

Social democracy: dead as the dodo, or the only option?

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It's a special honour to deliver the second Jack Layton Memorial Lecture here at Ryerson University. Special, for the reason it is named after Jack, and special because it was Charles Taylor who launched these lectures last year. These were, and are, respectively, two friends, two extraordinary Canadians who in different ways made great contributions to the cause of social democracy in Canada.... I repeat, it's an honour to speak in such company.

When I graduated from university in 1959, my classmates and I had five jobs available for each of us, student debt was low or non-existent, throughout Canada well-paid, unionized workers were flourishing, unemployment insurance and universal family allowances were in place – and just around the corner in the 1960s were hospital care, then universal health insurance, and the Canada Pension Plan. Our neighbours in the U.S. were even more unionized than we were, jobs were plentiful, and thousands of their veterans had gone without fees to well-funded, high-quality state universities. And since 1935, all Americans had been entitled to social security – a better version of the Canada Pension Plan.

Both of our countries then took for granted seriously progressive income tax rates to pay for such benefits. Americans had first talked about the “American Dream” in 1930. But it was no surprise that it wasn't until 1960 that a majority first described themselves as “middle class”. Nor was it a surprise that about the same time here in Canada, we began to describe ourselves as “sharing and caring”.

At the same time on the other side of the Atlantic Ocean, the Northern countries in Western Europe were well on their way to developing the most egalitarian societies in history.

A hundred years earlier, Abraham Lincoln had used words that were finally starting to ring true: by the 1960s, millions of ordinary men and women had begun to believe there was government not only by, and of, but also for the people. Yes, there was still some poverty, unemployment, and inequality, especially between women and men, and between whites and racial minorities. But it was widely seen and believed that history

was moving in the right direction. The age of equality, that of the “common man”, had arrived. When I graduated as a working class kid from Oshawa I believed the world was my oyster.

What I have just described is what could be called the beginning of the flourishing of social democracy. Today I want to talk about what social democracy is, what it is not, what Canadians today think about its values, and whether it can survive. In so doing I want to talk about social democracy both as a distinct historical political reality and in particular as a set of values and views about individuals, the community and the state, which not only have a starting point in history but continue to speak to our current conditions.

Although social democracy has its roots in late nineteenth century Europe, as a functioning, widespread governing system with definable characteristics, it was not until the second half of the twentieth century that it came into its own. Rising from the ashes of the Great Depression and World War II, it emerged as the most serious alternative to both state socialism and pre-war liberal democracy. Social democracy can be seen as the result of the clash between democracy and capitalism, as the political outcome that favoured societies based on community and mutuality over market-driven selfishness. While accepting market principles for most aspects of the economy, it rejected the view that capitalist market relationships should be allowed to completely dominate society. Unlike democratic parties and movements on the right, it rejected both the priorities and highly-commercialized inegalitarian outcomes or governments that permit this market domination.

What I will now say about the nature of social democracy is based on my understanding of what social democratic parties and leaders were actually doing and saying in the decades immediately following World War II.

In this I have in mind some exceptional politicians and parties, values and practices found particularly in Canada and Western Europe: Tommy Douglas here, as well as other leaders I came to know—Willy Brandt in Germany, Olaf Palme in Sweden, Bruno Kreisky in Austria, and Joop den Oeyl in the Netherlands; the CCF and NDP, along with Labour, Social Democratic and Socialist parties in Western Continental Europe. It

was in this real world of politics that what social democracy is all about became clear. Programs reflected and embedded values that have reshaped the meaning of democracy and persisted to this day.

What, then, are social democracy's core values? As the Canadian and European experience vividly demonstrates, social democrats have a deep commitment to the civil and political liberties historically associated with liberal democracy. In fact, in Canada, the traditional freedoms of speech, religion, association, and assembly have in general been more vigorously and systematically defended by the CCF and the NDP than by either the Conservative or Liberal parties. Whether it was opposition to Duplessis' "padlock laws" in Quebec, the wartime treatment of Japanese Canadians in B.C., the federal imposition of the War Measures Act, or the initial national political struggles for the rights of First Nations, women, and gays and lesbians, as politicians social democrats were in the lead. In Europe, during the 1930s and 40s, in their defence of individual rights, social democrats had opposed totalitarian governments of both the Left and the Right. For thousands of them, the cost was concentration camps or the loss of their lives.

