

Social Democracy as a Historical Phenomenon

Not to repeat past mistakes: the sudden resurgence of a sympathetic interest in Social Democracy is a response to the urgent need to draw lessons from the history of the socialist movement. After several decades of analyses worthy of an ostrich, some rudimentary facts are finally being admitted. Social Democracy has been the prevalent manner of organization of workers under capitalism. Reformist parties have enjoyed the support of workers. Perhaps even more: for better or worse, Social Democracy is the only political force of the Left that can demonstrate an extensive record of reforms in favour of the workers. Any movement that seeks to transform historical conditions operates under these very conditions. The movement for socialism develops within capitalism and faces definite choices that arise from this very organization of society. These choices have been threefold: (1) whether to seek the advancement of socialism through the political institutions of the capitalist society or to confront the bourgeoisie directly, without any mediation; (2) whether to seek the agent of socialist transformation exclusively in the working class or to rely on multi-

and even supra-class support; and (3) whether to seek improvements, reforms, within the confines of capitalism or to dedicate all efforts and energies to its complete transformation.

Social democrats choose to participate, to seek supra-class alliances, and to struggle for reforms. Yet these decisions are not independent of each other. What is crucial to understand is the development of social democracy as a process: the manner in which the response to any one of these alternatives opens and closes the subsequent choices. For it may be that any movement that chooses to participate in bourgeois institutions, and specifically in elections, must seek support for socialist transformation beyond the working class and must struggle for all improvements that are possible in the short run without regard for ultimate consequences. Are the decisions to participate and the strategy of supra-class appeal inextricably connected? Is the orientation toward immediate reforms a necessary consequence of broadening the class base? Is an electoral party that would be based exclusively on working class support and dedicated exclusively to ultimate goals even possible? These are the kinds of questions that need to be answered if we are to draw lessons from the social democratic experience. What we need to know is the logic of choices faced by any movement for socialism within capitalist society: the historical possibilities that are opened and closed as each choice is made.

The Decision to Participate

The reason why involvement in bourgeois politics has never ceased to evoke controversy is that the very act of 'taking part' in this system shapes the movement for socialism and its relation to workers as a class. The recurrent question is whether involvement in bourgeois institutions can result in socialism, or must strengthen the capitalist order. Is it possible for the socialist movement to find a passage between the 'two reefs' charted by Rosa Luxemburg: 'abandonment of the mass character or abandonment of the final goals'?¹ Participation in electoral politics is necessary if the movement for socialism is to find mass support among workers, yet this participation seems to obstruct the attainment of final goals. Working for today and working toward tomorrow appear as contrasting horns of a dilemma.

Participation imprints a particular structure upon the organization of workers as a class. These effects of participation upon internal class relations have been best analysed by Luxemburg: 'the division between political struggle and economic struggle and their separation is but an artificial product, even if historically understandable, of the parliamentary period. On the one hand, in the peaceful development, "normal" for the bourgeois society, the economic struggle is fractionalized, disaggregated into a multitude of partial struggles limited to each firm, to each branch of production. On the other hand, the political struggle is conducted not by the masses through direct action, but, in conformity with the structure of the bourgeois state, in the

¹ Dick Howard, 'Re-reading Rosa Luxemburg', *Telos*, 18, Winter 1973-4, pp. 89-107.

representative fashion, by the pressure exercised upon the legislative body.²

The first effect of 'the structure of bourgeois state' is thus that wage-earners are formed as a class in a number of independent and often competitive organizations, most frequently as trade-unions and political parties, but also as cooperatives, neighbourhood associations, clubs, etc. One characteristic feature of capitalist democracy is the individualization of class relations at the level of politics and ideology.³ People who are capitalists or wage-earners within the system of production all appear in politics as undifferentiated 'individuals' or 'citizens'. Hence, even if a political party succeeds in forming a class on the terrain of political institutions, economic and political organizations never coincide. A multiplicity of unions and parties represent different interests and compete with each other. Moreover, while the class base of unions is confined to those who are more or less permanently employed, political parties which organize wage-earners must also mobilize people who are not members of unions. Hence there is a permanent tension between the narrower interests of unions and the broader interests represented by parties.⁴

The second effect is that relations within the class become structured as relations of representation. Parliament is a representative institution: it seats individuals, not masses. A relation of representation is thus imposed upon the class by the very nature of capitalist democratic institutions. Masses do not act directly in defence of their interests; they delegate this defence. This is true of unions as much as of parties: the process of collective bargaining is as distant from the daily experience of the masses as elections. Leaders become representatives. Masses represented by leaders: this is the mode of organization of the working class within capitalist institutions. In this manner participation demobilizes the masses.

The organizational dilemma extends even further. The struggle for socialism inevitably results in the *embourgeoisement* of the socialist movement: this is the gist of Robert Michels' classical analysis. The struggle requires organization; it demands a permanent apparatus, a salaried bureaucracy; it calls for the movement to engage in economic activities of its own. Hence socialist militants inevitably become bureaucrats, newspaper editors, managers of insurance companies, directors of funeral parlours, and even *Parteibudiger*—party bar keepers. All of these are petty bourgeois occupations. 'They impress,' Michels concluded, '... a markedly petty bourgeois stamp.'⁵ As a French dissident wrote recently, 'The working class is lost in administering its imaginary bastions. Comrades disguised as notables occupy themselves with municipal garbage dumps and school cafeterias. Or are these notables disguised as comrades? I no longer know.'⁶

² Rosa Luxemburg, 'The Mass Strike, the Political Party, and the Trade Unions', in M. A. Waters (ed.), *Rosa Luxemburg Speaks*, New York 1970, p. 202.

³ Georg Lukacs, *History and Class Consciousness*, London 1971, pp. 65–6; Nicos Poulantzas, *Political Power and Social Classes*, NLB London 1973.

⁴ Cf. Ralph Miliband, *Marxism and Politics*, London 1977, p. 129.

⁵ Robert Michels, *Political Parties*, New York 1962, p. 270.

⁶ Guy Konopniki, *Vive le centenaire du PCF*, Paris 1979, p. 53.

A party that participates in elections must forsake some alternative tactics: this is the frequently diagnosed tactical dilemma. As long as workers did not have full political rights, no choice between insurrectionary and parliamentary tactics was necessary. Indeed, political rights could be conquered by those who did not have them only through extraparliamentary activities. César de Paepe, the founder of the Parti Socialiste Brabançon, wrote in 1877 that 'in using our constitutional right and legal means at our disposal we do not renounce the right to revolution'.⁷ This statement was echoed frequently, notably by Engels in 1895. Alex Danielsson, a Swedish left-wing socialist, maintained in a more pragmatic vein that Social Democrats should not commit themselves to 'a dogma regarding tactics that would bind the party to act according to the same routine under all circumstances'.⁸ That the mass strike should be used to achieve universal (and that meant male) suffrage was not questioned, and both the Belgian and Swedish parties led successful mass strikes that resulted in extensions of suffrage.

Yet as soon as universal suffrage was obtained, the choice between the 'legal' and the 'extra-parliamentary' tactics had to be made. J. McGurk, the Chairman of the Labour Party, put it sharply in 1919: 'We are either constitutionalists or we are not constitutionalists. If we are constitutionalists, if we believe in the efficacy of the political weapon (and we do, or why do we have a Labour Party?) then it is both unwise and undemocratic because we fail to get a majority at the polls to turn around and demand that we should substitute industrial action.'⁹ The turning point in the tactics of several parties occurred after the failures of general strikes organized around economic issues. While strikes oriented toward suffrage had been generally successful, the use of mass strikes for economic goals resulted in political disasters in Belgium in 1902,¹⁰ Sweden in 1909,¹¹ France in 1920,¹² Norway in 1921,¹³ and Great Britain in 1926.¹⁴ All these strikes were defeated; in the aftermath trade-union membership was decimated and repressive legislation was passed. These common experiences of defeat and repression directed socialist parties toward an almost exclusive reliance on electoral tactics. Electoral participation was necessary to protect the movement from repression: this was the lesson drawn by socialist leaders. As Kautsky wrote already in 1891, 'The economic struggle demands political rights and these will not fall from heaven.'¹⁵

To win votes of people other than workers, particularly the petty bourgeoisie, to form alliances and coalitions, to administer the government in the interest of workers, a party cannot appear to be 'irrespon-

⁷ Carl Landauer, *European Socialism*, I, Berkeley 1959, p. 457.

⁸ Herbert Tingsten, *The Swedish Social Democrats*, Totowa 1973, p. 362.

⁹ Ralph Miliband, *Parliamentary Socialism*, London 1975, p. 69.

¹⁰ Landauer, *European Socialism*, I, pp. 472–3.

¹¹ Berndt Schiller, 'Years of Crisis, 1906–14', in Steven Koblick (ed.), *Sweden's Development from Poverty to Affluence, 1750–1970*, Minneapolis 1975, pp. 208–217.

¹² Charles S. Maier, *Recasting Bourgeois Europe*, Princeton 1975, p. 158.

¹³ William A. Lafferty, *Economic Development and the Response of Labour in Scandinavia*, Oslo 1971, p. 191.

¹⁴ Miliband, *Parliamentary Socialism*, p. 148.

¹⁵ Karl Kautsky, *The Class Struggle*, New York 1971, p. 186.

sible', to give any indication of being less than whole-hearted about its commitment to the rules and the limits of the parliamentary game. At times the party must even restrain its own followers from actions that would jeopardize electoral progress. Moreover, a party oriented toward partial improvements, a party in which leader-representatives lead a petty bourgeois life style, a party that for years has shied away from the streets cannot 'pour through the hole in the trenches', as Gramsci put it, even when this opening is forged by a crisis. 'The trouble about the revolutionary left in stable industrial societies,' observed Eric Hobsbawm, 'is not that its opportunities never came, but that the normal conditions in which it must operate prevent it from developing the movements likely to seize the rare moments when they are called upon to behave as revolutionaries. . . . Being a revolutionary in countries such as ours just happens to be difficult.'¹⁶

This dilemma became even more acute when democracy—representative democracy characteristic of bourgeois society—ceased to be merely a tactic and was embraced as the basic tenet of the future socialist society. Social democratic parties recognized in political democracy a value that transcends different forms of organization of production. Jean Jaurès claimed that: 'The triumph of socialism will not be a break with the French Revolution but the fulfillment of the French Revolution in new economic conditions.'¹⁷ Eduard Bernstein saw in socialism simply 'democracy brought to its logical conclusion',¹⁸ and ever since then the recurrent theme of social democracy has been precisely the notion of 'extending' the democratic principle from the political to the social, in effect principally economic, realm. Representative democracy became for social democrats simultaneously the means and the goal, the vehicle for socialism and the political form of the future socialist society, simultaneously the strategy and the programme, instrumental and prefigurative.¹⁹

This commitment made, however, even more crucial the question whether, as Harold Laski put it, capitalist democracy will 'allow its electorate to stumble into socialism by the accident of the verdict at the polls'.²⁰ The most important reservation toward an exclusive commitment to electoralism stemmed from the tenuous nature of bourgeois legality. Little is to be gained by interpreting and reinterpreting every word Marx wrote about bourgeois democracy for the simple reason that Marx himself, and the people who led the newly founded parties into electoral battles, were not quite certain what to expect of electoral competition. The main question—one which history never resolved because it cannot be resolved once and for all—was whether the bourgeoisie would respect its own legal order in case of an electoral triumph of socialism. If socialists were to use the institution of

¹⁶ Eric Hobsbawm, *Revolutionaries*, New York and London 1973, pp. 14–15.

