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Democratization and Social Policy Development in Advanced Capitalist Societies*

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In a number of works stretching back twenty-five years, my co-authors and I have argued that similar social, political, and historical factors are behind the development of political democracy and generous and redistributive social policy (Stephens 1979, 1989, 1995; Rueschemeyer, Stephens, and Stephens 1992; Huber, Rueschemeyer, and Stephens 1993, 1997; Huber, Ragin, and Stephens 1993; Huber and Stephens 1999, 2001; Stephens and Kümmel 2002; Bradley *et al.* 2003). While the factors leading to democracy and generous social policy are not identical, they are sufficiently similar to suggest that a relatively unified theory can explain both sets of social change. In this essay, I reconsider the development of democracy and social policy in western advanced capitalist democracies, primarily focusing on the period 1870 to 1950.¹

Following the analytic strategy of Rueschemeyer, Stephens, and Stephens, I examine the universe of cases that fits the selection criteria, which are partly analytic and partly practical, the latter related to the fact that the other possible cases are covered by other chapters in this book. My analytic criteria for choosing these countries are that (i) they were national states in 1900; (ii) they were western developed capitalist democracies as of 1950; and (iii) they were stable democratic regimes as of 1950 (which we know only in retrospect). The countries included in the analysis are nine countries in Western Europe: Belgium, Denmark, France, Germany, Netherlands, Norway, Sweden, Switzerland, and the United Kingdom; and the four British settler colonies: Australia, Canada, New Zealand, and the United States.²

The period is chosen for analytic reasons. At the initial date, none of these countries had initiated any of the social policies which are generally thought to constitute the modern welfare state. In Europe, only Switzerland was democratic by the conventional definitions of democracy. For France, Switzerland, Britain, and the British settler colonies, I do extend the analysis of

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democratization further back into the nineteenth century since developments in that period are an essential part of the explanation of the political outcome. In the initial two sections of the essay, I present our theories of democratic development and social policy development. The third and fourth sections cover the development of democracy in Europe and the British settler colonies respectively. The fifth, sixth, and seventh sections cover the development of social policy in both regions up to 1920, in the interwar period, and the immediate post-Second World War period respectively.

The theory of democratic development

In *Capitalist Development and Democracy*, we adopt a conventional definition of democracy: regular free and fair elections of representatives on the basis of universal suffrage; responsibility of the state apparatus to the elected representatives of the people; and guarantees for freedom of expression and association. We argue that the development of democracy is the product of three clusters of power: (i) the balance of class power; (ii) the nature of the state and state–society relations; and (iii) transnational structures of power, or the international economy and system of states.

The central thesis of our book is that capitalist development is related to democracy because it shifts the balance of class power by weakening the power of the landlord class and strengthening subordinate classes. The working and the middle classes – unlike other subordinate classes in history – gain an unprecedented capacity for self-organization due to such developments as urbanization, factory production, and new forms of communication and transportation. The working class was the most consistently pro-democratic force, whereas the middle classes took an ambiguous position. As to the role of the bourgeoisie,³ we dispute the claims of both liberal and Marxist political theory that democracy is the creation of the bourgeoisie. The bourgeoisie made important contributions to the move towards democracy by insisting on its share in political power in the form of parliamentary control of the state, but the bourgeoisie was also hostile to further democratization when its interests seemed threatened.⁴

The structure of the state and state–society relations are clearly relevant for the chances of democracy. The state needs to be strong and autonomous enough to ensure the rule of law and avoid being the captive of the interests of dominant groups; the state's authority to make binding decisions in a territory and the state's monopoly of coercion must be settled. However, the power of the state needs to be counterbalanced by the organizational strength of civil society to make democracy possible; the state must not be so strong and autonomous from all social forces as to overpower civil society and rule without accountability.

Recent work on democratization has revived the notion developed by de Tocqueville in his discussion of the role of autonomously organized social groups in the sustaining of American democracy, namely, that a strong or dense

civil society is favourable for the development and sustenance of democracy. This clearly fits well with our argument that development of organization of the middle classes and working class is the most important determinant of democratic development. However, as Gramsci reminds us, in more advanced capitalist societies, a dense civil society can be a conduit for inculcation of upper class ideologies in lower classes. Indeed, Hagtvet (1980), arguing against the mass society thesis, contends that German middle classes were thoroughly organized but the values propagated by these organizations were authoritarian and militaristic.

The third power cluster involves international power relations. For the European countries analysed here by far the most decisive impact of international relations has been war, which created a need for mass support both at home for production and on the front for fighting, and which discredited ruling groups in case of defeat. In the case of British settler colonies, it is not surprising that the posture of the colonial power was a critical influence on the course of events.

The theory of social policy development

The class power element of our theory of democratic development has its exact counterpart in the power resources theory of welfare state development (Stephens 1979; Korpi 1983; Esping-Andersen and Korpi 1984). According to this theory, variations in working-class power, as indicated by the strength of union organization, the strength of parties of the left, and the governmental role of parties of the left is the primary explanation for variations in the size and redistributive impact of welfare states across advanced industrial countries. There is copious empirical evidence to support this theory for the post-Second World War period (e.g. see Hicks 1999; Huber and Stephens 2001; Swank 2002; Bradley *et al.* 2003) and Hicks (1999) has extended the argument to the period covered in this chapter.

Wilensky (1981) presents evidence that Christian democracy also encourages the development of a generous welfare state. Not only is Catholic ideology sympathetic to market-correcting policy, Christian democracy aspires to be a multi-class party mediating the differing class interests and thus attempts to appeal to, and organize, the working class in competition with the left (van Kersbergen 1995). Esping-Andersen (1990) and van Kersbergen (1995) argue that the Christian democratic welfare state has characteristics which distinguish it from the social democratic: It is less redistributive and it reinforces the traditional gender inequalitarian male breadwinner family.

The hypotheses about the impact of social democracy and Christian democracy on welfare state development have strong affinities with the arguments for the importance of civil society for democratic development because it is assumed that the impact of these two forces is mediated by the associational life created by these two movements: unions, parties, women's organizations,

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youth associations, sports leagues, choral societies, etc. That is, it is not enough to have a large working-class proportion or a large Catholic proportion of the population; it must be organized to have an effect on social policy. In some variants of the argument, it is of pivotal importance that the social democratic and Christian democratic parties be in government (Huber and Stephens 2001). However, in addition, opposition parties often influence the social policy agenda and electoral competition may stimulate governing parties to coopt some of the issues of the opposition. This is particularly true of the competition between Christian democracy and social democracy as both parties attempt to appeal to and mobilize working class voters (Huber and Stephens 2001; Wilensky 2002).

The literature on early welfare state development points to another role that working-class movements have had on welfare state development: These movements were often the objects of early reformist legislation, legislation which was often opposed by working-class leaders because of its co-optative design or intent or because it was too meagre. Bismarck's attempt simultaneously to repress social democracy and to co-opt workers with social policy initiatives is the most famous example of this. This dynamic is not limited to conservative governments in authoritarian regimes, but also occurs in Catholic and liberal governments in democratic regimes.

A number of studies have shown that aspects of state structure, such as state centralization, federalism, or the number of constitutionally mandated veto points affect social spending (Immergut 1992; Hicks and Misra 1993; Maioni 1998). State centralization, unitary government, unicameralism or weak upper chambers, and absence of an executive veto have been found to be favorable to social policy innovation.

