



FREEDOM



SOLIDARITY



JUSTICE

BASICS ON SOCIAL DEMOCRACY



Support and
Cooperation



Democracy
and Pluralism



Knowledge and
Life-Long Education

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Basics on Social Democracy

by
Thomas Kastning

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Introduction

The Friedrich-Ebert-Stiftung (FES) was named after Friedrich Ebert (1871-1925), who was the long serving chairman of the Social Democratic Party of Germany (SPD) and the first democratically elected President of Germany. Since the establishment of the foundation in 1925, FES has been strongly committed to the same values as Friedrich Ebert himself: the values of social democracy.

But what is social democracy? What is the difference to liberalism and conservatism? To which ideology does my government belong?

Though there are as many definitions of social democracy as there are social democrats, this brochure aims to give an introduction to this political ideology to which so many people from Sweden to Ghana and New Zealand are committed. Hopefully, this brochure gives you an insight into the characteristics of social democracy.

Today's social democrats promote first and foremost a society in which members can lead a free and just life under all circumstances. Therefore, fundamental rights, as for example the freedom of speech, have to be legally ensured and secured by the executive branch of government. But what if a person is not educated and cannot read or write? The freedom of speech does not help much, if one cannot make use of it. Since the tangible outcome of fundamental rights often depends on the social and economic situation of the individual, social democrats call for the implementation of social, economic and cultural rights. They believe that it is not enough to legally ensure fundamental rights. In order to ensure all citizens a free and just life, rights have to be actively promoted and implemented.

Like all political ideologies, social democracy has been the topic of many discussions, developed through time, tested under various conditions and by various people, and has altered according to local circumstances.

The first chapter therefore gives a short introduction into the history of social democracy. The central values, which have framed social democratic policies throughout time, are explained in the second chapter.

The third chapter summarizes the comprehensive political theory of Thomas Meyer, which combines numerous strands of the debate on social democracy. Topics such as the responsibility of the state or the relationship between the state and market capitalism are dealt with. The fourth chapter will give a general overview about the discussion on the relationship of Market and the State in the lights of Social Democracy. In order to give the theoretical approach of this brochure a clear link to worldwide daily politics,

“But what is social democracy? What is the difference to liberalism and conservatism? To which ideology does my government belong?”

the fifth chapter introduces different models from industrialized and developing countries and examines to which degree they implement social democratic elements. Finally, the sixth chapter will explain the differences to other political ideologies in order to highlight to which extent the ideologies differ.

The scheme of this brochure follows the book 'Foundations of Social Democracy' by Tobias Gombert among others.¹ In a few cases it adopts expressions and sentences as they stand. But despite some parallels, this document will provide different content as well as arguments contradicting those of previous papers on this topic.

“The first chapter therefore gives a short introduction into the history of social democracy. The central values, which have framed social democratic policies throughout time, are explained in the second chapter.”

¹Bläsius, Julia, Tobias Gombert, Christian Krell, Martin Timpe (2009), translated by James Patterson, *Foundations of Social Democracy*, Friedrich-Ebert-Stiftung Berlin.

1. History

The theory of social democracy mainly arose in central Europe and especially in Germany during the 19th century. During that time, Central Europe consisted of a strictly unjust society, with a rich upper class of industrialists and Noblemen on the one side and a huge labor force, which worked under harsh and brutal conditions, on the other. Supporters of the idea of a more equal society referred to various political theorists, such as Karl Marx (1818-1883), Ferdinand Lassalle (1825-1864), Eduard Bernstein (1850-1932), and John Stuart Mill (1806-1873) amongst others. The umbrella term for all supporters of a more just and equal society was 'socialists'. A clear division between communists, democratic socialists or social democrats was not yet possible. During years of heated political discussions, distinctions between the political movements began to form. It was not until after World War I (1914–1918) that social democracy started to be recognized as a separate ideology. The main differences to other political groups were their belief in the superiority of political reform to create a democratic state, as opposed to violent revolution to overcome an oppressive system. While the 'revolutionary' side wanted to overturn property relations and the constitution of the state in order to achieve a new society, the reformist social democrats wanted to develop the contemporary society and its constitution by means of democratic reforms. Trade unions, strong workers' representation, and a parliamentary democracy were social democratic instruments to achieve a better society.

After some promising years (e.g. with a social democratic President in Germany) the continent experienced a wave of anti-democratic governments that finally ended in World War II (1939–1940). During this period, only a few countries (USA, Britain, France, and parts of north-western Europe) held onto democracy at all, and as a consequence, social democracy lost much of its political presence.

The end of the Great War was a victory for democracy, as the major victors USA and Britain helped to rebuild democratic structures throughout continental Europe and Japan. Social democratic parties dominated the direct post-war years in several continental European states, as well as England, Australia, and New Zealand, in which the Labour Parties were in power. But even in West-European countries with conservative or liberal governments, social democratic elements were integrated in the new constitutions. More extensive welfare systems and improved workers' rights are examples of traditional social democratic demands which found their way into the popular politics of many parties.

While Western Europe experienced a democratic development, Eastern Europe states turned into totalitarian regimes. As these non-democratic 'people's democracies' called themselves 'social' or 'socialists', social

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democratic parties had to clearly distinguish themselves. A huge congress of the 'Socialist International' took place in 1951 in Frankfurt and the resultant declaration opposed any form of Bolshevik communism and Stalinism. The Socialist International is to this day the biggest socialist organization, with 115 parties from all over the world. The members' political views range from social democratic to labor political; and they must be clearly distinguished from the term 'socialism' as it was interpreted by the former Eastern European states. For a more detailed distinction between socialism and social democracy read, e.g., the chapter 'Different Political Ideologies'.

The Social Democratic Party of Germany (Sozialdemokratische Partei Deutschlands – SPD), has led the German Government several times. The last German social democratic chancellor was Gerhard Schröder (1998-2005), who became famous for his refusal to cooperate with the U.S. for the invasion of the Iraq. Since the publishing of the official party program in 1959, the SPD has become a 'catch-all party'. The Friedrich-Ebert-Stiftung as an independent organization promotes social democratic values and is close to the SPD, but yet independent.

In the process of delimitation to eastern communism, European social democracy created a clear and constructive ideology that plays a key part in the development process of the European Economic Community till this day. Besides conservative and liberal policies, social democratic elements are a core part of Europe's political structure.

With the process of decolonization and the following democratization, social democracy found its way into numerous countries around the world. Many parties throughout Africa, Asia, and South America call themselves social democratic, stand for social democratic values, or implement traditional social democratic elements. These values will be addressed in the next chapter.

2. Core Values

The call for freedom, equality, justice and solidarity originates in old humanistic thoughts. It is central for the Christian idea of man, it has been the battle-cry of the French Revolution, it is reflected in the legal foundations of the United Nations, the UN's two Human Rights Covenants of 1966, and finally it also forms the core values of social democracy.

The core values of a political ideology constitute its political compass. As the interrelated ideas freedom, equality, justice and solidarity are relatively open to interpretations, institutions which declare them as their values must likewise define them. Such definitions constitute the theoretical framework which is the basis for political action. Social democratic parties or organizations, like FES, therefore have to find ways to put freedom, equality, justice and solidarity into practice. This is hardly possible without international cooperation, as this world becomes more and more globalized. With projects in about 95 countries, FES has taken up this challenge.

Freedom

Without doubt, freedom is one of the most discussed terms in the humanities. Various important thinkers have defined the term and have developed different aspects. One basic accepted definition is: free persons have the possibility to make un-coerced decisions. But what is coercion and how can a coercion-free society be guaranteed? What if the free decision of a person restricts the freedom of another?

Our current understanding of freedom is rooted in the Age of the Enlightenment (17th-19th century), when philosophers were arguing against inequality between different society groups. The European society in that time had a clear hierarchical order. Farmers had far less political and legal rights than royalty, or even merchants. This order was generally believed to be God-given. However, philosophers like John Locke (1632-1704) interjected and claimed that these rights needed to be safeguarded by societal regulations.

“One basic accepted definition is: free persons have the possibility to make un-coerced decisions. But what is coercion and how can a coercion-free society be guaranteed?”

“It is not only about securing negative freedoms but ensuring what is called 'positive freedom'.”

