in the absence of the big battalions of organised labour, democratic political collectivities based on broad popular interests can be fostered by transformative politics.
The second conclusion is that the history of the other three intrinsic dimensions of social democracy remains instructive. The successful Swedish anti-corruption reforms during the 19th century, for example, presupposed active and locally rooted citizenship. State decisions were important but insufficient in themselves. This kind of citizenship, says the leading Indian expert now, is 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 contain the abuse of power at the central level (as in Brazil), put up a fight in global labour markets, and provide alternatives to private insurance for the rich people, and authoritarian and religious charity for the poor. Similarly, much of the unique Scandinavian trust in universal state and municipality programmes is based on the representation of interest organisations in public policy making and administration. In the South, this is an unresolved issue, neglected by authoritarian rulers as well as by 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). In fact, this also contained fascism and national socialism. In the South, the divisive class structure and organisation makes alliances even more important.

It is true that while such transformative politics were necessary they were insufficient to foster equitable growth. As we drew attention to in the first conclusion, comprehensive industrialisation, a strong labour movement that was supportive of wage compression, and powerful employers whose commitment to modernisation allowed for social pacts, were also required. And today, much of this is not at hand in the North, and even less so in countries like India. Yet, our third conclusion is that uneven development generates new contradictions that open up a space for the renewal of social democracy through an alternative sequencing of its basic pillars. While the extensive welfare state in the North grew out of the social pacts, priority in the South, in particular, should now be given to struggles for public welfare, social rights and decent work before such growth pacts become feasible. This is certainly because ordinary people need to be protected against the effects of uneven development. But it is also because demands for universal welfare reforms and labour rights may foster the joint actions that are needed, if both permanent and informally employed labourers, and both professionals and the self-employed are to come together in an alliance that can negotiate pacts on fair inclusive development with state and business. Further, as such counter movements and policies are held back by corruption in public services as well as by divisive liberal democratisation and by populist leaders, demands for representation of democratic interest organisations are also needed for broad alliances and growth pacts to become feasible.

The institutionalisation of such counter movements in the South may not be impossible! Kerala’s outstanding struggle 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, over the past three decades, at establishing civil and social rights are also indicative of what is possible to achieve, even though they have rarely been related to alternative economic development. The national reforms have been driven from the top-down
and may be undone by the new government. Moreover, while the populist AAP-party in New Delhi is embroiled in many problems, its landslide victory in 2015 testified to the potential of broadening anti-corruption campaigns from focusing on major crooks to also fighting undemocratic governance and the abuse of welfare and other services for ordinary people. Finally, informally employed 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 actors’ interest in countries like Sweden to foster such attempts at social democracy in the South because they are the precondition for social pacts towards fair inclusive development. And fair inclusive development may in turn expand Swedish export markets, as there will be increased demands for products that are important for ordinary people and environmental protection. Norway has been less focused on self-interest in this sense, given its ability to sustain ‘social democracy in one country’ through extremely favourable terms of trade. But this is exceptional and may be reduced with lower oil prices. In any case, countries like both Sweden and Norway would also benefit from less unfair development in the South as it would help reduce unemployment, conflicts and streams of refugees.

The engagement of unions as partners in corporate responsibilities, and the Swedish-led introduction by social democrats and the ILO of a ‘Global Deal’ on decent work and inclusive and sustainable growth, are therefore positive. But such agreements must be accompanied by provision of support to local actors who can come together and enforce them. And more sectors than those with regularly employed labourers and professionals must be included in dialogues and interest-based representation, given that the number of temporarily employed labourers, the vulnerable self-employed and the precariat among the professionals increase rapidly, especially in the South. In fact, these principles should also be the bottom line in social democratic democracy support, as broad counter movements and interest-based representation are fundamental preconditions for alternative parties and the improvement of flawed democracies.

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