While traditional political and civil liberties have been important to social democrats, it has been the historically new struggle for social and economic rights that has been their most distinctive contribution to the quality of modern democracy. It was a Canadian social democrat, John Humphrey, who wrote the first draft of the Universal Declaration of Human Rights, adopted by the United Nations in 1948. In his autobiography he was clear about the centrality of social and economic rights to the lives of ordinary people. Such rights are important in themselves, but, Humphrey stressed, without them other human rights have little meaning for most people.

Social and economic rights for all – access to decent employment, health care, education, pensions, food, a union, among others – were not only included along with traditional civil and political rights in the Universal Declaration but also were embodied in a separate covenant in 1976. In the same year, the covenant was ratified by Canada and became a part of international law as a core element of the United Nations International Bill of Human Rights. Prior to ratifying the Covenant, the federal

government obtained the written endorsement or agreement of all the provincial governments.

Although it was the CCF and NDP that led the Canadian struggle for social and economic rights, it is important to note that other parties played a key role in their implementation. It was John Diefenbaker's Progressive Conservative Party that brought in a national hospitalization program and other progressive measures. And it was Lester Pearson's Liberals who enacted universal health care legislation and introduced the Canada Pension.

A crucial characterization of education, health care, and pensions as non-means tested social rights is that they illustrate social democracy's determination to ensure that certain key aspects of life are not treated as commodities to be bought and sold in the market, to be accessible only to those with adequate purchasing power. In effect, this means in a market-driven economy there is a need to de-commodify.

The need is to take the price, and therefore the income position of the recipient, out of the criteria for eligibility. With no means test and no price at point of delivery, they become rights of citizenship to all individuals, obligating our governments to ensure their provision up to the level of their economic capacity to deliver. In terms of international law and the related covenants adopted by Canada, such rights have a legal status equal to that of political and civil rights. In 1993 in Vienna, the United Nations reaffirmed the legal equality and mutually-reinforcing nature of all categories of rights. [At the same meeting, the UN also called on the world to protect environmental needs of present and future generations.] By extending the areas of life to be available as social rights we not only increase the degree of equality in society, we also over time reduce the need and demand for ever-increasing incomes. If accessible childcare, free universities, adequate pensions, health care, and affordable housing become effective rights, evidence has begun to show that the effect of such equalizing can be a reduction in demand for ever more consumer goods. I believe that if we Canadians ever reach the day when a no-growth economy becomes acceptable to the majority, it will be because of greater equality, in good measure achieved by the expansion of social rights.

As I have said, social democrats accept the basic tenet of a market-based economy: the price and profit mechanism. Officially, most social democratic parties have made this clear, at least since Germany's Social Democrats – the world's largest social democratic party – rejected its Marxist framework in 1959. Along with the Scandinavian parties in particular, the New Democratic Party of Canada believes that higher levels of employment, of gender and economic equality, social rights, civil liberties, and environmental economic sustainability can be achieved with a form of capitalism in which government plays a major role, better than with any other economic system. We see an important role for unions and government regulation of the market and corporations to ensure that they operate in the public interest. Social democracy, then, is neither a capitulation to capitalism nor a half-way step to socialism.

The terrible consequences for so many people throughout the world that followed the economic crisis of 2008, as well as the inherent inequality and profit-driven pursuits of the market, should not lead to its wholesale rejection. Rather, what is required is the wholesale rejection of predatory capitalism that even some social democratic parties helped create or sustain near the end of the twentieth century.

An unrealizable dream of a perfectly equitable, conflict-free society should not take us away from the goal of reforming present-day capitalism. For Canada to retain current economic policy, after years of growing inequality and the global disaster of 2008, would be foolish and unjust.

In addition to maintaining the basic political provisions of a liberal democracy, the commitment to a broad range of social rights, and the retention of a market-based economy, social democrats have also sought to ensure that income inequality remains within socially-acceptable limits. To achieve this, government action is required to counter the inherent inegalitarian thrust of a market-driven economy. In addition to social rights, different approaches have been taken. Some progressive governments have emphasized shaping market outcomes via measures such as the encouragement of unions, minimum and living wage policies, high levels of technical training and tough corporate responsibility laws. Others have relied more on government action to redistribute market income. The most equal social democratic societies have been those where market incomes have been kept relatively equal by means of high

employment, good jobs and strong unions, and then further equalized through high levels of social spending financed by progressive taxes.

As much as anything else, social democrats have emphasized the need for decent jobs. For most of the second half of the twentieth century a multiplicity of approaches – industrial strategies, resource management, public ownership, corporate social responsibility, co-determination – have been used as necessary interventions in the market in order to provide satisfying employment to all men and women in the labour force. On a personal note, a historian friend once looked at my speeches and questions in the House of Commons over an extended period of time—masochistic task if ever there was one, something only a friend would do—and discovered that job creation was by far my leading subject matter.

