The Challenges of the New Social Democracy

Chapter 1 Introduction

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This book provides a Marxist critique of the dominant contemporary Left strategy for local economic and social development, which we term 'the new social democracy'. It discusses how key elements of this strategy – community ties, cooperation, social capital – can better be taken forward through a locally-based socialist strategy.

Over the last thirty years or so, in both Minority and Majority Worlds, Left strategy at the local scale has developed a novel form of social democracy. This seeks to build social capital, strengthen civil society, foster community ties and institutions, build a not-for-profit economy, and encourage self-help and voluntary organisations. It seeks to build new participatory forms of local politics which can achieve consensus between different social groups. This strategy goes by a number of names: community development, the social economy, the solidarity economy, the Third Sector, associationism, the commons, building resilience. Theorized and supported by many left-leaning academics, this strategy is seen as the principal way in which people can improve their economic and social conditions in the face of neoliberal capitalism, and become empowered at personal and political levels.

This new social democratic strategy eschews central elements of earlier social democracy: substantial state intervention into industry, regulation to improve employment and working conditions in the private sector, and public services and state transfer payments in the interest of workers and the poor. The new strategy originates in the post-1970s economic crisis of global capitalism. This caused depression of wages and incomes, higher unemployment, and deterioration of public services, housing and the environment. Earlier social democracy had depended on strong growth and high profits; now these were gone, social democracy was thrown into crisis. Into its place stepped the new social democracy. Its appeal was that it enabled people to become active in new, local enterprises, initiatives and networks and to provide services and environmental benefits, all without dependence on the state or big capital. It thus promised to overcome isolation and fragmentation, foster social ties and community, and produce immediate, visible results.

Despite its promise and popular appeal, we argue that this approach suffers from major weaknesses. The results of the new strategy tend to be meagre because of the failure to demand control over the major resources of society held by capital, landlords and the state. The new social enterprises typically lead to self-exploitation and subordination to capitalist dynamics, and thus internalise neoliberalism. Accordingly, we argue for an alternative, socialist approach to the local politics of development. This centres on building popular collective organisations in both the economy and social life, which can demand and achieve increasing control over the resources of the society. In this approach, social capital, community organisations, local civil society and social economy are not rejected but are seen as potential forms of working class struggle against capital and landowners. This approach makes demands on the local and national scales of the state rather than seeking to by-pass them. And it seeks to link local struggles to those at national and international spatial scales. The book thus presents a critique of the dominant Left strategy for local economic development in both the Majority and Minority Worlds, and advances proposals for a class-based strategy.

Capitalism, class struggle, scale and history

This book uses a Marxist approach centred on class relations, the accumulation of capital, their history and geography, and their crisis tendencies (Gough and Das, 2017). Since this book is concerned with local politics and its problematic relation to the national and international levels, we start with a consideration of geographical scale. At the most fundamental level, the social relations

and processes of capitalism are non-spatial. But as we develop these relations into their more concrete forms, space enters in vital ways. In consequence, capitalist social relations and processes vary 'vertically' across scales, and 'horizontally' and across territories (Gough, 1991; 1992). Economy, society and the state are organized at a variety of scales: local, regional/provincial, national and global.[1] The local- and the national-scale processes, both historical and contemporary, cannot be understood in isolation from the processes at the global scale. In this book we focus on local economic development within a nation, using examples from Britain, India, and elsewhere. But the world economy is 'a mighty and independent reality which has been created by the international division of labour and the world market', so that 'national capitalism cannot be even understood, let alone reconstructed, except as a part of world economy' (Trotsky, 1931; Das, 2022a). The point applies even more strongly to local capitalisms.

Capitalism is a market society, but quite unlike any previous one. Not only are the means of subsistence (food, shelter, and so on) bought and sold, but so also are the means of production (mines, research labs, factories, call centres, machines, and so on) and, crucially, the ability to perform labour, the co-producer of wealth with nature. Capitalism is characterized by a massively unequal distribution of means of production: the means of production – in their material form and as money-capital - are controlled by a small minority, usually the top 1-10% of wealth owners, so the majority are forced to rely on wage-work and thus experience what Marx calls 'dull economic compulsion'. Most people lack capital, and most people *must* lack capital: if everyone, or most people, had access to capital, there would be no capitalist and no worker. Capitalists invest money to make more money by buying labour power and productive resources and then compelling workers to create more value than their wage, surplus value. Thus workers are exploited, whether or not wages are high or low. A part of capitalist revenue also comes from buying cheap from, and selling dear to, small-scale producers, and from dispossessing them of their property. Thus in capitalism, the interests of capital and those of the majority - wage-earners and petty-producers - are fundamentally incompatible.

