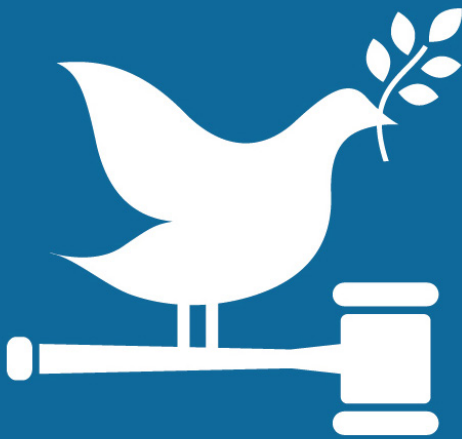


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### This brief argues

- The social democratic idea of more democracy and social justice as the base for sustainable development is in crisis.
- Globalisation of finance and production undermines nationally confined reforms.
- Uneven development in the South comes with divisive interests and collectivities that make democratic social growth pacts unviable.
- It is hard to scale up the new efforts at local citizenship and participation.
- There is a potential in the South for counter movements to proceed by forming broad alliances for rights and welfare, which may generate actors who are strong enough to negotiate inclusive growth pacts.
- The major problem is that of populist flaws. They call for democratic interest-based representation and transformative long-term policies.

## PROBLEMS AND OPTIONS OF RENEWING SOCIAL DEMOCRACY

by Olle Törnquist

### The crisis

The general idea of social democracy, defined in terms of sustainable development based on social justice, and the popular democratic politics required to get there, is in crisis. The mainstream parties and unions in the North that guided the most successful democratic developmental states combining social and political equality with economic growth are losing ground. More recently, the same applies to the renewal-oriented movements in Latin America, South Africa and Asia, as well as Southern Europe. This Brief discusses how social democracy might be reinvented.

The first generation of social democracy with roots in the industrialisation of the North during the late 19<sup>th</sup> and early 20<sup>th</sup> centuries was initially about democratic collectivities aimed at self-help and broad popular demands for decent labour conditions, civil rights, political democracy and social justice. In Scandinavia in particular, actions were complemented in the early 1930s by (i) alliances between the labour and farmer parties to get into government and contain fascism, and (ii) Keynesian policies to fight economic crisis and unemployment. Moreover, the new emphasis on working through the state and local governments for public reforms called for democratic control, so the social democrats added interest-based representation to policymaking and implementation. Similarly, the new economic policies had to be sustained, so the social democrats added nationally confined social growth pacts between capital and labour. This in turn laid the basis for the comprehensive national welfare-state programmes – which were good for production, and rooted in political rather than ethnic citizenship.

In most of the South, however, weak industrialisation implied fragmented interests and collectivities; and most linkages between the post-colonial state and society were undemocratic and inefficient. Since social growth pacts with welfare states were thus impossible, a second generation of social democratic oriented leaders such as Nehru in India, Sukarno in Indonesia, Nyerere in Tanzania, Goulart in Brazil, and many others within the non-alignment movement, tried state planning via formally democratic but top-down developmental states. The results were modest and democracy weakened. Popular democratic movements suffered from both 'middle class coups' supported by the West and authoritarian 'national democracy' supported by the East.

In the 1970s, the emerging globalisation of finance and production, together with liberal ideas of adjustment to global markets, provided a substitute for some of the old territorial state-led imperialism constructs. While East Asian authoritarian states were successfully able to enforce adjustments to the global markets in terms of growth and stability, crises built up elsewhere in the South. This was followed by a new wave of liberalisation and democracy. There were failures in the Middle East and North Africa, and elsewhere the new democracies became shallow, but, within them and the earlier ones that had survived there was room for manoeuvre for a third generation of broadly speaking social democrats. They strengthened unions, civil societies and encouraged grass roots participation. The problem was that it proved difficult, even in showcase states such as South Africa, Kerala and Brazil, to combine scattered interests, scale up local practices, and foster representation to make a difference in governance. Meanwhile, social democratic policies in the North declined too, as the globalisation of finance and production undermined the nationally confined growth pacts and welfare states. Was this the end of the story?

### Re-sequencing social democracy

Not quite. New counter movements have developed against the onslaught of rapid and uneven economic and social development. In partial contrast to the predominantly conservative reactions in the North, those in the dynamic regions in the South have been more promising, typically including formal as well as informal labourers, farmers, the urban poor, and middle classes with precarious work conditions. These movements are certainly hampered by divisive interests due to uneven and unequal development, such as between labourers in formal and informal sectors, and between civil society groups with different projects. However, comparative studies suggest

that the movements might pave the way for the re-sequencing of social democratic development, as they tend to agree on demands for civil rights, social justice, public welfare reforms and impartial implementation. Moreover, the movements may unite behind populist reformists who address such issues to win elections. Even some industrialists want the state to handle welfare. In short, early demands for rights and public welfare might open up for broad alliances, which are necessary to foster the missing democratic linkages between state and society, and the social growth pacts that used to precede welfare states. Moreover, northern social democrats with an interest in new export markets and fewer refugees may appreciate more fair and inclusive development in the South.

