Social democracy in one corner of the world

The belief that progressive politics today can recreate the benign conditions for post-war social democracy is a mirage

Caught between relentless Trumpian protectionism and xenophobia, on the one hand, and the neoliberal coalition of sexual liberators and money bagmen on the other, the left in rich countries seems bereft of new ideas. And worse than lacking new ideas is trying to restore a world gone by, which goes against the grain of modern life and the modern economy.

Yet this is an exercise in which some parts of the left are engaged. I have in mind several essays in The Great Regression, a book I reviewed here, a recent piece by Chantal Mouffe and, perhaps most overtly, Paul Collier's The Future of Capitalism (reviewed here and here). Dani Rodrik provided early ideological ammunition for this point of view with his celebrated 'trilemma'. It is also the context within which my Capitalism, Alone was recently reviewed by Robert Kuttner in the New York Review of Books.

This project aims to recreate the conditions of around 1950 to 1980, which was indeed the period of social-democratic flourishing. Although many people tend to present the period in excessively bright hues, there is no doubt it was in many respects an extraordinarily successful period for the west: economic growth was high, western nations' incomes were converging, inequality was relatively low, inter-class mobility was higher than today, social mores were becoming more relaxed and egalitarian and the western working class was richer than three-quarters of humankind (and could feel, as Collier writes, proud and superior to the rest of the world). There is much to be nostalgic about.

Special conditions

But that success occurred under very special conditions, none of which can be recreated. What were they?
First, a very large portion of the global workforce was not competing with

workers of the first world. Socialist economies, China and India all followed autarkic policies, by design or historical accident. Secondly, capital did not move much. There were not only capital restrictions but foreign investments were often the target of nationalisation and even the technical means to move large amounts of money seamlessly did not exist.

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Thirdly, migration was limited and when it occurred happened among culturally similar peoples (such as southern-European migration to Germany) and thanks to rising demand for workers pulled by growing domestic economies. Fourthly, the strength of domestic socialist and communist parties, combined with trade unions and the Soviet threat (especially in Europe), kept capitalists on their toes: out of self-preservation they were careful not to push workers and unions too much.

Fifthly, the social-democratic ethos of equality was in sync with the dominant mores of the times, reflected in sexual liberation, gender equality and reduced discrimination. Within such a benign internal environment, and not facing any pressure from poorly-paid foreign workers, social democrats could continue to be internationalists, as reflected most famously by figures such as Olof Palme in Sweden and Willy Brandt in West Germany.

Drastic changes

Under the entirely different social and economic conditions of today, any attempt to recreate such a benign domestic environment would involve drastic and indeed reactionary changes. Without saying it openly, its proponents call for social democracy in one country—or, more exactly, in one (rich) corner of the world.

Collier advocates the walling-in of the rich world to stop migration that is seen as culturally disruptive and unfairly undercutting domestic labour. Such policies, most notably followed by social democrats in Denmark, are justified by Collier out of concern for less-developed countries, lest the outflow of their most skilled and ambitious workers push them further into poverty. It is clear however that the real motives for such policies are to be found elsewhere.

Others would protect the west from the competition of China, arguing, again disingenuously, that western workers cannot compete with less

well-paid workers subjected to harsh shopfloor discipline and lacking independent trade unions. As with policies that would stop migration, the justification for protectionism is camouflaged in the language of concern for others.

Within this perspective, domestic capital should be made to stay mostly at home by promoting a much more 'shallow' globalisation than exists today. Ethical western companies should not hire people in (say) Myanmar who do not enjoy elementary workers' rights.

Great Unwashed

In all cases, such policies aim to interrupt the free flow of trade, people and capital, and to fence off the rich world from the Great Unwashed. They have close to zero chance of success, simply because the technological advances of globalisation cannot be undone: China and India cannot be pushed back into economic isolation and people around the world, wherever they are, want to improve their economic position by migrating to richer countries.

Such policies would moreover represent a structural break with the internationalism that was always one of the signal achievements of the left (even if often honoured in the breach). They would slow down the growth of poor countries and global convergence, would arrest the reduction in global inequality and poverty, and would ultimately prove counter-productive for the rich countries themselves.

Dreams of a restored world are quite common, and we are often (especially at an older age) wont to indulge in them. But one should learn to distinguish between dreams and reality. To be successful in real time, under current conditions, the left needs to offer a programme that combines its erstwhile internationalism and cosmopolitanism with strong domestic redistribution. It has to support globalisation, try to limit its nefarious effects and harness its undoubted potential eventually to equalise incomes across the globe.

As Adam Smith wrote more than two centuries ago, the equalisation of economic conditions and military power across the world is also a precondition for the establishment of universal peace.

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