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## Ideology and Economic Policy in European Social Democracy c.1890-2010

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The research question for this dissertation is; 'what is the relationship between the ideology and economic policy of European social democracy from circa 1890 until around the 2000s?' This research is primarily analytical, as such, the broad analytical framework of this research will be informed by various strands of socialist and social democratic thought, such as Fabianism, ethical socialism and various forms of Marxism, but primarily the definition of socialism used (as per the theory chapter) derives from the non-Marxian economic socialism of Nove (Nove, 1989, p.11). This dissertation analyses the relationship between ideology (the notion of socialism as defined here), and the economic policy of social democratic parties. Owing to a large number of such parties in Europe, this research focuses on three: the Social Democratic Party of Germany (SPD), the Social Democratic Workers Party of Sweden (SAP), and the British Labour Party. These parties have been chosen because they are broadly representative of European social democracy: the SPD being Marxist in origin, the Labour Party being distinctly non-Marxist, and the SAP being an eclectic midpoint between the two in ideological composition.

This dissertation is structured to coincide with the historical phases of social democracy put forward in the temporal framework — the 'parliamentary road to socialism', the 'cross-class' coalition, and the 'Third Way' (Benedetto, Hix and Mastrococco, 2020). This research finds reason to dispute elements of that framework, particularly the distinction between the first two phases, which shall be elucidated later. This research finds that social democratic economic policy, up until around the 1980s, was thoroughly informed by socialist ideology, albeit the nature of their conception of socialism changed significantly, and that the Third Way departed significantly from this tradition of social democracy. This is established by way of analysis of party programmes and manifestos over time, as well as policies implemented whilst in government.

### Early Social Democratic Ideology and Economics

Social democracy as defined for the purposes of this research began at the tail-end of the 19<sup>th</sup> century, wherein the three main parties of analysis for this research were born. This chapter deals more with the foundational platforms and principles of relevant parties than with the specifics of every attempted economic policy when they were in government, the implementation of which was often frustrated by the international and economic tumult of the time.

#### *Social Democratic Party of Germany (SPD)*

The primary statement of the theory and demands of the SPD in this early period was the 1891 Erfurt Programme, drafted under the leadership of SPD theoreticians Eduard Bernstein, August Bebel and Karl Kautsky, despite their theoretical differences. The first section of the Programme is theoretical, written by Kautsky, who took the opportunity to expound on his orthodox interpretation of Marxism.

This section re-states the analysis of Marx that it is the task of the proletariat to overthrow the capitalist mode of production (Bebel, Bernstein and Kautsky, 1891). The practical demands of the Programme were authored by Bernstein, and little attempt was made to interweave these two sections, complicating the relationship between the SPD's theory and praxis (Berman, 2006, pp. 34–36). As such, before dealing with the demands of the Programme,

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we must first explain the apparent contradictions between its two sections.

Kautsky was an orthodox Marxist, particularly so in his adherence to Marx's view that capitalism is bound to collapse. For example, in *The Class Struggle*, the official SPD commentary on the Programme, he states the inevitability of the capitalist crisis (Kautsky, 1892). One might presume that his adherence to orthodox Marxism would lead him to revolutionism rather than reformism. However, in Kautsky's work, one finds justification for reformist social democracy, couched in the language of orthodox Marxism.

Kautsky himself rejected the distinction often made by his contemporaries between reformist and revolutionary socialism (Kautsky, 2002), arguing that revolution — great social, economic and political change — can be achieved through reformism. This alone justifies social democracy within an orthodox Marxist framework. Elsewhere Kautsky more clearly restates this:

On these grounds, I anticipate that the social revolution of the proletariat...will be possible to carry it out by peaceful economic, legal and moral means, instead of by physical force, in all places where democracy has been established.

Kautsky, 1918.

This demonstrates social democratic reformism and orthodox Marxism are not necessarily in contradiction, and therefore, there is no inherent contradiction between the theoretical section of the Erfurt Programme and its reformist demands. However, this does not mean that social democratic reformism necessitates orthodox Marxism.

Bernstein, the author of the practical demands of the Programme, was also a Marxist, though unorthodox one. Bernstein made clear the intention of his revision of Marxist tenets — dismissal of Marxist determinism and the reduction of Marxism to 'that which is essential to his socialism,' rejecting historical materialism whilst 'firmly retaining the chief points of view' of Marxian socialism (Bernstein, 2011, pp. 33–34). Despite rejecting Kautsky's orthodox analysis, Bernstein too saw reforms not as a compromise with capitalism, but as instruments for social change, stating that social democrats should propose 'positive suggestions for reform capable of spurring fundamental change' (Bernstein, cited in Berman, 2006, p.41).

Despite Bernstein's theoretical disagreements with Kautsky, they agreed on the practical demands put forward in the Erfurt Programme. Key among these demands were: universal suffrage, free education, the strengthening of welfare for the poor and sick and equality for agricultural labourers (Bebel, Bernstein and Kautsky, 1891) (see Appendix). The Programme also argued that the working class, after conquering political power, should make all means of production into 'social property' (ibid).

These proposals and the theoretical distinctions between their authors are key to understanding the relationship between social democratic ideology and economics. These proposals are clearly socialist as defined in this research, due to their emphasis on public ownership alongside political and economic democratisation (Nove, 1989, p. 11). The economic demands of the programme are socialist, but the politics and outlook are distinctly social democratic in their emphasis on socialism as a long-term goal, reached through radical reforms, which improve conditions for the working class in the short-term (Sassoon, 2014, pp. 24-25, Newman, 2005, p. 32). August Bebel, like Kautsky, disagreed with Bernstein's revisionism. He delivered a resolution at the 1899 Hanover congress condemning revisionism (Lenin, 1961), however, this had no bearing on economic policy.

Bernstein's revisionism casts aspersions on the model of social democratic history cited in the theory chapter. Therein, it is stated that the SPD was a 'parliamentary road to socialism' party until 1959 (Benedetto, Hix and Mastroiocco, 2020), then becoming a 'cross-class coalition.' However, the ground for cross-class cooperation was, in fact, laid in this early period. Bernstein disputed Marx's model of class, particularly regarding the inevitable increase in the size of the proletariat and the slow collapse of small businessmen and landowners as a class (Bernstein 2011, pp. 55-69). Bernstein believed that all exploited classes had common interests, and therefore, social democrats should not ground their proposals in terms exclusively relevant to proletarians, but in 'the feeling of common humanity and a recognition of social interdependence' (Berman, 2006, p. 43). Not only does this

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demonstrate that a proclivity for cross-class cooperation has been present since the origins of social democracy and that this is compatible with socialist economic demands, but Bernstein's appeals to 'common humanity' demonstrate a latent ethical and humanistic underpinning even in a Marxian form of socialism.

The SPD were in government for a time in the Weimar Republic, up until their proscription in 1933. Whilst in government, they were forced into many compromises due to circumstances, but they were successful in developing the welfare state. Many in the SPD understood their reformist efforts in building a welfare state not as ameliorating the ills of capitalism, but as progress towards socialism (Crew, 2005, pp. 223-224).

## *Social Democratic Workers' Party of Sweden (SAP)*

The SAP was formed in 1889 and distinguished itself from other parties early. They were no stranger to doctrinal compromise, yet retained something of a traditional Marxist aesthetic and vernacular in its early years, even naming its first local organisations 'Workers Communes' (Fusilier, 1954, cited in Przeworski, 2002, p. 23).