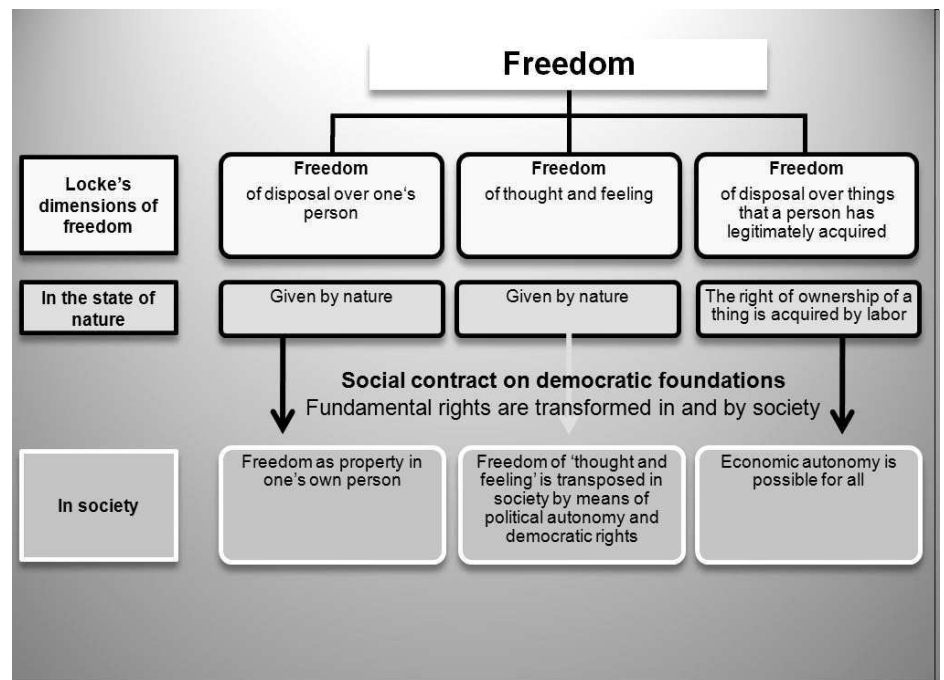


Chart 1: Locke's concept of freedom

John Locke's theory was mainly criticized on the question of how freedom can be realized. How can freedom be guaranteed for everyone? What exactly is meant by a social contract? In a less philosophical way, these questions remain part of the public dialogue in every democracy. Fundamental freedoms, like the freedoms of religion, expression and association are nowadays in most countries guaranteed by a constitution. Constitutions are a written form of social contracts. Every member of a society has to agree to live by that contract or the person will be prosecuted. Constitutions and the cooperating executive forces secure that, e.g., nobody is hindered in exercising his right to practice his religion or publish his opinion.

These rights are referred to as 'negative freedoms', because they are the freedoms not to be restricted by another person. But is the legal framework of a constitution really enough to guarantee everyone a free life?

Already in 18th century, Jean-Jacques Rousseau (1712-1778) questioned to which extent freedom depends on one's wealth, power, faculties, and education. He took a radical stand and said that a society without any social inequalities, combined with broad democratic participation, is the prerequisite of freedom. Most democracies around the world choose a more moderate approach than Rousseau did, but the topic of how a lack of education or wealth can limit the freedom of individuals remains present.

In contrast with many liberals, social democrats believe that freedom has financial and social preconditions. It is not only about securing negative freedoms but ensuring what is called 'positive freedom'. What does the legal right to publish your own opinion help, if you cannot write or do not speak the proper language? And what helps the right to go to school, if the school

fees exceed your financial capability? Are you free to study? Only basic education and financial security can enable some freedom of choice.² Apart from the legal framework and the preconditions, the limits of freedom are of great importance. Imagine this situation: you want to have a big party with loud music. This is your right as a free person, but your neighbor complains because he/she wants to make use of his right to have a quiet night and sleep. So whose freedom is more important? Many countries answer this question by having a law against 'disturbing the peace', which regulates the level of allowed noise within certain times of the day. This is an example of how the state restricts and regulates the freedom of its citizens. Total freedom for everyone within a society is impossible because the interests of individuals often contradict each other.

Several philosophers have recognized this important point. Charles de Montesquieu (1689-1755) said: "Liberty is a right of doing whatever the laws permit; and, if a citizen could do what they forbid, he would be no longer possessed of liberty, because all his fellow-citizens would have the same power."³

According to the philosopher and economist John Stuart Mills (1806-1873), freedom finds its limits where another person is done harm. In the case of the loud music, J.S. Mills therefore would justify the law against disturbing the peace. But what if the neighbor in the example does not complain because of loud music during nighttime, but because of the smoke of a barbecue during daytime? Not every conflict between individual interests justifies a new law. In this second example, most courts would judge that a smoky barbecue does not strongly enough restrict the neighbor's right to live a smoke-free life.

And what if the neighbor complains because of a new, noisy train station next to his house? In this case the benefits to society would be recognized as more important than the suffering of the individual.

For the German philosopher Immanuel Kant (1724-1804) the limits of freedom are not defined through laws. It is the other way round: the limits of freedom are moral in nature and result in laws: "Act only according to that maxim whereby you can at the same time will that it should become a universal law!"⁴

Social democrats in every society should actively promote freedom. Freedom must be legally ensured and effectively guaranteed. Similarly important is that every person is given the opportunity to exercise these freedoms. This requires social institutions that make it possible. Besides institutions, individual behavior is equally important to ensure freedom. Education is therefore an important key.

In summary, it can be said that freedom in a society requires the possibility that everyone has the opportunity to realize his or her goals.

"Liberty is a right of doing whatever the laws permit; and, if a citizen could do what they forbid, he would be no longer possessed of liberty, because all his fellow-citizens would have the same power."

Equality and Justice

In addition to the famous motto of the French Revolution (1789), 'freedom,

²Chapter 'Thomas Meyer's Theory of Social Democracy' provides detailed information on negative and positive freedom.

³Montesquieu, Charles de Secondat (1989), *The Spirit of the Laws*, edited and translated by Anne M. Cohler, Basia Carolyn Miller and Harold Samuel Stone, Cambridge University Press: 212f.

⁴Kant, Immanuel (1963), *Grundlegung zur Metaphysik der Sitten*, in: *Kants Werke in sechs Bänden*, edited by W. Weischedel, Vol. IV, Darmstadt: 51.

“Opponents of state support might argue that if the state supports children from poor families in order to give them equal opportunities to a good education, this would be unequal distribution of state property.”

equality and solidarity' (liberté, égalité et fraternité), justice has been added to the core values of social democracy. Whether it is a distinct fourth value, a replacement, or an extension of the term 'equality' is debatable. Nevertheless, it has become standard to speak 'freedom, justice and solidarity' as the core values of social democracy.

The call for equality during the French Revolution was an insurgency against the hierarchically conceived society, which was divided into different estates of the realm. The revolutionists demanded equal rights under the law, such as fair litigations or voting rights. They demanded that social origin, along with religion and race, should no longer be grounds for unequal treatment.

Even though nowadays most democratic states have articles in their basic laws which state something alike to “All human beings are born equal in dignity and rights”, and though most states have signed the Universal Declaration of Human Rights which implies equality under the law, reality often looks different. Discrimination against, for example, religion or race remains a worldwide problem, and therefore the call for equality under the law has not lost significance.

Apart from equality under the law, 'equality of opportunity' is an important demand of social democrats. It includes, for example, the access to jobs and health care, and most importantly the right to education. These rights should be independent of gender, origin, sexual orientation, religion, health, and economic status. Underprivileged members of the society, such as poor or disabled, must receive governmental support in order to give everyone a chance to participate under all circumstances in society.

Opponents of state support might argue that if the state supports children from poor families in order to give them equal opportunities to a good education, this would be unequal distribution of state property. Should not everybody get the same amount of support to preserve equality?

Here, the social democratic interpretation of 'justice' becomes important for the debate. Undoubtedly, one could argue that a completely equal distribution of state funds is just. But automatically most people would answer: “No, it's unfair, unjust, if a millionaire receives the same governmental support as a beggar.” The concept of justice is subject to numerous qualifications. What is just is interpreted differently by every political ideology and has to be established by societal negotiations.

The philosopher John Rawls (1921-2002) asks his readers to imagine being a member of a group of persons who neither know their own skills nor their wealth. This group is asked to devise and negotiate a form of societal organization and formulate basic principles for a new society. None of them knows what position he/she will occupy in this fictive society – it is possible to become a beggar or a millionaire. Under these conditions, Rawls argues, the persons would choose a fairly equal society; one that protects the worst off, as everyone is afraid to have bad luck.

He claims that the group would adopt two principles which would organize the distribution of social advantages and the allocation of rights and duties. The result of the groups' agreements would be the framework for a just

society.

Principle 1

“Each person is to have an equal right to the most extensive scheme of equal basic liberties compatible with a similar scheme of liberties for all.”

Principle 2

“Social and economic inequalities are to be arranged so that they are both:

a) to the greatest benefit to the least advantaged, consistent with a just savings principle, and

b) attached to offices and position open to all under conditions of fair equality of opportunity.”⁵

If these are the principles most people would agree upon, the findings of this thought experiment have moral weight. In the context of a political ideology Rawls's theory has important consequences: an unequal distribution of goods is only just, if everyone will benefit from it, including the weakest. A progressive taxation for example can be justified with Rawls's theory: if person A earns more than person B, this is an unequal distribution of goods. According to Rawls, the difference in wage can only be justified, if the weakest (person B) benefit from it. A common way to organize this is to tax person A's income and use his money to the benefit of society. To which extent such a redistribution of wealth has to take place highlights one of the main distinctions between different political ideologies. Every society and political party that seeks for justice has to constantly work on the following question: how unequal can a society be without being unjust? In this discourse two different dimensions have to be considered. They are the dimensions 'equality of social and material goods' and 'equality of opportunity'. Obviously, they go hand in hand: no opportunity for education leads to little chance of wealth. Sadly, in many countries around the world, this is also valid the other way round: little wealth leads to no opportunity for education.

In the recent debate, 'recognition' has been added as a third dimension. The stigmatization of the unemployed in many societies might exemplify this third aspect of justice. The social exclusion of unemployed takes place due to their lack of wealth. Studies confirm that the lack of respect of society for people without income has strong negative effects on them. The worst off feel that they live in an unjust society, not only because of a huge gap in wealth, but also because of their low social status.