In the literature on social policy development, there are frequent references to transnational influences, but the nature of these influences is quite variable dependent on the region and time period. In the case of the countries and time period under consideration, the two world wars are without a doubt the most important influence for much the same reason that war influenced the development of democracy in these countries: These mass mobilization wars created a need for mass support at home and on the front and they discredited ruling groups in case of defeat.

Democratization in Western Europe⁵

By the definition of democracy offered above, in 1870, only one country in Europe was democratic. By 1920, the overwhelming majority were, including all nine under study here. Two decades later, democratic rule had crumbled again in a number of these countries. What had brought democracy about? What separated the democratic survivors from the cases of breakdown?

Moore's (1966) analysis of the role of 'labour repressive' landlords in accounting for breakdown cases focuses heavily on the type of agricultural

arrangements and labour-force control adopted by the landed aristocracy. Had Moore included the smaller European countries, his analysis would certainly have begun with the existence (or absence) of a politically powerful landed class. This, in turn, is largely a product of the pattern of concentration of landholdings itself: In all of the small countries, there were too few large estates to support the development of a politically significant class of large landowners. This factor already prevents the development of the class coalition that Moore argues is fatal for democracy. The fact that democracy broke down in not only Germany (which is analyzed here) but also in all countries in Western, Central, and Eastern Europe which contain a large body of landholders dependent on a large supply of cheap labour, save one, and survived in the other eight countries under study here indicates that this factor provides a powerful explanation for the survival or demise of democracy.⁶ Britain stands out as one deviant case in terms of landholding. While Moore (1966) argues that the type of commercialized agriculture is the factor that explains British exceptionalism, we point to a number of other features which contributed to the outcome. It is also accurate to classify Germany as a case in which 'labor-repressive' agriculture dominated.

The early democratizers

By the eve of the First World War, a handful of European countries had become democratic: Switzerland (1848) was the trailblazer, followed by France (1877) and Norway (1898). In 1915, Denmark joined this group. These are all nations of smallholders, urban petty bourgeoisie, and with a significant though not nearly dominant industrial sector (and therefore significant working and capitalist classes) at the time of democratization.

The roots of Swiss democracy reach relatively far back and are grounded in Swiss social structure. Swiss history is punctuated with successful intervention of family farmers in political developments. Such autonomous and successful intervention on the part of small farmers only occurs in countries without a powerful landed upper class and it is certainly this characteristic of the social structure of the Swiss countryside that was responsible for early political influence of farmers. Norway was similar in this respect and in both countries small farmers, artisanal workers and the urban middle classes were the main agents of democracy. The industrial working class, in both countries, was quite small at the time of the democratic transition and played little or no role in the transition. These were agrarian democracies.

In France, the various Republican factions of the late 1860s and 1870s, which provided the final push to democracy, were supported by the working class, the petit bourgeoisie, segments of the peasantry (depending on local economic organization, the influence of the Catholic clergy and revolutionary traditions), and segments of the bourgeoisie, especially in the provinces. The events of the late Second Empire clearly built on earlier democratic advances (particularly 1848) which, though thwarted, continued to influence the course

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of events. In these developments, the bourgeois influence was weaker, and rebellions of the largely artisanal working class played a much larger role.

The ascendance of the social democratic labour movement as the primary force pressing democratization

In Denmark, an alliance of the working class, small and medium farmers, and urban middle-class segments as represented by the Social Democratic–Venstre coalition pressed through the 1901 introduction of parliamentary government. The driving force behind the 1915 introduction of universal suffrage were the Social Democrats and the Radikale Venstre, representing the working class, small farmers, and segments of the middle class. It is important to note here that, though the Scandinavian peasantry was divided on the issue of universal suffrage and the medium and larger farmers not supportive of the final push to universal suffrage, they generally contributed to the process of democratization by supporting earlier suffrage extensions.

In the rest of Western Europe, but particularly among the antagonists in the First World War, the social dislocations caused by the war contributed to the breakthrough of democracy. The war and its outcome changed the balance of power in society, strengthening the working class and weakening the upper classes. The ruling class was discredited, particularly in the defeated countries. Labour support was necessary, at home for the production effort, on the front for the first mass mobilization, mass conscription war of this scale and duration. And, finally, the war economy and mass conscription strengthened the hand of labour in the economy, enabling it to extract concessions for the coming period of peace. One indicator of the change in class power was the swell in labour organization from an average prewar level of 11 per cent of the labour force to a postwar peak of 27 per cent in the antagonists, which experienced the transition to democracy in this period (see Table 2.1). Organization more than doubled in the two non-participants (Sweden and the Netherlands) which experienced the same transition at this time. In all these countries (with the partial exception of Britain, see below), working-class forces played a key, usually the key, role in the transition to democracy. In all cases, social democracy and affiliated unions were an important contributor and, in the Netherlands and Belgium, unions and working-class leagues in the clerical parties also contributed to the pro-democratic posture of those parties. But, as Therborn (1977) notes, the working class was not strong enough on its own. It needed allies or unusual conjunctures of events to effect the introduction of democracy. As an indicator of this it could be pointed out that in no case did the working-class parties receive electoral majorities even after the introduction of universal suffrage.

In Sweden, Belgium, and the Netherlands, it can be argued that the war only accelerated the introduction of democracy. In each country, the pro-democratic coalition – the parties and the underlying alignment of social forces – had formed before or was in the process of formation. In most cases,

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Table 2.1 Democratization and union membership in advanced capitalist societies, 1848–1950

	<i>Full democracy</i>	<i>Previous reform</i>	<i>Post-war</i>					
			1905	1913–14	Peak	1930	1939–40	1950
<i>Early democratizers</i>								
Switzerland	1848		7	5	12	17	19	29
France	1877	1848	4	5	8	7	17	22
Norway	1898	1884	2	7	13	12	26	34
<i>Social Democratic dominance</i>								
Denmark	1915	1901	7	13	27	21	28	33
Netherlands	1917	1896	4	11	25	20	22	31
Belgium	1918	1893	2	7	27	18	24	36
Sweden	1918	1909	5	6	11	20	36	51
<i>British exceptionalism</i>								
UK	1918	1884	11	22	43	23	31	40
<i>Breakdown cases</i>								
Germany	1918		6	11	30	18		29
Italy	1919	1912	1	2	12			37
<i>British settler colonies</i>								
New Zealand	1891	1852	8	15	19	17	39	38
Australia	1901	1860	10	25	30	38	35	50
Canada	1920	1867	6	6	12	8	8	19
United States	1965	1832	6	7	11	7	16	22
Mean			5.6	10.1	20.0	17.4	25.1	33.6

Source: Stephens 1979: 115.

this coalition had been responsible for previous suffrage extensions, such as the 1907 reform in Sweden or the 1893 reform in Belgium. In these countries, the agrarian elites were too weak to be a significant political force. In Belgium, the Workers' Party, after decades of struggle, including six general strikes, found support in the Social Christian wing of the Catholic party, which was based on working-class Catholics. In the Netherlands, similar divisions among the religious parties and the liberals produced possibilities of alliances for the Social Democrats. It is worth emphasizing that the accounts of the transition in both low countries make it clear that the growing importance of the working class created the pressures that moved the clerical parties towards a more democratic posture. In part, this pressure was transmitted by workers and artisans, already mobilized by self-help societies and trade unions, who joined these parties, and, in part, the pressure was a result of the efforts of these parties to compete with the Social Democrats for the loyalties of unmobilized workers.

