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CAN THE IDEA OF SOCIAL DEMOCRACY BE RESCUED?

Thanks for inviting me. It's an honour to be here. It's not just the common fascination in Canada and Sweden for ice-hockey that makes it special to get to Toronto. It's also your interest in democracy, signified by your prestigious Jarislowsky Chair about its problems and options.

Since the rise of global neoliberalism in the 1980's, and the then also worldwide right-wing nationalism, a common conclusion has been that Social Democracy is a lost cause. Even in Scandinavian heartlands like Sweden. Some six years ago, I thought, therefore, that I should return to my studies for a lifetime of the problems of social rights and democracy movements in the North (mainly in Scandinavia), and in the South (especially in India, Indonesia, the Philippines, and some cases in Africa and Latin America). I thought I should return to these studies to see if reading them in retrospect, and updating them, might help us understand why the idea of Social Democracy has been weakened and if it could be reinvented. The result was the book "In Search of New Social Democracy, Insights from the South – implications for the North" (Zed-Bloomsbury). And several seminars were scheduled to move ahead.

But after publication, even the very significance of what had happened in the Global South after the Cold War had become a non-issue. Everything was instead about the immediate problems in the North. This insularity had begun with the chauvinistic management of migrants and the refugee crisis, plus with Trump, Brexit and more. It continued with the nationalist handling of the global pandemic. And it got worse with the western panic when Putin invaded Ukraine. So, by now one must begin by explaining why – quite against the current provincialism – the crisis of Social Democracy and the rise of right-wing nationalism, including the war in Ukraine, really *are* global matters that must consider the South too.

More specifically, I shall first argue that Social Democracy can't be resurrected, and right-wing nationalism can't be fought without understanding how the West's victory in the Cold War gradually undermined the preconditions for Social Democracy around the world –which spurred the popular frustrations that right wing nationalism has then benefitted from. By implication, these causes for the setbacks call now for a democratic international counter movement against right-wing nationalism, beyond the focus on Ukraine only. We need to rescue genuine democracy to also fight the social inequalities, climate change, new cold war with trade monopolies and the threat of nuclear weapons. Hence, the second part of my talk is about how one could get there by learning from history as well as from today's positive initiatives in the South in particular. And to benefit from this in inclusive forums on the renewal of social democratic internationalism.

So, let's take it from the beginning. Once upon a time there was a remarkably successful radical-reformist Social Democracy. Not the classical German brand of the late 19th century that expected a capitalist breakdown (after which socialists could take over) – but the kind that evolved in the early 20th century, especially in conjunction with the world economic crisis in the late 1920s and early 1930s. A crisis that had to be responded to by broad alliances for welfare reforms and Keynesianism.

There were four dimensions of this radical Social Democracy: (i) interest-based collectivities, especially democratic popular movements, and their parties; (ii) democracy and active equal citizenship; (iii) social and economic rights and welfare reforms; and (iv) thus based social pacts between capital-labour and primary producers to nourish inclusive and today also sustainable production.

To get there, there were five strategies that may be combined. One to dismantle capitalism from above, for instance by expanding the public sector. Two, to tame capitalism with various regulations and welfare reforms, Three, to resist it with unions and action groups. Four, to escape it with cooperatives and the like. And five to transform capitalism with series of reforms that gradually alter its logic and strengthen the popular actors.

This Social Democracy worked quite well in the North. Before the 2 WW, there were Roosevelt's New Deal. And the even more advanced Scandinavian

combination of welfare, social growth pacts, Keynesianism, and export-led expansion. After WW 2, moreover, there was the golden period of welfare and growth. Along with Marshall aid and the Bretton Woods agreement on international regulations.

In the post-colonial Global South, however, similar growth pacts and productive welfare proved very difficult. One factor was of the lack anything like the support for western Europe. Others included the uneven development and the predominance of non-unionised informal labour. Anyway, some advances were there, but they stumbled over the increasing neglect of democracy in the context of the Cold War. So especially from the late 50s and onwards, the anti-colonial wave of democracy was replaced by either West supported “middleclass coups” and even massacres, or by East-sponsored left populism and statism. The remarkable exception was the leftists in the southwestern Indian state of Kerala. In spite of similar challenges they sustained democracy and proved it fruitful for inclusive development.

Fortunately, the reactionary tide changed in the late 60s and early 70s. The liberation movements in Vietnam and in the Portuguese colonies were successful. The latter even nourished the anti-fascist democratisation in Portugal. And progressives in Spain proved that negotiated transition from fascism to democracy was possible. Social democrats like Olof Palme and Willy Brandt vitalised the Socialist International and helped spreading the third wave of democracy in Latin America, Africa, parts of Asia and in Eastern Europe. Palme argued that small nations like in Scandinavia must defend their independence and chances to build Social Democracy by linking up with non-aligned partners around the world against the terror balance and the empires.

