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A losing game? Social democracy's trial by ordeal

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Books | Centre-left parties are struggling everywhere. Can they adapt?

Right:

Third Way days: Britain's chancellor of the exchequer Gordon Brown (right), shown with prime minister Tony Blair, acknowledges the audience's applause after delivering his keynote speech at the 2006 Labour Party conference in Manchester. Kirsty Wigglesworth/AP Photo



Why the Left Loses: The Decline of the Centre-Left in Comparative Perspective

Edited by Rob Manwaring and Paul Kennedy | Policy Press | \$59.99 | 240 pages

The so-called Anna Karenina principle may well apply to political parties of the centre left: happy social democratic parties are all alike; every unhappy social democratic party is unhappy in its own way.

Social democratic or socialist parties emerged in the second half of the nineteenth century as a political expression of working-class interests, identity and culture. They were influenced, to a greater or lesser extent, by Marxism. Many, although not all, were affiliated with the Second International, an organisation of socialist and labour parties founded in 1889. Socialist or social-democratic platforms usually contained a mixture of industrial and political demands. Some parties — such as those in Sweden, Norway, Britain and Australia — had formal trade union affiliates. We usually call these labour parties.

Social democratic parties were divided between revolutionaries — notably the Bolsheviks who formed a wing of the Russian Social Democrats — and those committed to an evolutionary and constitutional road. The differences between these two strategies were especially sharp in the years after the Russian Revolution of 1917. In Germany, struggles between communists and social democrats helped give the Nazis their chance to seize power in 1933. In other Western countries, too, large communist parties competed successfully for working-class support with moderate socialists or social democrats into the 1980s.

Social democracy's golden age is usually considered the period of the economic boom that followed the second world war. Its promised land was Europe. Social democratic parties didn't rule for long periods in every instance, but the policies associated with social democracy, such as the mixed economy and the welfare state, came into their own. During these decades — which Eric Hobsbawm calls capitalism's "golden age" — inequality declined in Western countries and ordinary people could enjoy a level of material comfort, economic stability and personal security that stood in stark contrast to the world of 1914–1945.

The historian Tony Judt reminded us that this achievement was a product of unusual historical circumstances. The genocides, expulsions and migrations of the second world war and the years immediately before and after created a postwar European order in which states were unusually ethnically homogeneous. Social democratic policies, which depend on high levels of trust, have tended to do best in such societies. While we tend to think of social democracy and the welfare state as benign and generous, Judt wondered whether there might be "something inherently selfish" in them: economic and social rights that were happily extended to citizens could seem an imposition when they were claimed by "outsiders."

This is just one of the issues for social democracy discussed in this timely collection of essays. Mass immigration, more ethnically and religiously diverse communities, and refugee flows are all identified as pressures on social democracy. In reality, of course, these kinds of challenges — along with perhaps the most serious of all, the economic dislocation caused by the global financial crisis — are not a problem only for social democracy. The decline of trust in democracy across the world is undermining established parties of both left and right and, some might add, the stability and legitimacy of democracy itself.

If we are witnessing in phenomena such as Brexit and the election of Donald Trump a global retreat from the liberal rationalist politics that have been taken for granted as the standard model for developed countries since the end of the cold war, social democracy was always likely to be the biggest loser. Of all the mainstream Western political traditions, it had the most faith that the state could be used constructively to promote as well as reconcile the demands of economic growth and social justice within a system of popular consent. If voters are losing their faith in the capacity of state institutions to protect and enhance their wellbeing, and are turning to more expressive forms of political engagement — for instance, to what is often now called "populism" — social democracy has very few weapons at its disposal for countering this challenge. It does not "emote" well.

As several chapters in the book suggest, social democrats themselves must bear a large portion of the blame for their recent decline. The adoption of "Third Way" market-driven politics in Europe in the 1990s — and in Australia and New Zealand a decade earlier — was electorally successful in the short term but disastrous in the medium and long term. As Chris Pierson writes in "The End of Revisionism?" the peace that centre-left parties made with finance capital "bought them a 'one-off' vote bonanza — and, for a time, an economic increment that they were able to spend on expanding public services — but only at the expense of further long-term decline." Pierson quotes Harold Macmillan's comment on the

Thatcher governments' privatisations — he described them as “selling off the family silver,” something you can only do once.