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The prevailing view of suffrage extension in the British case is that segments of the British upper classes had settled into a pattern of peaceful political competition by the mid-nineteenth century, and this extended to competition for working-class votes, which resulted in the suffrage extensions of 1867 and 1884. On deeper examination, this view of the development of democracy in Britain misses significant contributions of early working-class agitation. The reforms were in part a response to working-class pressure beginning at least as early as the Chartist movement, the main demand of which was universal suffrage, and which was extended throughout the nineteenth century. Nonetheless it is a British peculiarity that the final political initiation of the reforms came from upper-class-led parties without a strong working-class base. A large part of the explanation for this peculiarity lies in the late development of the Labour party itself. The Liberals and the Tories were willing to extend the right to vote to workers only because they hoped to benefit from the votes of the newly enfranchised groups. Had a substantial Labour Party already commanded the loyalty of workers, the established parties would have certainly been reluctant to make such a move.

Full democracy was established by the reform of 1918, which established male suffrage and eliminated all but minor provisions for multiple voting. As Collier (1999: 97–101) argues, the 1918 bill was not the result of the extension of prewar lib-lab cooperation, contrary to our assertion in earlier work (Rueschemeyer, Stephens, and Stephens 1992: 97). The war produced consensus among the parties in the three-party national unity government that disenfranchised workers deserved the vote for their support in the war effort at home and abroad. Thus, the 1918 suffrage reform was uncontroversial.

What can be said so far concerning the development of democracy in Western Europe as has been outlined here? Therborn's (1977) argument seems to be confirmed. He stresses the important role played by the working class – that is, by its organizational representatives, the trade unions and the socialist parties. One can add the role of artisan agitation and early craft unions in the French and British cases and the role of workers in the confessional parties in the Netherlands and Belgium in pressing those parties towards a more democratic posture. The rapid development of industrial capitalism in the second half of the last century stimulated working-class organization that first gradually, and then with the war and its outcome, decisively changed the balance of class power in the entire core of the world capitalist system. In no country in 1870 were the socialists a significant mass-based party and the trade unions organized a miniscule proportion of the labour force; by the eve of the First World War, the parties affiliated with the Second International garnered an average of 24 per cent of the vote (despite suffrage restrictions in a number of countries) and the trade unions organized an average of 10 per cent of the labour force (see Tables 2.1 and 2.2). In the immediate postwar elections, the socialists' electoral share increased to an average of 30 per cent, while trade union organization grew spectacularly, increasing two

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fold. The organized working class was also the most consistently pro-democratic force during the period under consideration: at the onset of the First World War, European labour movements, all members of the Second International, had converged on an ideology which placed the achievement of universal suffrage and parliamentary government at the centre of their immediate programme. One must add to this the pro-democratic working-class wings of the clerical parties in the low countries.

However, Therborn's (1977) focus on the last reforms in the process of democratization leads to an exaggeration of the role of the working class. First, in the two agrarian democracy cases (Switzerland and Norway), the role of the working class was secondary even in the final push to democracy. Second, in other cases, not only did the working class need allies in the final push, in earlier democratic reforms, multi-class alliances were responsible for the success of the reform (France, Britain, Denmark, Sweden, and Belgium).

However, as the experience of Germany shows most clearly, none of these other social classes were as consistently pro-democratic, both across countries and through time, as the working class.⁷ Both the urban middle class and/or segments of the peasantry provided the mass base for authoritarianism in the breakdown cases. The bourgeoisie whose role in the introduction of democracy has been emphasized in so many accounts, from Marxist to liberal, played a positive role in only three cases: Switzerland, Britain and France. Moreover, in Britain and France, it was only segments of the class that cooperated in the push for democracy, and then only after earlier histories of popular agitation for democracy and bourgeois resistance to it. In all of the others, the bourgeoisie was one of the centres of resistance to working-class political incorporation. It did make an indirect contribution to the outcome, however. In the cases discussed so far, the bourgeoisie sought entry into the corridors of power and in all cases, except for Denmark and Sweden, it supported the drive for parliamentary government. Bourgeois political forces established parliamentary government with property, tax, or income qualifications for voting – that is democracy for the propertied.

The breakdown of democracy in Germany

Thus, the working class needed allies, its power alone was insufficient. In the cases with powerful landed upper classes dependent on cheap labour, no alliance strong enough to overcome their opposition could be constructed in the prewar period. It was only the change in the balance of class power caused by the war that allowed for the democratic breakthrough. This surge in the strength of labour and the political left was quickly, though not completely, rolled back. A quick glance at union membership and voting statistics indicates that this was a general European pattern (Tables 2.1 and 2.2). Where this surge of working-class strength was the essential ingredient in the transition to democracy, the working class and its allies (where it had any) were unable to maintain democracy when a new conjuncture of forces presented

42 *Democracy and Social Policy***Table 2.2** Union membership, democratization and voting periods in advanced capitalist societies

			1890s	1900s	Last Pre war Election	First postwar election	1920s	1930s	1945–50
<i>Early democratizers</i>									
Switzerland	1848		8.2	15.0	20.0	23.0	27.4	29.3	31.3
France	1877	1848	9.9	10.2	16.8	21.2	19.1	20.2	20.9
Norway	1898	1884	0.3	12.6	32.1	30.5	34.9	39.3	52.2
<i>Social Democratic dominance</i>									
Denmark	1915	1901	10.3	22.9	29.5	29.7	34.9	45.6	45.4
Netherlands	1917	1896	1.4	11.5	18.5	21.6	24.2	25.7	36.1
Belgium	1918	1893	15.4	25.1	30.3	36.6	37.9	37.9	41.4
Sweden	1918	1909	0.0	9.2	30.1	36.1	42.4	51.8	52.4
<i>British exceptionalism</i>									
UK	1918	1884	0.5	3.1	6.4	22.5	32.9	34.9	47.5
<i>Breakdown cases</i>									
Germany	1918		21.5	30.4	34.8	45.5	37.8	35.4	35.0
Italy	1919	1912	7.9	17.8	22.8	34.3	29.9		38.8
<i>British settler colonies</i>									
New Zealand	1891	1852	0.0	2.5	8.5	23.8	25.7	45.5	49.5
Australia	1901	1860		29.0	48.5	42.5	45.2	41.4	50.2
Canada	1920	1867	0.0	0.2	0.1	2.3	1.9	1.0	1.4
United States	1965	1832	0.0	1.8	6.4	3.2	0.7	1.9	0.0
Mean			5.8	13.7	21.8	26.6	28.2	31.5	35.9

Source: Mackie and Rose 1974.

new problems (the depression, worker and peasant militance, and so on) and new alliance possibilities for the upper classes moved the bourgeoisie and the landlords from passive to active opposition to the democratic regime.⁸

As was pointed out, in Germany on the eve of the First World War, the Social Democrats were the only supporters of parliamentary government and full suffrage reform at all levels of government. Consequently, it seems eminently plausible to argue that the transition to democracy was a direct result of the war. The defeat in the First World War, the discrediting of the ruling class, and the temporary power vacuum on the right that this created changed the balance of class power in Germany. Without the defeat, it seems quite likely that Germany would not have become a democracy for decades, until something created a decisive shift in the balance of class forces.

