

Democratic Socialism versus Social Democracy

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There seem to be lot of experiments in managing governments and economies in the advanced nations after the recent economic crisis. Some of the European nations that were involved in the Second International have started renewing their ideas relating to socialism. Interestingly, the Nordic countries still consider themselves as social democracies. The French have turned their attention once again to socialism in electing Hollande. In this context the notions of democratic socialism and social democracy appear to be relevant to deliberate, though there are some fundamental differences between the two. For instance, Social democrats seem to believe in implementing welfare programmes through a democratically elected government while adherents of democratic socialism believe in the nationalization of the means of production in running the economy through a democratically elected government. Social democrats advocate peaceful transition from capitalism to socialism. While Jawhar Lal Nehru was considered as a social democrat, his colleague in the Constituent Assembly, B.R.Ambedkar was emphatic about state socialism. It appears that the compromise between these two ideas is reflected in the directive principles of state Policy.

The principles of social democracy and or democratic socialism can be interrogated in the context of present situation in India. While the inequalities in social and economic life of people continue to daunt, the country has adopted a western model of development based purely on the invisible hand. India is now deeply involved in an era of liberalisation and an economic structure based on market. The incorporation of socialism as a part of the preamble of the Constitution is of no value in a system based on market. But, the successive governments are arguing that they have not abandoned the welfare programmes and safety net schemes to bring relief to the socially disadvantaged. In other words, the governments in power seem to buying an argument analogous to some of the European leaders saying that they are still social democrats and would like to bring gradual change within the existing system. This is different from democratic socialism where the means of production will be under the control of the state and the principles of democracy are used to take decisions in running the affairs of the

economy. In social democracy, production and distribution of goods and services will be relied on the efficiency and competitiveness of the market forces.

In the context of India, the constitution has given certain directions to the state to observe not only the rule of law but also certain obligations to weaker sections and socially and economically backward classes. How does the issue of caste based reservations can be operated as a mechanism to distribute income, privileges and power in a system based on market? In the present situation of liberal market economy according to some, making special quotas for certain people in jobs lead to inefficiency and waste. Therefore, the rule of reservation in public employment that was in vogue for the last century and half (from 1856) became redundant in theory and was struck down by courts at different stages of litigation.

The protagonists of justice as fairness argue that special provisions in the form of quotas for the underprivileged and the unrepresented are to be accommodated in a democratic society. In fact, reservations and quotas do exist even in capitalist countries like Malaysia and USA to provide 'representation' to certain categories of people who are not adequately represented in public services to facilitate the true spirit of democratic functioning of the polity. The relationship between democracy and capitalism need to be understood here to high light the significance of principle of "representation". It is believed that both of them have a set of harmonious and mutually supportive institutions, each promoting a kind of freedom in the distinct relations of social life. The liberal democratic capitalist societies are, "those two dozen or so nations whose social life is structured by a limited state that extends civil liberties and suffrage to most adults and an economy characterized by production for the market using wage labor and privately owned means of production". Generally, democracy is identified with liberty while capitalism is related to private property. There is also a contradiction between these two. The conflict between these two values has been resolved in post liberal democracies like that of the US through the creation of corporations. The emergence of giant corporations, most of them later turned into multinational corporations, have done away with the concept of private property (at least in theory). The concept of 'share holder' was invented

with a limited liability. The democratic principle of representative form was introduced in the organisation of the corporations through the so called elected representatives who would take part in the decision making process as representatives of the shareholders. This invention is believed to have solved the contradiction between liberty and private property, but never resolved the antagonistic nature of liberty and inequality.

The collective action undertaken by the representatives, sometimes, for instance lead to inefficient decisions of resource allocation based on majority rule. The costs involved in resolving such issues will be minimized if a unanimous decision is taken. This is possible when all the interests of the people or communities are properly represented. It is perhaps exactly to represent these diverse interests; our Constitution makers have introduced a set of collective choice rules in the form of directive principles of state policy. B.R. Ambedkar called them as instruments of instruction to the government about 60 years ago .In the meanwhile, Multi-caste corporations (MCC) have emerged with the social capital of few castes in India and seem to have distorted the values of representative democracy. It is yet to be evaluated to what extent the instructions of the constitution are adhered to in the changed context.

The experience of American Capitalism has demonstrated to us that it could abolish slavery and bondage of serfdom, but, it failed to inaugurate equity. In India, neither equity nor caste based slavery is abolished. It is under these conditions, liberalisation based on the so called market efficiency is introduced. This will further accentuate the existing inequities and inefficient allocations if the distortions in the social life based on age old traditions are not proscribed. Keeping the unique characters of India, the founding fathers chose perhaps democratic socialism as a constitutional ideal! Is it possible to achieve equity through the creation of equality of opportunities? How does it result in achieving social democracy if not democratic socialism with the change in the ideology of the state of the ruling establishment(s) is a marvel to be seen in the years to come?

