

Returns to Capital: Austerity and the Crisis of European Social Democracy

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“We are no longer sure,” wrote the late Giovanni Arrighi in his monumental survey of the long twentieth century, “that the crisis of the 1970s was ever really resolved.”¹ Almost two decades on, this observation seems truer than ever. Another economic crisis, larger even than that of the seventies, is upon us, and the European left is stranded without an economic program. Over one hundred years after the first of the parties affiliated to the Second International won a plurality in a parliamentary election (Finland, 1907),² social democracy—that most protean of political traditions—may finally be running out of rope.

Today’s stark choices are being posed as the result of a major economic shift within capitalism: the deep disruption of capital accumulation as a consequence of the crisis in global financial markets unleashed in 2008. With the end of the recent long boom—or rather, long bubble—social democrats have been dealt a tremendous double blow. On the one hand, their decade-long strategy of full accommodation to neoliberalism in order to skim off the surplus for ameliorative social spending has collapsed with the end of the growth upon which it depended. On the other, they have fallen victim to a breathtaking act of political jujitsu. Contrary to expectations, the crisis has not thus far unseated neoliberalism as the reigning economic paradigm, and with this “strange non-death”³ financiers and the political right have neatly turned the tables on the center left. The big banks, having caused the crisis in the first place and led governments to borrow vast sums to come to their aid, have successfully redefined the resulting fiscal deficits as a matter of

the need to cut back public spending and slash social protection. Sovereign debt crises are painted as cause rather than effect of the downturn.⁴ Social democrats have thus been cut off from the exits, unable to escape into the soft neo-Keynesianism that is their more progressive reflex.

Nature, too, has some nasty surprises in store: “The repo girl is at the door.”⁵ As a result of global warming *that has already occurred*, it is now too late to avoid “a cascade of local and regional ‘natural’ disasters in the medium term.”⁶ Price shocks, supply disruptions, dislocations, the rising costs of urban coastal infrastructure and remediation efforts: Hurricane Sandy—a direct hit on the world’s financial and media capital at an estimated cost of \$60 billion and counting—is the shape of things to come: price shocks, supply disruptions, dislocations, the rising costs of urban coastal infrastructure and remediation efforts. At the same time, a \$20 trillion bubble of “unburnable carbon” inside the global financial system⁷ will require—if the planet is to be saved—deliberate capital destruction on a scale roughly twice that of the end of slavery.⁸

Even when—*if*—growth resumes, it will not deliver on the promises with which it is being invested. A modeling exercise for the Resolution Foundation by the Institute for Employment Research and the Institute for Fiscal Studies finds that on the basis of annual average UK growth of 2.5 percent from 2015–2020—an optimistic scenario—and no further cuts in public spending, living standards will fall for low and middle income households by as much as 15 percent.⁹ Only the rich will escape this ravaging maw of austerity. We may not quite be facing the “end of growth”¹⁰ altogether, but it would be a foolhardy politics that retained any strategy relying upon a return, even in the medium term, to anything approaching the *status quo ante*.

It is in these circumstances that the political battle lines of the coming era are being drawn. In a thousand voices the figures of the established order—politicians, financiers, economists, media commentators, spokespersons of the ‘international community’—all urge the same course: “Given the harsh world that daily confronts us with challenges, we must climb the steep slopes of productivity, budget reduction, technological innovation, the good health of our banks, and job flexibility.”¹¹ For all the difficulties, the crisis has at least smashed the false separation of politics from the market that has been a precondition of neoliberal theory. As governments move to close schools, pare back local authorities, cut public spending and reduce wages, they are conjuring up a series of class struggles that are already playing out in the streets. Continuing through this tunnel of pain, the hope for the left should be to emerge from the other end with a new political economy and a system design truly capable of sustaining democracy, equality and community,

while meeting head on the challenges of concentrated ownership and power, and ecological meltdown. The question is whether social democracy will play its part in the development of these solutions or whether it will become an obstacle on the road to systemic change.