The Junker landlords and most of heavy industry, primarily coal and steel, supported the authoritarian German National People's Party (DNVP) throughout the Weimar Republic. Other segments of business, export-oriented industry, finance and so on, tended to support the centre right secular parties. These

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segments of business gradually moved to the right, moving to favour the exclusion of the Social Democrats from any influence and the rolling back of *Sozialpolitik* and other pro-labour measures. This drive to exclude the Social Democrats, combined with the rise of the Nazi vote, left business with two options: supporting a parliamentary government with Nazi support or an extra-parliamentary cabinet of the right, either of which would move the government in an authoritarian direction. Business as a whole supported the chancellorship of DNVP leader Papen, whose government not only began to roll back the Weimar labour legislation and *Sozialpolitik* but also suspended the Prussian Landtag and drew up plans to revise the constitution in a decidedly more authoritarian direction. In all these developments, business used its money, political contacts, and media to influence events in the desired direction. There can be little question that, objectively, the Papen government was a groundbreaker for the Nazis. Papen himself was a key actor in the formation of the first Nazi-led government (a coalition with the DNVP) and a minister in that government. Thus, it is clear that objectively business intervention in the political process contributed to the breakdown of democracy.

To explain the breakdown of democracy in interwar Germany, one must explain not only the action of elites but also why so many people were open to voting for the Nazis (37 per cent in 1932) or, adding the DNVP (6 per cent in July 1932) for authoritarian parties in general. The Nazi vote increased from only 3 per cent in 1928. This increase came almost entirely at the expense of the conservative monarchist (DNVP) and National Liberal (DVP and DDP) blocs, whose mass base was the protestant middle classes and peasantry. The socialist/working-class blocs and the Catholic blocs by and large maintained their support. I contend that the authoritarian and militaristic ideology of the ruling groups of Imperial Germany contributed to the susceptibility of every other sector of the population to the reactionary appeals of Nazism.⁹ Under the impact of the increasingly desperate economic conditions of the depression, these social groups turned from the traditional conservative authoritarianism of their old parties to the radical racist authoritarianism of the Nazis.

The British Settler Colonies

This group of countries – the United States, Canada, Australia, and New Zealand – differs from the European countries in that they were characterized by broad suffrage before they achieved self-government, either in independence or within the British Empire. Thus, the relationship with the colonial power and Britain's changing role in the international political and economic system are an essential part of the story of democratization.

By conventional definitions of democracy (including ours), the United States did not become a full democracy until the late 1960s when the Voting Rights Act of 1965 allowed the federal government to insure that blacks in the

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South could exercise the right to vote. Given state and local control of suffrage requirements and coercive power until 1965, it is more appropriate to classify the North and West of the country as a full democracy from the Jacksonian period and the South as a constitutional oligarchy or restricted democracy, depending on the time period and state in question, until the late 1960s.

The American colonies' suffrage qualifications followed the prevailing British pattern of property qualifications for voting. The main qualification in Britain was the '40 shilling freehold' – that is, anyone owning land bringing in an annual income of 40 shillings could vote. Despite the similarity of suffrage requirements in Britain and the American colonies, the colonial electorate was vastly larger in proportionate terms than the British: In the colonies, the proportion of adult white males entitled to vote varied from 50 to 80 per cent, while only 15 per cent of adult males could vote in Britain due primarily to the much greater concentration of agricultural property ownership in Britain. In the South, the existence of a large class of black slaves and greater concentration of rural property holding resulted in a political system characterized by not only a much higher degree of political exclusion but also a higher degree of de facto concentration of power among the politically included. The movement from this already broad suffrage to universal white male suffrage in the North and West occurred in three phases: the revolutionary era, the Jeffersonian period, and the Jacksonian period. Each phase pitted roughly the same social groups against one another. Those opposed to suffrage extension were generally men of property, wealth, and prestige. Small and medium farmers, artisans, and manual laborers favoured suffrage extension.

The Civil War and the end of slavery brought only a temporary period of democracy to the Southern United States. The end of occupation of the South in 1877 paved the way for the installation of a new system of labour control based on the crop liens and debt peonage and progressive disenfranchisement of blacks. The completion of American democracy required the enfranchisement of blacks and this was delayed until the post-Second World War period. Though in the last instance black enfranchisement was the achievement of the civil rights movement, structural changes in the economy and polity allowed this movement to develop and facilitated its success. First, the need for tenant labour began to decline due to declining profitability of cotton production and then to the mechanization of Southern agriculture, which allowed blacks to exit plantation labour and move to cities in the North and South. Second, the New Deal realignments and power shifts meant that political forces in the rest of the country became allies of Southern blacks. In part due to the previous changes mentioned which increased blacks' capacity for self-organization, blacks began to organize and to demand political and social rights, first in the North, then in the South. The end result was the passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965, which gave the federal government the responsibility of enforcing black voting rights in the South and eventually resulted in the inclusion of Southern Blacks in the electorate.

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As they did in the case of the 13 American colonies, the British granted representative assemblies to the Canadian colonies with suffrage requirement based on the prevailing British criteria, but, as in the United States, these qualifications resulted in a vastly larger proportion of adult males with suffrage rights than they did in Britain due to the wider diffusion of agricultural property. Around 70 per cent of adult males were qualified to vote under the property qualification. Beginning in the 1820s, one sees the beginning of consistent pressure for representative government and suffrage extension by the liberals and their forerunners. The social bases of the democratic movements are similar to the United States. Abortive rebellions in 1837 led to the appointment of a royal commission which recommended the establishment of representative government, which was indicative of the change in British posture towards the demand for self-government since the time of the American Revolution. With this change in attitude, self-government was easily achieved in 1867, with the property or tax franchise requirement extending suffrage to 70 per cent to 90 per cent of adult males depending on the province. The step to full democracy came as a result of the First World War, with suffrage extensions in 1917 and 1920.

Australia is of great interest because it is one of the few cases in which the countryside was dominated by large estates and in which democracy developed at a comparatively early stage of industrialization. The large sheep estates established after the first white settlement in 1788, with origins in land grants to officers and in purchases by immigrant capitalists, were manned by 'assigned' convict labour. Thus, the agricultural system was labour repressive and so it is not surprising that the landed oligarchy, though favouring self-government, demanded a restricted franchise along with the continuation of convict transportation and assignment. Arrayed against the oligarchs was a variety of groups created by the convict system and the wool economy. Small holders, often ex-convicts, producing wheat and other products for the domestic market, favoured broader democratic rights and opposed squatter attempts to monopolize crown lands. The urban centres created by the need to transport wool and service the domestic economy contained growing classes of artisans, labourers, and various middle strata which opposed the landed oligarchs' demands and organized to end the transportation and assignment of convicts.

The key factor that prevented the development of authoritarianism was that the landed upper classes did not control the state; the colonial state was still controlled by London. Following the liberal climate of opinion in British politics in the 1840, the Colonial Office moved to grant the self-government demanded by factions in the colony in a way in which the landed oligarchy would not be allowed exclusive political influence. In 1839, the Colonial government ended assignment of convict labour and then in 1840 terminated the transportation of convicts, marking the end of the labour repressive system in Australia. These developments helped ensure the initial victory of

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the moderate liberal alliance and the introduction of a wide franchise, though not manhood suffrage, and responsible government.

The political arrangements in the Australian colonies remained essentially the same from this period until the rise of the labour movement in the 1880s and 1890s. The Labour parties made dramatic gains in elections in all colonies in the early 1890s except Tasmania which followed suit a decade later. Labour–Liberal coalitions pushed through electoral reforms which (i) introduced manhood suffrage for the lower house where it had not already been the rule; (ii) abolished property qualifications for office holding; (iii) introduced payment for members of parliament; (iv) eliminated plural voting for property holders; and (v) in many colonies, introduced female suffrage. With the introduction of federation in 1901, universal suffrage was adopted at the federal level.