In order to deal effectively with existing inequality and injustice, a needs-based approach has to be implemented. A society that aims for justice should always consider what the underprivileged and the worst off need. Without doubt, achievements of well-off members of the society must be acknowledged; and social democrats clearly accept the distribution of income and property according to achievements. (Everything else would be close to communism.) But a just society should always be concerned with what the social situations of its members require. Food, education and health care are goods that every society worldwide should try to supply its poorest members in all situations. The exact conditions have to be debated according to the specific countries and under the specific conditions. In the

“Sadly, in many countries around the world, this is also valid the other way round: little wealth leads to no opportunity for education.”

⁵ Rawls, John (1979), A Theory of Justice, revised edition, Harvard University Press: 81, 336.

process of negotiations, especially social democrats will always demand social justice. However, it is never a mistake to remember Rawls's thought experiment: how would you decide, if the chances are high to become one of the impoverished of the society soon?

Justice stands for equal opportunities and equality before the law, regardless of the background, wealth and gender of an individual.

Solidarity

The concept 'solidarity', as one of the three social democratic core values, is probably the least discussed. Unlike justice and freedom, solidarity is not an important term within the humanitarian discourse.⁶ Nevertheless, the idea dates back to ancient times. Already the bible requests a universal solidarity, called charity, in the form of an unlimited loving kindness towards all human beings. Charity does not only embrace a specific group or society but the whole human race. In a more political context, solidarity is used as a description of the ties within a concrete group (e.g. a society). These ties usually exist because of a similar mode of life and shared values. Solidarity means assistance and support between the strong and the vulnerable, the rich and the poor, and the old and the young. This readiness to stand up for each other often exists within families. Social democracy demands to extend it to a societal level.

Though actions of solidarity are mostly selflessly motivated (if altruism is possible at all), they are surely often combined with some degree of self-interest. For instance, the much postulated solidarity between the more economically developed countries and the developing countries results, on the one hand, in a sharing of wealth, and on the other, it is a way to secure global peace and trade through which the economically developed countries profit. Another example is: if a rich becomes poor, he/she needs also help. Therefore solidarity is also important for the future individual "security".

In the organization of modern states, solidarity has played a substantial role. Tax-funded welfare policy relies on it. The social insurance schemes (protection against unemployment, health-care, pension) are joint financed programs, which provide security for the individual and help to ensure equality of opportunity. This is an institutionalized form of solidarity.

The first social insurance schemes arose when the processes of industrialization and urbanization forced people to leave their villages to search for work. As a consequence families were separated and the former social insurance system which was based on the family structure did not function anymore. Traditionally, young family members insured the survival of the old and the rich cared for those who had less fortune. Because of the ongoing socio-economic changes in the 19th century, institutionalized social insurances schemes had to take the place of the traditional family structure. They are the practical expressions of the peoples' insight that the concept of solidarity had to be extended from the family to a societal level. The will to form a more just society and the fear to end up on the bottom part

"But a just society should always be concerned with what the social situations of its members require. Food, education and health care are goods that every society worldwide should try to supply its poorest members in all situations."

⁶ The concept of solidarity is similar to the call for 'fraternité' during the French Revolution.

of an unjust society are still today good arguments to behave solidly.

However, people who feel responsible for the well-being of all community members, out of whatever motivation, form the base for the political work of social democrats. In a more and more globalized society solidarity must not only be organized on a national but also on an international level.

Solidarity describes the will to assist each other because one sympathizes with others and to provide support between the generations and people.

“The social insurance schemes (protection against unemployment, health-care, pension) are joint financed programs, which provide security for the individual and help to ensure equality of opportunity.”

3. Thomas Meyer's Theory of Social Democracy

We have examined the core values of social democracy, but as such philosophical terms only form the basis of an ideology, we must take a closer look at a more concrete theory of social democracy and its normative foundation. We shall take the theory presented by the German political scientist Thomas Meyer.⁷

Meyer's initial question asks for the relationship between democracy and market economy. He argues historically that democracies have come into being mainly in direct connection with the emergence of free markets. According to Meyer, market capitalism is a condition of the emergence and stability of democracy. On the other hand, he sees a counteractive relationship, because free markets tend to undermine democracy. This notion is seemingly contradictory, but it can be explained.

Democracy is first of all a form of governing power which is derived from the equal political rights of all members of a society. Equality and justice are therefore inherent in the democratic system and a precondition for the implementation of the democratic principle. Market capitalism on the other side leads by its own definition to inequality, as the market's basic principle is competition, which automatically results in losers and winners. If the economic competition would have no influence on the social and political life, one could argue that economy does not affect democracy. But economic inequality also results in unequal access to power and uneven distribution of opportunities to participate in society and democracy. It does not lead to strong inequality before the law as formal, protective rights (negative liberties) are not influenced by the economic system. But opportunities to participate in society (positive liberties) are constrained by economic competition.

For example: losers of the market competition, people without money, cannot afford the education of their children. Their children have all rights before the law, but as completely non-educated persons, they cannot fully participate in society. Though they have the (negative) right of freedom of expression, they cannot exercise it, as they do not know how to read or write.

Negative civil rights cannot be valid and effective for all if not supported by positive civil rights. They can only be effective for all, if positive civil rights are ensured.

“But economic inequality also results in unequal access to power and uneven distribution of opportunities to participate in society and democracy.”

⁷ Meyer, Thomas (2005), *Theorie der Sozialen Demokratie*, 1st edition, Wiesbaden.
Meyer, Thomas (2006), *Praxis der Sozialen Demokratie*, 1st edition, Wiesbaden.

Negative liberties and rights

protect the individual against the encroachment of society. They are *against* the restriction of freedom. They include, e.g., freedom from violence, freedom of speech, and the right to private property.

Positive liberties and rights

enable individuals to exercise their civil rights and liberties. They request to *support actively* the freedom of the individual. They include, e.g. education for every one or financial support of underprivileged.

Box 1: Positive and negative rights and liberties

“The tension between market economy and democracy, and the tension between global businesses and national politics require intervention.”

While the recognition and implementation of positive liberties and rights can help to reduce the problematic tension between the automatic inequality of a market economy and democracy's principle of equality, other factors of market capitalism also jeopardize democracy.

The worldwide process of industrialization has produced some gigantic companies. Due to the economic importance of these global players, governments have to cooperate with them. Such cooperation regularly leads to cases and structures of non-democratic political decision making. For example, questions on natural resources or financial strategies are often strongly influenced by global companies, while the national democratic participation is overruled.

Both, the tension between market economy and democracy, and the tension between global businesses and national politics require intervention. As democracy and market economy are mutually dependent, this tension cannot be abolished but only shaped. The questions, “What are the limits of inequality in a society?”, and “How to restrict business influence on politics?” are answered in different ways by all political ideologies and parties. While theories of liberalism mainly concentrate on negative rights and liberties and tend to be against restrictions of the economy, theorists of social democracy believe in a balance between negative and positive rights and liberties.

In all democratic countries the relationship between market and democracy has been subject to constant debates, which resulted in laws and regulations. (Besides existing laws, political decisions regularly redefine or adjust this relationship.) These laws are made to ensure various fundamental rights and freedoms of the country's citizens.

The most prominent wording of a law is the International Bill of Human Rights, consisting of the two international UN covenants on fundamental rights and the Universal Declaration of Human Rights. Each covenant ('International Covenant on Economic, Social and Cultural Rights' and 'International Covenant on Civil and Political Rights') has been ratified by more than 160 countries; though the realization is sometimes in disarray, they are valid for the citizens of all ratifying states. However, most basic laws of democratic countries contain similar paragraphs as the fundamental rights, though they are often less extensive or skip some parts. For Thomas Meyer, the UN covenants are the best way to translate the core values of

social democracy in democratically legitimized norms of action. The covenants formulate precisely the rights which all citizens of the member states should be able to claim. In contrast to the core values they are not theoretical concepts but specific instructions. Meyer states that the social democratic core values freedom, justice, and solidarity are widely recognized and in an appreciable way interpreted by the UN covenants.

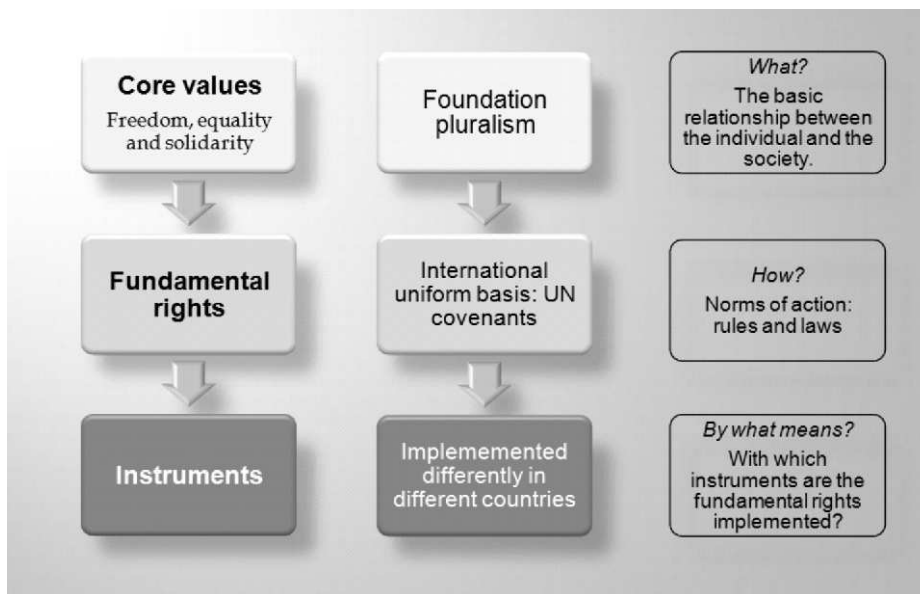


Figure 3: Implementation of values

“In contrast to the core values they are not theoretical concepts but specific instructions.”

