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Social Democracy in One Country**

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Beyond party labels, the general aims and means of social democracy may be defined as development based on social justice (and recently environmental concerns too), plus the popular and liberal democratic politics that is required to get there.¹ By now, social democracy is losing ground. The Swedish stronghold is a critical case in point.² Four schools of thought dominate the discussion of why it happens to the first-generation social democracy with roots in the industrial revolution: (i) the globalisation of capital, (ii) neo-liberal governance, (iii) ecological limits to growth, and (iv) influx of migrants. The paper argues that from a north-south historical perspective, a fifth factor calls for our attention: the tendency since the 1980s of adjusting to these new conditions to sustain social democracy in once own country. This is at the expense of the efforts by leaders like Olof Palme at fostering internationalisation of locally based social democratic movements in different contexts. The paper concludes that the new adjustment strategy prevents the development of alternatives to the impeding factors because inclusive development in the South has become increasingly important for social democracy in the North too.

The mainstream arguments

The first of the four mainstream arguments for why social democracy in the North is losing ground is the increasing mobility and deregulation of finance and production. This has undercut the nationally confined Keynesian economic policies as well as growth pacts between employers and unions, related welfare policies and interest group participation in public governance – all of which were fundamental for social democracy.³ In short, employers and financiers have been able to avoid nationally negotiated

¹ Direct quotes and new information are in the footnotes. The main conclusions of the essay relies on three pillars. For other references, see these recent works: (i) North-South comparisons: Törnquist, O. and Harriss J. with Chandhoke, and N, Engelstad, F. (eds.) *Reinventing Social Democratic Development – Insights from Indian and Scandinavian Comparisons* Copenhagen: NIAS books, 2016; Törnquist, O. *New Social Democracy In the South? Reflections from India, Indonesia and Scandinavia in Comparative Perspective.* in C. Tapscott, T. Halvorsen, Cruz-Del Rosario *The Democratic Development State. North-South Perspectives.* Stuttgart: Ibidem, 2018. (ii) Comparative case studies in the South – for example: Savirani, A. and Törnquist, O. (eds). *Reclaiming the State: Overcoming Problems of Democracy in Post-Soeharto Indonesia.* Yogyakarta: PolGov & PCD Press, 2013; Djani, L. and Törnquist, O. with Tanjung, O. and Tjandra, S. *Dilemmas of Populist Transactionalism. What are the Prospects Now for Popular Politics in Indonesia?* Yogyakarta: PolGov & PCD Press, 2017; Törnquist, O. *Indonesia's New Populist Order and Diffused Progressives in Comparative Perspective.* University of the Philippines CIDS Discussion Paper Series 18-002, 2018; 2015. (iii) Thematic comparisons: Harriss, J., Stokke, K. and Törnquist, O. (eds) *Politicising Democracy: The New Local Politics of Democratisation.* Houndmills: Palgrave, 2004; Törnquist, O., Webster N. and Stokke, K. (eds.) *Rethinking Popular Representation.* Houndmills: Palgrave, 2009; Stokke, K. and Törnquist, O. (eds.) *Democratisation in the Global South: The Importance of Transformative Politics.* Basingstoke: Palgrave, 2013; Törnquist, O. *Assessing Dynamics of Democratisation. Transformative Politics, New Institutions and the Case of Indonesia.* Macmillan, 2013.

² As Sweden was among the most successful cases in the first generation social democracy, it is a good case for critical analysis. In much of the 19th century, this previous regional empire was among Europe's poorest countries. By the late 1860s there was even starvation in the northern districts, partly because the better off did not forward relief to the needy. From 1850 until 1930, some 1.5 million people (out of some 5 million inhabitants) migrated in search of better lives, especially in North America. Around the 1970s, by contrast, Sweden had become the fourth richest country in the world. Most remarkably, the wealth was more equally distributed than anywhere else. Equality was obviously no hindrance for growth, as neo-classical economy would have it. The efficient economic development had rather been based on efforts at peace, effective and impartial institutions and increasing equality. Propelled by social democrats in particular.

³ E.g. the conclusions by an internal think tank with the Swedish Ministry for Foreign Affairs. *Strategiska trender i globalt perspektiv 2025: en helt annan värld?* Stockholm: Utrikesdepartementet, 2014.

regulations and agreements by expanding in global markets, beyond the reach of democratic governments and trade unions.