At this point of time things looked bright for Social Democracy in the North as well as the South. But only a few years later it was getting undermined. In 1971, the US left the Bretton Woods Agreement on international currency regulation. Authoritarian low wage export-oriented countries in East Asia joined hand with international capital and contributed to deindustrialisation in the liberal North. In Chile President Allende was overthrown, and in Sweden Milton Friedman got the Nobel Prize in economics. Capital was getting increasingly mobile. In addition, the autocratic OPEC countries increased the price of oil without investing much in development, which could have increased

the demand for products from the North. So nationally confined social democratic policies and Keynesianism did not work anymore. Hence, Palme, Brandt and their partners argued it must be more international. This they fought for via their socialist networks and the UN-system for a New International Economic Order and a North-South Partnership, plus peace negotiations through the idea of Common Security. But they failed. Their partners were too weak and divided. And the supporters of international capital were too strong.

Hence the field was open for neo-liberal globalisation, with political leaders like Margret Thatcher and Ronald Reagan. In the North, social democrats conceded. One was President Mitterrand of France who in 1983 had to give up his transformative reforms when investors left the country. Another was Palme who about the same time had to neglect the idea of wage earners funds. Of course, the internationalisation of capital did not mean that all kinds of national social democratic policies were impossible. It was the grand transformative reforms that were undermined. But the neo-liberal ideas had become generally accepted. So Palme's finance minister, for one, even deregulated the credit market. This spurred financial speculations, actually also among the property-owning middle classes. From then on, the social and economic inequalities increased rapidly.

Social democrats certainly applauded the fall of the Wall in Berlin in 1989. Yet Gorbachev was never really supported in his attempts at Social Democracy. Rather, it was Yeltsin and advocates of neo-liberal chock therapy who got the upper hand. This caused social and economic insecurity for ordinary people, plunder of public resources and great opportunities for oligarchs.

Meanwhile, in the West, Tony Blair, Gerhard Schröder and Sweden's Göran Persson, among others, invented a "Third Way". This gave up on Palme's and Brandt's North-South partnership. Along with Bill Clinton, the major priorities were "structural adjustment" to global neoliberalism and "new public administration", while trying to sustain social welfare. These priorities were applied at home, in EU, as well as in the East and the South.

Initially the "Third Way" generated electoral victories – but then run into problems. Some people gained from the adjustment to international neoliberalism, but quite many had good reasons to feel insecure in the context

of deindustrialisation, “flexible” work conditions, and the undermining of public services and welfare.

This was fertile soil for the rise of a right-wing nationalist reaction. It spread in Eastern Europe and Russia where Putin was elected in 1999. It spread in Britain, in France, in Germany, in southern Europe, in the US and more. As there was more protection of speculative bankers than common people during the financial crisis in 2008, frustrations increased.

Even in Sweden – which north American radicals speak so well of – inequalities increased sharply, unemployment got worse and there was less funding and extensive privatisation of the health- welfare- and even education systems. Meanwhile those with access to cheap credits – also among the well to do supporters of the “Third Way” – could speculate in the stock market, in property and in their apartments and villas.

In Scandinavia it became common to blame the hardships less on neo-liberalism than on migrants and refugees as well as on educated elites that benefitted from liberal globalisation. Right wing nationalist parties were successful in several elections, especially in Denmark. Short of an alternative, the Danish social democrats adjusted to some of these positions. The Norwegians were more careful, being endowed with extra oil money to save the welfare system. Also, while Norway had after WW 2 taken radical measures to reveal and contain sympathies for fascist and Nazi ideas, Sweden had never really washed its dirty linen. So its old extreme rightist leaders and their young followers could resume work, speak up quite bluntly and gain increasingly wide sympathies among anti-liberals in general – not only among the frustrated males and their families in the rustbelts and sectors exposed to competition from migrant labourers over less jobs, public services and social security.

For several years, liberals and leftists tried to stand tall. In Sweden from 2012 the new union based party leader Stefan Löfven even returned to some of the social democratic fundamentals as well as to Palme’s internationalism, by stressing a “Global Deal” on less unfair globalisation, a feminist foreign policy and open borders for refugees. But already by late 2015, Löfven had to concede to the massive influx of refugees. The government was unable to coordinate with civil society and there had been a lack of effective support for peace and democratisation in the Middle East, Afghanistan, and north Africa.

Subsequently the Swedish social democratic leaders have come close to the Danish position of adjusting to right wing nationalism.

