Social Democracy versus Revolutionary Democratic Socialism

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For many decades the small size of revolutionary democratic socialist organizations throughout the world indicated that even people who consciously defined themselves as socialists tended to be drawn towards the poles of social democratic and “Communist” regimes, and related political parties. Because of the high visibility and strong attraction of social democracy and “Communism”, it has been necessary, regretfully, for any socialist tendency to locate and define itself in relation to these poles.

The recent discrediting of the Communist regimes in Eastern Europe and the Soviet Union, and (to a lesser degree) in China, has elevated the social democratic alternative to an even greater position of importance. Not only has the Communist alternative been discredited in Eastern Europe, but western-style social democratic parties have been re-established. In Italy, the Communist Party has long tried to distance itself from the Soviet Union, has adopted an essentially social democratic domestic stance, and at the time of writing is considering a change in name. Similar developments are occurring elsewhere. Even though we need positive as well as negative guides, we present here a brief analysis of social democracy with some examples, especially the British and Swedish cases. [1] What we mean by social democracy is explained below.

A PRELIMINARY CRITIQUE OF SOCIAL DEMOCRACY

Large social democratic parties in capitalist democracies [2] are mainly preoccupied with winning office, heading up governments and remaining there as long as possible. When they are in power, their approach is essentially that of administering the system and making only non-fundamental reforms where possible. These parties are basically opposed to — and by nature incapable of — transforming the system from the bottom up, for reasons to be explained. Whether these parties are in or out of power, they are not willing to lead or to support militant struggles of labor or other popular movements. A close identification with militant struggles such as the 1984 miners’ strike in Britain, or with a program for social transformation, might alienate the middle classes and cause the party to lose the next election. The base of support of these parties is largely in the trade union bureaucracy, which avoids rank-and-file struggles before almost all else.

The organization of social democratic parties in power is dominated by their parliamentary wings, which resist direction from below. Large parties may have their own internal bureaucracies. In times of deep economic problems or social crises, when the status quo is most untenable and only a radical move forward can avert reaction, the inadequacies of social democratic parties are most telling. Typically at these times, social democratic parties have lost
support even within the working class. Then reactionary forces take over. In some cases, social democratic parties have actively aborted or suppressed socialist near-revolutions. [3]

Social democratic parties have failed to educate the people about the nature and desirability of democratic socialism, or have miseducated them either by identifying it with state ownership or welfare capitalism. A key element of democratic socialism, as distinct from social democracy, is meaningful participation and control of daily life at work and in the community (workers’ and community self-management), with managers (where needed) elected by and responsible to workers and community members. This is incompatible with big business’s ownership of most of the economy, and requires various forms of social ownership of at least the major means of production — in other words, the abolition of the capitalist system.

However, the programs of social democracy are not much different from what Americans would call liberalism. Social democracy can be viewed as having a common set of practices and a set of working assumptions including:

(a) gradualism (progress little by little); (b) electoralism or parliamentarism (a reliance on getting elected and passing laws); and (c) statism, (a top-down administration of society, rather than grass-roots democracy). This has varied with the country and the times. Social democratic parties have been distinguished from liberal capitalist parties primarily by their earlier identification with socialism, by the remaining symbols of this identification, by their current close association with the official unions, and by their willingness to tolerate left wings which are more explicitly socialist. These distinctions have often led left-wing socialists to consider working within social democratic parties or giving them critical support in elections. Attempts to radicalize social democratic parties have been generally unsuccessful, even in times of crisis. Since World War II, virtually every western European social democratic party has participated in government coalitions with capitalist parties, thus collaborating in the oppressive politics of the status quo.

ERICH FROMM ON PRE-WELFARE-STATE SOCIAL DEMOCRACY

(Erich Fromm was a well-known humanistic psychoanalyst who emigrated from Germany to the United States after the rise of Hitler. One of his best-known books is Escape from Freedom, on the social and psychological basis for fascism. He was active in the socialist movement.)

