[Khalid Bhatti](https://www.thenews.com.pk/writer/khalid-bhatti)

January 29, 2021

**Decline of social democracy**

In the last two decades, social democratic parties have been in severe electoral decline. While they were a major force in West European politics for much of the post-war period, it now seems that each election brings further setbacks to these parties in many countries.

This decline has accelerated since the Great Recession of 2008-09. Social democracy even failed to capitalise on the discontent that existed in society since the economic crisis. This decline is the result of the economic policies adopted by parties espousing social democracy since the 1990s. Social democracy has lost support among the working class and young voters.

The failure of the parties to defend the interests and rights of working people has alienated many working-class voters. The policy of embracing neoliberal capitalism and abandoning leftwing politics has resulted in disastrous consequences for European social democracy.

Today when social democracy at its best performs as a break on austerity, but rarely contributes with new progressive ideas, it may be hard to imagine the immense impact it had on post-war living standards, politics, economy as well as the depth of its influence on society.

After decades of social democratic rule, its influence went way beyond that of a mere set of economic principles. It had become a lifestyle that reached deeply into many aspects of daily life.

The post-war period up until the mid-70s constitutes the culmination of reformist achievement. The boldness and resolve of the social democratic leadership during that time stands in great contrast to the self-denying representatives of today’s watered down reformist politics.

Social democracy emerged after the rise of the working-class movement in European countries in the middle of the 19th century. However, it really became a powerful political force after the Second World War and spread across the globe. After the Second World War, in the advanced capitalist European countries social democracy was able to obtain power and introduce wide-scale public ownership and build strong welfare states.

In doing so, it took advantage of the favourable post-war settlement between labour and capital which emerged from the war and under competition from the Soviet Bloc.

The ruling classes in the US and Europe were afraid of revolution and willing to make major concessions to their working people. Socialism was on the agenda as an alternate system and had big acceptance in working-class movements.

In doing so, they took advantage of the prosperity and stability enjoyed during the post-war period. In an expansionary climate marked by rapid economic growth and relatively autonomous national markets, social democrats espoused a ‘utopia’ of class harmony administered by a Keynesian welfare state.

Social democratic parties, with their special relationship with organised labour, reassured capital that they could deliver wage restraint, industrial growth and labour peace; while promising full employment and rising standards of living. Thus, social democracy carried out its electoral promises to improve the living standards and working conditions of workers. Social security and benefits were extended to all. Trade unions became powerful and strong. Higher wages were won. Working hours were shortened.

Public services like transport, education, housing and health were dramatically improved. Public utilities like water and electricity were nationalised and cheaply provided to the people. All this lifted a huge number of people out of poverty. It opened up culture and travel and provided a sense of security to many people.

On a democratic level, social democracy increased the representation and participation of workers in local councils and national parliaments.

The post-war conditions in which social democracy flourished no longer exist. The situation has changed drastically in the last four decades. Globalisation and neoliberal economic policies have significantly reduced the role of the nation-state in the economy. Corporate taxes on Big Business and corporations have been lowered.

In a dramatic reversal of the postwar pattern in which a social-democratic consensus came to dominate the mainstream left and right, by the late twentieth century a neoliberal consensus dominated both instead. Social democracy is not yet ready to break this neoliberal capitalist consensus and challenge the domination of both market and capital.

This neoliberal consensus enables the capitalist class and the tiny billionaire elite to capture the means of production and amass wealth. Inequality and class divide has increased as a result of this consensus.

Social democracy failed to resist the rise of neoliberal capitalism and to protect the welfare state and progressive reforms. Instead of opposing the neoliberal ideology and attacks on the working and living conditions of working people, social democracy capitulated with the capitalist class and embraced the neoliberal free market ideology. Social democracy further moved to the right after the collapse of the Soviet Bloc.

Social democracy openly collaborated with the capitalist class to implement the policies of privatisation, deregulation, and lower taxes on Big Business. It failed to protect and defend the interests of working people, youth and sections of the middle class.

There is hardly any exception in this regard as all the social democratic and traditional parties have failed to resist this capitalist onslaught. The Labour Party of Britain, Social Democratic Party of Germany, Socialist Party of France, Pasok in Greece and PSOE in Spain have all capitulated openly to the capitalist class to carry through the most vicious attacks on the living standards of the working class in these countries.

During this neoliberal onslaught, many social democratic leaders enthusiastically embraced the ‘free market’, privatisation, labour market ‘reforms’, and all such policies that led to dramatically worsening conditions for their supporters and dizzying profits for the rich.

During the Great recession of 2008-09 and the current Covid-19 pandemic and economic crisis, right-wing and mainstream reformism either openly collaborated with the ruling class in making the working class and the poor pay or has been completely ineffectual in terms of mounting any resistance. And social democracy due to its ideological confusion failed to protect the welfare state it had built.

The working class and the youth have endured years of a capitalist crisis – the painful effects of which are being felt by the working class more or less everywhere. This didn’t only happen because of subjective subordination to new ruling concepts, but was also the result of economic globalisation. The market had achieved a power it did not have during the years of progressive reforms. Social democracy surrendered before the rising power of market economy and neoliberal capitalism.

The opening up of the world market had forced all countries to engage in a race to the bottom, cutting the rates of corporate taxes lower than other countries to attract foreign investment. At the same time, many big global corporations have outgrown the national states in size and capital.

The precarious labor market and the resulting low degree of the organisation of labour, has weakened trade unions’ ability to push for improved work conditions and social reform.

All of this has drastically shifted the power-balance in favor of the capitalist class and the market, and reduced the possibility of progressive social and labour reform.

Reformist politicians and today’s labour movement no longer possess the leverage that enabled them to encroach on the interest of Big Business, as they did when they built the welfare states fifty years ago.

The writer is a freelance journalist.