

leftists and defenders of civil liberties generally found it difficult to speak up for people whom they regarded as committed supporters of an extremely repressive and anti-Semitic system.<sup>94</sup>

The evidence suggests that repression of leftists was never as extensive in America as it was in several European countries before World War I, and not nearly as severe as during the interwar years in fascist states, and subsequently in Franco's Spain, and in the 1980s in Pinochet's Chile. As John Laslett notes, "In America repression of radical movements has not taken the form of deliberate murder or destruction as often as it has in a number of European countries."<sup>95</sup> We conclude that the long history of repression of American socialists cannot explain their failure to establish a viable political party.

## Chapter 8

# THE END OF POLITICAL EXCEPTIONALISM?

The effort to build socialism in America was clearly unsuccessful.

The hundreds of thousands of dedicated American radicals who sought to create a socialist movement from the late nineteenth century on repeatedly failed. The United States is the only Western democracy to have a party system dominated by two parties, both of which are sympathetic to liberal capitalism and neither of which has inherited a socialist or social democratic vision of society. At its peak, in the decade before 1920, the Socialist party never really challenged the supremacy of the major parties, nor did it manage to survive as a third party.

The obstacles they faced did not prevent socialists from being elected as mayors and council members in a number of cities, winning state legislative seats, and even, on occasion, a seat in Congress. Among the third parties that have competed at the national level, none has been as persistent as the Socialist party. With the exception of 1924, when the Socialists supported Robert La Follette, the party put forward a candidate in every presidential election from 1904 to 1952.<sup>1</sup> While Theodore Roosevelt (in 1912), La Follette (in 1924), George Wallace (in 1948), John Anderson (in 1980), and Ross Perot (in 1992 and 1996) received a much greater share of the

presidential vote in challenging Democratic and Republican nominees than any single Socialist candidate, no minor party in American politics has received as much support as the Socialists over the twentieth century as a whole. In addition, Socialists have led many AFL and CIO unions. The Communists also were able to gain high public office and to control unions and other organizations, although, for the most part, they triumphed by concealing the fact that they were Communists. It is therefore accurate to say that socialism has been capable of winning the support of millions, though always a small minority, of Americans. But if one looks at American politics from a comparative perspective, there can be no question that one of its distinctive features has been the absence of a significant socialist or labor party, and it is for this reason that many historians and others have spoken of American exceptionalism.

In this chapter we ask whether America remains exceptional. The absence of a socialist party no longer differentiates the United States from Western European and other English-speaking democracies. Over the past two decades, socialist and labor parties have dropped statist economic policies that they inherited from their socialist past. The policies of most of these parties are not very different from those of the Democratic party in the United States. They wish to regulate capitalism, not transform it. They are in favor of greater economic equality (along with social, racial, and gender equality), but they no longer envisage a large measure of state control in order to achieve these goals.

Yet the United States remains as different from other western democracies as it ever was. Taxation, social spending, and public spending in general are exceptionally low in the United States, as is the level of union organization. Economic growth has been comparatively strong over the past decade, and median income and wealth are extremely high, especially when measured in terms of purchasing power parity. At the same time, economic inequality, however it is measured, is much greater in the United States than in any other western or English-speaking democracy.

These features of public policy are intimately linked to the historical events described in this book. Comparative studies of public policy reveal that the organized strength of a society's lower class is immensely influential for its public policy. The institutions created in a society—perhaps above all, the institutions that reflect the relative power or impotence of those at the bottom of a society in relation to those at the top—shape a

society's response to economic change. The inability of American socialists to create a durable labor or socialist party is not a historical quirk of a bygone era. On the contrary, it is a powerful influence on the present.

But let us proceed in stages. We begin by summarizing the basic thrust of our historical explanation.

### **Why Socialists Failed**

Socialists failed in three respects. They were unable to sustain a strong and durable socialist party; they were unable to create an independent labor party in alliance with mainstream unions as in other English-speaking societies; and they were unable to capture one of the major parties. If one of these possibilities had taken place—if socialists had created a viable socialist or labor party, or if they had captured or exerted real influence in one of the two major parties—the left in the United States would have followed the pattern of that in other western democracies and American society today would, we conjecture, be different as a result.

The factors we evaluate in this book purport to explain these failures. We have engaged in diverse comparative analyses—of the United States with other societies, within the United States at the individual level, city level, and state level, and across time—in an effort to separate wheat from chaff. We have not tried to investigate every explanation that has been put forward—an almost impossible task. Instead we have taken up what we regard as the most plausible lines of explanation in order to see how they weather comparative evaluation. As we summarize below, several conventional explanations either fail completely or must be given minor roles. At the same time, we have sought to build a plausible explanation of our own. There is much to build on, and there are no unambiguous litmus tests that can tell us where we have erred. What we do claim is that the factors we weave together are plausible from a "process" standpoint and plausible from a comparative standpoint. That is to say, we claim our explanation makes sense historically as a story, a story in which human beings have intelligible goals and make choices under discernible constraints. And we claim that the causal logics of the building blocks we use are generalizable across societies with which the United States can be meaningfully compared.

While we wish to understand a nonevent—the fact that socialism never

took hold in the United States—the only method open to us is to examine and attempt to explain what actually happened. One must come to grips with basic political, social, and cultural factors in American political development, and one must come to grips with the decisions that key political actors made in responding to them. American values—political structure—heterogeneous working class—party/union split: the interaction of these four factors holds the key to why socialists failed in America. The weight of our explanation is on the interactive effects of values and political structure, but we also stress the causal role of human agency, in particular the mistakes made by Socialists in refusing to compromise with mainstream unionists. When we put together particular elements of the American polity and culture that confronted socialists with the internal fragmentation of the labor movement, we have, we believe, a sufficient explanation for the failures of the socialist enterprise.

Key aspects of the American political system, including particularly the plurality electoral system, the winner-take-all presidency, and ideologically flexible major parties, created high hurdles for any third political party—socialist, labor, or otherwise. Many unionists who supported a labor party on pragmatic grounds in other English-speaking societies believed that it was impractical to do so in the United States. As Kenneth McNaught observes, many left-of-center Americans say that if they lived in Canada they would vote for the New Democratic party. Because the major parties are so permeable in the United States, the opportunity costs for labor of supporting a third party have been much higher than in other societies. At the same time, the electoral system for selecting a president, which effectively aggregates votes throughout the country, has magnified the penalty of voting for third-party candidates. As a result, third-party support is a less practical proposition than in other societies, including those which share the principle of a plurality electoral system. The fact that the two major parties have sustained a duopoly of 95 percent of the congressional and presidential vote since the Civil War in a society that has spawned literally thousands of political parties indicates just how stifling the American political system has been for challenging new parties.

Could the Socialist party have surmounted this political barrier? The experience of other English-speaking and European countries suggests that socialist or labor parties were able to succeed in political systems that were almost as inauspicious for minor parties. Moreover, some state and city

socialist parties and factions in the United States had considerable success over extended periods of time. The American polity has not, in our view, been uniformly harmful for third parties. By carving up the polity into smaller units, federalism created political openings for Socialist and left parties at the regional level that were denied to minor parties in more centralized polities. It is also important to recognize that the American political system contributed only to the first two failures of American socialism, but not to the inability-or unwillingness-of Socialists to make headway in one of the major two parties. In fact, one of the key features of modern American politics that makes life so difficult for minor parties, the primary system, made a strategy of "boring from within," that is, contesting primaries within the major parties, more feasible.

Our comparative analyses lead us to the conclusion that the American social system is a starting point for explaining the failures of socialism. But beyond the inauspicious cultural context that confronted Socialists and the character of the working class they tried to organize, we must also take account of the strategic choices that they made in dealing with the American political system, American culture, and the American working class.