Finally, as part of its democratic legacy, social democracy has been open to the claims and involvement of new social movements. This was true in the 70s in its response to the women's movement and more recently to the environmentalists who drew our attention to the vital issue of the global environment. In Canada and abroad social democratic parties have incorporated in their agendas sustainable economic policies first proposed by activists in civil society. Our commitment to building a green economy—good jobs and pollution reduction—is now one of the fundamental differences between us and the Harper Conservatives. Social democrats have supported these movements for a green and equitable economy because that's what our values are about: fairness, social justice and a conception of economic sustainability measured not just by corporate profits but by social goods and a healthy environment.

After 1945, most governments in Western Europe, North America, Australia, and New Zealand had broadly-defined social democratic approaches. In Continental Europe, while remaining more conservative on social policy, some Christian Democratic parties had what the Germans called a "social market" approach to the economy which was similar to their social democratic rivals. Until 1960, the United States, still under the impact of Roosevelt's "New Deal", as I suggested earlier, had also embarked on an agenda similar to that of social democrats elsewhere. In his last Presidential Address to the American people near the end of World War II, Roosevelt said that when it came to

rights, the U.S. Bill of Rights (a set of civil and political rights) was inadequate. In the same speech, he called for an “economic bill of rights” that included a list of rights subsequently found in the Covenant on Economic, Social, and Cultural Rights. He was the first and last U.S. president to make such a declaration. His speech did, however, reflect the broad range of policies his administration had put in place during his three terms in office. Until 1960, government spending as a percentage of G.D.P. in the U.S., although lower, was in the same neighbourhood as that of social democratic governments elsewhere in the North Atlantic world who had embarked on egalitarian agendas. However, while these other democracies saw steady increases in government spending on social policies for several more decades, in the U.S. such expenditure levelled off after 1960. Instead, the U.S. evolved towards increasing inequality and a minimum “safety net”, means-tested version of a welfare state, quite different in theory and practice from one based on social rights and efforts to minimize income inequality.

And we now know the social consequences of the very different kinds of welfare states. The evidence is clear. The social democratic commitment to equality has made a major difference. OECD data and that of individual scholars like Richard Wilkinson and Kate Pickett have shown that more equal societies have much better social outcomes. There are superior results in terms of health, crime rates, levels of civic participation, teenage pregnancies, and social mobility. The most equal democracies, found in Northern Europe (plus Japan), have the best outcomes in almost all categories. The most unequal, the U.S. and the U.K., have the worst. In a major address to the American people two months ago, President Obama emphasized the need to deal with growing inequality, the weakness of unions and the decline in upward social mobility in the United States. He could have noted what has been true for many years: to better realize the “American dream”, his fellow citizens should move to Scandinavia.

Social democracy today: a post-2008 reality check

It has become commonplace to point out that social democratic values and practices are currently under threat even in Scandinavia. Once reasonably equal European nations have recently become less so. Current austerity policies within the European

Union have simply made a bad situation worse. Inequality is growing and youth unemployment is hovering between 40 and 50% in Spain, Portugal and Greece.

As the New York Timesⁱ has recently pointed out, the once globally-admired European “social contract” appears to be unwinding. Ignoring the Keynesian lessons learned from the 1930s, many European governments imposed austerity without regard to its social impact. Meanwhile, with this growth in inequality and unemployment, nationalist right-wing, anti-foreigner parties are on the rise in many European countries. How has this come about? Is a replay of some version of the 1930s a possible result?

Much has been written about the unravelling of the social democratic consensus in Europe, and of the reduction of the role of governments elsewhere. Global and national market forces, as well as changing technologies, have certainly played a significant role in creating the current extreme levels of inequality and instability. However, I want to emphasize that the evidence is equally clear that ideology and government decisions have had a major impact in creating the new inequality, in its acceptance and in its perpetuation. It is not accidental that while all states have been experiencing rising inequality, some have coped much better, while others have deliberately reinforced it. Ideology has been the driving force in both instances.

