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Author(s): Gary Dorrien

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REVISING DEMOCRATIC SOCIALISM

C. A. R. Crosland and Pluralistic Economic Democracy

Gary Dorrien

Democratic socialism, an idea boasting a rich European history and a slight American history, is making a remarkable resurgence in the United States. No democracy can perpetually survive gross disparities in economic and social condition, so the United States is witnessing a surge of democratic socialism, despite lacking much of a tradition of it. Social Democracy has created the world's most humane societies, where health care and the rights of liberty are universal for all citizens, elections and higher education are publicly financed, and grotesque levels of inequality are not tolerated. The United States never achieved more than a modicum of social democratic decency, and now even the modicum is endangered. The surge for democratic socialism reflects a widespread recognition that neo-liberal capitalism works only for a minority and that liberals do not fight for social justice. "Democratic socialism" summarizes what is lacking. But no movement for democratic socialism can afford to ignore the ambiguous history of the struggle for it.

Social Democracy is battered and reeling almost everywhere that it exists. Social Democratic and worker parties are consumed by the battle to save the welfare states they created, no European socialist party has dismantled the culture of white supremacy in which it developed, and every Social Democratic party has been absorbed into the global capitalist system. Europe's only national scale attempt to democratize major business enterprises, the Meidner Plan in Sweden, was abandoned in 1992, just as economic globalization threw Social Democratic parties on the

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defensive. Since then the historic Social Democratic commitment to economic democracy has been put aside. But economic democracy is precisely what the American surge for democratic socialism is demanding, in this case on elementary issues: universal health care, a $15 minimum wage, higher taxes on high incomes, expanding the cooperative sector, and turning the big banks into public utilities. Here, the European experience is instructive.

Charles Fourier, in France, and Robert Owen, in England, propounded the original idea of socialism in the 1820s. It was to achieve the unrealized demands of the French Revolution, which never reached the working class. Instead of pitting workers against each other, a cooperative mode of production and exchange would allow them to work for each other. Socialism was about organizing society as a cooperative community. Soon there were many kinds of socialism conceived by Pierre-Joseph Proudhon, Mikhail Bakunin, Karl Marx, Ferdinand Lassalle, Georgi Plekhanov, William Morris, Karl Kautsky, Sidney Webb, Eduard Bernstein, Rosa Luxemburg, V. I. Lenin, and G. D. H. Cole. The founders blamed capitalism for all of society's ills, but religious socialists did not, so there were Christian and Jewish versions of socialism.

Every kind of socialism retains the original idea of organizing society as a cooperative community, yet there is no core that unites the many schools of socialism or democratic socialism, and democracy is as complex and variable as socialism. I believe that the best candidate for an essential "something" in democratic socialism is the ethical passion for social justice and radical democratic community. This ethical impulse retains the original socialist idea in multiple forms, inspiring struggles for freedom, equality, recognition, and democratic commonwealth.

Democratic socialism, though linked historically to revisionism, is not another name for it. "Revisionism" names the periodic necessity of adjusting the socialist idea to real-world circumstances. Eduard Bernstein, the quintessential revisionist, rocked the German Social Democratic Party (SPD) in 1898–1899 by contending that Marx got many things wrong and the party's Marxist ideology was less credible and democratic than its reformist practices. In Sweden, a similar watershed occurred in 1928 under Per Albin Hansson, who committed the Social Democratic Party to the Bernstein approach and built a political powerhouse. In Britain, the parallel benchmark came in 1955 when Hugh Gaitskell's revisionist

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faction won control of the Labour Party, seeking to replace Fabian Collectivism with pluralistic economic democracy.[1]

Each of these revisionist episodes was a creative response to a stagnant orthodoxy *and* a blow to the conviction that "socialism" names something definite and credible. The British experience is especially relevant to the U.S. context because Britain has deep traditions of Christian and ethical socialism, Marxism has a marginal role in British socialism, British liberalism passed straight to the United States, and what long passed for orthodoxy in the Labour Party was a pastiche of Christian socialism, ethical socialism, union reformism, and Fabian ideology. In Britain, the socialist orthodoxy needing revisionist correction was Fabian, not Marxist. Gaitskell and C. A. R. Crosland took aim at Fabian nationalization just after the Labour Party transformed Britain into a social democracy, proposing new strategies to achieve economic democracy.