In the above figure, the level of instruments refers to social institutions that implement action arising from the granting of the fundamental rights. The structure of such institutions varies from country to country. Some countries concentrate on the implementation of negative rights (e.g. USA) and others actively promote positive civil rights (e.g. Sweden). All states find different answer to the questions, “Should a state mainly secure the legal framework for the fundamental rights, or should it establish them through positive actions?” and “Is it about negative or positive rights?”

The 'Covenant on Economic, Social and Cultural Rights' defines an active state that is more than a legal framework. It does not define the grade of activeness, which is left to the nations' interpretation, but it clearly rejects the liberal position of an inactive state.

'1. Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.' (Art. 2, para 1)

<p>Individual Right</p>	<p>'Every human being has the inherent right to life. This right shall be protected by law. No one shall be arbitrarily deprived of his life.' (Art. 6, para 1, International Covenant on Civil and Political Rights) 'Everyone has the right to liberty and security of person.' (Art. 9, para 1, International Covenant on Civil and Political Rights of 19 December 1966)</p>
<p>Right to work</p>	<p>'1. The States Parties to the present Covenant recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right. 2. The steps to be taken by a State Party to the present Covenant to achieve the full realization of this right shall include technical and vocational guidance and training programmes, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual.'</p> <p>(Art. 6, International Covenant on Economic, Social and Cultural Rights of 19 December 1966)</p>
<p>Property/living standards</p>	<p>'The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international cooperation based on free consent.'</p> <p>(Art. 11, International Covenant on Economic, Social and Cultural Rights of 19 December 1966)</p>

Education	<p>'1. The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace.</p> <p>2. The States Parties to the present Covenant recognize that, with a view to achieving the full realization of this right:</p> <p>(a) Primary education shall be compulsory and available free to all; [...]</p> <p>(c) Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education...' (Art. 13, International Covenant on Economic, Social and Cultural Rights of 19 December 1966)</p>
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“The state should organize compulsory insurances that guarantee all citizens a pension, income support or free medical treatment.”

Specifically the member states of the 'Covenant on Economic, Social and Cultural Rights' should be committed to an active granting of economic, social and cultural rights. Article 6 for example, gives concrete advice on how to create a society in which everyone is free to choose his work.

All governments should reexamine the fundamental rights from time to time, which their countries have ratified. This could help to end certain discussions on the role of the state.

From the viewpoint of social democracy, a state should act above all:

- to provide an infrastructure and services (so-called 'services of general interest') which are freely accessible, furnish safeguards and open up opportunities;
- to create opportunities by means of social redistribution which allow people to participate actively and independently in society and democracy;
- to embed the market economy so broadly that democratic structures and workers' interests are protected.

Similar to the UN covenants, social democracy requests a relatively active state. Therefore social democrats promote, e.g., a state system of social insurances as this is a good way to implement positive civil rights. The state should organize compulsory insurances that guarantee all citizens a pension, income support or free medical treatment. These securities open up the opportunity to participate in society even when you are a loser of the economic competition. A tax-based social system can contribute in a similar way to people's ability to live a free and decent life.

Social democracy is more than a philosophical framework consisting of the three core values. If someone can be called a social democrat, the person must act according to the core values in such a way that concrete civil rights and liberties can be implemented as broadly as possible. He/she wants to work actively for a more just society by creating a balance between negative and positive rights and he/she must protect democracy while enhancing the market at the same time. Social Democracy is not only a theory but a common challenge and practical task.

In the next chapter we will have a closer look at different country models and will examine how different states have organized the relationship between market and democracy.

4. Market and State

Since the end of the cold war, nearly all of the world's countries have established 'market economic systems'. In such systems, neither the amount of production nor the prices of the goods produced are centrally planned by the state ('planned economy' was the economic system of the former East European States), but determined by the market forces of supply and demand. In order to convince the customer, companies compete against each other by in terms of quality and price. In the context of this competition, the price of a given good is the indicator of the relationship between the extent of the good's supply and the market's demand for it. As far as the theory goes, if the price of a product (e.g. crude oil) increases, this indicates that either the supply of it has decreased or that demand for it has increased. Market economies are usually good in reacting to such supply/demand changes and therefore production is usually quickly aligned to the needs of customers.

In a lot of literature the market economy (or 'market') is put in opposition to the state. While 'market' describes the whole economic sphere, 'state' stands for the political sphere. According to the basic liberal economic theorists (e.g. Adam Smith, 1723 – 1790), the state should be completely separate from the market. The thinking that the economic and the political sphere should be clearly dissociated still dominates the thinking of some market economy theorists, but reality has shown that a complete separation is neither desirable nor possible.

'Economic policy' describes the action that a state (more explicitly: the government) takes in the economic sphere. Its action can be quite diverse and can range from it operating as a customer, who buys products (e.g. asphalt for new streets), through redistributing wealth through the collection of taxes, to completely subsidizing industrial sectors. If some authors speak of 'free markets' they do not refer to an absolute separation of state and economy, but use this term in a relative sense.

As mentioned above, nearly the entire world's countries have some sort of market economic system and it is broadly accepted that 'free markets' are the right mechanism to produce and distribute goods. **The common approach is to seek a balance between liberalizing markets as much as possible, whilst allowing for as much state intervention as is needed.** The exact balance is subject to constant negotiations between the relevant actors.

Since the end of the 80s/beginning of the 90s worldwide market liberalization has led to an ongoing decrease in the level of state intervention. After the financial crises in 2008 and 2011, however, the public

“The common approach is to seek a balance between liberalizing markets as much as possible, whilst allowing for as much state intervention as is needed.”

discourse has started to shift again and stronger state control of the economic sphere has been requested. Despite worldwide trends, one should not forget that all individual states strike particular balances between market and state in their respective economies.

State intervention occurs for several reasons. One central reason is to ensure competition in the market. In other words: the state intervenes to prevent the formation of monopolies as it is generally accepted that the absolute dominance of one company would destroy competition and thereby prevent effective pricing within the system. Another reason why the state intervenes is to attempt to prevent the occurrence of so called 'public bads', or to ensure that compensation is paid for losses sustained through the occurrence of such 'public bads'. For example: from a purely economic perspective, oil companies are not concerned about increases in environmental damage caused by increased oil extraction. This is because in an unregulated market the negative effects of increased environmental damage would not affect the company's success, but only the public, e.g. fishermen who fish in the polluted area. Therefore, the state has to intervene to attempt to prevent pollution by instituting laws, and, in the event that pollution occurs contrary to the law, to force offending companies to compensate the public.

The need for state intervention along the lines suggested by the two examples above is generally accepted, though the specifics of the intervention's implementation can be disputed. Even more controversial are attempts to adjust markets in order to improve social justice. This refers, for example, to workers protection, the welfare state and taxation. Social-democrats, in particular, believe that neither the state nor the market exists without reason, but to serve the basic values: the attainment of social justice through equality and liberty. This does not mean that social democrats generally want to restrict markets. As was said above, history has shown that the production and distribution of goods is done best through a market economic system. Such a system, however, always needs some form of state restriction, as was previously argued above. The questions are: in which fields; and to what extent?

Companies that seek to produce goods at the lowest price so as to compete favorably with their competitors, automatically search for the cheapest modes of production and therefore reduce wages further and further. As workers need their jobs to sustain themselves, they cannot resign, unless another company pays better – which will not happen, as the companies from which the worker can hope to gain employment are in competition. In a theoretical model this automatically leads to the payment of wages, which barely sustain the workers and their families. The payment of such low wages would clearly restrict the workers' liberty and would violate their fundamental human rights; for as the Universal Declaration of Human Rights declares: "everyone has the right to life, liberty and security of person." Consequently the state has to offer some form of protection for its population, especially for the worst-off members of its society. Therefore many countries have a social security system that attempts to ensure their citizens' access to healthcare, education, housing, social security and a clean environment. Obviously such services have to be financed, however, and that is why the state has to tax companies and individuals. It takes money

from the 'free market' in order to provide services and goods for the public. Such public goods and services especially benefit the poor, because they pay lower taxes or no taxes and could not otherwise privately finance things like education or health services. The system of taxation and the provision of government funded services described is a form of redistribution of wealth that is instituted in order to protect the worst-off and improve social justice. Obviously an extensive social security system is only sustainable for as long as the economy can finance it, but in this regard it will be argued below that the economy can also benefit from such a system.

States have numerous policy tools to intervene in the market. Besides competition laws, which aim to maintain fair market competition, the above mentioned system of income taxation, combined with government spending, subsidies, and labor market regulation can be efficient means for enhancing a vital market. Such tools can always have two effects: to protect specific members of society/specific branches of an economy, and to enhance economic growth.

History has not only shown that markets need a certain amount of freedom, but also that unregulated markets do not automatically achieve the best economic performance. In particular, the recent history of the financial crisis of 2008 has shown that, for example, insufficiently regulated financial transactions can negatively affect the global economy. During this period short term investments in stocks and derivatives markets, led to economic activity which was not sustainable in the long term. A possible economic policy for states is to offer productive companies long-term credit which do not require the debtor companies to achieve large gains in short-term revenues (as the private credit facilities often do), but to achieve realistic, manageable and economically sustainable growth over the long-term. Another policy states employed at this time was to generally restrict financial transaction (financial transaction tax), in order to reduce the volatility of movements in value of stocks in the market. The discourse after the financial crisis clearly showed that economic sustainability has gained importance in economic thinking.

