

Capitalism, globalisation and democracy: does social democracy have a role?

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Capitalism, globalisation and democracy

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This article is a survey of some of the recent literature on social democratic responses to globalisation together with comments on that literature and some thoughts about future directions for social democracy. It sets this against the background of the crisis of traditional social democracy and the transition to modernised forms; it discusses a third form, globalist social democracy. It defines globalisation and some of the issues it raises for social democracy.

It is argued that there are three main social democratic responses to globalisation: neo-liberal acquiescence, active national interventionism or global politics. No actual social democratic responses fit neatly into either of these categories, but most have biases in one or another of these directions. New Labour is primarily a neo-liberal acquiescent party but still pursues active nation-state interventions in the form of supply-side economics and social policies and is active globally in some areas, eg in military alliances and on debt relief, for example, however weak or inadequate or otherwise you may feel them to be on such issues.

My argument is that there is a lot that national governments can still do as active participants, both at national and global levels. But they need to make sure they pursue a strong focus on global democracy. This is not because the power of the nation-state has disappeared, a common focus for those who emphasise the role of globalisation. But it is: 1) because of what they can do as national governments, which is still quite a bit, and which can be especially effective if pursued through global politics; and 2) because government interventionism in the national sphere alone in response to globalisation is too nationally self-interested and competitive against other nations and at their expense and puts too little emphasis on common human needs and collective transnational interests.

Hence much of my focus is on globalist social democracy: what it is, what problems it faces and whether and in what form it offers opportunities for change in a social democratic or socialist direction. My conclusions are for a more globalist slant to social democracy. This means trying to overcome national differences and competition as much as possible and ensuring that transnational forums have a more social democratic and less neo-liberal slant. It requires participation within capitalism and the state, not rejection of them, yet still implies an important role for traditional social democracy and ideas critical of capitalism, for democratisation and for social movements operating within civil society.

The crisis of traditional social democracy

Social democracy accepts, rightly or wrongly, that, for all its faults, liberal democracy works: it is the fundamental basis for democracy, even if it can be improved and reformed for the better. Capitalism is accepted: it can deliver growth and wealth. However, capitalism is not all good, it can lead to inequalities and deprivation which need to be mitigated through government intervention, a characteristic on which social democracy begins to differ, in emphasis at least, from many liberals and conservatives. Amongst social democrats there

may be differences of emphasis, between those who envisage compensatory policies, which attempt to mitigate or sweep up the social costs of liberal capitalism, and countervailing social democracy, which tries to establish principles which go in a different direction to liberal capitalism. Mitigative policies or reform are initiated and implemented by government from above which is focused on the national arena, on action via the nation-state.

It is worth making an important distinction here, along the continuum that links social democracy and democratic socialism. While democratic socialism may share many characteristics with social democracy – the commitment to pursuing change through existing and extended institutions of democracy, for example – it is concerned with the reform or transformation of capitalism, rather than just mitigation of its worst effects. It aims at change to a society which in the long run may not be so easily or purely identifiable as capitalism but more based on collective control and equality than the dominance of private capital and a social structure determined by market forces.

Democratic socialism amounts to a radical version of countervailing social democracy. Compensatory social democracy tries to ameliorate the effects of open markets. Countervailing social democracy, however, tries to put forward an alternative model of development altogether, changing the system rather than living with it and mitigating its worst effects. But really trying to provide countervailing rather than just compensatory forces to liberal economics and unregulated capitalism, eventually goes to the leftwards edge of social democracy to some form of socialism.

Social democrats like the French Prime Minister, Lionel Jospin, feel more comfortable speaking the language of socialism than social democracy, albeit, in Jospin's case, for reasons of national tradition as much as ideology. This is not to say that all democratic socialists are committed to the abolition of every last relic of capitalism, nor that they want overnight revolution. Democratic socialists tend to be committed to democracy and gradualism and do not have an antipathy to all that is private or marketised. But on balance they hope in the end to see a society which is more or as much socialist as capitalist. They are committed to the reform of capitalism rather than merely the mitigation of its worst effects.

From 1945 onwards in many countries social democracy was organised around various ideological and policy features: Keynesian economics, a universal welfare state, working class solidarity, the trade unions and corporatist arrangements. Of course, such features varied from place to place. In some countries corporatism took off and became embedded more than in others. The form the welfare state has taken has varied, to take another example. And whether such mainstays of social democracy actually always made their way into concrete practice or were held to in all factions of social democratic parties can be questioned. The main point here is that in the dominant leaderships of many social democratic parties, these were important ideological commitments. They were also part of a broader ideological consensus accepted by other parties, albeit one in which there were differences between parties on matters of policy.

From the 1970s onwards these ideological and policy features have taken a battering. The size and political loyalty of the traditional manufacturing working class has declined. This does not mean that class as an economic and social division has declined in importance, even if it may have become redefined and restructured. Inequality is still a very important issue. And there have long been significant sections of the middle class who have supported social democracy as well as working class supporters of the right. But it does mean that electorally the core support for social democracy has shrunk with the shift from manufacturing to services and is no longer so loyally social democratic as it used to be. It is more inclined to be instrumental and pragmatic in its choice of voting intention than as partisan and loyal as it was in the past.

For some social democratic parties, such as the British Labour Party, admitting its cross-class basis and responding to it took many years of bitter dispute and rethinking. For others, such as the Swedes and Dutch, recognising that they were as much a middle as a working class party has for much longer been quite normal. Either way, to build broader class support has led social democratic parties to rethink their message to suit their electoral constituency.

There have also been policy crises – linked to the issue of changing social base but with other dynamics also involved. In many places it is perceived that state welfare has produced dependency rather than initiative on the part of citizens and the type of government support which would underpin greater opportunities for them. In addition, it is perceived by some social democrats that the willingness of people to financially support such systems through income tax has reached its limits. Furthermore, with growing affluence, welfare, or state systems of health, pensions and such like, no longer need to be so universal. Many can afford to pay for some of these services ourselves. And such systems have become inefficient, geared to producer rather than consumer interests, undemocratic and unwieldy.