The colonization of New Zealand did not begin until 1840 and, thus, at its initial stages its whole development – economic, social, and political – was shaped by post-mercantilist Britain, specifically, by the liberal free trade philosophy that had penetrated the Colonial Office at this time. The availability of land made it difficult to deny labourers land. The consequence was the dominance of small family farming along North American lines. True, there were a number of large sheep estates, but these employed very little labour; even the largest were populated by no more than a score of people, including the owner and his family. With the addition of the goldminers in the 1860s, the social structure of New Zealand was favourable to democracy. However, the unquestionably pro-democratic forces created by these economic arrangements did not have to fight very hard for democracy. The initial constitution in 1846 authored by the Colonial Office provided for household suffrage. In response, the colonists demanded self-government with broad suffrage, and the 1852 constitution contained suffrage provisions which excluded few males. The liberals proceeded to complete the process of democratization by eliminating plural voting with two laws in 1891 and 1893.

Social policy development, 1880–1950

It is the consensus among students of welfare state development in the now advanced industrial countries that the first modern welfare state legislation – that is, legislation which departed from the poor law tradition – was Bismarck's 1883 sickness insurance legislation (see Table 2.3). From this point until 1950, there is a deep interplay between the history of social policy development and the history of democratic development in the European countries analysed in this chapter. In the period up to 1920, most of these countries were in the process of establishing democracy and, in a significant number of them, the same social forces which established democracy were also responsible for social policy reforms. In the interwar period, social policy developments were part of the process of democratic stabilization and class

Table 2.3 Adoption of welfare programmes in advanced industrial societies

	Welfare programme						No. of programmes adopted by			
	Old Age, disability and survivors	Sickness and Maternity	Workers' compensation	Unemployment compensation	Family allowance		1920	1930	1940	1950
<i>Early democratizers</i>										
Switzerland	1946	1911	1911	1924	1960		2	3	3	4
Binding or extensive	1946	1911	1911	1976	1960		2	2	2	3
France	1946	1930	1946	1967	1938		0	1	2	4
Binding or extensive	1946	1930	1946	1967	1938		0	1	2	4
Norway	1936	1909	1895	1938	1946		2	2	4	5
Binding or extensive	1936	1909	1895	1938	1946		2	2	4	5
<i>Social Democratic dominance</i>										
Denmark	1922	1892	1890	1907	1952		3	4	4	4
Binding or extensive	1922	1892	1890	1907	1952		2	3	4	4
Netherlands	1913	1930	1913	1916	1939		3	4	5	5
Binding or extensive	1913	1930	1913	1949	1939		2	4	5	5
Belgium	1924	1894	1903	1920	1930		3	5	5	5
Binding or extensive	1924	1945	1971	1945	1930		0	2	2	4
Sweden	1913	1891	1916	1934	1948		3	3	4	5
Binding or extensive	1913	1891	1916	1934	1948		2	3	4	5
<i>British exceptionalism</i>										
UK	1908	1911	1897	1920	1945		4	4	4	5
Binding or extensive	1925	1911	1946	1920	1945		2	3	3	5

Table 2.3 (Continued)

	Welfare programme					No. of programmes adopted by				
	Old Age, disability and survivors	Sickness and Maternity	Workers' compensation	Unemployment compensation	Family allowance	1920	1930	1940	1950	
<i>Breakdown cases</i>										
Germany										
Binding or extensive	1889	1883	1884	1927	1954	3	4	4	4	
Binding and extensive	1889	1883	1884	1927	1954	3	4	4	4	
Italy										
Binding or extensive	1919	1928	1898	1919	1943	3	4	4	5	
Binding and extensive	1945	1946	1898	1919	1943	2	2	2	5	
<i>British settler colonies</i>										
New Zealand										
Binding or extensive	1898	1938	1908	1930	1941	2	3	4	5	
Binding and extensive	1898	1938	1908	1930	1941	2	3	4	5	
Australia										
Binding or extensive	1908	1944	1902	1944	1941	2	2	2	5	
Binding and extensive	1908	1944	1902	1944	1941	2	2	2	5	
Canada										
Binding or extensive	1927	1971	1908	1940	1944	1	2	3	4	
Binding and extensive	1927	1971	1908	1940	1944	1	2	3	4	
United States										
Binding or extensive	1935	None	1912	1935	None	1	1	3	3	
Binding and extensive	1936	None	1912	1935	None	1	1	3	3	

Source: Hicks 1999: 51.

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compromise in most of the European democratic survivors, and opposition to social legislation was at least a contributing reason to democratic eclipse in Germany. Finally, the initial postwar years witnessed the consolidation of the postwar class compromise in all of these countries. Except for Australia and the American South, the relationship between social policy development and democratic developments is not so intimate in the British settler colonies, but the interwar period, particularly, the depression, is pivotal in the welfare state development in all of them, so this periodization is useful in all four of these countries.

1880–1920

The period of rapid industrialization in Europe in the last half of the nineteenth century created significant industrial working classes in all countries and with it the gradual development of working-class organization and concern among intellectual and political elites for the 'worker question'. The first response of political elites was co-optative: Authoritarian monarchist governments in Germany and then Austria-Hungary passed social legislation aimed at co-opting workers and fending off the growing social democratic workers' movements. The response of the Catholic Church to the growing working class and the rise of, the atheistic social democratic parties was to attempt to organize their own workers movement, unions and working-class wings of Catholic parties, and, beginning with the Papal Encyclical *Rerum Novarum* in 1893, to appeal to workers with their own anti-capitalist ideology, which rejected the market but also rejected the notion of class conflict. While the basic relationship between the social democrats and Catholics was competitive and often hostile, this did not stop them from cooperating on specific issues, as we saw in the case of suffrage reform in the Netherlands and Belgium.

A similar relationship existed between the centrist liberals and the social democrats. Though the liberals infrequently set up their own unions and even more rarely were very successful at it, they did simultaneously compete with the social democrats for political supporters and voters among workers and cooperate with them on some issues, as we saw in the case of democratizing reforms in Britain, Sweden, and Denmark.

For the period under examination here, there are no comparable data on social spending, the most common measure of social policy generosity. However, Hicks (1999) has assembled a comprehensive and comparable data base on the passage of the first significant social legislation in the five areas covered by the US Social Security Administration's (USSSA) publication, *Social Security Programs Throughout the World*. Hicks (1999: 50–3) supplements the USSSA data by requiring that the legislation be 'binding' and/or that it result in extensive coverage. Hicks' (1999: 53) definition of these terms follows:

Binding here refers to programs that are (a) legally compulsory for some set of national actors (citizens, firms, and so on) or (b) virtually binding, as in

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the case of Ghent unemployment programs ... *Extensive and funded* programs are programs that cover a notable share of potential target groups ... and are adequately funded to begin provision within some period of two or three years (after the passage of the legislation).

For his analysis of 'early program consolidation', Hicks employs Qualitative Comparative Analysis (QCA), an analytic technique based on Boolean algebra developed by Ragin (1987). Hicks' criterion to qualify as an 'early consolidator' is that a country must adopt three programmes that were binding or extensive by 1920. He cross-checks this with an analysis for 1930 in which the country must have three binding *and* extensive programmes. He finds that there are three paths to early consolidation: a 'lib-lab' path, which combines strong working-class organization and frequent liberal party government (Britain, Sweden, and Denmark); a labour-Catholic path, which combines strong working-class organization and Catholic government (Belgium and the Netherlands); and finally a Bismarckian path, which combines authoritarian government with strong working-class organization (Germany). Thus, strong working-class organization is a necessary but not sufficient condition for early programme consolidation.

