

POLITICS
AGAINST
MARKETS

by Gøsta
Esping-Andersen

The Social
Democratic Road
to Power

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Per Lucrezia, sempre e tuttavia mai

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PREFACE

THIS BOOK is the result of a decade-long obsession with social democracy. Both social democracy and I have gone through many changes over the years, and the momentum of change apparently will not subside. In the early 1970s there were probably many obvious signs that a new and more turbulent world order was asserting itself. For an average Danish new-left student, however, capitalism was always capitalism; the academic social scientist is taught to recognize change only after its occurrence. In the early 1970s, too, social democracy entered a new era of political identity crisis; but the average new-left academic was quite unprepared for this and could, with the limited intellectual tools at his disposal, hardly be expected to view social democracy as anything but a milder version of capitalist politics as usual.

But as the 1970s unfolded and research progressed, Leninism had to give way. During a decade of intellectual attention to social democracy my theoretical model has been altered again and again. It is impossible to cling to Leninism when one engages in empirical analysis, juxtaposes different national realities, and searches for the decisive variations. When it is realized that social democracy is not an absolute, when one's sensibilities say that the world would not have been the same without it, a new theory is called for. Therefore, what I wrote then bore only a vague resemblance to what eventually appeared as a doctoral dissertation in 1978. The book I have now written, at first meant to be merely a polished up version of the dissertation, was another five years in the making. For, once again, I came to reject the arguments, theory, and empirical substance of what had gone before—not merely because the realities of socialist parties continued to unfold, but also because the research project itself remained dynamic. To harbor such an elastic theoretical disposition may not be altogether honorable; academics are supposed to launch a paradigm that has staying power.

It is also difficult to avoid falling in love with a subject that has made such a claim on one's attention for so long. As we have learned from George Homans, the more we know of one another the more we will come to like one another. The workings of this principle have undoubtedly helped accelerate my progressive social democratization, both as sociologist and as political man. Then, too, the political milieu

has changed around us. When I first began, the phenomenon of social democratic labor movements hardly sparked any interest. For the left in those days, the social democrats were sellouts; for the conservatives, on the other hand, they exemplified the vast and general tendency of end-of-ideology convergence. During the past few years, though, social democracy has once again become a fashionable subject all over Europe and even in the United States. It is difficult to think of a single major work on social democracy written during the 1960s or early 1970s. Since then, however, we have been bombarded with good treatises, and the competition gets fiercer every day.

The reasons for this renewed interest are many. Leftists who rejected the welfare state ten years ago are now rushing to its defense as neoconservatives attack and sometimes even dismantle its accomplishments. A new generation of social democrats have begun to assert themselves, outside the traditional North European strongholds, in such countries as France, Spain, and Greece. And previously Third International parties—notably the Italian Communist party (PCI)—are now looking to the North European social democracies for programmatic and strategic inspiration. The isolated pockets of American socialism have also looked across the seas to learn from Scandinavian social democracy. All these new-generation social democrats are not merely catching up with their older brethren: the rekindled fascination has to do with a fundamental transformation currently under way within the old, established social democratic movements.

It is not that social democratic parties now reject the Keynesian welfare state politics that they once promoted so proudly. In some cases, they may be reluctant partisans of cutbacks and helpless witnesses to rising unemployment, but the transformation of social democracy does not include rejection of the ideology of full social citizenship. What has happened, rather, is that the welfare state project is seen to be in need of programmatic reinvigoration if social democracy is to survive the present and build itself a promising future. The leading social democratic movements, especially in Scandinavia, are perched at a historic crossroads where, for an array of reasons, the leap from a politics of social citizenship to one of economic citizenship must be attempted. This is so because, at the most basic level of causation, the new salaried white-collar strata hold the key to any viable social democratic alliance. Salaried employees, however, will hardly be attracted to traditional welfare policies and will almost certainly abhor excessively emphasized income-equalization programs. Without a broad wage-earner coalition, social democracy will fail to emerge from its present lethargy or even decompose. Accordingly,

social democracy is trying to forge for itself a new programmatic profile that can lead to this kind of coalition, and the promotion of economic democracy is becoming the centerpiece of that profile.

A central argument throughout this book is that socialist parties, conceived as strictly working-class movements, are and always have been doomed to fail. Even when optimally mobilized, the numbers of the traditional working classes will be too small to permit socialist majorities, and thus we confront a classic dilemma: should the socialist parties retire into permanent opposition and remain pure, or should they find a class ally? In this I agree generally with the important work of Adam Przeworski, but I reject his conclusions: I do not believe that an alliance strategy must doom to failure the social democratic struggle for power.

Behind my greater optimism is a belief that the laws of class structural evolution alone do not dictate the fortunes of socialist parties. Socialist parties are reformist and parliamentarian and, as such, can and must employ what powers they command in order to influence public policy and recast the state. The leading question that runs through this entire study is whether and under what conditions social democratic parties can reform society to their own long-term advantage. My first response to this question is yes, if strong class alliances can be struck. It must be added that these class alliances will have to permit social democracy to implement reforms that at once weaken traditional social divisions and manufacture a pervasive class unity and solidarity. The very institutions and reforms that are implanted must become power resources in their own right. On the other hand, my answer would have to be no if social democratic reforms, and the welfare state more generally, should give rise to new invidious cleavages and equity conflicts—something that is very likely to occur as the state's influence over people's lives steadily mounts.

In brief, the thesis to be argued and demonstrated in this book is that social democratic power depends on a combination of two historical forces: the pattern of class coalitions and the party's conduct of class mobilization through reformist practice. The historical drama of social democracy is defined by the ways in which these forces have coalesced and come apart. I have come to the conclusion that the peasantry was ultimately decisive in the social democratic breakthrough before World War II. Where the peasants were unorganized and politically inarticulate, as in most of Central Europe, they were perhaps susceptible to fascism but were unlikely to enter into political alliances with labor. It was the peculiarly organized and democratic character of the Scandinavian peasantry that enabled social democracy

to gain its firmest foothold in the Nordic countries; and it was the absence thereof that stifled socialist parties elsewhere, most notably in Germany. It was on the basis of this popular alliance that Scandinavian social democracy could then proceed to build advanced welfare states and remain faithful to its full-employment promise.

The first historical turning point was therefore the 1930s. The entire postwar social democratic program flowed from it. But the capacity to employ the class alliance in reformist activity varied from country to country, even among the three Nordic countries, and such variation must be included in any explanation of why the social democratic parties' electoral fortunes have diverged. Everything points to the possibility that the present era constitutes a second turning point. Social democracy must supersede its earlier program; in order to launch itself once again on the road to power, it must build a sustainable wage-earner coalition. We might view social democracy, then, as passing through two decisive stages. The popular, peasant-based alliance introduced the stage of social citizenship politics; the new wage-earner alliance is sought as a steppingstone to the stage of economic citizenship politics. If, as I believe, economic democracy must constitute the core program for the second stage, the question then turns on how the transition might be made. It is here that the political spirits of social democracy's reformist past come back to haunt.

By no means unambitious, this book offers a wholly different concept of social democracy from what at present guides both leftist and rightist thought. My arguments, furthermore, are framed in such a way that one might expect a full comparison of all major social democratic movements. Instead, I have chosen methodologically to limit comparisons to the Scandinavian cases. This choice is, I believe, defensible. First, these are archetypal, pure examples of international social democracy. Secondly, the social democrats have held office so long in Scandinavia that the contemporary Nordic state has been heavily influenced by their reformism. Thirdly, though most fail to see this, there is an extraordinary degree of divergence in the accomplishments as well as the political fates of the three Nordic social democracies. Owing to these important variations, it is possible to claim some generality of theoretical application.

Although I have tried not to write more than is necessary, some length is required to provide a meaningful survey of the three social democratic movements and, additionally, of the societies that have given rise to them. Otherwise, this book would hardly make much sense to a reader not exposed to the blessings of a Scandinavian secondary education. Part I presents general historical background but

serves primarily to call attention to the social structural causes behind the parties' different evolutionary paths. Part II, reflecting the duality of my theoretical argument, focuses on the political causes that explain the parties' diverse fortunes. In that section, therefore, the variations in Scandinavian welfare state policies, housing policies, and economic management are examined. Chapter 8 details the empirical connections between reforms and electoral support for the social democratic parties. Part III addresses contemporary proposals for economic democracy in light of the parties' struggle for political realignment.

During ten years one cannot avoid accumulating many friends and foes, and I am seriously indebted to both. Rattling off a long list of names in alphabetical order would be infuriating reading for those who feel that they have been specially involved in this project. It might be better to thank each personally and skip the ritual of acknowledgments. Were I to choose this way out, however, it would appear that I had single-handedly accomplished everything. Even though this book bears little resemblance to my dusty dissertation, there are some people whose influence and help then were so overwhelming that they should still be held responsible. This holds for Maurice Zeitlin more than for anyone else, and it applies to Aage Sørensen and Erik Wright. Roger Friedland played a special role because he has always been my favorite collaborator; it is sometimes impossible to say whether my ideas are mine or his. Indeed, our joint project on class coalitions is what first prompted me to consider a revised theory of social democracy.

More recently, the protracted task of preparing this book was made both easier and more complex, more enjoyable and more frustrating, more motivating and more exhausting by the encouragements, criticisms, help, and suggestions I received in the milieu that have surrounded me over the past six years. Barbara Haskell, Walter Korpi, Henrik Madsen, Andrew Martin, Lars Mjøset, John Myles, Orlando Patterson, Alessandro Pizzorno, Adam Przworski, and John Stephens should each be able to discover places where I have exploited his or her wit and thought. Extremely helpful were Peter Katzenstein, who must be one of America's most generous academics; Jon Eivind Kolberg, whom I would like to nominate for the same title in Scandinavia; Walter Korpi, with whom I am now working on a new mastodont project; and Gösta Rehn, who has helped me to avoid becoming a laughingstock in Sweden. If all Nordic social democrats had the attributes of Jon Eivind Kolberg, Walter Korpi, and Gösta Rehn, there could be no such thing as social democratic party decomposition.

The data for this book were not easy to assemble. I am grateful to the Danish Social Science Research Council (Socialvidenskabeligt

Forskningsråd) for the grant that permitted me to conduct the project in its earliest stages. I thank Olof Pettersson and Bo Särilvik for giving me access to the Swedish data; Bernt Årdal, Ola Listhaug, and Henry Valen for making available the Norwegian data; and Hans Jørgen Nielsen for his particularly generous help with the Danish surveys.

From infancy to its present maturity, this book has been a jet-setter. Its (unplanned) conception at Copenhagen University led to delivery at the University of Wisconsin—Madison. Part of the pregnancy was spent at the Institute for Organization in Copenhagen so that the child would not entirely lose its Danish character. Harvard University became its home during the formative years, exposing it to the brutal facts of life. The first cautious steps into the adult world were taken at the University of California at Santa Barbara, and the surfing life helped soothe this painful transition. A year at the Institute for Social Research in Stockholm helped it rediscover its roots. Coming-out parties were held at numerous American universities, at the universities of Copenhagen, Oslo, and Stockholm, at the Wissenschaftszentrum in Berlin, and throughout Italy. The Social Science Research Council even granted it a wonderful week in Hawaii.

