After Social DEMOCRACY

In an era of shattered utopias, social democracy is one of the few political philosophies left standing. David Burchell argues that it might form the basis of a new, post-social democratic strategy.

The 80s was a graveyard of doctrines. Not just Soviet-style socialism, but also the whole idea of a ‘system change’, of a successor to capitalism waiting to be born, finally passed away, as its death notice might put it, ‘after a long illness’. In this era of shattered utopias and a generalised scaling-down of expectations, social democracy, it seems, is one of the few among the major political ideologies to retain at least a semblance of its credibility.

Postwar social democracy’s stress on equality rather than ownership as the major preoccupation of reforming government, its insistence on democratic means and its robust contempt for the revolutionary mystique and all its works, have stood the test of time remarkably well. Moreover, as it becomes increasingly difficult to sum up exactly what it is that modern Labor reformism ‘stands for’, the blend of idealistic ends and pragmatic means which distinguishes postwar social democracy from its competitors on Left and Right may seem on the face of it peculiarly well-attuned to the times. So let’s hear two cheers for social democracy.

Why not three, you may well ask? And why, nevertheless, do I feel such ambivalence about the project and, yes, the temper of postwar social democracy? I suspect that I’m not alone in this. Postwar social democracy was always controversial: in postwar left-of-centre parties like the ALP, after all, it marked one side of the divide in the Cold War in the labour movement. Social democrats, it was tacitly understood, were those who in the last resort favoured liberal democracy over socialism, and who in the last resort backed Washington against Moscow, while socialists were those who held liberal democracy in less esteem than the supposed democratising capacity of socialism, and who in the final analysis were inclined (albeit with all sorts of qualifications and circumlocutions) to back Moscow
against Washington. To describe oneself as a social democrat was in these circumstances to pull on one's team colours in a serious and very bitter political slugging-match.

Again, postwar social democracy in countries like Australia has been controversial in that, while having its roots in the vague labourist-socialist ethos of the anglo-saxon labour movements, it explicitly, and even dismissively, rejected much of that same ethos. Prior to the theoretical social democracy of British Labour thinker and politician Tony Crosland—the key figure in postwar 'anglo-saxon' social democracy—it had been an implicit assumption of both anglo-saxon labourism and marxian socialism that the measuring-rod for the advance of labour vis-a-vis capital was the size of the public sector in the economy as a whole. Postwar social democracy rejected that belief out of hand—and in that, in my opinion, it has decisively been proven right. But in so doing it started the process of unravelling that amalgam of instincts which comprised 'traditional Labor values'—a process which has gone much further in recent years in the Hawke-Keating government and in similar, nominally social democratic, governments in Western Europe and elsewhere. It was social democracy, in other words, which set off the political vertigo and loss of direction which mark the reforming condition of our own age.

Yet nowadays one thing is clear: social democracy no longer feels novel, let alone controversial. On the contrary, it now (ironically) feels like precisely that amalgam of unstated labour movement assumptions which comprises our own contemporary definition of 'traditional Labor values'—in effect a label for the theoretical and ethical status quo of the immediate past. But, unless I miss my guess it's not just its lack of novelty which is the problem here. Social democracy, both as a doctrine and as an ethos, has evidently lost its capacity to inspire, to excite. It has also, and not unrelatedly, lost its capacity to mark out a strategic territory, to prepare a map of action, for the labour movement in particular and the wider and more diffuse reforming constituency in general.

This may seem to suggest that social democracy is a thing of the past, yet another part of the political baggage of the century of disappointments to be cast off in the search for new political themes for the new century. I don't think so; rather, as I hinted above, it seems to me that the values and several of the guiding precepts of postwar social democracy are important links between the philosophy of the postwar labour movement and the new political ethos of our own age. Dennis Altman a few years ago called for a 'reconstituted social democracy'. The somewhat laboured verb seems to me to highlight the problem: who nowadays could be cheerfully and enthusiastically gathered to the task of 'reconstituting' social democracy? Perhaps a more plausible project is a post-social democracy: a doctrine which tries to 'go beyond' the malaise of the actual procedures and practices of traditional social democracy, while at the same time readily aligning itself with important aspects of the ethos of that tradition. To adapt a phrase from Ernesto Laclau, post-social democracy would be post-social democracy, but it would also decidedly be post-social democratic in temper—it would come out of, and be informed by that tradition.

