

# The SDP's Ideological Legacy

What was the ideological inheritance of the Social Democratic Party? And what did it bequeath to the Liberal Democrats? *Dr Tudor Jones* analyses what the SDP stood for.

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Although at its foundation in 1981 the Social Democratic Party was the first significant new party in British politics since 1945, it inherited a long ideological tradition. The core values and beliefs and distinctive themes of that tradition – British social democracy – were to shape the character and broad policy approach of the new party and were thus to influence, too, the Alliance which the SDP was to form with the Liberal Party.

## The social-democratic tradition since 1945

Most of the 28 former Labour MPs and many of the other new members who joined the SDP in the early 1980s had been influenced by the assumptions and values of British social democracy. Since 1945 this term had gradually come to mean, in Hamilton's succinct definition, 'a non-transformative type of socialism or social reform' in the sense that it offered an ideological approach that sought 'amelioration of injustice and the promotion of common welfare and a measure of equality ... rather than transformation of the economic and social structure'<sup>1</sup>.

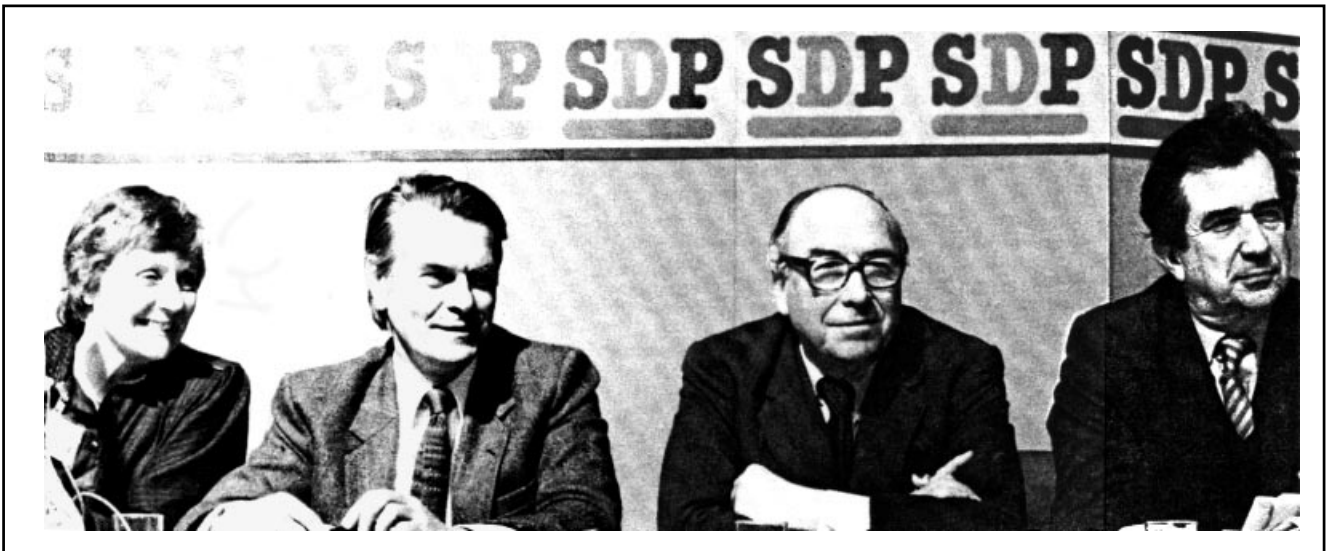
During the 1950s and early 1960s this social democratic approach in Britain became synonymous with the revisionist tendency within the Labour Party. This amounted to a deliberate attempt, most apparent after 1956 following Hugh Gaitskell's accession to the party leadership, to reformulate the principles of democratic socialism and to revise Labour policies through a new analysis of economic and social changes in postwar Britain.

Developed mainly by Gaitskell's parliamentary supporters, revisionist socialist thought found its most coherent expression in Anthony Crosland's major work *The Future of Socialism* (1956). The analysis which underpinned Crosland's principal arguments focused both on major changes in the pattern of economic power in Britain since 1945 and on the achievement during that period of full employment and sustained economic growth by means of Keynesian macroeconomic intervention. Such developments, Crosland persuasively argued, had removed many of the deep flaws of prewar capitalism.