This antagonism is for much of the time only latent. Workers tend to accept the rule of capital because of their dependence on profitable firms for their employment, competition between workers for jobs, services and housing, and the appearance of these as the natural and inevitable 'rules of the market' (Marx, 1887; Gough, 2004a: Ch.13; Gough, 2010). But class struggle, potential or real, overt or covert, nevertheless breaks out. It comes from both below and above. Class struggle from below opposes the relations of private property, exploitation, dispossession and imperialist subjugation of the South, and their concrete effects such as poverty, inequality, low wages, attacks on union rights and democratic rights. Class struggle from above is when the ruling class countersopposition from the lower classes. This is partly carried out through the coercive apparatuses of the state. Countering lower-class struggle may also occur through relatively cheap and revocable concessions in the form of, say, economic development policy with some limited temporary benefits. The extent to which the concessions actually benefit workers and the poor masses depend on the strength of capitalist economy and on the balance of power between capital and the lower classes. These concessions can be scale-specific, sometimes national, sometimes local (Eisenschitz and Gough, 1993). Thus economic development policy directly initiated by the state, or promoted by the state through non-state actors, can be seen in part as class struggle from above, as a response to potential or real class struggle from below.

The capitalist golden age, working class struggle, and traditional social democracy

In early industrial capitalism in Western Europe, North America and Australasia, class struggle from below took the form of workers' actions at the level of the workplace or local industry, partly

[1] For discussion of geographical scale which have informed our approach in this book, see Cox, 1995, 1996, 1998, 2018; Eisenschitz and Gough, 1993; Gough, 2004a, 2004b; Moore, 2008; Marston, 2000; Marston et al 2005; Taylor, 1987.

through trade unions which were repressed by the state and the employers. But from the late 19th century, class struggle from below also took the form of social democratic politics organised through mass working class parties, forming an increasing challenge to liberal 'free market' politics. In the 'golden age' between 1948 and 1973, social democracy was the dominant politics in all developed nations, irrespective of the party in government, albeit in very different forms in different countries. This was made possible because of the post-war economic boom: high rates of investment, strong growth of output and productivity, low rates of unemployment, and high rates of profit. Investment and productivity increase were supported by substantial state industrial policies (again, of very different forms in different countries), state-owned utilities and industries, and counter-cyclical fiscal and monetary policies. State spending on public services, social housing and the environment grew. Women's participation in waged labour increased rapidly, supported by expanded public services. Tax revenues from both capital and labour increased strongly, and underpinned state progressive income transfers from rich to poor. All of these processes enabled cooperation between the classes, producing 'the postwar consensus'. In some high income countries, social democracy operated alongside state-capital corporatism, in which the state cooperates with the major industrial and commercial corporations with negligible input from the working class; this was particularly important in Japan, but also present in continental Western Europe and the US. The social democratic consensus of the postwar period enabled a stabilisation of class relations after the tumultuous class struggles of the interwar period.

At the other pole of global capitalism, the Majority World, from the 1930s to the 1970s the dominant class-political strategy was national developmentalism organised by the state. The native capitalist class sought to build itself through weakening the economic control of imperial capital and, in the case of formal colonies, to achieve political independence. To achieve this end, the native capitalists allied with the masses, albeit under the former's organisational control. This led to popular politicisation and increasing economic and democratic demands. The capitalists were inclined to accede to these demands; the Russian and, later, the Chinese revolutions gave warning of what a purely repressive stance might lead to. To grow, the capitalist class also needed the support of the state, sometimes via state ownership of major industries. Where there was no pre-existing native capitalist class, a section of the traditional elites used political control of the state to enrich themselves and become capitalists. This model, then, included a degree of compromise between the masses on the one hand and the capital and the landed interests on the other. The result was some land redistribution, provisions of healthcare and education, subsidized food, and state-funded employment. Many of these benefits were distributed through clientalist networks which subordinated the poor to political elites. We can see that there are many similarities of this strategy with social democracy and corporatism in the High Income Countries.

