

NATIONAL REVIEW

Why Democrats Love Democratic Socialism

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On the night of June 26, when Alexandria Ocasio-Cortez won the Democratic primary against incumbent Joe Crowley in New York's 14th congressional district, online searches for "democratic socialism" spiked dramatically. The 28-year-old Bronx native had done the improbable. Not only had she risen from total obscurity to knock out a ten-term incumbent and likely successor to Nancy Pelosi; "AOC," as many call her, demonstrated that an unabashed socialist can secure a high-profile position within the national Democratic party. Months later, search interest in her anti-capitalist moniker remains elevated around the country.

The Ocasio-Cortez result was simply the most prominent victory to date in a string of wins for nominees at the state and national level endorsed by the Democratic Socialists of America, the largest socialist organization in the United States. Thanks to the attention generated by Bernie Sanders's 2016 campaign, DSA membership has surged from around 5,000 to just under 50,000, transforming it from a peripheral educational organization into a political force in two short years. It wasn't long ago that Glenn Beck required a blackboard and a box of chalk to prove that a Democrat was a socialist. Now, increasingly, they tell you so themselves, with pride.

Actress Cynthia Nixon all but begged for the DSA's endorsement in the New York gubernatorial primary, declaring democratic socialism to be the future of the Democratic party. And with 61 percent of surveyed Democrats reportedly having a positive view of socialism — a disposition that skews heavily towards Millennials — she may have a point. Julia Salazar, the DSA's pick for the New York state senate's 18th district, in Brooklyn, is only 27 years old. The political awakening of the cohort born after the fall of the Berlin Wall is arriving right on time, with the horror that a word like "socialism" inspires in older generations safely beyond living memory.

Yet as evidenced by the number of Americans turning to Google for a clear definition, what democratic socialism entails is anything but obvious. "If being a democratic socialist means that you believe health care, housing, education, and the things we need to thrive should be a basic right, not a privilege, then count me in," said Nixon. Ocasio-Cortez somehow managed to be even more vague, declaring democratic socialism to be the view that "in a modern, moral, and wealthy society, no person in America should be too poor to live."

Who could disagree with that? The DSA's website, on the other hand, is more specific and far more candid. Democratic socialism, it explains, means nothing short of the abolition of capitalism. This is not New Deal liberalism redux — don't be so insulting. Under democratic socialism, the private sector is to be replaced top-to-bottom by state-owned enterprises and worker-controlled firms. Even the family will be subject to democratic control, to rid it of any semblance of hierarchy. As Jared Abbott, a member of DSA's steering committee, put it, "Socialism is the democratization of all areas of life, including but not limited to the economy."

In other words, democratic socialism is just regular old Marxism, diverging from the Bolsheviks more in means than in ends. Rather than stage a revolution, today's democratic socialists believe in taking the scenic road to serfdom, working through existing democratic processes and political parties. Of course, the DSA's vision of a "participatory economy," composed of thousands of decentralized, worker-run cooperatives, is not something Congress could simply pass through reconciliation. No society has ever attempted to "abolish capitalism" without descending into unspeakable chaos and violence. Venezuela is just the latest example — a country that, not long before descending into dictatorship and humanitarian crisis, was held up by democratic socialists as a model regime.

Whether politicians such as Nixon, AOC, or Salazar understand the first thing about the fellows they've chosen to travel with or are just trying to be au courant is not immediately clear. To hear Sanders talk, socialism apparently means becoming more like Denmark — an embarrassing conflation of "democratic socialism" with "social democracy," presumably thanks to the large number of letters they have in common. It's a distinction with a difference. While democratic socialists seek to abolish capitalism through worker control of the economy, social democracies are countries that supplement capitalism with redistribution and the public provision of certain goods or services — such as health insurance — that markets often fail to provide effectively.

Denmark's prime minister made this point directly on a visit several years ago, not-so-subtly chiding Sanders in the process. "I know that some people in the U.S. associate the Nordic model with some sort of socialism," he told his audience at the Harvard Kennedy School. "Therefore, I would like to make one thing clear. Denmark is far from a socialist planned economy. Denmark is a market economy."

And not just any market economy. Nordic social democracies routinely rank at the top of indexes designed to measure economic freedom, making them some of the freest markets in the world. Without the productive powers of unfettered capitalism, it's hard to imagine them affording their generous welfare states in the first place. And where the Nordics have gone a more democratic-socialist route, it's not been pretty.

