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Democratization and Social Policy Development in Advanced Capitalist Societies

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May 2005

prepared for the UNRISD Project on Social Policy and Democratization

DRAFT WORKING DOCUMENT
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I would like to thank James Cronin and Evelyne Huber helpful comments on this paper.

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. I extend our previous work in three ways. For the historical development of democracy, I answer the leading critiques of *Capitalist Development and Democracy* and adjust our explanation of these developments accordingly. Second, most of my work with Evelyn Huber on the development of welfare states has focused on post World War II period. Here I extend our analyses of this earlier period, relying heavily on Hick's (1999) award winning book, the only work, which covers all of the countries covered here. Third, in the analysis of the development of the welfare state, I examine not only the extent to which democratization and social policy development shared common causes but also the extent to which they can be considered mutually reinforcing processes.

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 as the other possible cases are covered by other authors in the UNRISD project. My analytic criteria for choosing these countries is that (1) they were developed capitalist democracies as of 1950, and (2) they were stable regimes (which we know only in retrospect). The UNRISD has also asked me to focus on "western" societies. I take this to exclude not only Japan but also Eastern Europe, which are covered in other essays. There is a second analytic reason to exclude Eastern Europe. As Ertman (1998) has pointed out, the dynamics of democratization are different in the countries, which were created out of the ashes of the imperial regimes of Russia, Germany, and Austria-Hungary. Thus, I exclude Finland and Austria from the analysis as well as the Eastern European states which fell under Soviet domination after World War II. For a similar reason, I exclude Ireland. I exclude Portugal, Greece, and Spain, which were not stable democracies in 1950 and are also covered in another essay. The countries included in the analysis are 10 countries in Western Europe; Belgium, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, and the United Kingdom; and the four British settler colonies; Australia, Canada, New Zealand, and the United States.¹

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

¹ Democratization and breakdown in Austria, Finland, Spain are covered in Stephens (1989); Austria and Spain in Rueschemeyer, Stephens and Stephens (1992); and Austria, Czechoslovakia, Estonia, Finland, Greece, Hungary, Poland, Portugal, and Spain in Stephens and Kümmel (2002). Social policy development in Austria and Finland is covered in Huber and Stephens (2001).

conventional definitions of democracy. For France, Switzerland, Britain, and the British settler colonies, I do extend the analysis of democratization 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 World War II 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: (1) the balance of class power as the most important aspect of the balance of power in civil society, (2) the nature of the state and state-society relations, or the balance of power between state and civil society, and (3) transnational structures of power, or the international economy and system of states, as they shape the first two balances and constrain political decision-making.

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,² 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.

Ertman (1998) and Collier (1999) have presented insightful criticisms of the analyses in our book and, in Collier's case, a reanalysis of our case materials. I would like to take this opportunity primarily to refine and clarify our explanation but also to accept their criticism on some points. Collier takes us to task for exaggerating the role of the working class in the European transitions.³ We attribute a leading role to the working

² 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.

³ This is frequent criticism of the book. Let me be clear about our claim in this regard. We claim that the working class has been the most consistent supporter of full democracy and the most consistent agent of full democracy. We do not claim that all of the working class always supported democracy (e.g. the Communist minority in some European countries in the interwar period) or that the working class majority was always democratic (e.g. Peronism in Argentina and

class in six of the ten European countries analyzed here. Collier attributes a key, but not necessarily leading, role to the working class in seven of fourteen democratizing episodes. The disagreement is primarily methodological and conceptual rather than a disagreement on the historical facts, though in two cases there is a disagreement there also. Methodologically, Collier examines democratizing episodes, that is, France 1848 and 1875-77 are two cases, whereas we treat countries as cases with the "episodes" forming the steps toward democracy. We also privilege the last step to full democracy, unless near full male suffrage⁴ was established at an earlier date. These two methodological decisions are related, as we argue that the reason why the previous step stopped short of full democracy was the weakness of working class forces. Indeed, our explanation for why restricted democracy was much more prevalent in Latin America than in Europe in the first three quarters of the twentieth century is precisely the weakness of working class forces in that region as compared to Europe.