In an Australian context at least, the term “social democracy” isn't a neutral descriptor: rather, it signifies the accommodations that the Labor Party has made with capitalism. More research on this point would be valuable, but my hunch is that “social democracy” was not a term much favoured in and around Labor before the 1990s. A young Bob Carr was ahead of the pack with his 1977 booklet *Social Democracy and Australian Labor*, in which he argued that the party should look more closely at the ideas and achievements of European social democrats. Here as elsewhere, the use of the term represented an effort to carve out a space that was neither an old-fashioned labourism that conjured men in blue singlets and smoke-filled union halls, nor a full-blown socialism that still looked to nationalisation of industry. “Social democracy” was a warm, fuzzy term that, as in its European context, could stretch across the class divide, promising a social order at once more equal and more prosperous, in which no one would lose out.

The embrace of the term by British Labour Party breakaways led by David Owen early in the Thatcher era strengthened the idea that it represented a moderate, cerebral alternative to socialism. Subsequently, labour-movement interest in the Scandinavian social and industrial model also legitimised the idea of “social democracy” as a basis for Labor Party ideology in Australia. In a 1982 essay written for the *Labor Essays* series, Leonie Sandercock distinguished between “social democracy,” a reformism that “poses no threat at all to the fundamental structures of capitalism and all its systemic inequalities,” and “democratic socialism” — her preference — which treated “present reforms as intermediate demands and as a prefiguration of socialism” and rested on economic planning and controls, industrial democracy and an expanding public sector.

The essays in *Why the Left Loses* draw attention to three themes that help explain the ordeals of social democracy in the recent past: institutions, individuals and ideas. There are chapters dealing with the Anglosphere — Britain, Canada, New Zealand and Australia — as well as Germany, Sweden, Spain and France. The pattern of the decline of socialist, social-democratic or labour parties is distinctive to each country, and dependent on a range of local factors.

In Britain, argue Rob Manwaring and Matt Beach, the Labour Party and labour movement no longer constitute “a broad church in terms of social values” but “a handful of disputatious political sects.” The nexus on which the party rests — the relationship between leader, union movement, parliamentary party and rank-and-file — seems “at a critical breaking point.” And while Brexit had underlined the lack of any shared vision of Britain's future among Labour's core constituency, the party has so far been unable to move beyond the paradox of the New Labour legacy. The paradox is that a relatively coherent and electorally successful formula was unable to survive the global financial crisis, and no subsequent Labour leader has been able to build a viable narrative since. The authors, while suggesting that Jeremy Corbyn's radicalism has been exaggerated — that he represents a conservative impulse seeking to

reassert Labour's pre-Blairite social-democratic ideals and policies — also seem sceptical that he can find a way through the party's problems.

In the British case — at least outside Scotland — the challenge to the established centre left has occurred via a struggle for control of the Labour Party that the Corbynites have been winning. Elsewhere, other factors have intervened to ensure that the pressures on social democracy have played out differently. Under Canada's first-past-the-post voting system, as David McGrane's essay reveals, the prevalence of competing parties leaning to the left — the Liberals, the New Democratic Party and the Bloc Québécois — meant that electors who wanted to get rid of the long-serving Conservative government faced a hard choice. In 2015, the result was a turn to the Liberals and a halt to the promising New Democratic Party advance of recent years. Justin Trudeau's charisma combined with a Liberal proposal for deficit financing to produce an attractive mix for voters wanting an alternative to the Conservatives.

The combination of voting system, charismatic leadership and rejection of neoliberalism also helped New Zealand's Jacinda Ardern over the line as a minority government in 2017. NZ Labour's post-Helen Clark ordeals, and their happy ending, are recounted in a chapter by Grant Duncan, whose basic thrust had clearly been determined long before Labour's surprise victory. The left doesn't always lose.

The theme in most of the chapters is that an embrace of the market stored up later problems for social democrats, undermining their efforts since the global financial crisis to argue that the state should be used to reduce inequality. Carol Johnson suggests that this is true of Labor's Hawke-Keating legacy; the failures of Rudd and Gillard become not simply those of leadership but the result of "longer-term ideational and structural dilemmas and problems." One might add that the pattern at the federal level in Australia has generally been for voters to turn to Labor when institutions have seemed to require radical recalibration — the 1940s and the 1980s being obvious instances, and 2007-13 perhaps a peculiar misfire. When the task has been managing prosperity, Australians have been more comfortable with conservative governments.