Remarkably, moreover, immediately as Putin invaded Ukraine, the social democratic leadership gave up on Sweden's more than 200 years old principle of non-alignment. The arguments for applying for NATO membership was that Putin was unreliable (as if Stalin hadn't been), that Sweden must support Finland (even if it could benefit from NATO on its own), and most fundamentally that the conservative parties must not be able to monopolise the issue of NATO membership in the late-2022 Swedish elections (as if short term tactics was more important than strategic principles). The leadership enforced its position without anything like a decent democratic process in the party and labour movement.

Ironically, the leadership lost the elections anyway. So now the victorious right-wing nationalist "Swedish democrat" party has become the second largest in parliament and is back-seat-driving the conservative government. In addition, the demands on Sweden by Turkey's autocratic leadership to let us into NATO testifies to how much we must concede when joining the military alliance. Including less restrictions on arms trade to countries at war and less support for political refugees and pro-democrats around the world, even those granted a safe haven in Sweden.

In conclusion so far, the negative effects of post-cold war priorities – including global neo-liberalism and its weakening of the new wave of democracy in the South and East – were thus a major factor behind the undermining of northern Social Democracy as well as the rise of right-wing nationalism.

Obviously, this calls for a countermovement that must include friends in the Global South too. Yet, as we know, the number of democracies is dwindling, and most pro-democratic allies are on the retreat. Hence it is imperative to understand, first, why the huge opportunities during the third wave of democracy in the Global South faded away, and second, if there are any opportunities to strengthen the hard-pressed critics of right wing nationalism and rescue the idea of Social Democracy.

My comparative studies suggest that there are *three major factors behind the setbacks for the social and democratic efforts, but also three indications of how it would be possible to move ahead.*

The first factor is the dearth of common class interests. The liberal wave of democracy was never backed up by social democratic economic and social policies, and international support for it, as after WW 2 in Europe. In the South, there were rarely inclusive growth and broad labour movements. Instead, the limited industrial growth was typically combined with plunder, increasing inequalities, poor work conditions, unemployment, lack of class-based community and organisation – and constant difficulties to unify people with precarious work conditions.

By implication, social democratic interest-based collectivities cannot be built only at the level of production through unions, no matter how important. Temporary and informal labourers and professionals tend to be ignored. This also means that social democratic growth strategies from Scandinavia that presuppose low unemployment are insufficient, most drastically illustrated in South Africa. There must be broader agendas to rally behind.

The second factor is the limited democratic representation. The wave of democracy might well have compensated for the weak socio-economic policies and scattered interest-based collectivities. But in countries like Indonesia where dictatorships were replaced with democracy it turned shallow and dominated by elites and oligarchs who were short of interest in including others in politics and fight corruption. This was rarely resisted by the mainstream international democracy support. Instead, it mainly encouraged pacts among the elites about new rules of the game. Which in turn meant that pro-democratic movements rarely got a chance to make a difference within an organised democratic polity.

Kerala was a partial exception that we shall return to. But typically, even the celebrated examples of liberal democratisation like Indonesia have backslided. Or in South Africa, or in India under Modi, or the Philippines under Duterte, or Brazil under Bolsonaro. Military interventions as in Iraq, Afghanistan and Libya made things worse, while popular protests, as during the Arab Spring, were short of both organisation and international protection. Typically left populism was also no solution, supporting local participation but also unity

behind charismatic leaders who claimed to stand for people's interests but were not subject to control through genuine democratic representation.

The third factor is that 'bottom up' was not enough. Ideally it should have been possible to promote more meaningful development and democracy 'from below'. But it rarely worked. The impressive attempts by civil society groups, unions, and social movements to build democracy on the ground and combine and scale up scattered interests and issues were important but proved very difficult and rarely made much political difference. I know, I was part of it myself. Kerala in southwestern India did better, but 'bottom up' is simply not enough.

The democracy movements lost out in the transition to internationally supported elite democracy. In Indonesia for one, most activist driven movements turned scattered pressure and lobby groups. In the Philippines they couldn't even take advantage of progressive reforms such as local budgeting. In South Africa the civics were marginalised within the ANC-dominated polity. The acclaimed participatory budgeting during Lula's first term in Brazil did not help to fight corruption on the national level, so Bolsonaro gained power. In India, the social rights activism and reforms facilitated through Sonia Gandhi's Advisory Council was promising but short of both coordination and roots in mass movements. Narendra Modi could gain power.

The most impressive popular participation was in Kerala by civil society groups within the framework of decentralised governance. First campaigns like on literacy and resource mapping from below, then the state-wide people's planning, co-ordinated by the Planning Board. But there were not just advances. Little could be done to institutionalise the practices and foster sustainable production. Reluctant civil society groups and interest-based organisations rarely took part. There was political resistance, including within the Left. And until recently it has been difficult to scale up and relate local initiatives to other levels and actors.