¹⁷ Jean Jaurès, *L'esprit du socialisme*, Paris 1971, p. 71.

¹⁸ Eduard Bernstein, *Evolutionary Socialism*, New York 1961.

¹⁹ For the views of Kautsky and Luxemburg, who were somewhat more cautious, see Massimo Salvadori, *Karl Kautsky and the Socialist Revolution, 1880–1938*, NLB London 1979 and Norman Geras, *The Legacy of Rosa Luxemburg*, NLB London 1976.

²⁰ Harold Laski, *Democracy in Crisis*, Chapell Hill 1935, p. 77.

suffrage—established by the bourgeoisie in its struggle against absolutism—to win elections and to legislate a society toward socialism, would the bourgeoisie revert to illegal means to defend its interests? This is what happened in France in 1851, and it seemed likely that it would happen again. But on several occasions Marx entertained the possibility that in England or in Holland counter-revolution would not occur if workers won the majority in the parliament. Thus, the essential question facing socialist parties was whether, as Hjalmar Branting posed it in 1886, ‘the upper class [would] respect popular will *even when it demanded the abolition of its own privileges*’.²¹ Sterky, the leader of the left wing of the Swedish party, was among those who took a clearly negative view: ‘Suppose that . . . the working class could send a majority to the legislature; not even by doing this would it obtain power. One can be sure that the capitalist class would then take care not to continue along a parliamentary course but would instead resort to bayonets.’²² This was eventually the position defended by Luxemburg in 1900.²³ No one could be completely certain: according to Salvadori, Kautsky wobbled each time he approached this question.²⁴ Austrian Socialists promised in their Linz programme of 1926 to ‘govern in strict accordance with the rules of the democratic state’, but they still felt compelled to warn that ‘should the bourgeoisie by boycotting revolutionary forces attempt to obstruct the social change which the labour movement in assuming power is pledged to carry out, then social democracy will be forced to employ dictatorial means to break such resistance.’²⁵ The main doubt about electoral participation was whether revolution would not be necessary in any case, as August Bebel put it in 1905, as ‘as a purely defensive measure, designed to safeguard the exercise of power legitimately acquired through the ballot.’²⁶ Dictatorship of the proletariat, and revolutionary violence, might be necessary even if the party adhered strictly to its electoral commitment. Tactical dualism could not be easily foresaken.²⁷

Hence social democrats faced a dilemma, dramatized by Gay in his biography of Bernstein. ‘Is democratic socialism, then, impossible? Or can it be achieved only if the party is willing to abandon the democratic method temporarily to attain power by violence in the hope that it may return to parliamentarism as soon as control is secure. Surely this second alternative contains tragic possibilities: a democratic movement that resorts to authoritarian methods to gain its objective may not remain a democratic movement for long. Still, the first alternative—to cling to democratic procedures under all circumstances—may doom the party to continual political impotence.’²⁸

²¹ Tingsten, *The Swedish Social Democrats*, p. 361.

²² *Ibid.*

²³ Rosa Luxemburg, *Reform or Revolution*, New York 1970, p. 28.

²⁴ Salvadori, *Karl Kaustky and the Socialist Revolution*, pp. 66 and 80.

²⁵ Norbert Lesor, ‘Austro-Marxism: A Reappraisal’, *Journal of Contemporary History*, 11, 1976, pp. 133–48, p. 145.

²⁶ Carl E. Shorske, *German Social Democracy 1905–1917*, New York 1955, p. 43.

²⁷ Cf. Geras, *The Legacy of Rosa Luxemburg*.

²⁸ Peter Gay, *The Dilemma of Democratic Socialism*, New York 1970, p. 7.

Social Democracy's Forward March

In spite of all the ambivalence, in spite of the pressure of short-term preoccupations, socialists entered into bourgeois politics to win elections, to obtain an overwhelming mandate for revolutionary transformations, and to legislate the society into socialism. This was their aim and this was their expectation.

Electoral participation was based on the belief that democracy is not only necessary but that it is sufficient for reaching socialism. 'If one thing is certain,' Engels wrote in 1891 (a letter that was to meet with Lenin's acute displeasure), 'it is that our Party and the working class can only come to power under the form of democratic republic. This is even the specific form of the dictatorship of the proletariat.'²⁹ Jaurès saw in democracy 'the largest and most solid terrain on which the working class can stand . . . the bedrock that the reactionary bourgeoisie cannot dissolve without opening fissures in the earth and throwing itself into them'.³⁰ Millerand was, as always, most incisive: 'To realize the immediate reforms capable of relieving the lot of the working class, and thus fitting it to win its own freedom, and to begin, as conditioned by the nature of things, the socialization of the means of production, it is necessary and sufficient for the socialist party to endeavour to capture the government through universal suffrage.'³¹

Socialists entered elections because they were concerned about immediate improvements of workers' conditions. Yet they also entered in order to bring about socialism. Was this divergence between cause and purpose a symptom of rationalization? Was the pathos of final goals just a form of self-deception?

Such questions are best left for psychologists to resolve. But one thing is certain. Those who led socialist parties into electoral battles believed that dominant classes can be 'beaten at their own game'. Socialists were deeply persuaded that they would win election, that they would obtain for socialism the support of an overwhelming numerical majority. They put all of their hopes and their efforts into electoral competition because they were certain that electoral victory was within reach. Their strength was in numbers, and elections are an expression of numerical strength. Hence, universal suffrage seemed to guarantee socialist victory, if not immediately then certainly within the near future. Revolution would be made at the ballot box. Among the many expressions of this conviction is the striking apologia delivered by Engels in 1895: 'The German workers . . . showed the comrades in all countries how to make use of universal suffrage. . . . With the successful utilization of universal suffrage . . . an entirely new method of proletarian struggle came into operation, and this method quickly developed even further. It was found that state institutions, in which the rule of the bourgeoisie is organized, offer the working class still further

²⁹ Frederick Engels and Karl Marx, *Correspondence 1846-95*, Moscow 1935, p. 486.

³⁰ Leslie Defler, *Socialism since Marx: A Century of the European Left*, New York 1973, p. 59.

³¹ R. C. K. Ensor, *Modern Socialism as Set Forth by the Socialists in their Speeches, Writings and Programs*, New York 1908, p. 54.

opportunities to fight these very state institutions.’ And Engels offered a forecast: ‘If it [electoral progress] continues in this fashion, by the end of the century we shall . . . grow into the decisive power in the land, before which all other powers will have to bow, whether they like it or not.’³²

The grounds for this conviction were both theoretical and practical. Already in *The Communist Manifesto*, Marx and Engels described socialism as the movement of ‘the immense majority’.³³ In an 1850 article on ‘The Chartists’ in the New York *Daily Tribune* and then again in 1867 in the Polish emigre newspaper *Głos Wolny*, Marx repeated that ‘universal suffrage is the equivalent of political power for the working class of England, where the proletariat forms the large majority of the population. . . .’³⁴ Kautsky’s *The Class Struggle*, probably the most influential theoretical statement of the early socialist movement, maintained that the proletariat already constituted the largest class ‘in all civilized countries’.³⁵ And even if the first electoral battles would not end in triumph, even if the proletariat was not yet the majority, electoral victory seemed only a matter of time because capitalism was swelling the ranks of the proletarians. The development of factory production and its corollary concentration of capital and land were leading rapidly to proletarianization of craftsmen, artisans, merchants, and small agricultural proprietors. Even ‘the physician, the lawyer, the priest, the poet, the man of science’ were being converted into proletarians, according to *The Communist Manifesto*. This growth of the number of people who sold their labour power for a wage was not accidental, temporary, or reversible: it was viewed as a necessary feature of capitalist development. Hence, it was just a question of time before almost everyone, ‘all but a handful of exploiters’, would become proletarians. Socialism would be in the interest of almost everyone, and the overwhelming majority of the people would electorally express their will for socialism. A young Swedish theoretician formulated this syllogism as follows in 1919: ‘The struggle for the state is political. Its outcome is therefore to a very great extent contingent upon the possibility open to society’s members—whose proletarianism has been brought about by the capitalist process—to exercise their proper influence on political decision-making. If democracy is achieved, the growth of capitalism means a corresponding mobilization of voices *against* the capitalist system itself. Democracy therefore contains an automatically operative device that heightens the opposition to capitalism in proportion to the development of capitalism.’³⁶

Indeed, while those who eventually became communists saw in the Russian Revolution the proof that successful insurrection is always possible, for social democrats the necessity to rely on an insurrection

³² Frederick Engels, ‘Introduction (1895) to Karl Marx’, *The Class Struggles in France, 1848–50*, Moscow 1960, p. 22.

³³ Karl Marx and Frederick Engels, ‘The Communist Manifesto’, *The Revolutions of 1848*, Penguin/NLR Marx Library, London 1976.

³⁴ Karl Marx, *Surveys from Exile*, Penguin/NLR Marx Library, London 1976.

³⁵ Karl Kautsky, *The Class Struggle*, p. 43.