This is demonstrated in the party's first leader, Hjalmar Branting's, account of the May Day demonstrations of 1890. He affirms the SAP's commitment to the eight-hour workday, as proposed by the previous year's Paris congress of the Second International (Branting, 1890). The piece fuses the language of traditional Marxism (see Appendix) with more ethically-tinged opinions on the benefit of the eight-hour workday for the personal freedom of workers, and criticises the 'inhumanly long' workdays of the time (Ibid). This demonstrates the intermingling of Marxist and ethical critiques of capitalism in early social democracy.

The SAP programme of 1897 was similar to the Erfurt Programme, beginning with a theoretical section, assessing the state of capitalism, yet distinctly short on orthodox predictions of its inevitable demise. The programme stated the party's intention to gradually socialise the economy (Kokk, 1897). It called for near-identical policies to the Erfurt Programme: universal suffrage (which the SAP prioritised in its early years (Berman, 2006, p. 156)) and progressive taxes, as well as policies unique to their platform: the decentralisation of some areas of production, distribution and transportation down to local governments and agricultural planning by the state (Ibid). The section on agriculture calls for an end to the 'expropriation of the smaller farmer' (Ibid), a further demonstration of class cooperation.

The proposals of the SAP, like the Erfurt Programme, make clear their socialism, committing to public ownership in the economy, to economic and political democracy and to democratic means of achieving this. Their commitment to democracy as a necessary precursor to socialism was such that in the 1890s they supported the liberals in their campaign for universal suffrage (Tomasson, 1969), exemplifying the social democratic disposition for compromise and cooperation in the achievement of immediate goals. The platform also explicitly stated, unlike the Erfurt Programme, that the SAP believed socialism could be established 'by degrees' (Ibid). Arguably this makes them less radical than the SPD, but this doesn't seem a difference of principle — the SAP provided endorsement to the idea already implicit in social democracy; if socialism is to be built through democratic and parliamentary means, it will be incremental.

Branting openly stated his pragmatic reinterpretation of Marxism; "these modifications [of theory] according to new developments... are in a deeper sense in complete harmony with Marxism's own spirit" (Branting, 1926, cited in Berman, 2006, p. 153). This too lends credence to the idea that ideological flexibility was crucial to the SAP as it was to the SPD.

When in government, first in coalition with the liberals in 1920, and then multiple later times in a revolving door of collapsed coalitions and minority governments, the SAP tried to make good on its socialist aims whilst responding to changing circumstances. Shortly into government, the SAP set up a 'Board of Socialisation', intending to investigate how and when to begin socialising private property. The success of this was mixed, with the issue of socialisation scuttling chances of an SAP-Liberal coalition in 1920, and the government was eventually defeated in the elections and forced to resign, in no small part due to the halting of their radical plans by economic crises (Tingsten, 1973, pp. 238-257). However, the determination of the SAP to fulfil these plans were it not for external crises is clear; despite the damage the question of socialisation caused for their coalition possibilities, in the election later that year their

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manifesto openly declared their intention to institute economic planning (Tingsten, 1973, p. 242) (see Appendix).

Branting himself reiterated this commitment: “the time is ripening for the socialisation of certain large concerns and natural resources” (ibid, p. 243). Some social democrats even proposed measures to allow the government to expropriate corporations and landowners, but this was defeated (ibid, p. 261). With this in mind, it becomes hard to dispute that the radical ambitions of the SAP were scuttled by circumstance.

Furthermore, the non-Marxian tendencies of the SAP did not stop at ethical condemnations of capitalism. Per Albin Hansson, who succeeded Branting as SAP leader, and later served as prime minister, introduced to the SAP the idea of *Folkhemmet* ('peoples home'), a form of egalitarian, communitarian patriotism (Hansson in Berkling, cited in Berman, 1998) (see Appendix). Hansson situated *Folkhemmet* within the SAPs reformist socialism but also expounded its merit as an appeal to the majority of Swedes, from whom the SAP needed support to reach government (Berman, 1998). *Folkhemmet* was a communitarian appeal to solidarity within the democratic nation-state, yet another example of the compatibility of non-Marxian ideals and rhetoric with social democratic parties heavily influenced by Marxism.

Lastly, the previously-cited temporal framework states that the SAP moved from the 'parliamentary road to socialism' and became a 'cross-class coalition' party in 1935 (Benedetto, Hix and Mastrorocco, 2020), sensibly as only two years prior the SAP signed the Cow Agreement with the Agrarians (Redvaldsen, 2012). However, as aforementioned, the SAP as early as the 1897 programme had expressed their desire to defend the interests of small farmers, a distinct class from the industrial proletariat, making clear that an emphasis on cooperation between exploited classes is not an aberration of social democracy, but an intrinsic part thereof. This also suggests that there is not necessarily a contradiction between a party being a 'cross-class coalition' and seeking a 'parliamentary road to socialism,' but rather that the two coincide.

## *British Labour Party*

The Labour Party has its origins in numerous organisations, including the Liberal Party from which the Labour movement emerged, the Independent Labour Party (ILP), the Labour Representation Committee (LRC) the Marxist Social Democratic Federation (SDF) and the Fabian Society. Due to the complex relationships between these organisations, this discussion thereof may seem like a summary, but this is out of necessity. As such, this section will deal primarily with the Labour Party beginning from the unification of multiple organisations as the LRC in 1900.

The LRC was founded as part of a plan for a united parliamentary labour group, a plan actioned by an 1899 meeting of the Trades Union Congress (TUC), which passed a motion calling for the formation of a unified political front, a meeting for the creation of which occurred in February 1900. The committee they established included “two ILP members, two SDF, one Fabian and seven trade unionists” (Adelman, 1972, pp. 27–30). The composition of this committee alone is a microcosm of social democracy: a coalition of Marxists (SDF) (Coates, 1975, p. 136), socialists of an 'urbane, gradualist' character (the Fabians, Dorrien, 2019, p. 74), trade unionists and Christian socialists (such as Hardie, ibid, p. 8), divided on theory yet united in their goals of political reform for the benefit of workers, and socialism (however, disparately conceived) in the long term.

The first codified policy proposal from this organisation, which became the Labour Party, was the LRC's 1900 General Election manifesto. The manifesto called for expanding public ownership and regulation, graduated taxes, as well as political independence for some colonies, and basic welfare provisions (Craig, 1975, p. 3). These proposals are similar to those of the SPD and SAP, demonstrating the common ground relating to policy between social democratic parties in this period. Manifestos in subsequent general elections of the early century reaffirmed these policies but also called for the abolition of the Poor Laws and the House of Lords (ibid, p. 20), a capital levy to aid in post-WWI recovery (ibid, p. 32), a land value tax (ibid, p. 39) and state support for agriculture (ibid, p. 47). These further situate Labour in the vein of their social democratic contemporaries; particularly regarding 'class cooperation' (expressed as policies seeking to benefit agricultural workers as well as industrial ones).

Ramsay MacDonald, multiple times party leader and eventually Labour's first prime minister, was undoubtedly

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committed to socialism, albeit an idiosyncratic variety. Between 1905 and 1918 he wrote nine books on socialism and the Labour Party, expounding his views. He appealed to philosophy, ethics and the laws of evolution, situating him within the eclectic ideological climate of the party at the time (Barker, 1976). His socialism was gradualist by his own admission: “[s]ocialist change must be gradual and must proceed in stages, just as the evolution of an organism does” (MacDonald, cited in Thompson, 2006, p. 63). Despite not being a Marxist, his routine appeals to the laws of evolution place him close to the established Marxist tradition of attempting to imbue socialism with scientific objectivity, and his talk of evolution, in particular, situates him in the legacy of Bernstein-esque revisionism.