In order to envisage how to 'go beyond' social democracy, however, it's necessary to understand precisely what it is, or was—what precisely constituted its air of novelty, and what were its sources of intellectual inspiration. The formative setting for postwar social democracy was the immediate postwar world, though of course its major reference points were the 30s Depression and World War Two. This context informed the new social democracy in two ways: in terms of its techniques, practices and 'art' of government, and in terms of its theoretical reference points. At the theoretical level the 30s had demonstrated to those who became the postwar social democrats that neither traditional instinctual labourism nor the then-fashionable mechanical marxism of the radical Left possessed the theoretical wherewithal to provide a practical programmatic response to the evident economic and social problems of capitalism.

Labourism, the traditional ethos of the labour movement, was in effect anti-theoretical; it held that the prime goal of the labour movement was to strengthen the power of the labour movement—the assumption being that a stronger labour movement would be in a better position to protect its constituents. Yet about what to do when the labour movement was in power labourism had remarkably little to say. In consequence the records of Australian and British labour governments in the Depression was mostly one of confused and meek acceptance of the status quo. The marxism of the radical Left, meanwhile, certainly did not lack a theory, but of course its guiding logic was that there had of necessity to be an apocalyptic change in politics, society and economy; by no means short of that would the deficiencies of the capitalist economy be remedied. Social democracy argued that on the contrary it was possible to have a theoretically consistent plan of action which insisted on the possibility of real and indeed irreversible change to capitalism short of social catastrophe.

At the governmental level the problem was rather similar. Labourism, in the absence of an alternative model of government, had been forced to rely on a half-hearted commitment to the logic of governance of economic liberalism as its raison d'être in the 30s, with disastrous consequences. Marxism founded its conception of governance on Marx's conviction in the hopeless anarchy of the market, and on the leninist belief in the efficacy of planning in a non-market economy. Social democracy broke through this impasse. It saw that there were two key techniques available to postwar governments which enabled them to manipulate both economy and society, without the necessity for a recourse to the edicts of liberalism on the one hand or of an increasingly hypothetical insurrectionism on the other. In the realm of social policy this new technique went by the name of 'the welfare state'; in the realm of economic policy the rubric was 'Keynesianism'.

Of course, the new social democrats 'invented' neither the welfare state nor practical Keynesianism: both were techniques of government which had been introduced to some limited extent prior to World War Two, and then in much
more fullblown form during and immediately after the war. The novel role of social democrats in the 50s and 60s was to argue that these twin techniques of government enabled government to supervise and manipulate the capitalist economy and society in ways which previous 'arts' of government had thought impossible, and to conclude from this that enabled social democrats to make fundamental and irreversible changes to capitalism within the mode of government—liberal democracy—proper to capitalism itself. Or, in Tony Crosland's words in his 1956 *The Future of Socialism*, 'the government can exert any influence it likes on income distribution, and can also determine within broad limits the division of total output between consumption, investment, exports, and social expenditure'.

The significance of this Croslandite argument on the reforming strategy of government was profound. It was 'now quite clear', claimed Crosland in 1952, 'that capitalism has not the strength to resist the process of metamorphosis into a qualitatively different kind of society'; and again, he contended, 'by 1951 Britain had, in all essentials, ceased to be a capitalist country'. Yet this new social state—which he referred to, significantly, as 'welfare statism'—was not in itself the goal towards which social democrats were heading. Neither the 'continued extension of free social services' nor the 'continued proliferation of controls', nor 'further redistribution of income by direct taxation' would in themselves get to that goal. Rather, they provided the governmental capacity to advance to social democracy by eradicating 'the sense of class', enabling a 'partnership in industry' and effecting a cultural transformation: 'We need not only higher exports and old-age pensions, but more open-air cafés, brighter and gayer streets at night, later closing hours for public houses, brighter and cleaner eating-houses, more riverside cafés, more pleasure gardens...more murals and pictures in public places...and so on *ad infinitum*.'