I am afraid this book would never have been publishable had it not been for the generosity of so many people and the hospitality of so many places. A final acknowledgment should go to social democracy's intellectual mentor, Karl Kautsky. His classic text, *The Road to Power*, provided me with a ready-made *Prügelknabe*.

Cambridge, Mass.
June 1984

ABBREVIATIONS

AC	Akademikernes Centralorganisation (Danish Academics' Confederation)
ADGB	Allgemeine Deutsche Gewerkschaftsbund (German Trade Union Confederation, before 1934)
AMS	Arbetsmarknadsstyrelsen (Swedish Labor Market Board)
ATP	Arbetsmarknadens Tillägspension (Supplementary Pension Scheme)
CFDT	Confederation Française du Travail (French Trade Union Confederation)
CGIL	Confederazione Generale Italiana di Lavori (Italian Trade Union Confederation)
DAF	Dansk Arbejdsgiverforening (Danish Employers' Federation)
DGB	Deutsche Gewerkschaftsbund (German Trade Union Confederation, after 1945)
DKP	Danmarks Kommunistiske Parti (Danish Communist party)
DNA	Det Norske Arbeiderparti (Norwegian Labor party)
DSF	De Samvirkende Fagforbund (Danish Trade Union Confederation, original name)
EEC	European Economic Community
EFTA	European Free Trade Association
FTF	Faellesorganisationen for Tjenestemaend og Funktionærer (Danish Federation of Salaried Employees)
HSB	Hyresgästernas Sparkasse och Byggnadsförening (Swedish Tenants' Savings and Building Association)
ILP	Independent Labour Party (predecessor of the British Labour party)
ITP	Indtaegtsbestemt Tillaegspension (Danish Plan for Supplementary Pensions)
LO	Landsorganisationen (Trade Union Confederation; Denmark, Norway, and Sweden)
NAF	Norges Arbejdsgiverforening (Norwegian Employers' Federation)
NATO	North Atlantic Treaty Organization
NKP	Norges Kommunistiske Parti (Norwegian Communist Party)
OECD	Organization for Economic Cooperation and Development
OMS	Omsætning og Merværdiskat (value-added tax)

ABBREVIATIONS

OPEC	Organization of Petroleum-Exporting Countries
PCF	Parti Communiste Français
PCI	Partito Comunista Italiano
PSI	Partito Socialista Italiano
RV	Radikale Venstre (Danish Radical-Liberal party)
SACO	Sveriges Akademikers Centralorganisation (Swedish Federation of Professional Employees)
SAF	Sveriges Arbetsgiverförbund (Swedish Employers' Federation)
SAP	Sveriges Socialdemokratiska Arbetarparti (Swedish Social Democratic party)
SF	Socialistisk Folkeparti (Socialist People's party, Denmark and Norway)
SID	Special og Indisutriarbejderforbundet i Danmark (Danish Unskilled Workers' Federation)
SPD	Sozialdemokratische Partei Deutschlands (German Social Democratic party)
STP	Särskild Tillägspension (Swedish Occupational Pension Scheme)
SV	Socialistisk Valgallianse (Socialist Election Alliance, Norway); same initials subsequently employed for Norwegian Left-Socialist party (Socialistisk Venstreparti)
TCO	Tjänstemännens Centralorganisation (Confederation of Swedish White-Collar Employees)
TUC	Trades Union Congress (Britain)
VPK	Venstrepartiet Kommunistarna (Swedish Communist party)
VS	Venstresocialisterne (Danish Left-Socialist party)

POLITICS AGAINST MARKETS

Social Democracy in Theory and Practice

SOCIAL DEMOCRACY is, and has always been, the most successful expression of working-class politics in capitalist democracies. In Northern Europe it has enjoyed virtually a monopoly over workers' votes, and it has been dominant almost everywhere else. Where, as in Italy or France, communism has held sway, the trend is nevertheless toward a "social democratization" of working-class politics. Thus it is puzzling that we have no adequate theory of such a historically powerful force.

Although social democracy may be a pervasive political force, its fate has come to diverge quite sharply from nation to nation. Where once it was unshakable, it is apparently losing ground; where once it was peripheral, it is coming to the fore. It is particularly fascinating to observe that three such historically similar social democracies as the Scandinavian countries are now moving in different directions. Yet, we have no adequate theory to explain the conditions under which social democracy will succeed or fail.

Nearly all theories of social democracy are rooted in the old controversies between Leninists, revisionists, and their "bourgeois" critics. Our task in this chapter is to examine the validity of these contending views, and then to develop a set of testable propositions concerning the conditions that favor, alternatively, social democratic success or decomposition.

The classical debates have consistently been marred by the irritating circumstance that the historical mission is impossible to verify. No social democracy has claimed to have built the Good Society. Since socialism cannot be empirically defined and is nowhere present in the manner prescribed by social democracy itself, our ultimate concern cannot and should not be socialism. However, we can legitimately ask ourselves whether the historical project remains plausible. The notion of a social democratic "road to power" is premised on the assumption that class formation under democratic parliamentary conditions can provide the strength and solidarity needed to transform capitalism. It is also premised on another assumption: that electoral politics and reformist accomplishments will enhance social democracy's progress.

Whether Marxist or non-Marxist, most existing theory has concentrated almost entirely on class structural change, in the belief that the logic of labor movements springs from the nature of the social structure. But is this approach adequate for an understanding of how social democracy can mobilize the kinds of power resources required if its promise of a future Good Society is to be made compelling? Reformist socialism has always insisted that its historical task of mobilization and transformation be constructed on the basis of legislative reformism. It is therefore quite odd that there is not one study that systematically attempts to explain trends in social democracy as the outcomes of certain policies. It is on this score, I dare hope, that I have something vital to add.

AN ANATOMY OF SOCIAL DEMOCRACY

Few writers pause to ask what social democracy is. Party labels alone hardly clarify matters. There exist some self-declared social democratic parties, the Italian version, for example, that few would consider genuine. Eurocommunist parties may, in fact, fulfill many of the criteria normally associated with traditional reformist socialist parties. Some even believe that America's Democratic party is social democratic in nature (Wolfe 1978). Nor is membership in the Socialist International a satisfactory criterion, even if admission is reserved for those parties formally dedicated to parliamentarism and in some way programmatically committed to socialism. It is increasingly difficult to understand why, for example, the PSI is a member while the PCI is excluded. Contemporary catchwords such as Eurocommunism and Eurosocialism bear witness to the growing confusion about who is who in international socialism.

A third, and somewhat more fruitful, method of defining inclusion is to compare party organization. One of the most important historical distinctions between communist and social democratic parties has to do with their principles of party membership, internal authority, and relations between central executive officers and the rank and file. Duverger (1964) counterposes the social democratic party to the loose electoral aggregation typical of the bourgeois party, on one hand, and the centralist and disciplined apparatus of the communist party, on the other. Where the one rarely builds a strong organization with strict membership criteria, the other is typified by exclusiveness of membership, by a "ghetto character" that fosters the creation of an entire world separate from society at large, and by democratic centralism, recurrent purges, and calls for discipline. But, to Duverger's credit, he

refuses to make a categorical distinction between communist and social democratic parties; rather, they are viewed as being on a continuum shared by all modern mass parties.

Many social democratic parties were originally "ghetto" parties. Until World War I, all three Scandinavian social democratic parties followed the model of the later communist parties, building a separate socialist world by means of athletic associations, boy scout movements, educational institutions, organized leisure activities and so forth. In respect of centralized authority and strict control over party militants and local cells, a hard-and-fast distinction between communist and social democratic parties is difficult to make. As Michels (1962) has shown, the social democratic party was hardly an open and democratic organization. There is little doubt, too, that the traditional vanguard party model is decaying. Duverger (1964) notes that even the comparatively rigid French Communist party (PCF) could not maintain control of its local cells. By the 1970s, the PCI is only residually a "democratic centralist" vanguard party.¹

The relationship between party and trade union has had tremendous historical significance. Before World War I, socialist parties usually viewed the trade union movement as a political instrument and hence refused to grant union autonomy. Frequently the parties insisted on collective trade union membership in the party and loyal subordination to party strategy.² While the political subjugation of trade unionism was retained in most Third International communist movements, it was abandoned by most social democratic parties. According to Sturmthal (1943), trade union autonomy was crucial in moving social democratic leaders to put aside ideological orthodoxy in order to face the crisis of world depression and further the survival of democracy and the labor movement itself. The emancipation of trade unionism occurred under very different conditions from country to country. In Britain, it was the Trades Union Congress (TUC) that provided the main impetus for the Labour party's formation in 1906 (Pelling 1961). In Sweden and Denmark, the unions were originally under social democratic party control, but divorce came soon after the turn of the century. Even if the Mannheim Resolution of 1906 granted the German unions independent status, the process had not quite been com-

¹ There is one useful organizational criterion for distinguishing social democracy from communism—what we might call the "citizenship rights" of party members. Whereas considerable disagreement is usually tolerated in social democratic parties, a communist party typically purges members who deviate from the official line.

² This form of membership still prevails in Sweden and Britain, although individual union members are free to opt out.

pleted before the Nazi seizure of power (Sturmthal 1943; Mommsen et al. 1974a)—at least not to the degree that the ADGB could influence party policy. But postwar communist parties, notably in Italy, have also moved in the direction of granting unions autonomous status.

Organizational characteristics, then, are certainly necessary in any definition of social democracy, but they are not sufficient. They tell us very little about the relation of the party to social structure, to the state, or to historical change. Przworski (1980, 27-28) has provided a definition of social democracy that has the great advantage of being grounded in the parties' strategic choices rather in their professions of ideology. The question is how working-class parties historically have resolved three crucial issues: whether to participate in the political institutions of capitalist society; whether to seek support outside the working classes; and whether to pursue reformist or revolutionary policy. I agree with Przworski on the first two dimensions, but disagree on the third.