“[Social democracy] succumbed to the spirit of capitalism which it had wanted to replace. Instead of understanding it [socialism] as a movement for the liberation of ... [humanity] ...many of its adherents and its...enemies alike understood it as being exclusively a movement for economic improvement...

“Thus socialism became the vehicle for the workers to attain their place within the capitalist structure rather than transcending it...The failure of the socialist movement became complete when in 1914 its leaders renounced international solidarity and chose the economic and military interests of their respective countries...

“The reformist leaders of the socialist movement in Europe...considered as their most radical measures the nationalization of certain big industries. Only recently have many realized that the
nationalization of an enterprise is in itself not the realization of socialism, that to be managed by a publicly appointed bureaucracy is not basically different for the worker from being managed by a privately appointed bureaucracy” (see Fromm under References). [4]

STATE-OWNED INDUSTRY UNDER SOCIAL DEMOCRACY

We know of no example in any way approaching workers’ self-management in state-owned industry under social democratic regimes. Seymour Martin Lipset, in his more radical days, commented about one of them:

“The failure of the CCF [Canadian Commonwealth Federation in Saskatchewan, the predecessor of the New Democratic Party] to make innovations in the social structure of the factory has caused resentment. A change in the formal ownership of industry does not end the basic social frustration of the industrial worker if he feels he [sic] is merely a puppet in a dictatorially controlled industry. Unless socialist governments adopt methods that give workers a sense of democratic participation... they may find, as the British and Saskatchewan governments have, that they will be faced with as much ‘sabotage’ and ‘restriction of output’...as...in private, capitalist enterprise. In fact, the sense of grievance of the worker in a plant owned by a socialist government may be greater...since the worker’s expectations are higher.”

The leadership of the New Democratic Party has resisted including self-management in its program. The French SP mentioned it in the pre-Mitterrand government period, but hardly at all after 1981. Furthermore, “nationalization was carried out in a way that barely altered the decision-making process within firms” (see Kesselman).

Thus the very concept of socialism, as well as its theory, has been undermined by social democratic practice. For example, the average British worker has little conception of what we call democratic socialism. The task of education for socialism is immense and is not about to be undertaken by the Labor Party. When British workers were faced with plant shut-downs in 1974, under the most recent Labor government, even the idea of workers’ cooperatives to save jobs was not readily thought of by most of the workers concerned, although it was acceptable when proposed by activists. Workers’ self-management in any form was hardly a part of their consciousness.

The economic and political situation of the post-WW II period was conducive to, or at least permissive of nationalization without intense class struggles. The nationalization of various major industries and the extension of the welfare state were accepted by conservative parties in Norway, Sweden, Britain, New Zealand and France (see Lipset, page 270). Under current economic conditions and tight budgets one would expect that the resistance to nationalization and social reforms would be greater, and their effectuation by a social democratic government quite difficult.

SOCIAL DEMOCRATIC GOVERNMENTS IN BRITAIN
“In Britain, Labor won victories in the elections of 1964 and 1966, profiting from lackluster and discredited Conservative leadership. Yet the Wilson government did almost everything to exclude socialism from its official vocabulary, and its efforts from 1964 to 1970 mainly consisted [in] a political holding operation that attempted to tide Britain over a severe economic crisis. Wilson made haste toward socialism very slowly, if indeed he could be said to have had any direction whatever; his government provoked as much indifference as hostility. Labor’s defeat in 1970 appeared to stem from a housewives’ revolt against inflation…” (see Greene).

More important, Wilson antagonized the labor movement: he proposed legislation in 1969 to curb wildcat strikes and had to back down after he was opposed by the unions. His incomes policy also attempted to limit wage increases. This situation was typical of social democratic governments in “power” in economic hard times:

“emergency measures…involve an acquiescence in the unpalatable but inevitable demands of the existing mixed economy. Declining living standards and public expenditure cuts have the same impact when they are enforced by Labour politicians with the consent of the trade union leaders. Once again, ....the agony of a party seeking successes within the existing order, but with at least some of its spokesmen committed to replacing it, is exposed harshly” (see Howell). [5]

The Labor government of 1974-79 was elected on a much more radical platform, involving proposals to nationalize one major corporation in each industrial sector, and to require planning for all corporations, with union and government participation. The left-Labor Tony Benn was made Minister of Industry, the key post, but both Benn and the entire proposal were shelved by the end of the first year. Benn was shifted to Minister of Energy, a lesser post in the cabinet.