But the material gains for the majority of the population were very limited.[3] The most ambitious national developmentalist governments were overthrown by imperialist intervention (Mossadeq, Sukarno, Lumumba). Massive inequality in land distribution and remnants of semi-feudal relations remained. The capitalist classes often preferred rentier activities to productive investment. State industrial intervention was corrupt rather than designed for productive growth, and state funds and assets were appropriated by the political elite. Major assets were taken over by imperial corporations and the profits expatriated. Both domestic and foreign employers imposed intense labour processes, long hours of work, poor employment conditions and low wages. Democratic rights were limited or, under dictatorships, non-existent, and trade unions, residents organisations and rural movements often repressed; the capitalist class and landowners were unwilling to depart from their chosen economic path, and the lack of democratic rights made it difficult for popular pressure to produce a different path. Thus formal independence and an ostensibly nationalist regime was unable to satisfy either the economic or the political-democratic aspirations of the mass of the population.

3. The major exceptions were South Korea and Taiwan, which from the 1950s had very rapid productive accumulation and rising wages. This was because of economic autonomy granted by the US, for geopolitical reasons.

From traditional social democracy and national developmentalism to neoliberalism

Capitalist class relations limit the growth of production in a variety of ways. For example, we have noted how class relations in the Majority World held back growth in production under national developmentalism. Another instance is the long waves of growth and stagnation of the capitalist economy. Labour-saving investment, while raising the profit of individual firms, in aggregate and in the long term tends to lower the average rate profit across the economy. As labour is replaced by machines, total capital invested increases relative to value and surplus value produced, and surplus value divided by total capital, the rate of profit, tends to fall (Mandel, 1978; Roberts, 2016). Thus the average rate of profit in the largest economies started to fall in the 1950s; it did so not because investment was too low but because it was too high, propelled by the economic boom. By the early 1970s, the average rate of profit had reached such low levels that capital investment slowed dramatically (Roberts, 2016; Volscho, 2017). In the fifty years since then, the world economy, with the exception of China since the 1990s, has experienced much lower rates of growth of output, productivity and wages and higher rates of unemployment and poverty than in the postwar boom. A series of mini-booms of 8-10 year duration have occurred, largely created by massive increases in corporate and consumer debt and waves of speculative investment in different sectors and world-regions; but all of these ended in crashes, culminating in the 2007-8 world 'financial' crisis. The period since the 1970s can therefore be termed a long wave of economic stagnation (Mandel, 1978).

The global ruling class reacted to stagnation with a new strategy, neoliberalism, whose central aim was to raise the average rate of profit on capital. This has two central elements. First, increasing the share of output appropriated by capital and decreasing the share of labour (in Marxist terms, increasing the rate of exploitation). The social democratic collaboration of capital and labour was replaced by an attack on workers' living standards, organisation and rights - class war from above. The second plank of neoliberalism was to allowing capital to flow from less profitable sectors and territories to putatively more profitable ones (Shaikh, 2016; Volscho, 2017). This took the form of flows of capital between advanced economies, deepening their sectoral specialisation; and a flow of capital from the rich countries into mining and manufacturing in the Majority World.[2] Flows of capital into manufacturing shift between countries, depending on the geography of wages, tax liabilities, environmental and other regulations. In consequence, nationally-based trade union organizations, which had relied on national economies doing well to be able to strike a compromise with national capital, were unable to mount a counter challenge when ownership of production became global. The movement of capital between countries thus helped to drive down wages and conditions in each country.

Ideologues of neoliberalism launched an ideological offensive against the practice and theory of both postwar social democracy and national developmentalism. They argued that the state industrial policy 'feather-bedded' unproductive capital and weakened incentives to innovate; state borrowing squeezed funds for private investment; state benefits undermined the work ethic by developing a 'dependency culture'; and taxation distorted markets and undermined incentives for capital to invest and incentives for workers to work hard. Neoliberals proposed, rather, that the major economic decisions on investment, production processes, products, and trade should be taken by firms and 'entrepreneurs' rather than by the state, since only they know their business in sufficient detail; the state should withdraw from industrial intervention; workers should accept the need for firms to be profitable, and the right of managers to manage production; trade unions should be reduced in power or eliminated since they are a monopolistic distortion of the free labour market;

2 Further on neoliberalism, see Duménil and Lévy, 2011; Flew, 2014; Kotz, 2015; Maher and Aquanno, 2018; O'Connor, 2010; Saad-Filho and Johnson, 2005; Springer et al, 2016).

taxes should be reduced, particularly on capital and 'enterprise'; and state spending should be reduced, particularly on public services and the regulation of business.