The values that motivate decision-making in a society are enormously stable over time, not just at the individual level, but across generations. A culture, as Max Weber suggested, can be viewed as a series of loaded dice in which the past constrains, but does not determine, the present. One reason for continuity is that the interaction of culture and institutions is to some extent self-reinforcing. This is so because cultural values constrain the kinds of social institutions that are created in a society, and these institutions—schools, government bureaucracies, churches, etc.—help shape beliefs. Another source of continuity lies in the rigidity of cultural norms. Individuals and communities often hold tenaciously to cultural values even when these are functionally irrational. But it is rarely clear whether a belief is irrational. Unless the consequences are severe, individuals are rarely willing to reassess the cultural norms they share with other members of their society.

It is impressive that American radicals have turned time and time again to the antistatist Declaration of Independence in voicing their opposition to capitalism. In an essay on workers' culture, Leon Fink quotes Seth Luther, the Massachusetts shoeworkers' leader, who in 1832 proclaimed he was "no longer to be deceived by cry of those who produce *nothing* and

who enjoy *all*, and who insultingly term us-the farmers, the mechanics and labourers, the Lower Orders-and exultingly claim our homage for themselves as the Higher Orders-while the Declaration of Independence asserts that 'All Men Are Created Equal.' "1

Distinctive elements of American culture-antistatistism and individualism-negated the appeal of socialism for the mass of American workers for much of the twentieth century. Socialism, with its emphasis on statism, socialization of the means of production, and equality through taxation, was at odds with the dominant values of American culture. The effects of antistatistism and individualism can be seen positively in the character of American working-class republicanism, the strength of syndicalism in the AFL, and, later, in the student New Left of the 1960s and 1970s.<sup>4</sup>

Why did socialists not respond by being less ideologically rigid? Instead of trying to swim against the tide of American culture, why did they not establish a labor party that would be less purely socialist, but would aim, instead, to encompass the mass of American workers? After all, this is what mainstream socialists did in countries like Britain, Australia, Canada, and New Zealand. Once they had entrenched themselves in the party system, such labor parties served as incubators for socialism within the union movement as a whole. Socialists in these countries found that their initial ideological compromises paid off handsomely because labor parties gave them real influence in the labor movement as a whole.

In several countries in central and northern Europe, and to a lesser degree in English-speaking societies, socialists tried to insulate themselves from the dominant cultures of their societies by forming inclusive subcultures that encompassed socialist parties, labor unions, newspapers, pubs, party schools, and an ensemble of associational activities, from choral societies to chess clubs. This was also the case in cities in the United States, such as Milwaukee, Minneapolis, and Reading, where local Socialist parties were markedly more successful than the national party. In these towns and cities, Socialists escaped the national pattern and formed close ties to local unions in the American Federation of Labor. Such links between the party and the unions led one student of Milwaukee socialism to describe the leadership of both as an "interlocking directorate."<sup>5</sup>

At the national level, however, relations between Socialists and mainstream unions in the AFL were generally hostile from the mid-1890s to the 1930s and beyond. Efforts to create a labor party came to nothing. One

consequence of this was that American socialists could not create a cultural milieu that reinforced class consciousness among workers while cushioning them against wider social pressures. It is noteworthy that early public opinion polls revealed widespread support for measures associated with socialism during the 1930s, such as nationalization of the coal mines and railways, but that by that time the Socialist party was in no condition to take advantage of this. The period of support for statist solutions to economic problems was short-lived. Once prosperity returned during and after World War II, the traditional emphases of American culture on antistatistism and individualism reemerged. These not only eliminated any possibility that the left in the Democratic party would turn toward socialism but galvanized libertarian ideological streams in the Republican party and eventually pressured the Democratic party to drop the more statist elements of its New Deal image.

From its inception, in the post-Civil War decades, the American working class was exceptionally diverse ethnically, racially, and religiously even when compared to the working classes of other English-speaking settler societies. What was even more important, however, was that ethnic, religious, and racial cleavages were more powerful sources of political identity for most American workers than was their commonality as workers. This made the project of creating a labor party both more critical for the success of the American left and less feasible. The Democratic and Republican parties exploited and reinforced the lack of political class consciousness among American workers. They appealed to workers through the lenses of their contending identities, and they had already built loyalty among many workers and union leaders in the closing decades of the nineteenth century, before the American Socialist party came on the scene. Manhood suffrage for white males from the late 1820s created a working-class electorate long before socialists commanded effective political organizations. Paradoxically, as Marxists themselves were well aware, the denial of basic citizenship rights to workers in most continental European societies until late in the nineteenth century or even later allowed socialists to take the lead in mobilizing workers for the suffrage. In countries where citizenship rights for workers preceded socialist mobilization-Switzerland, France, Australia, and Canada-socialists had to contend with major parties that had already sunk roots into the working class.'

The split between unions and socialists in the United States at the

national level eliminated the possibility of a labor party, which, in turn, effectively reduced the possibility that the American working class would constitute itself as a strong and inclusive subculture. Given the severity of the political and cultural hurdles the party faced, it was disastrous for Socialists not to combine their forces with unionists. It is one thing for a movement to face an inhospitable polity and culture; it is quite another if that movement is itself split into antagonistic factions.

However, it would be simplistic to say that Socialists failed in America because they were overly divisive.<sup>1</sup> The split in the labor movement had its sources in embedded structural and cultural factors. The leaders of the American Federation of Labor were not only opposed to full-blooded socialism but committed to "pure and simple" unionism that made them wary of independent labor representation. Their syndicalist strategy reflected the antistatism and individualism characteristic of American culture and the domination of exclusive craft unionism in the American labor movement from the late 1880s to the mid-1930s. Socialists failed in the vital task of creating a coherent working-class movement, but the challenge they faced was awesome.

Finally, we find that claims in the literatures concerning the causal role of alternative factors do not withstand comparative scrutiny:

- Early manhood suffrage for white males did not necessarily diminish socialist mobilization. The case of Australia (and the contrast within Australia between Victoria and New South Wales), alongside that of France and Switzerland, suggests that strong labor or socialist parties were able to develop even when male suffrage was granted early. Early suffrage is important insofar as nonlabor political parties were able to build loyalties among workers before socialism came on the scene.
- Federalism is double-edged for socialism. Federalism fragments political authority and thereby makes the national state a less useful instrument for enacting labor or socialist reforms. But it also divides executive authority into smaller political units that can be targeted by minor parties, including Socialists, as is evident in Canada and Australia as well as the United States. If a minor party at the national level is able to establish itself as the leading or second party at the regional level, it can break out of the wasted-vote dilemma confronting third parties.
- The influence of the courts on the willingness of the American Federation

of Labor and its constituent unions to pursue a political rather than an economic strategy has been overblown. Court rejection of labor legislation cannot account for the wide disparity in union strategy from the 1890s to the 1930s or the contrasts among individual unions. Our analysis suggests that the courts were, at most, a relatively minor influence in reducing the benefits of a labor party or an alliance with the Socialists for American unions.

- State repression, even during its most intense period during and after World War I, cannot explain the failure of Socialists in America. This is revealed both by comparison within the United States and contrast of the United States with other countries. Internal comparison reveals that repression could not stop the Socialists from gaining strength in towns and cities where intervention in the war was unpopular. The main reason for the crisis experienced by the Socialist party from 1916 was that the party first alienated the bulk of its native-born supporters and then split when Communists broke away in 1919. International comparison shows that repression could not break socialism even in countries, such as Germany under the Anti-Socialist Laws (1878-1890), where it was more severe. Even when suppression is brutal, as in Franco's Spain or in Pinochet's Chile in the 1980s, it tends to be self-defeating in the long run.