The government also attempted to limit wage increases with the cooperation of top union officials and the assistance of the formerly left-Labor Michael Foot in the cabinet. (Harold Wilson had also been considered left-Labor at one time.) In this case also, lukewarm working class support, as well as poor economic performance, was a factor in the defeat of the party in 1979.

**British Labor Party Parliamentarism Today**

Parliamentarism still dominates the British Labor Party leadership. Non-parliamentary tactics are neglected and even opposed. For example, there has been opposition expressed to the Labor Party becoming a “campaigning party” outside the electoral arena on social issues. During an interview, Ken Livingstone, the popular, left-Labor and certainly creative head of the Greater London Council, which the Thatcher government has since abolished, said:

“Between elections, the Labour Party doesn’t exist in most constituencies…[and]…where you have a hospital occupation or a campaign to keep a school open,… the party will probably pass a resolution and a couple of councillors might show up, but it isn’t involved in struggles in the community. And most of the people who are have gone into non-Labour type things. I suppose the obsessive parliamentarism of the Labour and trade union leadership has just never allowed us to develop the ability” (New Socialist, April 1986).
While it is encouraging that a Ken Livingstone could exist in the Labor Party, readers should not jump to the conclusion that all revolutionary socialists or their organizations should function within it, or that the party can be reformed. The latter may remain a distant possibility, but the structure of the Labor Party gives tremendous decision-making power to the top labor union bureaucrats and to the party’s members of Parliament (especially the party leader). [6] It is almost impossible to hold the party leadership accountable — it ignores the decisions of the party’s annual conference almost at will, in spite of theoretically being bound by them. For example, the public relations machine under the control of the leadership was briefing journalists, within a minute after the passing of an unacceptable resolution at the 1989 conference, that the vote would be ignored (see The Economist, Oct. 7, 1989).

The British Labor Party moved sharply to the right at its 1989 conference, which approved a leadership-sponsored document which “reverses a 1987 campaign pledge to eliminate Britain’s independent nuclear force, oust American nuclear bases in England and Scotland, and cancel Mrs. Thatcher’s order for four American-built Trident nuclear submarines” (New York Times, Oct. 3, 1989). In a major change in domestic policy, there was a turn away from the nationalization of key industries and towards a regulated market (that is, capitalist) economy. This was done without any change in the party’s constitution, which calls for common ownership of the major means of production. Instead, there would be such things as tax incentives for research, support for high-tech projects of strategic importance, a national program for science, and other proposals that in total sound very much like those of a high-tech (“Atari”) Democrat in the United States. Even the pro-Conservative Party London Times was inclined to accept this as a program for administering capitalism, commenting editorially: “The proposition that capitalism would function better under Labour is inherently improbable….and yet the feeling persists that give or take a few bolted-on designer co-ops, this is what the package adds up to” (Oct. 7, 1989).

Leo Panitch summarizes the Labor Party’s role in British society as acting to inculcate the organized working class with conventional national values and symbols and to restrain and reinterpret working class demands in this light: “by upholding the values of the nation, parliament, responsibility, against the values of direct action, revolution or ‘sectional’ interests, it is performing a socializing role which both legitimates existing society and militates against the development of a revolutionary political consciousness on the part of the working class” (page 244). The Labor Party lends credibility to these values, which include the “national interest,” since it is “our” institution in working-class consciousness.

Furthermore, the Labor Party’s view of the national interest has been influenced by the undercapitalization and inefficiency of large sections of British industry, the country’s slow economic growth, and its susceptibility to being priced out of the international market. Thus when the party has been in power, wage restraint and compromise with the ruling class have been given priority over social reforms, certainly in the last two Labor governments. “In terms of Labour’s paramount concern to find a basis for compromise between working class and ruling class interests, the latter’s position of dominance in the economy as well as its preponderant influence in the civil service, the judiciary and the media, inevitably comes to structure Labour’s own definition of the national interest and to distort its aim of social reforms” (Panitch, page 245). While Britain’s economic problems have been greater than those of many other advanced
capitalist countries, administering the capitalist system over a period of time has had similar consequences for social democratic parties elsewhere.

