
The American Road to Democratic Socialism

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The economic crisis that now grips the United States suggests the need to rethink the classical left view that the key forms of popular power in capitalist societies derive from the modes and relations of production. One striking consequence of this crisis—in contrast to the Great Depression when the American working class mobilized in the new mass-production industries—is that rapid technological change and the internationalization of capital are combining to dismantle much of the industrial workplace and to demobilize much of the industrial working class. The smokestack industries are crumbling, union membership has fallen below 20 percent of the work force, and union militancy is weakening in the face of persisting high unemployment rates. Under these conditions, the traditional left analysis can only lead to the prediction that ordinary people have become powerless to influence the ongoing reorganization of the American political economy.

The prediction is dismal, even hopeless. It may also be wrong. It fails to consider the possibility of a popular power rooted not in production relations, but in political relations. In fact, over the course of the twentieth century, it was to politics and to the state that a range of subordinate groups turned for the redress of their grievances. Over time, political protest by these groups—workers, the unemployed, the unemployable, the elderly, minorities, and women—forced reluctant state leaders to grant major concessions. The new state programs range from collective bargaining to affirmative action, from workplace health and safety to environmental protection, and include the full range of income-maintenance programs through which more than 12 percent of the GNP now flows to low-wage workers, the unemployed, and the unemployable. This development suggests the possibility that the state has gradually superseded the workplace as the main arena of class and group conflict, and that the modes and relations of politics have gradually superseded the modes and relations of production as the main source of popular power.

The rise of the welfare state has in turn contributed to the extension and deepening of the idea that democratic rights include economic rights. At the same time, the programs and structures of the welfare state facilitate popular mobilization

because they generate new forms of popular solidarity, new organizational resources, and new forms of interdependence between the state and popular collectivities. These shifts in ideology and political capacities may well be catalyzed by the corporate mobilization to slash the social programs at a time of high unemployment. The result could be a movement in the eighties for the democratic control of economic development.

Little of what the left has had to say about the American welfare state helps explain its potential political significance. Indeed, according to one stream of left opinion—represented by such contemporary analysts as Walter Korpi and Andrew Martin—the welfare state should not have emerged in the United States at all. They maintain that welfare-state policies result from a sequence of developments beginning with industrialization, the growth of the industrial working class, mass unionization, and culminating in the emergence of labor-based political parties capable of winning state policies modifying the distributional effects of capitalist markets and promoting full employment through government management of aggregate demand. These policy outcomes are not represented as the fulfillment of social democratic aspirations, but they are credited with being both significant achievements in their own right and long steps along the road to democratic socialism.

This line of analysis is clearly a modern revisionism with roots reaching back to Eduard Bernstein. And although Bernstein may have been excoriated in the annals of revolutionary Marxism for advocating the electoral path to socialism, there is no question that his position prevailed in the actual practice of European working-class organizations, perhaps because these organizations developed a stake both in capitalist growth and in the institutions of parliamentary democracy. In the late twentieth century, however, revisionism has come to command a hearing on different and compelling grounds: a century of dashed hopes in the revolutionary potential of the working class of the advanced countries, and a half-century of dashed hopes in the democratic potential of those revolutions that did occur in the less developed countries. In the face of these disappointments, revisionism kept alive belief in the possibility of a democratic and socialist transformation in the rich countries of the West.

Nothing about this outlook provided grounds for thinking welfare-state concessions could be won in the United States. The critical working-class vehicles were too weak. Even in their heyday, most American unions were ambivalent about political mobilization, and in any case they generally treated the possibilities of politics in patronage rather than class terms. The relatively apolitical stance of American unions was matched by the absence of a working-class political party. To be sure, some analysts thought that the Democratic party played this role at some times in some ways, but the evidence in support of this view—whether the actual electoral preferences of the working class, or the party affiliation of union

organizations, or the substance of party policies—was always mixed and is growing more contradictory. Finally, the lag in social welfare expenditures in the United States appeared to confirm the revisionist emphasis on the crucial importance of working-class organizational and electoral power.

By the mid-seventies, however, social welfare expenditures in the United States had enlarged sufficiently to match those of the European welfare states.¹ The bottom 20 percent of the population is supplied directly through the social programs with cash and in-kind benefits equivalent to half its income. The hypothesized vehicles of working-class political mobilization did not exist, but the welfare state emerged nonetheless. This means, we think, that trade unions and labor-based parties are not the universal prerequisites of working-class political influence that they had been thought to be.

What the American experience suggests instead is that the relations of production are less significant, and the relations of politics more significant, as a source of working-class political power. It was popular movements in the United States that forced the inauguration and expansion of welfare-state programs in the 1930s and 1960s. These movements were made possible in part by the emergence of the idea that democratic rights include certain economic rights. That idea in turn was grounded in the growing perception that the state did in fact play a large role in the economy, the dominant laissez-faire doctrine notwithstanding. The sequence of complex and interacting forces leading to welfare state programs seems to have been this: popular ideas emerged defining the state as responsible for promoting a measure of economic and social justice; then those beliefs were violated during periods of economic crisis, high unemployment, and hardship; mass protest broke out coupled with electoral dealignment; and finally, social concessions were granted by state leaders to restore civil order and promote electoral realignment.

