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## BOOK REVIEW

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Richard SANDBROOK, Marc Edelman, Patrick Heller and Judith Teichman. 2007. ***Social Democracy in the Global Periphery: Origins, Challenges, Prospects***. Cambridge: Cambridge University Press, 2007, 300 pp., \$34.99 paper.

Reviewed by **Elaine Coburn**<sup>1</sup>

This book is a useful resource. However, it is not the book that it claims to be. In keeping with the title, the authors present the text as a study of ‘social democratic’ states in developing countries or ‘the global periphery’. As such, the analysis is supposed to respond both to neoliberals who still quote Thatcher that ‘there is no alternative’ to neoliberal policies and to political economists who argue that states have no meaningful autonomy left in a world where politics is increasingly constrained by an active, organized and powerful transnational capitalist class. Indeed, in the opening lines of the book, the authors insist that their contribution as social scientists is to consider, not just what is probable, but what is possible – to underscore “the often hidden opportunities for valued social change” (p.3) that lurk in any particular historical moment, including the present. Yet, the analyses are not (only) about social democratic states. Rather, the book considers a variety of welfare states in the global periphery, ranging from the social democratic to the classically liberal.

In clear, well-written, even prose (no mean feat given four coauthors), the writers draw upon their collective research as political scientists, examining the cases of Kerala, Costa Rica, Mauritius, and Chile (after Pinochet). When compared with other middle and low-income countries, each has better-than-average health outcomes, including increased longevity, and better-than-average educational attainment, with all four cases boasting literacy rates of over 90%. More tenuously, the authors argue that all four cases feature “robust civil societies” (p.11) and have “advanced social security systems”, including old age and some disability protection. If the four cases vary in important ways, notably in terms of population size, ethnic homogeneity, and the importance of the rural population, this variety, the authors argue, is analytically suggestive insofar as it implies that quite different peripheral nations and regions may still achieve some form of welfare state. Indeed, the main thrust of the authors’ argument is that although the world periphery is marked by

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1 Elaine is a researcher associated with the CADIS-Ecole des Hautes Etudes en Sciences Sociales (EHESS) and assistant professor of sociology at the American University of Paris in France. Her research focuses on transformations in global capitalism, neoliberalism and resistance.

Email: [coburn@stanfordalumni.org](mailto:coburn@stanfordalumni.org) or [ecoburn@aup.fr](mailto:ecoburn@aup.fr)

**Book Review: Social Democracy in the Global Periphery:  
Origins, Challenges, Prospects**

dependency, including upon international financial institutions like the International Monetary Fund, and although such countries typically have highly differentiated class structures that are a seemingly unlikely base for the emergence of welfare states, welfare states of varying types are possible – indeed, already exists – in the developing world. (Actually, the authors claim that social democratic states of varying types already exist, but their own detailed case studies suggest that Kerala is the only social democratic state, with the others representing mixed types or even liberal welfare regimes).

The emergence of welfare states in the global periphery, especially of a progressive social democratic type, is not a given. Even in Latin America where peripheral states were independent a century before Africa, the authors argue that the colonial heritage of weakly legitimated and autocratic states (p.43) has tended to foster authoritarianism and clientelism. The consequence is hierarchies of beneficiaries that typically see the military, civil servants and those in export sectors (p.40) better protected than the needy, particularly the rural poor who often rely on informal patron-client networks or (religious) charity works for survival (p.41, p.39) in the absence of broad social welfare coverage. In this configuration, privileged workers tend to fiercely resist more universal coverage of a genuinely social democratic type. More recently, structural adjustment programmes implemented at the behest of the International Monetary Fund in much of the global periphery, has meant a weakening of democracy, not least because the implementation of unpopular austerity programmes required ‘the exclusion of popular organizations and legislative bodies from policymaking’ (p.55). The sale of former public utilities, often at bargain prices, as part of mandated privatization policies, means that peripheral economies are frequently controlled by the heads of foreign multinationals, further decreasing the leverage of peripheral governments with capital (p.56). Thus, both historically distant and recent developments in the periphery create particular ‘obstacles’ to the development of welfare states, particularly of the social democratic type, in the periphery (Canadians, of course, are familiar with the democratic limits of dependent economic development in the ‘core’).