The first Labour government was a minority government, dependent on support from liberal votes in parliament. Britain was wracked with economic crises, meaning that despite Labours’ commitment to building a “socialist commonwealth” and “the gradual supersession of the capitalist system”, “the 1924 Labour government saw no opportunity to even nibble at the roots of capitalism” (Macfarlane in King, 1996, pp. 48-49). In office in 1924, Labour’s ability to implement socialist policies was stunted by “inexperience, unpreparedness” more than it was by “timidity and betrayal” (Hamilton, 1988, pp. 66–67). After this stint in office, the economic literature of the party was broadly Fabian, and the party was rife with disputes about the speed at which Labour should implement its socialist policies and what it should prioritise therein (Ibid, pp. 69-70). The leadership generally opted for moderation, but with the wealth of Labour literature from the time advocating advancing public ownership, the socialism of the early Labour Party is clear.

Labour reached government in 1929, followed by MacDonald leading a small group of the party into the National Government with the Conservatives and Liberals, causing a split in the party. The complexity of these affairs would necessitate much larger works than this to discuss properly. No more progress was made on the socialist goals and policies of Labour until after World War II, with which this research will deal later.

As with the other two parties discussed, the Labour Party in this period was, in fact, seeking a ‘parliamentary road to socialism’, as evidenced by their continuing calls for the expansion of public ownership and democracy. As with the others, however, the line between this phase and the ‘cross-class coalition’ is not as clear as the cited temporal framework (Benedetto, Hix and Mastrococco, 2020) suggests, for Labour too made appeals to classes other than just industrial workers.

## *Conclusion*

This chapter has established that, in this early phase of social democracy, there was consistency in economic policy proposals, despite theoretical differences. All three parties proposed strikingly similar policies, albeit there was much difference in government by virtue of circumstances and a struggle to determine how to prioritise short-term problems and long-term goals. Despite this, the similarities between the more Marxist continental parties and the more ethical, Fabian and Christian-based Labour Party (Dorrien, 2019, pp. 8-12) are stark, suggesting that social democratic political economy, while informed by distinct ideologies, coheres around similar goals. Even within the parties discussed, theoretical distinctions (such as between Kautsky’s orthodoxy and Bernstein’s revisionism), seldom compromised unity on matters of economic policy. Proving that social democratic parties “were more similar than is often perceived, the differences more of degree than substance” (Weitz and Berger, 1997).

All mentioned parties made a clear commitment to a gradual expansion of common ownership and end of capitalism, whilst working towards short-term reforms for the immediate benefit of workers, in keeping with the definitions of both socialism and social democracy used here. Furthermore, this chapter has demonstrated that, for all three parties, the line between the ‘parliamentary road to socialism’ and the ‘cross-class coalition’ is not entirely clear. By seeking a parliamentary road to socialism (therefore, requiring a majority vote), and industrial workers rarely being a majority of the population, cross-class cooperation is necessary to secure parliamentary power: “once a party committed itself to electoral competition they had to embrace this conclusion” (Przeworski, 2002, p. 25). This chapter concludes that in this early period of social democracy, the relationship between ideology and economic policy is stark: economic policy was explicitly intended to move toward a socialist society, meaning a society with public ownership of the majority of the economy.

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## Middle Years of the Twentieth Century and the 'Cross-Class Coalition'

Keeping with the temporal framework explained in the theory chapter, this research will now deal with the key parties in the period from immediately after World War II up until the 1980s. The temporal framework posits that the SPD became a 'cross-class catch-all party' in 1959, as did the SAP in 1935, and the Labour Party in 1945 (Benedetto, Hix and Mastrococco, 2020). It has been established thus far that in the early period of these parties' history, there was very little distinction between the economic policies of these parties irrespective of their position as 'parliamentary road to socialism parties' or 'cross-class' coalitions, and that, in fact, the necessity of cross-class cooperation is inherent in, and electorally necessary to, parties seeking a parliamentary road to socialism. In this chapter, the analysis of manifestos and policies will continue, seeking to establish how these parties changed between the 1940s and the 1980s. Owing to the large period of time covered, this research will focus mainly on key documents and policies for the relevant parties.

### *Social Democratic Party of Germany*

Due to the post-war partition of Germany into two states, and the forced subsumption of the East German branches of the SPD into the Socialist Unity Party in the East, this work will deal exclusively with the SPD in West Germany.

Under Kurt Schumacher's leadership, the SPD leadership saw their task as resurrecting the pre-war SPD, but also modernising it. Schumacher argued that the party should continue to extend its social base with industrial workers at its core, but also should appeal to the middle classes and attempt to unite "all makers" (Reschke et al., 2013, p. 82). Furthermore, Schumacher and the leadership sought to expand the philosophical base of the party, recognising influences apart from Marxism, which could inspire social democracy, such as humanism and Christianity, making the party a "people's party" in both ideological and support-base terms (ibid). Immediately post-war, the party also emphasised its policy: "democracy," "nationalisation, planning and codetermination" (Reschke et al., 2013, pp. 83-84)

These priorities were expressed in the 1946 Hanover Programme. The Programme was patriotic, with repeated references to the 'German nation' and justifies the party's calls for a socialist economic policy in relation to their benefit for the nation, for example: "[o]nly total reform will restore the German nation to economic and social health and secure peace and freedom" (Treue, 2016, p. 2). The Programme reiterated earlier calls for public ownership and planning of key industries (see Appendix). The Programme was clear that socialism did not mean wholesale nationalisation throughout the economy: "[s]ocialisation of the means of production follows a variety of routes and takes a variety of forms" (ibid, p. 2).

The Programme restates the SPD's commitment to class cooperation, despite them supposedly being a 'parliamentary road to socialism party' at this time, stating that socialism is in the interest of all classes, not just workers, thereby reinforcing the point concluded in the previous chapter. It also reiterates Kautsky's rejection of the reformist-revolutionary distinction within socialism: "there is no reformist or revolutionary socialism. Any kind of socialism is revolutionary, if it is progressive and reforming" (ibid, p. 3).

The Programme's proposed structural reforms to the German state are also of note, calling for largely autonomous administrative subdivisions (ibid, p. 4) (see Appendix), which recognise their purpose as building blocks of a larger state. Despite this emphasis on the *Länder* as constituents of a greater whole, the SPD supported empowered local governments (ibid) (see Appendix). This reaffirms their commitment to the extension of political and economic democracy.

Despite this reinvigorated programme, the SPD did not win the 1949 election and in 1959 reinvented themselves further with the Godesberg Programme. This Programme was explicit in its philosophical shift away from Marxism: "Democratic Socialism, which in Europe is rooted in Christian ethics, humanism and classical philosophy, does not proclaim ultimate truths" (GHDI, 1959, p. 1).

The section 'Ownership and Power' renounces socialisation in the economy as an end in itself, instead seeing it as

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means to a greater end (ibid, p. 5) (see Appendix). This is the most marked ideological change in this period, with greater accommodation of certain features of capitalism and market economics. This is neatly summed up in the Programme: “as much competition as possible — as much planning as necessary” (ibid,p. 4). The Programme goes on to endorse redistribution of wealth through taxation, wage control policies where necessary, support for small farmers and agricultural co-operatives (ibid, p. 5), and material support for families (ibid, p. 7) (see Appendix).