Fortified by this theoretical analysis, revisionist social democracy proceeded to challenge entrenched Labour orthodoxies in two ways. First, it repudiated the traditional view that socialism could be identified, above all, with the public ownership of the means of production. It thereby questioned the established Labour commitment to extensive public ownership as the precondition for achieving all major reformist objectives.

Second, Labour revisionism presented a distinctive ethical interpretation of socialism in terms of core values such as personal liberty, social welfare and, in particular, social equality, ideal ends that could be pursued, it was now argued, within the context of a mixed economy. Moreover, from this ethical perspective the traditional doctrine of public ownership – as enshrined in Clause IV of the Labour Party constitution – was viewed as merely one useful means among several others for realising enduring socialist values and ideals.

Throughout the 1950s and early '60s revisionist ideas on public ownership, economic strategy and social policy were further developed and promoted – notably by Crosland,



Five years after the Limehouse Declaration: Shirley Williams, David Owen, Roy Jenkins and Bill Rodgers at Bath, 25 January 1986.

Gaitskell, Douglas Jay and Roy Jenkins – and incorporated into party policy documents such as *Industry and Society* (1957). The economic foundation on which those ideas rested was a firmly Keynesian one since that creed offered the techniques by which future Labour governments would, it was hoped, seek to achieve economic growth and full employment and hence secure the economic surplus that could be redirected into higher social expenditure. Built around this Keynesian foundation was the distinctive strategy of Croslandite social democracy – namely, the promotion, within a mixed economy, of social welfare and greater equality by means of high public expenditure and redistributive taxation and upon the basis of sustained economic growth.

This revisionist social democratic model was a major ideological influence on Labour thinking and policy for about 20 years – from the mid-1950s to the mid-1970s. But in the face of the inflationary pressures of the 1970s, the intellectual and political appeal of Keynesian social democracy began to fade. Intellectually, its confident assumptions were undermined by the economic stagnation, sterling crises and bitter industrial conflicts of those years, and consequently by the strains of office exerted on the Wilson and Callaghan governments between 1974 and '79.

Politically and ideologically, too, British social democracy seemed an increasingly marginalised force by the late 1970s. On its left flank it found itself challenged within the Labour Party by the revived fundamentalist socialism of Tony Benn and his supporters. On its right flank, meanwhile, it was confronted after 1975 with the revived market liberal doctrines of an increasingly Thatcherite Conservative Party. The growing isolation of social democrats within the Labour Party at this time was also greatly increased by their strong identification with the cause of British involvement in the European Community. Their predicament deteriorated further with Roy Jenkins' departure from British politics in 1976 to become President of the European Commission and with the deaths of Crosland in 1977 and John Mackintosh, another iconoclastic thinker, in 1978.

In the face of their declining influence some social democratic politicians, notably Mackintosh, David Marquand and Evan Luard, had begun to develop a critique of the centralist and corporatist tendencies inherent in state socialism.<sup>2</sup> Both Mackintosh and Marquand had also stressed the need to revise Croslandite social democracy in the harsher economic and political climate of the late 1970s, and thereby to work out what Marquand called

the purposes of 'a new-model libertarian decentralist social democracy'.<sup>3</sup> Although little systematic progress was made in that direction, both Marquand, by implication, and Roy Jenkins, more explicitly, indicated that a new political vehicle might be needed for a revised social democratic theory and strategy.<sup>4</sup> In his 1979 Dimpleby lecture, 'Home Thoughts from Abroad', Jenkins thus welcomed the possibility of a new party of the radical centre which would support state intervention and market forces in equal measure.

## Social democracy in the SDP

When that new party did eventually emerge on the political scene in March 1981, its new launch statement, 'Twelve Tasks for Social Democrats', together with books by three of its founder-leaders – David Owen, Bill Rodgers and Shirley Williams – sought to provide the Social Democratic Party with a clear political and ideological identity.

At first this undertaking appeared to be inspired by the pantheon of major British socialist thinkers of the past – G.D.H. Cole, R.H. Tawney and Evan Durbin, to whom Owen, Williams and Rodgers respectively paid homage.<sup>5</sup> But it also became evident that the SDP's political lead-

ers were engaged in developing a critique of the bureaucratic centralism and statism of established Labour policy. For they demonstrated a shared commitment to the principle of political and economic decentralisation previously affirmed by Marquand, Mackintosh and Luard in the late 1970s.