The Parliamentary Decision

According to Przworski's definition, social democracy differs from communism in that the former adheres to, rather than opposes, parliamentary democracy. Social democrats, contrary to their Marxist forebears or their Leninist opponents, insist that it is both possible and imperative to struggle for socialism within parliamentary institutions. The decision to commit the proletarian cause to parliamentary procedure did not everywhere evolve with ease. In Britain and Denmark there was hardly ever any contemplation of antiparliamentary strategies. In Germany, the social democrats eventually became the main bastion in defense of "bourgeois democracy," but the party was never quite united on the question. At one extreme were the Lassalleans. For decades, however, the party vacillated between a variety of positions, ranging from acceptance (or cautious distrust) to the almost purely strategic-instrumental view that democracy might be exploited for socialist mobilization. In Norway, the social democrats joined the Comintern during the early 1920s, but even after their departure, the leadership generally opposed the parliamentary strategy.³

An important source of ambivalence was concern that the bourgeoisie would not abide by parliamentary rules if the social democrats

³ Not until the outbreak of World War II did the Norwegian social democrats actually get around to erasing formally the last traces of revolutionary commitment remaining in the party program (Dahl 1969).

should finally muster the strength to vote socialism into existence. This was certainly true in the case of the Swedes—at least until the parliamentary crisis of 1918 had been fully resolved (Tingsten 1941)—as well as among the Austrians and Germans (Przworski 1980, 32). If complete and unconditional surrender to the rules of electoral competition and parliamentary majoritarianism is one hallmark of social democracy, the opportunity to surrender varied dramatically before World War II. In Scandinavia, where socialists allied with peasants and farmers in the struggle for political democracy, trust in parliamentarism came relatively easy. Bourgeois resistance there was generally modest, and even under limited suffrage the socialists had managed to gain representation and affect policy at both the local and the national level.

The Question of Interest Representation

The second definitional element concerns the party's strategy for class mobilization. Until 1918, socialist parties typically adhered to the view that the socialist transformation was a strictly proletarian affair. Social democratic parties, until 1918, saw themselves as class parties. To abandon a strict class image, however, does not necessarily mean that a political party becomes class-diffuse.

The issue was partly one of theoretical analysis, partly one of strategic choice. Theoretically, Marxist revisionism—led by Eduard Bernstein ([1899] 1971)—reassessed several fundamental Marxian propositions concerning the evolution of class structure. In opposition to the polarization-cum-immiseration thesis underpinning the justification of the class-oppositional strategy, Bernstein argued that class polarization was countered by the rise of the new middle classes. For a party already committed to parliamentarism, this naturally provoked a reexamination of how the requisite electoral majority would materialize.

Revisionism did not necessarily prescribe broader class alliances, but it did offer a theoretical rationale for their eventuality. The decisive impetus came from strategic choices in the realm of practical politics. The Scandinavian experience of fighting for democracy in unison with liberal farmers opened up new vistas. Liberals learned that the socialists were not necessarily a threat; socialists discovered that significant strides could be made through class collaboration. It seemed logical that additional reforms were possible through ad hoc alliances. Furthermore, while national power still seemed only a remote possibility, socialists occasionally gained influence in local government.

Their experience with "sewer socialism" showed that political collaboration with other "progressive elements" on local issues could bear fruit. And, whether or not they had studied Bernstein, socialist leaders themselves began to realize that a strictly proletarian majority was depressingly slow to materialize. Pressed from below to deliver immediate material improvements, socialist leaders were obviously weary of Kautsky's 1904 Amsterdam Socialist International congress resolution prohibiting collaboration with bourgeois parties. As Schumpeter (1970) and Przworski (1980) have put it, the main problem was how to build a majority on the basis of ideological purity alone. If the class party image were abandoned, the party would risk losing its left-wing clientele; by remaining pure, it risked having to wait forever for the socialist opportunity.

Social democracy, then, distinguished itself by the decision to subordinate class purity to the logic of majority politics. The organization moved from "working-class party" to "people's party"; its platform addressed the "national interest" rather than the "proletarian cause." In the words of the late Swedish socialist leader Per Albin Hansson, social democracy strived to erect a "people's home." It is worth noting, however, that the difference between socialist and communist parties does not have to do so much with the actual class composition of the party's constituency as with the conditions under which allied classes are admitted. Whereas the vanguard party admits only recruits who are willing to adhere to its manifesto, the social democratic party is prepared to realign its program in response to current requirements for alliance formation. For communist parties, program dictates parliamentary power; for social democratic parties, parliament dictates program.

Social democratic parties made the choice under a variety of conditions. In some cases, as in Britain and Denmark, there was hardly any debate on the question: pragmatic reformism rarely allowed ideological concerns to interfere. In Scandinavia as a whole, the nineteenth-century experience of collaboration in the struggle for the suffrage made the subsequent working-class-farmer alliance of the 1930s appear more natural. In most countries, unemployment and poverty caused by the wild business cycles of the interwar period forced socialists to reconsider the taboo on collaboration. Above all, the looming specter of fascism and the lesson of Germany spurred the socialists to trade Kautsky for Keynes.⁴ Generally speaking, the socialist parties'

⁴ This was particularly true in Norway, where farmers were turning toward fascism in the early 1930s. However, the Keynesian economics that resulted from the worker-

ability to appeal to voters beyond the urban, working-class ghettos helped them escape political isolation.

The Reformism Issue

The first two components of Przworski's definition emphasize, respectively, social democracy's relation to the state and to the class structure. The third element focuses on the party's posture concerning social transformation. According to Przworski (1980, 28) social democracy is characterized by a willingness to "seek improvements, reforms, within the confines of capitalism [as opposed to dedicating] all efforts and energies to its complete transformation." Social democracy is without a doubt reformist, but to say this is to miss the point. To differentiate "revolutionary" from "reformist" in this manner assumes that we have a way of knowing when a given policy has long-range revolutionary consequences. In some instances, we probably do. Almost certainly, old age homes will have no revolutionary consequences for the social structure. But in all too many cases, we have no accepted criteria for deciding which actions will merely reflect the status quo and which will accelerate historical transformation. It is all, in the end, contingent upon theory.⁵ Two examples will suffice.

The main, if not the only, important demand of the Danish Communist party during the 1950s was "One Krone More per Hour." To someone like Samuel Gompers this would hardly seem revolutionary; but to a communist party wedded to the theory of surplus value, profit squeeze, and capitalist collapse, quantitative change might actually produce qualitative change. To give another example, when social democrats such as Ernst Wigforss proposed industrial democracy and wage-earner funds—reforms that according to Leninist analysis would only prop up the system—they did so on the basis of their theory of "organized capitalism," which suggested that certain kinds of policies have revolutionary consequences in the long run. The Swedish and Austrian Marxists believed that meaningful reforms "within the confines of capitalism" could accelerate socialism, if only a way could be found to nurture the latent socialization of capitalist development.

Thus, depending on the sort of policy and theory espoused, reforms and improvements can either be revolutionary or not. Since we have no generally agreed upon theory, we have no way of knowing. Przwor-

peasant coalition was inspired by diligent reading of Stalin's texts on capitalist underconsumption, as well as by exposure to the international Keynesian debate (Dahl 1969).

⁵ André Gorz (1967) attempts to distinguish between "reformist" and "revolutionary" reforms. Unfortunately, he points to the problem but does not solve it.

ski's third criterion is therefore of little help. This is not to say, however, that policy is unimportant to a definition of social democracy. I propose to revise the third criterion as follows.

The decisive issue is not whether a movement seeks reforms "within the confines of capitalism," for in reality communists as well as socialists do so. Social ameliorative reforms, such as unemployment insurance or old-age pensions, are promoted by all important labor movements out of simple necessity. Labor movements cannot afford to ignore the fact that economic insecurity, poverty, and unemployment weaken proletarian solidarity and impede class mobilization. Whether the ultimate goal is proletarian dictatorship or a more humane society, the socialists need to eradicate invidious distinctions and mutual hostilities dividing the various sectors of the working class. Both Rosa Luxemburg and Rudolf Hilferding were agreed on the necessity of fighting for the social wage in order to lift up the slum proletariat.

Where social democracy and communism diverge is on the issue of how reforms aid the process of proletarian unity and class formation. With the communist vanguard party, the ghetto model for policy-making prevailed. The movement would take responsibility for the welfare of its constituency. Since the state apparatus was occupied by enemy classes, the strategy naturally called for direct political opposition to state legislation and public schemes. Both Lenin and Bismarck could agree that state welfare schemes might lure workers away from socialism. The essence of the Leninist prescription was that revolutionary class formation and solidarity could be achieved only by creating separate institutions in opposition to the state. Initially, the social democrats shared this view. August Bebel, for example, led the German Social Democratic party (SPD) against Bismarck's social legislation. Social democratic leaders in Scandinavia did likewise when they perceived that bourgeois reformers aspired to divide the working class. But once social democrats had chosen parliament as their battleground, once they had acknowledged the legitimacy of broader class alliances, their strategy for political mobilization and class solidarity had to include efforts to influence government policy. Instead of Przworski's faintly teleological criterion, then, I offer the following: social democracy is a movement that seeks to build class unity and mobilize power via national legislation.

It is easy to see that our three definitional criteria are interdependent. The decision to accept parliamentary democracy compels the party to adopt a majoritarian strategy. Depending on the composition of the class structure, this may entail a stronger or weaker need to aggregate

cross-class electoral alliances. The choice of how to implement one's program is cast within the logic of the previous choices. Having opted for parliamentary alliances, social democracy is also forced to seek reforms through parliamentary legislation. It follows that social democracy's ability to develop class solidarity is constrained by its capacity to influence public policy, even if its chances to make policy are in the last instance tied to the development of class structure. Reforms come to mediate between class structure and party power; they affect both. Yet this fact is not typically acknowledged in the classical theoretical positions.

THE THEORETICAL CONTROVERSY

To a fervent social democrat, the theoretical literature must make disheartening reading. Most theories, Marxist or not, project the long-run demise of social democracy. For quite different reasons, Leninists and "pluralist" theory both hold that class structural developments have adverse consequences for democratic socialism.

The Leninist Theory of Social Democracy

The Leninist argument has its roots in the Russian political struggle between Bolsheviks and Mensheviks, on the one hand, and Lenin's long battle against German revisionism, on the other. His attack centered on the question of parliamentarism and class development. Actually, Leninism is little more than a recapitulation of nineteenth-century Marxist orthodoxy. The critique of Kautsky in *The State and Revolution* (Lenin [1919] 1943) reads like an update of Marx's raging attack on the Gotha program of 1875 (Marx [1875] 1978). The Erfurt program of 1891, an attempt to correct many of the faults that Marx found, hardly managed to clarify the precise relation between insurrectionary revolution and parliamentary participation; nor was it clear on the choice between reformism within the system and opposition to the state. Kautsky may have warned explicitly against bourgeois collaboration and social democratic minority governments, but he remained vague about exactly when socialists could adopt a parliamentary strategy.

Lenin, however, was less ambivalent than his mentors. Even *The Communist Manifesto* (Marx and Engels [1848] 1967) allowed for reformism and revolution concomitantly. Its rather anticlimactic conclusion contains a list of first-priority tasks that even the most right-wing laborite could sanction. Similarly, in Marx's analysis of the Brit-

ish Factory Acts, one is led to hope that the bourgeois state can be made to serve socialist goals (Marx [1872] 1967, chap. 10). Engels' famous introduction to *Class Struggles in France* (Marx [1895] 1964) can be easily interpreted as an enthusiastic manifesto for parliamentary socialism. Lenin, then, did not merely restate the classical position: he deliberately sought to expunge its revisionist sins.