Morbid Symptoms

How have Europe's social democrats responded to this conjuncture? The early signs are not propitious. There are "morbid symptoms" aplenty, of precisely the kind Gramsci ascribed to a crisis interregnum in which "the old is dying and the new cannot be born."¹² There has been a near-total lack of solidarity among the parties of the Socialist International, whether in government or in opposition, as they have fallen in with the needs of their own narrowly defined national capitalisms. The mask of the much vaunted European social model—proclaimed just a few short years ago by Jürgen Habermas to be "a model" for the rest of humanity¹³—has slipped badly, revealing the true features of northern capital that were behind it all along:

Once crisis struck, cohesion in the Eurozone could only come, not from social expenditure, but political dictation—the enforcement by Germany, at the head of a bloc of smaller northern states, of draconian austerity programmes, unthinkable for its own citizens, on the southern periphery, no longer able to recover competitiveness by devaluation.¹⁴

The politics of austerity is proving as disruptive as the economics. To the "zombie households, companies and banks"¹⁵ of the post-crisis landscape must now be added "zombie governments." A horror show of decrepit political formations not seen since the interwar years has been exhumed from the crypt and installed across Europe: national governments, externally-imposed technocrats, even—in Greece—a troika-dictated regimen "reminiscent of Austria in 1922, when a High Commissioner was posted to Vienna by the Entente—under League of Nations colours—to run the economy to its satisfaction."¹⁶ Turnouts at elections are falling, and an anti-incumbency tide has swept over Europe to which governing parties in country after country—Britain, Ireland, Spain, Portugal, France—have succumbed. The likelihood of continuing political volatility can be seen in the fact that, for the most part, their successors are prescribing even larger doses of the same awful medicine.

Against this backdrop, many social democrats—still desperate to haunt the “house of power”¹⁷—have begun to position themselves as the left wing of austerity. Social democrats are propping up conservative-led governments in Ireland and the Netherlands. In France, hopes that Socialist president François Hollande might rally the center left for a challenge to German-led austerity have quickly given way to disappointment as Paris reached its own *détente* with Berlin. Hollande has seen his poll ratings plunge to the lowest level ever afforded a new French president. In Germany, prospects for change in the bastion of austerity policies seem highly doubtful. The Sozialdemokratische Partei Deutschlands (SPD) is running Peer Steinbrück, perhaps the most conservative of the leading social democratic contenders, against Angela Merkel in 2013. Merkel is looking increasingly unassailable.

One result of this posture is that social democracy is beginning to face significant challenges from the left: from Sinn Féin in Ireland, the Socialist Party in Holland, Die Linke in Germany, the Front de gauche in France.¹⁸ Another is the rise of populist anti-politics in keeping with the Argentine slogan of 2001, *¡Que Se Vayan Todos!* (“They All Must Go!”), typified by forces such as the Five Star Movement of Beppe Grillo in Italy. Thus far, existing party systems have just about contained the fallout. Greece, however, is the counter example, and should serve as a cautionary tale. The Panhellenic Socialist Movement (PASOK) went into the May 2012 elections on the back of a 43.9 percent showing last time around but carrying heavy baggage as a signatory of the troika memorandum. The retribution it was dealt was impressive. PASOK slumped to 13.2 percent, a fall of some 2.2 million votes since 2009. New Democracy, meanwhile—the main party of the center right—also lost ground:

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At 32 per cent, the combined total for the two ‘parties of government’ was less than half their aggregate support in the previous elections. PASOK’s vote share was even lower than the 13.4 per cent it secured on its first appearance in 1974. Similarly, ND’s vote share was the lowest ever received by the main party of the right since the interwar period.¹⁹

The main beneficiary of this rupture has been SYRIZA, the left coalition, which trebled its vote to 16.8 percent—a close second—and will be waiting

in the wings when the current ‘grand coalition’ falls. The response of social democrats elsewhere in Europe has been to heap vitriol on SYRIZA and paint its leader, Alexis Tsipras, in the most lurid of colors. His crime? Opposing austerity and daring to put forward what amounts to a genuine social democratic platform.

