The Case for Social Democracy

Philip Kotler

This is a time when we need fresh thinking on how to organize our society to a better job of serving our people. Too many citizens have lost faith in our government, in big business, and our other institutions. They have seen President Trump call our media “dishonest,” our justice system “rigged,” our climate policies a “hoax.” We need to think about what principles should shape and guide our society to do a better job of delivering on human needs.

I have been increasingly convinced that our society needs to move closer to the system known as “social democracy.” This is not to be confused with “socialism” or “communism.” Social democracy is the system that currently operates in Scandinavian countries as well as in several other European countries.

Defining Social Democracy

Social Democracy is an ideology that favors social, political and economic moves by the state for the explicit purpose of promoting social justice within a capitalist economy. Social democracy favors capitalism over socialism but recognizes the need to fix certain inadequacies of capitalism so that the economic system works better for more people.

I described the main problems of current capitalism in my book *Confronting Capitalism: Real Solutions for a Troubled Economic System* (Wiley 2015)*.* Among them are the persistence of poverty, the growing level of income inequality, the likely reduction of jobs as automation and artificial intelligence advance, companies failing to cover their “social costs,” environmental exploitation, the business cycle and economic instability, and others.

My argument is that solutions are available for all of these problems. Hillary Clinton, Bernie Sanders, and Elizabeth Warren proposed many solutions during the 2016 political election. These solutions need to be studied and the best ones implemented to improve citizens’ lives.

Social democracy requires a commitment to *representative government.* Citizens exercise voting rights on the principle of “one person, one vote.” Citizens can vote to pass desirable regulations such as a Food and Drug Act, an Environmental Protection Act, and so on. Citizens can vote for measures to reduce income inequality and to help the poor with food stamps, Social Security, and unemployment benefits. Citizens can vote for the most promising measures that would improve the general welfare.

Our current system of representative democracy also needs improvement. We have moved far away from a “one citizen, one vote” system. The Supreme Court ruling on Citizens United led to the explosion of PACS and SuperPACs armed with so much spending money that they could determine elections. I published *Democracy in Decline: Rebuilding Its Future* (Sage 2016)to point out a host of problems in our system of representative government. Among them is the growth of gerrymandering in designing Congressional voting districts; the growing power of lobbyists to influence our legislators; low voter literacy, turnout and engagement; two-party gridlock; conflict between the President and Congress; federal vs. states rights; the undemocratic nature of the Electoral College; the need for open primaries; and other issues.

I recognized that the growing wealth concentration created by capitalism was seeping into and poisoning our democracy. We need to think freshly about what respective jobs we want our government and our private enterprise system to perform for us.

Social democracy advocates an evolutionary and peaceful transition from free market capitalism. It rejects a revolutionary approach. Social democrats accept the predominance of [private property](https://en.wikipedia.org/wiki/Private_property) and private enterprise to produce most of the goods and services needed by the citizens. Only a small number of essential utilities and public services might be necessary under public ownership. We have done this with our work in space and in building dams and managing public lands.

Social democracy is associated with [*Keynesian economics*](https://en.wikipedia.org/wiki/Keynesian_economics). It holds that the state can intervene in economic downturns to turn on the public spending spigot to prop up the economy. It calls for an independent Federal Reserve Board that tries to kick start a sluggish economy and compress a booming economy in danger of leading to a bust. Social democracy favors a smooth working economy free of the classic business cycle. Keynes argued that enlightened capitalism would get rid of the business cycle and mass unemployment

Social democracy favors policies aimed at reducing poverty, [inequality](https://en.wikipedia.org/wiki/Social_inequality), and [oppression](https://en.wikipedia.org/wiki/Oppression) of [underprivileged groups](https://en.wikipedia.org/wiki/Privilege_(social_inequality)). It favors providing universally accessible [public services](https://en.wikipedia.org/wiki/Public_service) like education, health care, [care for the elderly](https://en.wikipedia.org/wiki/Elderly_care), [child care and](https://en.wikipedia.org/wiki/Child_care) [workers' compensation](https://en.wikipedia.org/wiki/Workers%27_compensation).  Danish citizens, for example, get free college tuition, health care for life, ten months of paid maternity leave and a guaranteed retirement income. Social democrats welcome the [labor movement](https://en.wikipedia.org/wiki/Labour_movement) and [trade unions](https://en.wikipedia.org/wiki/Trade_union) as tools for supporting the collective bargaining rights for workers and extending wage, benefit and working conditions improvements. It would also favor a voice in large companies to share views on the welfare of employees and other company stakeholders.

Advocates of social democracy call it *The*[*Third Way*](https://en.wikipedia.org/wiki/Third_Way) in that it steers midway between neoliberalism and socialism. *Neoliberalism* represents a 20th century revival of a 19th century set of ideas of free trade, deregulation, privatization, fiscal austerity, and smaller government. Neoliberalism favors a larger role of the private sector in the economy and society. Neoliberalists argue that maximum economic growth comes by providing businesses with maximum incentives to pursue unrestrained economic advantage. Its metric is economic growth, not equitable distribution of the income resulting from that growth. The two modern political leaders in this ideology were Ronald Reagan and Margaret Thatcher. The two main theorists of neoliberalism were Professors Friedrich von Hayek and Milton Friedman. The main advocate of neoliberalism today is the Republican Party.

Social Democrats, on the other hand, prefer to pay higher taxes in exchange for receiving better medical care and lower college cost. They favor the higher taxes to fall mainly on the rich.

So will it be Social Democracy or Free Market Economics? Will our citizens be better off with a Social Democratic philosophy or a Free Market philosophy? The answer is in the hands of our citizens.