Lenin's recast Marxian theory is built around three propositions. The first, and most important, concerns the nature of the bourgeois state. In *The State and Revolution* the state apparatus is designed to support bourgeois class power and exploitation. Real power does not reside in parliament, which is merely a "talking shop" and a democratic façade that serves to disguise the fact that power is exercised elsewhere. Consequently, if socialists take parliamentary democracy seriously, they will betray the proletarian cause by helping obscure the nature of class struggle. Even worse, their participation will serve only to perpetuate and strengthen class exploitation, thus delaying the inevitable revolutionary moment. Since parliamentary democracy will never become genuine democracy (workers' councils) and since any state is, by its very nature, a class state, social democracy logically must fail—unless it bends every effort to oppose and destroy the bourgeois state.

Lenin's second proposition flows from his class analysis. In *What Is to Be Done?* (Lenin [1909] 1929, 90) his famous hypothesis on the economism of workers is formulated: "The spontaneous labor movement is able to create by itself only trade unionism, and working class trade union politics are precisely working class bourgeois politics." Left to their own devices, workers are instinctively economic in their demands and will never discover the level of ideological consciousness required for socialist revolution. Hence, the proletariat will remain unenlightened about its real historical interests, unless narrow economism is replaced by ideological education and unless the trade union movement is brought under vanguard party control. An open mass party would fail to overcome the lethargy of economism.

The third proposition concerns Lenin's view of capitalist development. Without a theory of collapse, he could hardly defend the strategy of opposition to the institutions of capitalism; nor could he plausibly advocate the vanguard party model. The argument, most coherently developed in his tract *Imperialism: The Highest Stage of Capitalism* ([1924] 1939), is premised on the Marxist theory of exploitation, concentration, and monopoly capitalism. Capitalist accumulation, holds Lenin, will culminate with global imperialism, where the reproduction of class exploitation demands an ever more powerful state. But this

occurrence will also signal the end of capitalism. While this proposition clearly calls for an international synchronization of proletarian struggles, it also confirms the strategic necessity of nurturing contradictions instead of patching them up by means of reforms and collaboration with the bourgeoisie.

In Leninist theory social democracy is doomed. True, in the short term, given inherent worker economism, it is possible that trade union reformism will hold sway, but long-run developments logically will crush the social democratic promise. First of all, since social democratic parties are prepared to participate in parliamentarism, they clearly mislead workers into believing that participation is power. Since it is not, however, and since the contradictions will become increasingly evident, this betrayal of the workers must at some point become obvious. Moreover, by supporting the bourgeois state, the social democrats will in fact contribute to their own demise, for they will be supporting a system designed to divide, fragment, and exploit their own working-class constituency. When the inevitable moment of revolutionary rupture arrives, the social democrats will be totally unprepared to lead the proletariat. Finally, says Lenin, the demise of social democracy is inevitable because of the activities of the revolutionary communist movement, which according to the conditions for membership in the Comintern, must

declare a decisive war against the entire bourgeois world and all the yellow, social democratic parties. Every rank-and-file worker must clearly understand the difference between the communist parties and the old official "social democratic" or "socialist" parties which have betrayed the cause of the working class [Miliband 1977, 168].

The Leninist position continues to influence political theory. When he was still a Stalinist, John Strachey believed that social democracy was little more than liberalism in new clothes, a servant of capitalism whose corporatist apparatus helped discipline workers. To these apparent incompatibilities, he adds that in times of economic crisis the party can only retire into opposition or cast itself in the role of "social fascism" (Strachey 1933, 306, 327, 388). Although Leo Panitch is neither polemical nor incoherent, his theory of social democratic participation in neocorporatism shares the same assumption that participation runs directly against the interests of labor, that it is unstable because of rank-and-file revolts, and that it will unleash a militance for which social democracy is quite unprepared (Panitch 1976, 1981).

Adam Przeworski et al. (1977a, 1977b, 1980) espouse a more subtle

and sophisticated variant of Leninism. Cast in terms of the strategic dilemmas, their version holds that broad electoral appeals will dilute the party's class profile and push ideologically inclined workers to the left. Przworski is willing to entertain the possibility that social democrats may attain the required parliamentary majority for socialist transformation; but, like Lenin, he concludes that it is precisely at this crucial historical moment that parliamentary social democracy is likely to meet defeat (Przworski 1980, 57-58). This is so because the party will be overloaded with popular demands that cannot possibly be satisfied without jeopardizing economic stability and provoking unmanageable crises. The implication is that social democracy will continually vacillate between booms of political mobilization and busts of political defeat. Przworski's argument is both tighter than and empirically superior to most Leninist theories. It rests, however, on two suspect assumptions: first, that the "allied classes" always remain ideologically estranged from socialism; secondly, that social democratic transition politics must begin with "une augmentation substantielle des salaires et traitement" (Przworski 1980, 58).⁶ Is it not possible that social democracy can take office and propose socialization in return for an effective promise of wage and consumption restraints?

Sociological Critiques of Marxism

The classical critique of Lenin's theory was developed by Selig Perlman in his *Theory of the Labor Movement* (1926). Perlman agreed with Lenin that economism is inherent in the working class, but disagreed that workers as a class are "objectively" interested in or ideologically prepared for the larger struggle for socialism. Worker consciousness is normally "job consciousness," and revolutionary ideology is mainly a foreign invention, implanted by intellectuals with disregard for the true needs of the proletariat. Perlman's thesis has informed the more

⁶ Przworski's quantitative analyses assume that the ideological and political preferences of the "allied classes" remain constant over time. This model does not take into account the possibility that, over time, the new middle classes converge with the working class and/or that their political inclinations become increasingly socialist. If that were to happen, the social democratic electoral trade-off dilemma might disappear rather than intensify. Przworski's second assumption appears to rest squarely on the ill-fated experiences of Salvador Allende's Chile and Leon Blum's France. But there is no a priori reason to believe that history always repeats itself. It is possible, even likely, that a social democratic party will enter the transition stage with a package of income-restraint policies in return for some kind of socialization measures. Of course, debate is almost hopelessly impossible because of the difficulty of agreeing on exactly what constitutes an acceptable kind of socialist transition.

general hypothesis that pragmatic American unionism shows Europeans the wave of the future. It is not the absence of socialism in America that requires explanation but, rather, socialism's obstinacy in Europe. Perlman does not reject the importance of class conflict but holds that sharp ideological cleavages are unnatural and will, in the long run, fade.

The Perlman thesis bears a close affinity to the "logic of industrialism" theory (Kerr et al. 1964). If in classical Marxism capitalism leads to class polarization, the industrialism theory predicts convergence and equilibrium. As originally stated in the famous Bull (1922) hypothesis, working-class radicalism is a manifestation of uncertainty and alienation during periods of rapid and explosive industrial change. Where modernization is slow and gradual, the likelihood of radicalism is lessened. Bull's reasoning has frequently been extended to argue that, once the phase of early industrialization has passed, workers will become integrated into industrial society and labor movements will abandon their radicalism (Kerr et al. 1964; Galenson 1949, 1952).⁷ Lipset (1960) suggests a social-psychological variant. He claims that both left-wing and right-wing extremism is associated with authoritarianism and worker isolation from the main institutions of modern society.

The theory of industrialism emphasizes, as do latter-day theories of postindustrial society, the importance of class structural change for the decline of socialist radicalism. The proletariat will change as the pathological consequences of early industrialization disappear. But the nature of the upper classes will also change. Schumpeter (1970) argued that the classical entrepreneurial capitalist becomes a historical anachronism as authority and control over production is delegated to modern management. In Galbraith's view (1969), the bourgeoisie surrenders its power to the technostucture. For Galbraith the classical polarity of capital and labor is mediated, especially if economic decisions are based on criteria of social responsibility and technical imperative. Industrialism theory furthermore sensitizes us to the importance of the new middle strata, a phenomenon already noted by Bernstein ([1899] 1971).

The validity of such arguments hinges importantly on the precise nature of the new middle classes and their relation to the traditional working class. Whereas many Marxists will look in vain to the de-

⁷ Bull's hypothesis, which was formulated with the Scandinavian countries in mind, was empirically substantiated by Lafferty (1971) and Galenson (1949, 1952). One may also view Tingsten's (1941) analysis of the Swedish social democrats as a test of Bull's argument. Lafferty's empirical evidence has been challenged by Klingman (1976).

graded and exploited industrial laborer for the advent of revolutionary consciousness, postindustrial theory recalls an important aspect of Marx's work: the crucial relevance of the growth of productive forces in capitalism. The relative number of industrial laborers is declining, and technically skilled and educated manpower is taking their place. But there is no agreement on the political properties of the new middle strata. They may, as Parkin believes (1972), have a modifying influence on socialist parties. They may, as C. Wright Mills speculated (1951), epitomize the fragmentation, atomization, and privatization of modern mass society, thus implying that class solidarity and collectivism will be shipwrecked. French structural Marxists, like Poulantzas (1975), view these middle strata as the new petite bourgeoisie and, as such, dangerous allies indeed for the proletariat. But if the foregoing consider the new middle strata to be an obstacle to socialist mobilization, writers such as Gorz (1967) and Mallet (1975) find in them a new source of socialist radicalism.

Others find the main agent of change in political democracy. Paradoxically, the argument runs in two directions. Inspired by Max Weber's theory of bureaucracy, Roberto Michels ([1915] 1962) formulated his Iron Law of Oligarchy to account for the decay of German social democracy. According to Michels, the socialist party will contradict its own historical mission of democratic socialism. As it grows into a powerful political movement it will professionalize, bureaucratize, and lose sight of its real purpose as it becomes preoccupied with the demands of day-to-day administration. The party becomes an expression of antidemocratic rule, devoted to the task of its own self-perpetuation. Thus, by the very act of struggling for democracy and equality, the social democratic party generates oligarchy and privilege.

In contrast, "democratization" theories argue that, in the process of state building during the nineteenth and twentieth centuries, the extension of full citizenship rights to the masses diminished social cleavages. For Bendix (1964), Rokkan (1970), and Marshall (1950), a basic source of class cleavages lay in the exclusion of workers from participation and representation in the political system. In this view, most explicitly stated by Marshall (1950) and Lipset (1960), the extension of legal, political, and eventually social rights has secured for the working class effective influence over public policy. Hence, "inequalities no longer constitute class distinctions and therefore do not give rise to class struggles but become socially acceptable [Marshall 1950, 75]." The theories of working-class "embourgeoisement" and "end of ideology" were inspired by postwar prosperity and a new confidence in the strength of democratic institutions—phenomena that

eroded old class divisions, both in political attitudes as well as in life styles (Mayer 1955; Zweig 1971; Abramson 1971).