From Keynesianism to Neoliberalism and Back Again

The difficulties facing social democrats today are deeply embedded in their history. Always more pleased with itself than its record would warrant, social democracy must now make a true reckoning of that history if it is to emerge from the current crisis as a continuing force for progressive change.

Social democrats first entered government in the interwar period, “largely as temporary shock-absorbers in the great European turbulence that followed the Armistice.”²⁰ Part of their function was containment and suppression of political unrest. The widespread belief that they were moving with an inevitable historical current seemingly absolved them of the need for any specific economic program of their own, and as a result they did not initially make their mark anywhere. “The conformism which has been part and parcel of Social Democracy from the beginning,” Walter Benjamin observed, “attaches not only to its political tactics but to its economic views as well.”²¹ In Berlin in 1923, the SPD’s Rudolf Hilferding was a model of economic orthodoxy, as was Philip Snowden in London in 1924, chancellor in a minority Labour government that busied itself with nothing much besides RAF bombing of recalcitrant tribes in Iraq.²²

It was not political victory but total war that first installed social democracy in government with an effective economic program of counter-cyclical demand management and welfare state expenditure. In this, social democrats were borrowing the clothes of two heirs of nineteenth-century liberal progressivism: Keynes and Beveridge.²³ With the Second World War and victory over fascism, there was a mass influx of workers into unions and politics across Europe. The stage was set for an extended period of broad-based economic growth that could accommodate both increased profit rates for capital and higher real living standards for labor.²⁴ Thus began *les trente glorieuses*, the ‘thirty glorious years’ of the postwar boom. Among the principal beneficiaries of this golden age was social democracy, which had now found its *raison d’être*:

Keynesianism suddenly provided working-class political parties with a reason to be in office. . . . If the economy was producing at a level

below its capacity, given the existing stock of capital and labor, a proper government policy could increase output until it approached the economy's full potential.²⁵

Underpinning it all was the increased political weight of organized labor. The power of trade unions provided social democracy with 'a place to stand' vis-à-vis the economy from which to engage in redistributive politics.

The extent of social democratic success during this period should not be overstated. Center left parties were not hegemonic. Nor did the class struggle simply disappear, instead being partially displaced onto public budgets through struggles over welfare provisions, subsidies to business, military and social spending, conflicts over taxation and the like.²⁶ "Revisionist in ideology, reformist in project, and technocratic in practice,"²⁷ from the Erfurt Program of the German SPD in 1891 to the crisis of the 1970s, the deep conservatism of the Western social democratic parties became apparent in their defense of a generalized status quo:

They defended the growth model of Western capitalism . . . many traditional socialist commitments were in practice abandoned or relegated to an ever-receding long term: the end of capitalism, universal peace, the reform of the state, the abolition of all forms of political and economic inequality between the sexes. Attention was entirely concentrated on the main short-term aims: full employment for all male workers and the provision of welfare services to meet needs not provided through the market.²⁸

Attempts to push in another direction by radicals hostile to the wholesale adoption of reformist statism, from Rosa Luxemburg to G.D.H. Cole, were rebuffed. In Britain, the Labour Party rejected out of hand plans for social credit, guild socialism, and other such solutions in favor of the dismal managerialism of nationalization, and then only for industries—such as electricity, coal, gas, civil aviation, telecommunications, and railways—which were not particularly profitable at the time, and for which their owners were richly compensated.²⁹