Fabian orthodoxy was a vision of gradual state socialism based on cultural progress and the growing reach of government. In the 1880s, Fabian ringleaders Sidney Webb, Beatrice Webb, and George Bernard Shaw built the Fabian Society by claiming that Britain did not need Marx's glorification of revolutionary violence or his exotic doctrines. All it needed was to proceed on its present course of gradual collectivism. This process was relentless, beneficial, and civilizing. Socialism was government collectivism directed by elite managers, that is, Fabians. For thirty years, the Fabians fanned into every political party, seeking to permeate the entire political system. In 1914 the Webbs joined the Labour Party, and four years later Sidney Webb wrote its constitution. The policy platform had four planks: Full employment and a living wage, common ownership of industry, progressive taxation, and surplus spending for the common good.[2]

Clause Four, demanding common ownership of the means of production, distribution, and exchange, defined the party literally until 1959, ostensibly until 1995, and rhetorically after that. It did not say that socialization means nationalization. Clause Four was consistent with guild socialism, worker ownership, consumer cooperatives, municipal ownership, competitive public enterprises, and mixed forms of these models. But nationalization was popular in 1918, and demanded for the coalmines and railways. To Sidney Webb, nationalization was the only form of socialization that mattered. In common usage, "socialism" came to mean

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nationalization, notwithstanding that state socialism was the historical latecomer aside from Germany.

The Fabian Society had a long history of battles over the soul of Fabian socialism, because Fabian leaders had a technocratic mentality, some of them had racist and colonialist conceits, and left-Fabians clashed with the ringleaders over socialist values. Many Fabians resigned after the Fabian Society refused to oppose the Boer War. Others subsequently resigned after Sidney Webb campaigned for eugenics legislation. But the Labour Party never espoused the worst parts of Fabianism.[3]

The exemplar of British socialism was R. H. Tawney, a Christian socialist and economic historian with personal ties to both Webbs. Tawney's books had perfect pitch for his audience and time. Three of them acquired scriptural status for British socialists. *The Acquisitive Society* (1920) contended that capitalism turned decent people into shallow consumers and materialists. *Religion and the Rise of Capitalism* (1926) charged that capitalism trivialized Christian ethics and ruined the field of economics. *Equality* (1931) argued that all human beings possess divinely imprinted equal worth and dignity, socialism is moral and democratic, freedom and equality go together, and inequality curtails liberty. Tawney did not write about racism, which he considered a negligible issue in Britain, or feminism, as he had no feminist impulse, or imperialism, as he believed that British imperialism was inadvertent, misguided, merely commercial, and not so bad. A good Labour government would surely relieve Britain of its unfortunate empire. Tawney specialized in mid-level writing about socialist values and abolishing class rule. Socialism, to him, was universal, because everyone should be a socialist, opposing the class system that thwarts human fellowship.[4]

Democratic socialism, to Tawney, was a cure for privilege and tyranny, the two essential features of capitalism. Privilege is a function of interrelated social and economic power, usually as a byproduct of wealth converting to social power, and tyranny is a function of the distribution of power. Equality is the antidote to privilege, and democratizing power is the antidote to tyranny. Democratic socialism makes it possible for human fellowship to flourish by democratizing economic and social power.

Tawney avoided wonky policy debates, notably the Fabian versus Keynesian argument that consumed Labour in the 1930s. Labour leaders

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Clement Attlee, Herbert Morrison, and economist Hugh Dalton described socialism in technocratic terms as the solution to systemic breakdown, waste, and the rule of economic royalists. To them, economic planning was direct and physical, downplaying any reliance on the price mechanism. The state should take direct control of the major means of production to carry out its social and economic goals. Labour economists E. F. M. Durbin, James Meade, Douglas Jay, and Hugh Gaitskell countered that Keynesian management was more efficient, using fiscal and monetary policies to manipulate aggregate demand.[5]

Neither side, in public, said the other was flat wrong. Each side appropriated aspects of the other approach, making it possible for Labour documents to offer a synthesis. Still, the differences between direct control and macroeconomic management were steep and fateful; it mattered which side got the upper hand. To advocates of direct control, the point was to supplant market forces by socializing the economy. Socialism itself was at stake, and the wreckage of the Depression provided ample reason to enact Clause Four. To advocates of macroeconomic management, what mattered was to achieve socialist ends, something attainable by supplementing market forces and holding back inflation. Labour had to stop relying on Clause Four to define socialism and itself because nationalization is a very limited tool.

This debate was a dress rehearsal for the blow out of the 1950s over revisionism. In between, the Labour Party played a key role in Winston Churchill's coalition government during World War II, after which Attlee was elected Prime Minister. Though Britain suffered massive losses in the war, Labour was not deterred from carrying out its program of social reconstruction. The Labour governments of 1945-1951 transformed Britain into a social democracy. Labour made health care a fundamental right for all citizens, nationalized one-fifth of the economy, instituted a steeply progressive income tax and a pension system, abolished anti-union laws, abolished restrictions on the rights of women to own property, established a minimum wage for agricultural workers, and got colonial Britain out of India, Pakistan, Burma (Myanmar), Ceylon (Sri Lanka) and Palestine. Tawney celebrated the transformation and took warranted pride in contributing to it.