Over fifty years, attacks on labour, mobility of capital, and neoliberal state policies have failed to ignite a new long wave of growth (Roberts, 2016). Rather, they have produced immiseration. Many workplaces closed; unemployment increased; wages, conditions and job security declined; public services (education, health, social care, environmental services, social housing) deteriorated as governments cut spending and privatised parts of provision; ecology and the built environment deteriorated; the quality of essentials including food, water and air declined. The psychological toll has also been enormous: ever-increasing anxiety, depression, eating disorders, self-harm and suicide. Stagnation and neoliberalism have produced a questioning of the established order. But they have deepened competition between workers and increased rage and aggression against others, typically organised around race, ethnicity, nationality, gender and sexuality. This workers' consciousness has been ably exploited by capital to shift blame for the crisis, particularly by the neoliberal authoritarian populists in both the Majority and Minority worlds - Trump, Modi, Erdogan, Putin, Bolsonaro, Orban *et al.*. Neoliberalism has thus been an economic, cultural and political disaster for the majority.

From traditional social democracy and national developmentalism to new social democracy

The onset of economic crisis and stagnation in the 1970s was initially met by strong resistance from trade unions in a number of developed nations. In some cases this went from resistance to proposing socialist measures, particularly nationalisation of the major enterprises and banks. But by the late 1980s this wave had been defeated by capital and the repressive apparatuses of nation states. The social democratic and communist parties of advanced countries were organisationally and ideologically thrown into disarray: their strategy of gradual improvement in working class living standards and democratic rights through collaboration between labour with capital had been decisively repudiated by capital. Social democratic parties in government increasingly adopted neoliberal policies: depression of wages, shift of taxation from capital to labour, cuts to spending on public services, and deflationary monetary policy. In the Majority World, the parties of national developmentalism such as the Baath Parties of Syria and Iraq and the Congress Party of India converted themselves to neoliberalism; new neoliberal authoritarian-populist parties grew such as the BNP in India and the JDP in Turkey. During the 1970s and 1980s, this move to the right was exacerbated by the Moscow-aligned Communist Parties in both the Majority and Minority Worlds: the wish of the Soviet bureaucracy to placate the West and to reintroduce capitalism led those parties to abandon any perspective of class struggle from below, let alone socialism.

Despite the discipline, disempowerment, fragmentation and demoralisation created by neoliberalism, pressure from the working class did not disappear. And the dire consequences of neoliberalism became increasingly obvious to all but the ruling class. Social democratic activists, politicians and academics responded, developing their strategies against neoliberalism in three distinct directions. First, a restatement of traditional social democracy focused on action by the national state. Second, productivist syndicalism focused on the workplace, in which workers are well rewarded for collaboration with management to increase productivity. Third, the promotion of social capital and associationism within localities and communities. The last two of these we, following Petras (1997), refer to as the 'new social democracy'. This radical reformulation of social democracy has received support from left-of-centre scholars, including influential economists, sociologists and political scientists. (We discuss and critique these theorists in Chapter 2.)

The dominant fractions of capital have generally been uninterested in traditional social democracy and productivist collaboration of capital and labour, preferring the gains they have made from neoliberalism (for the case of Britain, see Gough, 2020). In contrast, associationism and social capital do not present any obvious threat to neoliberalism; indeed, as we shall argue, they internalise

important aspects of it. They have accordingly been the most-practised social democratic strategy in recent decades. In the global south, social capital has been seen as the new theory of development (World Bank, 2001).

Social capital

‘If people cannot trust each other or work together, then improving the material conditions of life is an uphill battle’ (Evans, 1997: 2). In recent decades, trust, co-operation and neighbourly relations have been brought together under the concept of ‘social capital’. Social capital denotes networks, associations and organisations bound together by norms of trust and reciprocity. These constitute social resources for individuals which facilitate collective action for mutual benefit (Woolcock, 1998). Social capital is located inside civil society and at the interface between civil society and the state and a local scale.

The literature distinguishes different forms of social capital. ‘Bonding social capital’ refers to strong ties connecting family members, neighbours and close friends sharing similar demographic characteristics. ‘Bridging social capital’ denotes the weak ties among members of civic organizations, including clubs and voluntary associations. This form of social capital of the poor is produced in part by their associational life, for example clubs where people of different occupations and different neighbourhoods meet. ‘Linking social capital’ refers to vertical ties of trust and cooperation between the common people and those in positions of power and influence in formal organizations such as the state (World Bank, 2001). Through these different forms, social capital is supposed to provide a bottom-up approach to poverty alleviation world-wide. The World Bank says that social capital is a necessary condition for long-term development and that social capital is the capital of the poor.