³⁶ Tingsten, *The Swedish Social Democrats*, p. 402.

of a minority meant only that conditions for socialism were not yet mature.³⁷ While Branting, for example, shared Gramsci's first reaction to the October Revolution³⁸ when he maintained that 'the whole developmental idea of socialism is discarded in Bolshevism', he drew precisely the conclusion that socialists should wait until conditions ripen to the point that an overwhelming majority of the people would electorally express their will for socialist transformations.³⁹ Since they were thoroughly persuaded that such conditions would be brought about by the development of capitalism, social democrats were not chagrined by electoral reversals, which were interpreted only to mean that the point had not yet arrived. Even when they had to relinquish control over the government, social democrats were not tempted to hasten the course of history. History spoke through the people, who spoke in elections, and no one doubted that history would make people express their will for socialism.

These expectations, based on the conviction about the future course of history, were almost immediately vindicated by the electoral progress of socialist parties. The German party—posed by Engels as the model to be followed—despite years of depression grew from 125,000 votes in 1871 to 312,000 in 1881, 1,427,000 in 1890, to 4,250,400 on the eve of World War I. Indeed, as soon as the Anti-Socialist laws were allowed to lapse, the SPD became in 1890 the largest party in Germany with 19.7 per cent of the vote. By 1912 their share of 34.8 per cent was more than twice that of the next largest party. No wonder that Bebel in 1905 could make 'explicit the widely held assumption of his fellow socialists that the working class would continue to grow and that the party would one day embrace a majority of the population. . . .'⁴⁰ Several parties entered even more spectacularly into the competition for votes. In 1907, Finnish Social Democrats won the plurality, 37 per cent, in the first election under universal suffrage. The Austrian Social Democrats won 21.0 per cent after male franchise was made universal in 1907, 25.4 per cent in 1911, and the plurality of 40.8 per cent in 1919. The Belgian Parti Ouvrier won 13.2 per cent when the regime censitaire was abolished in 1894 and kept growing in jumps to win in 1925 the plurality of 39.4 per cent, a success which 'stimulated them to hope that continuing industrialization would produce an increasing socialist working-class electorate'.⁴¹ Even in those countries where the first steps were not equally dramatic, electoral progress seemed inexorable. In the religiously politicized Netherlands, socialism marched in big steps, from 3 per cent of the total vote in 1896 to 9.5 per cent, 11.2 per cent, 13.9 per cent and 18.5 per cent in 1913. The Danish party obtained 4.9 per cent in 1884, the first election it contested, only 3.5 per cent in 1889; from this moment on the party never failed to increase the share of the vote until 1935 when it won 46.1

³⁷ Kautsky, *Terrorisme et communisme*, Paris 1919.

³⁸ Giuseppe Fiori, *Antonio Gramsci: Life of a Revolutionary*, NLB London 1973, p. 112.

³⁹ Tingsten, *The Swedish Social Democrats*, p. 405.

⁴⁰ Shorske, *German Social Democracy*, p. 43.

⁴¹ Xavier Mabille and Val R. Lorwin, 'The Belgian Socialist Party', in William E. Paterson and Alastair H. Thomas (eds.), *Social Democratic Parties in Western Europe*, London 1977, p. 392.

per cent. There again, 'there was a general expectation that as the sole party representing the labour movement, it would achieve power through an absolute majority of the electorate'.⁴² The Swedish party began meekly, offering candidates on joint lists with Liberals, it won 3.5 per cent in 1902, 9.5 per cent in 1905, 14.6 per cent in 1908, jumped to 28.5 per cent in 1911 after suffrage was extended, increased its share to 30.1 per cent and 36.4 per cent in the two successive elections of 1914, and together with its left-wing off-shoot won the plurality of the vote, 39.1 per cent in 1917. The Norwegian Labour Party grew about 5 per cent in each election from 1897 when it obtained 0.6 per cent onward to 1915 when its share reached 32.1 per cent.

Practice was confirming the theory. From election to election the forces of socialism were growing in strength. Each round was a new success. From a few thousand, at best, during the first difficult moments, socialists saw their electorate extend into millions. The progress seemed inexorable; the majority, and the mandate for socialism embodied therein, were only a matter of a few years, a couple of elections away. One more effort and humanity would be ushered into a new era by the overwhelming expression of popular will. 'I am convinced,' Bebel spoke at the Erfurt Congress, 'that the fulfillment of our aims is so close that there are few in this hall who will not live to see the day.'⁴³

Social Democracy and the Working Class

The Socialist party was to be the working class organized. As Bergounioux and Manin observed, 'workers' autonomy outside politics or a political emancipation that would not be specifically workers', such were the two tendencies at the moment when Marx and Engels contributed to the founding of the International Workingmen's Association'.⁴⁴ Marx's decisive influence was a synthesis of these two positions: socialism as a movement of the working class in politics. The orientation Marx advocated was new: to organize a 'party' but one that would be distinctly of workers, independent from and opposed to all other classes. The organization of workers 'into a class, and consequently into a political party'⁴⁵ was necessary for workers to conquer political power and, in Marx's view, it should not and would not affect the autonomy of the working class as a political force. 'The emancipation of the working class should be,' in the celebrated phrase, 'the task of the working class itself.'

We know why Marx expected workers to become the moving force for socialism: by virtue of their position within the capitalist society, workers were simultaneously the class that was exploited in the specifically capitalist manner and the only class that had the capacity to organize production on its own once capitalist relations were

⁴² Paterson and Thomas, *Social Democratic Parties*, p. 240.

⁴³ Derfler, *Socialism since Marx*, p. 58.

⁴⁴ Alain Bergounioux and Bernard Manin, *La social-démocratie ou le compromis*, Paris 1979, p. 27.

⁴⁵ Marx and Engels, 'Communist Manifesto', *The Revolutions of 1848*.

abolished.⁴⁶ Yet this emphasis on the ‘organic relation between socialism and the working class—the relation conceived of as one between the historical mission and the historical agent—does not explain by itself why socialists sought during the initial period to organize only workers and all the workers. The reasons for this privileged relation between socialist parties and the working class were more immediate and more practical than those that could be found in Marx’s theory of history.

First, capitalism is a system in which workers compete with each other unless they are organized as a class. Similarity of class position does not necessarily result in solidarity since the interests which workers share are precisely those which put them in competition with one another, primarily as they bid down wages in quest of employment. Class interest is something attached to workers as a collectivity rather than as a collection of individuals, their ‘group’ rather than ‘serial’ interest.⁴⁷ A general increase of wages is in the interest of all workers, but it does not affect relations among them. Alternatively, a law establishing a minimal level of wages, extending compulsory education, advancing the age of retirement, or limiting working hours affects the relations among workers without being necessarily in the interest of each of them. Indeed, some workers would prefer to work beyond their normal retirement age even if they were excluding other workers from work; some people who do not find employment would be willing to be hired for less than the minimal wage even if it lowered the general level of wages; some would be willing to fulfill their historical mission of emancipating the entire society. In his *Address to the Communist League* in 1850 Marx emphasized that workers ‘must themselves do the utmost for their final victory by clarifying their minds as to what their class interests are, by taking their position as an independent party as soon as possible and by not allowing themselves to be seduced for a single moment by the hypocritical phrases of the democratic petty bourgeoisie into refraining from the independent organization of the party of the proletariat.’⁴⁸ Rosenberg reports the tendency of German socialism in the 1860s to ‘isolate itself and to emphasize these qualities that differentiated it from all the groups and tendencies of the wealthy classes. At this stage the radical proletarian movement tended particularly to see the nobility and the peasants, the manufacturers and the intellectuals as “a uniform reactionary mass”.’⁴⁹ The same was true of the first labour candidates who competed in the Paris election of 1863.⁵⁰ The notion of ‘one single reactionary mass’ underlied the Gotha Programme of 1875 and reappeared in the Swedish programme of 1889.⁵¹ Still in 1891, when Engels was asked to comment on Kautsky’s draft of the Erfurt Programme, he objected to a reference to ‘the people in general’ by asking ‘who is that?’⁵² And with his

⁴⁶ Ernest Mandel, *The Formation of the Economic Thought of Karl Marx*, New York and London 1972, p. 23.

⁴⁷ Jean-Paul Sartre, *Critique of Dialectical Reason*, NLB London 1976.

⁴⁸ Karl Marx, ‘Address to the Communist League’, *The Revolutions of 1848*.

⁴⁹ Arthur Rosenberg, *Democracy and Socialism*, Boston 1965, p. 161.

⁵⁰ Rosenberg, *Democracy and Socialism*, p. 165.

⁵¹ Tingsten, *The Swedish Social Democrats*, p. 367.

⁵² Frederick Engels, *A Contribution to the Critique of the Social Democratic Draft Programme of 1891*, Moscow n.d., p. 56.

typical eloquence, Jules Guesde argued in Lille in 1890: 'The Revolution which is incumbent upon you is possible only to the extent that you will remain yourselves, class against class, not knowing and not wanting to know the divisions that may exist in the capitalist world.'⁵³

Indeed, the initial difficulty which socialists faced was that workers were distrustful of any influences originating outside their class. Socialism seemed an abstract and an alien ideology in relation to daily experience. It was not apparent to workers that an improvement of their conditions required that the very system of wage labour must be abolished. Bergounioux and Manin report that according to a study of French workers at the beginning of the Third Republic there was a resistance among workers to the socialist message, an emphasis on the direct conflict between workers and employers, and a neglect of politics.⁵⁴ In Belgium, a party bearing a socialist label, *Parti socialiste belge*, was founded in 1879 but had difficulty persuading workers' associations to affiliate. According to Landauer workers were mistrustful of socialist propaganda, and de Paepe argued that 'the word "socialist" frightens many workers'.⁵⁵ Thus was born in 1885 the *Parti ouvrier belge*: a workers' party in place of a socialist one. In Great Britain, trade-unionists objected to, and until 1918 were successful in preventing, the Labour Party from admitting members of other classes on an individual basis. If socialists were to be successful, theirs had to be a workers' party. In Sweden, the first local cells of the Social Democratic Party were in fact called *Arbetarekommuner*, Workers' Communes.⁵⁶ Socialists were anxious to emphasize the class character of the movement and were willing to make doctrinal compromises to implant socialism among workers.

The Dilemma of Proletarian Electoralism

The majority which socialists expected to win in elections was to be formed by workers. The proletariat—acting upon its interests and conscious of its mission—was to be the social force precipitating society into socialism. But this proletariat was not, and never became, a numerical majority of voting members of any society. The prediction that the displaced members of the old middle classes would either become proletarians or join the army of the unemployed did not materialize.