But Labour failed to break Britain's concentration of wealth and did not even try to democratize the culture and management of nationalized

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industries. In 1951 half of Britain's wealth was still held by 1 percent of the population. The party's long-simmering divide over direct control versus macroeconomic planning roiled Labour through its glory years of governance and for a decade following. Labour officials touted their achievements in technocratic terms that obscured, for many, the party's ethical moorings as a vehicle of social justice. The party spent enormous energy and political capital creating a welfare state, over-believing the Fabian doctrine that every act of collectivization is a worthy end in itself.

Soon the question shifted to whether Labour should try to abolish capitalism. Was it a Socialist party if it stuck with a Social Democratic agenda of reforming capitalism? The Labour mainstream, led by Morrison, defended the party's achievements. The Labour leftwing, led by Aneurin Bevan, pressed for more nationalization. Gaitskell, Crosland, and for a while, Richard Crossman, countered that Morrison versus Bevan was the wrong debate, being backward looking.

Gaitskell was the son of a British Supreme Court judge for China and Japan. He assisted Dalton in Churchill's wartime government, briefly ran the Board of Trade, and subsequently supported Dalton's nationalization of the Bank of England as a Labour Member of Parliament. Gaitskell ascended too quickly not to incur resentment from older officials he passed, especially Bevan. Plus, Gaitskell was prone to confrontation and smarter-than-you. In 1949, he steered coal nationalization through the House of Commons. The following year he became Chancellor of the Exchequer, enraging Bevan, who hated Gaitskell. Cabinet meetings turned into Gaitskell versus Bevan slugfests. In 1951, Bevan erupted over Gaitskell's proposal to institute charges for prescription glasses and dentures. A tiny issue sparked a party schism, as Gaitskell's budget passed and Bevan accused Gaitskell of betraying Labour and the public. Bevan and Harold Wilson resigned from the Cabinet, which blew up Bevan's chance to become party leader and inadvertently boosted Gaitskell's career.

Right versus left became a very public feature of Labour politics, especially after Labour fell from power in 1951. Labour won the 1950 election with a slim majority of five seats, so it angled for a bigger margin the following year, winning the popular vote, but losing twenty seats and the election. Churchill regained power by charging that Labour ministers could not be trusted to oppose Communism. Always there was

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unavoidable drama about that. Red baiting that should not have succeeded against anti-Communist Labour officials succeeded anyway. In power, Labour had quarreled at the end over small issues. Out of power, stunned at losing the election, Labour fought over the real issue: What was democratic socialism in the new situation?

Two up-and-coming Labour intellectuals and members of Parliament, R. H. S. (Richard) Crossman and C. A. R. (Anthony) Crosland, had an answer, contending that the world had changed too much for socialism not to change. Crossman edited a multi-authored movement book in 1952, *New Fabian Essays,* which featured four arguments: (1) Fabian ideology is too technocratic and centralizing to be inspiring. (2) Nationalizing industries is not the essence of socialism. (3) Socialists must support mixed-economy pluralism. (4) The essence of socialism is moral protest for freedom and social justice. Crossman and Crosland pressed a fifth argument that gave ballast to the others: Industrial ownership no longer mattered very much, because the "New Class" of corporate managers and government bureaucrats ran the world anyway.[6]

Revisionism had been coming for twenty years via Jay, Durbin, and Gaitskell. Then, it bloomed into a movement as an alternative to Morrison versus Bevan. The way forward was to espouse pluralistic Social Democracy as an ethical politics of social justice. It was enough, plus good politics, to manage a mixed economy, emphasize equality of opportunity and condition, experiment with various kinds of social ownership, and support decolonization, all on moral grounds. Labour needed to speak the ethical language of freedom and play down its historic emphasis on nationalization.

These ideas swept through Europe's three strongest democratic socialist parties—Britain, Germany, and Sweden. In France and Italy, the revisionist impulse took longer to play out because socialist parties had no governing experience apart from coalitions with larger parties. Every Social Democratic Party had a history of blaming class rule and private industrial ownership for everything that ailed modern nations. Now they said the world was more complicated than that. Revisionism prevailed at the re-founding of the (Second) Socialist International in 1951 at Frankfurt, which endorsed mixed forms public ownership, private ownership of small firms and post-colonial struggles for self-determination, freedom, and justice.[7]

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Democratic socialism, thus conceived, accepted the mixed economy of the welfare state on terms established by traditional socialist values. Socialization was a means to an end, not an end in itself. Democratic socialism was needed more than ever because welfare capitalism did not democratize economic power and its bureaucratic ethos was inimical to freedom and moral idealism. But public ownership did not democratize economic power, either, and it contained its own threat to freedom. On this basis, Gaitskell, Crosland, Crossman, Roy Jenkins, and Denis Healey said that democratic socialism had to be reinvented.