Associationism

Associationism is another way in which social capital, especially bridging social capital, has been conceived. Associationism focuses on the creation of an economy of cooperative and not-for-profit enterprises, community organisations, and common ownership. Its aims are in part material – the creation of waged jobs and the provision of useful goods and services; but it also aims to change social relations by fostering social capital and community, cooperation and solidarity, thus empowering individuals and overcoming their isolation and alienation. Associationalism focuses strongly on the local scale – neighbourhoods, towns, districts of cities and rural districts. Its historical roots stretch back to the 19th century utopian socialists such as Owen, Fourier and Proudhon, who sought to develop either a non-exploitative capitalism or an instant full communism. In the last four decades, a number of terms have been used for this political project: the Third Sector, community enterprise, community control, the solidarity economy, the participatory economy, the social economy, and so on.

In recent years a number of scholars have embraced the social economy enthusiastically as both practical measures against poverty and as an empowering alternative ‘beyond capitalism’, ‘post-capitalism’, or ‘capitalism not as you know it’ (for example Wright, 2014). The most elaborate, and best-known, theorisation of the social economy has been that of Gibson-Graham (1996; 2006). Adopting a post-structuralist approach, they argue that many different forms of enterprise are possible within capitalism, a continuum of many hybrid forms. Social enterprises can thus potentially flourish within a capitalist 'environment', and in this way the sector can aim to grow indefinitely. They see this as a more realistic, and also more empowering, strategy than trade union struggles or traditional social democracy.

Resilience

Another policy and academic discourse within the new social democracy is the strategy of building 'resilience'. In Britain, for example, this has become the guide for local government policy towards poor neighbourhoods. The neighbourhood is expected to use its inner, intrinsic resources to achieve 'normality'. Social actors within the area are expected to pull themselves up by their bootstraps, with more or less help from the local state. Community organisations and building of social capital and social enterprise are to play the leading role in the 'regeneration' of the area, thus producing resilience against future future economic adversity. In this way, poverty can be overcome, or at least ameliorated, without confronting capital and without substantial income transfers from the nation state.

The differences between the new social democracy and traditional social democracy and national developmentalism are summarised in Table 1.

Table 1 Traditional social democracy and national developmentalism versus new social democracy

Traditional social democracy and national developmentalism	New social democracy
A big role for the state in economy	State role limited to provision of infrastructure, support services and private property protection
Focused on private or state-owned corporations	Focused on small and medium enterprises and not-for-profit social enterprises
Collaboration between capital and labour based on institutional role of trade unions	Workers' empowerment: skill upgrading, participation in governance of employing firms, starting own businesses and social economy
Public services under the direct control of national/local states, provided universally	Public services through varied combinations of the state, private sector and civil society, and differentiated by social group and locality
Limited redistribution of income and social and economic opportunities at the national scale overseen by the state	Self-activity of individuals and particular groups to improve quality of life
Significant social difference is class seen as income differentiation	Class, understood as income differentiation, is one among many equally important social -cultural identities
Rested on actions of national and local legislators and governments elected by citizens who remain passive between elections	Seeks continuous participation in politics through state-sponsored forms and autonomous fora
Concerned with national-scale economic, social and political processes	Focused on local processes, including cooperation, community ties, and social capital

Critique of the new social democracy

Existing critiques

At present there is no book-length discussion of the new social democracy from a socialist perspective. The books by Fine (2001; 2010) and Tittenbrun (2013) present Marxist critiques of social cap-

ital with which we agree. But these authors do not cover or critique associationism, the economic and political aspects of the new social democracy, nor discuss the scale of the locality; in this book we discuss social capital, associationalism and localism together to provide a broader and deeper critique. Fine and Tittenbrun do not discuss the socialist potential of social capital, which we develop in this book as 'the social capital of the working class'. Connectedly, these authors do not provide an alternative, socialist strategy to that of mainstream social capital theorists. In contrast, while we criticise the social economy as it is presently practiced, we also show how it could be developed as a part of broader socialist strategy.

Reisman (1991) gives a left critique of the social economy, and Sharzer (2012) a critique of small firm strategy, with which we agree. But they do not critique the wider framework of the new social democracy - social capital, conservative notions of community, and the consensus seeking approach to local democracy. Like Fine and Tittenbrun, they neglect the socialist potential of the social economy, and they do not put forward a socialist strategy for local politics.