While such ideas mainly concern those countries with stock markets and economies that are dominated by companies listed on such markets, general sustainability is an important goal, for economically weaker countries also. In order to develop a weak national economy in a sustainable way, whereby the development achieved is cross-generationally successful, countries need some form of long-term investment. Depending on the individual country situation, the state has to create a framework, in which long-term investments are somehow made attractive to private investors. Obviously such a task can be extremely difficult. Nowadays many development agencies, such as the World Bank for example, concentrate primarily on the improvement of the basic education and health services in countries in which they work, in order to lay the basis for sustainable economic development.

If companies themselves are to invest in the vocational training of their employees, they need to be sure that their engagement in the economy concerned will be long-term. Which factors can convince companies to make long-term commitments to developing countries? Companies have to

have trust in the government that the general market framework will not suddenly change. In other words, they have to see a form of continuity in the economic policy of the country that is guaranteed by binding laws. Equally important is the companies' trust in the country's security and stability. Social inequality can have a strong negative impact on security and stability, as underprivileged poor classes are often a reason for tensions and violence. Therefore social security systems lower the risk of instability, because they reduce social inequality: the state collects taxes or insurance fees, which are proportional to the income, and finances a social security system for all. In this way a social security system involves the redistribution of wealth and amounts to a form of organized solidarity within the society in which the system is present (see chapter 'Solidarity').

So the state has to facilitate and improve the enabling environment for the private sector. While doing so, social justice should be the final goal of all economic policies, because a market or a regulating state is not an end in and of itself, but rather only a means to achieving the goal of social justice. The required perfect balance between market and state depends on the individual countries' respective situations: on their political cultures, on the status of economic development in their respective economies, etc. Nevertheless, all states should protect fundamental rights, which mandate some form of protection for the whole population. But surely all policies have to be financed somehow. Therefore markets have to be able to compete under the pressure of international competition. The need for economic success does not imperatively lead to excessive market liberalization, however: welfare states, that control financial speculation or the subvention of industrial sectors – show that market regulation can achieve positive results.

Another thing that the 2008 financial crisis showed is that it is impossible for any government to organize its economy without referring to global factors. This is because markets have become more and more transnational, such that effective state intervention in them often requires international cooperation. Many existing international organizations (EU, ECOWAS, IMF – the list is long and diverse) already testify to the fact that most states have realized the need for cooperation. Nevertheless these institutions have to be strengthened furthermore. While effective international organizations do not guarantee good policies, the experience of the financial crisis should stand as a clear warning sign for governments to change the focus of their policies away from achieving short-term goals towards achieving successful economic, ecological and sociopolitical sustainability.

5. Country Models

Democratic states use a variety of instruments to implement fundamental rights. Some concentrate mainly on negative civil rights, while others have a stronger focus on positive rights. The relationship between market economy and democracy also differs around the world. Traditional values and historic development have led to different state systems, from extremely liberal to social democratic, with either poorly or strongly developed welfare systems. However, countries ideological orientation is never completely liberal or social democratic. While, for example, economic development countries especially tend to have a liberal welfare policy, as they usually do not organize and/or cannot afford welfare states, some of them protect and restrict their markets in a very non-liberal way. Though the restriction of markets is surely not a typical social democratic principle, social democrats more likely believe that the structuring of a market sometimes can have positive effects, as it can support sustainable development and keep short-term profit interested companies out of the country, than liberals do. This demonstrates how one has to examine a country to understand its ideological orientation. Regardless, as Thomas Meyer said, the tension between democracy and market capitalism is not subject to any fixed order but is constantly negotiated between social actors.

The results of such negotiations in four selected countries are presented briefly in this chapter. How we look at the country models can be applied to other country examples. All four models have a democratic tradition (while Germany has the shortest one) in which structures and values grew over time. Social democracy has been realized in these countries to different degrees:

- the USA, which in terms of its basic features is almost a libertarian country and exhibits only a few elements which realize social democracy;
- Great Britain, which must be considered a less inclusive social democracy;
- Germany, which is a moderately inclusive social democracy;
- Sweden, which is a highly inclusive social democracy.

USA

The traditional American value is liberty. The Constitution strongly protects the individual against the encroachment of the state, and negative civil rights are of high importance. Of the social democratic core values, freedom seems to be the main value that is politically realized in the USA as social inequality and exclusion are formative for the American society and indeed,

“Traditional values and historic development have led to different state systems, from extremely liberal to social democratic, with either poorly or strongly developed welfare systems.”

“The role of the (US) state can be classified as liberal. This also refers to the relationship between state and market economy.”

positive civil rights or liberties are not mentioned in the Constitution nor has the USA signed any international agreement which stipulates such rights, including the UN International Covenant on Economic, Social and Cultural Rights. The existing, though not very comprehensive and scarcely redistributive, welfare state is not anchored in the American Constitution. However, the administration under current president, Barack Obama, is oriented towards the improvement of this social system.

The role of the state can be classified as liberal. This also refers to the relationship between state and market economy. Enterprises are in free competition with one another and there is little cooperation or coordination with the government or the social partners.

Trade Unions have no influence on wage negotiations or the determination of working processes. The financial system is structured in a way that short-term corporate profits have the highest value.

Great Britain

The first fundamental rights were declared comparatively early in Great Britain (1215, 1628) and both UN covenants have been signed and ratified in 1976. However, in practice they are often ineffective. Unlike most countries, Britain does not have a written constitution, but a de facto constitution is embodied within numerous court judgments and treaties.

The market economy is similar to the USA. The keenly competitive market mainly concentrates on short-term profit maximization, while employment protection and employees' influence via trade unions is only weakly developed. Though stronger than the American counterpart, the British welfare state has slowly developed. With the election of Tony Blair and the Labour Party in 1997, Great Britain resumed its development towards social democracy. Labour led to an expansion of social services and targeted anti-poverty measures. They introduced, for example, a minimum wage. A centralized structure of the state and a sovereign parliament make fundamental reforms relatively easy.

Germany

The German re-democratization process after the end of World War II (1945) was specifically oriented towards a stable state in order to prevent a future failure of democracy. For this purpose, a high degree of separation and limitation of powers was put in place. Besides this protection of democracy against abuse of power, the democratic fundamental human and civil rights and liberties have been anchored in the Basic Law (Grundgesetz). It protects the individual against the encroachment of the state (negative freedom), but also ensures the citizens' right to participate in society (positive freedom). Social entitlements, as for example a minimum income, are not included in the Basic Law, although the Constitutions of some federal states cite them.

Compared by international standards, the traditional German welfare

system is strong. Its pillars are various independent social insurance systems, which costs primarily fall upon wages. The welfare system is characterized by moderate wealth redistribution, but since the reunification with the former GDR in 1990, Governments continue to dismantle it.

Germany is a typical example of a so-called coordinated market economy, which relies less than other economies on the capital market, and where long-time planning is easier. Employees have achieved a remarkable role in enterprise management and wages are often negotiated through national organizations.

In conclusion, Germany is a moderately inclusive social democracy but continues to weaken its social democratic elements.

Sweden

Since the early 1930s, Swedish politics has been largely dominated by social democratic ideas. Despite cost-cutting in the 1990s, the Swedish welfare state is one of the most developed in the world. A notably high level of social spending results in almost free and equal health care and education for everyone, which is financed by corresponding high taxes. Though still on a very high level, a moderate rollback of social reforms currently continues.

Although positive civil rights and liberties are not legally binding, they occupy a prominent place in the Swedish Constitution and serve as important socio-political goals. Solidarity within the society seems to be the highest Swedish value. The state and the local authorities have a strong position, but civil society also has direct influence on the legislative and political process.

The Swedish market can be called a 'social market economy'. It is social because of an active labor policy with a high percentage of employees being members of powerful trade unions, which improve workers conditions and organize collective wage bargaining. But it is also a free market economy with little governmental regulations or trade restrictions, a small number of state owned enterprises, and strong legal property rights.

“The welfare system (of Germany) is characterized by moderate wealth redistribution, but since the reunification with the former GDR in 1990, Governments continue to dismantle it.”

Although, at present, Sweden has the highest tax ratio among the OECD countries, this does not mean that the welfare state is particularly costly. Americans do not pay any less, privately, for security against the basic exigencies of life – unemployment, illness, old age – than Swedes are required to pay in taxes and social contributions. The decisive difference, however, is that in Sweden the whole population is insured, while in the USA (currently) all those who cannot pay remain outside the private insurance system.

Box 2: The Swedish and American welfare state

	USA	Great Britain	Germany	Sweden
Income support	Is entirely targeted on the absolute poorest. Is associated with self-imposed poverty. Cash assistance is time limited to five years. Varies from state to state (federal system).	Tightly rationed funding. Not related to (former) income. Unlimited in time. Other services are granted on a means-tested basis (e.g. rents, insurance). 'Liberal welfare state'.	Is conditional on a means test. Sufficient basic funding which is not related to (former) income. Unlimited in time. All economically active applicants have to proof that they seek employment. The right to participate in free advanced education.	Basic funding. Not related to (former) income. Unlimited in time. No right to participate in advanced education, but the duty to do so, if it is offered. The search for employment has to be proved only in special cases.
Unemployment insurance	Assistance for six months. Corresponds to 30-40% of the previous wage.	Assistance for six months. Dependent on family situation and age. Blanked amount of ca. 80€.	Assistance for between six and 24 months, depending on age and length of contribution. According to family status, 60-67% of the previous wage.	Assistance for between ten and in special cases 20 months. 80% of the previous wage, maximum 81€ per day. Special: taxes have to be paid.
Pensions	Pension is related to lifelong paid income tax. Who did not pay enough income tax relies on income support. Everyone who can afford it receives state pension only additionally to private funds.	Pension is related to the lifelong income. A minimum amount is guaranteed. As state pension is tightly rationed, most British use additionally a private pension fund.	Pension is related to the lifelong income. Income support is the minimum. The number of persons relying on private pension funds is increasing. Employees and employers pay equal contribution.	Pension is related to the lifelong income. A minimum amount is guaranteed. Both is far higher than, e.g., in Great Britain. Employees and employers pay equal contribution.