QCA can only demonstrate association and one must go to the historical sequence to determine whether the configurations correspond to actual historical causal sequences. In at least two of the three pieces of legislation in these countries, the configurations do conform to the causal sequences. In Germany, the reforms of 1883–89 were in fact an attempt by a conservative monarchist government to co-opt the rising working class and consolidate the authoritarian regime. In Belgium and the Netherlands, reforms were passed by Catholic-led governments either faced with rising working-class movements or, in the case of the legislation after the turn of the century, by the same cooperation between Catholic governments and social democratic parties and unions responsible for the reforms that brought full democracy to these two countries. Similarly, in Sweden, Denmark, and Britain, the reforms were passed by liberal governments faced with rising working-class movements or, in the case of the post-1900 reforms, the same lib-lab cooperation responsible for the democratic reforms.

It is striking that none of the early democratizers or the former British colonies were 'early consolidators' by Hicks' criterion. Even more striking is the lag between the adoption of full democracy (using the 1832 date for the United States) and the adoption of three binding and extensive programmes (Hicks' post-1920 criterion). It is important to remember that five of these countries were 'agrarian democracies' (Switzerland, Norway, New Zealand, Canada, and the north and west of the United States), countries dominated by family farms with no significant agrarian upper class and no legacy of feudalism, weak or no legacy of monarchism, not to speak of absolutism. In these countries and in France, there were no or weak modern social democratic

labour movements at the time of transition. Working-class contributions to democratization, if any, came from the pre-industrial working class. Hicks (1999) points precisely to the weakness of the working-class movement to account for the welfare state laggard status of these countries. Amenta (1998) would add that the undemocratic American South was a significant obstacle to social policy innovation in the United States.

In Hicks' (1999) analysis, Australia was the one country with a strong labour movement prior to 1920 which was not an early consolidator by either his 1920 or 1930 criteria. In part, this represents a reality in that national legislation existed only in the two areas indicated in Table 2.3. The reason for this is simple: The Australian federal constitution of 1901 reserved power in all other social policy to the states. However, even before independence, the Labour Party had become the largest or second largest party and, with liberal cooperation, passed social legislation in every colony except Tasmania. More important, as Castles (1985) has argued, was the development of 'social protection by other means', namely via the system of compulsory arbitration, in both Australia and New Zealand. In Australia, the Harvester judgment of 1908, which guaranteed unskilled workers sufficient wages to support himself, his wife, and three children, was the critical turning point and, in 1920, this was complemented by a decision guaranteeing workers 100 per cent wage replacement in sick pay for short sick absences. If one counts this along with the legislative reforms, then Australia qualifies as an early consolidator and also a lib-lab case since the social legislation and the arbitration court were products of cooperation between the Labour Party and the protectionist faction of the liberals.

By 1930, New Zealand rises into both Hicks' strong labour movement and early consolidator categories. Hicks' placement of New Zealand in the lib-lab path is supported by the historical events of the period. Moreover, as in Australia, the arbitration system guaranteed workers a living wage for their family.

There can be little doubt that relatively high levels of social reform legislation in the nascent European democracies following the lib-lab and Catholic-labor paths (Denmark, Sweden, Britain, Belgium, and Netherlands) helped to stabilize the democratic systems in these countries. It continued a virtuous cycle of working-class integration and moderation begun by the earlier democratizing reforms. The working-class victories in the struggle for political and then social rights reinforced the dominant reformist wings of these movements. This, in turn, led to acceptance of democracy and social reform by conservative upper class groups.

Interwar period

Among our nine European countries, only Germany suffered a democratic breakdown in the interwar period. However, among the ten Eastern and Southern European countries not examined here, democracy survived only in Czechoslovakia and Finland, and in the latter only in restricted form due

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to exclusion of the numerically significant Communists. With the advent of the Depression and the resultant additional political pressures, the political climate for the remaining democratic regimes was not particularly favourable. Moreover, as one can see from Table 2.4, this was a period of great industrial unrest in many of these countries. Nevertheless, not only did they weather the period as democracies, in five of these eight countries, the Scandinavian and the low countries, profound class and political compromises which prefigured the post-Second World War development of neocorporatism emerged. In all of these countries, social policy innovations figured as one element of these compromises.

After the postwar surge of union organization and industrial unrest subsided, an impasse in the area of social policy emerged in most of these countries. At the heart of this impasse was the pre-Keynesian economic orthodoxy, which prescribed budget austerity and real wage decreases as a response to prevailing high levels of unemployment. The first break with orthodoxy came with the 1929 Social Democratic election victory in Denmark and the striking of a political deal with the Radical Liberals, the junior partner in the ensuing coalition government, who represented small farmers, and the opposition Liberals, representing large farmers, which traded agricultural subsidies for farmers for support for the Social Democrats' active crisis policy and social legislation. Sweden and Norway followed suit with the advent of Social Democratic government with similar policies in 1932 and 1935, respectively. In all three countries, the events of the 1930s ushered in extended periods of social democratic governmental dominance.

In the Netherlands, the Social Democrats did not join the government until the outbreak of the Second World War, but the country experienced many of the steps towards class compromise due to the dominant position of the Catholics, who had a very strong trade union wing, in most governments. A turning point came in 1937, when, under pressure from Social Democrats and left Catholics, the Catholic-led government initiated an extensive programme of public works and purchased both agricultural and industrial goods in order to support prices and boost consumption; a move reminiscent of the red-green compromises in Scandinavia. In Belgium, it was the 'national unity' government of the three major parties – Social Democrats, Catholics, and Liberals – that took power in March 1935 that marked the new turn toward deepening class compromise.

Katzenstein (1985: 136) points out that the cross-collaboration of the 1930s in these five countries 'played the midwife at the cradle of democratic corporatism', the highly institutionalized postwar system of political exchange, which featured highly centralized employer organizations and union federations and bargaining over a wide range of social and economic objectives. The events in the social policy arena and cross-party compromises outlined above were complemented in industrial relations by agreements between employers and unions that paved the way for the development of centralized bargaining

and a dramatic decline in strikes, which had been very high in most of these countries in the interwar period, in the post-war period (see Table 2.4).

Though the Swiss Social Democrats entered the Federal Council, the seven-member collegial executive, in 1935 and a peace agreement between employers and unions was struck two years later, Switzerland stuck with economic orthodoxy and did not experience a new breakthrough in social policy, a pattern which continued after the Second World War (see Table 2.3). As Immergut (1992) argues, the Swiss constitutional structure, which provides for multiple veto points necessitating the construction of very large coalitions to pass any legislation, is the reason for the laggard status of the Swiss welfare state, especially when compared to Belgium and the Netherlands, the two other consociational democracies with similar social cleavage structures.

Social policy development in France is strikingly backward at the outbreak of the Second World War (Table 2.3), due to the exclusion of the left from power, with the exception of the short-lived Popular Front period in 1936–37. After establishing itself as an early consolidator, Britain also made little progress in the field of social policy in the interwar period due to Conservative Party domination of the political scene.

By contrast, the two North American welfare state laggards did experience major departures in this period. As Hicks (1999) argues, the two cases are similar in that the social democratic parties are small and politically unimportant at the national level and it was centrist parties, which enjoyed very large political majorities, that carried through the reforms. Amenta (1998) adds that, in the United States, the New Deal reform burst required not only a Democratic and reform-minded president but also a Congressional majority of non-Southern democrats. Despite this, the Southern representatives retained sufficient power to ensure that the reforms did not threaten the agrarian labour control system in the South: Agricultural workers were excluded entirely and the states controlled the level of compensation in the unemployment insurance system.