Crosland won his first seat in Parliament in 1950 as a Dalton protégé, representing Gloucestershire South. He lost an election in 1955, which freed him to write the bible of revisionism, *The Future of Socialism,* in 1956, and returned to parliament in 1959, representing Great Grimsby, which he served until his death in 1977. In his later career, he held seven Ministry or Cabinet positions in the Labour governments of Harold Wilson, plus Secretary of State for Foreign and Commonwealth Affairs under Labour Prime Minister James Callahan.

Crosland's chapter in *New Fabian Essays* was a watershed for revisionist socialism. He argued that economic and social power no longer rested on individual property rights, because active ownership had converted to passive shareholding, through which control passed to a managerial class of directors. "Welfare state," at the time, was just one of the names for the new something, and Crosland puzzled at what to call it. Whatever the name, it was an independent intermediate power. The welfare state diffused economic power among the old capitalists in small-scale industry, the new class of corporate managers, the state machine, shareholders, executives of public boards, and organized workers, sometimes with gains in worker ownership. In some ways, it was better than the old capitalism, but Crosland gave only one cheer for the welfare state because it subjected human beings and their rights to the power of a managerial class that would never achieve social justice.[8]

Crossman said the same thing more sharply and expansively. He represented Coventry East, having won his seat in 1945, which he held until his death in 1974. In his later career, he served in the Wilson governments as Housing minister, later as Lord President of the Council, and finally as Secretary of State for Health and Social Security. In his early career, he was a pillar of the Bevan leftwing and a gatekeeper of its

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slogan, "Keep Left." Crossman sailed through New College, Oxford at the top of his class, taught philosophy at New College until World War II, and produced anti-Nazi broadcasts for the Special Operations Executive during the war. He whisked into Labour politics with the same brash brilliance that marked his careers at New College and Special Operations. In 1946, Crossman added pro-Zionism to his ideology, urging Britain to allow 100,000 displaced European Jews to enter Palestine. In 1950, he published a famous anti-Communist reader, *The God That Failed.* In 1952, he and Crosland said that Clause Four no longer defined what socialism needed to be.[9]

Crossman granted that until approximately 1950, England's disinterest in socialist theory was a blessing. Britain had no Marxist tradition worth mentioning until the 1930s, when a few socialists tried to adopt Marxism and the Left Book Club replaced the Fabian Society as the home of vanguard intellectuals. But British Marxism never quite materialized. The Webbs and Harold Laski, imposing it as a theoretical superstructure on their utilitarian principles, respectively produced pro-Stalinist blundering and incoherence. John Strachey, the only Briton to intelligibly formulate Marxism in Anglo-Saxon terms, disavowed doing so after the Nazi-Soviet pact. Tawney appropriated bits of Marxism, but Tawney's socialism was fundamentally Christian. British Marxism imploded during World War II, the Labour victory of 1945 yielded a season of Fabian triumph and accomplishment, and Crossman did not begrudge the Fabians their moment of glory. Nobody was better suited than the Fabians to create the welfare state and turn the Empire into a Commonwealth. But neither of these achievements, he cautioned, was uniquely socialist. The welfare state fulfilled the promises of liberalism and demands of the labor movement, and Liberals championed anti-imperialism before Labour existed. The Labour Party's great achievement was to reconcile capitalism to the principles of democracy, but now Labour lacked a compelling agenda, because its leaders knew only the pragmatic politics of the welfare state, which already existed. Labour was the party of the postwar *status quo,* a deadly impasse for socialists.[10]

Socialists needed to be the party of freedom, opposing the coercive power of corporations and the managerial state. Crossman cautioned that no law of economics or politics creates freedom, equality, or social morality. Exploitation, tyranny, and disorder are the normal state of things,

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and only with assiduous cultivation does anything get better. All groups become increasingly greedy and exploitative unless they are policed by a strong social morality. Freedom is always in danger of being lost or usurped, because most human beings will forfeit their freedom rather than fight for it. Only a resolute minority ever challenges the wealth and privileges of the elite and the apathy of the masses. In the nineteenth century, Crossman recalled, liberals were the party of freedom that fought against tyranny and subservience. In the twentieth century, this responsibility fell to democratic socialists. They believed in historical progress, but after two world wars, nobody believed in that. Socialists needed to absorb what it meant to give up their belief in cultural progress. For them, the hardest kind of determinism to relinquish was economic. It had to be done, he implored. Otherwise, Labour made an idol of the welfare state and allowed conservatives to usurp the language of freedom.

Nothing was going to carry England to becoming a socialist society, because socialism is not a norm that evolving material conditions achieve. Only human will and social conscience hold the power to liberate human beings from slavery, tyranny, exploitation, and war. Crossman insisted that the "true aim" of Labour socialists had never been for the working class to capture power. It was to convert the nation "to the socialist pattern of rights and values." In the postwar context, this work rested on the twofold commitment of the welfare state to provide social insurance and employ progressive economic policies, but the welfare state was no substitute for socialism. It did not change the concentration of capital and economic privilege, it let the market determine wages and salaries, and it left the predominant power in the hands of a small managerial and civil service elite. The old capitalism paled by comparison to the predatory reach of corporations and corporate-friendly governments.