The second explanation is that social democratic governments deemed it necessary to adjust in the 1980s to these trends by also adopting neo-liberal economic policies and public management. Most importantly, the deregulation of the financial markets increased private debts at the expense of public spending and welfare policies. This caused both speculation and growing inequality. Hence, large sections of the population lost trust in social democratic policies as an alternative to the negative effects of globalisation and neo-liberalism. Recent examples of this argument is the critical report about the deterioration of the Swedish model by the think tank *Katalys*, and the subsequently foundation of the social democratic organisation *Reformisterna* to alter this trend.⁴

Thirdly, it is often maintained that social democracy is suffering from an inability to alter its focus on economic growth, even in face of the growing threats against the environment and global climate. Rather, it has caused frustration among young people in particular and the rise of a Green Party.

Finally, the more recent argument that social democracy is suffering losses to right wing nationalists because of the growing influx of economic and political refugees from the economically and politically crisis ridden Global South, at a time of limited need for unskilled migrant labourers and scaled down welfare policies. Many people who already lose out in the process of deindustrialisation and urbanisation are obviously not convinced why they should accept tougher competition in the labour market and contribute to the housing and basic welfare services for the immigrants while ‘liberals’ rip the gains of globalisation.⁵

The fifth factor

In a north-south historical perspective, however, these arguments are certainly crucial but insufficient. Thus viewed, an additional circumstance seems to be equally important. This missing factor may best be summarised by the paradox that while the mainstream accounts for the decline are rooted in the hegemony of market driven international exploitation and conflicts, most social democrats have reduced, since the 1980s, their engagement in fostering alternative internationalisation of locally based social democracy. On the contrary, they have given priority to adjustment to the market driven globalisation in defence of social democracy in one country. How did this happen?

To understand, it is useful to focus on four critical junctures. One, why it proved so difficult in the 1970s for Palme and others to build a social democratic alternative to market driven globalisation. Two, how liberal economists thus got the upper hand within social democracy by adjusting in the 1980s to the new globalisation and neo-liberal governance. Later on, they and others suggested European rather than global Keynesianism. Three, how social democrats also related in the 1980s to the new liberal-democratic internationalism. Four, how the current social democratic leader Stefan Löfven who became Prime Minister in 2014 designed an attempt at new internationalism, but retreated two years later.

(1) The rise and fall of social-democratic internationalism

⁴ Eg. Gerin, E. och Suhonen, D. *DN Debatt* 18.11.2018; <https://www.dn.se/debatt/socialdemokraterna-maste-lara-av-vansterpopulisterna/>; accessed 14.04.2019; Therborn, G. ‘The New Sweden’, *New Left Review*, 113, 2018; Kallifatides, M., Karlsson, S., Suhonen, D. *DN Debatt* 2019.02.03. <https://www.dn.se/debatt/reformisterna-ska-driva-pa-for-mer-progressiv-s-politik/>; accessed 14.04.2019

⁵ Eg. Folke, O., Persson, T., Rickne, J. *DN Debatt*, 2018.09.04; <https://www.dn.se/debatt/andra-ej-i-klara-arbetslinjen-och-finanskris-forklarar-sds-framgangar/>; accessed 14.04.2019.

The largely social democratic Swedish model had two international pillars. One was national independence and ability to decide on its own priorities. This called for alliances of likeminded countries and movements to contain imperial powers. Most famously, during the Cold War, this included engagement in favour of all countries' – *and colonies*' – right to national independence and to develop own transformative reforms. Not being part of the North Atlantic Treaty Organization (NATO), Sweden and leaders like Olof Palme were in the forefront.

The second pillar was successful export industries. Besides access to iron ore and forests, the industrial competitiveness was based on innovation and high productivity. This rested with the social growth pact between capital and labour. Complemented by strategic public procurements, interest representation in state governance, and productive oriented education and welfare.

It is important to note, moreover, that export promotion did not undermine the first principle of genuine national independence in other countries too – as long as these countries could develop their own social and economic policies and thus withstand negative business interests.

Besides, Swedish export industries were rarely involved in the developing countries where progressive development was at stake. And where the industries were, as in South Africa, social democrats were often in the forefront of commonly undisclosed support to progressive forces, such as a major part of the funds for the ANC and United Democratic Front.⁶ Conversely, where private business stayed out but investments were needed to foster political and economic independence, as in North Vietnam, Sweden was the first western country to acknowledge this independent nation. Moreover, while the US engaged in terror bombardments, strategic support was granted for North Vietnam's industrial and social development.⁷

The keywords were free trade and investments that did not undermine national priorities, and bilateral agreements on development cooperation with likeminded developing countries.

Insufficiently strong social democrats in the South to build 'New International Economic Order'

Already in 1971, however, the Bretton Woods agreement on fixed currency exchange rates in relation to the US dollar was the first major warning that the space for national economic governance was reduced. Hence, social democrats must go beyond their nationally confined models. While previous empires like the United Kingdom and France contemplated economic cooperation with their former colonies, progressives like Olof Palme, Willy Brandt and Bruno Kreisky tried instead to foster a 'New International Economic Order' in co-operation in particular with the movement of countries that were not aligned to either the west or the east in the cold war. According to basic Keynesian thinking, less unfair terms of trade for the developing countries, and better conditions for their poor people, would increase demands for products from the North too.