The Role of Ideology

Quoted in the New Yorker a few years ago, David Frum, the Canadian-born, one-time speech writer for George W. Bush, emphasized the role of ideology. He accurately described the widely-shared objective of the American and British conservative intelligentsia and politicians who emerged at the end of the 1970s. They sought, through political parties and right-wing think tanks, in Frum’s words, “to roll back social democracy”. After coming to power, Margaret Thatcher and Ronald Reagan took advantage of political discontent in both countries, in part generated by high inflation and a major international oil crisis to embark on their anti-government and anti-union mission. Theirs was not the approach of earlier conservatives like Dwight Eisenhower or Harold Macmillan who had governed by making policy changes that sought to maintain some kind of cross-class consensus. Macmillan’s government had made major investments in public housing, and he later criticized Thatcher for her assault on

British Crown corporations. Another conservative, Richard Nixon, introduced environmental protection legislation and produced the greatest increase in American social entitlements since World War II.ⁱⁱ Before he retired, Eisenhower, aware of increasing corporate power, warned of what he called the “military-industrial complex”.

Like Robert Stanfield, Joe Clark and Bill Davis in Canada, these British and American conservatives had a respect for the positive role of government. The truth is that today’s so-called conservative movement, so admired by Stephen Harper, has nothing to do with traditional conservatism at all. In reality it is, as Milton Friedman himself once pointed out, a form of neo-liberalism: a de-regulated economy, reduced social spending, and the privatization of the public sector—in short, capitalism at its most brutal.

For Thatcher and Reagan, traditional conservatism was all wrong. Government was the problem, not the solution, said Reagan. And ideologically for both of them, in Thatcher’s words, there was no such thing as society; only individuals existed. These strong, right-wing leaders brought to the forefront of public debate the false antithesis promoted by right-wing think tanks of an alleged necessary conflict between the individual and government; of individualism versus statism. They even created a new international organization of conservative parties whose mandate specifically excluded social and economic rights—rights that are included by the Christian Democratic International. The development of post-war social democracy had demonstrated how false this alleged necessary conflict was. As the historian Tony Judt pointed out in his magnificent book *Post-War*, progressive taxation and the expansion of the government’s role in creating so many social programs beneficial to the majority made it possible, for the first time in history, for so many children of poor and middle-income families (including Judt himself) to actually develop their talents and skills. Rather than repress individualism, the social democratic state is a necessity for it to flourish amongst the many. Rather than being a threat to democracy, for a majority of the population, government can be the source for its fulfillment. And it was after the arrival of more economic equality by the 1970s that a growing majority of Canadians became more open to the claims of women and First Nations. Those who want to roll back social democracy and promote more inequality need to be told that the flourishing of

differing individual talents will once again become readily available only to an elite minority.

Social rights, it must be remembered, are every bit attached to individuals as are political and civil rights. Indeed, in the daily lives of many, if not most, they are what make political and civil rights accessible. All rights, including those that have their origin and source for fulfillment in groups or minorities, such as those of First Nations or Quebecois, ultimately reside in the lives of the individuals in these groups. While any state, including those that have the support of majorities, can repress individuals or groups, it has been one of the great and enduring falsehoods of twentieth century neo-liberalism to claim that, by definition, the extension of government power is repressive of individual freedom. In a democracy, the general rule is in fact the opposite: for the vast majority, it is through regulatory or positive government action in a capitalist economy that individualism is enabled to flourish.

“Cradle to the grave” security, far from having the negative consequences normally claimed by opponents of social democracy, simply promises for the majority what, throughout modern history, children of the affluent have taken for granted: guaranteed health service, comprehensive education (including pre-school and university) and one day pensions ensuring retirement with dignity. It’s offensive, but a reality, that so many of those who have so much, spend such a great deal of their political energy trying to deny to the children of others what they provide as a birth right to their own. While it is true that economic capacity and other social commitments can lead to variations in the level of provision in a social right – not all new high-cost drugs can be provided – a right remains a right. To deny a social right—like health care—anywhere in Canada on the grounds of it being “outmoded” in 2013 has no more legitimacy in today’s democracy than making such a claim about freedom of religion in the province of Quebec.

There is no doubt that the provision of social rights has been weakened by the shift to a more global economy and a post-industrial society. In political terms, social democrats must build closer linkages with the new social movements, and lead a very broad movement for progressive change. In policy terms, it is clear that a regulated global capitalism will involve the creation of much more effective international institutions and

not just a reassertion of the power of national governments. Social and economic rights, within the framework of ecological sustainability, need to be embedded in global economic governance. In short, social democracy cannot remain local while capital has gone global.

Have Canadians become more conservative?

During the past two decades, inequality in Canada, as in many other democracies, has grown immensely. While GDP between 1981 and 2011 grew by 50%, the median hourly wage went up by only 10%. Almost all the fruits of income growth have gone to the top 10%, and most of that to the top 1%. And with the important exception of child care in Quebec and full-day kindergarten in Ontario, in recent decades there has been no major social rights innovation.