New Fabian Essays was a birth announcement of a movement. It had a nice preface by Attlee, but Crossman blasted the Attlee governments for completely missing that the main task of socialism is to democratize the culture. Until 1945, socialism was a way of life for Labour socialists and unionists. Then Labour created the welfare state and conveyed that socialism was a job for the Cabinet, acting through the Civil Service. To Crossman, revisionism was worth supporting only if it fought against the commercial corruption of British society. In 1959, he concluded that his revisionist allies had no fighting spirit, so he went back to left-socialism.

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Crossman had to be with the people who fought and struggled for economic democracy. Now he argued that only a massive commitment to nationalization would save England from depravity, just as Gaitskell tried to abolish Clause Four. Crossman nearly sabotaged his career in the process. His illustrious later career was possible only because Gaitskell died prematurely. In the mid-1950s, however, when it mattered for revisionism, Crossman was a fire hydrant of opinions for it, forming a powerful duo with Crosland.[11]

Crosland was equally brainy but less emotional. He said that Labour socialism under the welfare state needed a different temperament than the heroic militancy of the left. Since the capitalist class no longer got its way in basic industries, socialists had to adjust to their own success. Since Britons had full employment and social insurance, there was no reason to rail about capitalist oppression. Crosland sympathized with die-hard Bevanites who needed to battle and dream. They fulminated at Labour meetings to fire themselves up, because the meetings were boring. He cautioned that British socialism had not grown powerful on the basis of angry railing. Sidney and Beatrice Webb, the father and mother of Labour socialism, were gentle, kind, and humorous. They were also disciplined, productive, efficient, and abstinent, completely devoted to public duty. Crosland loved the Webbs for their virtues and legacy; every Labour socialist was indebted to them.

But the Webbs, too, no longer exemplified what Labour needed, for Fabian permeation had occurred. Crosland put it hyperbolically: “Today we are all incipient bureaucrats and practical administrators.” Every Labour official believed in hard work, guarded against romanticism and utopian foolishness, prized empirical research, and sounded like a graduate of the London School of Economics. Crosland said it was time to cultivate very different values—“a greater emphasis on private life, on freedom and dissent, on culture, beauty, leisure, and even frivolity.” He dared to put it personally: “Total abstinence and a good filing system are not now the right sign-posts to the socialist Utopia: or at least, if they are, some of us will fall by the wayside.”[12]

Many who chortled knowingly knew only the public story. Crosland was suave, charming, handsome, and attractive to women. His first marriage was short-lived, and he had affairs with numerous women before marrying, happily, a woman from Baltimore in 1964,

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Susan Catling. The deeper source of wayside falling was Crosland's bisexuality. During his student days at Oxford, he had a romantic relationship with Jenkins, his future revisionist ally and Cabinet colleague. Both were Labour protégés of Dalton, who was secretly gay. The Labour Party was no friendlier to gays and lesbians than the Tories, and Crosland and Jenkins would not have qualified for their prominent political careers without seeming thoroughly heterosexual. For both of them, however, sexuality was a guilty secret, a reason to believe, without quite saying it, that Labour socialism was as bullying and repressive as its Tory rival.

The weakest part of revisionist socialism was its conformity to the conformism of a peculiar historical moment. Crosland exaggerated the divorce between industrial ownership and control in Britain, although rigorous studies on this point did not exist until the late 1960s. He believed that Keynesian theory solved the unemployment problem, another core conviction that did not survive the 1960s, and that economic issues had become as boring and secondary as they should be. His *magnum opus* paraded his lack of prophetic fire.

Crosland's next book, however, *The Conservative Enemy* (1962), shook off much of his complacent air, beginning with its aggressive title. He charged that Conservatives remained in power only because the nation succumbed to stagnation and insularity. He felt it constantly in parliamentary debates, chagrined that conservatives paid no price for denigrating the poor and vulnerable. He contrasted Britain's regnant complacency to the struggles of trade unions for social decency. Crosland praised the unions for achieving "a remarkable degree of control" over the management decisions directly affecting unionized workers. He argued that British unions were powerful because they played an opposition role in British society, politics, and economics. The strength of the unions came from their oppositional independence and their willingness to strike for what they needed. To put it negatively, British unions did not acquiesce to a dismal time, and they refused to be co-opted into management. Neither worker control nor co-management tempted them, because British unions were clear about what mattered: full employment, wages, working conditions, and social insurance.[13]

He said it so strongly that he seemed to undercut his everything-is-related vision of pluralistic socialism. In *The Future of Socialism,* Crosland said