Cowley *et al.* (1977), Lees and Mayo (1985) and Clements *et al.* (2008) have provided powerful critiques of conservative and social democratic views of 'community', and argued for a class struggle approach to local and community politics. But these books are pitched at a more historically and spatially-concrete level than our book, which is more theoretical and strategic. Nor do they discuss the economic and economic-political processes linked to community.

There is a huge literature on militant community action and local popular resistance to neoliberalism, a class struggle approach which we support (as we explore in Chapter 3 and 7). Some of this literature is essentially descriptive, some analytical and strategic. The literature falls within a number of disciplinary approaches or sub-fields, including community action, resistance in cities to aspects of neoliberalism, 'the Right to the City', anti-globalisation and counter-globalisation, and Marxist studies of urbanism and urban politics. However, this literature does not offer a critique of social capital and associationist localism. Nor does it offer an *overall* socialist strategy for the local scale, although David Harvey's *Spaces of Hope* (2000) contains some discussion of this.

Our critique

We argue that the new social democracy fails to achieve its own professed goals and, a fortiori, fails as a strategy for socialism. We show that it is based on thin and misleading theoretical foundations.

We have noted that neoliberal globalization has led to scalar shifts in state-economy-society relations from the national towards the local and regional scales. This intensified local politics is mostly neoliberal or corporatist, which run the risk of working class resistance. The new social democracy poses itself as a progressive alternative, and one that is strongly localist in being focused on small scale, locally-controlled structures. Social capital is presented as offering cohesion between the classes. This promise has been emphasised by Robert Putnam (Putnam, 1993), the author most responsible for popularizing the concept of social capital, who describes his 'communitarian social capital' as a 'superglue' (2000: 23).

The enthusiasts of social capital neglect its class character, in particular how the material conditions of the poor affects their social capital. Social capital is not an independent variable and poverty a dependent variable because the economic-political conditions of poor people have an enormously constraining effect on social capital itself and its purported material benefits for the poor. The social capital approach to development can at best produce meagre benefits for the working class and petty producers, and, worse, ties them into neoliberal social relations and paths of development. Because of the unequal relations of power between state actors and the poor, reflecting the class character of both society and the state, the conditions for state–society synergy ('linking social capital') in support of the interests of the poor are undermined (see Chapters 3, 4 and 5).

Similarly, proponents of the social economy lack an analysis of spatial capital accumulation and its contradictions, and abstracts from class and other fundamental forms of social power. Because they lack capital, social enterprises limited in their ability to grow. Cooperators are often forced into self-exploitation to survive. Associationism's attempt to by-pass the state rather than subject it to working class control means that the state's resources and regulatory powers are not mobilised in support of social enterprises. Thus we regard the gradual conversion of capitalism to the social economy as utopian; the struggle for workers' and citizens' control of the mainstream economy is still necessary.

Associationists' wish for greater social, economic and political involvement of ordinary people is contradicted by capitalist social relations. Associationism is hemmed in by disciplinary capital and state. Its localism leaves social and spatial uneven development untouched. Associationism seeks to abstract the good elements of capitalism from the bad. But in our view, the better possibilities of capitalism have to be fought for against both capital and the state, through transitional demands that point towards socialist solutions. This requires the maximum unity of workers. But this unity goes against associationism's postmodern conception of agency – diverse socially-excluded groups embedded in diverse localities (see Chapters 2 and 6).

Despite these criticisms of the actually-existing practice of social capital and social economy, we believe that aspects of them have the potential to be positive parts of a socialist strategy, thus realising their promise as an alternative to neoliberal deprivation. We put forward the notion of 'the social capital of the working class', the social and community ties which can aid in collective action against capital and the state (Chapter 3). We argue for making strong links of the social economy to popular collective organisations and struggles in the mainstream economy and society, where the social economy can provide a radical levening (Chapter 6).

The fostering of 'resilience' in poor districts holds the poor responsible for their own poverty and abstracts from the causes of poverty in capital-labour relations and the socially- and spatially-uneven development of the capitalist economy. It is thereby in the long tradition of conservative understanding of poverty (Gough and Eisenschitz, 2006: Ch.1). Indeed, the promotion of resilience is inherently conservative in that it proposes a return to normality or equilibrium while failing to question the dysfunctional nature of that condition. The unobjectionable idea of resilience seeks to create a consensus within the area between all social actors, including capital and labour, and is thus depoliticising.