As theorists attempted to explain the British Labour party's declining electoral fortunes, it became fashionable to hold that the socialists had "reformed themselves out of office." Recent backlash theories have much in common with such arguments. According to Wilensky (1975, 68ff., 116-119), welfare state revolts are likely to come from the "middle mass" (a combination of upper-level workers and white-collar employees), owing to tax overload and resentments against welfare bureaucracies. Similarly, Tyrell (1977) and others argue a direct association between social democratic decline and welfare state growth. Generally, the prediction is that as social democracy succeeds in implementing its social reforms, it will alienate its own increasingly affluent electoral base. A related explanation for the decline of socialism in the postwar era holds that democratization and the declining salience of class force socialist parties away from their traditional class image and radical ideology. They become modern catchall parties, designed to capture majorities by appealing to the middle (Lipset 1964; Epstein 1967; Kirschheimer 1968).

All these theories share the assumption that class, as a historical force, is eroding. Hence, social democracy can be expected to decline under two conditions. If it retains its historical mission, affluent and integrated workers in liaison with the new middle strata will reject it. If it should adopt a catchall strategy, it may hold onto voters but will only vaguely manage to distinguish itself from bourgeois parties.

SOCIAL DEMOCRATIC ACTION THEORY

Social democratic theory naturally rejects any view of the party as a passive victim of historical change, whether caused by revolutionary contradictions or the decay of class struggle. Instead, the future of social democracy must flow out of its own actions. Leninism, to be sure, adopts an activist approach, calling upon ideological preparation, organization, and opposition politics to accelerate the fall of capitalism. Social democratic action theory obviously is premised on electoral and legislative accomplishments. The great theoretical problem is how to rescue the promise of the socialist end goal when party activity appears to stabilize the capitalist order (Tingsten 1941; Gay 1970; Lewin 1967).

Modern social democratic theory derives from the controversy between Marxist reformism, exemplified by Kautsky, and the revisionism of Bernstein. Kautsky's position, clearly stated in the 1891 Erfurt

program, combines a straightforward Marxian analysis of capitalist development with a program befitting a parliamentary socialist party. The general point is that capitalist development dictates the inevitability of socialism. Accordingly, the main task of the movement is to prepare for the moment when "the time is ripe," a moment that apparently will arise independently of political action.

Kautsky's analysis of class formation is quite deterministic. Because of the concentration of capital and the inevitable proletarianization of most other social strata, capitalism creates its own majority in favor of socialism. The increasingly social form of production ensures that the working class will become a homogeneous and collective agent (Kautsky [1892] 1971, 173). Not much can be done to resolve the basic class contradictions that spell doom for capitalist society. But Kautsky, in contrast to Lenin does not believe that reformism will stop the march toward socialism. On the contrary, parliamentary participation can develop the proletariat's capacity for socialist politics; enlightened reforms can accelerate capitalism's natural progress toward socialism.

It was ideas such as these that brought down the wrath of Lenin in *The State and Revolution*. Clearly Kautsky did take an optimistic view of the bourgeois state. Discussing the advantages of parliamentary participation in *The Road to Power*, he states that "the emancipation of the laboring class is not to be expected from its increasing demoralization, but from its increased strength" (Kautsky [1910] 1943, 38). And in *The Class Struggle*, we read:

Whenever the proletariat engages in parliamentary activity as a self-conscious class, parliamentarism begins to change its character. It ceases to be a mere tool in the hands of the bourgeoisie. . . . The proletariat has therefore no reason to distrust parliamentary action [Kautsky (1892) 1971, 188].

Yet, Kautsky is never entirely clear on the issue. If these statements suggest that reforms are necessary to uplift the moral fiber of the working class, and that parliamentary action is the instrument, Kautsky takes it all back when he claims that reforms will never help resolve the system's basic contradictions. If capitalism is doomed to collapse on its own accord, then why commit the working class to reforming it? Nor is Kautsky sufficiently clear about exactly when the proletariat should support parliamentarism and when it should oppose it. He insists that, so long as the state is in the hands of the bourgeoisie, the socialists must resist and oppose it. But then, he also holds that par-

liaments can be trusted when the proletariat forms a "self-conscious class."

This lack of theoretical coherence extends to the question of class alliances. Kautsky admits that socialist comrades can be recruited from other classes, even among the bourgeoisie, but he insists that the party is, and can only be, a proletarian movement. The revolution, which for Kautsky is noninsurrectionary, can be brought about only by the working class (Kautsky [1892] 1971, 159). *The Class Struggle*, however, also calls for middle-class support. For Kautsky these apparent incompatibilities will resolve themselves because, in the long run, capitalism will proletarianize the vast majority. Kautsky and the Erfurt program, then, can offer a convincing theory of socialism only if two key assumptions hold: first, if a proletarian majority actually is imminent; secondly, if the state apparatus can in fact be seized peacefully and made to transform society.

Bernstein's revisionism is characterized by a refusal to accept the first assumption and a disregard for the second. His *Evolutionary Socialism* sets forth an analysis of capitalism that is in direct contradiction with classical Marxism. Instead of showing signs of collapse, capitalism is robust and dynamic, and it is evolving in directions completely at odds with orthodox predictions. Instead of causing misery, capitalism is producing wealth and abundance, even helping to improve the living conditions of workers. Instead of monopolistic concentration, the modern joint-stock company helps distribute wealth and property in a more democratic fashion.

Bernstein's understanding of bourgeois democracy serves to confirm his opinion that capitalism is resistant to cataclysmic collapse. The democratization of the state permits reforms to be undertaken that simultaneously diminish contradictions, allow the productive forces to expand, and benefit the working class. On democracy he was less ambiguous than Kautsky: "Universal suffrage in Germany could serve Bismarck as a temporary tool, but finally it compelled Bismarck to serve it as a tool [Bernstein (1899) 1971, 144]."

If Lenin and Kautsky agreed that class formation was predetermined, Bernstein believed it to be indeterminate. For Bernstein this implied that the party cannot afford to sit and wait for a proletarian majority simply to happen. Majorities have to be created. And since a socialist majority cannot be expected to emerge from unmanageable contradictions, it must be forged in the more mundane world of practical party policy. It therefore comes as no surprise that Bernstein cared less about the future Good Society than about the day-to-day issue of how to build majorities. For Bernstein it was not betrayal to declare

that the movement is everything, the end goal nothing. In his view, "the whole practical activity of social democracy is directed towards creating circumstances and conditions which shall render possible and secure a transition of the modern social order into a higher one [Bernstein (1899) 1971, 146]."

Bernstein believed that social democracy must build a broad electoral alliance of all the underprivileged strata and that the movement's success hinges upon its ability to strengthen parliament and legislate the gradual socialization of capitalism. Not only is reformism a salami tactic to bring about socialism, it is the chief source of majority mobilization. If for Kautsky parliaments were a potential tool, for Bernstein they constituted a necessary precondition for social democratic class formation.

Kautsky and Bernstein Synthesized

Austro-Marxism and its Swedish offshoots may be viewed as a synthesis of Kautsky and Bernstein. In Austro-Marxism the theory of capitalist development was recast: first, by explicitly rejecting the breakdown-of-capitalism argument; secondly, by arguing that the organized and planned character of modern capitalism could advance the socialist cause. As Karl Renner would later put it (1953), the case for the coming of socialism can no longer be made in terms of the anarchy of laissez-faire capitalism. Instead, capitalism—owing to state penetration of the economy and the growing dominance of finance capital and cartels—is on its own account becoming an increasingly socialized economic order.

Austro-Marxism shares Bernstein's optimistic view that the state is an autonomous apparatus, increasingly independent of the bourgeoisie. In addition the Austro-Marxists, Max Adler ([1933] 1978) in particular, rejected Kautsky's deterministic class theory. Capitalist development was producing status differentiation instead of mass polarization. Adler, in fact, distinguished five distinct working-class strata. His view of the new middle classes was somewhat ambivalent: large sections were perhaps proletarianizing, but this only added to the problem of status differentiation.⁸

These theoretical propositions led the Austro-Marxists to rethink

⁸ Adler emphasizes the classical hostility between labor aristocracies and industrial workers, adding to these the new phenomenon of "bureaucratic" workers. Furthermore, writing during the Great Depression, he gives special weight to the danger of unemployment and its tendency to stimulate antagonisms between workers with and workers without jobs (Adler [1933] 1978).

social democratic strategy. The rise of organized capitalism and the possibility of a rational state suggested a "constructive" rather than a "destructive" attitude toward the capitalist order. Their strategy was to nurture the progressive and suppress the negative tendencies of capitalism. Since the state was not necessarily a machine for class repression, it was natural to advocate a parliament-centered struggle. If capitalism contained the seeds of socialism, one important task for the social democratic party was to bring these seeds to fruition. Bauer's ([1919] 1978) concept of the "slow revolution" implied not only that a parliamentary strategy could succeed, but that it was probably the quickest route.

Party policy had to obstruct the pathological tendencies of capitalism. Since class opposition was more harmful than beneficial to socialism, both Adler and Bauer stressed the necessity of broad alliances between workers, peasants, and the middle classes, advocating reforms that could reconcile internal and external class divisions. A full-employment, welfare state strategy flowed quite naturally from this perspective in that a precondition for social democratic political power was to narrow the gap between unemployed and employed, labor aristocrats and industrial workers, white collar and blue collar. The Austrian socialists thus agreed with Bernstein that social democratic class formation must proceed through practical reformism. But they went further than Bernstein in their wish to connect day-to-day reformist practice to a long-range plan for "slow revolution." In effect, they claimed that short-run measures are steppingstones to the promised socialist end goal.

Early socialist thought in Scandinavia was dogmatically Kautskyan, but after World War I the three social democratic movements parted ways. The Danes essentially abandoned theory; the Norwegians remained loyal to a blend of Kautskyan and Leninist ideas for many years; and the Swedes moved surprisingly close to the Austrian socialists. Hjalmar Branting realized very early that Kautsky's predicted proletarian majority would not arrive in the foreseeable future, and he concluded that a broader electoral strategy was absolutely necessary. As argued by Tingsten (1941), Swedish social democracy was also quick to substitute ideological radicalism for reformism when pressure from below demanded it. By the late 1920s, the party had replaced opposition with participation, socialization with reformism, and class purity with popular alliances. The party leadership was convinced that the mobilization of power required first and foremost the satisfaction of the most pressing popular demands.

As in Austria, Swedish social democracy nurtured a school of cre-

ative theoretical talent, among which Nils Karleby (1926) and Ernst Wigforss (1941) stand out especially. They agreed with the theory of "organized capitalism" and believed in parliament's ability to service democratic demands. What distinguishes Swedish socialist thought is its way of situating immediate reforms in the context of a socialist future. Reforms can, in a cumulative way, have revolutionary outcomes. Also, the Swedes were the first to develop a systematic theory in which the sequential order of struggle is reversed. Whereas the orthodox scheme presupposes that welfare and the good life can arise only after the socialization of production, Swedish revisionism holds that political and then social reforms can create the conditions for economic transformation, step by step. "Political citizenship" must precede "social citizenship," and these are in turn indispensable for the third stage, "economic citizenship." Workers must be emancipated from social insecurity before they can partake effectively in economic democracy.