**SWEDISH SOCIAL DEMOCRACY**

Probably the best possible case for social democracy can be made for Sweden, where the party and the unions are the strongest in the western world. The party has led every government since 1932, with the exception only of the 1976-1982 period. Ninety percent of blue-collar workers are union members, and over 70% of white collar workers. Welfare benefits are high, as are taxes, and the distribution of the national income is — compared to that of most other capitalist countries — relatively egalitarian. The poverty rate among Swedish families in the mid-1980s was 5%, and 10% among single-parent families (see Milner). Sweden is by no means socialist, and as we will show, recent hopes for a socialist transformation have not been fulfilled.

First some basic background on Sweden. Sweden’s nationalization of industry is not extensive, and is about the same as that of most other northern European countries. Its level of welfare benefits is roughly comparable to the Netherlands’ (Sweden has maintained a lower level of unemployment), although the Dutch Labor Party was in the government for only nine months during the 1978-1989 period. Thus the welfare state cannot be considered exclusively a result of social democrats leading a government. This is not to deny that strong unions and/or an out-of-office social democratic party may influence the policies of capitalist parties leading a government.

The welfare state policies of the Swedish Social Democrats have often had the acquiescence of one or more of the capitalist parties, and there was little roll-back in social benefits during their 1976-1982 period out of the government — although in the early 1980s there was an unsuccessful ideological attack by conservatives on the welfare state.

Sweden has one of the strongest capitalist economies in the world. It has an extremely strong, centralized and tenacious employers’ federation, and a huge concentration of wealth in the hands of several leading families. The relatively peaceful industrial relations in Sweden have been described as due to a mutual balance of terror. The economic growth of the past, on which the social reforms were based, involved a compromise between capital, on the one hand, and the social democrats and the unions on the other. Capital was given a free hand to run the economy — for example, to shut down factories and expand into new areas — in exchange for good wages, relocation expenses and training for displaced workers, union rights, and social welfare legislation. Unemployment was also kept low by expanding public service employment as needed. All of this could be accomplished only by keeping Swedish industry competitive on the international market. One result of the Social Democrats’ emphasis on “growth” (and their support for nuclear power) has been environmental deterioration, and the growth of environmentalist political opposition to the Social Democratic Party. The party’s loss of the 1976 election has been attributed in part to one of the capitalist party’s anti-nuclear stance. [7] (The Greens achieved representation in parliament, for the first time, in 1988.)

**Wage-Earner Funds — a Route to Socialism?**
Even left-wing socialists abroad have often looked towards Sweden, wondering if it might not become an exception to the usual social democratic pattern, wondering if the party might decide to usher in socialism. This hope was based on the acceptance by the blue-collar union federation, in 1976, of the Meidner plan for the creation of “wage-earner funds.” The plan would shift economic control over corporations to wage-earners collectively by requiring companies above a certain size to give portions of their gross profits to wage-earner funds. The funds, based on branches of industry, would be used to buy shares of stock. In 20 to 30 years the workers collectively would own a majority of the shares of Swedish corporations. The purpose of the funds was “to break the opposition of the previous shareholders to the influence of employees in the running of the firm” (see Korpi).

The Social Democratic Party established a commission to study the plan. Soon after, they lost the 1976 election. In 1982, they came back to power with a small parliamentary majority including the seats of the Communists (literally, the Left Party-Communists), but this time on the basis of a platform including a somewhat watered-down version of the Meidner wage-earner fund plan. [8] The country was to be divided into five regions, with each region getting a share of corporations’ profits, to be held in the name of its workers collectively, and invested by the unions in corporate stock.