The old middle classes, particularly the independent agricultural proprietors, almost vanished as a group in most Western European countries, but their sons and daughters were more likely to find employment in an office or a store than in a factory. Moreover, while the proportion of the adult population engaged in any activity outside the household drastically fell in the course of capitalist development, those excluded from gainful activities did not become a reserve proletariat. Extended compulsory education, forced retirement, large

⁵³ Jean-Jacques Fiechtier, *Le socialisme français: de l'affaire Dreyfus à la grande guerre*. Geneva 1965, p. 258.

⁵⁴ Bergounioux and Manin, *La social-démocratie ou le compromis*, p. 25.

⁵⁵ Landauer, *European Socialism*, I, pp. 457–8.

⁵⁶ Raymond Fusilier, *La parti socialists suedois. Son organisation*, Paris 1954, p. 29.

standing armies, effective barriers to economic participation of women, all had the effect of reducing entry into the proletariat.⁵⁷ As a result, from 1890 to 1980 the proletariat continued to be a minority of the population. In Belgium, the first European country to have built substantial industry, the proportion of workers did break the magic number of the majority when it reached 50.1 per cent in 1912. Since then it has declined systematically, down to 19.1 per cent in 1971. In Denmark, the proportion of workers in the electorate never exceeded 29 per cent. In Finland, it never surpassed 24 per cent. In France, this proportion declined from 39.4 per cent in 1893 to 24.8 per cent in 1968. In Germany, workers increased as a proportion of the electorate from 25.5 per cent in 1871, to 36.9 per cent in 1903, and since then has constituted about one third of the electorate. In Norway, workers constituted 33 per cent of the electorate in 1894 and their proportion peaked in 1900 at 34.1 per cent. In Sweden, the proportion of workers in the electorate grew from 28.9 per cent in 1908 to 40.4 per cent in 1952; then it declined to 38.5 per cent in 1964.

The rules of the democratic game, while universal and at times fair, show no compassion. If a party is to govern alone, unburdened by the moderating influence of alliances and the debts of compromise, it must obtain some specific proportion of the vote, not much different from 50 per cent. Electoral institutions preceded the birth of parties which sought to use them as the vehicle toward socialism, and those institutions carried within themselves the fundamental rule which makes the victory of an isolated minority impossible. A party representing a class which has fewer members than the other classes combined cannot win electoral battles.

The combination of minority status with majority rule constitutes the historical condition under which socialists have to act. This objective condition imposes upon socialist parties a choice: socialists must choose between a party homogeneous in its class appeal, but sentenced to perpetual electoral defeats, and a party that struggles for electoral success at the cost of diluting its class character. This choice is not between revolution and reform. There is no a priori reason, and no historical evidence, to suppose that an electoral class-pure party of workers would be any more revolutionary than a party heterogeneous in its class base. Indeed, class-pure electoral parties of workers, of which the SPD during the Weimar period is probably the prime example,⁵⁸ can be totally committed to the defence of particularistic interests of workers within the confines of capitalist society. Such class parties can easily become mere electoral interest groups, pressuring for a larger share of the national product without any concern for the manner in which it is produced. A pure party of workers who constituted a majority of the electorate would perhaps have maintained its ultimate commitment without a compromise, as socialists said they would when they saw the working class as majoritarian. But to

⁵⁷ Adam Przeworski and Ernest Underhill, 'The Process of Class Formation from Karl Kautsky's *The Class Struggle* to Recent Controversies', *Politics and Society*, 7, 1977, pp. 343–402; and 'The Evolution of European Class Structure during the Twentieth Century', unpublished MSS, University of Chicago 1979.

⁵⁸ Richard N. Hunt, *German Social Democracy, 1918–33*, Chicago 1970.

continue as a minority party dedicated exclusively to ultimate goals, in a game in which one needs a majority—more, an overwhelming mandate—to realize these goals, would have been absurd. To gain electoral influence for whatever aims, from the ultimate to the most immediate, working class parties must seek support from members of other classes.

Given the minority status of workers within the class structure of capitalist societies, the decision to participate in elections thus alters the very logic of the problem of revolutionary transformation. The democratic system played a perverse trick on socialist intentions: the emancipation of the working class could not be the task of workers themselves if this emancipation was to be realized through elections. The only question left was whether a majority for socialism could be recruited by seeking electoral support beyond the working class.

There is a peculiar tendency among contemporary observers, to see the strategy of appealing to a heterogeneous class base as a relatively recent effect of the 'deradicalization' of socialist movements. The German *Mittelklasse Strategie* is seen as the prototype of this new orientation and Kurt Schumacher as its architect.⁵⁹ In this interpretation socialist parties began to enlist support from groups other than workers only after they have given up their socialist goals.

This view is simply inaccurate. Socialists sought support beyond the working class as soon as the prospect of electoral victory became real and ever since they have continued to go back and forth between a search for allies and the emphasis on the working class. That triumphant forecast made by Engels in 1895 which predicted that socialists would become a force before which 'all powers will have to bow' was conditional in his view upon the success of the party in 'conquering the greater part of the middle strata of society, petty bourgeoisie and small peasants'. His advice to the French party—advice the French did not need since they were already heeding it⁶⁰—was the same: recruit the small peasants. The Erfurt Programme of 1891 set the tone in which appeals to 'the middle classes' were couched: their interests 'paralleled' those of the proletariat; they were the 'natural allies' of the proletariat.⁶¹ Guesdists in France began to advocate alliances as soon as Guesde was elected to the Parliament in 1893.⁶² In Belgium, the first programme adopted in 1894 by the *Parti ouvrier* appealed to the lower middle class and the intelligentsia.⁶³ In Sweden, a multi-class strategy was debated as early as 1889, and the party kept moving toward a heterogeneous class orientation until its full acceptance in 1920.⁶⁴ The British Labour Party did defeat, in 1912, a proposal to open the membership, on an individual basis, to 'managers, foremen, [and] persons engaged in commercial pursuits on their

⁵⁹ William E. Patterson, 'The German Social Democratic Party', in Patterson and Thomas, *Social Democratic Parties in Western Europe*.

⁶⁰ Carl Landauer, 'The Guesdists and the Small Farmer: Early Erosion of French Marxism', *International Review of Social History*, 6 (1961), pp. 212–25.

⁶¹ Kautsky, *The Class Struggle*.

⁶² Derfler, *Socialism since Marx*, p. 48.

⁶³ Landauer, *European Socialism*, I, p. 468.

⁶⁴ Tingsten, *The Swedish Social Democrats*.

own account.⁶⁵ But in 1918, as it took a programmatic turn to the left, Labour opened its ranks to ‘workers by brain’. Indeed, in his polemic with Beer, McKibbin interprets the very emphasis on socialism in the 1918 programme as an attempt to capture the ‘professional middle classes’.⁶⁶ Revisionists everywhere asserted that workers were not a majority and that the party must seek support beyond the working class. Bernstein, Jaurès, and MacDonald came to this conclusion independently: once a party committed itself to electoral competition they had to embrace this conclusion. By 1915, Michels could already characterize social democratic strategy as follows: ‘For motives predominantly electoral, the party of the workers seeks support from the petty bourgeois elements of society, and this gives rise to more or less extensive reactions upon the party itself. The Labour Party becomes the party of the ‘people’. Its appeals are no longer addressed to the manual workers, but to “all producers”, to the “entire working population”, these phrases being applied to all the classes and all the strata of society except the idlers who live upon the income from investments.’⁶⁷

The post-war orientation of several social democratic parties toward broadly understood middle strata is not a result of a new strategic posture but rather a reflection of the changing class structure of Western Europe. The proportion of the population engaged in agriculture declined during the twentieth century, more rapidly during the 1950s than during any of the preceding decades. The ‘new middle classes’ almost replaced the ‘old’ one numerically. Party strategies reflected, albeit with some lag, the numerical evolution of class structure. What is relatively new, therefore, is only the explicit indication of salaried employees as a pool of potential socialist support. It was Bernstein after all who introduced the notion of the *Volkspartei*, not Schumacher or Brandt. The search for allies is inherent to electoralism.

Dissolving the Class Appeal

Once they decided to compete for the votes of ‘natural allies’, whether these were the old or the new middle classes, socialists were appealing to the overwhelming majority of the population. Branting’s estimate in 1889 that the ‘people’ constituted ninety-five per cent of the Swedish society was probably only slightly exaggerated, given his definition of ‘the people’.⁶⁸ Seeking an equitable distribution of the burden of World War I debt, *Labour and the New Social Order*, a programmatic document of the party, asserted that ‘In this manner the Labour Party claims the support of four-fifths of the whole nation.’⁶⁹ There is no reason to doubt that today the working class together with its allies comprise around eighty per cent of the population of France or of the United

⁶⁵ Ross McKibbin, *The Evolution of the Labour Party*, London 1974, p. 95.

⁶⁶ Samuel Beer, *British Politics in the Collectivist Age*, New York 1969 (2nd ed.); McKibbin, *The Evolution of the Labour Party*, p. 97.

⁶⁷ Michels, *Political Parties*, p. 254.

⁶⁸ Tingsten, *The Swedish Social Democrats*, p. 135.

⁶⁹ Arthur Henderson, *The Aims of Labor*, New York 1918 (2nd ed.), p. 125.

States.⁷⁰ If to industrial workers we add white-collar employees, petty bourgeois, housewives, retirees, and students, almost no one is left to represent interests antagonistic to socialism. Exploiters remain but a handful: 'the businessman with a tax-free expense account, the speculator with tax-free capital gains and the retiring company director with a tax-free redundancy payment,' in the words of the 1959 Labour Party electoral manifesto.⁷¹

Yet social democratic parties have never obtained the votes of four-fifths of the electorate in any country. Only in a few instances have they won the support of one-half of the people who actually went to the polls. They are far from obtaining the votes of all whom they claim to represent. Moreover, they cannot even win the votes of all workers—the proletariat in the classical sense of the word. In several countries as many as one-third of manual workers vote for bourgeois parties. In Belgium as many as one half of the workers do not vote socialist.⁷² In the United Kingdom, the Labour Party lost 49 per cent of the working class vote in the 1979 election. Social democrats appear condemned to minority status when they are a class party, and they seem equally relegated when they seek to be the party of the masses, of the entire nation. As a pure party of workers they cannot win the mandate for socialism, but as a party of the entire nation they have not won it either.