Health care	No efficient state-financed health care system. Unemployed persons often do not have a health insurance. The Obama administration probably reforms the system.	Free medical care, resources and medicaments for all citizens. But due to an underfinanced system, deficits in medical treatment and bottlenecks in care provision regular occur.	Statutory health insurance and good medical treatment. Those drawing social benefits are automatically insured. People with a high income can use private insurances, often under more favorable conditions.	Income taxes finance almost free medical care. Medical treatment is compared by international standards relatively high.
Education	Around 10% of all enrolled children attend private (mainly religious) schools. State schools are free. Due to the structure of financing, poor communities usually provide lower quality education. Both, private and public universities charge tuition fees, ranging from 3,000 – 50,000\$ per year. The USA has the worldwide highest rate of people with a higher education.	Around 7% of all enrolled children attend private schools. State schools are free. Currently, universities charge undergraduate students annual maximum £3,290, but the fee will increase to £9,000 in 2012. The costs for postgraduates vary unlimited between the universities.	Around 4% of all enrolled children attend private schools. State schools are free. After four years of schooling the children are usually sent to different type of schools, according to their learning ability. The bulk of students attend public universities. Depending on the state, these are free or cost 1000€ per year.	Around 8% of all enrolled children attend private schools, which have to be accepted by the 'Agency for Education'. Both, private and public schools are free of charge. This occurs also to universities.
Proportion of students' educational performance differences attributable to their socioeconomic background (source: OECD, PISA Study 2006)	17,9 %	13,9 %	19 %	10,6 %
Income inequality/Gini coefficient 2009 (source: Human Development Report 2006)	40,8 %	36 %	28,3 %	25 %

Table 3: The welfare systems in four different county models

The Gini coefficient has been developed by the Italian Corrado Gini in 1912. It is a measuring instrument for the inequality of distribution of wealth. The minimum 0 means the wealth is completely equal distributed. 1 means the whole wealth belongs to one person. The best performing country is Denmark with 24,7%, while Namibia ranges on the bottom with 70,7%. Not every country has been assessed.

Box 3: Gini coefficient

Social Democratic Approaches in Developing Countries

Social democratic systems are primarily a phenomenon of economically developed countries. In the 60s and 70s, many development countries experimented with social policies, but this happened mostly in the context of socialism and under the influence of the USSR. Some of the policies instituted by developing countries during this period were similar to those instituted in social democratic systems, but they lacked democratic control and often ended in political structures that did not benefit the majority but only a few. After several economic crises and in the face of pressure from their international donors, most developing countries turned away from their earlier socialist ideas and policies in the 80s and liberalized their markets. At least in respect of Sub-Saharan African countries one can say that the structural adjustment of the 80s has not succeeded in creating competitive economies. This does not necessarily show that the institution of another state-market relation would have led to different results. However, it does nevertheless hint that alternatives should at least be considered. As elaborated in the chapter "state-market", all social policies have to be affordable, but the affordability of, for example, a welfare system does not only depend on the state's budget, but also on the costs of such a system – which are far lower in all low-wage/development countries. Indeed the populations of less-developed countries are often in great need of assistance of the kind which some form of welfare system might provide. Most of these countries are currently being shaped by rapid industrialization and urbanization. In these conditions workers have to move around to find jobs and are therefore required to leave their traditional environments. Consequently the traditional social security system (family, tribes, neighbors) disappears, and in the case of illness, unemployment or age, workers are extremely vulnerable. It is the workers of developing states who are in need of protection, however, but also some industrial branches of the economy. It might, for example, be necessary to shelter some industries until they become internationally competitive.

These arguments do not mean that a full social democratic system with a complete welfare state is the perfect model for all development countries. The institution of at least parts of it can lead to a more just society, however, while *simultaneously* contributing to positive economic development. In the last decade, the populations of many South-American countries have voted for parties with at least social democratic agendas (governments in: Argentina, Bolivia, Brazil, Chile, Ecuador, Nicaragua, Uruguay, Venezuela,

¹In Free Trade Zones, goods are allowed to be imported, processed and reexported without the intervention of the customs authorities. It is a mean to attract foreign investments, especially in development countries.

and Peru); whereas Mauritius and Costa Rica are examples for real social democratic systems (and not governments) in the developing world. These two cases are shortly introduced below.

The protection of workers' rights can surely create some disadvantages in a developing country's search for international investors – the costs for labor increase and therefore the total production costs of any would-be investor become more expensive. But it also has clear advantages, which should encourage states not to rethink their labor policies only from a normative perspective, but from an economic perspective also. A free basic health system or some form of health insurance have a clear impact on the health and therefore on the efficiency of workers. A free and compulsory education system has a similarly beneficial impact on the education levels of a country's work-force and therefore on the efficiency and capacity of a country's work-force. The quality of a local economy and the attractiveness for international investors does not only depend on the price of labor, but also on the quality of the "human resources", or the development status of the infrastructure. In order to pay for such state-financed goods, governments have to tax wealth, companies and consumption. From a long-term perspective such redistributing policies create higher levels of social peace, security and stability – all essential conditions for many branches of industry. The foregoing argumentation does not support a total "social democratization" of all development countries. Rather, it is proposed that in some cases the economic and humanitarian situations within some developing countries would surely gain were more social policies instituted within their political systems.

Mauritius

Originally Mauritius experienced a similar history as many of Africa's Sub-Saharan countries. After becoming independent from the British in 1968, Mauritius had enormous problems stabilizing its economy, which was at that stage completely dependent on sugar cane production. The first Mauritian leaders introduced a heavily interventionist state. The enormous restriction of the market the government's policies entailed was probably one reason for the economic crisis that hit Mauritius in the early 1980s as hard as many other African and Latin American countries. Mauritius had to react with structural adjustment and therefore liberalized the view it had taken of the required character of state-market relations (cutting of: subsidies, government spending, and taxes, etc.). The establishment of a Free Trade Zone⁸ and tax-exemptions for some exporters were especially important liberal market instruments, which were used to create incentives for investors. Though called 'liberal market instruments' this description can be misleading. The implementation of such instruments shows a state that actively wants to influence its development.

While liberalizing some areas of its economy, Mauritius did not abolish several other interventionist and social policies. The import of some commodities is still partly regulated, certain industrial sectors are specifically subsidized, and some bigger corporations are state-owned. In addition an extensive welfare state exists: all Mauritians receive free health care (though not always on international standard) and free education (since 1988 even

⁸In Free Trade Zones, goods are allowed to be imported, processed and reexported without the intervention of the customs authorities. It is a mean to attract foreign investments, especially in development countries.

to post-secondary school level). There is also a social security program for old aged and disabled citizens.

Mauritius' social market economy had a positive impact on the country's development. In recent decades, it has managed to diversify its economy, produce a constant growth of GDP and avoid social conflicts. The latter achievement especially should be seen as the result of Mauritius' high social spending. The absence of violent conflicts is particularly noteworthy, as Mauritius suffers under similar simmering ethnic/religious tensions that have been the trigger for various bloody conflicts in other Sub-Saharan countries. This stability was probably the most important factor in the establishment of a strong tourism industry (aside from the country's natural beauty), which is nowadays the strongest part of Mauritius' economy.

Despite the successes of recent decades, Mauritius and its social democratic state continue to face growing problems. Unemployment is constantly increasing; the level of education remains low – despite free schooling and the economy is not growing as fast as it used to. Consequently some are calling for the dismantling of Mauritius' welfare state.

Costa Rica

In 1940 Costa Rica had a lower or similar Gross Domestic Product to its Middle American neighbors Panama, Nicaragua, El Salvador, and Guatemala. While most other states in this region remain relatively poor, Costa Rica has become a middle income country. However, it is not Costa Rica's economic success that makes it remarkable, but rather the fact that it has managed to combine this development with constant protection for its workforce, in the pursuit of social justice.

The foundations of the Costa Rican welfare state were laid in the 40s and assured by a constitution in 1949. Since this time Costa Rica has had a social security system, low-cost housing programs, a health-care system, a pension system, and even minimum-wage laws. Besides introducing this welfare system, the governments of the 40s and 50s expanded the public sector, nationalized Costa Rica's banks and used these banks to invest in long-term economic projects. Whilst other countries in the world found the institution of such interventionist policies problematic, Costa Rica's governments of this period managed to institute them so as to found a “golden age”, dominated by classical social democracy.