The model, as Korpi (1978, 1981a, 1981b) and Stephens (1979) argue, is premised on a theory of power mobilization. Having chosen the parliamentary strategy, labor's power advantage lies in its numbers; its disadvantage in the scant, and unevenly distributed, resources among wage earners. If political resources rarely come from ideology, political strength must grow out of reforms and full employment, which will endow workers with a greater capacity for participation and solidarity.

In this view, the welfare state is not an end in itself but is a means for altering the balance of class power to social democracy's advantage. Thus, along with the Austrians, the Swedes believe that capitalist crises will only weaken the resources of wage earners. To reform capitalism, moreover, does not automatically imply a betrayal of the socialist promise. Reformism and socialism are compatible because, in the words of Sten Johansson,

the strength of the Swedish labor movement is due to its ability to reconcile the contradiction between capital and labor, i.e. to adjust successively the conditions of production to the development of the productive forces. The question of "when the time is ripe" becomes . . . the question of the development of the productive forces in relation to production relations [Johansson 1974, 11].

It is difficult to imagine a better dialectical synthesis of Bernstein and

Kautsky. Reformism helps accomplish what Kautsky relies on for the day of revolution.

Such analyses may be sophisticated, but they are also ambiguous. They imply that the labor movement can accelerate the arrival of the "ripe time" by adjusting the contradictions. Instead of passively awaiting the day when the balloon will burst or blindly pursuing reforms, social democracy pledges to adjust class relations and social institutions to fit the increasingly socialistic character of the productive forces. The theory is ambiguous in that it cannot specify under what conditions the process of adjustment will have advanced so far that the time is ripe enough. But the ambiguity can be resolved precisely because the theory links reformism with the process of power mobilization. As the balance of class power gradually shifts in favor of wage earners (partly because of structural change, partly because of party policies and organization), the social democrats may pursue salami tactics, slicing away at traditional capitalist prerogatives and replacing them with democratic forms of control.

The Swedish social democrats do not share Schumpeter's (1970) and Crosland's (1967) assumption that effective control has slipped away from the capitalists and into the hands of management. The central task of "functional socialism" is to make capitalists functionally redundant by bringing their traditional powers and prerogatives under collective management. Adler-Karlsson (1967) describes the process as follows:

Let us avoid the even more dangerous contests which are unavoidable if we enter the road of formal socialization. Let us instead grip and divest our present capitalists of one after another of their ownership functions. Let us even give them a new dress, one similar to that of the famous emperor in H. C. Andersen's tale. After a few decades they will then remain, perhaps formally, as kings but in reality as naked symbols of a passed and inferior stage of development [Scase 1976, 307].

This version, which follows the lead of Karleby (1926), is based on a distinction between the socialization of "flow" and that of "stock." Control over the functions of capitalist ownership, it is implied, is more important than socialization of property per se. It is a twist of irony that Swedish social democratic theory devises a strategy for achieving something that numerous postwar revisionists, most notably C. A. R. Crosland (1967), claim has already come about in Britain.

If the Austro-Swedish model views immediate social reforms as a

precondition for economic democratization, a “Keynes plus Beveridge” policy seems to suffice in the view of Crosland. Along with Strachey (1956), Crosland argues that the economic power of the bourgeoisie need no longer be the centerpiece of social democracy’s struggles, for the separation of ownership and control is removing that problem. Concomitantly, modern mass production has brought with it a democratization of consumption to the extent that goods produced for “use” have replaced luxury goods. To be sure, Crosland admits that certain irrationalities of the capitalist mode of production persist, but he believes that a mix of Keynesian countercyclical instruments, modern planning, and egalitarian welfare state measures are sufficient to attain the goals of a just society. Crosland is optimistic about the social democrats’ ability to mobilize sufficient electoral support for such an endeavor. Once again inspired by Schumpeter, he assumes the eventual emergence of an anticapitalist morality. If today many of Crosland’s tenets seem dubious, they nevertheless left a strong imprint on most postwar social democratic movements.⁹ The Bad Godesberg program was premised on virtually identical principles, as was the Keynesian welfare state rhetoric of most social democratic parties during the 1950s.

Leninists, Social Democrats, and Pluralists Compared

Lenin held that social democracy could neither contain nor resolve the crystallizing class contradictions of advanced capitalism; participation in bourgeois institutions, moreover, would corrupt working-class politics. In a sense, Lenin relies on a strangely nonmaterialist interpretation. If, on the one hand, the proletarian class is supposed to spring forth according to the laws of capital accumulation, its role as an agent of historical transformation, on the other hand, can be realized only with the support of the vanguard party’s ideological consciousness—a seemingly superstructural affair. Similarly, Lenin re-

⁹ Ironically, it is where Crosland is most astute that he is overlooked (Bell 1977). He makes the argument that the greatest problem for the socialists is how they will manage to persuade the masses that socialism will prove to be more “fun” and pleasurable than capitalism. Before the war, socialist movements devoted much energy to this question and, with their vast network of social clubs, athletic and boy scout organizations, chess clubs, and so forth, could convey an image of socialism as an enjoyable alternative to the dreariness of industrial life or the vulgarity of purchased leisure. These organizations have decayed, and the typical socialist party has become a predominantly administrative apparatus imbued with rationalist and technocratic notions of efficiency.

lies on a theory of bourgeois parliamentaryism to explain why social democratic reforms will help fragment the working class. In the long run Leninism predicts social democratic decomposition, as class struggle under conditions of monopoly capitalism demands the intervention of a revolutionary vanguard committed to the destruction of the very same state that the social democrats have so diligently helped construct.

Paradoxically, non-Marxist theories are often premised on historical-materialist interpretations. Both the “embourgeoisement” and “logic of industrialism” theses hold that socialist class mobilization will flounder because of the technologically determined erosion of class divisions in the economy. In either version, the odds in favor of a social democratic road to power appear desperately poor. Social democratic decomposition is guaranteed under conditions of either class polarization or class harmonization.

The sources of social democracy’s own theoretical optimism are variegated. In Kautsky’s version, the success of social democracy is virtually predetermined by the inevitable process of proletarianization, although the party is called upon to provide a means of political expression. For Bernstein, class formation is an undetermined process, and socialist advances will flow from the movement’s practical achievements. Neither man, however, develops a systematic argument concerning which conditions will promote social democratic success as opposed to decomposition.

On this account, the revisionist theories of Austro-Swedish Marxists appear more sociological. Writing during the tumultuous 1920s and the cataclysmic 1930s, their arguments were naturally more sensitive to the forces that weakened the labor movement and to the necessity of averting economic crises. It is possible to distill the following set of empirically testable hypotheses from these theories. First, social democratic success depends on the party’s ability to strengthen parliament’s powers. Secondly, that success is contingent on an ability to fight a two-front battle on behalf of and against capitalism. The social fragmentation, atomization, and egoistic competitiveness produced by capitalism must be countered; this means that social democratic power depends on effective control of the business cycle and on the eradication of status differentials among wage earners. Simultaneously, social democratic success will depend on an ability to “realign the conditions of production to fit the productive forces” and steer capitalist development toward its full social potential. Thirdly, as both cause and consequence of the preceding two conditions, the social

democratic movement can—if it succeeds in building broad solidarity among its natural constituencies—shift the balance of class power to the advantage of labor.

THE THEORY OF SOCIAL DEMOCRATIC PARTY FORMATION AND DECOMPOSITION

We can now begin to build our theory of social democracy; the simple bivariate theories are inadequate. Social democracy's future cannot be merely a reflection of social structural change, whether that change be embourgeoisement or its opposite.

Although the development of class structure does not determine the politics of socialism, there nonetheless is no doubt that factors such as the relative size of the working class play a fundamental role: they set the limits for social democratic mobilization. Since social democracy aspires to win political office, moreover, and has frequently done so, the long-term success of the movement must be associated with the role of the state. I contend that the process of social democratic class formation depends on the impact of state policies on the class structure. Our theory, then, must specify the relationships between class, state, and power.

The overall argument is that social democracy is historically indeterminate. This is so for the simple reason that none of the social forces that shape it is predetermined. The theory to be presented is built around three key components: class structure, class formation, and class alliance. We will proceed, after first establishing the character of each, to see how they combine to influence social democratic performance.

Class Structure

The case for or against socialism has always been predicated on class structural development.¹⁰ In the Marxist perspective, proletarianization is the necessary (occasionally even the sufficient) condition for socialist success. In pluralist theory, the decline of class cleavages is similarly a necessary (and sometimes sufficient) cause of socialist decomposition. Even a very superficial glance across the globe, however, tells us that class structure alone can hardly explain the wide international variations in socialist party strength. The relative numbers of

¹⁰ The following discussion of class does not pretend to any scientific rigor with respect either to Marxist or non-Marxist class analysis.

the traditional working class (even of wage earners) are quite similar, for example, in the United States, Canada, Britain, Germany, Holland, and Scandinavia, while the fate of socialist parties has certainly varied in those countries. There is hardly any correlation. This does not mean that class structure can be disregarded; rather, it means that we must examine more closely what it is about class structure that conditions politics.

It is useful to distinguish between class structure and class formation. "Class" has to do with the objectively given "empty slots" that exist as a result of the division of labor and that have meaning independent of the attitudes or behavior of the individuals who occupy them (Przworski 1975; Poulantzas 1975; and Wright 1979). "Class formation" has to do with how the individuals who fill the slots engage in collective action; that is, how they constitute a social or political community. The constellation of empty slots may not have a direct bearing on the structure of class formation. Sartre (1968, 96) makes this point rather clearly when he states, "Classes do not naturally exist, but they are made." The fault of the most vulgar Marxism is its tendency to assume that "objective" class location automatically breeds one form of collective action (the socialist kind, naturally).

A rather similar distinction is also made in Weberian and contemporary pluralist sociology. The occupational position of an individual does not dictate status position, nor is it automatically associated with specific political behavior. In the Weberian tradition, status formation is usually described as the rise of interest groups. Both Marxism and pluralism insist that political class (status) formation involves factors that are independent of one's objective position.¹¹

The structure of empty slots does play a central role for social democratic ascendancy, because it defines the "raw material" upon which communities, alliances, and political mobilization must be based (Przworski 1975). Class structure limits the extent that social democracy can choose to appeal only to workers and prescribes the points at which it must seek class allies. When class allies must be sought, class structure defines the possible allies.