Keynesian macroeconomic policy is also seen to have been undermined, in part by globalisation. The capacity of governments to control the economy within their own borders seems no longer possible (if it ever really was) because capital can move quickly and easily across national boundaries. High public spending and reflationary strategies may therefore frighten off capital, more attracted to low spending and stable macro-economic government policies. Or the wealth it creates could just be spent by consumers on overseas rather than domestic products or lead to price and wage inflation. So social democratic parties nowadays are more concerned with prudence in spending and with attracting investment. Policies for wealth-creation and growth are less about spending and government ownership or direction of industries and more about business-friendliness, maintaining private sector confidence and offering a workforce and incentives which are attractive to potential investors. There is a stronger emphasis on supply-side than demand-side economics, although of course this, like other factors being discussed, varies across nations.

Of course, there have been other factors affecting such shifts in policies as well as globalisation, the constraints imposed by European Union developments, the Maastricht criteria for instance being particularly important, and in Britain and the USA the legacy of Thatcherism and Reaganism. Or some might say that such policy shifts have not at all been the result of such constraints. It is more to do with the perception of such constraints than

their reality or to do with ideological choices made by social democrat leaders rather than external social determinants.

Modernising Social Democracy

Where does this leave social democracy now? There are two ways of looking at this. First, we can examine some general categories for understanding where social democracy is today. Post-war and current ideas of social democracy can be categorised in three ways: traditional, modernising and globalist. Secondly, we can examine how social democracy varies across nation states. These two dimensions intersect, and I shall discuss them together. This is important for my later discussion on responses of social democracy to globalisation where both traditional/modernising/globalist distinctions and national differences are very relevant.

Modernising social democracy, which has accommodated itself to quite some extent to neo-liberal priorities, is the dominant form amongst these three. Of course, elements of modernising social democracy were present in factions of traditional social democratic parties and vice-versa and recent and older social democratic parties were internally diverse. Rhetorical differences between new and old may have sometimes been greater than real differences. And the divergence between new and old may be stressed by modernisers in order to exaggerate their own novelty and avoid what are perceived to be electorally damaging connections with the past. Nevertheless, modernising social democracy has many discontinuities with traditional social democracy and now dominates the stated ideology and policies of social democratic parties in a way that it did not do so in the past.

To some extent, in some places, social democratic modernisation far preceded that recently carried out by the British Labour Party, now seen by most as, for good or ill, presently the furthest down the road of liberalisation. In 1959 the German SPD had its Bad Godesburg congress, breaking with Marxism and accepting the market and a role for private ownership. The Dutch SDAP's conversion to the mixed economy and an electoral strategy which incorporated the middle classes happened as early as the 1930s. The Dutch PvdA (founded in the 1940s) shares a remarkable number of features with New Labour in the UK: the rejection of traditional welfarism and Keynesianism, and of planning and egalitarianism; an emphasis on combining economic efficiency with social justice; low taxation policies; competitiveness based on technological innovation; government intervention on social exclusion; a focus on labour and work as the basis for participation; partnership with the private sector; flexibility in worklife; and the importance of education and training. Sweden has been noted for its high taxation and large universal welfare system, and several of these characteristics of modernisation were also exhibited by Swedish social democracy long before Blair. Many of the criticisms of modernising social democracy in the Netherlands are also comparable to those made of New Labour in Britain: too much emphasis on work as a solution to social exclusion and too much on opportunities at the exclusion of equality and redistribution, for example.

However, it appears now (and maybe the appearance is deceptive) that the British Labour Party is in the vanguard, if that is right word, of modernising social democracy. Modernising

social democracy, in Britain at least, is not only about finding new means for old social democratic ends – new economic and social policies for pursuing equality and community – in a new globalised context. It has actually redefined old social democratic ends themselves: new times, new means and new ends or values.

One significant shift is from equality not only to equal opportunities but to minimum opportunities. Blair does not believe in egalitarian redistribution, and his policies (such as welfare-to-work and the tackling of ‘failing’ schools and poor literacy) are not geared to equal opportunities, but to minimum opportunities for those currently excluded from them. Of course, if the socially excluded are granted minimum opportunities this puts them on a more equal footing with others. But beyond that equality is not promoted and the main dynamic is inclusion and minimum opportunities rather than egalitarian redistribution. After that baseline has been achieved it is not clear that more equal outcomes or even the equalisation of opportunities is on the government’s agenda.

As such, the oft-spoken value of community also refers to a more inclusive community rather than a more equal one. It does not mean class community or the socio-economic community of old social democracy which was to be built by measures such as redistribution and common experiences of universal health care and comprehensive education. It refers to moral community with the emphasis on the responsibilities of individual citizens to the state rather than of business to the community, an older social democratic conception, even if it was not often pursued right down to the hilt in practice.

None of this is to say, of course, that modernising social democracy is just Thatcherism in disguise as some critics have claimed. There are moderately social democratic sentiments in modernising social democracy – concern for the socially excluded, a role for active government (if not of a directly interventionist sort associated with traditional social democracy) and a commitment to public services like health and education. Like it or not, modernising social democracy can genuinely claim to be going down a third way, breaking with traditional social democracy, but not quite the same as the new right.

In other countries, such as Germany, the journey to modernised social democracy is a more difficult process, the government being subjected to a number of forces which have allowed Blair-like policies to be carried out in some areas, but greater social democratic traditionalism retained elsewhere. The need to combine moderate electoral appeal with more radical appeal to coalition partners, the social market culture, and the devolved nature of the German political system and institutions are likely to lead to different outcomes from third way policy agendas there compared to other countries where institutional and cultural pressures are very different - in Britain a more centralised state, a political system which gives the modernisers greater control, and a laissez-faire market culture, for example.

Similarly, the Netherlands has embedded in its culture consensual norms which counteract or balance some of the more economically liberal developments in social democracy there and elsewhere. And the Dutch PvdA places more emphasis on individualisation and liberalisation and less on moral communitarianism than Blair. In France, of course, the rhetoric is quite hostile to modernising social democracy for reasons of national tradition

(French exceptionalism and the statist and public sector tradition, for instance, which transcend partisan boundaries) and politics (such as the need to hold together a coalition of the left), although in policy practice the French socialists have not in all respects differed radically from modernising social democratic policies elsewhere.