The SPD achieved government as the leaders of a coalition with the liberal FDP in 1969. However, they did not fulfil many of their radical aspirations. Their flirtation with new social movements and ‘post-materialism,’ despite their laudable social reforms, helped lay the ground for the future de-alignment of their support base (Parness, 1991, p. 16) and chancellor Willy Brandt’s interest in international relations rather than domestic economics (ibid, p. 76) helped delay progress on their economic goals. The tension between their rebranding as a “people’s party” and their roots as a socialist workers party was ever-present, with politicians often causing the party problems by declaring themselves still a workers’ party, to the chagrin of the self-employed association (AGS) and small business organisations with which the party associated, despite the SPD fulfilling a number of promises made to the AGS (Braunthal, 1983, pp. 136–137).

The SPD-led government emphasised “economic stability” (Padgett and Paterson, 1991), but also industrial policy and corporatist planning, such that one of their most notable successes were in industrial democracy (Sassoon, 2014, pp. 510-511). The policy of codetermination, which began development in the late-60s and was implemented in the mid-70s, was the product of cooperation between the SPD and the German trade union confederation (DGB). The law gave workers and unions almost half the seats on the boards of companies with over 2000 employees, intended to democratise industry and was resisted by management wherever possible. The law caused some consternation and was eventually revised to give management a slight edge, mainly to appease the FDP (Braunthal, 1983, pp. 116-118). Despite this, codetermination remains in place today and was instrumental in developing the consensus-based culture of German industry. The SPD had “stopped promising to abolish capitalism” and instead “sought to fulfil democratic socialist values by progressively reforming capitalism” (Dorrien, 2019, p. 464).

Despite the benefits of codetermination, and the socialist inspiration behind laws requiring worker co-management of production, worker co-management without worker ownership does not entirely constitute socialism in the sense as it is defined for this research, fulfilling the criteria of economic democracy, but not public ownership. This economy was ““organised capitalism” at its best” (Sassoon, 2014, p. 511). In a theme which will become crucial in this period, the social democrats had become the socialist managers of this ‘organised capitalism’. After leaving the government in 1982, the SPD would become increasingly split between ‘traditional’ social democrats and more market-friendly ‘modernisers’ (Bremer, 2019), which would culminate in a victory for the latter in the SPDs embrace of the Third Way.

## *Social Democratic Workers’ Party of Sweden*

The SAP governed most of Sweden’s post-war history, as such this section may seem unduly summary, and will deal only with policies and events of direct relevance to the relationship between ideology and economics for the SAP.

In 1944, the SAP released their ‘post-war programme’, calling for extensive socialisation in the economy and declared their goal as “the economic organisation of bourgeois society, so that the right of self-determination over production is placed in the hands of the entire people, the majority is liberated from dependence on a few owners of capital” (MacFarlane in King, 1994, p. 45). Shortly thereafter, faced with rising inflation, they abandoned their pledges of socialisation in the short-term but did not renounce them in the long-term (ibid), emblematic of the ever-present tension in social democracy between long-term socialist goals and short-term goals of sound economic management for workers’ benefit.

The ideological position of the party for some time after the war can be termed ‘functional socialism’. Explained in an eponymous book, it argued that the regulation of capitalism in Sweden had weakened the capitalist class, making private ownership of the means of production, in and of itself, not an obstacle to socialist goals, suggesting that socialisation was only necessary for certain areas of the economy (Hamilton, 1988, pp. 192-193). Long-time SAP

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leader and Prime Minister Tage Erlander neatly summarised this: “the demand for socialisation had been pushed into the background. Let private industry under society’s control take care of what it can. Society should not intervene unless it is necessary” (Tilton, 1991, p. 174). This was not, for much of the SAP, in contradiction to their status as a socialist party, for in the 1920s their flexible concept thereof was made clear by Ulla Lindstrom: “every advance that realises a higher degree of cooperation can be said to be an advance in a socialist direction” (Tingsten, 1973, p. 263).

In government for a time the SAP was reminiscent of the SPD; with socialisation considered a last resort, and socialist goals achievable by different means, such as regulation and the welfare state (which in a ‘socialist regime’ is guided by principles of ‘universalism and equality’ (Esping-Anderson, 1990, p. 136)). However, the notion of ‘functional socialism’ would soon be radically reinterpreted.

In 1967, in the wake of rising inflation and labour unrest, the party called a conference to devise new policies. Based on reports from LO, the national blue-collar trade union centre, the Party began a massive expansion of the state sector (Hamilton, 1988, p.197-198) (see Appendix). These measures alone, whilst interventionist, are not in and of themselves necessarily socialist. However, in the mid to late 60s, the government also acquired “a 50 per cent share by the state in ASEA-Atom and in 1969 of a firm manufacturing reactor equipment and one concerned with oil prospecting in the Baltic” (ibid, p. 199). This is “somewhat more socialist” (ibid, p. 198) than the earlier measures.

The most socialist measures of the SAP’s newfound radicalism were yet to come. In 1971, they drastically expanded workplace democracy, giving workers greater representation on the boards of companies, and curtailing the right of management to hire and fire workers as they choose (ibid, p. 200). Originally intending to write a report to enhance Sweden’s “solidaristic wage policy” (Sunkara, 2019, p. 120), a LO working group, founded in 1973 and chaired by Rudolf Meidner, devised the most radical, and for our purposes, important policy in the history of the SAP — wage-earner funds, a complex system of gradually transferring shares of large companies to the ownership and control of workers (Hamilton, 1988, p. 203-204) (see Appendix for a full explanation of the policy). The funds were to be administered by a central board of union representatives and “representatives of the wider community” (ibid, p. 204). The LO predicted that 20 years of this plan would result in workers’ funds having majority holdings in all affected businesses (MacFarlane in King, 1996, p. 46; Sunkara, 2019, p. 120).

This is a clear example of socialism in the sense defined for this research — a policy plan in a democratic state intended to bring under public ownership the bulk of the economy. However, the policy caused intense debate. Its architect, Meidner, had to be coy about its intentions, only admitting after the report came out that the intention was the gradual socialisation of the economy (Hamilton, 1988, p. 205), stating that transferring ownership to workers was essential to changing society (Sunkara, 2019, p. 120). Despite this, the policy caused debate in the SAP, with prime minister Olof Palme opposing it, and public support being low. Partially thanks to the turmoil caused by the policy, the SAP was ejected from office from 1976-1982 (Dorrien, 2019, p. 406). When back in the office, the version of the policy they implemented was diluted, with less emphasis on worker ownership of the funds, based on the version of the policy adopted by the 1981 SAP conference (Linton, 1985, p. 27). Propaganda against the radical plan from the business community and rival parties helped keep the SAP out of power in this brief interregnum (ibid). Palme was assassinated in 1986, and the party began to move away from radical economic policy.

The failure of the SAP to make good on the original plans of wage-earner funds represents an uncharacteristic failure of the SAP to successfully market and implement radical policy (Tilton, 1991, p. 234). Despite this, the attempt of LO and supporters in the SAP to gradually socialise the economy, their model of public ownership involving both unions and the state, as well as their powerful cooperative movement (Linton, 1985, p. 21), mark the SAP as distinct from the other parties hitherto analysed, and the wage-earner funds as the most pronounced movement towards a socialist economy ever enacted by a social democratic government (Therborn, 2018). Much like the SPD, the SAP in the post-war period was for a time the administrators of capitalism guided by socialist principles and goals (disparately conceived as they may have been), but they distinguished themselves through a revived and re-radicalised conception of socialism as a question fundamentally of ownership, on which they sought to make progress, but were hindered by the compromises necessary to secure power.