### Criticisms of American Exceptionalism

In recent years, the notion of American exceptionalism and the way it has structured our understanding of the United States in relation to other societies has come under sustained criticism. Exceptionalist analyses, it has been argued, valorize national differences by offering ahistorical explanations that cannot explain variation within countries and across time. Rather than develop explanations of exceptionalism that seem to hover over history, without ever engaging historical processes directly, critics suggest that it is necessary to operate at the middle range. In his influential critique of the exceptionalism thesis, Sean Wilentz suggested a comparative historical cure: "One important departure might be to undertake a truly comprehensive comparative history of American labor, one that is as open to analogies between events and movements in this country and those abroad as it is to the differences."<sup>8</sup>

In this book we have responded to these suggestions by subjecting one important facet of the American experience to comparative analysis—over time, within the United States, and across (and within) other societies. On the basis of that research we believe that a strong case can be made that, indeed, the political development of American labor has been exceptional. The United States has been the only western democracy without a labor, social democratic, or socialist party. The consequences have been massive and long-lasting.

This is not to deny that, as many scholars have pointed out, every society may be regarded as exceptional.<sup>10</sup> The labor movements of Britain, Canada, France, and Germany are different from each other and different from the labor movements of any country one might compare them to. However, one may ask whether American exceptionalism is exceptional. Is there something special about the experience of the political left in the United States that fundamentally distinguishes it from the lefts of other western democracies?

Two lines of criticism challenge such reasoning. The first argues that the exceptionalism thesis assumes an ideal working-class consciousness and socialist commitment for comparison with the United States that has never actually existed.<sup>11</sup> If American workers failed to support a Marxist political movement, the same can be said of most workers in Europe as well. A revolutionary or radical proletarian social movement in the Marxian mold failed to materialize in most European countries as well as in the United States.

This is a valid point, but it does not refute the exceptionalism thesis. It is true that the mass revolutionary proletarian movement was more a fiction in the mind of committed activists than a historical reality. Edward Thompson has been followed by most social historians in emphasizing the artisanal roots of early labor protest. The archetypal radical in France, Germany, and England in the years up to and including the Paris Commune of 1870 was the skilled worker beaten down by economic change rather than the proletarian unskilled factory worker. When socialist parties were established from the last quarter of the nineteenth century in Germany, Sweden, France, and elsewhere in Europe their revolutionary programs were not representative of the views of their working-class supporters. On the basis of diverse evidence, including responses to a survey of workers' opinions carried out by Adolf Levenstein before World War I,

Barrington Moore, Jr., observes that most workers who supported the German Social Democratic party did so mainly because they wanted to be treated decently. Radical or revolutionary class-conscious proletarians were a small minority among the working classes of European countries as in America."

One of the ironies of American political development is that the American Socialist party was more, not less, radical than most mainstream European working-class parties, and was far more radical than the labor parties established in other English-speaking societies." If the ideology of working-class parties were the object of study one might argue that by comparison with other English-speaking societies, the exceptionalism of the United States is to be found in the *strength* of radical Marxism in the political party representing the working class. In the years before World War I, the labor parties of Britain, Australia, Canada, and New Zealand were coalitions dominated by unions that wished to defend their position under the law, legislate improvements in working conditions, and, in the case of Australia, prohibit nonwhite immigration. The late British labor historian Henry Pelling noted that the reforms demanded by the Labour party in 1906 were essentially the same as those pursued by the Liberal party." This provides an important line of sight into the fate of socialism in the United States. The American Socialist party was a six-hundred-pound gorilla in its ideological pretensions, yet in terms of power and its roots in the working class it was a weakling.

It should be plain that our view of American exceptionalism does not deny that the Marxist model was rarely present in Europe and elsewhere. Nor do we dispute the obvious point that every society is unique in some respects. Every labor movement that has existed, or will exist, is "exceptional" in one way or another. However, we do maintain that the historical experience of the United States was fundamentally different from that of other western societies because it was the only society in which the working class did not create a strong and durable political party.

A second line of criticism of the exceptionalism thesis begins with the claim that American workers were not all that exceptional in their response, to capitalism and industrialization. Several labor historians have emphasized the vitality of a tradition of collective resistance to capitalism that was expressed in a variety of social and political movements, from the plebeian radicalism of the Workingmen's parties of the 1820s and 1830s to the work-

ing-class republicanism of the second half of the nineteenth century and the sit-down strikes of industrial workers in the 1930s.<sup>14</sup> Summarizing the findings of recent studies of "new" labor historians, Sean Wilentz has argued that they "have not yet removed the exceptionalism problem from the agenda, but they have undermined some of the faulty assumptions in the exceptionalism literature. The rediscovery of recurring intense militancy in the strike situations has made it impossible to suppose that American workers simply accepted American capitalism or came to accept it."<sup>15</sup>

However, the exceptionalism thesis as we articulate it does not imply that American workers accepted the conditions that confronted them. The question that we pose is why the response of American workers to capitalism and economic exploitation took the form that it did. How can one explain the paradox of working-class militancy in the workplace and lack of organized class consciousness in politics? This theme is an old one. Selig Perlman and Philip Taft, deans of traditional, nonsocialist, labor studies, described the experience of American labor as "principally a fighting history" and went on in their coauthored book to observe that "on issues which affected the material welfare and the human dignity of the wage earner, American unionism battled against the claims of private property to the bitter end and often with a reckless daring. It battled not as a 'class conscious proletariat' but as a body of American citizens with an ideal of liberty of their own."<sup>16</sup>

More recently, Eric Foner has posed the question "Why was militancy in the factory so rarely translated into the politics of class?" Foner goes on to say: "Labor and socialist parties have emerged in the United States (indeed, Americans, in the late 1820s, created the first 'Workingmen's parties' in the world) but they have tended to be locally oriented and short-lived. As Montgomery observes, the American form of socialism has centered on control of the workplace, rather than creating a working-class presence in politics. 'Why there is no socialism' thus becomes a problem of explaining the *disjuncture* of industrial relations and political practice in the United States."<sup>17</sup>

These questions motivate the explanation we put forward. American workers were often the most militant in the labor market. The unions they formed, including those in the American Federation of Labor, represented the interests of their members as aggressively as unions in any Western European or English-speaking society. Until recently, American strike levels have been generally higher than those in Europe. The violence of industrial

disputes has also been greater than in Europe. What is exceptional in the United States is that the intensity of conflict in the workplace was not expressed in politics by a working-class or socialist party.

American workers, like those elsewhere, adapted to, and sometimes resisted, capitalism. But the organizations they created in the process were different—decisively different—from those in other western societies. The failure to create a working-class political party meant that American workers could not act as a class in shaping the society in which they lived. They could fight employers in the workplace. Their unions could give or withhold support from one of the major parties prior to elections. But American workers had almost no collective capacity for participating in government. Government, which endows some human beings with the authority to legislate what members of a society can or cannot do, was beyond the reach of American workers as a class.

### The End of Political Exceptionalism?

To what extent is the American left still exceptional? Over the past two decades, socialist and social democratic parties across western democracies have been influenced by a general swing away from state control of the economy toward a more market-oriented approach. Parties that were established as socialist, social democratic, or labor have gradually dropped the statist elements of their programs." Some have distanced themselves from labor unions. None of the major socialist parties advocates more public ownership; most accept market principles even in areas of the economy that were formerly nationalized, such as transport, telecommunications, and utilities. The great breach between progressive socialization of the economy versus laissez-faire has narrowed into a debate between regulated capitalism versus neoliberalism. At issue is the character and degree of regulation of the economy, not the future of capitalism. In short, the absence of a socialist party in the United States now distinguishes it less sharply from other developed nations."