In America, it did not even prove necessary to have a social democratic party to create a welfare state (albeit a severely truncated one—the US was always a "welfare state laggard," in Frances Fox Piven and Richard Cloward's phrase).³⁰ What in Europe had taken the might of the organized parties of the left—socialist, social democratic, and labor—was in the United States largely the work of Franklin Delano Roosevelt, "a pseudo-aristocratic

politician whose avowed ambition was ‘the salvation of American capitalism.’³¹ In *The Great Evasion*, William Appleman Williams argued that under the New Deal America became “a tax state in the fullest sense” and that, as was frequently the case with the welfare state, it was actually subsidized by the poor:

[T]he industrial corporation, the giant agricultural units, and other large operators received fantastically greater returns on their investment in taxes than the individual or the small entrepreneur. . . . The sum collected from the poor during 1958 was \$6.037 billion. The government spent a total of \$4.509 billion on all its public assistance programs, its public health operations, its aid to education, and all other welfare programs.³²

This is not to say that the social safety systems created in the United States and Western Europe were worthless, or that they were conceded without a fight.

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They were testament to years of struggle, and to the power of labor in a period that also saw the emergence of national liberation struggles and feminist, environmental, race and sexual movements. But in the United States in particular, the maintenance and extension of the welfare state was only made possible, politically and economically, through the repeated intrusion of war and Cold War and the resulting reorganization of industry and increased military

spending, which intervened time and again to lift the whole economy out of stagnation.³³

The overall weaknesses of the social democratic posture eventually became clear. In particular, redistributive social spending was linked to the postwar boom. Even before the oil shocks of the 1970s, the terms of this boom were being called into question, as productivity waned and capitalists, facing declining rates of profit, sought new ways to outflank mass trade union movements. When stagflation in the 1970s undermined Keynesianism, social democrats had no alternatives at hand. As Robin Blackburn notes:

[T]he social democratic and Keynesian policies of the post-war era failed to enlist the mass of working people in the consolidation of a new pattern of political economy. Demand management, nationalisation of particular sectors (often those facing losses), ambitious welfare

programmes, still left untouched the central dynamic of the private accumulation process.³⁴

The after-the-fact, essentially reactive nature of social democratic redistributive taxation meant that, in the long run, it was an inherently fragile and unstable strategy, particularly when set against the range of possibilities for capitalist restructuring. Even in the flourishing Scandinavian social democracies there were severe limits to what could be done. Surveying the accomplishments of Swedish social democracy in 1980, Robert Heilbroner warned that the social democratic consensus was fraying:

The change in attitude . . . magnified the public awareness of tax abuses . . . high marginal tax rates were driving many middle- and upper-class Swedes into the ‘underground economy’ where services escaped the eye of the tax collector . . . Thus alongside the loss of economic momentum was a loss of social and political momentum.³⁵

Leaving aside the frequent poverty of social democratic aspirations, it is not that there are not a host of good reasons for the taxation of middle-incomes. It is that—in the absence of any longer-term capital strategy—‘tax-and-spend’ becomes increasingly difficult to sustain over time, vulnerable both to conservative political attacks and to capitalist economic retaliation. By the late seventies, the social democratic equilibrium was in crisis, with a full-blown counterattack by capital: falling wages, cutbacks in social provision, downsizing and global restructuring, deregulation, privatization and an ideological swing to the right.

Social democrats found themselves face to face with a tough-minded new conservatism. The victory of social democracy in its heyday was to have successfully convinced its conservative opponents of the merits of its formula; now the opposing pattern set in. In the Scandinavian countries, some attempts were made to chart a different course, most notably with the visionary Meidner Plan in Sweden, which would have moved to socialize the benefits of accumulation through a share levy and the creation of wage-earner funds.³⁶ Otherwise, it was social democrats themselves who were the first to abandon Keynesianism for monetarism, beginning with the Callaghan government in Britain. With Labour’s acceptance of the terms of the 1976 IMF loan, no less a social democratic figure than Anthony Crosland felt compelled to ask: “Even if the Government survives, does it make such a difference if Labour measures can’t be implemented?”³⁷

A few years later the verdict was in. New right-wing governments were installed across the social democratic heartland of northern Europe. In Perry Anderson's summation, "Deregulation, tax reduction, de-unionization and privatization became the main engines of a sustained drive to install a neo-liberal economic framework."³⁸ The terms had been set for the 1980s and 1990s.