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that democracy, some degree of worker control, and individual freedom had highest priority: "What really matters is the degree to which management is autocratic or democratic, the extent of joint consultation and participation, and the freedom of the worker to strike or leave his job." His often-quoted conclusion put it vividly: "The ideal (or at least my ideal) is a society in which ownership is thoroughly mixed up—a society with a diverse, diffused, pluralist, and heterogeneous pattern of ownership, with the State, the nationalized industries, the Co-operatives, the Unions, government financial institutions, pension funds, foundations, and millions of private families all participating." Crosland did not say that retail trade and middle-sized industries remained private in his ideal society, since it was an ideal. Still, in the real world, his pluralistic socialism left room for private firms, and he said plainly that nationalization was just one tool among others. State ownership of industrial capital is not a condition of creating a socialist society, achieving social equality, increasing social welfare, or abolishing class privilege. In Britain, socialists needed to focus on redistributing private wealth. Achieving this objective under a pluralistic economy was no harder than doing it under a state-owned economy, and doing it in a pluralistic fashion was better for society.[14]

Crosland wrote *The Future of Socialism* just as Labour debated various forms of socialization. One proposal was for the state to run competitive public enterprises. Here, the state took over individual enterprises instead of entire industries, or it created government-owned enterprises to compete with private companies. Another option was state shareholding, which established a form of partial public ownership without public control. Jay was the pioneer advocate of both proposals, although his case for state shareholding reworked a Dalton scheme for land ownership. Crosland, Crossman, and Jenkins took the lead in promoting state enterprises, and Gaitskell enraged the leftwing by pushing for state shareholding. The basic argument for competitive state enterprises was that socialism had to become more selective and efficient, bending the mixed economy to socialist purposes. This idea did not redress income inequality, but that made it politically feasible. More important, competitive public enterprises significantly redistributed existing property, which was valuable in itself and a boon for equality when the enterprises increased in value. The party endorsed public enterprises on this basis, unhappily

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for the leftwing, for which state enterprises sold out what mattered, nationalization.

State shareholding, to the leftwing, was much worse. In 1945 Jay began calling for the state to hold equity shares in private firms. In the 1950s, he endorsed a national finance enterprise board on the French and Italian model. In 1957, he pushed for the state to buy shares of many firms, persuading Gaitskell that some public participation was better than total public ownership or no public ownership. Jay, Crosland, and Gaitskell argued that buying government shares offered a way to enhance the productive efficiency of a mixed economy and reduce wealth inequality. To Gaitskell, the redistributive potential was especially significant. The state could take death duties as equity shares, or purchase equity shares from budget surpluses. In 1957, Gaitskell wrangled state shareholding into a party policy document, *Industry and Society,* and the leftwing erupted that shareholding was an outright capitulation to capitalism, turning Labour into a capitalist party. Any scheme that established partial public ownership without public control was a betrayal of socialism. Revisionists replied that the language of heresy was outdated, plus politically clueless. Labour had to prove it was ready to govern in the real world, which entailed caring about market efficiency.[15]

"Thoroughly mixed up," however, could be taken in ways that Crosland did not mean. His mixing ideal was a bulwark against Clause Four fundamentalism, but Fabian nationalization did not monopolize socialism in Britain, and Crosland admitted that he felt a "nagging confusion" about the other great socialist orthodoxy, worker control. He said his friends shared his conflicted feelings about it: "We are emotionally in favour of the idea, but vague as to what should actually be done or even precisely why." Crosland knew what guild socialists, Marxists, and syndicalists meant when they said that worker control is the essence of socialism. Part of him even agreed, or at least felt that he should. Sometimes he gave lip service to worker control as one of the three goals of socialism. But Crosland's judgment that British unions were better off without worker control or co-management helped him clarify that his revisionism stood against the original socialist orthodoxy nearly as much as the Fabian one.[16]

The Future of Socialism put it carefully, declaring that he did not reject the ideal of an industrial fellowship in which all workers democratically shared control over their industries and fate. Crosland argued only that

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this right did not necessarily imply that workers should participate in management decisions through their unions. Democracy is a sufficiently ambiguous concept that the democratic rights of workers can be fulfilled in various ways. Workers and the community do not always have the same interests. There is nearly always a difference between workers in any one industry and workers generally. Every enterprise that is not a pure cooperative vests some managerial group with decisions about prices, market signals, capital costs for new machinery, shutting down plants, and the like. Even if Britain became a full-orbed Social Democracy, whatever that meant, the divergence of interests among various groups and the need of a union opposition would remain. Moreover, if workers were represented on industry boards, they needed to be chosen directly by the workers in each firm, not by the unions.