In the immediate postwar decades, the right moved left as it accepted state economic planning, welfare reforms, Keynesian fiscal policy, statutory or consensual incomes policy, and, in several societies, neocorporatist bargaining. Since the 1980s, the left has moved right. Just how general this

shift has been is evident from Table 8.1, which summarizes expert judgments of the position of socialist/social democratic parties along a conventional left-right scale from support for state intervention in the economy (1) to support for market liberalism (10).

Nowhere has the turn away from pro-state policies been more marked than in Britain, Australia, and New Zealand. In these countries, the working class was represented by labor parties, which were unionist rather than socialist. Only during and after World War I did labor parties in these countries adopt socialist programs. These countries pose the most difficult test for political exceptionalism. They suggest, indeed, that the United States is no longer exceptional in the way that we have described above.

The rightward distance covered by the British Labour party between 1984 and 1995 is greater than that for any other party surveyed in Table 8.1. The most direct way of summarizing the shift is to say, simply, that the Labour party is no longer socialist. This lies behind the reformulation of the party's image to "New Labour" and the disavowal of "socialism" in leadership speeches and party literature. Tony Blair, who led the Labour party to a landslide victory in the British general election of May 1997, has tenaciously eliminated those remnants of traditional socialism that remained in the party's constitution and program after the more timid reforms in the same direction by his predecessor, John Smith. Blair's often-quoted catchphrases are "The era of big government is over," which he proclaimed in 1995, a few months before Bill Clinton made the same statement, and "We shall govern from the centre."<sup>20</sup> Peter Mandelson, the ideologist of the Blairites, asserts that Labour is now "a market capitalist party." Samuel Beer, doyen of American scholars of British politics, describes Blair's policies as the "final purge of socialism from the Labour party." In Beer's view, Blair is far closer to the social liberal tradition of Lloyd George than the socialist tradition of Clement Attlee, Labour's leader and prime minister following World War II.

The Labour government has built on, rather than reversed, previous Conservative government policies on markets, unions, and welfare. It has continued to privatize the economy by, among other things, undertaking to shift the national postal service to the private sector. Soon after the new government was in place, Gordon Brown, chancellor of the exchequer, shifted the power to control monetary policy and interest rates from the Treasury to the Bank of England. During the 1997 campaign, the Labour

Table 8.1: Social Democratic Parties in the EU

Left-Right Position'			
Country	Party	1984	1995
Austria	SPO	3.00	4.80
Belgium	PS	2.50	4.20
Belgium	SP	2.90	4.00
Denmark	S	3.80	4.20
Finland	SDEM	3.00	4.40
France	PS	2.60	4.10
Germany	SPD	3.30	3.80
Greece	PASOK	4.66	4.60
Ireland	LAB	3.60	4.10
Italy	PSI/PDS	3.10	3.50
Netherlands	PVDA	2.60	4.20
Spain	PSOE	3.60	4.00
Sweden	SD	2.90	4.10
UK	LAB	2.30	4.40

Party positions are indicated on a ten-point scale from one (support for state control of the economy) to ten (support for market liberalism).

Sources: The scores are derived from expert judgments summarized by Francis Castles and Peter Mair, "Left-Right Political Scales: Some Expert Judgements," *European Journal of Political Research* 12 (1984), pp. 73-88; and John Huber and Ronald Inglehart, "Expert Judgements of Party Space and Party Locations in 42 Societies," *Party Politics* 1 (1995), pp. 73-111.

party released a special manifesto for business which promised that a Blair government would retain the "main elements" of Margaret Thatcher's union reforms and resist unreasonable demands. Blair noted in an interview that his administration would "leave British law the most restrictive on trade unionism in the Western world."<sup>22</sup> The unions, he now emphasizes, must cooperate "with management to make sure British industry is competitive."

Welfare policy under the Labour government has shifted away from traditional income support to preparing economically marginal groups to participate in the labor market. While New Labour remains committed to economic equality and reducing poverty, it has ditched the notion that

benefits are unconditional. Over the past several years the party has sought ways to use welfare as part of a tougher, market-oriented, "welfare to work" approach.<sup>23</sup> Soon after becoming prime minister, Blair warned he would "be tough on the long-term unemployed who refuse jobs."<sup>24</sup> Speaking in Parliament, he declared that "for millions, the welfare state denies rather than provides opportunity."<sup>25</sup>

Labour's radical welfare policy has been influenced by the electoral success of such policies for Clinton Democrats in the United States. At his first meeting with President Clinton after taking office, on May 31, 1997, Blair noted that both leaders prefer "reason to doctrine" and are "indifferent to ideology." Clinton and Blair agreed that the "progressive parties of today are the parties of fiscal responsibility and prudence."<sup>26</sup> The two leaders called for partnership with business to create jobs, replacing the "old battles between state and market."<sup>27</sup> Adair Turner, the director-general of the Confederation of British Industry, has noted that while most businessmen still vote Tory, "nobody now would think it odd for a leading businessman to support the Labour party."<sup>28</sup>

This reorientation in doctrine has been accompanied by a fundamental change in the organization of the party. Historically, the defining characteristic of the Labour party was its basis in the union movement. In recent years, union influence in the party has been watered down. Blair has reiterated on several occasions that he wishes to go further and cut the umbilical cord between the party and the unions. In a 1994 article in *The New Statesman*, Blair stressed that "it is in the unions' best interest not to be associated merely with one political party." Unions, he argued, "should be able to thrive with any change of government or no change in government."<sup>29</sup> Blair has made a case against unions affiliating with a labor party not essentially different from that of Samuel Gompers, the founding president of the American Federation of Labor, before World War I.

The labor parties of Australia and New Zealand engaged in "a great experiment" when they held national office during the 1980s, the core elements of which were abandoning protectionist policies, deregulating the economy, privatizing state enterprises, and moving from centralized wage fixing through arbitration to a market system at the enterprise level.<sup>30</sup> Paradoxically, in both Australia and New Zealand the shift to neoliberal market principles and the dismantling of state controls took place under

labor, rather than conservative, governments. As noted above, labor parties in these countries, as in Britain, were never wedded to traditional socialist recipes of wholesale nationalization of the means of production or fundamental opposition to market capitalism." Also, rightist parties in both Australia and New Zealand were in power for almost the entire period from the 1960s to the early 1980s, when the relative decline of these economies became apparent. Conservatives were implicated in the failure of orthodox economic recipes, and their electoral success denied them an extended period of opposition in which they could rethink their positions.

In Australia, successive Labor governments pursued neoliberalism incrementally. Under the prime ministership of Robert Hawke, a former union leader, the Labor government negotiated a consensual policy with interest groups and entered into a formal "accord" with the unions that reduced real wages to encourage exports. In New Zealand, the Labour government was more confrontational, following what has been described as the most Thatcherite policy among western governments, including Britain's. Prime Minister David Lange believed that economic equality conflicted with economic growth, and that the latter should have priority: "Social democrats must accept the existence of economic inequality because it is the engine which drives the economy."<sup>32</sup> In both countries, labor parties tried to retain support among public-sector professionals and the left intelligentsia by giving more weight to environmental protection and women's issues in policy formulation, by making a conscious effort to confront the legacy of past oppression of indigenous minorities, and, particularly in New Zealand, by opposing nuclear power and weaponry.

The Canadian New Democratic party has also shifted away from traditional socialist policies, but with less fanfare. The impetus has come mainly from the provincial level, particularly in provinces where the NDP is the first or second party. The Saskatchewan New Democrats, who in September 1999 won their third consecutive election, campaigned on their success in balancing the provincial budget, improving the provincial health system, and the promise of a tax cut. At the federal level, NDP leader Alexa McDonough nudged the party to the right in favor of policies that accommodate business interests, balanced budgets, and some tax cuts.