Irrespective of what the rather strong social democrats in the North could do, most likeminded counterparts were quite weak, however, and others were not so interested.

Liberation movements were economically fragile, including the victorious Vietnamese. The second-generation social democrats in countries like Sukarno's Indonesia, Nehru's India, and Nyerere's Tanzania had failed or stagnated. They had tried to compensate for the lack of comprehensive industrialisation by state planning and land reforms via formally democratic but top-down development states. But results were modest. In the process, moreover, the basic pillars of social

⁶ Eg. <https://www.dn.se/nyheter/sverige/sverige-skankte-miljoner-till-anc-i-hemlighet/> ; accessed 14.04.2019

⁷ Börje Ljunggren, *Dagens Nyheter* 2019.03.01 <https://www.dn.se/kultur-noje/kulturdebatt/darfor-kan-sverige-kanna-stolthet-over-relationerna-med-vietnam/>: accessed 14.04.2019.

democracy – broad collectivities plus active citizenship and democracy – were neglected. Subsequently, most popular democratic movements suffered from either ‘middle class coups’⁸ supported by the West, or statist ‘national democracy’ supported by the East. Meanwhile, China was into a devastating cultural revolution. And as discussions about a better international order were going on, democratic socialist President Salvador Allende in Chile was ousted.

In 1973 too, the so-called oil countries decided to cater to their own interests by reducing production and increasing prices. Rents matter. Meanwhile a number of authoritarian countries, especially in East Asia, had opted for low-cost based export-oriented industrialisation; and others wanted to follow suit.

In short, it proved impossible for Palme, Brandt and others to build a forceful social democratic oriented alternative to the new market driven globalisation. **Some few ideas** of a New International **Economic** Order were approved by the United Nations (UN) in 1980. But it was a piece of paper. Outside the UN, real powers were shifting to international business and finance, and to politicians like Margret Thatcher and Ronald Reagan.

(2) Adjustment to market driven globalisation and neo-liberal governance

In theory, increasing competition from new industrialising countries was no problem for Swedish social democrats – as long as there was rising demand for export and investments in new sectors with new jobs, and socially responsible structural adjustment to get there. Yet, much of that was now unfeasible – without a New International **Economic** Order that would have allowed for global Keynesianism.

Another problem was the environmental concerns. Cheap energy was basic for the Swedish industry. Oil prices increased. Norway found its own oil, and managed the revenues well.⁹ Many Swedish social democrats deemed nuclear power the obvious substitute for expensive environmentally disastrous oil, to sustain the provision of cheap energy for basic industries. Surprisingly enough for the political and economic elite, however, the environmental movements gained wide popular following by objecting to the risks, while the social democrats did not know what to do. As not just leftists and greenish activists but also an erratic bourgeois party leader said it was a matter of life and death, the social democrats even lost the elections in 1976 – having dominated governments since the early 1930s.

Meanwhile the Swedish model was up against the wall. The unions were strong but stimulation of demand meant more import than investments. Deregulation of international finance facilitated tax evasion and capital flight. When combined with cheaper overseas transportation and long distance communications, investments increased instead in countries with more favourable business opportunities. As a result, cooperation between unions and employers to increase productivity and international competitiveness did not generate sufficient new investments and jobs.

Blue-collar workers unions suggested wage earners funds to gain better control and foster long-term investments. While this caused divisions in the social democratic movement, the bourgeois parties united. They joined hands with business and commenced massive resistance against ‘surreptitious socialism’. Later on, the employers refuted the system of interest representation in public governance too.

⁸ These were intellectually rationalised by Samuel Huntington’s argument that strong political institutions must be added to social and economic modernisation, otherwise socialists and communists might take advantage of instability – and that the military, with the West, might have to support the middle classes to thus foster ‘political order’. (Huntington, S.P. ‘Political Development and Political Decay’, *World Politics*, 17 (3), 1965: 386-430

⁹ The economic elite in Stockholm, by contrast, made an historical mistake by refuting the option of exchanging, via Volvo Company in Gothenburg, Swedish industrial knowledge for Norwegian energy.

Things falling apart

Olof Palme regained power in 1982, having won a public referendum on nuclear energy with a compromise proposal, and having watered down the wage earners funds proposal. But none of the major problems were solved. In particular, the nationally confined social democratic model was eroding. Given the weakness of the likeminded partners in the South, it had proved impossible to counter market driven globalisation by building a new international economic order.