However, after intense opposition by the employers, the plan was diluted so that the wage-earner funds could never acquire more than 40% of any one firm’s stock. In addition, contributions to the wage-earner funds, which began in 1984, would be discontinued in 1990. Contributions to the fund were now to be based on “excess profits” rather than profits, and on a small payroll tax. On this basis, the total stock ownership would amount to only an estimated 5 to 10% of all corporate capital. Furthermore, the prime minister promised that after 1990 the wage-earner funds would not be revived. End of revolution.

One view of this collapse in the face of opposition was that the party allowed the plan for the wage-earner funds to be discussed and amended to death in small, technical details to the point where the workers lost interest in it. Support for the plan by the party leadership was only lukewarm, and endorsement came quite late. Ideologically, the argument for the wage-earner funds was shifted “from redistributing wealth and power to increasing the rate of investment. The…[new] proposal hardly mentioned the ambition to democratize economic decision-making” (see Pontusson). It was never explained how the wage-earner fund would operate differently from private institutional investors.

Finally, politics in the Nordic countries, including Sweden, has been characterized by many writers as largely consensual, with the leading parties usually reluctant to push for programs highly unacceptable to the opposition. The Swedish Social Democrats in particular have generally preferred to work things out in high-level negotiations between the party, the unions, the employers’ association, and the capitalist parties. When the employers became adamant in their opposition to the wage-earner funds, the Social Democrats were not willing to mobilize for an all-out struggle for public opinion on this issue.

It is at best highly doubtful that the Social Democratic Party can become a vehicle for socialist transformation, with workers’ and community self-management. If so, change would have to
come through a rank-and-file opposition to the party and trade union leadership. At a national level, union leaders are generally elected for life at infrequent congresses a number of levels removed from the rank and file, and are rarely opposed. Some writers have characterized Swedish union leadership as a difficult-to-displace oligarchy with centralized powers, although on the wage-earner funds the union leadership was initially to the left of the party.

Even if these internal factors could be overcome, there remains the question of whether the ruling class would permit a peaceful and legal transfer of power in the northern European countries. As one skeptic has put it: “You can peel an onion layer by layer, but can you defang a tiger tooth by tooth?” [9]

Sweden’s economic future is murky: the Social Democrats will have to deal with a large increase in the number of industrial robots in the next ten years, an aging population on retirement pensions, a phenomenal expansion of financial markets and accompanying speculation (which creates a new breed of capitalists outside the compromise model), and already stagnating real wages. Inflation is a problem, and — justified or not — there is a widespread perception that the administration of the public sector (including the medical and school systems) is too bureaucratic and inefficient. In 1989 the finance minister proposed reducing the top tax rate from 72% to 55%, partly to encourage workers to work a longer work-week. “Some leading Social Democrats have even suggested privatizing some basic services, including some hospitals, to increase efficiency,” although there was opposition to this within the party (New York Times, Oct. 27, 1989, page A-3). In early 1990, faced with a planned strike by 110,000 municipal workers, the Social Democratic prime minister said that “his Government would resign unless Parliament banned strikes and put into effect his plan for a two-year freeze on wages and prices” (New York Times, Feb. 9, 1990, page D-2). [10] The future for further incremental economic reforms does not seem bright.

**BY ANY OTHER NAME…**

Only in retrospect was the pre-1914 German Social Democratic Party labeled social democratic in the current usage of the term. This was based on their practices and the disastrous outcomes. Until 1914 the Party continued to use the language of revolution on occasion. It has been said of the French Socialist Party just before the Mitterrand government (by D. Johnstone in In These Times) that it was the only social democratic party in the world in which “social democrat” was a dirty word. Furthermore, current Communist parties may adopt social democratic strategies to which they might be committed more or less permanently. So might any socialist organization with “serious electoral ambitions, however genuine their ultimate intention to transcend capitalist structures… [They] are inevitably tempted to try and widen their appeal by emphasizing the relative moderation of their immediate (and not so immediate) aims” (see Miliband).