Crosland entreated readers to support the grinding, stubborn, prosaic work of unions, adding that German unionism was less different than it seemed. Worker councils existed through the Weimar years, the Nazis abolished them, the Allied powers restored them after World War II, and in 1951 German unions won an historic legislative victory that placed worker representatives on the Supervisory Boards of all enterprises exceeding 1,000 workers. Crosland commended German unions for gaining real power—codetermination—in the coal and steel industries. He allowed that Germany's legacy of worker councils dating back to the nineteenth century was an advantage for the German Left and that Germans were highly competent at codifying everything in legal terms. Thus, it appeared that Germany had better unions than Britain. On closer inspection, however, Crosland noted that German unions rarely took part in general management. They stayed in their lane, defended the interests of workers, and suffered no divided loyalties. Most German enterprises had a Supervisory Board and a Management Board, and the latter board, though chosen by the Supervisors, did the daily managing. So codetermination was not quite what it sounded like, and Crosland denied it worked better than British unionism. Union work is broadly similar across national borders, it is always a plus for democracy, even where unions are bad, and British unions were very good.[17]

Codetermination was, and is, like Social Democracy—humanizing capitalism with socialist reforms without abolishing capitalism. German unionists said that workers work more effectively when they are allowed

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to codetermine how their company operates. They turned out to be right, at least in Germany. To Crosland, codetermination was less than it seemed because workers still worked and managers still managed. He doubted that German codetermination would move beyond shop floor considerations, until he lived to see otherwise. German industries developed a cooperative culture that respected the input of workers on working conditions and industrial processes at the plant level. Many firms worked up to a consensus basis of decision-making, creating sufficient trust to allow worker committees to contribute to higher management decisions about wage rates, layoffs, financial policies, and structural reforms. One degree of codetermination led to another, winning broadly popular support, a cultural achievement. Subsequently, the Codetermination Act of 1976 expanded codetermination law to cover firms employing more than 2,000 workers, eliminated the neutral eleventh board member, and mandated that workers and managements have the same number of representatives.

The British revisionists had creative ideas, and plenty of cheek and self-confidence. They changed the debate in Britain about what democratic socialism needed to be, and they played a role in refashioning European Social Democracy. The mere fact that British socialists increasingly called themselves Social Democrats was telling. European Social Democracy opted for reforming capitalism, nationalizing a few companies, and establishing social insurance. It became a politics of centralized state progressivism that projected an ambivalent attitude toward its own achievements, since old-style democratic socialism was never in play.

In 1959, Gaitskell lost an election that Labour should have won, and he judged that the culprit was Labour's radical image. Labour needed Britons to believe that Clause Four did not apply to all enterprises or big industries. But they did not believe it, so Gaitskell proposed to eliminate Clause Four. Tawney, normally a Gaitskell supporter, was distraught. Clause Four had *never* meant *everything* and it had a noble history; how hard could it be to explain that to voters? Gaitskell persisted and the Labour leftwing angrily defeated his proposal. Clause Four stayed in the constitution for another generation, but only symbolically. Losing the vote was less important than the fact that Gaitskell forced the party to fight about it. In 1995, Tony Blair's "New Labour" government rewrote Clause Four in mushy, wordy fashion, albeit while assuring that Labour

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was still "a democratic socialist party" that stands for the sharing of "power, wealth, and opportunity."[18]

Today, the Labour leftwing is demanding to reinstate the old Clause Four. Taken symbolically as a totem of the socialist commitment to cooperative community, this demand is exactly right. Taken more literally as a return to a Fabian or Marxist ideal, it is laughable. Jeremy Corbyn briefly energized Labour with a fighting spirit, spurning the Tony Blair/Gordon Brown era of capitulation and demoralization, seizing on the party's historic symbol of socialist seriousness. But Corbyn's press coverage was so hostile and personal that his policy proposals in the 2019 election got remarkably little attention, and he tried to have it both ways on Brexit, which became the defining issue of the election. Labour was crushed, losing seats it had held for decades. Now Labour has to reinvent itself. Capitalism is fantastically resilient, it can exploit anything, it engenders wealth explosions in wild cycles of boom and bust, and sustaining an effective resistance to it requires a seemingly impossible combination of fighting radicalism and tempered empirical intelligence.

When British socialists and Continental Social Democrats revised democratic socialism in the late 1950s, the story to many was that they betrayed socialism. This judgment defined socialism too simply, but it rightly caught that economic democracy is a stubborn long-term struggle; otherwise, selling out is very much the issue. The Labour Party and the SPD went on to become so deeply integrated into welfare state capitalism that it was hard to see socialist aspiration in either of them. Later, it was undeniably left behind in both party mainstreams. The same thing happened in Sweden, where unions demanded the Meidner Plan and Social Democrats gave it only timorous support before and after they enacted it in 1982.