Within Sweden, moreover, businesses with low productivity (and thus problems of paying wages according to collectively negotiated standards) had for long been told to either increase productivity or close down (and advice those retrenched to find new jobs in the ever expanding more competitive sectors). This worked earlier. But neither of it was possible in large parts of the labour intensive service sectors, and even more difficult in the growing public welfare sectors with huge numbers of rather low paid employees. Who would pay higher wages for them? With taxed incomes or with higher taxes. Liberals suggested cutbacks and privatisation; and reduced taxes on private services. A few years later, social democrats conceded. They also agreed to business oriented new public management. In France too, President Mitterrand made a U-turn in 1983, away from his socialist oriented programme.

Palme was depressed. In 1985 he even lost control of his finance minister, Kjell Olof Feldt, who opted for deregulation of the credit market. This added to the basic problems of market driven globalisation and the failure to provide an alternative. The floodgates were now wide open for financial and real estate speculation. A new bourgeois government (1991-1994) had nothing to offer. By 1992 the economic meltdown was real.

Subsequent social democratic governments (1994-2006) had to repay huge public debts. Welfare spending was reduced, including the support for those badly affected by structural adjustment. Business-like new public management gained ground, as did privatisation of public welfare and services. Some two thirds of the population with fitting education and skills benefitted from good jobs and cheap loans, and thus chances to speculate in housing. The financial crisis hardly affected them – the losses were ‘socialised’; i.e. paid by the most vulnerable citizens too. Hence, others did not benefit, including in run down suburbs and the rust belts. Social democrats lost badly already in 2006, faced internal divisions, were short of alternative policy proposals. It did not get back until 2014, limping.

Internationally, Olof Palme tried to hold on to international cooperation among likeminded partners as *the* alternative to neo-liberal globalisation, coordinated via the Socialist International and the United Nations. The efforts continued to include principled support for, for example, the anti-dictatorial struggle in Latin America, the anti-apartheid struggle in South Africa and mediation in conflicts like between Iran and Iraq. International solidarity via trade unions came in addition.

With the assassination in 1986, however, most of these priorities lost steam. With regard to the Global South, most social democrats found no other way but to please the investors and support exports and investments in the expanding ‘new markets’ – to sustain Sweden’s competitiveness. The old idea of preventing at least investments that contradicted local attempts at progressive change was swept under the carpet in favour of social democracy in one country.

The European substitute fails too

Meanwhile it certainly remained necessary to defend national independence and to promote, somehow, international demand. After the fall of the wall in 1989, the European Union seemed to be a better point of departure than the seemingly unrealistic New **International** Economic Order. Priorities

changed quickly. One example is that of the number of official visits to and from the country between 1965 and 1989, 37% related to developing countries and 24% to Western Europe (except the Nordics). Between 1990 and 1995, the figures were 18% and 60 % respectively.¹⁰

The Norwegians were rich enough to defend their sovereignty, and many Swedes were unconvinced of the benefits of the EU, but business, unions in export industry and the bourgeois parties were all positive. After a referendum, Sweden joined in 1995. The social democrats linked up with other party friends in Europe who supported Tony Blair's 'Third Way' policies. Efforts at national social rights and pacts between capital and labour were thus deemphasised in favour of efforts within the EU at a 'Social Europe' (with equality, redistribution, social cohesion) and Keynesianism. This vision generated some optimism and electoral advances for social democrats in a number of countries.

Just as in the Global South during the 1970s, however, the likeminded partners within the EU were not strong enough to foster a Social Europe and to foster European Keynesianism. Social democratic ideas lost out to ordo-liberal market driven regimes and austerity policies – and over the years, to right wing nationalists too.¹¹ In face of the refugee crisis, the EU was even unable to develop a common policy for shared responsibility – only agreeing on maintaining a wall against unwanted migrants, much like Donald Trump builds his wall along the Mexican border.

(3) Liberal internationalism – markets and democracy

Beyond EU, new liberal internationalism gained ground instead. There were two pillars. First, the increasingly market driven globalisation. Second, that this also paved the way for a third wave of democracy, first in the South then in the former eastern bloc too. It lasted for almost four decades, except where dictatorial regimes were supported by hegemonic parties or competing global powers, most prominently in China and the Middle East (and North Africa) respectively.

