Will coronavirus lead to a Social Democratic renaissance in Europe?

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Summary

- Since the end of the Second World War, Social Democratic parties have been at the forefront of building the redistributive welfare states we see across Europe today.
- Over time, their core voter base has become far more middle-class and based on competency, making their vote share more volatile in recent years.
- The Covid-19 pandemic represents a shock to European economies and ways of life, and could increase demand for a strong welfare state.
- But economic and social shocks do not necessarily mean the public vote for left-of-centre parties. Social Democrats broadly failed to exploit the 2008 financial crash and must learn the lessons from it.
- Social Democrats must focus on (re)establishing competency, appealing to grievances generated by the pandemic that comprise a winning coalition, and making a policy offer that is both credible and ambitious.

There is little precedent for an institutional shock as deep as Covid-19. Arguably, the last time Europe saw disruption on this scale was the Second World War, the aftermath of which saw the forging of a new Social Democratic settlement across the continent. Social Democratic Parties saw unprecedented levels of electoral support and reshaped the nature of European states.
Covid-19 shares similarities in terms of institutional shock. In Europe and around the world, we have seen people turn to the state for protection; government involvement in day to day life has increased, and public spending has skyrocketed in attempts to attenuate the impacts of a global economic downturn. Andrew Bailey, the Governor of the Bank of England, predicts that there will be a “structural change in the economy” coming out of the pandemic, ranging from increased home working through to swathes of businesses no longer being “viable” (Robertson, 2020). As existing IDRN research has noted, exposure to the virus and its economic fallout will follow clear class, gendered and ethnic lines (Ramazzotti & Formisano, 2020).

![Figure 1: Top 20 coronavirus spending packages (BBC, 2020)](image-url)
On paper, these are highly favourable conditions for Social Democratic, redistributive politics to come into its own. Unfortunately, the reality will not be this simple. After the 2008 Financial Crisis, millions of Europeans lost their jobs or found themselves in low paid, temporary work. Governments across the continent imposed sharp public spending cuts with damaging consequences for social welfare. Despite all this, Social Democratic parties did not systematically prosper, and welfare states did not fundamentally change (Keating, 2013). This is largely because the support coalitions that underwrite left-of-centre parties have gradually shifted, away from class-based redistribution in the 1940s and towards middle-class social liberalism today (Gingrich & Hausermann, 2015).

So, as we settle into a new post-pandemic equilibrium, will a new Social Democratic coalition be formed? The answer will depend on three key factors – **competency, grievances, and ideas**. Firstly, how the incumbent government responds to the pandemic will be crucial for their short to medium term future electoral success, regardless of party. Secondly, the extent to which a country’s coronavirus response generates distinct groups of winners and losers, and the extent to which these groups can bind together under a Social Democratic banner, will be crucial. Finally, the appeal and feasibility of Social Democratic ideas might depend a lot on the proposals of other parties. Where other parties propose radical solutions, we might see a transition to more Social Democratic institutions without Social Democratic parties reaping the electoral benefit.

The overarching message, however, is that a progressive, egalitarian and environmentalist institutional settlement will not come about by itself. Political parties will play a crucial role in rebuilding Europe’s economies for the better, and their success is far from certain.
What is Social Democracy?

Broadly speaking, Social Democracy is a left of centre political ideology that seeks to combine the redistributive benefits of socialism with the economic benefits of capitalism. Capitalism creates wealth but has high accompanying social costs, for which the state compensates. Markets, and their impacts on our behaviour, are not seen as ideologically necessary or a fundamental part of human nature.

Social Democratic institutions are universal, following the logic that everybody pays higher taxes, so can expect more back from the state. Typical universal institutions include free education (school and university), healthcare and state pensions. But it can go further than that, since the state can seek to act as an equaliser in other areas of life. For instance, Clement Atlee’s post-war Labour government harmonised town planning laws and oversaw an intensive construction of council houses. Social Democratic institutions ultimately seek to decommodify citizens, allowing an existence not solely dependent upon the labour market. The logic then follows that, without constant risk, people are able to work more productively, make longer term decisions and do work they find fulfilling.

A case in point is Sweden’s generous parental leave policy, under which parents are given a combined 18 months of paid leave, of which at least 3 must be used by each parent (Försäkringskassan, 2020). The policy aims to normalise men taking similar length parental leave to women, and hence to start closing the gender gaps that having children can so often induce. Yet this reaps the enormous economic benefit of women’s increased presence in the workforce, as well as equalising social outcomes.
As can be seen, Social Democracy is a holistic socioeconomic system. Whilst such systems exist to varying extents throughout Europe, and are usually the legacy of particular Social Democratic parties’ period(s) in office, a country can convincingly be a Social Democracy whilst having a non-Social Democratic government. Socioeconomic systems are entrenched, encompassing multiple aspects of life in a country such that they cannot be quickly undone by a single government and take decades to build. Much of the Swedish welfare state, for example, was built during the Social Democratic Party’s (SAP) continuous period in office between 1932 and 1976.