Like other social democratic parties that are hamstrung by fiscal pressures in weakly growing economies, labor parties in English-speaking coun-

tries tend to be most radical on nonfinancial issues. The British Labour party has created legislatures with some important powers in Scotland and Wales and is reforming the House of Lords. The NDP proposes a new electoral system based on proportional representation and reform of the prime minister's office. The Australian Labor party favors cutting ties to the British monarchy. These constitutional policies place these parties in a tradition of liberal radicalism or populism that owes little to traditional socialism.

One cannot predict the future of a political ideology such as socialism. Those who tried to predict the future of market liberalism in the 1960s believed that it was all but finished with the rise of the mixed-economy welfare state. If western economies suffer a deep recession, or if the pendulum swings much farther to the right, we may see a revival of socialist-or, more likely, neosocialist-demands for a larger economic role for government. However, it is no longer possible to say that the United States is the only western society without a socialist party, because such parties no longer exist in most western societies. American political exceptionalism, as we describe it here, has run its course.

### Still Different

Traditional socialism has faded away, but the unique failure to create a viable socialist or labor party in the United States still casts its shadow on American society. The paths that lead from a critical fork in the political development of a society may never join again. The creation or absence of a viable labor/socialist party is arguably such a critical juncture." What, then, are the consequences of the outcome we have sought to explain?

Viewed in the short term, a political party is an expression of some social or ideological division that becomes politically salient. In a democracy, political parties respond to issues that citizens think are important and, in some fashion (depending on the rules of the game), the electoral success of a party reflects its responsiveness to citizens' concerns. But over the longer term, it makes sense to think that political parties shape preferences. Political parties reinforce particular world views, or ideologies. Parties tie together diverse issues in coherent packages that can be more easily understood and acted upon. Parties structure political contestation in a society. There are several ways in which voters could conceive their terri-

torial, ethnic, class, status, and gender identities. Political parties bring some sources of identity to the foreground and leave others politically dormant. Finally, political parties influence legislation, and by doing so they may leave a durable imprint on a society.

Table 8.2 provides an overview of the relative economic and political strength of the lower class in seventeen Western European and English-speaking democracies. There are sharp contrasts in the extent to which social democratic parties have controlled national government, and equally wide differences in the coverage of labor unions. The United States is at the low extreme for lower-class political power, together with Canada. In the United States, social democracy is simply absent. In Canada, the social democratic NDP has held power in several provinces, but not at the national level." In terms of union organization the United States is again at the low extreme, this time alongside France. In neither France nor the United States were unions united behind a labor or socialist party. In France, unions have been divided into syndicalist (after World War I, Communist), socialist, and Catholic camps, and in the United States, as we have seen, unions never sustained a working-class political party. However, the vast majority of workers in France are covered by collectively bargained wage contracts because agreements for unionized workers are extended to unorganized workers by law. No country in Table 8.2 has less than *twice* the American level of union coverage. Union coverage is a more accurate measure than level of union membership of the degree to which unions influence the wage levels of an economy." When one compares the United States with other western democracies, the picture that emerges from these and other data is one of continued lower-class weakness-in politics and in the labor market. No other western democracy remotely approximates America in this regard. When one considers the organized power of the lower classes, American political exceptionalism is still very much alive.

Alive, yes. But is it kicking? Analysis of the programs of social democratic parties reveals convergence to a market orientation and a complete disavowal of traditional socialist recipes for nationalization of the economy. Has the absence of a durable socialist or social democratic party in the United States made any difference for American society? Does it still? The data in Table 8.3 are suggestive in this regard. They underpin the conventional wisdom that the United States is remarkable for its low level of taxation and government spending. In 1996 it was the only western country in

Table 8.2: Lower-Class Power

	Social democratic participation in national government, 1945-94'	Trade union membership, 1990 <sup>2</sup> (percent)	Union contract coverage (percent)
Australia	18.8		80
Austria	30.5	46	71
Belgium	15.9	55	90
Canada	0	32	38
Denmark	26.9	74	
Finland	19.3	72	95
France	12.6	10	92
Germany	12.3	31	76
Ireland	4.9		
Italy	5.6	34	
Netherlands	11.1	23	60
New Zealand	16.3		67
Norway	36.9	54	75
Sweden	38.9	83	83
Switzerland	12.5		43
United Kingdom	16.2	38	47
United States	0	15	18

'John Stephens provided these data. Social democratic participation in coalition governments is measured as the proportion of social democratic cabinet positions in relation to total cabinet positions prorated over the fifty-year period 1945-1994.

=Jelle Visser, "Trends in Trade Union Membership," in OECD, *Employment Outlook* (July 1991), pp.97-134.

which government extracted less than 30 percent of gross domestic product. One has to go outside the western world to find societies with a smaller state. In 1996, the total tax take in Japan was 0.1 percent below that of the United States, but among the remaining OECD member states only Turkey (25.4 percent), Korea (23.2 percent), and Mexico (16.3 percent) were lower. That governments in some countries with entirely different

Table 8.3: State Spending

	Total tax receipts as of GDP'	Social security transfer expenditure (% GDP, 1994) <sup>2</sup>
Australia	31.1	12
Austria	44.0	22
Belgium	46.0	24
Canada	36.8	15
Denmark	52.2	22
Finland	48.2	25
France	45.7	23
Germany	38.1	16
Ireland	33.7	15 (1993)
Italy	43.2	20
Netherlands	43.3	26
New Zealand	35.8	15 (1991)
Norway	41.1	22 (1993)
Sweden	52.0	25
Switzerland	34.7	18
United Kingdom	36.0	15
United States	28.5	13 (1993)

'Data are for 1996. OECD, *Revenue Statistics, 1965-1997* (Paris: OECD, 1998). All levels of government are included.

'Evelyne Huber and John D. Stephens, *Political Choice in Global Markets: Development and Crisis of Advanced Welfare States* (forthcoming).

institutions, cultures, and, in most cases, levels of economic development proportionally underspend the United States reinforces, rather than blunts, the notion that America is an extreme case.

Spending on social welfare as a proportion of gross domestic product is low in the United States. This is indicated in the figures for social security transfer payments, which place the United States toward the low end with 13 percent. The major European and English-speaking countries provided

important social services long before the United States, which did not enact pension, unemployment, or industrial accident insurance until the 1930s.<sup>36</sup> It is the only developed nation that does not have a government-supported, comprehensive medical system and it is the only western democracy that does not provide child support to all families."

Table 8.4 presents data on inequality and poverty. Once again the United States stands out. No western democracy has as unequal a distribution of income as the United States once tax and transfer payments are included into the calculation. The standard scale for measuring inequality, the Gini coefficient, is almost 10 percent higher in the United States than in the next most inegalitarian country, the United Kingdom. Economic inequality was high in the United States relative to other western democracies in the mid-1970s, which is the first period for which we have reliable comparative data. From 1974 to 1979, economic inequality declined from 32.3 to 30.9, before a sustained rise in the 1980s and 1990s to 37.5 in 1997. The time series for the United Kingdom has a similar pattern, going from 27.0 in 1979 to 34.0 in 1991 (an unparalleled increase for a single decade in both absolute and relative terms) to 34.6 in 1995. Data on relative poverty tell a similar story. The United States stands out as the society with the greatest income differentials: 11.7 percent of the population has an income less than 40 percent of the median income, a figure that is almost double that of the next most unequal country, Australia, and almost three times the average (4.0) for the remaining countries in Table 8.4 for which we have data. One obvious limitation of data on relative inequality is that they do not make allowance for the fact that some countries are richer, or even much richer, than others. If a person has an income of less than 40 percent of the median income in the United States, he or she may still be better off than someone elsewhere who receives more than 40 percent of the median income of his or her country. The last column of Table 8.4 uses median income in the United States as a baseline for all countries. On this measure, Ireland, with a per capita income that in 1991 was less than half that of the United States, has a significantly larger proportion of its population (15.6 percent) under this baseline. Given its enormous wealth, it is noteworthy that the United States ranks second among the countries surveyed here in the proportion of its population living in poverty.

