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REPLY TO AMENTA AND PARIKH

### CAPITALISTS AND SOCIAL SECURITY: WHAT DID THEY REALLY WANT?

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Apparently Amenta and Parikh (henceforward AP) are defensive about their thesis that business leadership and social protest were irrelevant to the formulation of the Social Security Act; so defensive that they have ignored the main thesis of our article. Therefore, we restate our thesis again. Our paper argues that: (1) economic crisis and a sustained wave of protest (including significant electoral instability) created a sense of impending political crisis among political leaders and led to intracapitalist divisions over political solutions to the Great Depression; (2) liberal capitalists were key leaders in the formulation of several of the policy proposals that were incorporated into the Social Security Act; and (3) liberal capitalist policy leadership coupled with a sustained political upsurge (including protest over unemployment, industrial strikes, and electoral instability) placed the central reform proposals of the "Second New Deal" (including Social Security) on the political agenda and led to major social reforms. AP misleadingly remove our discussion of liberal capitalists from its context and mistakenly claim that our interpretation stems from a "business dominance" theory of policy formulation. But quite clearly our argument was defined as a "political struggle interpretation" because it emphasized the interaction

of intracapitalist hegemonic competition and interclass conflicts. In this respect, our theoretical stance was closer to the political conflict theories of Korpi (1989) and Shalev (1983), except that we emphasized the central leadership role played in the American case by liberal business leaders.

In their comment, AP make three contentions that clearly show their misreading of our article: (1) Business as a whole opposed the Social Security Act; (2) the bill was formulated by a coalition of middle-class reformers, policy intellectuals, and "progressive" politicians; and (3) working-class protests (especially industrial strikes) were irrelevant because these also peaked during nonreform periods.

We think these contentions are erroneous. AP are led astray by a "state-centric" theory of policy formulation that overstates the autonomy of political institutions with respect to the larger political economy and neglects the central influence of class conflicts on major social reforms. This thinking leads them to seven specific errors:

(1) The central confusion in AP's comments is the meaning of capitalist "support" and "opposition." The study of policy formulation is one of political leadership, not of public opinion or polls, even among a powerful group such as the capitalist class. In their discussion, AP make much of business opposition to the New Deal during 1934-1935, using it to support the argument that business consistently opposed Social Security. We do not dispute that there was considerable business opposition. Had the Social Security Act been subjected to a capitalist vote, it would probably have been defeated. That, however, was irrelevant. The key question was the stance of capitalist political leaders who, as we argued, divided into "pro" and "con" factions with the pro-New Deal bloc prevailing and playing a key role in New Deal policy formulation. Our evidence shows quite clearly that despite considerable business opposition *strategic business leadership groups supported Social Security*, helped formulate the major proposals, and defended it (and the New Deal) publicly against business (and other) opposition. The question is *not* one of general business opinion. It is one of political leadership.

Our "sample" of business leaders, then, represents a political leadership stratum of nationally active capitalists who attempted to shape the national political agenda. The majority of the capitalist class was not involved and, as L. C. Morrow of the National Publishers Association testified in the Senate Finance Committee hearings, was either ignorant of the pending bill or had no

opinion (U.S. Senate Finance Committee 1935, p. 787). Yet, within the active leadership stratum, there were clear divisions that had economic roots. Applying Zeitlin's (1984) ideas on capitalist segments and Poulantzas' (1973) concept of "power blocs," we presented evidence that these hegemonic blocs (or leadership groups) were based on bank groups and industrial groupings. Our use of company data was not, as AP contend, to see if particular firms supported or opposed social security but rather to see if general patterns of economic segmentation and intraclass organization could explain political leadership towards the Act. While this was an exploratory examination of the bases of class segments, broader studies of business campaign contributions in the 1936 Presidential election (Allen 1990; Dornhoff 1990, pp. 232-35) have supported our findings and have identified a major division that we did not investigate, namely, region (South vs. non-South). This confirms the relevance of the idea of hegemonic competition between rival power blocs with their own distinct economic and political interests in social reform.