Elsewhere, as Social Democrats oscillated in and out of power, cross-party consensus was forged over certain policy areas. In some cases this was in line with Social Democratic thinking, such as the normalisation of the principle of the welfare state and high social spending. In other cases, Social Democrats moved to new positions outside their comfort zone, such as diverting away from Keynesian economic policy and, later, restricting immigration (Esman, 2002; Mudde, 2019).

This paper talks about Social Democracy in the sense of institutions, since this impacts citizens’ lives far more than which particular party is in government. But Social Democratic Parties are the historical agents of such institutions, so we cannot neglect their importance. A Social Democratic response to the pandemic, on a post-war scale but with more modern attitudes towards gender, minorities and the environment, is what is needed to rebuild.

To understand generally how institutions might take a social democratic turn, I analyse how Social Democracy succeeded after WW2, but did not take hold after the 2008 financial crash. I then speculate about its future in a post-pandemic Europe.
All about class and redistribution? The post-WW2 Social Democratic renaissance

Social Democratic parties (SDPs) in Europe were at their most systematically successful in the three decades following WWII. Some parties saw success following the Great Depression in the 1920s, but this was generally limited by underdeveloped party structures. Clearly SDPs have won elections since the 70s, but not in a way that has proved as sustainable. Compared to the post-war period, we live in a fundamentally different ideological environment in which voters connect with parties in very different ways.

But how did this ‘wave’ of success come about? General explanations in political science focus on the role of social cleavages, the groups that divide society. To be clear, with generality comes a loss of specificity, and detailed historical accounts might provide better explanations of country-specific cases. But at a comparative level, there are a few broad trends we can spot.

The industrial revolution created a key dividing line between those who worked and those who owned capital. Social democratic parties appealed

Figure 2: Democratic Party Vote Share in Western Europe since 1945 (Hanretty, 2015)
to industrial workers’ preferences, which were relatively homogenous across urban areas of countries, by offering greater workplace rights and a more expansive welfare state. Early SDPs were not just ideological - through tight affiliation with trade unions, local parties would organise social events and be heavily involved in the lives of members. Just as backroom church socials were a prime source of mobilisation for early Christian Democratic parties, the workplace was itself a social network for the early SDP. It hence followed that working-class voters tended to vote for them.

For a while, this was sustainable. European economies were still somewhat industrial and trade unions were strong. Long-term economic growth meant that continued increases to public spending were viable, as government spending stopped being seen as a post-war stimulus and more of a permanent fixture. But over time, as the nature of society and the economy changed, this approach became less successful.

Firstly, (Western) Europe’s nations began to transition to service economies, staffed by a new generation of voters who had been better educated and had better health, courtesy of the expanded welfare state. Women began entering the workplace, with parties starting to appeal to their distinct economic preferences. A minimum level of support from the state was normal for everyone, so voting for left wing parties to insure against personal risk did not make much sense. Instead, other ‘post material’ issues, like free speech or the environment, became more important. Finally, and far more suddenly, the oil crisis of the early 1970s pushed Europe into a heavy recession. As public spending cuts and a turn towards free-er markets followed, the legitimacy of Social Democratic ideology, and the resultant cross-party consensus, was under question (Keating, 2013).

To win in such a context, SDPs sought to win over the expanding middle class. SDPs began offering more targeted forms of welfare, such as pay rises for
the public sector or childcare provision, to win over a particular segment of middle-class voters. Right wing parties offered more redistributive politics to ‘insider’ members of the working class, like Thatcher’s famous sell-off of council homes. SDPs adapted to the new neoliberal economic consensus and sought to compete with their right-wing competitors more in terms of competence, implicitly accepting the new rules of the game. To counter the declining working-class vote, many SDPs showed a “streak of social authoritarianism” by becoming more openly hostile to immigration, in response to first moves by other parties. It is important to note that this is an anathema to the initial Social Democratic ideology, which sought to elevate the status of all workers, not just those who happened to be white and of shared nationality. It was also a reversal of the burgeoning environmentalist rhetoric of many SDPs, which saw a chunk of voters switch to rising green parties (Mudde, 2019).

By the time of the 2008 financial crash, SDPs were in mixed states. So-called ‘third wave’ politicians, such as Tony Blair and Gerhard Schröder, had strong success in the late 1990s and early 2000s. In 1998 Social Democrats governed all of Western Europe except Spain, Norway and Ireland. But the support base underpinning this success was nowhere near as loyal as in years gone by. Blair and Schröder had lost around 4 million votes each by 2005, with Schröder losing office and Blair hanging on through Britain’s winner-take-all electoral system. In 2006 the Swedish Social Democrats received their lowest vote share since WWII, losing power to the centre-right coalition. This was by no means a disaster for Social Democrats in Europe. But rather than regularly winning 40% of the vote, governing now seemed possible only through one-off landslides, or through tenuous coalitions. The loyal support base had eroded, and instead volatility was the new game in town.
The dog that didn’t bark at night: Mixed performance after the 2008 financial crash

After the 2008 financial crash there were hopes that left-wing parties would see a revival in fortunes. As people lost their jobs, inequality worsened and public services were cut, Social Democracy would logically regain its appeal. But, as we have already seen, the support base propping up SDPs was fundamentally different to the post-war period.