Nevertheless, the first economic problems emerged in the 70s. The country reacted to these problems by instituting a further expansion of the public sector and by providing greater subsidies to suffering industries. Similarly to Mauritius, Costa Rica was seriously hit by an economic crisis at the beginning of the 80s, and only massive donor money saved the national economy. Structural adjustment and market liberalization followed, including privatization, public spending cuts and reduction of wages. Again similarly to the Mauritian case, some of the liberalization policies should be seen as evidence of the Costa Rican state's will to actively steer its market. The welfare state, introduced in the 1940s, today still assures basic security for the whole population. The social security system provides insurance for medical services, disability and an old-age pension, and those not

participating in the insurance system receive at least forms of minimal support. Nearly a quarter of the state budget is invested in education; nevertheless many upper- and middle-class families send their children to private schools, which continuously leads to a two-class system. Unemployment benefits do not exist, but the poorest 5% of all households receive state support.

After the market liberalization in the 1980s, Costa Rica managed to become a beneficiary of globalization and is still an attractive place for investors. Besides some incentives through liberal policies, the quality of Costa Rica's human capital (as produced by education and health policies) has been, and still is, a clear advantage.

“Liberalism originates in the 17th century but had its first defining moment during the French Revolution (1789), when the French society fought against the oppression of the monarchy to gain more freedom.”

6. Different Political Ideologies

Especially in Europe, the historical evolution of social democracy has taken place under democratic competition with other political ideologies. In the course of time, clear differences but also similarities became obvious. To understand one ideology it is necessary to examine it (at least shortly) in the context of others. It is important to keep in mind that such simplistic classifications show only the surface of such highly complex political concepts. In addition, the theoretical concepts and especially their implementation vary strongly from country to country, from party to party, and from individual to individual.

Liberalism

The word goes back to the Latin 'liber', which means 'free'. Liberalism originates in the 17th century but had its first defining moment during the French Revolution (1789), when the French society fought against the oppression of the monarchy to gain more freedom. Until today the core value of Liberalism is freedom. As this happens to be one of the values of social democracy as well, one could mean that the two ideologies are not that different. And indeed, West European liberal parties have cooperated with social democratic parties several times. If such political cooperation is possible, it mainly depends on the parties' interpretation of the concept of 'freedom' and the concrete policies that result from it. Discussion points that often lead to discrepancies are: Is the freedom of speech secured, if nobody is hindered to say what he/she thinks? Or is it only freedom of speech, if the access to media is not reserved for a few but available for everyone?

The understanding of the concept of 'equality' also often prevents cooperation between liberals and social democrats and is even reason for a heated discussion within liberalism. A central discussion point is: should the state distribute goods suitable to the situation of every individual, or is it more equal if everyone gets the same opportunity?

Different answers to this question create variants of liberalism. 'Classical liberalism' argues that it is unequal if the state distributes advantages in an unequal way. Sounds logical? 'Social liberalism' takes the view that a poor person should receive more state support than a millionaire.

In the last few decades, the European liberals tend to distance themselves from a social interpretation of freedom and equality. Liberal politics usually focus on economy and emphasizes the free market and the freedom of enterprise, which is believed to create equality of opportunity within the society. To list a number of fundamental assumptions of the liberal approach:

The market essentially regulates itself by ensuring that the supply of material and non-material goods is guided by society's demand for them.

Freedom has absolute priority over equality and solidarity, and the individual over society.

Freedom is realized directly through the market. A (substantial) restriction of market freedom, in these terms, is to be equated with the restriction of freedom in general and so should be rejected.

The state has the task of creating secure framework conditions for the market and of making minimal provision against life's contingencies, which can befall people through no fault of their own, but not as a fundamental right. This narrowly circumscribed political space is democratically regulated. The state is responsible merely for society's legal-institutional framework.

The image of humanity is oriented towards human freedom, in terms of which human beings distinguish themselves by means of their achievements and live as 'utility maximisers'. Freedom in the market is supplemented by freedom from the state: the state only has to ensure that society does not infringe on people's personal autonomy. The state should protect people's freedom, but it should not itself intrude upon their freedom.

Liberal concepts assume an independent central bank, which pursues the stability of the currency as its principal aim (monetarism).

“Freedom has absolute priority over equality and solidarity, and the individual over society.”

Conservatism

As the word implies, conservatism is oriented towards the preservation of the established societal order or at least the prevention of radical changes. Continuity is the most important principle.

To define core values of conservatism is hard to do, as from a conservative point of view, values should always stand subject to the established order. One could say that it is more about how things are working than about abstract concepts, which define how things should be working. However, besides continuity, security and identity might be listed as two other important principles of conservatism.

Security ensures the continuity of the order, while identity stands for the continuity of traditional conservative values, such as family, diligence and respect. Besides the conservation of the order, the preservation of such values has become one of the major aims of conservatism. Tradition and a slow societal development are preferred to rapid changes. In many countries, conservative parties have been linked to a Christian image of humanity. Therefore, fundamental ideas from the Christian social doctrine (charity, subsidiary principle) are cited as values.

To preserve the existing order, conservative parties generally prefer a strong state that has far-reaching control over its citizens. In opposition to liberals, conservatives do not name freedom as a central value. Surprisingly, policies

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of conservative parties are often characterized by a reduction of the welfare and tax system and a liberal economic approach. Such policies seem to contradict with the ideology's basic principles. However, reality shows that a deregulated market often preserves a societal order better than any state could do. Not surprisingly, the target group of conservative parties is primarily the well-to-do from the educated middle class and the business elite as well as the religious – mainly Catholic – sphere.

Despite fundamental differences, cooperation with social democrats sometimes takes place. Such coalitions usually lead to strong disagreements on economic and tax questions. While social democrats constantly try to improve the rights of the underprivileged, conservatives mainly represent the interests of the traditional upper class. Cooperation is nevertheless possible because parties from both ideologies strongly accept that political decisions have to be born out of compromises.

Socialism

As mentioned earlier, ever since World War I (1914-1918) it has been highly important for social democrats to distinguish themselves from (state) socialists and communists. Why? As the different ideologies share parts of their history and sometimes refer to the same philosophers and ideas, it might be easy to mix them up, which has never been in the interest of social democrats. Some differences between the ideologies are so fundamental that they result in a completely different understanding of politics.

The umbrella term 'socialism' describes economic and political ideas that have been interpreted in various ways. A clear definition of socialism does not exist; and ideologies or parties that are somehow related with socialism are generally defined by an adjunct, as for example 'state socialism' or 'marxist socialism'. Socialism derives from the same time and the same socio-economic conditions as the labor movement of the 19th century. In this period theorists like Karl Marx (1818-1883) and Friedrich Engels (1820-1895) worked on new models of society and laid with their writings the foundation for various political ideologies. The wish for a more equal society unified the labor movement and the philosophers. Shared core values became equality, justice and solidarity. The movement soon split up into different groups, which had a differing understanding of the specific form of a more equal society. One of the main dividing questions was, “How to change the unjust societal order: with a violent revolution or by democratic reforms?” While social democrats clearly believed in the importance of a democratic state and therefore only accepted democratic reforms, more radical groups demanded a revolution.

Though time has shown clear distinctions between different social ideologies, several of them refer to the same important theorists (e.g., Marx and Engels), from communism to social democracy. These ideologies share some values, but the interpretation of these values, the political styles, and the understanding of economy vary fundamentally.

For communists, socialism is the developmental stage between a capitalistic society and real communism. During the communist times of various East

European countries in the 20th century, 'socialism', 'state socialism' and 'communism' have been used somewhat synonymously. Therefore, 'socialism' is nowadays associated with the former East European states. The Union of Soviet Socialist Republics (USSR) and its 'satellite states' (e.g. the German Democratic Republic (GDR)) had a single party system with parties calling themselves either 'communist' or 'socialist'. They referred to Marx's and Engel's ideas about an egalitarian and classless society as central theoretical concepts. For instance, the philosophers' concept of public ownership of the means of the production was highly important for the East European economies. But while Marx imagined communism as a classless and stateless society in which the means of production belong to all workers, the East European reality looked different. The communist governments created very strong states, which owned all production sites and planned any major economic step. In the former GDR central planners decided five years in advance on, for example, agrarian details, like harvest dates. As these five-year plans were highly inflexible, regular product short-cuts occurred. Some commodities (e.g. cars) had to be ordered years in advance and, due to the planned agriculture, even food was often short. Experience proved that a planned economy cannot respond quickly enough to the concrete needs of the customers. Besides problems in implementing, a planned economy and a strong state do not fulfill Marx's communist ideas. Marx imagined a society in which classes and state would be abolished. In contrast, the East European societies were characterized by parties which created very strong states restricting peoples' lives in various aspects. Most people were not free to travel, act as independent business men or have their own critical opinions. It could be even said that two new classes existed: the party members in power and the rest.

Today's understanding of socialism varies largely from country to country. In the U.S. or Germany you would never call a social democrat a 'socialist'. Here the word 'socialist' suggests an ideological proximity to the brutal and unjust dictatorships of the former East European systems. For German or American social democrats, which clearly believe in a vibrant market economy and oppose any form of anti-democratic movements, 'socialist' is very negatively associated.