In the past year, it has been claimed by some that during this period Canadians underwent a basic shift away from social democratic to conservative values. In May of 2012 and 2013, the Broadbent Institute commissioned Environics to survey Canadians, in part to determine empirically the accuracy of this claim. While it is wrong to exaggerate the significance of individual polls, when their data are seen to fit into similar findings by Environics and by other academic research, their significance can be credibly emphasized.

In 2012, our Institute looked at how Canadians view growing inequality: how serious it is, its link with the health of democracy, the role of government and what they personally would be prepared to contribute to its reduction. A large majority of Canadians – 77% – believe the widening of inequality is a big problem, and 71% say that it “undermines Canadian values.” While only a small percentage indicated that the widening gap was not a problem, a significant majority, including 58% of Conservative voters, said they personally would be prepared to pay somewhat more in taxes if the government used this money to protect public services and to make reducing inequality a priority. More than two-thirds of Canadians believe that the growing income gap means that fewer young people would do as well or better than their parents. In short, equality of opportunity is undermined. Cutting across all income, regional, and gender

differences, Canadians believe the kind of inequality we are experiencing erodes the quality of our democracy and they want governments to address the problem.

While last year's poll confirmed Canadian support for the core social democratic value of equality, the poll done this May is equally positive in once again showing that Canadians are not moving in a more conservative direction. Of particular significance is that this year's poll sought to determine whether there are significant differences between Canadians whose parents were born in Canada and those whose parents were not. The results are encouraging. Most Canadians in either category end up with statistically similar positive positions on most questions. In some instances, immigrants who have been in Canada less than ten years do differ significantly from Canadians whose parents were born here, such as on same-sex marriage and the use of marijuana; but in general, second generation Canadians share the same values as those with parents born here. Thus, in responses to sixteen questions, including those on public pensions, unions, abortion, crime, climate change, and the need for a robust government, significant majorities indicate support for what most would regard as the "progressive" position.

To summarize, the values of social democracy include: a strong and equal commitment to civil, political, economic, and social rights; a commitment to a predominantly market-based economy, but not a market-determined society; a commitment to robust government with the authority and will to counteract the inegalitarian and environmentally unsustainable thrust of a market economy; the responsibility of government in ensuring high levels of employment; and an openness to the involvement of new social groups with new ideas. In spite of the effects of globalization in recent decades, those democratic countries in which egalitarian values and practices have dominated in past decades have produced many positive social outcomes in health, civility, longevity, crime rates, and social mobility that most people would find laudable.

I have stressed the important role in politics played by ideology. Obviously the state of the economy is also important. It is clear that the re-distributive component of social democracy is easier to achieve in periods of solid economic growth, when both profits

and G.D.P. are on the rise. While a rising tide clearly does not lift all boats, it does make it much easier to rearrange their positions in the flotilla.

What now?

With the clear results of years of fundamentalist economics, as our data show, Canadians are now open to change. They want a federal government that leads. They want jobs, housing, food on their tables, and adequate pensions. They want a fair share of income. They want corporations that are more responsive to their workers and communities. And they want an economy that is environmentally sustainable.

Canadians also have dreams for their children—of becoming great musicians, athletes, skilled tradesmen, scientists, health care workers, inventors, movie directors and writers. And in every young person, there is an idealist longing to emerge and be welcomed. They want an exuberant Canada. They want an inspiring, practical leadership that will show them politics matters.

I want to conclude with this: there are those in Canada who say that current and probable future economic conditions make social democracy unsustainable. How, they ask, can we continue to promote such an agenda? I return the question: How is it that our economy over the past decade, and especially during the recent crisis, has been able to sustain record profits for banks and other major corporations, record gains for shareholders, record shares of wealth and income for the richest few—records even higher than during the long postwar boom, which was the golden age of social democracy? This has happened at the cost of low wages, insecure labour, very low taxes for the same corporations and high income groups, public funds of various kinds for banks and other businesses. It is very clear that there is room to shift our priorities from the minority to the majority. What is needed is a confident reassertion of the primacy of the social democratic values cherished by Canadians. What is needed, at every level of our politics, is leadership that will take us beyond indifference and cynicism to build a better Canada for us all.

ⁱ International Herald Tribune, June 12, 2013

ⁱⁱ While believing in the dominant role of capital, these conservatives nonetheless had what they regarded as a consensus approach to governing. Joe Clark, for example, saw Canada as a “community of communities”. See Perry Anderson’s “Homeland” in *New Left Review*, May/June 2013.