Some of the reasons why no political party ever won a majority with a programme of socialist transformation are undoubtedly external to the electoral system. Yet social democratic parties face a purely electoral dilemma. Class shapes the political behaviour of individuals only as long as people who are workers are organized politically as workers. If political parties do not mobilize people *qua* workers but as 'the masses', 'the people', 'consumers', 'taxpayers', or simply 'citizens', then workers are less likely to identify themselves as class members and, eventually, less likely to vote as workers. By broadening their appeal to the 'masses', social democrats weaken the general salience of class as a determinant of the political behaviour of individuals.

The strategies oriented toward broad electoral support have an effect not only upon the relation between workers and other classes but primarily within the class, upon the relations among workers. In order to be successful in electoral competition, social democratic parties must present themselves to different groups as an instrument for the realization of their immediate economic interests, immediate in the sense that these interests can be realized when the party is victorious in the forthcoming election. Supra-class alliances must be based on a convergence of immediate economic interests of the working class and of other groups. Social democrats must offer credits to the petty

⁷⁰ Parti Communiste Français, *Traité d'économie politique: le capitalisme monopoliste d'état*, 2 vols., Paris 1971; Erik Olin Wright, 'Class Boundaries in Advanced Capitalism', *NLR* 98 (1976), pp. 3–42.

⁷¹ F. W. S. Craig (ed.), *British Parliamentary Election Results, 1918–1949*, Glasgow 1969, p. 130.

⁷² Keith Hill, 'Belgium: Political Change in a Segmented Society', in Richard Rose (ed.), *Electoral Behavior: a Comparative Handbook*, New York 1974, p. 83.

bourgeoisie, pensions to salaried employees, minimal wages to workers, protection to consumers, education to the young, family allowances to families. This convergence cannot be found in measures that strengthen the cohesion and combativeness of workers against other classes. When social democrats extend their appeal, they must promise to struggle not for objectives specific to workers as a collectivity—those that constitute the public goods for workers as a class—but only those which workers share as individuals with members of other classes. The common grounds can be found in a shift of the tax burden from indirect to direct taxation, in consumer protection laws, in spending on public transport, and the like. These are concerns which workers as individuals share with others who receive low incomes, who purchase consumer products, who travel to work. They are not interests of workers as a class but of the poor, of consumers, commuters, etc.

None of this implies that the party no longer represents workers when it appeals to the masses. Although the convergence is never perfect and some interests of workers are often compromised, the party continues to represent those interests which workers as individuals share with other people. Hence social democratic parties oriented toward ‘the people’ continue to be parties of workers as individuals. But they cease to be the organization of workers as a class which disciplines individuals in their competition with each other by posing them against other classes. It is the very principle of class conflict—the conflict between internally cohesive collectivities—that becomes compromised as parties of workers become parties of the masses.

Differentiation of class appeal, however, affects not only the organization of workers as a class. It has a fundamental effect on the form of political conflicts in capitalist societies since it reinstates a classless vision of politics. When social democratic parties become parties ‘of the entire nation’, they reinforce the vision of politics as a process of defining the collective welfare of ‘all members of the society’. Politics, once again, is defined on the dimension individual-nation, not in terms of class.

This de-emphasis of class conflict in turn affects workers. As class identification becomes less salient, socialist parties lose their unique appeal to workers. Social democratic parties are no longer qualitatively different from other parties; class loyalty is no longer the strongest base of self-identification. One can no longer recall, as Vivian Gornick did of her childhood, that: ‘Before I knew I was Jewish or a girl I knew that I was a member of the working class.’⁷³ Workers see society as composed of individuals; they view themselves as members of collectivities other than class; they behave politically on the basis of religious, ethnic, regional, or some other affinity. They become Catholics, Southerners, Francophones, or simply ‘citizens’.

It is now clear that the dilemma comes back with a vengeance within the very system of electoral competition. The choice between class

⁷³ Vivian Gornick, *The Romance of American Communism*, New York 1977, p. 3.

purity and broad support must be lived continually by social democratic parties because when they attempt to increase their electoral support beyond the working class these parties reduce their capacity to mobilize workers. This choice was not made once and for all by any party; nor does it represent a unidirectional evolution. Indeed, if there exists an electoral trade-off between appealing to the masses and recruiting workers, then strategic shifts are imperative from the purely electoral point of view. Histories of particular parties are replete with strategic reversals, with major changes of direction, controversies, schisms, and scissions. SPD returned to an emphasis on class in 1905; Swedish Social Democrats temporarily abandoned their attempt to become a multi-class party once in 1926, and then again in 1953; the Norwegian Labour Party emphasized its class orientation in 1918; German young socialists launched a serious attack on the *Mittleklass Strategie* a decade ago; conflicts between an *ouvrierist* and a multiclass tendency today wrench several parties. In terms of purely electoral considerations social democrats face a dilemma. They are forced to go back and forth between an emphasis on class and an appeal to the nation. They seem unable to win either way, and they behave the way rational people do when confronted with dilemmas: they bemoan and regret, change their strategies, and once again bemoan and regret.

Social Democrats have not succeeded in turning elections into an instrument of socialist transformation. To be effective in elections they have to seek allies who would join workers under the socialist banner, yet at the same time they erode exactly that ideology which is the source of their strength among workers. They cannot remain a party of workers alone and yet they can never cease to be a workers party.

Reform and Revolution

Socialists entered into elections with ultimate goals. The Hague Congress of the First International proclaimed that the 'organization of the proletariat into a political party is necessary to ensure the victory of social revolution and its ultimate goal—the abolishment of classes'.⁷⁴ The first Swedish programme specified that 'Social Democracy differs from other parties in that it aspires to completely transform the economic organization of bourgeois society and bring about the social liberation of the working class. . . .'⁷⁵ Even the most reformist among revisionists, Millerand, admonished that 'whoever does not admit the necessary and progressive replacement of capitalist property by social property is not a socialist'.⁷⁶

These were the goals that were to be reached through legislation, upon a mandate of an electorally expressed majority, as the will of universal suffrage. Socialists were going to abolish exploitation, to destroy the division of society into classes, to remove all economic and political inequalities, to end the wastefulness and anarchy of

⁷⁴ Szymon Chodak (ed.), *Systemy Partyjne Współczesnego Kapitalizmu*, Warsaw 1962, p. 39.

⁷⁵ Tingsten, *The Swedish Social Democrats*, pp. 118–9.

⁷⁶ Ensor, *Modern Socialism*, p. 51.

capitalist production, to eradicate all sources of injustice and prejudice. They were going to emancipate not only workers but humanity, to build a society based on cooperation, to rationally orient energies and resources toward satisfaction of human needs, to create social conditions for an unlimited development of the personality. Rationality, justice and freedom were the guiding goals of the social democratic movement.

These were ultimate goals: they could not be realized immediately, for economic as well as political reasons. And social democrats were unwilling to wait for the day when these aims could finally be accomplished. They claimed to represent the interests of workers and of other groups not only in the future but as well within 'present-day', that is, capitalist society. The *Parti Socialiste Française*, led by Jaurès, proclaimed at its Tours Congress of 1902: 'The Socialist Party, rejecting the policy of all or nothing, has a programme of reforms whose realization it pursues forthwith', and listed 54 specific demands concerning democratization, secularization, organization of justice, family, education, taxation, protection of labour, social insurance, nationalization of industries, and foreign policy.⁷⁷ The first programme of the Swedish Social Democrats in 1897 demanded direct taxation, development of state and municipal productive activities, public credit including direct state control of credit for farmers, legislation concerning work conditions, old age, sickness, and accident insurance, legal equality, and freedoms of organization, assembly, speech, and press.⁷⁸

This orientation toward immediate improvements was never seen by its architects as a departure from ultimate goals. Since socialism was thought to be inevitable, there would be no reason why immediate measures should not be advocated by socialist parties: there was no danger, not even a possibility, that such measures could prevent the advent of the inescapable. As Kautsky put it, 'it would be a profound error to imagine that such reforms could delay the social revolution'.⁷⁹ Ultimate goals were going to be realized because History was on the side of socialism. Revisionists within the movement were, if anything, even more deterministic than those who advocated insurrectionary tactics. Millerand argued, for example, in his Saint-Mandé speech, that: 'Men do not and will not set up collectivism; it is setting itself up daily; it is, if I may be allowed the phrase, being secreted by the capitalist regime.'⁸⁰

Even when social democratic movements left the protection of history to rediscover a justification of socialism in ethical values, no dilemma appeared in the consciousness of socialist leaders. Bernstein's famous renunciation of final goals did not imply that they would remain unfulfilled, but only that the way to realize them was to concentrate on proximate aims. Jaurès, speaking about the conquest of political power by workers, provided the classical image: 'I do not believe, either,

⁷⁷ Ensor, *Modern Socialism*, p. 345.

⁷⁸ Tingsten, *The Swedish Social Democrats*, pp. 119–20.

⁷⁹ Kautsky, *The Class Struggle*, p. 93.

⁸⁰ Ensor, p. 50.

that there will necessarily be an abrupt leap, the crossing of the abyss; perhaps we shall be aware of having entered the zone of the Socialistic State as navigators are aware of having crossed the line of a hemisphere—not that they have been able to see as they crossed a cord stretched over the ocean warning them of their passage, but that little by little they have been led into a new hemisphere by the progress of their ship.⁸¹ Indeed, for social democrats immediate reforms constitute ‘steps’ in the sense that gradually they accumulate toward a complete restructuring of society. Anticipating Bernstein’s argumentation, George von Vollmar, the leader of the Bavarian wing of the SPD, declared at the Erfurt Congress: ‘Beside the general or ultimate goal we see a nearer aim: the advancement of the most immediate needs of the people. For me, the achievement of the most immediate demands is the main thing, not only because they are of great propagandist value and serve to enlist the masses, but also because, in my opinion, this gradual progress, this gradual socialization, is the method strongly indicated for a progressive transition.’⁸²

Reform and revolution do not require a choice within the social democratic view of the world. To bring about ‘social revolution’—the phrase which before 1917 connoted transformation of social relations but not necessarily an insurrection—it is sufficient to follow the path of reforms. Reforms are thought to be cumulative and irreversible: there was nothing strange in Jaurès’ argument that: ‘Precisely because it is a party of revolution . . . the Socialist Party is the most actively reformist. . . .’⁸³ The more reforms, the faster they are introduced, the nearer the social revolution, the sooner the socialist ship would sail into the new world. And even when times are not auspicious for new steps to be made, even when political or economic circumstances require that reforms be postponed, eventually each new reform would build upon the past accomplishments. Mitigating the effects of capitalism and transforming it piece by piece would eventually lead to a complete restructuring of society. Reviewing Miliband’s (1969) book, Benjamin Barber best expressed this perspective: ‘surely at some point mitigation becomes transformation, attenuation becomes abolition; at some point capitalism’s “concessions” annihilate capitalism. . . . This is not to say that such a point has been reached, only that there must be such a point.’⁸⁴

Welfare Displaces Socialization

The ‘social revolution’ envisioned by social democrats was necessary because capitalism was irrational and unjust. And the fundamental cause of this inefficiency and inequity was private property of the means of production. While private property was occasionally seen as the source of most disparate evils—from prostitution and alcoholism to wars—it was always held directly responsible for the irrationality of the capitalist system and for the injustice and poverty that it generated.