Conceptually, we attribute more weight to cabinet responsibility to parliament than does Collier. She is not fully consistent on this point: The establishment of universal suffrage without cabinet responsibility to parliament is treated as a democratizing episode in Denmark (1848) but not Germany (1871). The 1901 introduction of cabinet responsibility to parliament in Denmark is mentioned in the text but not listed as a major episode in her summary table (Collier 1999: 35) while the 1848 suffrage reform, which was later reversed, is treated as a major episode. The establishment of cabinet responsibility to parliament in Sweden is not mentioned in the discussion of the 1918 reform. As to the historical events, Collier's account does force me to reconsider our interpretation of one case, Britain in 1918, which I will do below.

Ertman (1998) takes us to task for another element of our argument, the role of a historically strong landed elite in the breakdown of democracy in interwar Europe. Here it appears we have not stated our argument clearly enough in the chapter of the book on advanced capitalist countries. In Ertman's view (1998: 490), our argument is identical to that of Barrington Moore (1966): In countries in Europe in which a significant body of large landholders were engaged in "labor repressive" agriculture, this landed elite allied with anti-democratic elements in the state and a politically dependent bourgeoisie. This alliance exercised a measure of ideological dominance over the middle classes and small farmers and together these groups undermined democracy in the interwar period. True enough Moore was a major inspiration for the book and we did intend to test his theory on wider range of cases. But in successive drafts (a 1987 conference paper and working paper, a 1989 journal article, and the chapter in the 1992 book), we increasingly distanced ourselves from his argument for the advanced capitalist democracies and, in the book, we further distance ourselves from him on the exact mechanism by which a large body of "landlords dependent on a large supply of cheap labor" (our reconceptualization of his "labor repressive" landlords) are inimical to democracy (Rueschmeyer, Stephens, and Stephens 1992: 288). One of the most robust findings in our study of the historical development of 38 countries in the advanced capitalist world, Latin America, and the Caribbean was that the existence of such a class

Garyism in Grenada) or that a large mobilized working class was a necessary condition for full democracy (see the discussion of agrarian democracies below).

⁴ In our work and in Collier's universal male suffrage is suffrage criterion for classification as a full democracy.

was very unfavorable for the development of democracy. Unlike Moore, we do not posit that these landlords must be in alliance with a "politically dependent" bourgeoisie. Indeed, one of our main criticisms of Moore is that he assumes that the bourgeoisie is normally democratic and an anti-democratic posture on the part of the bourgeoisie is something that must be explained. However, we still maintain that the presence/absence of a labor dependent landed elite is a critical, if not the critical, feature that separates the democratic survivors from the breakdown cases in interwar Europe.

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 autonomously organized social groups in the sustaining of American democracy, namely, that a strong or dense civil society is favorable for the development and sustenance of democracy. This clearly fits well with our argument that development of organization of the middle class 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.

In the quantitative literature on democracy, there is some evidence that Protestantism is related to democracy. Combining this with our observations about civil society and autonomous organization, we argued that it is sectarian Protestantism, but not state church Protestantism, which encourages democracy, primarily because it facilitates the development of associations autonomous of the state. By contrast, the Anglican and Lutheran state Churches of England, Germany, and the Nordic countries were allied to the dominant classes and preached submission to state authority. To extend this, building on Lipset and Rokkan (1967), we argued that the effect of religious cleavages and the posture of religious parties on democratic development depended on the historic alignment of church and sects with social classes and the national state.

The third power cluster involves international power relations. For the European countries analyze 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 on the front for fighting and discredited ruling groups in case of defeat. In the case of British settler colonies, it is not surprising the posture of the colonial power was a critical influence on the course of events.

The Theory of Social Policy Development

The class power part 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 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 World War II 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 essay.

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, 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 co-opt 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

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