In Austria and Denmark, for example, "social housing" projects comprise over 20 percent of the housing stock — an enduring legacy of their respective socialist movements. Ethnic enclaves have since formed in both countries, referred to bluntly by the Danish government as ghettos ("ghetto" has somewhat different connotations for your typical Austrian). Recent research suggests that non-market housing is a key driver of anti-immigrant sentiment in both countries, spurred by the zero-sum conflict it creates with natives over occupancy of the limited supply.

This has led the current Danish government to consider privatization, among a series of other housing reforms. Meanwhile, the People's Policy Project (3P), an American think tank founded in 2017 to put meat on the bones of the democratic-socialist policy agenda, released a paper earlier this year calling for the construction of 10 million government-owned municipal housing units, citing Denmark and Austria as positive examples.

For holders of a supposedly dialectical ideology, Marxists are surprisingly bad at incorporating the lessons of history. Take 3P's other brilliant idea, the creation of a sovereign-wealth fund built on oil revenues and modeled after Norway's trillion-dollar pension fund. But instead of using the fund to manage the "resource curse" of economic stagnation that can be created by enormous oil revenues (a problem the U.S. doesn't have), 3P proposes using it to socialize the American economy by steadily buying up the stock market. 3P founder Matt Bruenig brushes off concerns about public ownership by pointing to a number of well-managed Norwegian and Finnish state-owned enterprises, neglecting the vast literature on the poor governance of state-owned enterprises overall. For this very reason, Norway's pension fund has a policy of limiting investments in individual companies to a maximum 5 percent of shares.

For what it's worth, several democratic socialists have called out Bruenig's plan as misguided, but for curious reasons. Writing in *Jacobin* magazine, the sociologist Michael A. McCarthy laments that Norway's sovereign-wealth fund isn't socialist *enough*, since it retains its profit-maximizing orientation. Mike Konczal of the Roosevelt Institute echoes the same concerns, arguing that a sovereign-wealth fund would undermine the deeper goal of worker control of firms (thus implicitly acknowledging the wealth destruction that true democratic socialism entails).

The intra-socialist squabble du jour is illuminating as an example of what the economist Thomas Schelling called the "*Titanic* puzzle." Schelling explains (apocryphally) that the *Titanic* had only enough lifeboats for first- and second-class passengers. As a condition of their less-expensive tickets, steerage passengers were expected to go down with the ship. So when the unsinkable ship sank, the story goes, so did its poorest passengers — to the outrage of anyone with even mild egalitarian intuitions. (In reality, the rule was "women and children first," and steerage happened to be mostly men. The patriarchy strikes again.)

According to Schelling, no egalitarian intuition is elicited when two different boats, with different fares, offer different levels of safety. It occurs only when the differential is within one boat. This poses a problem for egalitarians, who must somehow reconcile the "macro" equality of society as a whole with the "micro" inequality within any given organization. Thus if your goal is to flatten the organizational structure of every firm, it may come at the expense of efficiency and wealth creation that could be used to equalize incomes at an even higher level. Which bullet one chooses to bite is one way to understand the democratic-socialist/social-democratic divide.

To the extent that Democrats running under the democratic-socialist banner are simply confused social democrats (a not unlikely scenario), the incredible dynamism of America's private sector may be under no immediate threat. But that does not obviate the need for vigilance. The left

flank has co-opted social-democratic parties in the past, only to spur catastrophe (in Venezuela's case) or otherwise spark a multi-decade-long process of course-correcting liberalizations (in the case of countries such as Sweden).

The good news is that the new wave of democratic socialists appears to be repeating some of the worst mistakes of the conservative Tea Party movement. With their focus on "abolishing ICE," reforming the criminal-justice system, opposing foreign wars, and expanding urban development, it's often hard to distinguish DSA members from your typical Cato Institute libertarian. In other words, the DSA seems destined to stay young, idealistic, and on the periphery of actual policymaking. Ocasio-Cortez has even floated the idea of establishing a smaller socialist-only congressional caucus, an analogue to the House Liberty Caucus, thus giving herself all the legislative clout of a left-wing Justin Amash.

When all is said and done, despite their solidaristic rhetoric, the socialist proclivity remains towards factionalism. Leaderless movements grow only so far. Indeed, if anything, the Democratic party's nascent socialist wing, whatever its potential dangers, seems poised to give the American public a lesson in hierarchy's deeper virtues.