There are certainly a number of challenges too, mainly related to populism, but let us begin by illustrating the potentials, before turning to the setbacks, their root causes and how they may be addressed. Indonesia is a critical case in point, given its uneven development and fragmented progressive actors after decades of repression followed by elitist liberalisation. To paraphrase Frank Sinatra: 'if it can happen there, it can happen (almost) anywhere'. What are the generic lessons?

### Indonesia - The openings

The Asian economic crisis in 1997-1998 came with more 'flexible' employment conditions. In addition, politicians with business partners displaced poor people to profit from booming commodity markets and 'urban development'. Some welfare policies were inevitable and counter movements emerged, but they were scattered and constrained by adverse rules for party-based electoral advances. By the mid-2000s, however, new direct elections of political executives made mainstream leaders cast their nets wider, supplementing clientelism with populist methods. In this framework, respectable civil society leaders with some following were useful too. The scattered groups could gain influence by negotiating agreements and rallying behind the least bad politicians. Furthermore, some unions realised they had to cater for the interests of casual workers too - to contain low wage competition, as well as link up with civil society organisations (CSO), the urban poor, farmers, and politicians, to fight outsourcing and improve minimum wages and welfare schemes. This is how a successful broad alliance developed in the early 2010s for a universal public health reform, and this is how 'Jokowi' (Joko Widodo) became the country's most successful mayor (of Solo) and later governor (of Jakarta) by negotiating urban development plans plus welfare schemes with business, CSOs and

urban poor organisations. This is how he was even elected President in 2014, assisted initially by the anti-corruption commission in scrutinising potential cabinet members and senior bureaucrats.

## Setbacks

However, nothing is easy. The alliance for public health reform did not sustain its work by demanding additional reforms. The CSOs and urban poor groups were not always strong enough to enforce good agreements with political executives. The negotiations between these executives and CSOs, popular groups and unions, were not institutionalised and democratised. The groups slid back into individual negotiations about special interests, at worst with the highest bidding politician, including Prabowo Subianto, former general and son-in-law of Suharto. The anti-corruption commission did not get wide popular support when contained from scrutinising rough politicians and senior bureaucrats. Finally, the Governor of Jakarta after Jokowi, 'Ahok' (Basuki Tjahaja Purnama), who despite being Christian and ethnic Chinese was widely appreciated for efficient governance, lost the 2016 elections. This was the result of (i) a successful campaign by hostile elites to utilise Muslim identity politics (accusing Ahok of blasphemy), and (ii) discontent among those middle classes and the urban poor who did not benefit from globalised growth. In the face of the 2019 elections, Jokowi is

now on the defensive, trying to retain his position by handouts plus agreements with nationalist officers and conservative ulemas. Why these setbacks?

## Populist dead-end

The first root cause for such setbacks was 'transactional populism' and the lack of interest-based representation. Neither the progressive groups nor the reformist politicians tried hard to alter the elitist horse-trading between political executives and movements. In most activists' world, democratic representation is associated with dirty mainstream politics and there is excitement over the chances to advance through populism (in terms of anti-establishment credos and allegedly direct relations between charismatic leaders and supposedly homogenous 'ordinary people'). In brief, the leftist efforts at alternatives fall short of the rights of independent citizens and democratic representation of interests that are fundamental in the history of social democratic efforts at developmental states.

Secondly, there was no strategy to design transformative welfare policies in order to contribute to inclusive economic development and increase people's capacity to build broad alliances for more advanced reforms; thus transforming society gradually. Similarly, there were no strong efforts to widen the struggle against high-level corruption by also addressing defunct implementation of welfare



reforms. (At the time, the widening of anti-corruption politics in New Delhi even brought the otherwise arguably new Common Man's Party (AAP) to power.) Finally, while the primacy of politics is at the heart of social democratic history, there was little recognition among the progressives of the importance of political leadership and policy development. The successful alliance for the public health reform, for example, was primarily due to a policy proposal at the national political level, which strong unions and enlightened civil society leaders could rally behind and improve, but there was no follow up.

## Conclusions and recommendations

The common options and challenges vary with context, but Indonesia is a key case to reflect upon, so what are the generic lessons? There is a potential to build broad alliances for socially acceptable urban development plans, inclusive welfare schemes and impartial implementation, supported by reformist populist leaders in need of votes. However, the promising cooperation between such leaders and

CSOs, along with popular movements, tends to be constrained, as the alliance of movements and CSOs are not enduring and capable of keeping the leaders accountable and the reforms on track. Thus, it is hard to counter the rising fortunes of right wing and religiously oriented populism. The first root cause is that the policies are not long term enough to be followed up and transformative by strengthening the movements and CSOs. The second is that the individual horse-trading between political executives and movement leaders is divisive. In other words, the potential to renew social democracy calls for long-term transformative rights and welfare policies, along with democratic interest representation.

## About the author

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