With regard to the market driven globalisation, as already indicated, social democrats with responsibility for exports as well as trade unions in internationally dependent businesses, found no alternative to the fallen Keynesian oriented experiment but to foster trade and investments in the most dynamic developing countries – irrespective of regime. Ideas of corporate social responsibilities (including lame restrictions on arms trade) and international solidarity between unionised workers were saluted. But principled policies and measures to foster likeminded actors' struggle for change, such as those used against the apartheid regime, were set aside, illustrating, again, the essence of social democracy in one country. In 1996, for example, the Swedish prime minister Göran Persson even expressed his admiration for China's 'stability'.¹²

Norway, in partial contrast, made most of its money offshore, but thereafter, like Sweden, trying to build social democracy in one country. Norway did better than Sweden, however, much thanks to social democratic oriented governance of their revenues, thus avoiding the Dutch Disease of overspending or, even worse, the additional corruption, like in Brazil, or a Venezuelan disaster. But rather than investing the oil revenue based pension funds securely while also fostering inclusive development in the South, which in the long run would have been good for Norway too, even social democrats opted for quick profits in dynamic emerging economies and companies, rarely contributing to inclusive development. Hence, for example, one of the Norwegian social democracy's grand old

¹⁰ Demker, Marie, Malmström, Cecilia. *Ingenmansland. Svensk immigrationspolitik i utrikespolitisk belysning*. Lund: Studentlitteratur 1999, p. 36.

¹¹ E.g. Bailey, D. 'The End of European Left? Social Democracy, Hope, Disillusion and Europe'. *New Futures Online Europe at the Crossroads 1* <http://nearfuturesonline.org/the-end-of-the-european-left-social-democracy-hope-disillusion-and-europe/>; accessed 14.04.2019

¹² <https://www.svd.se/citat-svenska-ministrarna-om-kina>; accessed 14.04.2019

lady Gro Harlem Bruntland's darker moments in life was when summing up a visit to promote Norwegian business in Suharto's Indonesia in 1995 by stating that the country was a 'source of global and regional peace and stability'.¹³

Elitist democratisation

With regard to democratisation, the process of liberal internationalism commenced already in the mid-1970s with the transitions from authoritarian rule in Portugal, Greece and Spain. At this stage, social democrats and other leftists were crucial spearheads, and their likeminded friends in Sweden provided stern support via the Socialist International. In Sweden, Theodorakis' songs were almost as popular as ABBA's Waterloo.

There were no major disputes in Sweden about the importance of promoting the rule of law, anti-corruption, and liberal-democratic rules and regulations, including elections and human rights. But in the years to come, liberal democrats all over the world, accommodated the powerful groups and promoted elitist pacts rather than popular driven negotiations. Swedish social democrats questioned the scope of the transformations, but supported the processes, for lack of an alternative.

Similarly, while social democrats at least drew attention to the social and economic preconditions, the increasingly powerful liberal and conservative parties paid little interest in the role of unions, social movements and radical parties, such as those spearheaded by Lula in Brazil or Mandela in South Africa. Radical social democrats provided separate support from their own pockets to likeminded activists, trade unions and social movements, like in Mandela's South Africa, Lula's Brazil and Aquino's Philippines. The Olof Palme International Centre in particular did good work. But Sweden's official development cooperation emphasised mainstream think tanks providing advice, elitist reformists and civil society watchdogs. Moreover, multilateral international cooperation was upgraded, and the bourgeois parties resisted, with great fanfare, bilateral agreements (including support for human rights and democratisation) with countries that were not deemed democratic, such as Vietnam and Cuba; making them in turn even less interested in democracy.

Over the years, the market driven globalisation gained further importance – while the third wave of democratisation was petering out. Even the centre-left efforts such as in South Africa, the Philippines and Brazil were not as successful as expected. South Africa was ridden with unemployment and corruption. In the Philippines, authoritarian populist Duterte replaced a liberal-social democratic coalition. Brazil tried to use increasing incomes from oil and other commodities to combine less inequality and growth but local democratisation was insufficient in containing corruption. Here as in so many other new democracies it was next to impossible for new social democratic oriented civil society organisations, social movements and trade unions to make a difference in national governance. The admirable centre-leftist regimes and movements **they** did not stand out as a solid basis for a new attempt at social democratic internationalism of the kind visualised by Palme and others.

In the process, Swedish social democrats lost much of its interest. Similarly, the demand for contextual knowledge of the problems and options for potential partners in the Global South faded away. Higher education and research, for example, focused instead on free-floating international relations, 'global governance', and on quantitative indices of growth and democracy, far beyond the realities and contexts where transformative politics have to be rooted and gain strength.

(4) Suspended restart

¹³ <https://www.klassekampen.no/50623/article/item/null/slakteren-fra-jakarta>; accessed 14.04.2019

Swedish social democrats led by Stefan Löfven, a welder and former trade union leader, regained office in 2014, in coalition with the Green Party. Löfven conceded the responsibility for international development cooperation to his coalition partner, but there was a separate social democratic minister for strategic development. She would study the new global challenges and suggest ways to move ahead in cooperation with the various ministries. Löfven was also in favour of restoring as much as possible of the rights-oriented foreign policies, now labelled feminist by the high profile minister, Mrs Margot Wallström. Further, international Keynesianism would be fostered through a 'Global Deal' on decent labour conditions, fair trade and investments. This was Löfven's own pet project. To balance export promotion, there would also be international unionism along with social corporate responsibility.