Democratic Capitalism and the principle of Representation

Social democracy is different from democratic capitalism. Scholars and philosophers have tried to resolve some of the contradictions in them by inventing new concepts. For instance, John Rawls has defined primary goods as those that constitute "all social values, liberty and opportunity, income and wealth and the bases of "self respect". These primary goods are distinguished from health and vigour, intelligence and imagination, which are natural goods. He said that these goods are to be distributed in such a way that the least disadvantaged should get the largest benefit. It is on the basis of this monumental philosophical work of Rawls, Amartya Sen re-examined the question of inequality. These two works need to be articulated through the works of Dr. Ambedkar, Lohia and others to find out solutions for the reservation problem in India. It is clear that India is now in the deep embrace of democratic capitalism. The question of justice is to be examined from the point of view of backwards and the circumstances in which they live as they constitute the major segment of the underprivileged or marginalized. Rawls opines that "justice is the first virtue of social institutions, as truth is of systems of thought. A theory however elegant and economical must be rejected or revised if it is untrue; likewise laws and institutions no matter of how efficient and well-arranged must be reformed or abolished if they are unjust". Rawls has also maintained that inequality of wealth and authority is 'just' only if they result in compensating benefits for everyone, and in particular for the least advantaged members of society. In this context, the evaluation studies undertaken by independent scholars on the compensatory policy of the government towards the constitutional categories of backwards have clearly revealed the wide gap between the goals and the reality today.

The planning commission reported (2010) that in rural areas scheduled tribes exhibit the highest level of poverty (47.4%) followed by scheduled castes (42.3%) and other backward castes (31.9%). It is estimated that out of 441 districts in the country (except Jammu and Kashmir) more than three thirds of the districts with Scheduled castes have literacy rate less

than the national average (52% in 2001). The proportion is little higher for Scheduled Tribes. The same is the trend in the distribution of land and other assets. The reservation in jobs and positions of power including the posts of judges in Supreme Court, Defense etc., seem to be not amenable to the compensatory principle of democratic capitalism according to recent debate on the issue. Can the compensatory principle be scrutinized in the framework of Sen's entitlements?

As India has chosen the path of market economy, these entitlements should work. An Entitlement refers to the set of alternative commodity bundles that the person can command in a society using totality of rights and opportunities in a market economy. These entitlements will provide claims over primary goods to the individuals and assumed that these would ultimately create capabilities in people. However, these entitlements alone may not generate the declared capabilities to ensure justice. Sen has elaborated that it is the, "actual freedom that is represented by the person's capability to achieve various alternative combinations of functioning's that will decide justice. It is important to, "distinguish capability - representing freedom actually enjoyed - both (1) from primary goods (and other resources) and (2) from achievements (including combinations of functioning's actually enjoyed, and other realised results). To illustrate the first distinction, a person who has a disability can have more primary goods (in the form of income, wealth, liberties and so on) but less capability (due to handicap). To take another example, this time from poverty studies, a person may have more income and more nutritional intake, but less freedom to live a well-nourished existence because of a higher basal metabolic rate, greater vulnerability to parasitic diseases, larger body size, or simply because of pregnancy". The arrangements such as reservations and quotas for women, handicapped etc used in India as entitlements need to be appraised under this formulation.

These entitlements must be sensitive to the respective impacts of the different systems on aggregative and distributive aspects of peoples' effective freedom and capabilities. It is found that the elaboration of the principle of 'justice as fairness' by Rawls or its extension by Sen and others is done within the frame work of liberal capitalism. As indicated earlier, liberal

capitalism is inseparable from that of democratic institutions where freedom to choose is guaranteed. In a market economy, the goods are produced for the market. The market in theory however does not recognise the social background of the person who produces it. It is also necessary to see that these groups or communities are represented both in production and distribution in order to expand the base of the market and to enhance the capabilities of individuals. This is possible by drawing people into the system and by providing representation to each of the groups in various institutions. The individual in India represents a caste or community and therefore it is necessary to ensure that each caste or community is adequately represented in the institutions through which the system operates. In order to make the democratic capitalism to function efficiently, all the groups (both advantaged and disadvantaged) need to be represented (proportionally) in the organisations whether they are public or private.

It is exactly here that one must examine the representation of various groups in the emerging opportunities in India to find out whether it is really a democratic capitalist economy or a traditional caste based system. It is estimated that the amount of investments that are brought into the economy during the post-liberalisation period amount to few lakhs of crores of rupees . It appears that none of the socially disadvantaged groups is represented here by opening the opportunities to them. In fact, new institutions like multi-caste corporations (MCCs) are emerging with the association of influential castes. These caste cleavages will never allow the liberal democratic institutions to function. This would harm the traditions of liberal capitalism. It is at least to strengthen these democratic institutions and to broaden the market; affirmative action in the form of proportional representation should be extended to those sections that are not adequately represented in the economy. Even the Constitution of India speaks about the "provision for the reservation of appointments or posts in favour of any backward class of citizens, which in the opinion of the state is not adequately "represented" (emphasis added) in the services under the state". The word represented was originally inscribed by the drafting committee under the chairmanship of Dr. Ambedkar under Art. 10(3). The committee in fact opined that the word 'backward' was to be inserted before the class of

citizens in the above sentence. The democratic principle of 'representative form' rather than 'pure participatory' form seem to have guided the 'will' of the Constitution makers under the chairmanship of Dr Ambedkar. It seems the ideology of democratic socialism and state socialism has been replaced by other systems. We do not know whether the policies pursued by successive governments in India would come under social democracy or democratic capitalism? (Based on a lecture delivered at Manglore University on 14th April 2012)