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## *British Labour Party*

The Labour Party secured an electoral landslide shortly after the end of World War II. The manifesto on which they were elected was radical, but it only thrice mentioned socialism directly (Craig, 1975, p. 127) (see Appendix). In terms of concrete policy, the party proposed public ownership (meaning nationalisation) of various industries (see Appendix) and the Bank of England (*ibid*), all of which they made good on. The manifesto was patriotic, making repeated references to the 'nation', its defence, and its interests. This fusion of radical reform proposals justified with reference to patriotism is much in keeping with both of the previously studied parties here.

The 1945-51 Labour government introduced comprehensive welfare measures through the National Insurance Act of 1946 and the National Assistance Act 1948 (Powell, 1992, p. 117), and these measures were universalist, in keeping with the social democratic or "socialist regime" form of welfare defined earlier (Esping-Anderson, 1990, p. 136; Sassoon, 2014, p. 141). It is noteworthy that some in the Labour government of 1945 did not necessarily see socialism as a question of ownership and control, but of distribution. As Stafford Cripps, who served both as President of the Board of Trade and Chancellor of the Exchequer put it: "the economic case for socialism is largely based on the inability of capitalism to bring about any equitable or even practicable distribution of commodities" (Cripps, 1933, cited in Przeworski, 2002, p. 32). This explains the emphasis, which the Attlee government placed on redistribution for the benefit of the poor through heavily progressive taxation (Mioni, 2016; Thompson, 2006, p. 143).

This emphasis on redistribution of resources rather than ownership explains how the welfare state designed by the 1945 government was so easily open to criticism. Richard Crossman, a veteran Labour politician, criticised the record of the 1945-51 government in a 1952 essay, arguing that it had missed the point of socialism by creating a bureaucratic welfare state, which fulfilled its aims but in which recipients of welfare did not participate, sending the impression that socialism was to be administered by the Civil Service from above, not done by and for the people themselves (Dorrien, 2019, pp. 449-450).

The nationalisation measures of the government could be seen as either the necessary first steps for socialism or as a strengthening and regulation of capitalism by the state, within the Labour Party both analyses had adherents (Hamilton, 1988, p. 91). Despite this, Labour in this period was, justifiably, "closely associated in the minds of the electorate with policies of industrial planning, welfarism and state corporatism" (Powell, 1992, p. 116), and such policies and reforms "had to be financed by a strong, wealth-creating economy" (Sassoon, 2014, p. 150), which in practice meant a capitalist economy.

The Attlee government made no effort, despite the views of some in the party, to further public ownership beyond the industries already outlined and made no attempt to implement measures constituting economic democracy (creating instead the aforementioned non-participatory bureaucracy within the welfare state and nationalised industries). As such, much like the SPD, in this period the Labour Party in government was not making progress towards socialism as defined here but was instead managing capitalism, guided by what they saw to be socialist principles. This was explained by the Labour MP Anthony Crosland:

Yet this [Keynesianism and the welfare state of the 1945 Labour government] is not socialism. True, it is not pure capitalism either; and it does fulfil some parts of the traditional socialist aspirations, and to this extent it has socialist features. Yet it could clearly be a great deal more socialist than it is... since we could still have more social equality, a more classless society, and less avoidable social distress, we cannot be described as a socialist country (Crosland and Leonard, 2006, pp. 89-90).

In the election of 1951, wherein Labour was defeated, they were running on a platform which suggested an attempt to counteract this issue of bureaucracy within the newly nationalised sector, with their manifesto declaring: "[w]e shall associate the workers more closely with the administration of public industries and services" (Craig, 1975, p. 174). Regarding public ownership, the manifesto was sparse and vague, committing to "take over concerns which fail the nation and start new public enterprises wherever this will serve the national interest" (*ibid*). In the same manifesto, they continued the trend of class cooperation by suggesting further policies to benefit agricultural workers (*ibid*, p. 175). Whilst in keeping with the social democratic trends hitherto described, the policy of taking failing businesses

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into public ownership could have had radical implications (depending on how failure was to be defined and what form the public ownership would take), whether or not it would have moved Britain towards socialism is a matter for speculation, as Labour were not in government again until 1964, and before this point, party leader Hugh Gaitskell disavowed nationalisation of industry beyond the maintenance of industries already nationalised (Dorrien, 2019, p. 440). The position of party policy at this time was most clearly expressed in the Executive Committee's *Statement on Labour's Aims*, which expressed Labour's support for a mixed economy (*Labour Party Conference Report*, 1960, quoted in MacFarlane in King, 1996, p. 53) (see Appendix for full quote).

When returned to government in 1964 and 1966, under the leadership of Harold Wilson, Labour policy was in the standard vein. Calls for the socialisation of industry "apart from re-nationalisation of the iron and steel industry were restricted to the water supply and the aircraft industry" (MacFarlane in King, 1996, p. 53). They also further expressed their penchant for tripartite corporatist economic management (Craig, 1975, p. 255), with the intent thereof being to fund the public expenditure required to increase living standards, eliminate poverty, and expand welfare provision (MacFarlane in King, 1996, pp. 53-54). All of this was effectively ended with the 1966 devaluation crisis (ibid), and the party had to implement austerity measures, such as reducing public investment.

Labour was ejected from office in 1970, not returning until 1974. In the February election of that year, their manifesto called for more redistributive measures such as a wealth tax (Craig, 1975, p. 402), with Chancellor Denis Healy later declaring that he would squeeze the wealthy "until the pips squeak" (Arestis and Sawyer, in Arestis and Sawyer, 2001, p. 52). They also announced that they would bring then-nationalised industries under worker control, rather than state control (ibid, p. 404) (see Appendix for full quote).

This election led to a hung parliament and minority government, so a second election was called. The manifesto was of a familiar tone, socialist and patriotic, declaring "injustice is the enemy of national unity" (ibid, p. 452), and reiterated calls for public ownership of "necessary land" (ibid, p. 461), "all commercial ports" (ibid, p. 462), and signalled their intention to maintain currently nationalised industries, and further worker participation therein, as in the previous manifesto of 1974. Despite winning the second election, economic crises wracked the country, and none of these radical proposals was fulfilled.

After losing an election in 1979, Labour suffered eighteen years of opposition. In 1983, under radical leader Michael Foot, their manifesto was derided as the "longest suicide note in history," including massive public spending plans, which aided in their crushing defeat (Travis, 2017). Hereafter, Labour significantly changed its economic policy, moving away from public ownership in all industries except water, instead moving towards what could be called 'supply-side socialism' with the state taking a hands-off approach to macro-economic management (Bevir, 2009), decisively not socialist by the definition used for this research. Labour next gained power in 1997 as a party of the Third Way, with which the next chapter will deal.

## Conclusion

This chapter has demonstrated that from the end of World War II until around the 1980s, social democratic parties altered the relationship between their ideology and economic policy. All the parties analysed remained socialist by their own declaration, but their notion of socialism changed — becoming about managing the economy in line with socialist principles and attempting to achieve goals of equality and fair distribution of wealth, rather than seeing socialism as a definite form of society with majority public ownership in the economy. The SAP was the notable exception, declaring economic policy which would have moved Sweden down the road toward socialism. Of course, they did not achieve this, and nor did the Labour Party achieve many of its radical proposals, which would have made Britain more socialist, in relation to economic democracy. All three parties in this period can, therefore, be described as adapting their conception of socialism and economic policy to the conditions of capitalism around them, proving that "nothing is more traditional in the history of socialist thought than the violent rejection of past doctrines" (Crosland and Leonard, 2006, p. 71). This section, therefore, concludes that in this period, the relationship between social democratic economics and ideology was one of the guiding principles — social democrats as the socialist administrators of capitalism.