In New Zealand, the Labour Party won the 1935 election and stayed in office until 1949. The Labour government passed a comprehensive social security bill in 1938 and it was complemented by other measures, such as increases in the means-tested pension, a flat rate universal superannuation benefit, a universal family allowance with a flat rate benefit for each child, and essentially free medical care during Labour's period in office. In Australia, Labour was shut out of office in the interwar period and no progress was made in the social policy arena.

Postwar Compromise

The Second World War and its outcome stimulated class compromises, the cornerstones of which were Keynesian economic policy, social policy innovation, and the routinization of industrial relations, across the advanced industrial world, but most intensively in the European countries. During the

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war in the democratic European countries, the war and the struggle against fascism stimulated national cross-class solidarity, which expressed itself in wartime grand coalitions, even in neutral Sweden and Switzerland. The defeat in war discredited the fascists and the ruling classes who had collaborated with fascists. This eliminated the most powerful opponents of democracy. The class compromise further strengthened democracy as it (further) integrated the working-class movements into the system and thus moderated their demands, which served to reassure any potential upper-class opponents of democracy.

In Scandinavia and the Low Countries, the immediate postwar period consolidated the work of the 1930s as the same coalitions ruled these countries and pushed through the postwar legislation. From Table 2.3, we can see that these countries completed the laying of the foundations for the basic welfare state transfer programmes. In addition, they also passed national health insurance in this period. Finally, as I mentioned in the previous section, these five countries developed centralized bargaining systems and broader patterns of neo-corporatist bargaining among labour market and political actors in the early postwar period and, as a consequence, experienced dramatic declines in industrial conflict. Here the class compromise was most complete and, in the long run, the outcomes most egalitarian (Bradley *et al.* 2003). In the areas of social policy and macroeconomic management, the Labour government of 1945–51 moved Britain in a similar direction.

In Germany, the class compromise was less favourable to labour, which one might be expected given the exclusion of the Social Democrats from government. Nonetheless, the Christian Democratic government, in part because of its pro-welfare ideology, in part because of pressure from its labour wing, and in part because of competition with the Social Democrats, did implement significant social reforms, which propelled it to the position of highest social spender among the countries analysed here, though the programme structures were less egalitarian than those in Britain, Scandinavia, and the Low Countries. On the industrial relations front, postwar development led to more inclusionary arrangements for labour. The collaboration of coal, iron, and steel entrepreneurs with the Nazis led to the introduction of co-determination in which labour received full parity in the management boards in these industries. In 1952, this was extended to other large businesses, but labour received only one-third of the seats on the boards of these businesses. The result in terms of its effect on industrial conflict was similar to neo-corporatist countries: dramatic declines in strikes (Table 2.4).

The compromises struck in Switzerland and France were less inclusionary for labour in different ways and for different reasons. In Switzerland, an industrial peace accord between employers' associations and unions was struck prior to the war, but the multiple veto points in the legislative process continued to impede the progress of social legislation and the resulting social policy regime was the least generous and least redistributive in Europe. In France,

Table 2.4 Strikes: man hours lost per 1,000 workers

	1900–13	1919–38	1946–76
<i>Early democratizers</i>			
Switzerland		55	11
France	309	404	566
Norway	491	1,853	90
<i>Social Democratic dominance</i>			
Denmark	272	681	173
Netherlands	251	379	34
Belgium	722	665	255
Sweden	1,286	1,440	43
<i>British exceptionalism</i>			
UK	460	1,066	213
<i>Breakdown cases</i>			
Germany	489	875	31
Italy	293	126	631
<i>British settler colonies</i>			
New Zealand		146	191
Australia	399	684	381
Canada	471	296	509
United States		356	585
Mean	495	645	265

Source: Korpi 1983: 165.

the Communists became the largest left party due to their successes during the Resistance. After the war, broad popular front coalitions including the Communists passed important pieces of social legislation. With the beginning of the Cold War and the exit of the Communists from the government, the largest working-class party became politically isolated. One manifestation of this was the level of industrial unrest, which was higher than in the interwar period, in sharp contrast to all of the other European countries.

In Australia, the Labour Party came to power in 1941 but was in a tenuous parliamentary situation until it emerged victorious in the 1943 election. The Labour governments of 1943–49 passed legislation providing for child allowances, unemployment benefits, sick pay, and health care benefits for the first time at the federal level and they passed legislation improving pensions and maternity allowances.

In Canada and the United States, there were no postwar compromises, at least in regard to social policy. The progress in social legislation of the 1930s and early 1940s came to a halt. After the unions failed to extend the welfare state, they turned to collective bargaining to achieve the benefits in health care, supplementary pensions, and sick pay, which most European workers

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received (or would receive) from the welfare state. Of course, these benefits only went to organized workers and, even among them, they were unequally distributed due to differences in bargaining power and labour productivity. The reliance on the strike weapon can clearly be seen in Table 2.4.

As I pointed out in the discussion of democracy, the United States did not become a full democracy until the mid-1960s, a period which also witnessed new social policy initiatives. As we have found at many other points in this analysis, the politics of democratization and the politics of social policy are again linked as the coalition of social political forces behind national support for the Southern civil rights movement were much the same as those that pushed through President Johnson's Great Society legislation. Still, the US initiative fell short of developments elsewhere among the advanced capitalist democracies.

Conclusion

This historical overview has shown that the development of democracy and the development of the welfare state were deeply interwoven, but distinct processes. As of 1870, there was only one full democracy among our 13 countries and in none of them had a single piece of modern social legislation been passed. By 1950, all of them were democracies and nascent welfare states. The feature that ties the two together is the development of the modern working-class movement, which was critical in many of the democratic transitions and central, either as an agent or object, in the development of modern social policy.

However, the processes were hardly identical. In the countries which moved to democracy before substantial industrialization, the agrarian democracies (Switzerland, Norway, New Zealand, Canada, and the north and west of the United States) as well as France, any participation of the working class in the transition to democracy came in the form of artisanal, pre-industrial workers, and they were at best partners in a much larger coalition. In these countries, there was a very long delay between the transition to democracy and the development of the first modern social policies.

By contrast, in the remaining countries, the final transition to democracy came after substantial industrialization, the coalitions for democracy and welfare state reform were closely related, and substantial social reform came simultaneous with democratization or followed it closely. In all of these the modern working class, in the form of unions, social democratic parties, or working-class wings of Catholic parties, was a central actor in the historical drama. In Sweden, Denmark, Australia, Belgium, and the Netherlands, the two processes were practically identical; labour-liberal or labour-Catholic party coalitions championed social reform and democratic reform. In Britain, labour was not as central to democratic reform, but lib-lab coalitions were responsible for the early social legislation. In Germany, early social reforms were sponsored by an authoritarian government in an effort to co-opt growing

working-class movements. Democracy came as a result of the dislocations caused by the First World War and it did not survive the interwar period.

The paths to the postwar compromise can be read off these early twentieth-century democratic transition/welfare reform cases. In the Low Countries, the social democratic–Catholic alliances continued or were reformulated after a hiatus. In Sweden, Denmark, Britain, and Australia, there is a shift to social democratic dominance of the reform process. Among the early democratizers, Norway and New Zealand join this latter group. In these eight societies, the postwar compromise is most favourable to labour.¹⁰ In these countries, on average, over half of the labour force was covered by sick pay legislation and more than 60 per cent by unemployment compensation and pension legislation. The average income replacement rate for the average production worker was 37 per cent in the case of unemployment compensation and sick pay, and 24 per cent in the case of pensions. Public health care was available at no or modest cost to all or nearly all citizens, except in Australia (see above).