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	State Socialism (Communism)	Social Democracy	Liberalism	Conservatism
Core idea	Deterioration of social classes	A free and socially just society	Freedom of the individual	Preservation of the traditional societal order and values
Core values	Equality; solidarity	Freedom; equality/justice; solidarity	Freedom; justice before the law	Tradition; religion; family; security; identity
Against	Private ownership of means of production; and privileges	Social inequality and injustice	Restrictions; paternalism	Revolution; change of traditional values
Behavioral motivation	Communal interest as self-interest	Self- and communal interest	Self-interest	Self-interest; interest to preserve the order
Conception of humanity	Oriented towards a future selfless 'New Man'	Oriented towards rapprochement	Rationally calculating egoist	Hierarchically organized by a 'higher order'
Economic system	Common ownership of the means of production; state controlled	Market economy supervised by the state	Market economy	Market economy supervised by the state

Table 1: Simplified distinction of different political ideologies

Political Spectrum

In most western democracies it is common to describe the political spectrum along a left-right line. Surely, this simple model is not sufficient to represent the complexity of political ideas. However, a graphical representation of such an abstract notion helps to understand, categorize and distinguish different concepts.

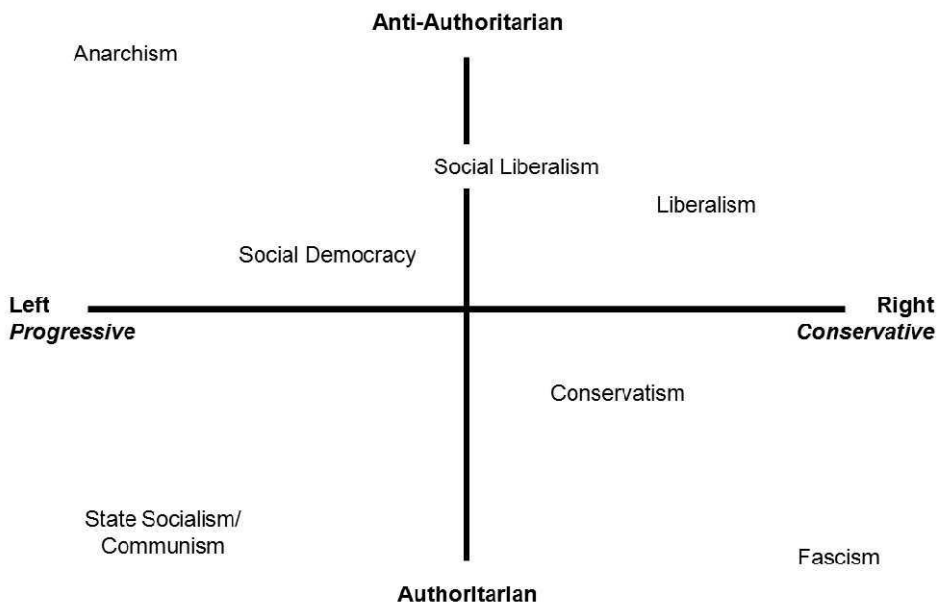


Figure 2: Positioning of different political ideologies in a graphical political spectrum

The position on the traditional left-right line usually indicates the different ideologies' opinions of how state and economy should relate. Those on the Left typically support the employees side, while those on the Right promote the status of the upper class. Social justice, welfare and reforms are associated with the left side, conservation of the social order and (neo-) liberal market economy with the right. In this model a second axis has been added. In the one dimension model, conservatism and liberalism could hardly be differentiated, as both tend to have a similar understanding of economic issues. But as this chart shows, there are significant differences between them.

Conservatives prefer an authoritarian state, while liberals fear that a strong state could jeopardize the freedom of the individual. The vertical axis therefore represents a social dimension and refers to the extent a state is allowed to regulate the personal life of its citizens. The answers to questions like, "Is a state allowed to restrict the freedom of religion to secure peace and order? Are homosexual engagements legally equal to heterosexual marriages? Is science allowed to research with human stem cells?" determine the positioning on this axis.

This representation of the ideologies is only a rough categorization. As all ideologies allow a wide spectrum of interpretations, the placing of parties that call themselves, e.g., liberal could vary strongly from this positioning of liberalism. Charts of the American political spectrum, for example, often show the Democratic Party on the left side, though they could be categorized as liberals.

"The position on the traditional left-right line usually indicates the different ideologies' opinions of how state and economy should relate."

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Conclusion

Hopefully, this brochure has helped explain the theory and political action of social democracy. The core values freedom, equality, justice and solidarity have been explained, and it has been shown that laws and constitutions are only the first step to ensure them. Such legal frameworks are important to guarantee equality and freedom before the law, but only active solidarity within the society can provide real freedom and justice for everyone. Therefore, an active state is requested that organizes institutionalized solidarity with an extensive welfare system. But also the readiness of active citizens to stand up for each other and assist each other is required in a more and more competitive world.

The social democratic call for positive civil rights does not mean that laws or national security are less important. Specifically in less stable states, it is sometimes of higher priority to concentrate political action on the executive to enforce the law. In the long run, it is fundamental to ask where crime and political turmoil is rooted. It might be a consequence of social inequality and economic challenges.

The idea of social democracy has to be implemented and assessed every day. While the core values remain the same, resultant policies must be adjusted to changing circumstances. Special about the debate on social democracy is that it is ever changing; it considers societal developments, perceives risks and opportunities and then uses these possibilities. This distinguishes social democracy from other political models; it neither clings to what has been handed down nor is blind to changed realities and new challenges.

One major task of this century is the continuing globalization of trade routes, social exchange, and international politics. This process has produced global companies that frequently show very little corporate responsibility and have more political weight than some governments of smaller states. Important questions for every government are, “How can the investments of those global players turned into the good for the society? How can the democracy be protected against their influence? How can investors be bolstered to seek long term-commitments instead of quick profit? How can the workers' rights be ensured? How can the environment be protected?”

As markets have become international, the problems caused by them are difficult to solve on a national level. It has become more and more important to find political solutions in international cooperation. This will decide whether the 21st will be a century of social and economic progression or a century of bitter struggle. Social democrats should try to lead by example and work actively around the world on the implementation of freedom, justice and solidarity. FES has taken up this challenge.

Famous Social Democrats

Friedrich Ebert

Friedrich Ebert, 1871 – 1925, was a German politician of the Social Democratic Party of Germany (SPD). He served as a party chairman between 1913 and 1918, became interim Chancellor in 1918, and was the first President of Germany from 1919 until his death in 1925. Today, he is a role model for German social democrats, as he actively promoted a policy of compensation between enterprises, middle class and labor force, and strictly disclaimed any non-democratic means. Though he tried to integrate the political right into the process of decision making, they continuously made him the target of dirty and slanderous tricks. His death precluded the non-democratic development of Germany which finally ended in Hitler becoming dictator.

Willy Brandt

Willy Brandt, 1913 – 1992, was a German social democratic politician. He served as a chairman of the Social Democratic Party of Germany (SPD) from 1964 to 1987, was mayor of West Berlin (1966-1969), Minister for Foreign Affairs (1966-1969), and Chancellor of West Germany (1969-1974).

He became famous for his efforts to normalize the relation between West Germany and Eastern European nations, especially East Germany (DDR). While most German politicians tried to isolate the Eastern communist regimes, Brandt believed that a close German-German relationship would help Eastern citizens and undermine the communist governments over the long term. Nonetheless, he also worked on his country's close ties with Western Europe, the United States and the NATO. The final breakdown of the communist states proved his 'change through rapprochement' right. He received the Nobel Peace Prize for his political work in 1971.

Olof Palme

Olof Palme, 1927 – 1985, was the chairman of the Swedish Social Democratic Party from 1969 to 1986. He was Prime Minister of Sweden between 1969 and 1976 and from 1982 until his assassination in 1986. On a national level he dealt highly successful with traditional social democratic topics, like social security, the health care system and especially the improvement of the women's labor market.

Internationally, Palme became mostly famous for his strategy of non-alignment during the Cold War. On the one hand, he was clearly opposed to the brutal Eastern European states and on the other hand, he criticized the American Vietnam War in the same harsh way. Together with the German

social democratic Chancellor Willy Brandt, Palme campaigned worldwide for nuclear disarmament, African decolonization, and against Apartheid. In February 1982 Palme was shot to death in Stockholm. His murderer was never captured.

Tony Blair

Tony Blair, born 1953, led the British Labour Party from 1994 to 2007 and was Prime Minister of the United Kingdom between 1997 and 2007. With ten years in office, he is Labour's longest serving Prime Minister. He transformed the Labour Party away from its traditional left wing position into a 'catch-all' party. On the one side, he neglected several typical social democratic topics, and on the other, he managed to stay long enough in office to redefine the British neoliberal policy strategy, as he introduced a minimum wage and legally anchored the Human Rights.

While he gained recognition for playing an important role in the peace process of Northern Ireland, his engagement during the Iraq War has been highly criticized. In contrast to most European governments, including the also social democratic lead Germany, Blair clearly supported the American foreign policy of President Bush and strongly participated in the invasion of Afghanistan (2001) and the Iraq (2003).

Political ideologies are normally not easy to understand and to define. Too many descriptions of theories and interpretations have been published. Due to the fact that many people ask about the values and principles of Social Democracy, the Friedrich-Ebert-Stiftung as a social democratic foundation tries to bring light into the darkness.

This brochure explains the values of Social Democracy and discusses the role of the state in a social democratic system. What are the differences between social democratic, conservative, liberal and socialist views and political approaches?

Finally, we are looking at examples of countries which have implemented more or less social democratic principles and policies.

We hope that this brochure will help firstly politicians to understand especially Social Democracy better. Also the public should get the information of what are the most pressing values and principles of a social democratic political system.

The Friedrich-Ebert-Stiftung (FES) is a political non-for-profit organization with offices worldwide. It has been operating in Ghana for over 40 years now. Some of the topics FES works on are: political participation, economic development & social justice, security policy, gender and youth.

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