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## The Third Way

This chapter will deal with the last phase of social democratic history as given in the temporal framework — the Third Way. The SPD, SAP and Labour Party made their turns toward the Third Way in 1998, 1993 and 1991 respectively (Benedetto, Hix and Mastrorocco, 2020) according to this framework. This chapter will primarily deal with these three parties when they were actually in power, and mainly with specific economic policies, which can be used as exemplars of their general economic policy. As such, this chapter may seem like a summary by comparison to others, however, this is because a comprehensive discussion of all facets of the Third Way would require greater scope than allowed here, and the bulk of this research has been dedicated to establishing the relationship between social democratic ideology and economics prior to the Third Way, so this chapter will simply explain the departure of the Third Way from the previous period. It has been established that social democratic parties ceased to be committed to bringing about a wholly different society they envisioned as socialist (with the qualified exception of the SAP), and became the socialist administrators of a new form of capitalism. This chapter will deal with the Third Way in the three parties studied, and posit that it moved significantly from the traditions of social democracy, despite its proponents attempting to position it as a renewal thereof (Giddens, 2008, pp. 1–23), and that this constituted the most significant ideological shift in social democracy, particularly with relation to the idea of socialism, instead accepting the influence of various forms of liberalism.

### *Social Democratic Party of Germany*

The 1998 Federal Elections led to an SPD-led government, the first since 1982. They were the single largest party in the election, winning on a centrist platform (Green, 1999) and shortly thereafter formed a coalition with the Greens. There was initially concern among the German business community about the coalition parties' corporate tax plans (*Financial Times*, cited in Miller, 1998). These fears were partially abated when neo-Keynesian Finance Minister Lafontaine was replaced by the "pro-business and fiscally orthodox" Eichel (Lees, 2002, pp. 122–127).

Gerhard Schroeder, known to be the frontrunner as the SPD's Chancellor-Candidate before the election, was pragmatic. He touted his credentials to the left of the SPD, stating that he once nationalised a steel company, which was under threat of takeover from an Austrian firm, leaving out that the company was re-privatised as soon as it was financially stable (Braunthal, 1999). This is in keeping with his image as a self-styled 'moderniser' of the Blair ilk (Lees, 2002, p. 111), and unsurprising from one who saw economics as so depoliticised that he suggested there are no left- or right-wing economic policies, just successful and unsuccessful ones (Hübner, in Reutter, 2004, p. 107). Furthermore, a joint policy document on the Third Way, released by Blair and Schroeder, decried the former orthodoxies of social democracy, suggesting that the state could or should not intervene in the economy too much, that its role should be market assistance, criticising 'tax and spend' economics and promoting competition in the public sector (Blair and Schroeder, 1998, see Appendix), in congruence with the SPD's manifesto commitment to reducing most taxes (Miller, 1998). The departure here from previous phases of social democracy, with its heavy state regulation, high taxes, and consistent and, occasionally expanding, public ownership, is obvious.

A key policy of the SPD-led coalition government was the Alliance for Jobs (AfJ). The AfJ was an attempt to remedy Germany's unemployment issues and formed a centrepiece of the SPD election campaign (Bispinck and Schulten, 2000, p. 7). Some have suggested that this project was essentially corporatist in the old-fashioned social democratic sense (Lees, 2002, p. 114), given that it depended on tripartite agreements at a federal level (Bispinck and Schulten, 2000, p. 8). However, AfJ was not part of a Keynesian economic policy, and it was not linked to social democratic goals and traditions but was instead a vehicle for 'modernising' the economy, as it was structurally unable to reconcile the conflicting interests of the social partners involved, it had no great redistributive element, and it served to further alienate trade unions from the government (Reutter in Reutter, 2004, pp. 104–105).

The AfJ was built under an essentially (neo)liberal government, which accepted monetarist orthodoxy, leaving little room for a fiscal policy designed to stimulate employment. As such, its approach to facilitating employment was essentially structural labour market reform aimed at cutting labour costs and corporate taxes for employers (Bispinck and Schulten, 2000, p. 12). To their credit, the necessity of a social contract between relevant parties was recognised, but its primary function was to institutionalise social acceptance of cost-cutting measures for employers

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(ibid, pp. 12-13). This clearly prioritised business interests rather than workers, unsurprising given that the SPD Labour Minister intended precisely that (Silvia, 1999). The neoliberal think-tank New Social Market Initiative was instrumental in pushing the SPD-led government toward this model of nominally corporatist institutions of a distinct social character, geared toward a liberal conception of economic “common sense” (Bruff, 2008), rather than social democratic goals.

The SPD in this period eschewed its formerly socialist goals and inspiration but maintained tacit support for the welfare state. However, their labour and welfare reform package ‘Agenda 2010’ was neoliberal and austere, damaging the welfare state (Braunthal, 2003), and pushing unions away from the SPD. After the beginning of the financial crisis, the SPD became slightly more sceptical of free markets, attempting to move left on welfare-related issues by supporting a federal minimum wage, but attempted to fuse this with fiscal conservatism, rendering their platform incoherent (ibid).

The SPD in government from the late 1990s made clear their departure from social democracy. They used a national bargaining model with a veneer of similarity to traditional social democratic corporatism not as a tool for coordinating the economy in the interests of workers, but as a vehicle for making the labour market more amenable to employers’ interests. The SPD-led government, limiting state intervention to the microeconomic level, essentially accepted the tenets of Ordoliberalism (Nachtwey, 2013). They did not attempt to further public ownership or codetermination, eschewing a former cornerstone of their policy. As such, the SPD’s ‘modernisation’ of the economy was a form of “soft neoliberalism” (Allen, 2006). This furthers the case that the Third Way, in economic policy, is a distinct form of liberalism, not social democracy.

## *Social Democratic Workers’ Party of Sweden*

The SAP’s movement towards liberalism began during the 1980s. After the neutering of the wage-earner funds, capital market deregulation and marketisation increasingly found their way into SAP economic policy, helped by Palme’s willingness to allow his finance minister to run amok with policy after attending a talk by neoliberal economists (Therborn, 2018). Throughout the mid-to-late-80s, the SAP deregulated finance, abolishing loan and speculation ceilings (Englund, 1990). Tight financial regulation and the privileged access of the LO to the Finance Ministry were crucial to the Swedish social democratic economy, so financial deregulation served to undermine the model they themselves had built (Ryner, 1999). Furthermore, towards the end of the 80s the SAP toned down its active investment and industrial policy (Ryner, 2014, p. 125), maintaining a reduced level of macroeconomic intervention and active labour market policies, but prioritising price stability over full employment (Whyman, 2014, pp. 165–166). This represents the SAP’s gradual adoption of “compensatory neoliberalism” in response to crises (Ryner, 1999; 2014, p. 126). This shift in priorities and reduction of direct intervention in the economy marks a shift from the previously active SAP-administered state.

The SAP’s movement towards the Third Way was pre-empted by a breakdown of collective bargaining. In the late 80s, the employers’ association withdrew from national collective bargaining agreements with the state and unions (Huo, 2015, p. 55), removing one pillar of the tripartite corporatist bargaining, which had previously been central to SAP economics. Previously the employers’ association had been calling for “freer markets” (Ryner, 2014, p. 145), but once they withdrew from national arrangements they managed to decentralise collective bargaining, individuating employees, damaging solidarity between wage-earners and their affinity for the welfare state (Jenson and Mahon, 1993). Frequent currency devaluation in response to market problems also destabilised collective bargaining (Ryner, 1999).