Yet differences between social democratic parties in Europe, real as they are, can be exaggerated and similarities in policy agendas are sometimes as equally noticeable, even if the outcomes of those agendas may vary nationally because of the sort of institutional and cultural differences mentioned above. Across Europe social democratic parties are discussing or implementing more flexible labour markets, privatisation, welfare reform, cuts in business regulations and taxes, low inflation and macro-economic stability and supply-side policies alongside continuing social democratic concerns for social inclusion and minimum social standards.

This is not to deny differences – the political agenda in Britain is more dominated by poverty than in, say, Germany and France where unemployment is a more high-profile issue, reflecting the different extents of these problems in such countries. The contexts in which such issues are being addressed also vary and so the outcomes of comparable policy agendas may differ from nation to nation: dependent on factors such as the degree of centralised control or devolution in political systems; the extent to which modernisers monopolise power or have to share it with the left or other parties; and historical traditions of statism, consensus or economic liberalism, to take just some examples. So even if different parties are all experimenting with third ways between neo-liberalism and old-style social democracy, these are third ways - in the plural - there being different third ways rather than just one, varying by national background amongst other factors.

Hay makes a similar point. He argues that distinctions can be made between input convergence (in constraints on government policy), policy convergence and output convergence (in the effects or consequences of policy) in different countries. Input convergence need not imply policy convergence. As I shall reiterate shortly, national governments often pursue different policies in the face of what seem to be common pressures such as EU convergence criteria or economic globalisation. Similarly, policy convergence need not imply output convergence: as I have just suggested similar policies pursued in different countries may lead to different outcomes because of varying national institutions, cultures and political contexts they are mediated through.

It might also be added to Hay's analysis that policy convergence need not imply input convergence: commonalities in policy could come about in response to varying inputs. A more neo-liberal model may result from EU convergence in some countries, openness to the global economy in others, ideological choice or national traditions of *laissez-faire* in others. Also, outcome convergence need not imply policy convergence: countries may take different policy paths to similar ends. All of this is very relevant to the discussion of globalisation because it suggests that a common constraint of globalisation could lead to different outcomes or that common outcomes do not necessarily imply a common origin in the pressure of globalisation.

Globalisation and national social democracy

There is a third category of social democracy: globalist social democracy. However, this is not the only possible social democratic response to globalisation and before discussing it a few more words are needed on both the meaning of globalisation and on differing social democratic responses to it. Globalisation as an idea has been applied to many different contexts: economic, social, political, cultural and military, for example. Some advocates of globalisation theses argue that factors such as the growth of information technology and telecommunications as well as of the global economy have eroded national cultural and communicative boundaries, such that there is easier, faster and increased contact across national boundaries and across cultural groups. For some this may be leading to greater cultural homogeneity; for others to the opposite - increasing appeals to the security of local or national identities; or maybe a bit of both. Militarily, some commentators argue that wars between nations have declined. Many wars are now between ethnic or cultural groups within or across nations, with the participation of military forces often based on intra-national ethnicities or national or religious groups or transnational political alliances, for example.

However, my key concerns here are with economic and political globalisation. Economically increases in global trade are said to have made national economies more vulnerable to international economic fluctuations, so making it difficult to control the national economy. Furthermore, with greater openness to global markets competition is increased for companies so that they become even more resistant than they already were to social democratic impositions such as corporate taxes and social regulations which may hinder their competitiveness.

For many social democrats the key issue in globalisation theses that underpins modernisation is the increasing mobility of capital. National governments, it is argued, can no longer control their own economies or regulate capital because they are obstructed from doing anything that will lead to capital leaving the country. Government policy – e.g. on public spending, taxation and regulation of business - has to be tailored to the need to attract and retain investment. All this is particularly problematic for social democrats because it is said to force them to accommodate to business interests and neo-liberal policies. I will return shortly to the issue of acquiescence to neo-liberal policies.

Along with this comes a concern with the growth of transnational political organisations, such as the UN and EU, not to mention global financial regimes such as the IMF, G7, World Bank and the World Trade Organisation, to take just a few examples, or international law, to extend even further. Because of such institutions many decisions which affect nation-states are said now to be taken above the level at which those states mainly operate. Many of these may be on matters previously the preserve of nation-states, e.g. legal prescriptions on human rights, or social or environmental policy. Many may have arisen because of the growing consciousness of problems which transcend national boundaries and so require international collaboration to be resolved, e.g. ecological problems or crime.

For advocates of globalisation theses, the growth of economic and political globalisation poses a challenge to social democrats to rethink, to some extent at least, the way they have traditionally done things at a national level. They have to engage with processes and

institutions which extend beyond the borders of the nation-state and confound the abilities of nation-states alone to deal with them. Yet so far social democracy has been weak at conceptualising itself beyond the nation-state and is, as such, poorly equipped to respond to fundamentally transformatory processes of globalisation.

Of course, there are sceptics. There are those who see globalisation as a tool used by politicians to justify electorally or ideologically driven preferences, rather than as a real constraint. Or social democracy is seen as constrained by the perception or discourse of globalisation rather than its reality. The extent of globalisation also varies according to the level at which you deal with it. Because, for example, there may be global capital mobility does not mean that companies do not have national allegiances or that production and trade are as globalised as capital is. Insofar as global capital mobility is possible it is not always as easy as it may be portrayed: it can require relocation of businesses, offices and workshops, re-organisation, re-employment of new workers and adaptation to new cultural and political institutions – a lot more than just a click on a mouse as it is sometimes presented by globalisation theorists.

Nor if there is economic globalisation does it necessarily follow that there is cultural globalisation. Alternatively, globalisation may be more a feature of developments in media or consumption than of developments in other spheres. Others argue that the extent to which nation-states are vulnerable to globalisation may vary from nation to nation dependent on balances of global power. Vandembroucke, for example, suggests that the idea of globalisation explains better what has happened in culture, media and responses to ecological problems than in the economy, and insofar as it does describe the latter it does so more for the US experience (in which, furthermore, the US is a more powerful and so autonomous actor than other states) than for Europe which he says has seen regionalisation rather than globalisation.