We are all familiar with the end of this story. The onset of a long period in opposition for social democratic standard-bearers such as Labour in Britain and the SPD in Germany, coupled with continuing slow growth, high unemployment and falling unionization, led the parties of the Socialist International into a comprehensive accommodation with neoliberalism—albeit one wrapped in soothing social market rhetoric. The result? After long years in the wilderness, social democracy was "the great victor at the *fin-de-siècle* elections,"³⁹ with center left governments in office in twelve

out of fifteen of the countries of the European Union. But recognizable social democratic policies were nowhere to be seen.

In economic terms, these governments largely served to consolidate neoliberalism, and in some cases—Britain, Spain—even to extend it. In political terms, they further eroded their own base. Part of the price for re-entry into government had been the total "transformation of parties that were once built on militants into pure electoral machines."⁴⁰ In Britain, Tony Benn warned of the dangers of creating "a party with a Cape Canaveral-style rocket-launching function, its sole job being to fire the parliamentary leadership into orbit whenever there is a general election . . . [and] fall harmlessly into the Atlantic."⁴¹

Once again, the verdict is in. The so-called Third Way was a "fair-weather formation"⁴² incapable of withstanding the onset of the Great Recession. Those social democratic parties fortunate enough to have been in opposition when the crisis struck are struggling to find their feet and advance a credible alternative to austerity. The Third Way itself now appears in the rear view mirror as a receding and "ultimately insignificant conjunctural oscillation in a cycle of electoral decline or stagnation"—with the unfortunate legacy for today's social democrats that "those elected in the name of effectiveness will be replaced in the name of effectiveness."⁴³ Their economic management credentials already called into question, social democrats may

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find that an instinctive reaching for warmed-over Keynesian solutions will only further undermine their credibility. As Adam Przeworski warned long ago: “An obstinate defense of policies associated with past failures abdicates the ideological terrain to the Right.”⁴⁴

Exit to the Left

Now for the good news: while social democracy may be at an impasse, history is once again on the march. From Cairo to Wall Street and from Santiago to the City of London, change is in the air.⁴⁵ 2011 joined 1848, 1968, and 1989 as a “year of revolution.” More recently, a wave of industrial action has broken out across southern Europe, culminating in general strikes in Spain and Portugal and associated stoppages in Greece, Italy, France and Belgium. A full-scale legitimization crisis is in the making.

The social pain arising from the continuing economic crisis has made it possible—for the first time in decades—to pose questions about capitalism in a serious fashion. But despite this new space for a major public debate about fundamental change, political challenges to the system thus far have been contained by the continuing sense of a lack of viable alternatives.

At the same time, the logic of dead ends has fueled an extraordinary amount of practical experimentation. Taking advantage of the fact that for much of the past decade the US imperial gaze has largely been directed elsewhere (the Middle East, Asia), Latin America has emerged as the epicenter of this innovation, with promising new developments in Brazil, Argentina, and Venezuela.⁴⁶ More surprisingly, in spite of—or perhaps because of—the lack of many of the social democratic features of European countries, a lot of experimentation has also been taking place in the United States. Literally thousands of on-the-ground efforts have been developing.⁴⁷ They illuminate how new community wealth building principles and approaches can work in practice. What is needed—besides more capital to build up the sector over time—is an integrated and strategic effort to bring all this together and show how, in total, it forms the lineaments of a radically different system capable of delivering superior social, economic and ecological outcomes.⁴⁸

Although this self-conscious discussion about a ‘new economy’ is perhaps more advanced in Latin America and the United States, Europe is no stranger to the institutions involved. Indeed, many of them have their origins in the political and economic struggles of the nineteenth- and twentieth-century European labor movement. The birth of the modern

cooperative movement can be traced back to the Rochdale pioneers, and now boasts a billion members worldwide.⁴⁹ In Italy and Spain—both on the front lines of austerity struggles—there are examples that show the power of these institutions when taken to scale in particular geographical locations.