The SAP government was elected in 1994 after a conservative interregnum opened the welfare state up to market forces (Svanborg-Sjövall, 2014) and continued with the welfare cutbacks of the 1991-1994 government (Ryner, 2014, p. 126), arguably going further in terms of relative privatisation than the Thatcher government in Britain (Jakobsson, 2013, cited in Svanborg-Sjövall, 2014). This, as with previously mentioned departures from more radical SAP policy, was often out of perceived economic necessity in response to crises, rather than ideological conviction (Möller, 2001, cited in Svanborg-Sjövall, 2014). This is another departure from the previous social democratic policy in the Third Way; a more pronounced willingness to compromise long-treasured principles (in this case the public

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ownership of the welfare state) in favour of market stabilisation.

Throughout the 1990s the SAP continued to cut public expenditure and welfare and made the central bank independent (Ryner, 2014, p. 155). This represents yet another Third Way hallmark – depoliticization of economics, handing over the former functions of the state (which were, therefore, under democratic control) to the independent actors in the pursuit of appeasing the market. The SAP government of the 1990s also led Sweden into the EU, and membership of institutions like the EU or WTO constrains local economic legislation (Judt, 2011, p. 231), and therefore potential radicalism.

This all further demonstrates the departure of the Third Way from social democracy – acceptance of liberalism. The Third Way served to undermine the corporatist bargaining, strong welfare state and high levels of public ownership, which had previously characterised social democracy, instead opening these up to market forces, and actively limiting the economic power of the state through depoliticising economics and, to a lesser extent, joining international economic unions.

### *British Labour Party*

Earlier in this chapter, the joint Blair-Schroeder policy document was cited. As Blair was the foremost political promulgator of the Third Way in Britain (Leigh, 2003), the general thrust of the document (pro-market policies, scepticism towards state intervention, etc.) remains applicable to the Third Way as understood within New Labour, so will not be reiterated here; instead, a few specific areas of policy and Labour's transition to the Third Way will be addressed.

Starting in the 1980s, Labour began accepting the supply-side economic focus of the New Right (Bevir, 2005, p. 64). This was formalised in Labour's 1989-90 Policy Review, wherein the party accepted an essentially-Thatcherite settlement and the faith in the self-correcting power of the market entailed therein (Hay, 1999, pp. 59–60). Prior to the election of 1997, Labour made effort to distance itself from the trade unions (Blackburn, 1997), and dropped all prior commitments to public ownership of recently-privatised industries and services, instead promising greater public accountability therein (Hay, 1999, p. 127-128), eschewing even a return to the levels of public ownership, which the party had hitherto supported, defended, and called for worker management of. Their departure from the previous policy was furthered in the 1997 manifesto, which promised to leave intact industrial and employment relation changes of the 1980s (Labour Party, 1997), meaning those of the Thatcher government.

Shortly after winning power, new Chancellor Gordon Brown made the Bank of England independent, with consent only from Blair (Anderson and Mann, 1997, p. 108), having not run on a campaign to do so. This served to free the BoE from political and democratic control (Arestis and Sawyer, in Arestis and Sawyer, 2001, p. 46), handing over economic power instead to an institution prone to compromising manufacturing and sacrificing social concern to appease the market (Blackburn, 1997), in congruence with the Third Way theme of depoliticising economics. Furthermore, Chancellor Brown made clear New Labour's reluctance to raise taxes or increase public spending to inflate demand (Bevir, 2005, p. 64). Blair often avoided discussing privatisation plans through verbal trickery designed to obfuscate the reality of transferring wealth from the public to the private sector, instead using market language to describe employees in soon-to-be-privatised industries (Richardson, 2001). The neoliberalism internalised by New Labour led to an inability to conceive that the interests of workers differ from those of employers (Smith and Morton, 2006), thereby *de facto* favouring employers in matters of workplace relations, and in government, they seldom resisted pressure from the Confederation of British Industry in policy matters (Crouch, in White, 2001, p. 105, cited in Smith and Morton, 2006). This shift in priorities from the previous era of social democracy is apparent.

Under the influence of the Third Way, Labour accepted much of the analysis and approach to the economics of the neoliberal right, however, they arguably remained distinct by virtue of doing so against the background of the traditions of social democracy (Bevir, 2005, p. 85). However, the social democratic canvas on which they painted their newfound neoliberalism amounted to the façade of compassionate authority, and the Third Way as expressed in social democratic parties (i.e. Labour) became an effective shell for a hard core of neoliberal economics (Anderson,

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2000). Privatisation, liberalisation and deregulation, initiated by Thatcher and continued by every subsequent government (including New Labour) constituted a massive transfer of wealth from public to private hands and deepened inequality (Pabst in Geary and Pabst, 2015, p. 102). New Labour utilised the language and logic of the market even where it had no place (Westall, in Glasman et al., 2011, cited in Merrick, in Geary and Pabst, 2015, p. 248-249), and their 'progressivism' was an embrace of the destructive tendencies of globalisation, with little regard to the losers thereof (Cruddas, 2011, quoted in Landrum, in Geary and Pabst, 2015, p. 166). The Third Way in Britain, as with Sweden and Germany, embraced a depoliticisation of economics, and, rather than maintaining or expanding public ownership and economic democracy, they reneged thereon. While Blair may have identified himself as a socialist (Blair, 1983), the government he led departed so far from the traditions of social democracy that it became unrecognisable.

## **Conclusion**

This dissertation has analysed the relationship between ideology and economic policy in social democracy, through an analysis of three social democratic parties and their evolutions in the realms of ideology and policy. It has been established that, early in its history, the social democratic policy was informed by socialist ideology, and was specifically geared towards building a socialist society – as evidenced by the calls for public ownership in early manifestos of as much of the economy as possible. It has been shown that this holds true despite the great differences in ideology between these parties. Contrary to the temporal framework used, this research has found no contradiction between social democracy as a 'parliamentary road to socialism' and a 'cross-class coalition.' Instead, it has been shown that cross-class cooperation is a necessary component of seeking a parliamentary route to socialism because such a route requires a majority of votes from the population. In the period termed the 'cross-class' coalition, it has been demonstrated that the building of socialism was not their goal, which changed, but the nature of the social democratic conception thereof. The parties analysed in this period focused more on (re)distribution of wealth, welfare provision, and social equality, as the goal of socialism, rather than ownership. The parties, of course, did establish and maintain public ownership in some sectors of the economy, or worker co-management of industry (as in Germany), but did not primarily concern themselves with public ownership. Of course, the SAP was a minor exception, at one point proposing plans to gradually bring about worker ownership to most of the economy, and the Labour Party multiple times proposed to further involve workers in the management of publicly owned industries. However, the nature of electoral politics in both cases frustrated these efforts, and they did not come to fruition. This research, therefore, concludes that social democracy in this period was, in fact, the administration of organised capitalism by parties attempting to do so guided by a renewed conception of socialism. As such, this research finds that until the 1980s, social democracy was reformist socialism, though their conception of socialism had changed.

The tradition of social democracy reinventing itself due to changing circumstances was followed through in the Third Way. However, it has been shown that the Third Way, with its depoliticisation of economics, proclivity for privatisation and marketisation, was a form of liberalism that happened to take hold within social democratic parties. Herein social democracy, as expressed in social democratic parties, had reformed itself to become alien from its prior traditions, both seeking to build a socialist society and to govern capitalism in line with socialist principles.

