

LANE KENWORTHY'S "SOCIAL DEMOCRATIC AMERICA"

Lane Kenworthy, sociology professor at the University of California, San Diego, argues that the ideal "next system" would in fact be a form of actually-existing social democracy. His vision is influenced by Nordic nations, which combine capitalist economies with extensive programs of public insurance and social services. The result, he argues, is an economy which realizes economic security, equality of opportunity, and shared prosperity, without sacrificing the dynamism and freedom of the capitalist market.

Traditionally, social democracy has been a system that makes it easier for people to survive without exclusive reliance on earnings from employment in the labor market. In other words, it ensures a large public safety net or social wage. Kenworthy describes his ideal version of social democracy, instead, as an activation, or social investment. Employment is encouraged, but those without paid work are guaranteed basic living standards. The United States can readily embrace such a system, he contends, if social policy is expanded to include universal health care, universal early childhood education, and the government as an employer of last resort, among other key changes.

According to Kenworthy, social policy is equivalent to public insurance. Programs such as Social Security and Medicare insure against the risk that the individual may have access to few or no resources at a given point in life. The same can be said for other public services, including public schools, unemployment insurance, and food stamps. The institutions that used to guarantee public insurance fifty years ago—families, civic organizations, and labor unions—have withered away, leaving the responsibility at the government's door.

The economy under Kenworthy's social democracy would remain predominantly in private hands, although some sectors such as health care might be state-owned or socialized. The market, as it does today, would allocate investment, the production and consumption of goods and services, and the employment of labor. Kenworthy's model embraces a range of firm sizes and corporate governance arrangements. He proposes that labor unions would determine wages, unless their role further weakens to the point where the government would step in to control wage determination. Medium and large-sized firms would be required to have employee-elected works council, which would negotiate nonwage matters with management, as happens to a degree under various European forms of codetermination.

The government's role in the economy, according to Kenworthy, should be to provide a light regulatory touch, as is the case in the Nordic nations, where governments set basic standards for employee and consumer protection and require businesses to meet them. This means "big government in one respect and small government in another," he argues, as "the aim is to maximize individual opportunity and provide security for those who fall behind, while impinging as little as possible on competition and flexibility."

As is the case in Scandinavia, social democracy would address income inequality by ensuring a high and rising income floor for the least well-off, and boosting opportunities for the disadvantaged. Government transfers to low and middle-income households would be the primary redistributive mechanism. Arguing for the potential of transfers as an equalizing force, Kenworthy notes that before transfers in Sweden and Denmark, the income levels of the poorest 5 percent are the same as in the U.S. After transfers, however, the Nordic nations achieve greater relative income parity.

Kenworthy argues that, over the past century, the U.S. government has slowly been moving closer to a form of social democracy. Policymakers have implemented progressive social and economic policies over the course of the last century, achieving advances (while also experiencing some setbacks) but ultimately moving in the right direction. According to Kenworthy, in the U.S. political system two factors point toward a trend of bigger and growing government: problem-solving by policymakers, and political persistence. Over time, Kenworthy contends, policymakers will recognize that a larger government will help to improve economic and living conditions and will pursue policies to support it. While cultural and political obstacles lie in the path of an increase in the size and scope of public programs, such as the traditional American fear of big government, Kenworthy is confident that the overall course of U.S. social policy will continue to move towards greater social democracy.