⁸¹ Ensor, *Modern Socialism*, p. 121.

⁸² Gay, *The Dilemma of Democratic Socialism*, p. 258.

⁸³ Fiechtier, *Le socialisme français*, p. 163.

⁸⁴ Benjamin Barber.

Already in *Socialism: Utopian and Scientific*, one of the most important theoretical sources of the socialist movement, Engels emphasized that the increasing rationality of capitalist production within each firm is accompanied, and must be accompanied, by the chaos and anarchy of production at the societal scale. 'The contradiction between socialized production and capitalist appropriation,' Engels wrote, 'now presents itself as *an antagonism* between the organization of production in the individual workshop and the anarchy of production in society generally.'⁸⁵ Speaking in 1920, Branting repeated that: 'In the basic premises of the present social order there are no satisfactory guarantees either that production as an entity is given the most rational orientation possible, or that profit in the various branches is used in the way that is best from the national economic and social point of view.'⁸⁶

The second effect of private property is the unjust distribution of material rewards which it generates. 'The economic case for socialism,' wrote a Labour Party theoretician, 'is largely based on the inability of capitalism to bring about any equitable or even practicable distribution of commodities in an age of mechanization and mass-production.'⁸⁷ Even the most decisive break with the Marxist tradition, the SPD's Bad Godesberg programme of 1959, maintained that the 'Market economy does not assure of itself a just distribution of income and property'.

Given this analysis, socialization or nationalization of the means of production was the principal method of realizing socialist goals and hence the first task to be accomplished by social democrats after the conquest of power. 'Social revolution,' writes Tingsten 'was always understood to mean systematic, deliberate socialization under the leadership of the Social Democratic working class.'⁸⁸ Socialization or nationalization—a terminological ambiguity which was significant—was the manner by which socialist revolution would be realized.

Until World War I, as socialist parties concentrated their efforts on winning suffrage and organizing workers as a class, little if any concrete thought was devoted to the means by which socialization was to be accomplished. The very possibility of actually being in a position to pursue a programme of socialization caught all socialist parties by surprise when the war destroyed the established order, unleashed spontaneous movements of factory occupations, and opened the doors to government participation. Indeed, the wave of factory occupations which occurred in Austria, Germany, Finland, Italy, and Sweden appeared to the established socialist parties and trade-unions as almost

⁸⁵ Frederick Engels, 'Socialism: Utopian and Scientific', In L. Feuer (ed.), Marx and Engels, *Basic Writings on Politics and Philosophy*, Garden City 1959, pp. 97–8.

⁸⁶ Tingsten, *The Swedish Social Democrats*, p. 239.

⁸⁷ Sir Stafford Cripps, 'Democracy or Dictatorship?'—the Issue for the Labour Party', *Political Quarterly*, 1933, pp. 467–81.

⁸⁸ Tingsten, p. 131.

as much a threat to their own authority and organization as to the capitalist order.⁸⁹

As these spontaneous movements were repressed or exhausted, the logic of parliamentarism re-established its grip on the social democratic movement. Nationalization efforts turned out to be so similar in several countries that their story can be summarized briefly. The issue of socialization was immediately placed on the agenda of social democratic parties in Austria, Finland, Germany, Great Britain, Holland, Italy, and Sweden and of the CGT in France. In several countries, notably Germany, Great Britain, and Sweden, 'socialization commissions' were established by respective parliaments, while in France Léon Blum introduced in the Chamber a bill to nationalize the railway industry. The commissions were supposed to prepare detailed programmes of socialization—in some cases for all basic industries and in others for specific ones, typically coal. The British commission finished its career quickly as Lloyd George simply ignored its recommendations; in Germany the issue of coal nationalization lingered after the resignation of the first commission; and in Sweden the socialization committee worked 16 years, spending most of its time studying similar efforts elsewhere, and expired without making any recommendations. Although social democrats formed or entered governments in several countries, the global result of these first attempts at socialization was null: with the exception of the French armament industry in 1936, not a single company was nationalized in Western Europe by a social democratic government during the entire inter-war period.

How did it happen that the movement that aimed to revolutionize society by changing the very base of its productive organization ended the period of integration into the political institutions of capitalism without even touching its fundamentals? When Marx described in 1850 the anatomy of capitalist democracy, he was certain that, unless withdrawn, universal suffrage would lead from 'political to social emancipation'; that once endowed with political rights, workers would proceed immediately to destroy the 'social power' of capitalists by socializing the means of production.⁹⁰ Still in 1928, Wigforss saw this outcome as inevitable: 'The universal suffrage is incompatible with a society divided into a small class of owners and a large class of unpropertied. Either the rich and the propertied will take away universal suffrage, or the poor, with the help of their right to vote, will procure for themselves a part of the accumulated riches.'⁹¹ And yet while social democrats held power in Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Norway, and Sweden, riches remained nearly intact, and certainly private property in the means of production was not disturbed.

⁸⁹ Charles S. Maier, *Recasting Bourgeois Europe*, Princeton 1975, p. 63; Gwyn Williams, *Proletarian Order: Antonio Gramsci, Factory Councils and the Origins of Communism in Italy, 1911–21*, London 1975, pp. 121–45; Paulo Spriano, *Storia del Partito Comunista Italiano*, I, *Da Bordiga a Gramsci*, Turin 1967, pp. 50–63; Ernst Wigforss, 'Industrial Democracy in Sweden', *International Labour Review*, 1924, 9, pp. 667–679, p. 672.

⁹⁰ Karl Marx, *The Class Struggles in France, 1848–50*, Moscow 1952, p. 62.

⁹¹ Tingsten, *The Swedish Social Democrats*, pp. 274–5.

One can cite a number of reasons. Not negligible was the theoretical ambiguity of the very project of the 'expropriation of expropriators'. One difficulty lay in that ambiguous relation between 'socialization'—the turning over of industries to their employees—and 'nationalization'—their general direction by the state. On the one hand, as Korsch,⁹² Wigforss,⁹³ and others pointed out, direct control of particular firms by the immediate producers would not remove the antagonism between producers and consumers, that is, workers in other firms. On the other hand, transfer to centralized control of the state would have the effect of replacing the private authority of capital by the bureaucratic authority of the government, and the Soviet example loomed largely as a negative one. The '*gestionnaire*' tendency dominated in Germany, where the principle was even incorporated into the Constitution, and Sweden; the '*planiste*' tendency found its most important articulation in Belgium and France under the influence of Henri de Man. A veritable wave of constitution writing ensued in the immediate aftermath of World War I: Otto Bauer in Austria (1919), Karl Kautsky in Germany (1925), G. D. H. Cole in Great Britain (1919), Henri de Man in Belgium—all rushed to devise some way of combining rationality at the level of the society as a whole with the control of the immediate producers over their own activities.

Yet this burst of theoretical activity came rather belatedly in relation to the demands of practical politics. The fact, frequently admitted by social democratic politicians, was that they did not know how to proceed to the realization of their programme. The choice of industries which were to be nationalized, methods of financing, techniques of management, and the mutual relations among sectors turned out to be technical problems for which social democrats were unprepared. Hence they formed study commissions and waited.

Nevertheless, the cause of the social democratic inertia was much more profound than the ambiguity of their plans. Socialists never won a sufficient number of votes to obtain a parliamentary majority and hence to be able to legislate anything without support, or at least consent, of other parties. Remarkably, and quite to their surprise, socialist parties in several countries were invited to take office as minority governments or to enter governments as members of multi-party coalitions. And the question of what to do as a minority government presented itself as the following choice: either the party would pursue its socialist objectives and be promptly defeated or it would behave like any other party, administering the system and introducing only those few reforms for which it could obtain a parliamentary majority.

Each strategy was viewed in terms of its long-term effects. Proponents of the maximalist strategy argued that the party would educate the electorate about its socialist program and would expose the reactionary character of the bourgeois parties. They claimed that the people would then return the party to office with a majority and the mandate

⁹² Karl Korsch, 'What is Socialization?', *New German Critique*, 6 (1965), pp. 60–82.

⁹³ Tingsten, *The Swedish Social Democrats*, p. 208.

to pursue its socialist programme. Only in Norway was this strategy adopted; the government lasted three days in 1928; and the party was returned to office four years later only after it had moderated its socialist objectives.

Proponents of a minimal programme argued that the most important task a party could accomplish was to demonstrate that it was 'fit to govern', that it was a governmental party. 'We are not going to undertake office to prepare for a General Election,' said MacDonald in 1924, 'we are going to take office in order to work.'⁹⁴ Their expectation, in turn, rested on the belief that reforms were irreversible and cumulative. As Lyman put it, 'Gradualists imagined that socialism could be achieved by instalments, each instalment being accepted with no more serious obstruction on the part of the Conservatives than Labour opposition generally gave to Tory governments. Each instalment would then remain, unharmed by interludes of Tory rule, and ready to serve as the foundation on which the next Labour government would resume construction of the socialist commonwealth.'⁹⁵ Hence the party would come into office, introduce those reforms and only those reforms for which it could muster the support of a parliamentary majority, and then leave to return when a new mandate issued from the electorate. 'We hope to continue only as long in office, but certainly as long in office, as will enable us to do some good work that will remove many obstacles which would have hampered future governments if they found the problems that we know how to face': this was the intention of the Labour party in 1924, according to MacDonald.⁹⁶ Hence Blum introduced a distinction between the 'exercise of power' and the 'conquest of power': as a minority socialists could only exercise it, but they should exercise it in such a way that would eventually lead to its conquest.⁹⁷

If socialists could not pursue an immediate programme of nationalization, what could they do in the meantime? They could and did pursue ad hoc measures designed to improve the conditions of workers: develop housing programmes, institute some protection from unemployment, introduce minimum wage laws, income and inheritance taxes, old age pensions. Such measures, although they favoured workers, were neither politically unfeasible nor economically shocking—they continued the tradition of reforms associated with Bismarck, Disraeli, and Giolitti. These measures neither modified the structure of the economy nor the political balance of forces.