The new social democracy poses itself as opposed to neoliberalism. But in its actually-existing form, it internalises many tropes of neoliberalism (Reisman, 1991). People making their own jobs, providing their own reproduction services, pulling themselves up by their bootstraps and achieving resilience echo the neoliberal ideology of the individual being responsible for their own income and welfare. The social economy is to be powered by entrepreneurship, particularly that of disadvantaged groups. Public services are to be taken over by not-for-profits and voluntary organisations with wages and conditions inferior to state employment, achieving exactly neoliberalism's prime aim for privatisations. The social capital research which argues that markets work better when supported by non-market processes such as the state, trust and customs fits in well with the neoliberal agenda of making 'imperfect markets' more efficient. This absorption of ideologically-dominant neoliberal themes is one reason that the new social democracy has achieved its popularity.

Our fundamental philosophical critique of the new social democracy was adumbrated long ago by Marx. Marx criticised those thinkers he called the 'true socialists' (usually now referred to as 'utopian socialists') such as Fourier and Proudhon, whose strategies had many similarities to the new social democracy. Marx remarked that 'true socialism' ceases 'to express the struggle of one class with the other', and represents 'not the interests of the proletariat, but the interests of Human Nature, of Man [sic] in general, who belongs to no class' (Marx and Engels, 1848: 30; see also Das, 2022a: 213). Implicit in the new social democracy is the idea of humankind in general, people apart

from their class position and their setting in a particular society, capitalism. The new social democracy abstracts from the nature of capitalism as a class society, and thus does not see the undermining by capitalism of the production of trust, reciprocity and cooperation.

Our alternative: a multi-scalar class struggle politics

The new social democracy seeks collaboration and consensus between capital and labour at the local scale to develop new forms of production and social reproduction. In contrast, we present a strategy for local socialist politics which locates it within class struggle and links it to higher spatial scales. The overriding need is to overcome the fragmentation, isolation, alienation, individualism and anomie of workers generated by five decades of neoliberalism. The local scale is a vital one in developing face-to-face networks of workers to confront both production and social-reproduction issues, and to begin to overcome the many types of division within the working class; the local is, then, an essential scale for left politics.

Local socialist strategy addresses both production (the local economy) and reproduction (home life, neighbourhoods, housing, transport, public services), and creates strong links between them. Community and civil society ties, as well as local trade union and workplace organisations, are built as militant and combative organisations. They seek to collaborate with others at higher spatial scales, regional, national and international. In this way, the competition between localities fostered by neoliberalism can be avoided. In this political environment, social enterprises can be built as genuinely empowering, and thus as small scale, partial glimpses of socialism. Rather than by-pass the local state, its resources should be increasingly subject to the demands of the organisations of workers. Demands are made on the local and national state to provide better resources for, and regulation of, production and reproduction. Local socialist advance then does not take place in a local ghetto but relates to working class struggle at all spatial scales (see further Chapter 7).

We argue for the development of 'working class social capital': mutual relations of trust and cooperation and solidarity, which help the working class and not-exploiting producers to build political solidarity and thus contest the power of dominant classes and the state (Chapter 3). Because of the position of the state in capitalist society, positive cooperation between state officials and common people is difficult, except where there is a pro-poor political organization – working class social capital - putting pressure on the local state. Under these conditions, relations of trust and co-operation between workers and reformist state officials can produce some benefits for the masses (Chapter 5).

But local socialist struggles cannot succeed if they remain purely local. Localities where working class gains are made in, for example, wages and conditions, regulation of private renting or taxation of business, tend to be boycotted by capital (withdrawal from existing investments, lack of new investment), thus undermining those gains. This is because the major resources of society are in the hands of capital which is spatially mobile: money capital is completely mobile, merchant capital can switch spatially subject to production and consumption geographies, and productive capital can switch location in the time span of the depreciation of fixed capital, five to ten years. This spatial mobility is expressed as corporations which operate on national, continental and particularly global scales. The organisation of workers and poor producers needs to match the scale of capital. At minimum, this means refraining from competition with workers in other localities. Thus trade unions in different sites of a corporation need to prevent the employer from playing the sites off against each other. Socialist controlled local governments should not compete with other local areas for investment or national-government funding in a race to the bottom. More positively, gains made in one locality should be celebrated and publicised through national and international workers' organisations, to encourage and materially help their achievement elsewhere. In this way, national and international solidarity can stimulate workers' struggles within each locality (see further Chapter 7). Local and international advance are then not counterposed but part of one process.

