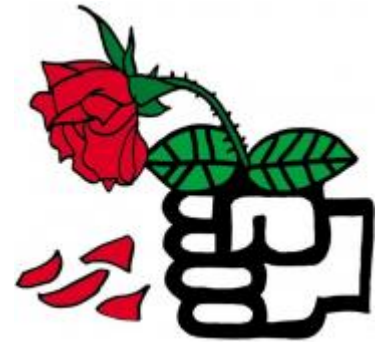


Social Democracy Is Good. But Not Good Enough.

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We need a socialism that goes beyond capitalism. And not just for moral reasons.

John Judis has all the right intentions. He's looking at the resurgence of openly democratic socialist currents in the United States with a mix of excitement and trepidation. Excitement, because he knows how desperately the country's workers need social reforms. Trepidation, because he worries that the new left might fall into the familiar traps of insularity and sectarianism.

But while Judis wants us to change society for the better, his response to the failures of twentieth-century state socialism would lead us into the dead end of twentieth-century social democracy.

In his *New Republic* essay "The Socialism America Needs Now," Judis makes a passionate plea for the rebuilding of a social-democratic movement — or what he calls "liberal socialism." He contends that the welfare state and democratic regulation of a capitalist economy should be the end goal for socialists, as past efforts at top-down nationalization and planning yielded the repressive societies and stagnant economies of the Soviet bloc. In contrast, Judis argues, the Scandinavian states are dynamic capitalist economies that are still far more equitable and humane than the United States.

For him, socialism — democratic control over workplaces and the economy — consists of "old nostrums" whose days have past.

Of course, we urgently need the reforms that Judis and the movement around Bernie Sanders advocate for. No democratic socialist could oppose efforts to guarantee public provision of basic needs and take key aspects of economic and social life like education, health care, and housing out of the market. It would, as Judis writes, "bring immeasurable benefit to ordinary Americans."

But we have moral reasons to demand something more. After all, we can't have real political democracy without economic democracy. Corporations are "private governments" that exercise tyrannical power over workers and society writ large. The corporate hierarchy decides how we produce, what we produce, and what we do with the profits that workers collectively make.

To embrace radical democracy is to believe that any decision that has a binding effect on its members — say, the power to hire or fire or control over one's work hours — should be made by all those affected by it. What touches all, should be determined by all.

At minimum, we should demand an economy in which various forms of ownership (worker-owned

firms, as well as state-owned natural monopolies and financial institutions) are coordinated by a regulated market — an economy that enables society to be governed democratically. In an undemocratic capitalist economy, managers hire and fire workers; in a democratic socialist economy, workers would hire those managers deemed necessary to build a content and productive firm.

They Won't Let Us Keep Nice Things

This, however, isn't a debate about the contours of the world we would like to see. While Judis rejects the desire of socialists (and the historic goal of social democracy itself) to create a radical democracy *after* capitalism, he does so largely on pragmatic grounds. The old vision, for him, is "not remotely viable."

Yet history shows us that achieving a stable welfare state while leaving capital's power over the economy largely intact is itself far from viable. Even if we wanted to stop at socialism within capitalism, it's not clear that we could.

Since the early 1970s, the height of Western social democracy, corporate elites have abandoned the postwar "class compromise" and sought to radically restrict the scope of economic regulation. What capitalists grudgingly accepted during an exceptional period of postwar growth and rising profits, they would no longer.

The past forty years have witnessed an ideological and political war against once-powerful labor movements and the welfare states they helped build. This bipartisan class war advocated for the four "d"s of neoliberalism: deregulating the economy, decreasing progressive taxation; decreasing the scope of public goods; and decreasing the power of organized labor.

Corporations also moved their investment in production to newly industrializing nations or lower-wage regions and automated much of the higher-skilled manufacturing that remained. The focus of corporate profitability shifted to the FIRE economy (finance, insurance, and real estate), an economy based heavily on speculation and a low-wage service economy that mostly serves the richest earners.

So did it have to end this way? Could the old welfare state not only have survived but been expanded? Yes, but that would have required pushing back against capital's power to withhold investment. Simply put, that would have required a more radical socialism.

Many of the last generation's social democrats knew that capital would disinvest from societies that enjoyed strong social rights. Back in the 1970s and '80s there were important attempts to gain greater control over capital to prevent just that.

Left social democrats in the Swedish labor federation advanced the Meidner Plan, which would have taxed corporate profits over a twenty-five-year period to achieve social ownership of major Swedish corporations. The Socialist-led and Communist-supported government in France under François Mitterrand from 1981 to 1983 nationalized 25 percent of French industry overnight and radically expanded labor rights (mandating collective bargaining in firms of fifty workers or more).

Of course, these attempts and others were defeated. France faced a real capital strike, whereas the Swedish Social Democrats pulled back from adopting the Meidner Plan out of fears of such a strike. The lag in corporate investment created a recession in France that led to a major conservative victory in the 1985 parliamentary elections. Mitterrand had to denationalize firms and adopt budgetary austerity.

Judis mentions in passing social democracy's rightward lurch over the past thirty years. But he fails

to mention the extent of its neoliberalization or the historical lesson we must draw: when capital goes on the offensive, either labor must do the same or it will be forced to retreat.

In short, Judis writes out of history the conscious corporate offensive against constraints on its power. To sustain even the modest reforms he sees as the horizon of socialism, we need to legitimate a greater role for democratic and state regulation of capital.

Private capital simply refuses to invest in those goods needed to overcome radical inequality: affordable housing, mass transit, alternative energy, and job retraining. Capital is often reluctant to risk heavy investment in natural monopolies that almost inevitably come under state regulation or ownership (no company would invest in a competing alternative energy grid). Judis does not speak of the climate crisis, yet there is no road to solving it short of massive public investment and control over utilities.

Of course, the United States is the place where “social democracy in one country” would be the most economically viable. Our domestic market is as large as the European Union’s, and we control our own global currency. We are a wealthy society that could easily afford universal health, elder, and child care, as well as high quality education for all. But on the road to achieving those nice things, corporations would resist and deploy their most powerful tactic: the capital strike.

Social democrats like Judis refuse to grapple with this, causing them at key moments to sound the retreat and accommodate capitalist forces, eroding the very reforms they hope to preserve.

To chart a different course, we would need a militant labor movement and a mass socialist presence strengthened by accumulated victories, looking to not merely tame but overcome capitalism. A socialism that refuses to deal with the “old nostrums about ownership and control of the means of production” will not only fall short of our democratic expectations of what a just society would look like — it will doom us to failure.

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