And for some commentators while there may be instances of globalisation this may be nothing new: analyses of a new global era may exaggerate the power of nation-states in the past and play down the extent to which globalisation has long been around. Furthermore, there are questions raised over the extent to which nation-states remain autonomous actors. On one level they actually play a key part in global structures themselves, constituting and influencing them in the pursuit of national interest as much as being constituted and constrained by them. On another they still retain significant powers within their own boundaries, for instance over education, welfare and defence, not to mention the fact that there is still a lot they can do attract keep a hold on capital even in an open global economy.

This claim has been supported by much evidence of policy variations across national boundaries, often diverging from the neo-liberalism that economic globalisation is seen to require. This evidence may dispel false images of globalisation, or at least that if there is globalisation it acts with the effect of a structurally determining force. Globalisation may be mediated nationally and leave open to nation-states considerable choice. This claim underpins one of the social democratic responses to globalisation that I shall discuss below, and I will discuss some of these points further shortly.

I wish to outline three main possible social democratic responses to globalisation: neo-liberal acquiescence which accepts the case that economic globalisation severely restricts the power of national governments and has to be accommodated to; continued nation-state interventionism which may accept that we live in some sort of globalised economy but argues for less passivity, that there is still space for national governments to pursue social democratic ends within it; and political globalism which accepts the case for economic globalisation -- but not passively nor just at the level of the nation-state -- and says that social democrats can achieve their ends if they participate in and develop global democratic forms to take some control over the global economy. Of course, these are analytic categories. No social democracy fits neatly or completely into any one of them. But real political tendencies may have biases towards some of these responses more than others.

Neo-liberal acquiescence is, to some extent, the road that modernising social democracy is going down, as in the case of New Labour. In this approach macro-economic policy is designed to reduce any obstacles to the competitiveness of domestic capital, such as taxation or costs imposed by social regulations. It aims to attract investment and deter capital from leaving the country. In such a context laissez-faire Anglo-American capitalism seems to have an advantage over other forms of capitalism which have higher taxes, regulation and corporatist constraints. Policy is based on national-competitiveness and relative acquiescence to the desires of private capital and to neo-liberal business priorities. They may include low business taxes, labour market flexibility, macro-economic stability, an emphasis on fiscal prudence and restrictions on public spending and business regulations. Of course, this leads to policy convergence between social democratic parties and parties of the right. The social democratic consensus of the post-war period appears to be replaced by a neo-liberal consensus from the 1990s onwards.

This is not to say necessarily that such policies are forced on social democrats externally, as some of them may claim; they may well be a chosen response to globalisation. And they could be based on the perception as much as reality of globalisation. Furthermore, they need not involve completely giving in to neo-liberalism. As I have discussed above, modernising social democracy in practice includes policies on social inclusion and minimum opportunities, and a commitment to spending on education and health, demonstrating that national governments can continue with moderately social democratic policies within the context of perceived economic globalisation. Furthermore, while New Labour, for example, may, to some extent, take globalisation passively in one sphere they are determined to be more active in another. While relatively passive in the face of economic globalisation they have been at the forefront of attempts to create cross-national military alliances, which can intervene in instances of perceived significant humanitarian crises.

This leads us to the second form of social democrat response to economic globalisation: continued nation-state interventionism, using autonomy and choice at the national level despite globalisation. A number of possible policy spaces for national social democracy have been highlighted by authors such as Garrett, Vandenbroucke, Wickham-Jones and Hay. From this perspective globalisation may exist but does not determine national government policy. The acquiescent approach gives too much determining and constraining power to globalisation and underplays the extent to which restraints on social democracy have been as much domestic and internal as external and it ignores possibilities for political choice.

Hay argues that globalisation has been less of a constraint on the pursuit of social democratic policies in the UK than political will or the internalisation of the idea of globalisation. He argues that the British Labour Party could choose to follow a different path – one which was less neo-liberal and instead attempted to foster an indigenous investment ethic through a more dirigiste, developmental supply-side approach, more favourable to industrial than financial capital. For Vandenbroucke it is internal domestic constraints which have affected possibilities for social democratic policies more than external constraints. He is dubious of the claims of those such as Giddens that Keynesianism is dead. For example, he claims that countries such as the Netherlands which are very exposed to the global economy have managed to maintain redistributive policies. More neo-liberal paths taken elsewhere have suffered from internal constraints not shared by the Netherlands - such as the lack of a culture of consensus or of strong unions integrated into politics. Welfare states have remained larger in small countries most open to the global economy. This shows that in actual fact governments have not converged and there remain significant differences between national economies and welfare states. Garrett argues that economic globalisation positively favours social democracy because it leads to feelings of insecurity and vulnerability amongst voters who may then become sympathetic to interventionism and redistribution. Businesses, meanwhile, can be persuaded that social democratic economic policy could actually be in their interests.

A number of possibilities are put forward by authors such as these, for ways in which governments can pursue social democratic ends whilst not leading to exit by capital. Firstly, national governments have a great deal of national autonomy outside the realm of the economy narrowly defined. Whatever the fact of economic globalisation they can pursue reforms to welfare, education, health, defence, and law and order, to take just some examples, which may be different to right-wing preferences without necessarily frightening off capital.

Secondly, Garrett, Vandenbroucke and Wickham-Jones argue that a social democratic government in a country where trade unions cover a range of the workforce, are united, strong and can command the obedience of their memberships, can make deals with capital, promising moderation in wage demands in return for agreement to redistributive, Keynesian or other social democratic ends. Countries such as the Netherlands may be in a better position to succeed with this approach than others like the UK where broad union membership and centralised conformity in the union movement does not exist and conflict or the exclusion of unions is historically more characteristic of industrial relations than consensus.