Consequently, the third wave of democratisation and the very positive movements and actors that got wider space for action were never strong enough to build a social democratic alternative to global neoliberalism. In addition, the US and NATO-led "war on terror" after 9/11 (2001) made things even worse.

Just as in the North, this caused frustration and enabled right wing leaders to initiate populist and identity-based counter movements. To mention a few cases, the Arab Spring lost out in 2012. Reformist populists in Indonesia conceded to elitist compromises after 2014. In India Modi's Hindu fundamentalism along with big business won the 2014 elections. against the centre-left government. The Philippine autocrat Duterte wone the elections in 2016 against another centre-left government; and 2022 he was replaced by the son of former Dictator Marcos. One year earlier the Burmese military that the West thought would support democratisation smashed it instead.

But these obstacles are not the end of story. There are also three indications of how it would be possible to rescue the idea of Social Democracy.

The first factor is that in-spite of the problems of uniting people on the level of production as well by bringing popular and civil society groups together, it has proved possible to build broad alliances – of progressive politicians, unions, other popular groups, and civil society activists, including media, in favour of equal civil rights, along with potentially transformative welfare and development reforms.

One example is local alliances for urban development that consider the poor, and for equal rights to welfare and non-corrupt service provision. In the first case as in the Central Java city of Solo in Indonesia, thanks to which Jokowi later became president. In the second case as, at least briefly, with the local Common Man's Party (AAP) in New Delhi.

Another more ideal example is the successful alliance a decade ago for Indonesia's remarkable universal public health reform.

A third example is the recent Left Front landslide election victories in Kerala because of universal health and welfare measures in the struggle against the Pandemic. These measures were possible thanks to the decentralised public action initiated 25 years ago. But now also, most importantly, supplemented with more state level finance and programmes. Remarkably, Kerala has thus resisted India's chauvinist and religious identity politics. At best, broad alliances for rights and welfare may even generate strong enough collectivities to negotiate social growth pacts, such as for knowledge-based development to the benefit of returning migrants and the educated youth,

There are certainly also problems, but *the second potentially positive factor is the possibility to develop more strategic reforms and partnership representation*

One major problem in sustaining broad alliances has been the shortage of *series* of comprehensive reforms to rally behind. When activists have won the battle for one reform, they often return to their regular diverse activities instead of developing and uniting behind new reforms that gradually strengthen people's capacity. A clear-cut case is when the activists "returned home" after the successful vote in parliament for Indonesia's health reform.

The second obstacle has been poor representation when activists negotiate with employers and the governments. Direct negotiations between populist leaders, on the one hand, and unions and civil society groups, on the other, are often promising, but not institutionalised and made democratic. Instead, they tend to turn into transactional horse trading, cause divisions among the movements and make shrewd leaders more powerful. As in Indonesia when the movements lost out in their cooperation with President Jokowi. Which paved the way for Jokowi's allies among the elite, as well as for right wing populist contenders and religious groups to gain strength.

In view of these international experiences, it is essential in Kerala too, that a new democratic framework is institutionalised for partnership governance of all vital groups concerned in designing and implementing the new promising efforts to combine local and state level programmes and to foster knowledge-based development. If that fails, there is a risk that powerful party leaders, ministers and especially chief ministers will dominate.

However, both these problems – of series of transformative reforms and partnership representation – are quite possible to address. Including through international cooperation based on the previously successful experiences in Scandinavia in particular.

The third positive factor is of course the impressive resurgence and reinvention of the Latin American social democratic left in Chile, Brazil, and Colombia.

In all three cases one crucial factor has been the building of broad alliances. In Chile for constitutional reform and social rights. Hopefully the current setback in drafting the new constitution will be possible to overcome. In Brazil Lula has formed a broad political block and tries to combine efforts at social rights with

the struggle against climate change. In Colombia Gustavo Petro has combined a broad alliance for peace with a social democratic reform agenda.

In conclusion, the positive factors, and the new Latin American cases along with Kerala have thus proved to social democrats around the world how it is possible to fight global right-wing nationalism and at the same time address climate change.

This may well be fundamental in reinventing the international cooperation that collapsed after Palme and Brandt. Right now, a social *democratic* oriented policy of non-alignment could even be a positive option to the efforts by autocrats in BRICS to negotiate peace in Ukraine. But it does presuppose that northern social democrats, greens and self-critical liberals engage in much more active and positive cooperation with progressives in the South, who may otherwise have to rely more on autocratic partners in trade- and investments. And it certainly also requires that the US's new mercantilism does not push EU's and Scandinavia's more export-oriented economies into opportunistic relations with their autocratic trading partners.