Class structure, conceived of as empty slots, affects the course of social democracy in four respects. First, there is the development of workers. The number of workers relative to numbers in other class

¹¹ Typically, Marxist and non-Marxist political sociologists alike have studied the process of political class (status) formation according to a simple model that correlates objective class position with voting or other indicators of political behavior. Important examples are Lipset (1960, 1964), Alford (1963), Hamilton (1967, 1972), Abramson (1971), Butler and Stokes (1971), and Rose and Urwin (1971).

categories has an obvious effect on the possibilities for working-class political majorities. Workers, in the sense of traditional manual wage labor, have only rarely constituted a majority in the class structure. Clearly the relative number of workers over time determines the conditions for social democratic power mobilization. Of equal importance is the internal differentiation of worker positions. Even where workers share common status as wage labor, they may be highly differentiated. Class unity is more difficult to achieve under conditions of competition between craft workers, unskilled industrial laborers, and the rural proletariat. A dominance of craft workers over industrial workers tends to make broad solidarity a more difficult task, tending to "corporatize" the labor movement and create jealousies. As has been noted before (Stephens 1979), the relative dominance of industrial workers has historically been decisive for the creation of a cohesive and centralized trade union movement. As Galenson (1952) also shows, skill divisions may cement a dualism in the entire labor movement.

Secondly, variations in the structure of capital undoubtedly play a role, although a dearth of research on the structure and organization of business inhibits precise hypotheses (Schmitter and Streeck 1981). Schumpeter (1970) and Crosland (1967) believed that the decay of entrepreneurial capitalism nurtures a cultural opposition to capitalism; others, especially students of Germany, suggest the opposite, namely that "monopoly capital" has been a leading force behind repression of the labor movement (Abraham 1981; Neumann 1944; Meier 1975). These authors also suggest that export-oriented business was more likely to compromise with labor (see, also, Cameron 1978). The relationship of capital to the state has also been held to play a decisive role, particularly when profits depend on state purchases, as in Germany (Barrington Moore 1967; Gerschenkron 1943). Variations in industrial technology may influence social structure in general and the behavior of labor in particular (Kerr et al. 1964; Blauner 1964). Furthermore, capital concentration and geographical centralization will influence the dispersal or concentration of workers as well as the kinds of tactics to be employed for union organization. Finally, as especially Schmitter and Streeck (1981) suggest, the ways in which business interests are organized play a very important role in how the power of those interests is articulated vis-à-vis the state and organized labor. Kautsky and his Swedish and Austrian disciples premised their entire theory of socialism on the rise of organized capitalism. They believed that the advanced corporate enterprise system is far more amenable to socialist collectivism than traditional entrepreneurial, family capitalism.

A third factor, frequently ignored, is the traditional rural and urban petite bourgeoisie. Their importance can hardly be overestimated, for their composition and organization delimit the conditions for class alliance with either labor or capital. As Bernstein observed ([1899] 1971), proletarianization was not occurring at the pace predicted by classical Marxism, and the petite bourgeoisie revealed unexpected staying power. This meant that socialist political majorities were importantly contingent on the political leanings of various petit-bourgeois strata. But as Marx had already emphasized in *Class Struggles in France*, the petite bourgeoisie cannot easily organize itself as a class and is therefore easy prey to demagoguery. The organizational capacity and economic position of the petite bourgeoisie has been historically decisive for socialist movements. Where, as in Scandinavia, family farming induced the formation of cooperatives and associations, their political leanings were likely to favor liberalism, democracy, and social reform rather than fascism or Poujadism, as in Germany or France.

If the position of the petite bourgeoisie has been important, so has the speed of their demise. It is easy to see that this has not simply followed the laws of accumulation. Their survival has frequently been predicated on political intervention, as in case of farm subsidies, laws to protect small shopkeepers against "unfair" competition from large retailers (mandated closing hours, for example), or tax laws favorable to small, independent entrepreneurs. The survival of the petite bourgeoisie has constrained social democratic mobilization in two important ways. First, a strong petit-bourgeois economy generally implies that large sections of the working class are tied to its activities. Such workers are typically both more difficult to organize and intrinsically hostile to economic rationalization and modernization. Secondly, where initial social democratic ascendancy and government power was premised on petit-bourgeois alliances, political possibilities were both opened and closed. I shall argue that one of the most important preconditions for social democratic advances in the postwar era is the movement's ability to exchange alliance partners, drop the petite bourgeoisie, and seek a coalition with the new middle strata. Its ability to do so depends on how far the petite bourgeoisie have decayed.

Finally, the rise of new middle-strata categories constitutes one of the most profound changes in the class structure of advanced societies. Rather early on, beginning with Bernstein, socialists recognized that white-collar wage earners would not conform to proletarian status but were evolving into a heterogeneous array of functionaries, salaried employees, and technical and professional cadres, distributed in both public- and private-sector employment. In fact, their lack of a clearly

defined class character provoked rather extensive socialist research efforts, such as Adler's (1933) in Austria and Lederer and Marschak's (1926) in Germany. That their location in the class structure is still unsettled is evident as we see Poulantzas (1975) calling them the new petite bourgeoisie, Mallet (1975) describing them as the new working class, and Wright (1979) placing them in contradictory class locations.

It is clear that the middle strata will play a pivotal role once the petite bourgeoisie die out and the traditional working class stagnates. Social democracy cannot avoid the task of building coalitions that unite its old core constituency with the rising white-collar strata. But how? And which strata? Several rough hypotheses present themselves. First, the middle strata are unquestionably a much more heterogeneous entity than either the manual workers or the urban and rural petite bourgeoisie. This suggests that they are less predictably a collective actor and that, to the extent a collective identity can be formed, its roots will probably be variegated. The importance of the state is naturally enhanced where white-collar employment is concentrated in the public sector. The location of the middle strata, in fact, is tightly circumscribed by how the public sector evolves; in some measure, therefore, they are a politically created "class." It can be hypothesized that middle-strata employees centered in collective and public services will have a closer affinity to labor than those in private-sector managerial and supervisory positions, but this could very well depend on the political coloration of the regime that controls public employment.¹² One would expect that the emergence of collective identities among the new middle strata hinge on political factors. "Objective" class location probably plays a lesser role than it does with other classes.

Class Formation

Class formation consists of giving a collective identity to an aggregate of discrete "empty slots"; that is, it is the establishment of a social community whose collective purpose is class representation. For any political movement, however, class formation involves more than the simple activation of empty slots, since people have a host of alternative social identities. For social democracy, class formation therefore implies both a constructive and a destructive strategy. The movement

¹² It would be worth pursuing the hypothesis that in countries like Germany, France, and Italy, public-sector employees will tend to coalesce with bourgeois parties, whereas in places like Scandinavia, they will be more easily allied with the social democrats.

must establish class as a legitimate and meaningful political agency and define the boundaries for inclusion. But it must also confront the necessity of displacing alternative community bases—religion, ethnicity, or localism; early "corporative" worker organizations, such as guild and fraternal associations; rival political identities, such as syndicalism or communism; and competitive individualism and market atomization.

Social democratic class formation is a process of power mobilization requiring the establishment of four basic conditions. The maximum penetration within the core of the working class and the development of class unity requires, first, a decommmodification of labor and, secondly, the institutionalization of solidarity. Thirdly, social democracy confronts the question of including allied class elements within its political community. The fourth condition is a crucial one: given the nature of class structural development, not to mention the requirement for parliamentary majorities, social democracy will probably not be able to avoid forging political coalitions with other classes.

The market is the first obstacle—and a major one—to the social democratic community. In its pure form, the capitalist market compels workers to behave as discrete commodities; the individual's ability to sell his labor defines his economic and possibly also his social status. Under these conditions, the distribution of working-class resources will spring from the nexus of aggregate demand and personal human capital. As commodities, moreover, workers are atomized, individualized, and fragmented rather than communal. The sovereignty of the market is in general a function of the degree to which workers behave as commodities.

Social democratic class formation, therefore, is first and foremost a struggle to decommmodify labor and stem market sovereignty in order to make collective action possible. Only when workers command resources and access to welfare independently of market exchange can they possibly be swayed not to take jobs during strike actions, underbid fellow workers, and so forth. Where the market is hegemonic, the labor movement's future depends on its ability to provide an "exit" for workers that concomitantly ensures collective solidarity.

For the social democratic movement, the decommmodification of labor cannot arise from ideology, nor can it await the revolution. Collective social services, unemployment and sickness compensation, employment security, and general income maintenance must be established. Such programs can be established either within the labor movement's own institutions or universally through state legislation. In any case, decommmodification policies must be both institutionalized and per-

manent to ensure that the market does not reconstitute its natural logic of competition, insecurity, and status differentiation.

In the abstract, solidarity is negatively as well as positively defined. It demands a set of duties and responsibilities toward the community as a whole; that is, a readiness to sacrifice personal gain for the common interest. It also grants the individual a set of rights and expectations from the community. The sort of solidarity required for social democratic formation demands decommodification, but this alone is not sufficient. Alternative bases of communality, identification, and solidarity must be displaced. The fewer the crosscutting pressures on individual workers, the greater the potential for social democratic hegemony.

The creation of solidarity seems always to involve the stick and the carrot. Ostracism, ridicule, peer group pressure, even violence against "deviants" are powerful ways of closing the ranks. But in the long run such methods prove costly, and the carrot is more efficient. Socialist movements have typically pursued two strategies in the quest for solidarity. The classical approach was to construct a workers' world in isolation from the bourgeois environment. This included the establishment of mutual-aid schemes, income-maintenance programs designed exclusively for members and, equally important, cultural and social activities. These served to replace existing, non-class-specific communal and fraternal institutions as well as the market. This so-called ghetto approach was designed to help define workers as the natural universe of solidarity, to cultivate a collective identity, to attract new members, and to tie them to the fate of the labor movement generally.

But the ghetto approach contains some of the same shortcomings that already prevail where workers are differentiated according to guild-type exclusionary communities. Inevitably, it will fail to produce class-universal solidarity. It installs new kinds of divisions between those workers who belong and those who do not. The real danger is that the weakest and most marginal workers are the ones least likely to join, even though they are the ones whose inclusion is most important.

Since the strategy of social democracy is majoritarian, its definition of the solidaristic universe must address the "people," not the "class." Instead of serving those workers who rally readily behind the socialist call, social democracy must actively create its constituency and then attempt to fabricate solidarity. The chief problem is therefore how to transform a differentiated population into a cohesive community, and this involves a combination of movement organization and state policy.

In respect of the movement, social democracy depends on the "nationalization" and centralized coordination of trade unionism and on optimal electoral penetration by the party. The first precondition is the victory of vertically organized and nationally centralized trade unionism, which means the subordination and incorporation of craft- and skill-exclusionary unions. The bargaining advantages and disadvantages of each worker must be socialized to the entire working class. Trade union centralization is also necessary for coherence between the union movement and the political party. The second precondition is the ability of the party to claim the political distinctiveness of workers and penetrate deeply into the electorate for optimal voter participation. Party organization and union density are a first-order priority. The tasks of maximum penetration and monopolization of working-class votes include a wide variety of strategies. Many parties have tried to institutionalize a system of collective party affiliation among trade union members; party militants have been asked to escort the blind and the disabled to the voting booth; the party organization has offered bread and circus along with propaganda and education.