However, the new agenda for development cooperation was fragmented, not reflecting Löfven's core idea of reshaping elements of social democratic internationalism. The minister for strategic development engaged her own network as leader of a think tank in study groups, which, moreover, did not follow the practice of public commissions (equivalents within public governance of tripartite negotiations in working life). This saved time, but the groups were not inclusive of all relevant parties and expertise, there was no firm review the state of knowledge, and the loose proposals were scattered and not properly anchored. The minister was discharged, replaced by nothing.

Moreover, the idea of international unionism and corporate responsibility to balance export promotion and Swedish investments neglected the need for broader alliances with the majority of labouring people outside the modern factories. Similarly, Sweden did not act firmly against those parts of the new international trade and investment agreements (such as TTIP¹⁴) that foster uneven development in the South and reduce the room of manoeuvre for democratic policies to foster alternatives. The main priority of fostering export to build social democracy in one country returned to the fore. Another example is that Sweden sustained its commitments to Saudi Arabia and the United Arab Emirates in spite of their contribution to the conflicts in the Middle East that so many people have been forced to flee – including to Sweden. According to a leading social democrat, 'There should not be political decisions for each and every arms trade affair'.¹⁵ Possibly most important, the progressive foreign policy initiatives by Mrs Wallström and Löfven's Global Deal were up against the same challenge as Palme and Brandt: shortage of strong local partners on the ground, beyond the UN-meeting rooms. In short, the new initiatives were obviously, primarily, to consolidate social democracy in one country, not to revive the efforts at social democratic internationalism based on cooperation between strong local partners. And to the extent that there were such attempts, they suffered from weak likeminded partners.

Hence there was no international alternative at hand when by 2015, less than a year after Löfven tried to kick off his new internationalism, the conflicts and crises in the global South generated extensive forced migration, and refugees, that even reached northern Europe. On the contrary, the Swedish social democrats soon made obscure retreats to positions almost as shameful as those of the populist ethno-nationalists.

Root causes in the South

In conclusion, so far, the four mainstream explanations for the problems of social democracy in the North have international foundations in common. Our fifth explanation is that Olof Palme and others tried but failed to counter these obstacles by fostering a social democratic oriented alternative in terms of a New International **Economic** Order. One major cause for their defeat was the weakness and

¹⁴ The Transatlantic Trade and Investment Partnership

¹⁵ <https://www.svt.se/nyheter/inrikes/sverige-saljer-krigsmateriel-som-kan-anvandas-i-jemenkriget>; accessed 14.04.2019
Kenneth G Forslund: 'Jag tycker inte att politiken ska sitta och besluta affär för affär om svensk vapenexport.'

likeminded local partners in the South. Ironically, the reaction among more liberal oriented social democrats then, for example in Sweden, was not to strengthen the weak partners but to adjust to the threats, thus trying to build social democracy in one country. This made things worse. It has undermined social democracy, not only in the South but also in the North.

Consequently, the contemporary key to the reinvention of social democracy in the North is to alter this priority. History cannot be redone, but there is a need to return to the fundamental assumptions of Palme and others of fostering internationalisation of locally based social democracy, rooted in the special conditions in various countries rather than in prime attempts at defending social democracy in dominant northern countries.

However, why would the majority of the population in Sweden that still benefit from the market driven globalisation rock the boat? Would it not be better to continue to adjust; only adding more relief and human rights for those who lose out? Moreover, why would there be better chances now than in the 1970s to foster crucial social democratic partners in the South? Have we not quite recently witnessed even the backsliding of the ANC in South Africa and Aung San Suu Kyi in Burma, the transformation of the Arab Spring into terrible repression and even civil wars like in Syria, and the fall of liberal-social democracy in the Philippines and Brazil, in favour of right wing populists Duterte and Bolsonaro?

Inclusive development in the South, a precondition for social democracy in the North too

There is a crucial bottom-line: the need to expand the export markets for Swedish industry. This is the mother tongue of the Prime Minister as well as most trade unions. In 2014, for example, the blue-collar workers confederation (LO) published a major report on how to foster full employment. The message was to increase wages and investments. In contrast to the dominant austerity measures and efforts to compete by neglecting work conditions. The analysis focused on Sweden and Europe, but the authors agreed that the argument could and should be expanded to the Global South as well.¹⁶ It is true that the LO's leaders, who thereafter negotiated a general report to push the government to adopt more progressive policies to foster more jobs and equality, felt that their focus had to be on Sweden and that the international contexts were 'too far away'.¹⁷ But beyond this illustration of the embarrassing provincialism among many leading social democrats these days, the fact remains that the international markets need to be expanded.