In the U.S., those most entranced by European social democracy are mostly seeking reforms in and through the Democratic Party, and committed to a long-term perspective of electoral support for liberals where social democrats cannot be nominated. While this is obviously “reformist” and suffers from all of the defects of social democracy, the absence of any independent organizational working class or popular political base places it to the right of what has usually
been considered social democracy. This phenomenon is beyond the scope of this piece (but see Eric T. Chester, Socialists and the Ballot Box).

CONCLUSION

Social democracy has been described in terms of a common set of practices and working assumptions of large, stable parties associated historically, symbolically and/or organizationally with the labor or socialist movements. These practices include gradualism, electoralism, and statism, or management-from-above. Another feature, constitutionalism, is implicit in the above. We have dealt only with clear-cut cases and implied that there might be tendencies towards social democracy not easily recognized in other political organizations, and/or on the way towards full-fledged social democracy. We have barely touched on the theoretical foundations of social democracy or its explicit rationales. These warrant discussion also for a fuller understanding.

The possible tactics of revolutionary democratic socialists with respect to the large social democratic parties have been just touched upon, with the implication that while participation in and critical support for such parties may be advisable in particular cases, the possibilities for reform of these parties are probably quite limited.

There is an enormous difference between pushing a social democratic party somewhat to the left, and making it an instrument for instituting socialism. It has been widely noted that social democratic parties often move to the left when out of power. When labor or other struggles put pressure on the leadership, it moves just far enough left to keep things under its control.

In countries which have proportional representation, revolutionary socialists might run their own candidates, or support other parties to the left of social democracy. For example, the Socialist People’s Parties in Norway and Denmark— to the left of the major social democratic parties — are represented in their parliaments, with the Danish party achieving 10% of the seats in 1989. In West Germany, one might favor the Greens rather than the Social Democrats.

Political Action in the United States

Since the 1930s it has been generally recognized by American socialists that the two-party system, and the absence of a broadly based socialist or social democratic party, pose special problems. There seemed to be good and immediate prospects for the Socialist Party until the early 1920s, but these faded without the achievement of a stable place in American political life or consciousness for the party or any other left organization. The United States is now the only industrially advanced capitalist democracy without a large, established social democratic or socialist party.

In view of this situation, since the 1930s most American socialist organizations have advocated a broadly based farmer-labor, labor, or more recently a social movement-based left third party. The problem for socialists now is how to move people towards broad-based left-wing independent political action without creating, or contributing to, the usual social democratic illusions about
managing a capitalist “mixed” economy and/or accumulating incremental reforms through purely electoral means, as described earlier.

This could be accomplished by advocating a third anti-capitalist party to put big business under public ownership, with workers’ and consumers’ control. Socialists would urge the labor movement, movements of people of color and women, the peace and environmentalist movements and others to take steps towards the formation of such an anti-capitalist third party, while continuing struggles outside the electoral arena. This is a strategic approach towards developing a socialist consciousness, as well as one which could help people move towards independent political action at the local, state and/or national levels.

A third movement-based left party is expected, as a minimum requirement for support, to be anti-racist, feminist, pro-labor and anti-war. While socialists can avoid making a specifically socialist platform a pre-condition for participation, they should continue to advocate the public ownership of big business under democratic control.

Such an advocacy of a third left party is based largely on the view that it is unlikely that the American people will come directly to revolutionary democratic socialism — that some intermediate phase of breaking with the Democratic and Republican parties, and of radicalizing experiences, will be necessary.

Even a movement-based left party would probably degenerate eventually into a social democratic prop for the capitalist system, if it achieved substantial electoral success and became institutionalized. It would have to be superseded on the road to socialism. But only actual experiences with the limitations of trying to administer the capitalist system, rather than abstract analysis alone, can be the basis for most people moving beyond social democracy (barring some acute social crisis).

The opportunities and social democratic pitfalls of such a left third-party development would occur together. Avoiding the pitfalls would require political sensitivity and good judgment as well as general analysis. This is inherent in politics. During this process, revolutionary socialist objectives and critiques of social democracy would become even more relevant. They must not be watered down. The objective is to make revolutionary democratic socialism a major pole of attraction, on the way to a democratic revolution from below