The United States remains well ahead of other large developed countries in per capita income terms, retaining the lead over Western Europe

Table 8.4: Inequality

	Gini coefficient (after tax and transfer payments) <sup>1</sup>	Relative poverty ( % of pop. lower than 40% median income within each country, c. 1991) <sup>2</sup>	Absolute poverty ( % of pop. lower than 30% median income in the United States) <sup>3</sup>
Australia	31.7 (1994)	6.4	5.6 (1989)
Belgium	23.0 (1992)	2.2	2.2 (1992)
Canada	28.6 (1994)	5.6	3.1 (1991)
Denmark	24.0 (1992)	3.5	3.4 (1992)
Finland	22.6 (1995)	2.3	1.4 (1991)
France	32.4 (1989)	4.8	4.8 (1989)
Germany	30.0 (1994)	2.4	2.1 (1989)
Ireland	33.0 (1987)	4.7	15.6 (1987)
Italy	34.6 (1985)	5.0	5.6 (1991)
Netherlands	31.0 (1994)	4.3	4.2 (1991)
Norway	24.2 (1995)	1.7	0.7 (1991)
Sweden	22.2 (1995)	3.8	3.1 (1992)
Switzerland	32.3 (1982)	4.3	2.7 (1982)
United Kingdom	34.6 (1995)	5.3	6.1 (1991)
United States	37.5 (1997)	11.7	6.6 (1991)

<sup>1</sup> OECD, *Income Distribution in OECD Countries*, Social Policy Studies No. 18 (Paris: OECD, 1995) Table 4.8, p. 49. Luxembourg Income Study, Web site.

<sup>2</sup>After tax and transfer payments. Luxembourg Income Study data base. Data presented in Lane Kenworthy, "Do Social-Welfare Policies Reduce Poverty? A Cross-National Assessment," *Social Forces* 77:3 (March 1999), 1119-1139.

<sup>3</sup>After tax and transfer payments. Luxembourg Income Study data base. Data presented in Kenworthy "Do Social-Welfare Policies Reduce Poverty?"

that it has had since the second half of the nineteenth century. Incomes in the United States tend to be higher relative to other countries when the metric of comparison is purchasing power parities rather than monetary income at given exchange rates. In 1998, GDP per capita based on pur-

chasing power parities was \$30,514, which was exceeded within the OECD only by the city-state of Luxembourg (\$34,538). Norway (\$27,497) and Switzerland (\$26,576) are the only developed countries to come close to this, with Iceland, Denmark, and Canada following." As of 2000, America had the lowest rate of unemployment in the developed world, less than 5 percent, while Europe had 20 million out of work, or more than 10 percent of the labor force. In recent years there are indications that poverty rates, in relative and absolute terms, are dropping." The U.S. Census Bureau reports that the poverty rate has fallen from 15.1 percent in 1993 to 13.3 in 1997.<sup>40</sup>

Data on poverty in the United States, as in most other societies, are tricky because they are used as a political football. Observers with different political agendas pluck very different messages even when they are looking at the same data, and often the available data sources conflict with each other. Time series for poverty are sensitive to the selection of basis year, the metric used for comparison (e.g., absolute or relative poverty), and the group that one selects (e.g., type of family, age/racial group). Observations that poverty is decreasing tend to focus either on the very recent past, i.e., beginning with the poverty peak of 1993/94, or on the comparison of real income levels over much longer periods of time. The past two decades tell a different story for most groups toward the bottom of society, particularly those under eighteen. International comparisons, however, are unambiguous. In comparative terms, the United States combines an extremely high standard of living with exceptionally low levels of taxation and social spending, and exceptionally high levels of income inequality and poverty.

### The Legacy of "No Socialism in the United States"

Is there a causal link between these distinctive characteristics of American society and the inability of socialists to establish a viable social democratic party in the United States? This question, like that of the sources of American political exceptionalism, demands that one compare the United States with other countries in order to gauge the relative influence of contending causal factors.

There exists a methodologically sophisticated literature concerned with

public policy outcomes in Western Europe and English-speaking democracies that does precisely this.<sup>41</sup> A basic finding of this literature is that variations in state effort, social policy, and economic inequality correlate with the extent to which the lower classes of a society wield political power through social democratic parties that participate in government. Closely associated with social democratic participation in government is lower-class economic power exercised through trade unions.<sup>42</sup> The combination of the two—social democratic participation in government and union organization—is a powerful causal cocktail. Societies in which social democratic parties have consistently played a role in national government and in which unions are strongly organized tend to have extensive welfare systems and greater economic equality." While social democratic governance over the period 1945-94 bears little relation to comparative rates of economic growth, it is strongly associated with indicators of total taxes (the Pearson correlation is 0.58), social security transfer expenditure (0.51), Gini coefficients after taxes (-0.72), and relative poverty (-0.56).<sup>44</sup> When we examine the combined effect of social democratic governance and trade union membership on these variables the associations are yet stronger. The correlation between our summary indicator of "working-class power" and total taxes is 0.71; with social security transfer expenditure it is 0.56; with Gini coefficients after taxes it is -0.83; with relative poverty it is -0.61; and with absolute poverty it is -0.59.<sup>41</sup>

These associations do not clinch the case that lower-class power has a causal influence on political economic outcomes because additional variables, having to do, say, with a country's political institutions, its overall income level, its vulnerability to international economic pressures, or its economic structure, may help to explain both working-class power and the policy features described in Tables 8.2 to 8.4. Statistical models that control for such variables confirm the implications we have drawn from these data. This finding is robust across the many smaller disagreements among scholars concerning the exact causal weights to assign to variables, differences in statistical method, and discrepancies in how lower-class power is operationalized. Based on exhaustive statistical and case study analysis, Evelyne Huber and John Stephens summarize the basic picture: "Social democratic incumbency leads to the construction of large welfare states, with generous entitlements, a heavy emphasis on public provision of social services, on labor mobilization, and on redistribution through the tax and transfer system."<sup>45</sup>

Alexander Hicks begins his forthcoming book examining the effects of social democracy across western and English-speaking democracies by posing the question "Why is there so much poverty in the United States?" "The United States," observes Hicks, "has one of the highest poverty rates of the twenty or so most affluent democracies. This is true even if poverty lines are drawn to a single standard of consumption provided by the prosperous United States."<sup>47</sup> Hicks writes:

The book's broadest conclusion is that political organizations and organizational politics of employees-of workers into parties and unions, or parties into governing coalitions, and of unions into participation in those centralized national labor markets often dubbed "neocorporatist"-are the most persistently powerful force operating to advance income security policy. A more refined conclusion is that labor organizations and their politics build the welfare state by exploiting-sometimes quite fortuitously, sometimes most deliberately-the political opportunities offered to them. Militant social democrats pressed anxious autocrats such as Otto von Bismarck into bidding for employee loyalties with social insurance programs. Moderate labor parties turned votes into similar concessions from Herbert Asquith to Clement Atlee. Strong labor unions have helped set the stage for centrist as well as leftist reforms throughout post-World War II Europe. The most reformist centrist governments have often seemed to advance, when their parade was noteworthy, to a social democratic drummer.<sup>48</sup>

The decades following World War II were an era of social democracy in Western Europe that had no parallel in the United States. Prior to the war, social spending was no weaker in the United States than in the most advanced European countries. The proportion of gross domestic product spent by the Roosevelt administration on its social policy programs (employment assurance and public employment)-6.3 percent in 1938-was greater than that in Sweden (3.2 percent), France (3.5 percent), the United Kingdom (5.0 percent), and Germany (5.6 percent).<sup>49</sup> But American commitment to social policy evaporated during and after World War II, at the very time that social democratic parties pushed ahead with ambitious state and welfare policies in Europe.