The Meidner Plan placed a twenty percent tax on major company profits payable in the form of stock to eight regional mutual funds. Worker, consumer, and government groups controlled the funds and were collectively entitled to representation on company boards as their stock ownership grew. Locals and branch funds jointly held voting rights of the employee shares, and a 40 percent ceiling was placed on the amount of stock that the eight funds in total could own of any single firm. Since the funds represented part of workers' compensation, the plan contained a built-in system of wage restraints and facilitated a new

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form of capital formation. It required no program of nationalization, and investors still sought the highest rate of return. Like most "public bank" or "market socialist" models, the Meidner Plan separated risk in production from entrepreneurial risk, assigning production risks to worker-managed enterprises and entrepreneurial risks to the holding companies. Thus, it mitigated the traditional problems of cooperatives: It was entrepreneurial, it scaled up, it raised its own capital stock, it did not maximize net income per worker over profits, and it did not favor capital-intensive investments over job creation. In Meidner-type public bank models, holding companies lend capital to enterprises at market rates of interest and otherwise control the process of investment. Equity shareholders, the state, and/or other cooperatives own the holding companies or public banks.[19]

The Confederation of Swedish Trade Unions campaigned for the Meidner Plan through the 1970s, demanding economic democracy. Business groups howled against it, using this issue to defeat the Social Democrats in 1976, even though they did not support it. In 1982, the Social Democrats regained power and enacted the plan, very skittishly, as Prime Minister Olaf Palme believed that conventional Social Democracy worked just fine. Why enrage big business and the financial class? The government played down the plan's existence and did not try to build public support for it. Neither did it use the funds to invest in social needs that people could see at work in their communities. It managed the funds like ordinary fund managers, betting on Volvo and Saab, which made it abstract to the general public and failed to win over the financial class anyway. Stock markets are the home turf of financiers, which Swedish financiers defended indignantly. They railed against the Meidner Plan for eight years, the charter ran out in 1990, Social Democrats lost the 1991 election, and Conservatives wound up the social funds the following year. A banking crisis in 1992 yielded nationalized banks, and in 1994 the Social Democrats regained power as the party best suited to manage nationalized banks, economic globalization, and the welfare state.

This was a re-run of the British Fabian experience, and the last national scale attempt to achieve economic democracy. The struggle for economic democracy has been left to the stubborn types in the back rows. I am against giving up on national scale strategies, but also against identifying economic democracy solely with them. Economic democracy

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creates institutions at every level that do not belong wholly to the capitalist market or the state. Producer cooperatives take labor out of the market by removing corporate shares from the stock market and maintaining local worker ownership. Community land trusts take land out of the market and place it under local democratic controls to serve the needs of communities. Community finance corporations take democratic control over capital to finance cooperative firms and make investments in areas of social need. Those who control the terms, amounts, and direction of credit play the decisive role in determining the kind of society in which the rest of us live. Traditional banks will never support cooperatives, but public banks geared to things that a healthy society needs would be a game-changer. Economic democracy must be built from the ground up, breaking from the universalizing logic of state socialism, and recognizing that there are different kinds of capitalism.

In the U.S. context, economic democracy must begin with things that European Social Democrats achieved decades ago. But even in the United States, economic democrats cannot rest with universal social insurance and progressive economic policies. We need forms of social ownership that facilitate democratic capital formation, scale up and are entrepreneurial. We need public banks and mixed forms of worker and public control in which ownership of productive capital is vested—the very thing that Swedish unions were still strong enough to demand in the 1970s and ‘80s, before globalization threw Social Democrats into defensive retreat.

Neo-liberalism savaged the unions during its heyday phase, but the wealth it generated in the UnitedStates flowed to the top 1 percent and the two ocean coasts. This fact has registered across the nation and changed American politics. Forty years of letting Wall Street and the big corporations do whatever they want have yielded belated protests against global finance capitalism. Occupy Wall Street, a sensational moment of rebellion, signaled that something had changed. Bernie Sanders seized on this turn in his Democratic presidential primary campaign in 2016. He stunned the political class by drawing huge crowds and winning primaries, speaking to the upsurge against inequality and exclusion that was already there, realizing it existed. His campaign was, and is, a protest against the assault on all progressive gains and a demand for something

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unprecedented in the U.S. American history: a Social Democratic standard of social decency.

In some ways Sanders is a flawed tribune, lacking any music besides his one-key-only singing about economic inequality. But the surge that he tapped into is as culturally diverse as the United States itself. This new movement for democratic socialism dismantles white privilege, male privilege, and heterosexual privilege, repudiates Eurocentric presumptions, and upholds ethical commitments to freedom, equality, community, and ecological flourishing. Democratic socialism itself is more complex and unwieldy than the supposedly inevitable outcomes that Marxists and Fabians predicted. Economic democracy is the heart of democratic socialism and the test of its ambition for social justice. There is no alternative to the sheer stubborn willingness to fight for it, for democratic socialism, above all, *is* an ethic of radical democratic struggle—with or without strong trade unions.

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