In France, the post-Second World War liberation coalition of Catholics, social democrats, and communists installed the social legislation pillar of the postwar compromise. In Germany, the compromise between the unions and the Social Democrats and evolving dominant Christian Democrats was worked out under the shadow of the occupation and a power vacuum on the right and followed Christian democratic lines in social policy and social democratic lines in industrial relations. In Switzerland, an inclusionary industrial relations accord was struck, but the multiple veto points in Swiss political structures blocked the development of more generous social policy. Finally, in Canada and the United States, the period of innovation occurred before the end of the Second World War, and social policy and industrial relations were least favourable to labour, certainly a product of the fact that neither country had a social democratic party capable of competing for national power.

In the recent literature on democratic transitions, it has become routine to attribute successful democratic transition and consolidation to strong civil societies. In my accounting of the events, the term ‘civil society’ appears infrequently. Secondary associations do figure prominently in the analysis, but they are differentiated by their position in the cleavage structure instead of lumped together under the umbrella term ‘civil society’. The strong social democratic movements are strong not simply because they get many votes, but also because the party, the unions, their women’s associations, their cooperatives, their youth organizations, their sports clubs, and so on, enlisted many members. Likewise, underlying the strength of the agrarian parties of Scandinavia was a network of farmers’ organizations. For the Liberals, it was the dissenting churches and the temperance movement. Similarly, and in part in reaction to the rising labour movements, the Catholic Church built a parallel network of organizations. The advantage of analysing the impact of strong civil societies through the lens of the cleavage structure is that it allows one to recognize that a network of secondary organizations can be

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a conduit for authoritarian values as was the case in the German middle class, and thus not contribute to democratic transition – on the contrary.

I contend that not only did social policy and democracy develop hand in hand, social policy was necessary for democratic stability. If democracy is not a sham, then the less privileged must be able to use the democratic process to influence the outcome of the policy making. If they are unable to do this, they will either become alienated from the political system or move to oppose it. This is etched in the history recounted here; the labour movements in Western Europe were initially quite radical; their ultimate goal was the complete transformation of the capitalist system. Once they were successful in their demand for political democracy, they became, in practice, reformists – they accepted the decisions that emerged from the democratic process. As they were able to achieve some of the distributive goals within capitalist democracy, those long-term socialist goals began to recede in importance, eventually to be put on the shelf forever. The integration of the working-class movements also reconciled the nineteenth- and early-twentieth-century upper-class opponents of democracy as they began to see that democracy would not result in expropriation.

Is the experience of the advanced capitalist democracies relevant to less developed countries now? Sceptics might contend that the level of affluence of these countries makes their experience irrelevant to the less developed countries of today. However, at the end of the historical processes outlined here, these countries were not much more affluent than the more advanced parts of the less developed world today, such as Latin America and the Caribbean. The average per capita income in constant dollars corrected for purchasing power parities of the 14 countries examined here was \$7,583 in 1950 compared to \$6,538 in Latin America and the Caribbean in 1998. The overlap in the distribution is impressive: Eight of the 29 Latin American and Caribbean countries for which Penn World Tables data are available in 1998 are above the 1950 industrial country mean and another eight are within one standard deviation of the 1950 industrial country mean. Moreover, the social spending levels were very similar: In 1950, these 14 advanced industrial countries spent 7.6 per cent of GDP on social security, welfare, and health benefits; in 1994, 20 Latin American and Caribbean countries for which data are available spent 6.6 per cent of GDP in these areas.

Let us be clear, social spending and entitlement in the 14 advanced capitalist democracies would not qualify them as being the advanced welfare states they became 25 years later. By 1975, social security benefit expenditure had risen to 18 per cent of GDP in these countries; income replacement rates in sickness and unemployment insurance and pensions had doubled and coverage had increased by at least half. Moreover, the similarity in spending levels between Latin America and the Caribbean in 1998 and the advanced industrial democracies in 1950 hides as much as it reveals, because it ignores differences in employment structure and the distribution of benefits. In Latin

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America and the Caribbean, anywhere from 20 to 60 per cent of the labour force is in the informal sector where they are not covered by most social security programmes. Moreover, public pensions are often highly inegalitarian in their structure, with privileged groups, such as military officers, judges, and higher civil servants receiving much better pensions than manual workers. Thus, it is not surprising that social security and welfare spending, which is very highly egalitarian in its impact in advanced industrial democracies, is highly inegalitarian in Latin America and the Caribbean. By contrast, health and education spending, which does benefit informal sector workers, is modestly egalitarian in Latin America and the Caribbean (Huber *et al.* 2004). My point here is that, as indicated by their per capita GDPs, these countries have adequate national resources to provide basic welfare state provisions. What is lacking is social and political movements with sufficient power to push through the required social policy legislation.

Notes

1. For most of the analysis, I draw on, extend, and revise our previous work but for the analysis of social policy development, I also rely heavily on Hicks' (1999) award-winning book, the only work which covers all of the countries covered here.
2. Italy is included in Ferrera's essay, so I do not include it here. Democratization and breakdown in Austria, Finland, Italy, and Spain are covered in Stephens (1989); Austria, Italy, and Spain in Rueschemeyer, Stephens and Stephens (1992); and Austria, Czechoslovakia, Estonia, Finland, Greece, Hungary, Italy, Poland, Portugal, and Spain in Stephens and Kümmel (2002). Social policy development in Austria and Finland is covered in Huber and Stephens (2001).
3. In our terminology, the bourgeoisie refers to only large capitalists, not to small capital owners and urban middle classes. Looser usages of the term often include one or both of these groups.
4. In the extended version of this paper available on the UNRISD website (<http://www.unrisd.org/>), I address the criticism of Rueschemeyer, Stephens, and Stephens (1992) in Ertman (1998) and Collier (1999). These criticisms have resulted in some clarification of our argument and substantial revisions of the treatment of one case, Britain.
5. The citations to the historical sources for the analysis in this essay are available in the extended version of this chapter which can be accessed at <http://www.unrisd.org/> and <http://www.unc.edu/~jdsteph/>. For a complete listing of sources for the analysis of democracy, see Rueschemeyer, Stephens, and Stephens (1992) and Stephens (1989, 1995).
6. In Stephens and Kümmel (2002), I extend this analysis to all of interwar Europe and show that 16 of 18 cases of democracy breakdown or survival can be predicted (of rather post-dicted) on the basis of agrarian class relations.
7. In the interwar period this generalization about the working class is harder to sustain, since the splits in the working class induced by the war and the Russian Revolution created anti-democratic minorities, above all the Communist Parties, whose political posture clearly contributed to the breakdown of democracy. All of

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- the parties of the social democratic left, which remained by far the largest of the working class parties in every country, maintained a commitment to democracy.
8. In Stephens (1989) and Stephens and Kümmel (2002) I show that this generalization can be extended to all other countries in Western, Central, and Eastern Europe.
 9. See Rueschemeyer, Stephens, and Stephens (1992: 111–14) and Stephens (1995: 173–80) for further evidence on this point.
 10. Students of the welfare state may be surprised at the inclusion of Britain, New Zealand, and Australia in this group of generous welfare states as of 1950. It is the infrequent periods of labor government in the subsequent three decades which arrested welfare state development.

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