In its day this was a heady brew: a hard-headed and strategic view of the quite radical possibilities of government allied to a wholly new agenda of social reform unfettered by the old trench warfare of marxist-labourist 'class politics'. Its influence was deep, if not immediate; most thinking social democrats in the 60s and 70s were in effect Croslandites, whether they realised it or not—and Gough Whitlam was an eminently Croslandite leader of the ALP. Indeed when the twentieth anniversary of Whitlam's ascension to the prime ministership comes about later this year, it will be towards Croslandite-Whitlamite social democracy that much of the nostalgia will in effect be directed.

The reason is not difficult to understand. After all, the unstated premise behind the current liberal-social democratic revulsion against 'economic rationalism' is that there was another period, the 'Whitlam years', when nominally social democratic government had a *raison d'être* and a conception of government of its own, and was not apparently parasitic on notions of the limits of government derived from classical economic liberalism. And it certainly would be difficult to define the Hawke-Keating years as 'social democratic' in temper; the modern Labor 'art of government' is at once too market-orientated and too novel in its blend of the interventionist (training, education) and the non-interventionist (industry policy, the financial system) to be subsumed within the accepted rubric of postwar social democracy.

Yet of course the story doesn't (or didn't) have a happy ending. The Whitlam government doesn't in fact provide a model for a revived social democratic ethos; on the contrary, as the current Labor government is only too well aware, it appears to provide an object lesson in how Croslandite social democracy failed utterly to cope with the new social and economic crises of the 70s and after. Nor were the problems of Whitlamite politics simply the failings of a particular individual or a particular government. Rather, their origins lay in several important founding assumptions of Croslandite-Whitlamite social democracy itself. In essence there were three crucial problems with Croslandite social democracy which have asserted themselves in the new political context of the 70s and after.

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The first is its excessively optimistic view of the capacity of the state both to guide economic policy more narrowly and the 'strategy of equality' more broadly. As Barry Hindess has elsewhere noted, Crosland's belief in the capacity of the government 'to exert any influence it likes' on macro-economic outcomes and income distribution was disputed at the time both by the marxist Left and the liberal Right. Nowadays it seems positively antique. We tend to take for granted, for instance, that in the contemporary liberalised world economy the capacity of national government to adjust policy settings in defiance of international trends is extremely limited.

Again, of course, there is now quite sufficient statistical and other evidence, both from Australia and overseas, to suggest that simply having the will to do so is hardly sufficient to influence the distribution of income in society to any marked extent. Rather, even when it has been the express intention of governments to do so, social inequality over the last decade had become markedly more pronounced. The reasons for this are obviously too complex to go into here, but one is of particular relevance to the immediate argument. The picture given by Croslandite social democracy of the 'machinery of government' was rather like that of a Bruce Petty cartoon: there are levers and pulleys everywhere; each lever connects to a pulley, and each lever pulled activates a different outcome.

One thing that seems clear now is that the activity of government is far more complex, and indeed contradictory, than this model allows. Policy actions often (maybe even usually) produce outcomes which are not strictly predictable, and which are very often in conflict with the outcomes of equally well-intentioned policy actions in related fields.
The picture we have nowadays of the activity of government is rather of a process of puzzled experimentation, and of an inclination not to rock society's boat too much too quickly for fear that it may lead to unpredictable consequences.