Outline of the chapters

Chapter 2 describes and critiques associationism in the High Income Countries. It highlights the differences of associationism from traditional social democracy, and analysed how this change was underpinned by the wave of economic stagnation from the 1970s and capital's neoliberal offensive. It describes the diverse initiatives and forms which have been developed 'from below' as a response to the material and psychological depredations of neoliberalism, and examines some of the academic underpinnings of the new social democracy and associationism. It explores some tensions, contradictions and failures in the practice and theory of associationism, explains why the associationist economy cannot expand to replace capitalism. Associationism fails as a strategy for emancipation because it ignores, and seeks to sidestep, the dynamics of capital accumulation and the conflict between capital and labour.

Chapter 3 discusses 'society-centric' and 'state-society relation' approaches to social capital, and critiques these for neglecting class. It develops an alternative class-approach to social capital. The conservative political implications of social capital are discussed. The chapter develops the concept of 'working-class social capital', which refers to the ways in which social ties can support the collective action of the working class against capital, landowners and the state. The chapter also discusses the different ways in which the working class social capital can be produced within civil society as well as in the structure of relations between workers and 'relatively autonomous' state officials. The chapter concludes that there cannot be a social capital theory of society, since social capital differs between classes in both its resources and its aims, and the material conditions of class society severely constrain the production of social capital. Yet, within a class theory of society, social capital can play some role; how minor that role is depends on the specific issue at hand and is geographically variable.

Based on qualitative interviews in two rural areas in the Indian State of Odisha, and employing the theoretical framework laid out in Chapter 3, Chapter 4 examines whether and to what extent poor people of the daily wage labour class benefit from their social capital within civil society. The latter includes the norms and practice of reciprocity, 'bonding social capital', as well their associational life, 'bridging social capital'. The chapter shows how the economic-political conditions under which poor people live and the spatiality of these conditions severely constrain the production of social capital in its different forms. By reflecting on the dialectical relation between social capital and poverty, the chapter problematises the overly optimistic claims about social capital. It shows that it is untenable to posit social capital as an independent variable and poverty as a dependent variable.

Chapter 5 explores social capital at the interface between the state and civil society at the local scale, both conceptually and on the basis of empirical evidence from Odisha, India. Two questions are addressed. First, to what extent are there relations of trust and cooperation between local state officials and poor rural people. Second, what are the factors that explain the observed level of trust and cooperation between state representatives and the poor? It is found what where the power of state representatives and the resulting social-economic inequality between them and the poor exist unchecked, state-society synergy at the local scale is weak. By contrast, where there is a pro-poor state-political organization and strategy - a possibility that usually falls outside the scope of social capital enquiry - there may be greater levels of state-society synergy with some benefits for the rural poor. The chapter reflects critically on some general conceptual issues regarding the nature of the relationship between the state and society.

Chapter 6 analyses the promise of and constraints on the social economy, and proposes a socialist strategy for it, extending and detailing the critique in Chapter 2. We locate the political ambiguity of the social economy in the contradictions of capitalist accumulation, particularly the contradictions between the socialisation of production and reproduction *and* value relations and class discipline. We show how the theory and practice of social economy have responded to these contradictions. This

analysis of the mainstream actually-existing social economy throws doubt on associationists' optimistic view of it. We discuss the tensions between social enterprises' social aims and their economic survival within capitalism. On this basis, we consider how the social economy might fit within a wider strategy for socialism *beyond* capitalism. In particular, with leadership and strategy from the left it can show the potential for increasingly radical and far-reaching forms of socialisation and worker and citizen involvement, and can thus provide an important field for furthering the struggle for socialism. We advocate a strategy for the social economy centred on empowerment, the building of cooperative social relations, and links to the organised labour movement. Such a strategy can go beyond exemplary, isolated, small-scale enterprises of the poor.

In Chapter 7 we argue, contrary to much traditional left thought, that the local scale is vital for organising struggle against exploitation and oppressions. We present strategic ideas and specific politics for socialist politics at the local scale through class struggle against capital and against the state where it channels capitalist power. This contrasts with the approach of associationists and proponents of social capital who seek class collaboration at the local scale. The local scale is a vital one in developing face-to-face networks of workers to confront both production and social-reproduction issues, and in beginning to overcome the many types of division within the working class. Many key issues span production and reproduction spheres, and these are well addressed at the local level. The local state's resources should be increasingly subject to the demands of workers. The strategy of associationists and promoters of social capital, because it does not confront capital, is largely confined *within* the locality. In contrast, a central aspect of our proposed strategy is to develop links between local organisation and larger spatial scales of struggle.

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