Owen thus advocated a revival of 'the concept of fellowship and community within a participatory democratic society' in place of the 'deeply centralist' tradition of Fabian collectivism which had dominated the Labour Party for so long.<sup>6</sup> In practice, he argued, that process would require 'a detailed programme of legislative and administrative reforms to diffuse power in Britain'.<sup>7</sup> That goal was supported, too, by Williams who

ity of opportunity and treatment. There were thus, as Owen admitted, 'genuinely conflicting arguments and attitudes ... posed within the centralist/decentralist dilemma'.<sup>9</sup>

Nevertheless, this emphasis on political decentralisation, welcomed, of course, by the new party's Liberal allies, had become established as an essential element of early SDP thought. As part of the developing social democratic critique of an over-centralised and bureaucratic state, associated both with traditional socialism and with the postwar collectivist consensus in general, the idea was reinforced by an eagerness to embrace a market-oriented mixed economy. For Marquand such a commitment constituted one of the most distinctive and important prin-

nounced by the party's rank-and-file activists. By 1983, however, David Owen had discarded the term itself, favouring instead the idea of a 'social market economy' or 'social market'. For in his view, the 'mixed economy' had become a broad, descriptively imprecise term to which virtually anyone in British politics could subscribe. From September 1983, therefore, after succeeding Roy Jenkins as SDP leader, Owen increasingly employed the concept of a 'social market economy' as a means of defining his party's ideological position.

The term 'social market' had first been used by German economic liberals after 1945 and taken up by Christian Democrats, particularly by Ludwig Erhard. It originally meant a market economy in which the state's role was restricted to ensuring that market forces operated without distortion. The term entered British political discourse in 1975 when it was enthusiastically adopted by Keith Joseph and his free-market Conservative Centre for Policy Studies. Within the SDP, however, Owen revised the meaning of the concept so that it implied, in Peter Jenkins' definition, 'that wealth should be created by market forces but redistributed according to social principles'.<sup>11</sup> This interpretation suggested that the operations of the market economy were to be supplemented by government intervention of various kinds – by an industrial strategy, for instance, that would promote skills training and research and development; by an incomes policy; and by the redistribution of incomes and resources by means of taxation and a more generous welfare system.

Owen elaborated his interpretation of the social market economy in the opening chapter of his book *A Future that Will Work* (1984), as well as in a succession of articles and speeches.<sup>12</sup> Further theoretical justification for the idea was provided by Owen's economic policy adviser Alex de Mont and by the social policy specialist Nick Bosanquet, who stressed the need to combine

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favoured both an extension of industrial democracy and wider popular participation in public policy-making and on public bodies.<sup>8</sup>

This decentralist approach was endorsed by official party statements of principle and policy. The original Limehouse Declaration of 1981, for instance, affirmed the new party's support for 'the greatest practical degree of decentralisation of decision-making in industry and government'. Embedded in all this, however, as Owen and Williams recognised, were some problematic issues, including the possibility of disparities in, say, health care provision between different localities and regions. In that instance, decentralisation might well clash with the social democratic commitment to equal-

principles of social democracy. A few months after the new party's foundation he thus depicted the mixed economy not just as the source of prosperity and personal freedom but also as 'neither a staging post on the road to full socialism nor a regrettable compromise between economic sin and economic virtue, but an entity in its own right, positively desirable in and for itself'.<sup>10</sup>

In the Labour Party from which Marquand had recently departed such a stance remained ideologically contentious. For support for the mixed economy had become Labour's 'official heresy', as the political journalist Peter Jenkins neatly described it, reflected in official policy documents and in the conduct of Labour governments, yet de-

competitive markets with government action to provide public services such as health-care and education and to correct market failures such as, for instance, the omission of the costs of pollution from the market price of a good or service.<sup>13</sup>

By 1984 the concept of the social market economy had become closely identified with Owen's leadership and was officially adopted as a central SDP policy at the party conference of that year. In spite, however, of its elevated status in SDP thinking and policy it did not feature prominently in the Alliance programme in the run-up to the 1987 general election. The detailed Alliance policy statement, *The Time Has Come*, whilst endorsing the broad underlying approach of the social market economy, contained no references to the phrase itself. It merely stated that the Alliance parties 'bring together ideas which the Conservative and Labour Parties believe to be mutually exclusive: enterprise and welfare, a market economy and social justice'.<sup>14</sup> This omission of the term was repeated in the 1987 Alliance election manifesto *Britain United*, although Owen himself did try to revive his emphasis on the social market during the election campaign.