Wickham-Jones is more optimistic than Garrett about the prospects for transplanting such structures into places like the UK. He favours a shift back in the British Labour Party to its approach of the 1980s when attempts were made to align more with mainstream European social democracy. However, if more corporatist structures cannot be developed, there is a third active national possibility identified by Wickham-Jones which is that social democratic governments can promise moderate wage demands on the basis of maintaining a weak role for trade unions and a tough public sector pay policy, again in exchange for agreement to social democratic ends. This is not very social democratic on the trade union side of things

but still perhaps capable of delivering social democratic ends in exchange for the maintenance of such a balance of power.

Fourthly, there may be other more moderate things that social democratic governments can offer capital which would make it worthwhile employers sticking around and agreeing to concessions to social democracy: collective goods in the form of, say, supply-side interventions in infrastructure, research and development or training and education - things the market alone will not supply adequately - or policies which deliver economic, political and social stability. Clearly some social democratic governments have tried a moderate form of this supply-side and stability incentives approach and have managed to pursue modest social goals, although it is not clear whether this was the result of any active exchange with capital.

It is also unclear whether such strategies themselves, which put a heavy emphasis on human capital, can alone provide the sort of economic prosperity and stability employers require for them to tolerate social democratic advances in other areas. Economic success is based on wider factors than these – some of which may well be out of the hands of national governments. Furthermore, it may be that supply-side strategies are insufficient in themselves to deliver social democratic goals. For that more directly redistributive and Keynesian approaches are needed.

There are similar problems with all of these proposals for active national government within the context of economic globalisation. The viability of each in different national contexts could be debated. Some seem appropriate for some countries but less relevant for others. There is also the question of the extent to which deals with employers are being, or can actually be, pursued. For some what is offered by the social democratic governments may seem unlikely to deliver the desired economic goals or may be too modest in its demands to secure any really significant social democratic goals in return.

Globalising social democracy

However, another perspective is that, without denigrating what national governments can do within their own boundaries, the approach just outlined stays too much at a national level. Whether national concessions can be won for social democracy or not, such an approach by itself leaves out the necessity for engagement with international organisations and the possibilities that could be pursued at a supra-national level by social democratic governments. In addition, it pitches one national social democratic government against another, each pursuing their own national interest and competitiveness rather than common cross-national social interests.

This is my key objection to active government interventionism which focuses on the level of the nation-state in response to globalisation. Wanting to move outwards from this focus is not based on an argument that there is little national governments can do nowadays – there clearly still is a lot of space for national governments to make a difference. The real problem is that focusing on active government possibilities at the national level is: 1) too nationally self-interested; and 2) avoids too much what governments can potentially achieve for social democracy through participation at more transnational levels.

This leads to the third category of social democratic response to globalisation – globalist social democracy. This is an idea of social democracy as a movement organising politically at global levels in response to the globalisation of the economy, politics, and the military. It is globalisation of a proactive sort, with social democrats trying to carve some sort of human-chosen root for world order, rather than one determined by market forces or the priorities of global capital or merely national interests. Social democracy needs to take globalisation not just as an economic given to be accommodated to, but also as a political possibility, where global regimes can regulate globalised capitalism, explore new modes of redistribution and protect those excluded from the labour market internationally.

Social democracy across Europe has been marked by a shift to modernised forms and liberal economic priorities. This is partly to do with liberal constraints imposed via the EU in forms such as the Maastricht criteria and the single market rules. In part it is because of the economic liberal inheritance of places such as the UK. It is also to do with the desire of governments to attract capital and so adapt themselves to business priorities. However, this desire results from their fear of losing investment to other nation-states in a globalised marketplace. If, on the other hand, nations which together have a monopoly on the workforces and consumer markets that capital needs can collaborate to enforce common standards and regulations on businesses and common social and redistributive programmes then capital will be left with nowhere to go and will need to reconcile itself to such norms. To put it another way, a proactive, combined, political globalisation allows for a more social and egalitarian agenda of a traditional social democratic sort which the passive focus of modernising social democracy on economic globalisation does not.

David Held is a prominent advocate of globalist democracy and his proposals have an implicitly social democratic slant. His arguments are both empirical and normative, referring to real developing processes of political globalisation and arguing for their extension. Held does not argue that the nation-state has lost its role and his prescriptions are compatible with the active nation-state social democracy outlined above. In fact, he argues that states have initiated many of the global changes, are active participants in them and may even be more powerful today than their predecessors. But he does argue that politics has been globalised and that nation-state powers are being reconfigured.

The development of human rights regimes undermines state sovereignty; security and defence are international industries sometimes organised into international military alliances; environmental problems are global and increasingly require international collaboration to solve them; and the deregulation of capital markets has increased the power of capital in relation to states and labour. Nation-states have to share power with a myriad of other agencies at all levels and nations cannot, therefore, be said to be self-determining collectivities. The fate of nations is determined partly by forces beyond the national level, both political and otherwise, and so nation-states have to extend to wider levels to build political forms appropriate to democratic accountability to relevant communities and to control over their fates. Communities' fates are increasingly bound together so that if they want to make decisions concerning themselves and be accountable to those affected they have to extend democracy and representation to broader transnational levels.

Held argues that new global forms of democracy, therefore, require citizens to be 'cosmopolitan', to mediate between different national traditions, communities and cultures. Institutions developing in such a global cosmopolitan direction already exist: they include the UN which delivers important international public goods (in air traffic control, telecommunications, disease control, refugee aid, peacekeeping and environmental protection, for instance) and the EU which pools national sovereignty in some areas of common concern (including social rights and the regulation of markets). Furthermore, international law - on war crimes, environmental issues and human rights – limits the power of nation-states.

Writers like Held argue that this globalisation of democracy can be deepened by some immediate steps such as increasing common international regulation of markets (on child labour, union and workers' rights and participation, health and safety and social rights), new forms of economic co-ordination to overcome the fragmentation between bodies such as the IMF, World Bank, OECD and G7, stave off financial emergencies, and steer international capital markets and investment and spending priorities. Measures to regulate the volatility of capital markets and speculation can be introduced – via taxes on turnover in foreign exchange markets and currency speculation, capital controls and regulations to ensure the transparency of bank accounting.