The absence of social democracy in the United States has not only

reduced state spending as a whole, but has tilted public policy toward strongly represented groups, in particular, the upper and middle classes, business and unions, farmers, and the elderly, and away from weakly represented groups, including nonunionists, single mothers, young people, and the poor." Government spending in the United States on education (5.3 percent of GDP) and on pensions for the elderly (7.2 percent of GDP) is not much below the means for all OECD countries, whereas spending on other social programs (1.2 percent of GDP), most of which goes toward less privileged groups, is less than one-quarter of the OECD means'

When one examines annual changes rather than gross levels, the effect of social democratic incumbency in government on welfare policy markedly declined from the 1980s. Over the past two decades, the only broad budgetary component for which social democratic parties have made a palpable difference is civilian nontransfer expenditure, which includes day care and parental leave spending." The difference is particularly significant in Scandinavia, where social democrats have taken the lead on a variety of women's issues and have actively sought to bring women into the labor force. But in other areas of social policy, including transfer payments, health, and public pensions, all governments, irrespective of their ideological stripe, have tried to cut back to balance their budgets. The extent to which they have been able to do so depends less on which kind of party is in control than on the degree to which the constituencies that benefit from particular kinds of welfare spending are able to resist." Intense fiscal pressures arising from international financial markets, unusually high levels of unemployment, and, in Europe, the efforts of governments to meet the Maastricht criteria for monetary union have constrained government spending no matter what the goals of the party in power. And, as' we have detailed above, the economic goals of social democrats have converged with parties to their right.

In recent years, the causal bite of social democracy as a distinctive approach to welfare policy has diminished because governments are constrained in new and formidable ways. But this does not mean that the history of social democracy makes little difference for current policy. Studies that find that social democratic participation in government has made little difference during the 1980s and 1990s also stress that *prior* experience of social democracy remains a powerful factor explaining contemporary variations.<sup>54</sup> This is because institutions, once created, can shape future change.

Once a government policy is in place it is likely to be defended by those who benefit from it. A policy legacy may also shape expectations about what government is able to do. Even if a new administration wishes to abolish a policy and has the support of a large majority of the public, its efforts may be torpedoed by those who mobilize to defend the status quo. Despite talk on the part of social democrats, echoing conservatives, that taxation is too high and that government spending should be reined back, government spending has steadily increased throughout the twentieth century, and while the rate of increase slackened during the 1990s, it was not reversed. In 1913, government spending in western capitalist societies (and Japan) averaged just 8.3 percent of GDP. By 1920 it was 15.4 percent, rising to 28.5 percent in 1960. Then came two decades of massive growth in absolute and proportional terms, to 43.3 percent in 1980. In 1990, after a decade of intense effort to cut government budget deficits, government spending had increased to 46.1 percent, and by 1996 it had inched up to 47.1 percent.<sup>55</sup> Countries in which social democratic parties have regularly participated in national government tend to have the highest government spending, but even conservative governments such as Thatcher's and Reagan's have found it extremely difficult to reduce spending.

In this book we argue that socialists failed in the United States for cultural and institutional reasons. To what extent do factors that help explain the absence of social democracy in the United States also explain distinctive policy outcomes?

Individualism and antistatism are commensurate with low levels of state spending on social programs and greater tolerance for economic inequality. Americans are generally more opposed to government involvement in economic affairs, whether through wage and price controls, public job creation, or the length of the work week, as well as government regulation in other realms, e.g., restrictions on smoking in public places and the required use of seat belts. Only 23 percent believe it is the government's responsibility "to take care of very poor people who can't take care of themselves."<sup>56</sup> Americans are also much less disposed than Europeans and Canadians to believe that it should be the government's responsibility to supply a job for everyone who wants one, to provide a decent standard of living for the unemployed, and to guarantee a basic income. Table 8.5 illustrates these discrepancies, controlling for income.

As noted above, state spending is not always lower in the United States.

Table 8.5 Government's Responsibility in Different Areas

	"The government should provide a job for everyone."		"The government should provide a decent standard of living for the unemployed."		"Government should provide everyone with a guaranteed basic income."	
	<i>Income Level</i>		<i>Income Level</i>		<i>Income Level</i>	
	<i>Highb</i>	<i>Low</i>	<i>Highb</i>	<i>Low</i>	<i>Highb</i>	<i>Low</i>
	Level of Agreement (%)					
USA	32	61	23	52	12	33
Great Britain	44	73	57	74	47	71
West Germany	77	84	61	72	45	66
Netherlands	60	82	57	68	39	58
Italy	70	93	55	76	53	80

Source: Adapted from Karlyn H. Keene and Everett Cull Ladd, "America: A Unique Outlook?"

*American Enterprise* 1 (March/April 1990), p.118.

Government programs for the elderly, including above all social security, are relatively generous. The elderly are perceived to be a large and cohesive voting block that can punish elected officials who threaten their entitlements. U.S. citizens are also more disposed than Europeans to favor increased expenditures for education." Spending on education is consistent with the emphasis in American culture on achievement and equality of opportunity. But when asked what form government financial assistance to college students should take, more Americans than Europeans respond through loans (by 57 to 31 percent), while Europeans are more likely to favor government grants (by 51 to 31 percent)." Most Americans want students to repay the government, whereas Europeans are prepared to subsidize students.

Europeans find the idea that those with higher incomes should pay larger proportions of taxes more acceptable than do Americans. Interviewed in the late 1980s, overwhelming majorities-90 percent of West Germans, 86 percent of Italians, and 76 percent of Britons-believed in levying higher taxes on the rich to produce greater income equality, whereas 58 percent of Americans supported such a policy." Only 28 percent of Americans

support government action reducing income discrepancies. In Europe, by contrast, favorable response to such action ranges from 42 percent in Austria to 82 percent in Italy.<sup>60</sup> The British fall in the middle at 63 percent.

Americans are more likely than Europeans to agree that "large income differences are needed for the country's prosperity." Nearly one-third of Americans surveyed justify inequality this way as compared to an average of 23 percent for seven European countries (Great Britain, Austria, West Germany, Italy, Hungary, Switzerland, and the Netherlands)." A review of American public opinion data over fifty years reports: "Surveys since the 1930s have shown that the explicit idea of income redistribution elicits very limited enthusiasm among the American public.... Redistributive fervor was not much apparent even in [the] depression era. Most Americans appear content with the distributional effects of private markets."<sup>61</sup>

The 1930s led to a kind of Europeanization of American politics." Conservatives, increasingly concentrated in the Republican party, remained antistatist and pro-laissez-faire, although many of them became willing to accommodate a more activist role for the state. Those on the left and center of the Democratic party more and more resembled Europe's social democrats." These patterns, however, gradually declined after World War II as a result of long-term prosperity, which helped to produce a return to earlier values. A consequence of these developments has been a refurbishing of American libertarian conservatism. The class tensions produced by the Great Depression lessened, reflected in a great decline in union membership after the mid-1950s and lower correlations between class position and vote choices. Even before Ronald Reagan entered the White House, the United States had a lower rate of taxation, a less developed welfare state, and less government ownership of industry than other western democracies.