The ultimate instrument of social democratic class formation, however, is state policy. The creation of solidarity will depend on reformist accomplishments. But how? In order to legislate such a social democratic community into existence, reforms must institute a universalistic alternative to both individualism and corporatism. Also, resources and living conditions must be distributed in such a way as to cancel out status differentials. A first precondition, we have seen, is to decommodify wage earners and endow all individuals with income and welfare entitlements of such scope that even the marginally weakest (or strongest) worker will refrain from breaking the rules of solidarity. This requires collectivization of those areas of human welfare and need in which the weakest groups are most likely to remain underprivileged under conditions of market provision. It is of paramount importance for solidarity that entitlements and services be universal, generous, and attractive; otherwise, there will be incentives for the better-off to seek private market solutions. As Hirschman (1970) suggests, exit opportunities destroy the basis for broad solidarity. Social democratic class formation depends on the eradication of differentiated entitlements, means-tested and targeted benefits, individualistic insurance schemes, and "self-help" principles. Reforms must avoid situations in which collective services breed discontent between those who pay and those who receive.

The institutionalization of universalistic public and collective programs can be a means of supplanting narrow group identities or in-

dividualism with broad social solidarity, for such programs help create a large, if not universal, electoral constituency whose welfare and happiness is wedded to a social democratic state. This should help prevent protest against the "tax state" or the "welfare state." In this sense, universalism means the socialization of duties as well as entitlements. It is hypothesized that social democratic decomposition will result from a failure to institutionalize universalistic solidarity.

One of the greatest dangers to solidarity is the potential for dualism. This will tend to occur where the market is permitted to compete with public provisions, as with occupational pensions or private hospitals and schools. But existing dualisms—traditional civil servant privileges, favorable tax allowances for homeowners, stigmatizing means tests and, above all, cleavages between employed and unemployed—must simultaneously be crushed. Social democracy runs the risk of institutionalizing a dualistic stratification system wherever "welfare state dependents" confront the "self-reliant."

The politics of decommodification and solidarity constitute, thus far in our discussion, a mobilization program that is virtually synonymous with T. H. Marshall's (1950) famous concept of social citizenship.¹³ In our perspective, however, social citizenship does not constitute an end goal but is a means by which social democracy can surmount obstacles to its own formation; namely, the problem of resource weakness among workers and the problem of internal differentiation and stratification in its natural political base. Decommodification and solidaristic universalism alone will not suffice for long-term social democratic mobilization. Two problems are involved. One is the inevitable incompatibility of the social citizenship state; the other is the necessity of exercising control over the business cycle.

The welfare state strategy is a natural consequence of social democratic mobilization. It is also the possible source of its demise. Where decommodification and solidarity are promoted through public policy, public expenditures will inevitably escalate: universal services and benefits that address as wide a range of human needs as possible will naturally demand heavy expenditures. If we add to this the criteria that benefits be of equal quantity and quality across the entire population and that they replace market provisions, the state will perforce require extraordinarily heavy tax revenues.

Obviously, less of a political burden is posed when, and if, broad-

¹³ Marshall's discussion of the concept does not adequately distinguish the "rights" dimension (decommodification) from the "status" dimension. Also, Marshall assumes that the attainment of full citizenship will help resolve traditional class antagonisms.

based financial solidarity exists, the economy is growing rapidly, the incidence of social need has relaxed, and full employment ensures a large and growing income pool to tax. Conversely, when social democracy is concomitantly expected to bring about greater income equality and redistribution, a problem is posed. There is little doubt that universal welfare benefits have a redistributive effect on the expenditure side. As the incidence of taxation grows, however, the tax system automatically loses its potential for progressive redistribution. Under conditions of heavy expenditure, the bulk of taxes must be collected among the largest income brackets, and that happens to be workers and middle-level white-collar employees.

The welfare state is thus in the long run a potentially incompatible strategy for mobilization. If not corrected and supplemented with other policies, it is likely to boomerang and provoke the decomposition of social democracy. This, I shall argue in the following chapters, is precisely the point at which social democratic movements find themselves today. The social citizenship state is at once required and exhausted. A leading hypothesis, therefore, is that unless the social democratic movement manages to relieve the state of its sole responsibility for welfare distribution, decommodification, and solidarity and to reallocate that responsibility in the economy, the movement risks a backlash against the welfare state.

Government control of the economy is the other major precondition for long-range social democratic survival. If the ideological satisfaction of economic socialization pertains only to a peripheral working-class minority, control of the business cycle offers general material satisfaction and reproduction of social democratic unity and power mobilization. As became increasingly clear to the socialists of the interwar era, nothing weakens labor movements so much as economic instability and crisis. In contrast to the rupture strategy followed by Leninism, social democratic class formation ultimately seeks to maintain a full-employment growth economy so that power-resource mobilization can work. The workings of this strategy are complex.

First of all, expansion of the economy is a necessary condition for financing the social citizenship state. Secondly, the guarantee of sustained full employment requires control of the business cycle. Thirdly, the labor movement will be required to help manipulate the form and direction of short- and long-term structural change and, especially, to ensure that other requirements (such as full employment, price stability, and wage equality) are satisfied. Fourthly, control over the process of rationalization and change is important, if not necessary, in order to equalize the working conditions and economic opportu-

nities of workers. Finally, since it is very likely that political interference, resulting from the policies of decommodification and solidarity, will threaten the market's "natural equilibrium," other political instruments are needed to regulate, for instance, the labor market or the credit market.

In general, social democracy must in the long run collectivize and democratize economic power. Where the rate of growth declines, whether because of internal or external forces, the future of social democracy will depend on its capacity to guarantee that adequate levels of investment are maintained, whether or not private capitalists are willing to accept the responsibility. It is doubtful that social democracy will be able to avoid, at one time or another, socializing the investment function.

Class Alliances

Social democracy has almost always been conceived as manual worker politics, and there is no doubt that the movement's main base has been and remains the traditional working class. Yet, to rely on these workers exclusively would prohibit decisive parliamentary majorities. Thus we come to Przworski's class alliance dilemma: additional adherents might be won by diluting the party's programmatic positions; to pursue such a strategy, however, risks alienation of manual workers.

In practice, as Przworski and Sprague's research shows, socialist parties have been able to attract members of other classes without compromising ideology or principles. This can occur spontaneously, from the bottom up, but it can also result from political action. The fabrication of political constituencies is by no means new, nor is it peculiarly socialist. But where the social democrats preside over public-sector expansion, they also help create a vast segment of employees whose personal economic well-being will coincide with the survival of the public sector and with social democratic power. Another possibility is that white-collar employment faces a process of downgrading at the same time that working-class living conditions are being upgraded. Such a process of convergence will ease the dilemma.

In any case, the social democrats have been unable to avoid forging political coalitions with other classes.¹⁴ Moreover, the prospects for, and dangers of, class alliances have varied historically. So long as the traditional petite bourgeoisie are dominant, they constitute the key in

¹⁴ The logic of alternative types of class alliances, and their impact on postwar economic development, has been explored by Esping-Andersen and Friedland (1982). The original inspiration derives, of course, from Barrington Moore (1967).

the electoral competition between bourgeois parties and social democracy. Their structural location and political inclinations are decisive for the rise or fall of social democracy. An alliance with sections of the petite bourgeoisie (the peasantry, say) on the basis of a political quid pro quo is doubly important strategically. It permits the social democrats to "take off" with their reform intentions, and it helps divide and weaken their bourgeois-party opponents. As Castles (1978) has noted, social democratic power is very much a function of bourgeois party disunity. But the relative dominance of the social democrats within the coalition considerably influences the degree to which their reforms must compromise.

Under certain conditions a coalition of the working class and the petite bourgeoisie may be detrimental for social democratic ascendancy. There is no doubt that the success of Scandinavian social democracy depended on its twice-demonstrated capacity to coalesce with the farmers—first in the struggle for universal suffrage during the late 1800s and again during the economic depression of the 1930s. The first instance helped avert intransigent upper-class resistance to political democracy and thus helped stimulate the socialists' trust in a parliamentary strategy. The second helped save social democracy from the looming threat of peasant nazification and permitted the party to take office and introduce reforms precisely when labor was being weakened, demoralized, and divided by economic crisis.

A coalition with petit-bourgeois elements will permit the formulation of a specific policy package—typically, welfare reform and full employment in return for agricultural price subsidies—but it will also prohibit the transcendence of that package. A political realignment is therefore necessary when expansion of wage-earner income shares or the need for stronger economic controls becomes incompatible with petit-bourgeois demands. The historically decisive point arrives when the petite bourgeoisie have declined to the point where their numbers have little influence on political majorities (or when their interests directly conflict with those of the workers). At this point, social democracy must be in position to negotiate a new alliance with the rising middle strata. In fact, one of the central conclusions of this book is that the survival of social democratic parties today depends on the potential for such a realignment.

CONCLUSION

We can now restate the general argument. Class structural development cannot be a sufficient cause for either social democratic formation or decomposition. Social democracy must manufacture its own class

base, a necessarily continuous process. The "raw material" of the class structure must be transformed into a dynamically expanding social democratic community, and reformism naturally constitutes the vehicle for this. The transformation of the state is therefore the linchpin of social democracy.

We know, however, that the forces of class structural change constrain social democracy's capacity to assume state power unless it is both able and prepared to forge political alliances with other classes. In this respect, the future of democratic socialism has always been decided by classes other than strictly the working classes. The peasants, because they were the largest and perhaps also the most important class during social democracy's infancy, typically held the key to a possible coalition. Indeed, I would go so far as to claim that Scandinavian social democracy would have been aborted had it not been for its ability to ally with the rural classes. Just as the peasantry catalyzed the party's rise to power, they also become a major hindrance to continued social democratic renewal. Such alliances may permit Keynesianism and social citizenship policies, but they are not likely to allow additional encroachments on the economy. Additionally, the peasantry will dwindle as a political force. In this situation, the social democratic road to power will depend almost entirely on the chances of a coalition with the white-collar middle strata.

These theoretical themes guide the study of Scandinavian social democracy that follows. Chapter 2 presents the patterns of social structural development over the past century as these have affected the rise of social democracy. Chapter 3 examines political class formation and the conditions that have obtained for class alliances. In Chapter 4 the trends toward party decomposition are analyzed in relation to the parties' changing social bases. Chapters 5, 6, and 7 mark the analytical shift from the social bases of social democracy to its political bases and present, respectively, the parties' accomplishments in social, housing, and economic policy. By way of assessing the impact of state policies on class politics and party decomposition, Chapter 8 offers quantitative analyses. Finally, Chapter 9 focuses on contemporary plans for economic democracy in order to establish whether a political realignment is in the making.

PART I

The Social Bases of Social Democracy