Held proposes a new 'Bretton Woods' introducing greater accountability and regulation into institutions for the co-ordination of investment, production and trade, and greater responsiveness to less developed countries' needs. All this requires the reform and extension of transnational forms of democracy, such as found in the EU, the UN, international financial organisations and human rights regimes. And already there are social democratic forces pushing in such directions – for example, within the EU to greater integration, inclusion and democratisation; and amongst some national governments, New Labour in Britain for example, more globally for the transparency and democratisation of international institutions and their strengthening and extension.

Martin Shaw also argues that political globalisation of the sort envisaged in globalist social democracy already exists to some extent, in the form of an integrated and interdependent (albeit internally complex and differentiated) military-political 'western state'. The western state emerged as an American-led consensus during the Cold War and was victorious and dominant at its outcome. It is based in democracy established in North America, Western Europe, Japan and the British Commonwealth, with its social democratic elements strongest in Western Europe and Australasia. Militarily it is committed to western-defined universal human rights to which common adherence beyond the West is expected, and on which force is seen as a legitimate means for enforcement, the intervention in Kosovo being an example. Economically and politically it is based on free markets and liberal democracy.

Shaw argues that the Western state needs to be focused on the non-Western world because it is here that the need for democratisation and protection against infringements of human rights (whether political or economic, caused by dictators or poverty) are greatest. Globally inclusive democratisation, for Shaw, is the precondition for the pursuit of economic

and social rights world-wide and requires international institutions governed by western state norms as much as internal democratisation within poorer nation-states.

Social democrats within the western state, after much struggle and division on the issue have become integrationist within the EU (although the liberal market element of integration has come out stronger than its moderate and less numerous social democratic aspects). For Shaw, political globalisation is already a fact, and social democratic involvement in a US-led western state and in the integrationist EU is part of that story. Social democracy within that state has evolved, less divided on a fundamental level than in the past over European integration and alliance with the US, relieved of the fraught question of relations with communism, and with European peace movements having shown social democrats the possibilities for forging pan-European co-ordination. In many places it is more open to relations with liberal, left and green movements and parties beyond social democracy.

Democratisation is vital for pursuing traditionally social democratic norms. As I have just suggested, casting democratisation on to a global scale can force social democrats to a more global consciousness of economic and social welfare, less domestically or regionally focused and more responsive to acute inequalities and needs outside the first world. Yet, while democratisation brings to the fore social democratic concerns, its global dimension will require inputs from outside the historically domestic focus of social democracy. This may well come from international institutions, green politics and peace and feminist movements which have a greater consciousness of globalism and of global organisation around what are often quite typical social democratic concerns.

Such movements are important to the reconstitution of what are essentially domestically interested social democratic parties. Even those social democrats who are most integrationist in the EU are primarily seeking national or regional self-interest rather than a genuinely open globalism. Shaw argues that social democracy needs to be just one amongst many social movements, its own distinctive contribution being not to input social democratic concerns into politics so much, as these can be found in other movements, but to play a key role in using its political leverage to develop the international institutions through which those concerns can be enacted.

How does the western state compare to other models so far outlined in this paper? In Shaw's model there is some leaning towards modernising social democracy. Free markets are part of the western state, in fact less through acquiescence to economic liberalism than their positive promotion. On the other hand, democratisation and greater global equality imply more traditional social democratic restrictions on free markets. There is not that much of a place for active nation-state democracy. There could be space within globalist social democracy to pursue what is possible within nation-state forums. The danger is that this could drive national governments to a preoccupation with domestic structures and competitive national interests to the extent that globalist consciousness and structures would be undermined.

Problems for globalist social democracy

I wish to look at five main areas of possible criticism of globalist social democracy: 1) the uninspiring experience of social democratic participation in the EU; 2) radical communitarian criticisms that it engages too far with capitalism and the state; 3) that there is no sociological basis for world politics; 4) that global democracy is just a recipe for conflict and disagreement; and 5) that it merely involves the imposition of western values on other parts of the world.

Global social democracy is a long way off if the difficulties of establishing regional social democracy are any guide. Where supra-national proactive social democratic organisation is possible – via the EU – the liberal orientation of this institution and national differences between parties, make any EU-wide reconfiguration of traditional social democracy unlikely for the time being. This is the case even in the most propitious of scenarios for social democrats, where most of the members of the EU are governed by social democratic governments and where social democrats are well-organised in the European parliament. Despite this, the EU has become a liberal project, with social democratic inputs more of a minor part, few and far between and with a moderate impact.

The EU is more concerned with negative integration, about removing barriers to free trade, than with positive integration, agreeing common policies to co-ordinate government and business behaviour and pursue mitigation of the effects of the market or even redistribution. EMU convergence criteria have gone against the achievement of social democratic ends through macro-economic measures such as borrowing and running deficits. And while the EU may currently offer more immediately realistic possibilities for co-ordination than what are as yet relatively less developed global regimes, it is also regionally focused, concerned with the interests of Europe in rivalry with other regional blocs in the world, rather than concerned with global solidarity and overcoming inequality on a more universal human scale.

For supra-national co-ordination to develop various traditions of European social democracy which are pulling in different directions would have to combine and co-ordinate more. Differences that divide social democratic parties include: traditions of consensus and collaboration and corporatism versus more Anglo-American individualism; Euro-reluctance as against enthusiasm for European integration; countries where the state and public sector involvement are more valued as against those where privatisation and deregulation have so far been embraced more enthusiastically; those who have been through a neo-liberal experiment and those that have not; those with centralised systems with one party government as opposed to those with complex decentralised systems and coalition governments, often of very many parties; to take just a few examples.