(2) AP write as if capitalist support occurred in a political vacuum. In reality, it was a political concession in the face of an impending political crisis. We argued that most capitalist supporters of the Social Security Act (and the New Deal) advanced their support because they viewed the major policy alternatives to Social Security as more dangerous. They saw that "welfare capitalism" had collapsed, putting the blame on "progressive" employers who had attempted to maintain social peace through voluntary plans, that public relief payments were threatening to bankrupt local and state governments and possibly the federal treasury, and, finally, that some type of social security program would be adopted eventually. The question, then, was when and in what specific form.

Their conclusions, then, was that there was an impending political crisis that required moving beyond the emergency measures of the First New Deal towards the new and permanent reforms of the Second New Deal. While the business supporters quarreled about the specifics of the alternative proposals, especially unemployment insurance (see below), they agreed that the bill that emerged from the Committee on Economic Security (CES) and eventually Congress was an acceptable if not a better bill than alternatives. Most important, they agreed that a social security bill should be passed then, not in the distant future. As Karl Compton (President of MIT)

urged his fellow panelists on the Business Advisory Council Industrial Relations Committee in September 1934: "A good strategy for business lies in the direction of taking the initiative in sponsoring the proper type of conservative but constructive legislation rather than to fight the issue" (BAC 1934, p. 6). Or, as Walter Teagle (Standard Oil) urged, "Business leaders should aid in working out reasonable legislation rather than oppose and obstruct all legislative efforts" (BAC 1934, p. 5). It was this political calculation that separated the liberal capitalists from their conservative opponents, not some ideological conception of the positive state.

(3) AP make far too much out of the difference between the Wisconsin and Ohio plans for unemployment insurance and the fact that most states eventually adopted Ohio-type plans. Except for Wisconsin and New York, state adoption came *after* the national bill had passed. In other words, we reject the "state-centric" idea that the national bill should be explained by policy models adopted on the state-level *after* the national bill compelling states to adopt an unemployment program had already been passed. This type of inverted causal order is simply scientifically unacceptable. Moreover, as Karl Compton argued earlier to the BAC, it was of "relatively little difference as to whether one form or another form of unemployment insurance or reserves is adopted" (BAC 1934, p. 6). As we argued in our paper, the decisive factors for the CES were passing the Supreme Court's constitutional test and large bankers' opposition to public large investment funds (on the latter, see Stinchcombe 1985).

(4) AP erroneously claim that we "ignore old-age insurance." In fact, we argued in some detail that old-age insurance derived from the work of the CES Technical Board, which was in turn dominated by policy analysts who were also employees of the Rockefeller-created and -controlled Industrial Relations Counsellors, Inc. AP's concern apparently stems from an unstated assumption that these people were "state managers" when, in fact, they were employees of a business-controlled policy institute. In line with our argument, the old age pension movement of the Townsendites, the Fraternal Order of Eagles, organized labor, and the AAOAS managed to force the pension issue on the political agenda. But the movement but did not control the proposals that were actually considered by the White House or Congress. These came instead from the business policy institute.

(5) AP misconstrue our protest argument, ar-

guing that industrial strike peaks before and after the mid-1930s demonstrate the irrelevance of protest. Our argument, however, was that protests, specifically unemployment protests, electoral instability industrial strikes, created a sense of impending political crisis. This made business and political leaders more willing to consider major social reforms. These protests became politicized, spilled over into electoral politics, and, most importantly, were sustained, thereby undercutting elite hopes that they were isolated incidents or could be safely ignored. That is why we used the strike wave index (which captures the persistence of the growth in strikes) and why we emphasized the 1934-1936 peak in unemployment protests. We also pointed to the third-party protest vote as a threatening source of instability in the 1936 election. As Goldfield (1989) and Domhoff (1990, chap. 4) recently argued, the strike wave itself became sufficiently menacing that upper-class lawyers and political leaders supported the development of the Wagner Act to contain labor insurgency.