The crucial question, however, is whether this is feasible by supporting the market driven globalisation of finance and production or if it rather calls for the fostering social democratic oriented internationalism – including global Keynesianism – as visualised by Palme and, at times by Löfven too. In case of the latter, the key words would be more equal chances, and equality – not least in the Global South – as a basis for sustainable growth, in the North too.

The lynchpin is that only relying on the current uneven development in the South and the demand of the novo rich is insufficient. It may certainly yield good profits for Swedish export companies and investors, but there may not be good jobs and incomes for Swedish employers and it would not contain the devastating exploitation in the South and the global heating and the causes for why there are so many more migrants and refugees. Rather, there must be increasing incomes and demand from ordinary people as well.

¹⁶ Carl-Mikael Jonsson, Swedish LO-lawyer and researcher, personal communication, Stockholm, 10.11. 2015. Ingemar Lindberg, retired LO-researcher, personal communication via e-mail 3 and 5.11.2015.

¹⁷ Jonsson. Ibid.

The internationally negotiated agreement in favour of inclusive development, Agenda 2030, as well as the treaties to reduce global heating, are important steps ahead. However, they are technocratic and depoliticised. They avoid the crucial factors of power relations and the politics of change. Hence, more social democratic oriented development is necessary, as its rest with forceful progressive forces. If we do not trust enlightened despots (spelt China), this presupposes human rights and democratic and judicially fair rules of the game. How to get there? Is it feasible?

Uphill battle for social democracy in the South

Social democracy has always been particularly difficult in the South. Its first two pillars of broad interest-based collectivities, active citizenship and democracy were up against colonialism, feudal-like subordination and uneven development. In spite of this, the efforts in this direction have remained valid and proven possible. The third pillar of social rights and welfare policies has been crucial in terms of self-help, such as through cooperatives, and demands for public reforms. However, comprehensive welfare state programmes have been unrealistic. This is because they have historically been combined with the fourth pillar, dynamic social growth pacts. And democratic social growth pacts, in turn, have been impossible in the South. The major explanation is that they have presupposed effective democratic governance and comprehensive industrialisation, generating broad and unified collective organising on part of labour as well as capital. This was lacking in the South. What should be done?

As already mentioned, the second-generation social democrats who fought colonialism in countries such as India and neo-colonialism in Latin America, tried to compensate for the insufficient historical preconditions by structural top-down reforms. Typically, however, they failed. And in the process, many human rights and democratisation was undermined too. In addition, ‘middle class coups’ supported by the West and ‘national democracy’ fostered by the East made things worse.

Paradoxically however, the rise of problematic market driven finance and production provided some new space for political freedoms and popular quests for rights and democracy – except in the autocratic developmental states, and much of the Middle East and North Africa inflicted by imperial powers and their proxy regimes. Within the thus fledgling third wave of new democracies, and the earlier one that had survived (with India in the forefront), there was some new room of manoeuvre for a third generation of social democrats too. They did not start from top-down, as the preceding second-generation activists, but strengthened unions, civil societies, grass roots participation and tried to make a difference in local and national elections.

There have been two most fundamental problems. One, that the foreign supported elites have sustained their own interests and set rules of the democratic game, often preventing the rise of autonomous popular representation, including social democratic movements and parties. Second, the uneven economic growth, combining increasing urbanisation and speculation in land, housing and infrastructure; poorly managed exploitation of natural resources and low-wage manufacturing; modern factories and sweatshops; permanently employed workers and contract labourers – along with huge numbers of precarious informal labourers, some hardly making a living, as well as freelancing professionals.

Hence, as we know, the efforts at scaling up and combining scattered interests and local practices have rarely proved feasible. It has been next to impossible, for example, to build broad progressive trade unions that are inclusive of workers in the very diverse industries and with different forms of employment. Many are even short of fixed employment or unemployed. Even unions in showcase South Africa are not inclusive of the huge numbers of most vulnerable people, and the welfare schemes are more like relief on the backyards of neo-liberal development than means to foster

inclusive development. Even the Brazilian social movements among, for example, landless peasants and the celebrated participatory budgeting, failed to alter the national priorities and central level corruption of incomes from oil and commodity production. Is this the end of story?