Ultimately, then, the idea of the social market economy exerted little direct influence on Alliance strategy, even though it had been one of the few distinctive political ideas to emerge from SDP thinking between 1983 and 1987. It had proved useful, in terms of both policy and rhetoric, in helping to widen the gap between a more market-oriented SDP and the more collectivist and interventionist approach of social democrats such as Denis Healey, Roy Hattersley and John Smith who had remained loyal to Labour. But as its critics argued, both at the time and later, the Owenite concept of the social market economy lacked either a precise meaning or intellectual coherence. It was unclear, for instance, whether the emphasis lay on the 'social' or the 'market' factor within the

equation. It could thus be interpreted as meaning a market economy accompanied either by a minimal state that intervened only to ensure competition and end monopolies or by an active, enabling state that intervened to correct market failures and promote social welfare and justice. It was also unclear, largely for that reason, what exactly the economic and social policy implications of the idea were for the SDP's programme and strategy.

## Conclusion

As a consequence, Owen's innovative use of this distinctive but imprecise idea failed to provide a clear ideological redefinition of social democracy towards the end of the SDP's political life. In other respects, its doctrinal and strategic platform was built upon ideas and attitudes – political and economic decentralisation, constitutional reform, selective government intervention within a market economy – which helped to cement the Alliance with the Liberals after 1981, marking out a broad common ground of principle and policy.

What remained, however, of the SDP's original social democratic legacy, apart from enduring egalitarian and welfarist ideals, was perhaps more a political style and approach – pragmatic, flexible, favouring cautious reformism with the aid of active government and an enabling state. But what had given British social democracy its distinctive character in the period from the mid-1950s to the mid-1970s – namely, its central strategy of egalitarian redistribution through the use of tax and welfare systems and upon the basis of Keynesian economics – had by the late 1980s largely declined as a major political influence.

When, therefore, the newly formed party, the Liberal Democrats, painfully emerged in 1988 from the collapse of the Alliance, it, too, like the SDP in 1981, faced the task of establishing a distinctive political and ideological identity that would re-

tain its appeal and value in the face of the economic and political changes sweeping through Britain and the Western world during the 1980s.

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### Notes:

- 1 M.B. Hamilton, *Democratic Socialism in Britain and Sweden* (Macmillan, 1989), pp. 11, 12.
- 2 See, for instance, D. Marquand, 'Inquest on a Movement', *Encounter*, July 1979; E. Luard, *Socialism without the State* (Macmillan, 1979); D. Marquand (ed.), *John P. Mackintosh on Parliament and Social Democracy* (Longman 1982).
- 3 D. Marquand, 'Inquest on a Movement', *Encounter*, July 1979, p. 18.
- 4 See Marquand, *op. cit.*; R. Jenkins, 'Home Thoughts from Abroad', Dimpleby lecture, 1979, published in *Partnership of Principle* (The Radical Centre; Secker & Warburg, 1985), pp. 9–26.
- 5 See D. Owen, *Face the Future* (revised edition, Oxford University Press, 1981), p. 3; W. Rodgers, *The Politics of Change* (Secker & Warburg, 1982, p. 4); S. Williams, *Politics is for People* (Penguin, 1981), p. 23–24.
- 6 Owen, *op. cit.*, pp. 3, 27.
- 7 *ibid.*, p. 27.
- 8 Williams, *op. cit.*, p. 187.
- 9 Owen, *op. cit.*, p. 27; see also Williams, *op. cit.*, p. 207.
- 10 D. Marquand, *Russet-Coated Captains: The Challenge of Social Democracy* (SDP, 1981), p. 12.
- 11 P. Jenkins, *The Guardian*, 14 September 1983.
- 12 See also, for example, D. Owen, 'Agenda for Competitiveness and Compassion', *Economic Affairs*, 4:1, October 1983.
- 13 See A. de Mont, *A Theory of the Social Market* (Tawney Society, 1984), and N. Bosanquet, 'The "Social Market Economy": Principles, Behind the Policies?' *Political Quarterly*, July–September 1984.
- 14 D. Owen and D. Steel, *The Time Has Come* (Weidenfeld & Nicolson, 1987), pp. 22–23.
- 15 See, for instance, L. Andrews, *Liberalism Versus the Social Market Economy* (Hebden Royd, 1985); D. Brack, *The Myth of the Social Market Economy* (LINK, 1989).