(6) AP seem to think that policy intellectuals were the key architects of the Social Security Act and that they operated independently as a "third force" of social reform. We agree that policy intellectuals were critical in defining specific provisions and conducting research on alternative proposals. The question is: Who held the power in the relationships between policy experts and their business supporters, especially in the policy organizations that conducted most of the policy research? We argued that business leaders (including upper-class corporate lawyers) controlled these relationships by funding the policy organizations, controlling the governing boards, and selecting the experts who gave them advice. A relevant example in the case of Social Security was John Commons, a founding member of the Wisconsin Industrial Commission and active leader in the National Civic Federation (NCF) and the American Association for Labor Legislation (AALL). When Commons left the NCF in 1904 to join the University of Wisconsin, half his salary was paid by wealthy capitalists from the NCF; and a few years later when he returned from the Industrial Commission to his professorship at the University of Wisconsin to write his multi-volume history of labor prominent capitalists again provided funding for his salary, a secretary and research expenses (Commons 1934, pp. 133, 135-37). In short, the work of the Industrial Commission and Commons's assistants (including Leiserson) would not have been pos-

sible without liberal capitalist philanthropy. An even better example was the Industrial Relations Counsellors, which developed the old-age pension proposals and had been founded and sustained since the early 1920s by John D. Rockefeller, Jr. Or take the AALL which, as AP note, was closely associated with the Consumer League and the general charities movement. As Yellowitz (1965, p. 71) noted, these reform organizations were dominated and funded primarily by "a small group of wealthy patricians, professional men, and social workers. Wealthy women, including some from New York City society, were indispensable to the financing and staffing" (1965, p. 71). These policy intellectuals were not some autonomous "third force" but rather employees and advisers to upper-class political leaders.

AP do, however, raise an important problem for future work: What are the sources of the reform activities of the upper class patricians and corporate lawyers who frequently occupy high governmental office and provide policy advice? They treat these individuals as autonomous "state managers." But we agree with Domhoff (1990, pp. 92-96) that these figures should be viewed as members of the upper class. Whether their reform activities reflect their patrician origins, the brokering functions of corporate lawyers, their ethnic origins or some other bases is unclear.

(7) Finally, there is the question of the perception of Democratic Party leaders of the Huey P. Long third-party threat in 1935. We drew upon Alan Brinkley's discussion of the poll commissioned by the Democratic National Committee from which party chairman James Farley drew the conclusion that "Long . . . might have the balance of power in the 1936 election" (cited Brinkley 1982, p. 208). Although Long did not hold a large enough margin to deny Roosevelt a majority, we think Farley was correct in seeing the poll as threatening. First, Long had not yet announced his candidacy or begun serious campaigning. Consequently, his ability to draw voters, especially in the South, was potentially underestimated in the poll. Second, Roosevelt was paired with an as yet unnamed Republican candidate. Depending on the Republicans' success in finding a viable candidate, they might lose more votes. Finally, there was the possibility of still more third-party candidacies, such as Father Coughlin or Gerald L. K. Smith, that might further disrupt the New Deal vote. Perhaps Long would not have proven to be a threat, but Farley (and presumably the Democratic Party leaders) certainly thought so at the time. It was these per-

ceptions, not retrospective assessments by Farley, that counted. The significance of the Long threat is that it kept the pressure on the Roosevelt White House to respond to the challenges from below, especially the old-age pension movement, and thereby the development of the Social Security Act.

We should also make a final comment about the utility of the "state-centric" theory that AP appear to be advocating. We think this constitutes an important contribution to discussions of the state and policy formulation. It can help illuminate settings in which the interests of state managers and upper classes diverge and help specify political processes in policy formulation. However, by positing a complete autonomy of the state, this perspective provides a potentially misleading portrait of policy development in the U.S., especially the early development of the welfare state. The U.S. constitutes a comparatively "weak" state by most standards and social policy constitutes a field in which contending class interests are consistently relevant. We think that this offers a relatively poor setting in which to demonstrate the contributions of this "state-centric" approach and recommend that their energies be directed at other arenas and the integration of their arguments with a broader "political struggle" approach.

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COMMENT ON ENTWISLE, CASTERLINE, AND SAYED,  
ASR, DECEMBER, 1989

### DEMOGRAPHIC STRUCTURES AND POWER HIERARCHIES IN PEASANT HOUSEHOLDS\*

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The paper by Entwisle, Casterline, and Sayed (1989, henceforward ECS) is a welcome analysis of the effects of structural change on reproductive behavior in a context of rapid agrarian transformation. My comment focuses on their analysis of the impact of nonagricultural employment and degree of marketization on patterns of contraceptive behavior, and on the theoretical assumptions underlying their analysis. I argue that failure to consider the particularities of peasant household production and the nature of household decision-making in relation to production and reproduction lead the authors into methodological and substantive problems.

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