Alongside class power and cultural explanations, a third line of explanation for U.S. public policy is that distinctive features of the American polity, in particular the separation of powers and the fragmentation of authority under federalism, have limited the role of the state in the economy.<sup>65</sup> The general argument here is that the greater the number of veto points (e.g., in the courts, in the legislative process, and in relations between the federal executive and individual regions or states) the greater the opportunity for those opposed to block a particular legislative initiative.<sup>66</sup> The more fragmented authority is in a polity, the more difficult it is

to enact reform in any direction. This logic suggests that parliamentary systems, in which disciplined political parties insulate the government from interest, group pressures, are more amenable to social welfare or free market reform than presidential systems like that of the United States, which have weak parties and strong independent legislatures.

Two comparative historical studies of health insurance politics confirm this line of argument. Ellen Immergut relates the sharp contrast between policy stasis in Switzerland and extensive reform in Sweden to how different political institutions insulate or weaken governments in the face of societal pressures. In Switzerland, referenda and the diffusion of authority in the executive and the legislature render government prone to societal pressures. In Sweden, by contrast, disciplined parties assure the executive of majority legislative support for its proposals and limit the influence of interest groups over proposals once they enter the legislative process. In her comparison of health insurance politics in the United States and Canada, Antonia Maioni finds that the Canadian Medical Association has far less influence than the American Medical Association because it cannot target individual legislators.<sup>67</sup> If it is to exert leverage, an interest group in Canada must target the federal party as a whole. This is a much more difficult proposition than lobbying individual legislators in Congress, who are themselves responsible for raising the large sums of money necessary to fight election campaigns. The institutional hypothesis that dispersion of authority is a serious obstacle in constructing a generous welfare state is confirmed by Stephens and Huber in their quantitative analysis of the determinants of welfare.<sup>68</sup>

Clearly, many factors are responsible for the low level of state spending, weak commitment to social policy, and high economic inequality in the United States. These distinctive characteristics of public policy are commensurate both with American culture and with American political institutions, in particular, the diffusion of authority (checks and balances) in the U.S. polity. Moreover, as we have argued at length in previous chapters, American culture and political institutions are important sources of the failure to create a socialist or labor party. However, in seeking to untangle the causal connections between culture, political institutions, and political power, we find ample evidence that the organizational strength of the lower class of a society is decisive in determining the relative life chances of poorer people. This stands to reason in a liberal democracy. Lacking financial resources or eco-

conomic power, those toward the bottom of a society must rely on political power if they are to influence the laws of their society. Liberal democracy opens the prospect that every individual, no matter how rich, has equal influence in electing rulers. But organization is decisive in framing alternatives. Democratic politics is like a tug-of-war determined by party representation and interest group power. The strategy of political struggle varies, of course, in response to differences in the rules of the game. The respective roles of interest groups, political parties, and government bureaucracies differ systematically from country to country. But every democracy allocates scarce resources in favor of those who have economic or political power, and those who have little of either are unheard or, if they are heard, ignored.

### Conclusion

The legacy of the failure of socialism in the United States still shapes the present. But as social democratic parties the world over shift away from their traditional moorings toward the free market, one may expect the political gap between the United States and other western democracies to gradually narrow. An alternative view is that institutional legacies and values continue to shape a country's response to external events, which raises the possibility that different legacies may give rise to a continuing, systematic, or even widening, process of differentiation.

There are signs, however, that the influence of social democracy as a distinct approach to policy is not exhausted. The seemingly universal shift to support for capitalism and the free market may be of short duration. Strong advocates of such systems, including Joseph Schumpeter from the 1930s and Irving Kristol from the 1970s, have noted that they do not advance the same pretensions to solve major human problems that socialism and communism once did. Capitalism, the free market, is not a utopia even when limited to economic considerations. At best it holds out the promise of a lottery, but like all such awards, the jackpots go to a relatively small minority of players. Hence there must be many losers, some of whom will be receptive to reformist or antisystem movements. The distribution of rewards under capitalism is necessarily greatly unequal, and as Tocqueville pointed out a century and a half ago, the idea of equality presses the underprivileged to support redistributionist policies.

At the center of free market ideology is an emphasis on self-interest-invidious terms, on greed. The argument has been put forth from Adam Smith to Milton Friedman that the uninhibited pursuit of personal or institutional gain results in a growing economy which benefits all, regardless of status or wealth. But, as we know, not only do some individuals fail to benefit, but countries differ enormously in economic performance. And the business cycle, which seems inherent in market economies, not only fosters growth, it leads to downswings—periods of economic recession and increased unemployment.

Moreover, capitalism, which, unlike socialism, does not promise to eliminate poverty, racism, sexism, pollution, or war, appeals only weakly to the idealism inherent in the position of young people and intellectuals. As Aristotle emphasized 2,500 years ago, the young look for inspiring solutions. Hence, new movements, new ideologies, and even old ones that hold out reformist and utopian promises will appear and reappear. Economic downswings may reinforce communitarian efforts to relegitimize the state's role in reducing, if not eliminating, social, sexual, and racial—even more than economic—inequalities. To these may be added environmental concerns. Not surprisingly, such issues have begun to take priority among left-wing parties, both old (i.e., social democratic) and new (i.e., Green) parties. Classic free market liberals resist such policies because they require state interference with the market.

It is noteworthy, in this regard, that the United States once more stands out politically among western democracies in that it lacks even a minimally effective Green party. Green parties are represented in national parliaments and/or the European parliament in every one of the thirteen richer countries that are members of the European Union." In 1999, they participated in ruling government coalitions in Belgium, Finland, France, Germany, and Italy (in Sweden the Greens support but do not participate in the government).

The struggle between the left, the advocates of change, and the right, the defenders of the status quo, is not over. In the once Communist-dominated countries, the terms *left* and *liberal* have been used to describe free market and democratic tendencies that seek to reduce the power of state bureaucracies; the terms *right* and *conservative* usually refer to groups that defend state controls. Ironically, this is the way these concepts were first used during the nineteenth century. In the West, following the rise of

socialist movements, left came to mean greater emphasis on communitarianism and equality, on the state as an instrument of reform. The right, linked to defensive establishments, has, particularly since World War II, been identified with opposition to government intervention. The rise of Green parties in Western Europe is merely one indication that the contest between these two orientations has not ended. The United States, without a viable Green party, appears as different from Western Europe as ever.

## NOTES

### 1. An Exceptional Nation

1. Alexis de Tocqueville, *Democracy in America*, vol. 2 (New York: Alfred A. Knopf, 1948), pp. 36-37; Engels to Weydemeyer, August 7, 1851, in Karl Marx and Friedrich Engels, *Letters to Americans, 1848-1895* (New York: International Publishers, 1953), pp. 25-26. For evidence of the continued validity and applicability of the concept see Seymour Martin Lipset, *American Exceptionalism: A Double-Edged Sword* (New York: W. W. Norton, 1996), esp., pp. 32-35, 77-109. On American cultural exceptionalism, see Deborah L. Madsen, *American Exceptionalism* (Jackson: University Press of Mississippi, 1998).

2. See Seymour Martin Lipset, "Why No Socialism in the United States?" in S. Bailer and S. Sluzar, eds., *Sources of Contemporary Radicalism, I* (Boulder, Colo.: Westview Press, 1977), pp. 64-66, 105-108. See also Theodore Draper, *The Roots of American Communism* (Chicago: Ivan R. Dee, 1989), pp. 247-248, 256-266; Draper, *American Communism and Soviet Russia: The Formative Period* (New York: Viking Press, 1960), pp. 269-272, 284.

3. Richard Flacks, *Making History: The Radical Tradition in American Life* (New York: Columbia University Press, 1988), pp. 104-105. See also Kim Voss, *The Making of American Exceptionalism: The Knights of Labor and Class Formation in the Nineteenth Century* (Ithaca, N.Y.: Cornell University Press, 1993). For other efforts