These lead to different national rhetorics and different receptions and fortunes for what may often be quite comparable third way agendas. Sometimes left and right parties within the same nation may appear to share more in common with each other than with their sister parties abroad. These are the sorts of obstacles to supra-national co-ordination that social democracy has to counter. Many of the problems of using the EU in a positive social democratic way lie not just with the liberalism of the EU and such national differences, but with national social democratic parties themselves who have chosen to shift away from their more traditional agendas and constituencies to more economically liberal approaches

and middle-class bases. They have never really been all that internationalist in reality anyway and that their attitude to the EU is often constrained by the need to tailor it to domestic political consumption. How negative or positive they can be about the EU is often constrained by what they feel they need to say to domestic audiences – the electorate, business interests and coalition partners, for example.

Other criticisms of globalist social democracy come from the point of view of radical communitarianism. These reject social democracy's accommodation to capitalism and the state and see global political organisation as potentially authoritarian. Democracy organised within capitalism is undermined by the power of private capital and fails to tackle global inequalities. It is undemocratic and exclusive, retaining top-down elitist government, statism and the privileging of national levels and fails to allow for inclusive and direct participation of grassroots movements. Social democratic ideas of participation in global forums continue to be based on nation-states, making forums inter-national rather than truly transcendent of nations and global. In place of globalist social democracy radical communitarians would rather see global governance without global government or nation-states, democracy through movements and civil society forums other than states, that works outside the politics of the state and transcends rather than compromises with capitalism.

Certainly, democracy is incomplete within these limits, at a purely liberal democratic, national and elite/statist level and undermined by private ownership and the inequalities of capitalism. But the radical communitarian call for transcending or remaining outside such institutions undermines opportunities for political leverage. Social democratic parties are democratically legitimated and recognised institutions in national societies, with financial resources and potential power once in government. They are involved in regional, supra-national and international forums and are participants in processes of global political and economic change. To disengage from social democratic politics leaves aside opportunities for the reform of politics and capitalism.

Global economic democratisation through global social democratic initiatives is one way of regulating and constraining capital and subjecting it to more democratic control. Bypassing such channels neglects openings for intervening to democratise globally. Forces for mitigating capitalism offer possibilities which an anti-capitalist rejection of such forces do not and are a basis through which stronger reforms of capitalism can be pursued both now and in the long term.

States offer legitimate and accepted means of representation of one sort, amongst others, and are blocks on which democratic representation can be built globally, in the short and long terms, to offer powers countervailing to those of global capital. Democratic forums have to be made out of recognised and legitimate identities and political forms such as nation-state governments, associations, and social movements. Governance which is composed of a lot more than government is necessary but governance without government is an impossibility in anything like the current world system.

Furthermore, global institutions being composed of national states is one way of keeping them accountable to a constituent membership and so restricts the possibility of the global authoritarianism radical critics fear. A really global institution which transcends a

composition of nation-states would be more detached and open to abuses of power. State power at national and international levels is potentially authoritarian - any formation of power is. But the best response to this is to build in liberal, democratic and popular constraints: global government in combination with liberal democracy, state and civil society politics, not replacing state forms.

Capitalism also has certain benefits in its economic incentive and allocative systems. This is not to say that non-capitalist forms of incentives or allocation are not also important; nor that those benefits don't also produce social bads – exploitation, inequalities and losers; nor that because of those benefits the bads of capitalism should not be curbed; or that there aren't dimensions which can be restructured and reformed in a non-capitalist direction without losing these benefits. But it does mean that the advantages of capitalism need to be retained within the context of a regulated and constrained market, rather than ultimately abolishing all capitalism along with its advantages, unrealistic as that is anyway for the foreseeable future.

Of course, these are not the only criticisms that might be levelled at globalist social democracy. There are other strong points that globalist social democrats have to respond to. One is that it tries to establish democracy at levels for which there is no established political community. In other words, it lacks a social or cultural basis to give it legitimacy and support. The social bases for global democracy are ones of conflicting and diverging identities and interests who do not share any common global identity or sense of political citizenship. For communitarian critics, politics should be aligned with political forms where there are real cultural and political identities, maybe nation-states or other more devolved forms of territorial or functional representation.

Secondly, and relatedly, it is assumed in globalist democracy that the meeting of conflicting interests will bring about harmony and consensus when in fact it may actually exacerbate conflict and disagreement. Politics cannot solve disharmony which rests at more economic and cultural levels. This has been demonstrated by the record of global forums in failing to reconcile conflicting interests or solve common global problems, such as war, ecology or development.

A third criticism is that global democracy is merely an ethnocentric attempt to impose western norms and ideas on the rest of the world. Shaw's outline of the 'western state' makes this clear. Global democracy's proponents may think twice about their proposals were global democracy likely to lead to a different set of values achieving hegemony through global institutions. And what if such values were to be anti-democratic or illiberal? Does the possibility of global politics being dominated by such values suddenly make it seem less desirable? And if western values were not to retain hegemony or to be shifted in a leftwards direction what realistic possibility is there that global democracy would be accepted by powerful western interests such as the 'western state' or multi-national corporations?

These are complex problems and some of the responses global social democrats can make can only be touched on here. Global social democracy is an empirical as much as normative project. This is clear from many of its advocacies which analyse as much what is going on in

the global transformation of politics and other spheres – for example the growth of supra-national political forums, social movements and human rights legislation - as what it is thought ideally should be going on. Furthermore, many problems are widely seen as requiring the extension of existing international institutions and agreements – environmental problems, crime, peace and security, development and debt, for example. And global democracy is also envisaged as transformatory, building on existing changes in the economic, political and cultural world but also advancing or reconstituting them.

So, from this point of view it may seem slightly less utopian than at first sight for political forums at a global level to find common bases and problems upon which productive democratic negotiations can take place. Transformatory possibilities are grounded in real institutions and dynamics which already exist. Furthermore, if you look at the historical shifting foci of political institutions over time you find that the social basis of citizenship is a complex and dynamic process and that both historically and now legitimate political institutions often have a social basis which is as diverse and complex as it is united. Many nation-states, for example, could barely be said to be based on anything much less complex than diverse ethnic, national and cultural mixes yet still remain legitimate and accepted.