At the state level, on the other hand, where macroeconomic management is less significant than service delivery, Labor has generally dominated over the past thirty years, and has performed considerably better there than at the federal level since 1910. Rob Manwaring indicates in his chapter on state Labor governments that the particular responsibilities of the sub-national level in Australia — especially in health and education — play to Labor's perceived strengths. Yet the hollowing out of state Labor parties and the over-emphasis on the profile and power of the leader might be undermining Labor's position. Certainly, Labor victories in Victoria and Queensland in the recent past have been narrow compared with the landslides of the Bracks and Beattie eras.

It is in Europe, long social democracy's happy hunting ground, that electoral decline seems most obvious. In Germany, the Social Democratic Party's share of the vote at the 2017 election was a little over a fifth, down from an unimpressive quarter in 2013. Its form of

“executive pragmatism,” argues Uwe Jun, “offers no coherent, centre-left strategic vision” capable of grappling with challenges such as globalisation, migration and technological change. As in the case of Kevin Rudd in Australia and Gordon Brown in Britain, it received no dividend from voters for its finance minister Peer Steinbrück’s success, as part of the grand coalition, in dealing with the global financial crisis. (As I write, it has just been announced that the SPD will again join a grand coalition, provided its rank-and-file votes in favour. But this will only underline the lack of clear differentiation between it and Angela Merkel’s Christian Democrats.)

When social democracy is struggling in Sweden, you know the problem is serious, although the party’s vote there of 31 per cent in the 2014 election was still enough to allow the Social Democrats to form a government. As in Germany and France, though, the Social Democrats are losing traditional supporters to both the centre-right and the far-right. Claes Belfrage and Mikko Kuisma stress the difficulties that financialisation poses to social democracy: “debt-led and asset-based consumption,” home remortgaging to support spending, the big-city “housing bubble,” the “speculative ethos,” and the power of “the four big banks.” (Sound familiar?) The authors conclude that this “new Swedish model” sets up “a losing game” for the Social Democratic Party until the model itself is called into more serious question.

In Spain and France, the socialists are in considerably more difficulty. Paul Kennedy reports that the vote of the Spanish Socialist Workers’ Party, which has dominated that country’s post-Franco politics, more than halved between 2008 and 2016. It has been outflanked on the left by a populist party, Podemos, which, like Corbyn Labour, has been successful in attracting the young. In a country with 20 per cent unemployment, their prospects are particularly bleak. In Greece, of course, a radical left-wing party, Syriza, overtook and replaced the notably corrupt Greek Socialist Party entirely. Meanwhile, as Sophie Di Francesco-Mayot points out, in France’s most recent presidential elections, the Parti Socialiste candidate managed a paltry 6.36 per cent. Neither the traditional centre-right nor centre-left candidates made the final run-off, which was won by the independent Emmanuel Macron over the far-right *Front National*’s Marine Le Pen — part of whose success lies in her co-option of both traditional socialist policies and voters.

So, what is to be done? René Cuperus calls for “a return to social democratic values, roots and principles.” But a return by whom? The parties themselves, who in the 1980s and 1990s abandoned the traditional ideals of social democracy for an embrace of market liberalism? Or voters who, when offered the somewhat dubious wares of these battle-weary parties, are finding alternatives elsewhere? There is no easy way around the dilemma discussed by Kennedy and Manwaring in the book’s final chapter: voters have been willing to give populists of both left and right a leeway that they refuse to concede social democrats.

And what of Australia? Bill Shorten and Labor have been mighty fortunate that the Coalition is so hopelessly divided. If Malcolm Turnbull had been able to move his party to the political centre, like Angela Merkel has, and thereby pick up more support from those who ended up voting for Labor or the Greens at the 2016 election, Labor would be in dire trouble. That might well make the seemingly uneventful 2016 federal election one of the more significant in

our history, as the moment when the failure of Turnbull to tame the Coalition's right wing yielded a barely deserved dividend for the left.

Why the Left Loses makes a convincing case for the global character of the crisis of social democracy, as well as placing the current crisis in historical and comparative perspective. While many of the transformations of recent years are unprecedented, social democracy has in the past managed to adapt to major social transformation. Revisionism is in its genes. As one of the leading scholars in this field, Sheri Berman, comments in her foreword, it is how the centre left responds to the challenges, rather than the challenges themselves, that will ultimately decide whether social democracy is headed for oblivion. •

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