Openings through broad alliances for rights and welfare, and interest representation

In spite of the setbacks, there are also vibrant counter movements, against the onslaught of rapid and uneven economic and social development and abusive politicians. In partial contrast to the predominantly conservative reactions in the North, some of the counter movements in the economically dynamic regions in the South are more promising. They typically include formal as well as informal labourers, farmers, urban poor, and middle classes with precarious work conditions. These movements are certainly hampered, as usual, by divisive interests due to uneven and unequal development. Examples include those between labourers in formal and informal sectors, and between civil society groups with different projects. But the comparative case studies (including those that I have been involved in for decades) suggest that the movements might pave the way for, as it were, a re-sequencing of social democratic development.

The lynchpin would be agreements on demands for civil rights, social justice, public welfare reforms and impartial implementation – ahead of social growth pacts. Such movements may unite behind populist and liberal reformists who address such issues to win elections. Even some industrialists want the state to handle welfare. In short, early demands for rights and public welfare might open up for broad alliances, which are necessary to foster the missing democratic linkages between state and society, effective governance and the social growth pacts that used to precede welfare states. The options and challenges vary with context, but what are the generic lessons?

Firstly, there *is* a potential to build broad alliances and negotiate agreement between urban poor and middle-class leaders and business towards socially acceptable urban development plans. Similarly, workers and professionals with quite different employment conditions, as well as informal labourers and precarious middle class employees, may come together in favour of minimum rights and wages as well as universal welfare schemes such as for public health and free education. Employers who must compete based on efficient production may also be supportive. In the process, they may also engage in effective and impartial non-corrupt implementation of the public services. Moreover, reformist liberal and populist leaders in need of votes may support this.

Populist hindrances: poor reform agendas and shortage of democratic interest representation

Secondly, however, as case studies also testify, the promising cooperation between such leaders and CSOs along with popular movements tends to be constrained. The alliance of movements and CSOs is rarely enduring and capable of keeping the leaders accountable and the reforms on track. Hence, it is hard to counter the rising fortunes of right wing and religiously oriented populism.

The first root-cause for this is that the unifying rights and welfare policies were not long term enough to be followed up and transformative by strengthening the movements and CSOs and fostering inclusive development. The second and even more problematic hindrance is that the individual horse-trading between political executives and movement-leaders in the context of populism. Thus, dominant populist leaders are often able to dive and dominate various unions and organisations and their leaders. This calls for the development of series of transformative reform agendas as well as for democratic interest based representation, so that progressive organisations can expand and negotiate inclusive and sustainable development.

In other words, there is a potential to renew social democracy in the Global South by building broad alliances for socially acceptable urban development plans, universal welfare schemes and impartial

implementation. But for this potential to become real and foster pacts for inclusive development there is a need for long-term transformative rights and welfare policies, along with democratic interest representation.

Reclaiming social democratic internationalism

Support from social democrats in the North for such contextual efforts is essential. The same applies for joint efforts to contain globalisation based on unregulated markets and extractive rather than inclusive growth. This might not be entirely impossible – if enlightened social democrats realise that the revival of their movements and parties in the North calls for internationalisation of its nationally confined growth pacts and welfare states, to increase viable exports, hold back climate change and reduce forced migration.

Reclaiming and fostering internationalisation of various locally based social democratic movements presupposes four pillars. Firstly a narrative of why it is necessary and possible. Secondly, the restoration of the same basic principle that applied in the joint struggle for South Africa: that investments and trade may not hinder the rise of freedoms, equal citizenship and democracy and shall contribute to inclusive and sustainable development. This is not a matter of charity but long-term investment. For example, it calls more efficient companies and better-paid employees instead of extracting resources and as cheap as possible labour. The somewhat higher price for cloths in H&M in our super markets is pocket money as compared to the benefits for the workers' and their families, the local economy and the chances that there is a demand for our products and services. The same applies to immediate massive support to people having ousted dictatorial regimes –and a new Marshall program in, for example, North Africa, similar to the reconstruction in Europe after the Second World War.

Thirdly, international studies and discussions of problems and options. Many of the conferences of donors and their experts should be subordinated to cooperation between local partners with actual knowledge and engagement in struggle for liberal democracy and social oriented development. Thus is possible to develop new joint priorities and agendas, providing support for those who really: (i) build strategic alliances between people with formal and informal employment; (ii) try to develop and foster series of transformative reforms for universal rights and productive welfare programmes; (iii) fight for democratic representation of the concerned interest- and issue organisations in these processes.

Fourthly, several experiences in the history of Nordic social democracy may serve as sources of inspiration in the South too. But the reverse is also true. For example, social democrats in the North who face the challenges of unifying employees with increasingly different employment conditions may well learn from how likeminded partners in the South try to build broad alliances for universal rights and inclusive social security system. The same applies to migrant workers' struggles for regulated rights and freedoms, to stand a chance against the total freedom of capital, and repressive and chauvinist state policies.