

# Social democracy is not the ideology we need in an economic downturn. Even if the Left can sell social democracy to the UK electorate, it will have a hard time selling it to global markets.

Nov 24 2011

*In our continuing series on social democracy, [Lord Norton](#) rejects Pete Redford's idea that social democracy is the best way forward for the Left. But the appeal of social democracy is tarnished for three reasons: it rests on an inaccurate perception of the Conservatives as slavishly devoted to neo-liberalism; it focuses too strongly on the state's ability to solve people's problems, and it is wholly inadequate in dealing with globalised markets.*



The Conservative party has been the most successful political party in modern British politics. The reasons for its success derive from a number of variables intrinsic to the party, but it has also benefited from an external variable – the nature of its opponents. They have split at opportune times for the Conservative party and have pursued policies that fail to resonate with electors. The attempt to ensure that the Labour party reverts to social democracy is likely to be welcomed by Conservatives, as it is destined to fail at three levels.

The first is its failure to grasp the nature of the problem that it is addressing. This is well encapsulated in [Peter Redford's recent blog article](#): 'The effects of the financial crisis were the result of inadequate regulation, admittedly on the part of New Labour, but it also shows that Neo-Liberalism has failed.' There was inadequate regulation on the part of a Labour Government but that observation does not lead to the next premise. There is a misperception of neo-liberalism and concomitantly the approach adopted by a Labour Government and indeed, its Conservative predecessors.

To ensure that the market works effectively, the state has to create, and, when necessary, police the regulatory framework for its effective operation. The Thatcher Government recognised the importance of the market but the Conservative party has never embraced exclusively a neo-liberal philosophy. The neo-liberal element of the party is precisely that- one element. The neo-liberals within the party during the Thatcher years were distinct from the Thatcherites within the party today, yet neither strand commanded a majority within the parliamentary party. The attack upon neo-liberalism thus appears a useful peg on which to hang an attack on others within the Labour party rather than a response to the approach taken by the Conservative party. The Conservative party has never embraced a pure neo-liberal approach and furthermore, has moved on from the Thatcherite agenda.

The second failure is that social democracy embodies a paradox. It wants to empower the people but to do that it has to empower the state. The [attack by Lord Hattersley and his allies](#) on their opponents rather misses the point. Not even the most ardent neo-liberal denies that there are certain tasks that can only be fulfilled by the central organs of the state. This does not, however, entail dictating to the people what is in their interests. This is the fundamental divide between the parties. The Conservative party employs government to create a framework within which people are free to live their own lives and pursue what they consider best for themselves and their families. The social democrat wishes to use the state to determine what is best for the people. This undermines rather than bolsters civil society.

In delivering what it deems best, there is also an economic cost, necessitating high social expenditure. Social democracy is not an ideology for times of economic downturn. The key objectives outlined by [Anthony Crosland](#) required sustained economic growth. That may be deemed a transient problem, but the problem inherent in the statist approach to the individual is permanent. The social democrat seeks growth in order to adopt a top-down 'government knows best' approach to the people.

Thirdly, the world has moved on since the days of Tony Crosland. Post-war Labour leaders were critical of the moves towards creating a European Community, viewing it as essentially a capitalists' club that could undermine its domestic goals. Social democrats have not got to grips with the extent to which the nation-state now has to grapple with the consequences of globalisation and the erosion of borders. Even if Labour can sell social democracy to the UK electorate – assuming, that is, it can sell the doctrine to itself – it may not have such success in selling it to the international markets. Neo-liberals have had problems grappling with

the European Union, but that is likely to be as nothing compared with the challenge of coping with the demands of a global market. A social democrat government seeking to deliver its domestic goals in the face of a global or regional financial crisis is likely to find that it is not in control of events.

David Marquand, in *[The Progressive Dilemma](#)* (written in the 1990's) noted that British social democracy differed from its continental counterparts and that 'it is not yet clear what social democracy can and should mean in the economic era through which we are now living'. He recognised it needed to adapt. But social democracy has not enjoyed a rebirth in Europe and there is little evidence that social democrats in the UK have truly grasped just how much it needs to adapt.