This leads neatly to the second problem of Croslandite social democracy. For the problem of social democratic governance is not simply a matter of government having become too complex to allow of adequate 'planning'. The problem is a deeper one; indeed, it goes to the heart of the Croslandite conception of the relationship between the state and civil society. And the mechanical metaphor I invoked above is at least part of the key. The British social thinker David Marquand has described the problem nicely:

Despite the humanity and generosity of its founders, [social democracy] degenerated, in practice, into a system of social engineering. The engineers could pull the levers in the knowledge that the machine would respond as they wished...Social democrats wanted to do good, but they were more anxious to do good to others than to help others do good to themselves. As they saw it, the role of public intervention was to provide, to manipulate, or to instruct, rather than to empower...Hand in hand with all this went a curiously simplistic attitude to the state and to the relationship between the state and the web of intermediate institutions and voluntary associations which make up a civil society. The state was seen as an instrument (or set of instruments) which social democratic ministers could use as they wished. Civil society was seen, all too often, not as an agent but as a patient: as an inert body, lying on an operating table, undergoing social democratic surgery.

Seen from this vantage-point, then, the problem of Croslandite social democracy is not just a governmental problem, a problem of technique. It is also a political problem: a problem of consent. One of the most sobering lessons of the Croslandite-Whitlamite experience has been that society, in Marquand's terms, is not just a patient on an operating table; society (in Marquand's words) 'has a mind (or minds) of its own'. This is a lesson which neo-liberalism has well-appreciated, and which was close to the heart of Thatcherism and Reaganism in the 80s.

However, this is only part—albeit a crucial part—of the political problem. Another part, as Crosland himself had realised by the early 70s, is that social democratic objectives 'require a redistribution of wealth and resources: and we shall not get this unless our total resources are growing rapidly'. For, as is now commonly conceded, the postwar 'historic compromise' upon which modern social democracy was founded implicitly agreed that redistribution was politically feasible insofar as it was the fruits of strong economic growth which were being redistributed, rather than the existing incomes of ordinary working people. As Crosland insisted: 'In a utopia (or a dictatorship) perhaps we might transfer x percent of near-static GNP towards pensioners and better housing and clearing up pollution. In the rough democratic world in which we live, we cannot'.

A large part of the tragedy of Croslandite social democracy lay in this dilemma; for while social democracy was crucially dependent on the continuance of strong economic growth as the political underpinning of its social strategy, it was precisely that strong economic growth which it took for granted in its analysis of society, and in which it took the least policy interest. Here again the outstanding example was the 'Whitlam years': a social democratic government with an ambitious social agenda ran aground on economic problems which it was unable to comprehend, let alone solve. And because it was unable to comprehend the nature of those problems it gave the strong political impression of having no interest in them—an impression which quickly became electorally fatal.

This is the part of the story which most appeals to partisans of the current Labor government—and they are certainly right to insist on its importance. It is true, as Paul Keating and Bill Kelty have argued, that one needs to have an understanding of how to generate growth before one can hope to win political consent for redistributing it. It is similarly true that in a time of structural economic crisis the old social priorities of social democracy may have to be displaced by the more immediate concern of building an economic platform from which sustainable growth is once again possible. All of this is true—but it does not repel the reasonable criticism that in discarding 70s social democracy contemporary Labor has left itself with no clear 'art of government' other than that derived from neo-liberalism, no obvious social strategy, and no clear conception of the goals and values of reforming government. It is here that the need for a post-social democracy I outlined above becomes pressing.

How would such a post social democracy define itself? First, it would have a new conception of the relationship between a social-democratic state and society. In short, it would see itself less as directing or 'planning', and more as 'enabling' and 'facilitating'—broadly along the lines of the 'associative' model Paul Hirst outlines elsewhere in this issue. Second, it would take that understanding of the state into economic policy, and particularly into industry policy, where it would be less interested in 'picking winners' than in creating the right environment, encouraging cooperation between firms, and providing necessary information and support—all the techniques, in fact, of the new wave of industry policy. Finally, it would of necessity adapt the values and principles of social democratic social policy—greater equality of income, of access, of opportunity—to the more complex contemporary understanding of a pluralistic society with its own demands and priorities. Such a model would still be identifiable social democratic in temper, even if it was far in governmental technique from the old vision of Tony Crosland and Gough Whitlam. But that in itself might not be a bad thing.

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