This research leaves open various other avenues for inquiry, which may be of interest to scholarship on social democracy. The scope available here allowed little discussion of the communitarian and conservative traditions long-lost to social democracy by the advent of the Third Way, and emphasised recently by the likes of the Blue Labour movement, as such the ground is fertile for scholarship on the topic. The different forms public ownership can take, and which forms are best for achieving social democratic ends, is also a topic of crucial importance to this field, unfortunately, untouched here. With European social democracy so clearly in a crisis of support at the time of writing this, one would hope that this research, and research like it, can inform a rediscovery of social democratic traditions, and the next renewal of social democracy.

## **Appendix**

This appendix contains quotes from party platforms, manifestos and articles from which the policies analysed were

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derived, and explanations of policies where appropriate. They have been organised into this appendix as this research heavily utilises textual analysis, and not all the relevant sections of party manifestos could be included in the body of the text. The quotes are listed here in their order of appearance.

Erfurt Programme, relevant policies; 'universal, equal and direct suffrage', 'proportional representation', 'free education', 'free meals in the public *Volksschule* (public schools)' 'free medical care', 'fixing of a normal working day not to exceed eight hours' (Bebel, Bernstein and Kautsky, 1891).

Branting article, 1890, orthodox Marxist language; the 'class conscious proletariat', the 'capitalistic era of large-scale industry' and a 'reserve army of labour', terms which are notably orthodox in their Marxism (Branting, 1890)

1897 SAP programme, relevant policies; 'gradually transform to common property all means of production — the means of transportation, the forests, the mines, the mills, the machines, the factories, the earth', 'general, equal and direct suffrage', 'legal help free of charge', 'proportional (progressive) income and wealth taxes and inheritance tax' (Kokk, 1897)

1920 SAP Manifesto, relevant policies; 'Production shall, carefully and in a planned and conscious manner, be reorganised with the aim of furthering general affluence and economic justice in the society. The guiding principle of this organisation must be that all opportunities to increase production are utilised, because only in this way can general affluence be achieved, and the opportunities for capitalist profiteering decreased, finally to be abolished' (Tingsten, 1973, p.242)

Per Albin Hansson's description of *Folkhemmet*: 'The basis of the home is community and togetherness. ... in the good home there is equality, consideration, cooperation and helpfulness... this means breaking down all the social and economic barriers that now separate citizens into the privileged and the neglected... Swedish society is not yet the people's home. There is a formal equality, equality of political rights, but from a social perspective the class society remains, and from an economic perspective the dictatorship of the few prevails' (Hanson in Berkling, cited in Berman, 1998).

1900 Labour Party general election manifesto, relevant policies; 'Public control of the liquor traffic,' 'Nationalisation of Land and Railways,' 'Graduated income tax,' 'shorter parliaments. Adult suffrage. Registration reform. Payment of Members,' 'legislative independence for all parts of the Empire,' 'useful work for the unemployed,' 'adequate maintenance from National Funds for the aged poor,' 'public provision of better houses for the people' (Craig, 1975, p.3).

1946 Hanover Programme of the SPD; calling for public ownership of; 'all enterprises in mining, iron and steel production', and 'the whole of transport, the new system of money and credit supply and the insurance sector' (Treue, 2016, pp.2-3). On cross-class cooperation; '[the SPD] sees socialism as the right programme for workers, office employees and civil servants, the professions and middle class, farmers and anyone who lives by the sweat of his own brow and not on the fruits of capitalist exploitation' (*ibid*, p.3). On the structure of the German state; 'Social Democracy wants to see a democracy built on co-determination and shared responsibility by all citizens. It wants a republic which is largely decentralised and self-governing. The German republic of the future must be built on *Länder* which do not regard their own existence as their principal *raison d'être* but which see themselves simply as building blocks in a larger national order. The authority of the State must derive from the German people as a whole' (*ibid*, p.4). On local government; 'The administrative apparatus must be reformed from the bottom up, and local authorities at the lowest levels must have the highest level of competence possible. The people, represented by its parties, determines the tasks and objectives of the administration' (*ibid*, p.4).

1959 Godesberg Programme, quotes from. On public ownership; 'Public ownership is a legitimate form of public control which no modern state can do without. It serves to protect freedom against domination by large economic concerns... Where sound economic power relations cannot be guaranteed by other means, public ownership is appropriate and necessary.' (GHDI, 1959 p.5). On the importance of the family; 'State and society must protect, support and strengthen the family. By supporting the material security of the family, society recognises its moral

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value. Effective help should be given to the family by generous tax allowances for parents, and by maternity benefits and family allowances' (*ibid*, p.7).

New SAP policies in the wake of LO reports; 'the establishment of a state investment bank, an industrial ministry, research and development agencies, an expanded regional planning apparatus, a sectoral planning agency, a new state holding company, state representation on the boards of large corporations, banks and insurance companies and legislation limiting holdings of shares by insurance companies to five per cent' (Hamilton, 1988, p.197-198).

Explanation of the wage earner funds policy of the SAP; 'in all private enterprises employing more than a certain number of workers... 20 per cent of the [future] profits earned each year would be transferred to a fund which would hold this capital on behalf of workers... the purposes for which the income of funds could be used were such things as education in relevant fields, support for safety at work, schemes to aid handicapped workers, research in work and labour questions, recreational and social facilities, support for weak firms, and purchase of shares' (Hamilton, 1988, p.203-204).

Labour Party 1945 manifesto: mentions of socialism; 'The Labour Party is a Socialist Party, and proud of it. Its ultimate purpose at home is the establishment of the Socialist Commonwealth of Great Britain – free, democratic, efficient, progressive, public-spirited, its material resources organised in the service of the British people. But Socialism cannot come overnight, as the product of a week-end revolution' (Craig, 1975, p.127). Industries to be nationalised; 'fuel and power industries', 'inland transport' and 'iron and steel' (*ibid*).

*Statement on Labour's Aims*: '[the goal of Labour is] a socialist community based on fellowship, co-operation and service... [necessitating] an expansion of common ownership substantial enough to give the community power over the commanding heights of the economy... both public and private ownership have a place in the economy (*Labour Party Conference Report*, 1960, quoted in MacFarlane in King, 1996, p.53)'

Labour Party February 1974 general election manifesto. On socialisation; 'We intend to socialise existing nationalised industries. In consultation with the unions, we shall take steps to make the management of existing nationalised industries more responsible to the workers in the industry and more responsive to their consumers' needs' (Craig, 1975, p.404)

Select quotations from the joint Blair-Schroeder policy document on the Third Way: on state intervention; 'The belief that the state should address damaging market failures all too often led to a disproportionate expansion of the government's reach and the bureaucracy that went with it.' (Blair and Schroeder, 1998, p.3). 'The ability of national governments to fine-tune the economy in order to secure growth and jobs has been exaggerated. The importance of individual and business enterprise to the creation of wealth has been undervalued. The weaknesses of markets have been overstated and their strengths underestimated' (*ibid*). On 'tax and spend' and competition in the public sector; 'Public expenditure as a proportion of national income has more or less reached the limits of acceptability. Constraints on "tax and spend" force radical modernisation of the public sector and reform of public services to achieve better value for money. The public sector must actually serve the citizen: we do not hesitate to promote the concepts of efficiency, competition and high performance' (*ibid*, p.4).

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