In the Basque region of Spain, the famous 85,000-person Mondragón co-operative network is now the seventh largest Spanish industrial group. It has been an important economic anchor amid the crisis. The unemployment rate is much lower in the Basque country than in Spain as a whole; when Mondragón was forced to lay off workers in 2008 and 2009 they were re-hired by other companies within the cooperative network. Likewise, Emilia-Romagna in Italy's *zona rossa* has given rise to the “Emilian Model.”⁵⁰ The region's cooperative economy now involves over half of the population and has helped transform Emilia-Romagna from one of the poorest regions in Italy in 1970 to one of the ten richest in Europe today.

Those social democrats who have not already given themselves over to the new politics of austerity have not yet identified the ‘exit to the left’ that would join their political fortunes to these institutions and to the new energies unleashed by the crisis. Social democrats are often dismissive of cooperatives and the like—seen as a species of ‘Owenism’ from which they turned aside long ago, or indulged as worthy but irrelevant curiosities. They should think again. No one knows how to reverse the long-term decline of organized labor that has undermined social democratic possibilities. But we *do* know how to build up other institutional power bases that can provide alternative ‘places to stand’ in the twenty-first century economy.

Returns to Capital

Social democracy today is bereft of an economic program. Solutions will be sought in vain in the Keynesian macroeconomic toolbox of demand management. At the same time, the broader left has not yet developed an alternative to an unappealing and discredited state socialism. The rejection of their two major twentieth-century political projects—or, in any case, the realization that they are no longer viable—clears the way for the European left to return to its roots and rediscover the alternative models that are a nearly-forgotten part of its heritage. It is time to contemplate new and alternative forms of collective ownership of capital.

In this regard, the Latin American left is already blazing a trail—although Göran Therborn has raised the question as to whether, from a global standpoint, the continent “is too small a region to light a planetary

beacon” on its own, “even if the social changes now under way are carried to their utmost limit.”⁵¹ However this may be, the slow and steady build-up of democratic wealth-holding institutions provides an obvious avenue for the re-animation and re-radicalization of the left in Europe and the United States as well, through the generation of a new set of economic institutions and political power bases. But this will require a long-term commitment to evolutionary change and a willingness to step outside of the false choices and immediate constraints of crisis management.

In doing this, the assumptions behind austerity must be called into question. It is a deep irony that the Great Recession is unfolding among some of the richest societies the world has ever known. While the relations of production remain contested, the forces of production have been reaching new heights. As Gar Alperovitz and Steve Dubb have noted elsewhere in this volume, the US economy in 2011 produced almost \$200,000 per family of four.⁵² In Britain in the same year, the equivalent number was almost \$150,000; in Germany, it was nearly \$160,000. Even in Greece, going through the agony of austerity, production reached over \$100,000 per four-person household.⁵³ This is wealth enough—especially given the resource constraints imposed by climate change and other emerging limits to unending growth. The challenge is not technological but organizational and political. It is a matter of *systemic design*.

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Work is already underway to flesh out the elements of what a system based on pluralist forms of democratic capital ownership might look like.⁵⁴ That there is political space to be occupied in this regard is increasingly evident. For social democracy, there are ample precedents for such ‘returns to capital.’ Among the most interesting is the Swedish Meidner Plan.⁵⁵ The German-born Rudolf Meidner, chief economist at the Landorganisationen (LO), the Swedish trade union federation, outlined his proposal in the 1970s as a radical response to the two strategic problems facing the labor movement at the time, namely “how to increase the level of savings but not inequality of wealth, and how to ensure that an increase in savings would translate into the kind of investment that would sustain full employment, real-growth, and continued welfare-state expansion.”⁵⁶