As far as western dominance goes, three points can be made. Firstly, global social democrats have to plead guilty in part to signing up to the promotion of western values. Global democrats argue, with qualifications, for western values – such as liberalism and democracy – and that these are becoming generalised across the world and should be further extended. Social democrats are also reconciled to capitalism and may even see its virtues, albeit in a regulated and reformed form. Secondly, however, for global social democracy there are problems with western liberalism and democracy which include the need to extend them further (to a wider range of spheres and a broader range of actors – the economy and the empowerment of poorer countries, for instance) to realise their own logic more adequately.

The problem is the failure of the west to apply their values consistently and the need for them to be further enforced, recognised, institutionalised and extended into deeper more post-liberal forms of democracy - rather than the undesirability of them as the basis for global political forums. The alternative is a failure to establish such norms at global levels so allowing democratic accountability to remain limited, and giving illiberal and undemocratic practices and beliefs within and beyond the West one less obstacle in their way. Similarly, social democracy may be reconciled to capitalism, but not to imposing it on unwilling recipients or to a laissez-faire version. For global social democracy the capitalist road has to be chosen democratically and so voluntarily and ideally in a reformed and regulated version.

Thirdly, global democrats advocate forms which institutionally qualify as much as advance the promotion of western power. Power relations at present are based on factors, economic and military for example, other than political enfranchisement. Any move to entrench power relations more in political equality – including economic democracy and the democratisation of international military alliances – would, done in the true spirit of global democracy, actually reduce western dominance. So, the extension of liberal democracy itself – a western value - limits the ability of the west to impose western values through global democracy although not to pursue them democratically.

What future for social democracy?

So what sort of model of social democracy does this leave us with and how does it compare with the other models discussed in this paper? I have four points to make concerning: 1) the role of social movements and civil society politics in social democracy; 2) the necessity for a globalist form of social democracy; 3) the importance of democratisation for social democracy; and 4) the role of traditional social democratic values.

The sort of social democracy which is left by the comments I have made is one that is in alliance with social movements and forces in civil society, rather than either ignoring them or leaving aside its own position in politics to civil society activism alone. These offer ideological inputs and participatory channels in addition to social democracy's and can increase pluralism, inclusion and popular accountability. In this way it departs from both traditional social democracy and anti-politics approaches. It draws on radical communitarianism, even if it is not reducible to it. In reaching out to movements in civil society it also brings to the fore socio-cultural issues – the loss of legitimacy of politics and democracy in European and other societies, especially the lack of participation or representation of working class and disenfranchised people, and the growth of cultures and ideas around individualisation, identity, democracy, personal lifestyle and family form, post-material and environmental issues and multiculturalism. Such issues have often been initially established on the political agenda as much by civil society initiatives and social movements as by social democratic or other parties.

What I have outlined also puts at the centre the need to integrate with social democratic and other left actors at supra-national levels, whether regional or global, in pursuit of social, regulative and democratic goals. In this sense it goes beyond the neo-liberal acquiescence response to globalisation. So, it is a globalist social democracy, although in saying that I do not preclude the enduring importance of state action within national boundaries or in international co-operation.

There is a place for the active nation-state social democracy that has been discussed, even if globalist social democracy goes well beyond this. Nation-states are still very important and, as I have argued, it is impossible to conceive of global politics outside inter-national co-operation. National governments are the building blocks of international politics: they cannot be left out in favour of either purely supra-national or anti-politics approaches. However, this social democracy differs from traditional social democracy, not only because of its appeal to social movements but also because of the aim to integrate and combine at supra-national levels.

Some might argue that social democracy and socialism are by tradition internationalist movements. But this has often been overridden in practice by a focus on national politics and national solutions. Traditional social democrats have in fact often been averse to involvement in supra-national institutions certainly of an integrationist or global sort because of their identification of this with the furthering of capitalism, or with the undermining of national government powers. Yet social democracy today needs to engage with supra-national political forums in order to reconfigure them in social democratic

directions, and to participate in capitalism in order to regulate and democratise it in pursuit of more social and less liberal-economic goals.

The globalist social democracy outlined is also about the widening and deepening of democracy. Social democracy needs to establish social democratic norms by reconstituting itself as a supra-national force for democratisation. A global regulative social democracy is about democratisation, by which I mean the attempt to counter the unaccountability of private capital which can be mobile globally, avoiding attempts by states to regulate it within national boundaries. A global social democracy is in part an attempt to democratise the world order which is currently dominated by global capital, with, at present, democratic actors having little in the way of public or political powers to provide a counterweight or corrective through their own global organisation (or lack of it). Furthermore, political democratisation of the world order is one mode for correcting inequalities within the system of states between richer and poorer nations in the world and for integrating the concerns of the poorer within the democratic system more fully.

This globalist social democracy also involves a shift away from modernising social democracy, even if modernising social democracy is making some efforts to grasp the nettle of global democracy – in some cases via EU integration or others through reform of international financial institutions. This is because it returns to the ends if not means of traditional social democracy. It goes back from the social liberal concerns of modernisers - with equal worth, minimum opportunities and community obligations on the citizen - to stronger social restrictions on liberal capitalism, egalitarian redistribution (not to flat equal outcomes, but to more equal and just distributions more responsive to need) and the obligations to the community of business. While different from anti-capitalism and anti-statism and from the national focus of traditional social democracy and its unresponsiveness to social movements it also departs from modernising social democracy's liberal accommodations.

Globalist social democracy is a broad church. It could, at a push, include the British Chancellor Brown's plans to reform the IMF and ally globally to counter world debt or Blair's and others' belief in humanitarian military intervention on a transnational scale. However, the values of the globalist social democracy discussed here, while not antipathetic to this, are traditional enough in the social democratic sense to be calling for more regulations of capitalism and common transnational social programmes than Blair and Brown aspire to. And it is more inclusive of NGOs, social movements and civil society politics than global politicians such as Blair would imagine. At the same time, as far as it is global and open to civil society, it is also not a globalism or alliance with social movements which goes beyond the role for nations, states and for the inter-national because these are all recognised building blocks and components for any global order. This is where social democracy is currently located, and this is where movements for global democratisation have to start.

For references see another version of this article in Luke Martell et al (eds) *Social Democracy: Global and National Perspectives*.