



On reimagining social democracy

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Abstract:

This short note introduces the debate on the future of economic policy and reform of capitalism, to be hosted in a new temporary section of the journal. It is essential to debate how to achieve a balance between 'bread' (economic security) and 'liberty' (political freedom), in a dynamic sense, implying that the relative importance between the two logical extremes must vary with the context. In the new section, the Review welcomes contributions and comments on the options available for economic policy and for reforms at the global and/or national level in the foreseeable future.

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The wisdom encapsulated in the wisecrack 'bread versus liberty' as a choice between socialism and capitalism cuts both ways. Neither bread alone without liberty nor liberty alone without bread are real options. Volumes have been written on this because both liberty and bread have multiple layers of meaning. They are not abstract categories, and like words in any live language take different meanings in different political contexts, and evolve with the context. So the essential point must be to think about achieving a balance between the two in a dynamic sense implying that the relative importance between the two logical extremes – bread and liberty – must vary with the context. This means rethinking both socialism and democracy in their specific historical circumstances, and exploring how they can become more complementary rather than competitive objectives.

Few would disagree that it was a remarkable feat of post-revolution China, Vietnam or Cuba to have largely eliminated massive poverty in a relatively short time. In contrast, the extraordinary achievement of India has been to maintain multi-party democracy at extremely low level of per capita income (at about one fourth to one fifth of that of immediate post war Europe when democracy with universal suffrage was established, in constant 1971 prices). And yet, it is marred by its unforgivable failure to speedily remove mass poverty. Examples of this sort could easily be multiplied, but the core issue is the same. Until absolute, often sub-human poverty existing on a large scale is eliminated, liberty remains largely hollow. The opposite is no less true. To curb liberty in sufficiently high income Hong Kong, Singapore or



South Korea today in the name of improving the standard of living of the people there would be equally unacceptable. Ideologues of both socialism and capitalism, of state control and free market, of protection and free trade can be held guilty for ignoring these obvious differences in the context. Ideologies are often propagated as largely context-free ideas. This is a misleading over-simplification. Our first proposition for rethinking social democracy is to emphasize that, it should not be a context free set of ideas; instead it must be presented as a dynamic system of inter-related ideas which has to be rearranged depending on the context. This is also an essential requirement for the idea to have international reach.

Social democracy, in most of its variants is of European origin. So are many of the essays and their writers in the series we are launching. And yet, most of the examples mentioned above in passing above are from Asia. This choice is deliberate. It is partly circumscribed by greater familiarity of the present writer with some Asian cases, but it is also deliberate to remind the reader that the world is wider, and reimagining social democracy must have a wider reach. In this sense, old-fashioned 'internationalism' must be reexamined. Western Europe is relatively homogeneous from this point of view. In contrast, countries in the developing world spanning Africa, Asia and Latin America have their widely different contexts, shaped by their history and present levels of uneven economic and social development. The balance between socialism and capitalism, state control and free market, must be allowed to influence their democracies accordingly. However, this can become a two edged sword. If one ignores the context, 'regime change', or 'democracy here and now at any cost' even through foreign military intervention might appear justifiable. A pliable regime that supports such intervention becomes acceptable in the name of imposing multi-party democracy from outside. On the other hand, if one is totally constrained by the specificity of the context, dictatorial tyranny and repression or even genocide has to be tolerated often in the name of socialism in a very poor country. Both are witnessed in the modern world. Nationalism, national sovereignty and even human rights can be used as sufficiently elastic concepts to suit hollow democracies and dictatorial repression without accountability.

Reimagined social democracy – that we aim to discuss in this series – might not resolve these problems, but at least it must be able to set criteria and standards by which fake claims to democracy and socialism can be challenged. This is what these essays aim to discuss honestly. This might mean setting some limits to national sovereignty, but with an important proviso. It must satisfy the criterion of reciprocity, e.g. what one preaches one must practice, and this must be mutually agreed as the basis of setting such limits. The argument at the present juncture has to accept the nation state as the basic working unit, but we must redefine from the social democratic point of view, its relation to nationalism, globalization, international labour migration, and unregulated mobility of capital, competition policy in the market economy and multi-national corporations. This means attempts must be made at redefining strategically in a context-specific way the relation between the nation state and various aspects of globalization. Simply put, general, uniform global rules will be important, but mutually agreed exceptions to these rule satisfied by the criterion of reciprocity will probably be even more important in reinventing social democracy. This is our second proposition: reimagination of social democracy must involve redefining the relation between the nation state and various aspects of globalization. We hope these issues will be addressed by some of our authors, although a unified view may not always emerge.

Imagining a utopia is important, even essential for setting the direction of change required. However, it becomes a futile exercise without some attempts at charting out a road map.

Indeed two different propositions are involved here, which need to be disentangled. First, the necessity of imaging utopia. While day to day politics in a multiparty democracy might look adequate for the task of keeping to the optimum trajectory, this can be misleading. The notion of a 'majority' in a democracy can be politically manipulated and reconstructed by making one kind of identity dominant at a particular point of time, mostly for the purpose of creating an electoral majority. Dominant notions of majoritarian identities are transient, and often manipulated in our media-age democracies, be it religion, ethnicity, gender or nationality. Money power plays its role here. The freedom of the market where wealth and income inequality coexist with political democracy creates a growing gap between the logic of the market of 'one dollar one vote' and the logic of political democracy of 'one adult one vote.' Pliable media can hide the fault lines for a while, but does not prevent the system to steer gradually towards a plutocracy or authoritarianism in free market democracies. From our social democratic perspective to be reimagined, safeguards need to be devised to protect market democracies from such unintended long run outcomes which hollows out the democratic content leaving only the shell. A formal analogy comes to mind: an intertemporal optimization problem can ensure optimum in each period, but it can go horribly wrong without a long run vision. The need for a utopia or long run vision is similar to the importance of the 'transversality' condition in dynamic programming for choosing an optimum path.

Second, the road map to the destination has to take into account the fact that the way political power is exercised is determined to a large extent by the way that power is achieved. This applies to political parties in both multi-party democracies and, in one party dictatorships. This path dependence in the exercise of power is reflected in institutions as well as in accepting implicitly what is the admissible choice set of economic policies. Political power and economic policies feed on one another due to such path dependence. For this reason, a candid evaluation of how easily 'managed' democracies or one party dictatorships can move towards social democratic utopia requires context specific discussion. The form of governance alone does not determine the content, either in one- or in multi-party democracy, without considering how their path dependencies are capable of altering over time. The flexibility of a system should be an essential ingredient in this discussion. Therefore, while the papers in this series aim at defining the contours of a social democratic utopia and the road map to it, that search overlaps with a discussion of the institutions and instruments of economic and social policies in specific contexts also from this viewpoint.

We can only say at the moment the search is on, and our hope is that a more coherent whole will emerge from these discussions later. After all a main task of intellectual work is to be able to imagine a better, feasible alternative.