Yet, despite these obstacles, varying types of welfare states have emerged in the global periphery, which the authors call ‘radical social democratic’, ‘classic’ and ‘Third Way’ welfare regimes. The ‘radical’ welfare state is characterized by robust self-organization by the working class and peasantry and universal entitlements to basic goods and services, as in Kerala. Classic welfare states typically feature an active state that creates ‘good’ public sector jobs, partly through extensive welfare entitlements made possible through corporatist consultation with all major social actors, including employers, as in Mauritius since the 1970s. In contrast, the Third Way welfare state typically has electoral systems in which ‘elites compete for power’ (p.26), with minimal safety nets restricted to the ‘truly needy’, as in post-Pinochet Chile. At least, this is what the authors’ might

have argued – instead, they claim to compare three different types of social democratic states: radical, classic and Third Way. This is a mistake, since in so doing they stretch the definition of ‘social democratic’ so far as to be meaningless, at least when applied to the Third Way. Elite competition for power is hardly meaningfully democratic (if better than an authoritarian state) and tightly restricted, minimal safety nets covering only the very poorest hardly qualifies as the introduction of ‘socialist’ measures into a capitalist economy (p.13), especially when it is then assumed that market competition is the best way for distributing social goods to the remainder of the population.

It is to the authors’ credit that the case studies are sufficiently detailed that their own descriptions may be used to refute their central misleading claim to be studying social democratic welfare states. In the case of Mauritius, for example, the state is, at best, a ‘mixed’ welfare state, with relatively extensive, universal social programmes in the education sector but a macroeconomic approach closer to Third Way liberalism. Thus, the authors (apparently approvingly) describe “phase two” of Mauritius’ “bold” industrial strategy, centered on the developing the nation as a regional “financial and business center”: “Investors are enticed with a zero tax on profits from offshore operations, free repatriation of profits, exemption from duties on imported equipment, income-tax holidays for eligible expatriates, and a series of double taxation avoidance treaties” (pp.141-142). Far from representing a social democratic approach, such policies seem a desperate instance of continued dependent development, in which key controls over the economy are ceded to foreign investors. At the same time, insofar as such policies are centered on a concerted effort to increase profits for the rich, they reflect the familiar liberal argument that such measures create wealth that will ultimately trickle down to the poor.

In this respect, the authors’ critical edge is underwhelming. Symptomatically, in the same section, they add that, “‘Business tourism’ also helps to fill the high-end hotels and restaurants (p.142). Likewise, characterizations of post-Pinochet Chile, “with its dependence on fiscal equilibrium, a streamlined state, and a highly flexible and quiescent labor force” (p.164) suggest that Chile is a good example of a classic liberal welfare state. The question then arises: why are some peripheral states, notably Kerala, able to pursue social democratic reforms while others; like Chile, are constrained to a minimalist liberal welfare state or a ‘mixed’ welfare state with strong liberal components?

Here, the case of Kerala is instructive, including, for example, descriptions about how the ruling Marxist party has sought to deepen democratic initiatives through decentralization processes that encourage active local decision-making -- an instance where decentralization is not simply an excuse for the retreat of the state. Even the authors’ tendency to fall back on highly case-specific lists of structural factors, political opportunities and ‘critical junctures’ setting Kerala on a ‘path dependent’ road towards social democracy, suggest a

**Book Review: Social Democracy in the Global Periphery:  
Origins, Challenges, Prospects**

broader lesson. Today's peripheral nations cannot go back to the 1950s to imitate Kerala's 'watershed' moment, the establishment of a committed Communist government in the state's first-ever elections – but, the path dependency argument suggests that social democratic governments must be bold once in power, since universal welfare entitlements, for example, may create strong attachments that render their undoing unpopular. At the same time, Sandbrook et al. are probably correct in suggesting that 'overly' radical redistributive politics are doomed to fail, since they are likely to create a hostile reaction from the national capitalist class – a reaction that may well be bolstered by more or less overt US military intervention against truly socialist governments, as in Chile under Allende. The current revolt in Bolivia under Morales by the wealthiest national capital fractions – and ominous, continued involvement by the US in Latin and South America, such as through the Columbia Plan – are contemporary confirmations of this argument: social democracy can succeed, but socialist measures are likely to be met with sustained, fierce resistance, even authoritarian coups.

Sandbrook et al. have written a book from which much can be learned. Yet, the story they tell is not the story of 'social democracy in the periphery' but the story of the emergence of a variety of welfare states in the global South. A second edition, more accurately framing the story they do tell, would be a very helpful, central addition to the existing welfare state literature, drawing attention to the often unique dynamics and struggles around welfare states in the global periphery.