The fact is that until the 1930s social democrats did not have any kind of economic policy of their own. The economic theory of the Left was the theory that criticized capitalism, claimed the superiority of

⁹⁴ Miliband, *Parliamentary Socialism*, p. 101.

⁹⁵ Richard Lyman, 'The British Labour Party: the Conflict between Socialist Ideals and Practical Politics between the Wars', *Journal of British Studies*, 5 (1965), pp. 140–52.

⁹⁶ Richard Lyman, *The First Labour Government 1924*, London 1957, p. 106; for a similar statement by Branting see Tingsten, *The Swedish Social Democrats*, p. 238.

⁹⁷ Joel Colton, 'Leon Blum and the French Socialists as a Government Party', *Journal of Politics*, 15 (1953), pp. 517–543.

socialism, and led to a programme of nationalization of the means of production. Once this programme was suspended—it was not yet abandoned—no socialist economic policy was left.⁹⁸ Socialists behaved like all other parties: with some distributional bias toward their constituency but full of respect for the golden principles of the balanced budget, deflationary anti-crisis policies, gold standard, and so on. Of Blum it is said that he ‘could envisage no intermediate stage between pure doctrinaire socialism and the free play of capitalism . . .’,⁹⁹ and it seems that neither could anyone else. The only known theory of reforms was that which called for nationalization; no other coherent alternative existed.

Such an alternative did emerge in response to the Great Depression. In Sweden, Norway, and to a lesser extent France, socialist governments responded to unemployment with a series of anti-cyclical policies that broke the existing economic orthodoxy. It remains a matter of controversy whether the Swedish policies were developed autonomously, from Marx via Wicksell, or were an application of the already circulating ideas of Keynes.¹⁰⁰ The fact is that social democrats everywhere soon discovered in Keynes’ ideas, particularly after the appearance of his *General Theory*, something they urgently needed: a distinct policy for administering capitalist economies. The Keynesian revolution—and this is what it was—provided social democrats with a goal and hence the justification of their governmental role and simultaneously transformed the ideological significance of distributive policies that favoured the working class.

From the passive victim of economic cycles, the state became transformed almost overnight into an institution by which society could regulate crises to maintain full employment. Describing the policies of the Swedish government of 1932, Gustav Möller, the architect of the unemployment programme, emphasized that previously unemployment relief was a ‘system meant only to supply bare necessities to the unemployed, and did not have the purpose of counteracting the depression. . . . Economic cycles, it was said, follow natural economic laws, and governmental interference with them is, by and large, purposeless and, from a financial point of view, even dangerous in the long run’.¹⁰¹ Both Möller and Wigforss¹⁰² described how the Swedish Social Democrats discovered that unemployment could be reduced and the economy invigorated if the state followed anti-cyclical policies, allowing deficits to finance productive public works during depressions and paying back the debts during periods of expansion. Society is not helpless against the whims of the capitalist market, the

⁹⁸ Bergounioux and Manin, *La social-démocratie ou le compromis*, p. 110.

⁹⁹ Irwin M. Wall, ‘The Resignation of the First Popular Front Government of Leon Blum, June 1937’, *French Historical Studies*, 6 (1970), pp. 538–54.

¹⁰⁰ Karl-Gustaf Landgren, *Den ‘Nya Ekonomin’ I Sverige*, Stockholm 1960; Otto Steigler, *Studien Zur Entstehung Der Neuen Wirtschaftslehre in Schweden: Eine Anti-Kritik*, Berlin 1971; Bo Gustafsson, ‘A Perennial of Doctrinal History: Keynes and the “Stockholm School”’, *Economy and History*, 17 (1973), pp. 114–28.

¹⁰¹ Gustav Möller, ‘The Unemployment Policy’, *Annals of the American Academy of Political and Social Science*, 197 (1938), pp. 47–72, p. 49.

¹⁰² Ernst Wigforss, ‘The Financial Policy During Depression and Boom’, *Annals of the American Academy of Political and Social Science*, 197 (1938), pp. 25–40.

economy can be controlled, and the welfare of citizens can be continually enhanced by the active role of the state: this was the new discovery of social democrats.

And this was not all: Keynesianism was not only a theory that justified socialist participation in government but, even more fortuitously from the social democratic point of view, it was a theory that suddenly granted a universalistic status to the interests of workers. Earlier, all demands for increased consumption were viewed as inimical to the national interest: higher wages meant lower profits and hence a reduced opportunity for investment and future development. The only conceivable response to crises was to cut costs of production, that is, wages. This was still the view of the Labour Party in 1929. But in the logic of Keynes' theory higher wages, particularly if the wage fund was increased by raising employment rather than the wage rate (which did not rise in Sweden until 1936), meant an increase of aggregate demand, which implied increased expectations of profit, increased investment, and hence economic stimulation. The significance of increasing wages changed from being viewed as an impediment to national economic development to being its stimulus. Corporatist defence of the interests of workers, a policy social democrats pursued during the 'twenties, and the electoral strategy toward the 'people' now found ideological justification in a technical economic theory.

The Keynesian turn soon led social democrats to develop a full-fledged ideology of the 'welfare state'.¹⁰³ Social democrats defined their role as that of modifying the play of the market forces, in effect abandoning the project of nationalization altogether. The successful application of Keynesian instruments was seen as the demonstration that nationalization—full of problems and uncertainties as it proved to be—was not only impossible to achieve in a parliamentary way but was simply unnecessary. Keynes himself wrote: 'It is not the ownership of the instruments of production which it is important for the state to assume. If the state is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them, it will have accomplished all that is necessary.'¹⁰⁴ As Wigforss argued further, state ownership of particular industries would only result in the socialist government being forced to behave as a capitalist firm, subject to 'the chaos of the market', while by indirect control the state could rationalize the economy as a whole and orient it toward the general welfare.¹⁰⁵

The theoretical underpinning of this new perspective was the distinction between the concept of property as the authority to manage and property as legal possession. Already Bernstein claimed that 'the basic issue of socialization is that we place production, economic life,

¹⁰³ Asa Briggs, 'The Welfare State in Historical Perspective', *European Journal of Sociology*, 2 (1961), pp. 221–258.

¹⁰⁴ John Maynard Keynes, *The General Theory of Employment, Interest and Money*, New York 1964, p. 378.

¹⁰⁵ Leif Lewin, 'The Debate on Economic Planning in Sweden', in Steven Koblick (ed.), *Sweden's Development from Poverty to Affluence, 1750–1970*, Minneapolis 1975, p. 286.

under the control of the public weal'.¹⁰⁶ Instead of direct ownership, the state could achieve all the socialist goals by influencing private industry to behave in the general interest. 'The essence of nationalization,' wrote de Man in 1934 'is less the transfer of property than the transfer of authority. . .'.¹⁰⁷ If the state could regulate private industry when necessary and if it could mitigate the effects of the free play of market forces, then direct ownership would be unnecessary and inadvisable: this became the motto of social democracy in the aftermath of the Keynesian revolution.

In sum, unable as minority governments to pursue the social programme, in the mid-thirties, social democracy found a distinct economic policy which justified its governmental role, which specified a number of intermediate reforms that could be successively accomplished within the confines of capitalism, and which provided in several countries a successful electoral platform. Caught in the 'twenties in an all-or-nothing position, social democrats discovered a new path to reform by abandoning the project of nationalization for that of general welfare.

The Abandonment of Reformism

The abandonment of programmatic nationalization of the means of production did not imply that the state would never become engaged in economic activities. In contemporary Western European countries between 5 and 20 per cent of gross product is now being produced by enterprises of which the state is in some form a complete owner.¹⁰⁸ The paths by which this 'public sector' developed are too varied to recount here. In Italy and Spain the public sector constitutes mainly a fascist legacy; in Austria it consists predominantly of confiscated German properties; in Great Britain and France a wave of nationalizations followed World War II. Characteristically, state enterprises are limited to credit institutions, coal, iron and steel, energy production and distribution, transport, and communication. Outside these sectors only those companies which are threatened with bankruptcy and hence a reduction of employment pass into public hands. Instances in which the state would be engaged in producing and selling final-demand goods are extremely rare; they seem to be limited to the automobile industry. The state engages in those economic activities which are necessary for the economy as a whole and sells its products and services mainly to private firms. Hence, the state does not compete with private capital but rather provides the inputs necessary for the profitable functioning of the economy as a whole.

This division between the state and the market has been recently enshrined in the 'public goods theory of the state'.¹⁰⁹ This theory assumes that the capitalist market is a natural form of economic

¹⁰⁶ Quoted by Korsh, 'What is Socialization?', *New German Critique*, 6 (1975), p. 65.

¹⁰⁷ Bergounioux and Martin, *La social-démocratie ou le compromis*, p. 114.

¹⁰⁸ *Le Dossier des Nationalisations*, *Le Monde*, Paris 1977.

¹⁰⁹ Paul A. Samuelson, 'The Pure Theory of Capital Expenditure', in Joseph E. Steiglitz (ed.), *The Collected Scientific Papers of Paul A. Samuelson*, Cambridge (USA) 1966; Richard A. Musgrave, 'Provision for Social Goods in the Market System', *Public Finance*, 26 (1971), pp. 304-320.

activity; the existence of the market and its laws are taken as given. The role of the state is supposed to be limited to the provision of so-called 'public goods': those that are indivisible and which must be supplied to everyone if they are supplied to anyone. It is proper for the state to construct public roads or to train the labour force: rational private entrepreneurs will not provide such goods since they cannot prevent people from using roads or from selling their newly acquired skills to competitors. The role of the state is thus supposed to be limited to those activities that are unprofitable for private entrepreneurs yet needed for the economy as a whole.

Hence, the structure of the capitalist systems built by social democrats turned out to be the following: (1) the state operates those activities which are unprofitable for private firms but necessary for the economy as a whole; (2) the state regulates, particularly by pursuing anti-cyclical policies, the operation of the private sector; and (3) the state mitigates, through welfare measures, the distributional effects of the operation of the market.

The regulatory activities of the state are based on the belief that private capitalists can be induced to allocate resources in a manner desired by citizens and expressed at the polls. The basic notion is that in a capitalistic democracy resources are allocated by two mechanisms: the 'market', in which the weight of preferences of decision-makers is proportional to the resources they control, and the state, in which the weight of preferences is distributed equally to persons *qua* citizens. The essence of contemporary social democracy is the conviction that the market can be directed to those allocations of any good, public or private, that are preferred by citizens and that by gradually rationalizing the economy the state can turn capitalists into private functionaries of the public without altering the juridical status of private property.