Perceptions of economic competence damaged many incumbent parties. The UK Labour Party was successfully, but inaccurately, blamed by the Conservatives for the global economic downturn. Governments from Spain to Greece to Slovenia were badly hit.

Some of this might be a general incumbency effect, with voters punishing or rewarding whichever party happened to be in government at the time. But it’s not the whole story. Across Europe Social Democrats fought hard to prove their economic credentials – the economy was not their strongest issue and they were not as trusted as on, say, healthcare or workers’ rights. When some SDPs offered uninspiring policy responses to the crash, their brand was severely damaged (Bailey et al, 2014). There are strong analogies with the collapse of many leftist parties across Latin America after implementing fiscal austerity in the 1980s (Lupu, 2016). Having lost the ‘competency’ vote, Social Democrats became stretched on both sides. Moving away from an environmentalist agenda meant losing permanent support to the Greens. Anti-immigration rhetoric did not convince radical right supporters, most of whom never voted for SDPs anyway (Rydgen, 2018). Having overly equivocated on social issues, Social Democrats were not trusted by either side. Having overseen or offered minimal response to a global Financial Crash, the economy was not a particular strongpoint either.
This demonstrates that a recession, job losses and cuts to public services do shake up the existing institutional structure, but do not necessarily lead to leftist gains. Social Democrats lost out on competency, lost their winning coalition and lost the battle of ideas. This leads to important lessons for how to act in the post-pandemic era.

**Coronavirus and the Future**

With all of that in mind, we can turn to Covid-19 and its political fallout. For the reasons discussed above, it seems unlikely that SDPs will see large, systematic boosts in support following the pandemic. But there are a number of opportunities that they might be able to exploit going forward. Furthermore, in the right circumstances a more Social Democratic welfare state might arise irrespective of SDP success.

Firstly, incumbency effects could prove to be incredibly important. Most governing parties have seen a poll boost since the pandemic began, at least where their response to the pandemic has been perceived to be strong. This is complicated by subnational political structures that distort responsibility attribution by voters, but almost everywhere, from Sweden to Germany to Canada to New Zealand, the government has seen a sustained boost. This is very much an incumbency effect, since parties of all creeds seem to be receiving electoral benefit. Whether it lasts until the next election is uncertain, but strong management of the pandemic is a sure-fire way for a party to demonstrate competence to voters. Likewise, where things do not go well, it is a fertile breeding ground for the opposition to pick up votes. Where in government, SDP success rests on a strong response, such that their party’s brand is not tainted indefinitely. Where in opposition, SDPs must push for radical solutions and influence the development of the welfare
state either by winning themselves, or by cajoling other parties into adopting the same ideas.

Secondly, country-specific socioeconomic grievances generated by the pandemic must be thoroughly understood. Just as the transition from industrial to service-based economies transformed the social democratic voter base, the sudden shift to new modes of working might have similarly profound effects. If millions of Europeans find themselves working regularly from home, issues of affordable housing, building regulations and local infrastructure become paramount. As essential workers continue to work on the front-line, how does the state reward and protect them for their efforts? As the young and newly unemployed face difficulty finding jobs, what does the government offer? Like any shock issue, Covid-19 will create multiple groups of winners and losers. Success comes when parties can coalesce enough of these groups together.

This comes to the final point: ideas are important. Whilst it is essential that SDPs speak with competency and strategically appeal to a large enough coalition of voters, policy proposals must have some basic ideological appeal. Social Democrats have an advantage on welfare issues — after all, many European welfare states were created by them. But without unique and ambitious solutions, or with proposals that are not as robust as those offered by competitors, sustainable success is unlikely to follow. It might well be the case that COVID leads to the creation of genuine new parties to fill the political void. Existing centre and centre-right parties might adopt Social Democratic policies themselves. Maybe no party steps up to the plate, and disillusioned populist and identity politics follows. But this is not a necessary outcome, and timidity should not hold politicians back in the current circumstances. By doing nothing, Social Democrats have the most to lose.
Conclusion

The message of this article is that institutional change has complex causes. A shock event, like a global pandemic, does not easily lead to a desirable political response. Europe is very much at a critical juncture. But the message is not all bad - with careful strategy and ambitious ideas, there are paths for political parties to build inclusive institutions fit for the post-pandemic era. Social Democratic ideas, whichever party adopts them, will need to be updated for the modern day. But in the right circumstances, with careful implementation, they could define Europe’s future.
References


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