Against the backdrop of a solidaristic wage policy, and based on the moral claim that corporate profits derived in part from hidden public subsidy, the

Meidner Plan required that corporations return a significant percentage of their profits to workers as equity. To safeguard capital formation, employees would not have the right to sell their shares but, instead, they would be entrusted to regional public bodies—“wage-earner funds,” or *löntagarfonder*—which would maintain investment for a time (assets accruing to the funds remaining as working capital within the firm) and direct the eventual returns to meet agreed-upon social purposes. This would not only have provided an income stream from capital for underwriting Swedish public spending (thereby easing some of the pressure on taxation) but would also have made it “more difficult for the Swedish banks and multinationals to undermine Sweden’s welfare system by running down their stake in domestic facilities and siphoning off large resources to overseas investments.”⁵⁷

The wage-earner funds, as Donald Sassoon has noted, “amounted to the abolition of private ownership and control by the capitalists themselves.”⁵⁸ Meidner estimated that it would have taken wage-earner funds thirty-five years to acquire 49 percent of the equity of a corporation operating at an annual rate of profit of 10 percent.⁵⁹ But the real beauty of the scheme was that the higher the profits, the faster the socialization. Robert Heilbroner calculated that, “For a company, such as Volvo, that sets aside 20 percent of its profits, the employees’ fund would control 17 percent of the voting stock after five years, probably enough for working control. In twenty years it would have over 50 percent and would be in fact the owning as well as controlling interest.”⁶⁰

We see here the point at which reform spills over into systemic transformation. The original Meidner Plan was accepted in 1976 but the *Sveriges socialdemokratiska arbetareparti* (SAP) lost the election that year, and the plan was subsequently diluted almost beyond recognition, a much watered-down version finally being implemented by the SAP (with the support of the Swedish communists) in 1983. But a full-blown version of the Meidner Plan with repeated share distributions could have made the wage-earner funds master of the economy within decades. That is why, as Robin Blackburn recounts, “bourgeois interests mobilised so energetically against it,” with Swedish business leaders spending “five times more money attacking the plan than the cash laid out by all the parties in the 1982 election.”⁶¹

Interestingly, given where we stand today, the Meidner Plan emerged against a backdrop of economic crisis. As Heilbroner characterized the situation:

[S]ocialization in Sweden would no longer be confined to control over distribution of welfare, where the impetus toward further benefits

seems to have reached its limits. . . . The Meidner Plan would vastly increase the degree of workers' control over their enterprises . . . the future unfolding of socialism . . . would then turn more and more toward the question of workers' involvement in, and responsibility for, production itself.⁶²

Of course, the Meidner Plan—a unique experiment without parallel in other capitalist countries—ultimately failed in its broader objectives. Along the way, however, the limited collective shareholding funds that were actually set up vindicated the position that they would not simply subsidize inefficient production (as opponents had claimed) and demonstrated that, as one LO economist put it, “collective capital can work just as well as other capital owners.”⁶³ In Pontusson's crystallization, “If we are searching for the limits of Social Democracy, this is the place to look.”⁶⁴ In the face of the current crisis, the overall lessons are clear: ultimately, any alternative left strategy has—like the Meidner Plan—to go after capital itself.

Having been dealt out of the game for so long, the left suddenly has everything to play for again. As popular movements and new institutional developments converge, there is the glimpse of a new world in the making. For Europe's social democrats, embracing these possibilities will require abandoning some of the mental furniture acquired from long residence in the house of power. If they are to play their part it will also mean becoming—for the very first time in their conformist history—a political force willing to be as radical as reality itself.

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NOTES

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3. Colin Crouch, *The Strange Non-Death of Neoliberalism* (Cambridge: Polity, 2011).

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Challenges after Neoliberalism, ed. Craig Calhoun and Georgi Derluguian (New York: Social Science Research Council and New York University Press, 2011), 43.

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