Having made the commitment to maintain private property of the means of production, to assure efficiency, and to mitigate distributional effects, social democracy ceased to be a reformist movement.¹¹⁰ Reformism always meant a gradual progression toward structural transformations; reformism was traditionally justified by the belief that reforms are cumulative, that they constitute steps, that they lead in some direction. The current policy of social democrats by its very logic no longer permits the cumulation of reforms.

The abandonment of reformism is a direct consequence of those reforms that have been accomplished. Since the state is engaged almost exclusively in those activities which are unprofitable from the private point of view, it is deprived of financial resources needed to continue the process of nationalization. Having nationalized deficitary sectors, social democrats undermined their very capacity to gradually extend the public realm. At the same time, having strengthened the market, social democrats perpetuate the need to mitigate the distributional effect of its operation. Welfare reforms do not even have to be 'undone' by bour-

¹¹⁰ See particularly Brandt's view in Willy Brandt, Bruno Kreisky and Olaf Palme, *La social-démocratie et l'avenir*, Paris 1976.

geois governments. It is sufficient that the operation of the market is left to itself for any length of time and inequalities increase, unemployment fluctuates, shifts of demand for labour leave new groups exposed to impoverishment, etc. As Martin put it with regard to Great Britain, 'The "basic structure of the full employment welfare state" did not prove as durable as Crosland's analysis would lead us to expect. However, this was not because Conservative governments between 1951 and 1964 proceeded to dismantle it. . . . All that was necessary to undermine the full employment welfare state was for the Conservative governments simply to do nothing to counteract these processes.'¹¹¹ Mitigation does not become transformation: indeed, without transformation the need to mitigate becomes eternal. Social democrats find themselves in the situation which Marx attributed to Louis Bonaparte: their policies seem contradictory since they are forced at the same time to strengthen the productive power of capital and to counteract its effects.

The final result of this orientation is that social democrats again find themselves without a distinct alternative of their own as they face a crisis of the international system. When in office they are forced to behave like any other party, relying on deflationary, cost-cutting measures to ensure private profitability and the capacity to invest. Measures oriented to increase democracy at the work-place—the recent rediscovery of social democrats¹¹²—not surprisingly echo the posture of the movement in the 1920s, another period when the Left lacked any macro-economic approach of its own.

Economic Bases of Class Compromise

As soon as social democrats formed governments after World War I, they discovered that their concern with justice was not immediately compatible with the goal of increased productivity. In Wigforss' words, 'Because Social Democracy works for a more equal and more just distribution of property and incomes, it must never forget that one must produce before one has something to distribute.'¹¹³ The concern for restoring and extending industrial productive capacity quickly came to dominate the first discussions of socialization of industry in Germany and Sweden.¹¹⁴ Certainly a just distribution of poverty was not the socialist promise, and to enhance affluence social democrats had to focus their efforts on increasing productivity.

But without nationalization of the means of production, increases of productivity require profitability of private enterprise. As long as the process of accumulation is private, the entire society is dependent upon maintaining private profits and upon the actions of capitalists allocating

¹¹¹ Andrew Martin, 'Is Democratic Control of Capitalist Economies Possible?', in Leon N. Lindberg et al, *Stress and Contradiction in Modern Capitalism*, Lexington 1975, pp. 13–56, p. 28.

¹¹² Brandt, Kreisky and Palme, *La social-démocratie et l'avenir*.

¹¹³ Timothy A. Tilton, 'A Swedish Road to Socialism: Ernst Wigforss and the Ideological Foundations of Swedish Social Democracy', *American Political Science Review*, 73 (1979), pp. 505–520, p. 516.

¹¹⁴ Maier, *Recasting Bourgeois Europe*, p. 194; Tingsten, *The Swedish Social Democrats*, p. 230.

these profits. Hence the efficacy of social democrats—as of any other party—in regulating the economy and mitigating the social effects depends upon the profitability of the private sector and the willingness of capitalists to cooperate. The very capacity of social democrats to regulate the economy depends upon the profits of capital. This is the structural barrier which cannot be broken: the limit of any policy is that investment and thus profits must be protected in the long run.

The basic compromise of social democrats with private capital is thus an expression of the very structure of capitalist society. Once private property of the means of production was left intact, it became in the interest of wage-earners that capitalists appropriate profits. As Chancellor Schmidt put it, 'The profits of enterprises today are the investments of tomorrow, and the investments of tomorrow are the employment of the day after' (*Le Monde*, July 6, 1976). This expectation—that current profits would be transformed into future improvements of material conditions of wage-earners—became the foundation of the social democratic consent to capitalism.¹¹⁵ Social democrats consent to the right of capitalists to withhold a part of societal product because the profits appropriated by capital are expected to be saved, invested, transformed into productive capacity, and partly distributed as gains to other groups. Social democrats protect profits from revindictive demands of the masses because radical redistributive policies are not in the interest of wage-earners.

This is why social democrats trade-off the abolition of private property of the means of production for cooperation of capitalists in increasing productivity and distributing its gains. This is why social democrats not only attempt to reproduce capitalism but struggle to improve it even against the resistance of capitalists. Nationalization of the means of production has turned out to be electorally unfeasible; radical redistributive policies result in economic crises which are not in the interest of wage-earners; and general affluence can be increased only if capitalists are made to cooperate and wage-earners are continually disciplined to wait.

Crisis and the Workers Government

Social democrats will not lead European societies into socialism. Even if workers would prefer to live under socialism, the process of transition must lead to a crisis before socialism could be organized. To reach higher peaks one must traverse a valley, and this descent will not be completed under democratic conditions.

Suppose that social democrats win elections and attempt to use their position for a democratic transition to socialism. Given the social structure of capitalist societies, such an electoral victory is possible only if support can be obtained from several groups: industrial workers, non-manual employees, petite bourgeoisie, farmers, housewives,

¹¹⁵ Adam Przeworski, 'Material Bases of Consent: Economic and Politics in a Hegemonic System', *Political Power and Social Theory*, 1 (1979), pp. 21–63.

retired people, and/or students. Hence pressures for a significant improvement of material conditions erupt from several groups. Wages, particularly the minimal or 'vital' wages (*sueldo vital* in Chile, *SMIC* in France), must be increased. Unemployment must be reduced. Transfers, particularly family allowances, must be raised. Credit for small enterprises and farms must become cheaper and available at a higher risk. These demands can be financed by (1) a redistribution of personal incomes (both through direct taxation and a reduction of wage differentials), (2) increased utilization of latent capacity, (3) spending of foreign reserves or borrowing, and/or (4) reduction of the rate of profit.¹¹⁶ The sum of the first three sources will not be sufficient to satisfy the demands. Redistribution of top incomes does not have much of a quantitative effect, and it cannot reach too far down without threatening the electoral support of salaried employees.

Forced to pay higher wages, and to keep employment beyond the efficient level, capitalists can respond only by increasing the prices of wage goods. Inflation is also fueled by balance of payment difficulties resulting from the necessity to import wage goods and from speculative pressures. Hence, either an inflationary dynamic sets into motion or, if prices are controlled, scarcities appear, a black market is organized, and so on. Eventually nominal wage increases become eroded, as they were in France in 1936,¹¹⁷ in Chile and in Portugal.

Under normal circumstances it can be expected that the increase of aggregate demand should stimulate investment and employment. Redistributive measures, even if they include inorganic emission, are usually justified not only by appeals to justice but also to efficiency. As lower incomes increase, so does the demand for wage goods. The utilization of latent capacity and foreign reserves are seen as a cushion that would protect prices from increased demand during the short period before investment picks up and eventually when supply rises. It is expected that profits from a larger volume of sales will be reinvested and thus the economy will be stimulated to develop at a faster pace. This was, for example, the Vuskovic programme in Chile—now at all unreasonable under normal circumstances.

Such a program cannot be successful, however, when economic demands grow spontaneously and when they are accompanied by structural transformations. Wage demands are likely to become confiscatory under such circumstances, and capitalists expect that these demands will be enforced, or at least condoned, by the government. Measures of nationalization, distribution of land, and monopolization of credit and foreign exchange by the state threaten the very institution of private profit. Under such circumstances, rational private capitalists will not invest. A transition to socialism must therefore generate an economic crisis. Investment falls sharply, prices increase, nominal wage gains become eroded, and eventually output falls, demand slackens, unemployment reappears as a major problem. What is not possible is thus the programme articulated by Allende when he said that 'the

¹¹⁶ Serge-Christof Kolm, *La transition socialiste*, Paris 1977.

¹¹⁷ Michael Kalecki, 'The Lesson of the Blum Experiment', *Economic Journal*, 48 (1938), pp. 26–41.

political model toward socialism that my government is applying requires that the socio-economic revolution take place simultaneously with an uninterrupted economic expansion.’¹¹⁸ What is not possible is the realization of Blum’s belief ‘that a better distribution . . . would revive production at the same time that it would satisfy justice’.¹¹⁹ What is not possible is a transition to socialism that begins with ‘*une augmentation substantielle des salaires et traitement*’.¹²⁰

Faced with an economic crisis, threatened with loss of electoral support, concerned about the possibility of a fascist counter-revolution, social democrats abandon the project of transition or at least pause to wait for more auspicious times. They find the courage to explain to the working class that it is better to be exploited than to create a situation which contains the risk of turning against them. They refuse to stake their fortunes on a worsening of the crisis. They offer the compromise; they maintain and defend it. The question which remains is whether there exists a way to escape the alternative defined for the Left by Olof Palme: ‘Either to return to Stalin and Lenin, or take the road that joins the tradition of social democracy’.¹²¹

¹¹⁸ Stefan De Vylder, *Allende’s Chile: the Political Economy of the Rise and Fall of the Unidad Popular*, Cambridge 1976, p. 53.

¹¹⁹ Etienne Weil-Raynall, ‘Les obstacles économiques à l’expérience Blum’, *La Revue Socialiste*, 98 (1956).

¹²⁰ Parti Communistes Français, Parti Socialiste Français, Mouvement des Radicaux de Gauche, *Programme Commun du Gouvernement*, Paris 1972, p. 1.

¹²¹ Brandt, Kreisky and Palms, *La social-démocratie et l’avenir*, p. 120.