Popular consciousness is a central element in this sequence. It took a long time for ideas about the responsibility of the state to promote economic justice to develop in the United States. This was so despite the curious historical coexistence of state policies oriented toward the propertied on the one hand, and of the formal democratic right of the people to participate in the state on the other. The

¹ However, the array of programs and the distribution of expenditures are different. The United States has always spent more on education and far less on income security programs. This tilt was modified but not eliminated by the post-1960s expansion. The United States also channels more of its income maintenance funds through means-tested or unemployment-tested programs, while the European systems tend to channel more of their funds through universalistic programs, such as children's allowances. In the context of the higher levels of underlying unemployment and poverty that exist in the United States, the emphasis on unemployment-tested and means-tested programs produces greater income-redistribution than in the European systems.

first policies of the American national government—those governing currency, commerce, and payment of the Revolutionary War debt—were promulgated in large measure to serve the economic ends of the bankers, merchants, and landowners who were also the American state builders. Later, government established the framework of contract and corporate law, and the infrastructure essential to industrial growth; it ensured business domination over workers by declaring strikes illegal and using troops to break them, and by liberal immigration and restrictive poor relief policies that flooded the labor market; and finally, in the early twentieth century, government generated the regulatory framework that helped American corporations limit overproduction and competition.

In these and other ways, the American state was the sinecure of the propertied. State power reinforced private power, but not entirely. To build a nation-state, the mercantile capitalists had to concede democratic rights and legal protections in order to promote popular allegiance. A good deal has been written about the ways these formal democratic rights were limited and subverted. Perhaps the most important was that laissez-faire ideas constrained people from demanding that government regulate the market to insure minimal economic well-being. Given the power of this restraining ideology, economic relations were effectively insulated from the influence of popular democratic rights.

Over the course of the twentieth century, however, laissez-faire ideas lost their force, largely because of the growing scale and transparency of state interventions on behalf of capital. The doctrine paled in the early twentieth century, and was struck a fatal blow when the state moved openly to shore up capitalism in the 1930s. At that juncture, democratic arrangements began to matter in the shaping of state economic policies, for state leaders who depended on electoral support were forced by popular agitation and electoral dealignment to begin yielding programs which provided protection from market forces.

The income-maintenance programs of the New Deal, as well as collective bargaining rights, were won at a time when union membership had fallen to a twentieth-century low. It was not organized labor that pressed for these state economic interventions; it was a great and diverse protest movement of the unemployed, the elderly, and unorganized industrial workers that, coupled with the electoral instability generated by economic collapse, threatened the regime. And if the traditional leaders of the craft unions largely stood aside from these events, state leaders could not.

The framework of the American welfare state established in the thirties was consolidated and enormously expanded as a result of the postwar black movement. Once again, the protests were not led by labor organizations, nor were the protestors drawn from the ranks of industrial workers. The movement drew from displaced black agricultural workers concentrated in the cities of the South and in the northern urban electoral strongholds of the Democratic party. Their protests destabilized the southern wing of the Democratic party by driving segrega-

tionist whites into a revived southern Republican party, and prodded the national Democratic party to grant the franchise to blacks so as to rebuild its southern wing and to strengthen black allegiances in the North. At the same time, the Kennedy and Johnson administrations expanded existing income-maintenance programs and inaugurated a range of new programs in housing, health, and nutrition whose scope and scale brought the United States into the family of welfare-state nations. In this climate of possibility, moreover, other popular movements also emerged to demand workplace health and safety protections, environmental protections, and government safeguards against the discriminatory hiring, promotion, and credit practices that hurt women and minorities.

These dynamics of American welfare-state growth reveal that the complex institutions of the democratic and capitalist state were themselves capable of generating the ideological and organizational preconditions for popular movements demanding state intervention in economic life. In the revisionist view, by contrast, political relations remain secondary: the state registers the effects of forces that arise in economic realms, but it does not generate forces in its own right. If we are correct, the American case—generally thought to support the revisionist thesis—may in fact invalidate it. If that is so, the revisionists may have also underestimated the role of political institutions in the evolution of European welfare states.²

Given the possibility that political institutions empowered working people to bring the welfare state into being, there is the further question whether the growth and diversification of the state has in turn strengthened them for subsequent political struggles. The revisionist answer would have to be no. By relegating political institutions to a distinctly secondary role in explaining the emergence of the welfare state, their model appears to exclude the possibility that the new and distinctive political institutions represented by the democratic welfare state can change consciousness and solidarities in ways that empower people for further class struggles.

If our emphasis on the formative and potentially constructive influence of

² In fact, we do not think an historical examination of the evolution of European welfare-state programs would confirm the revisionist model. Bismarck, the great social welfare-state innovator, responded to complex political forces in which the German Social Democracy played a role, but he did not respond to the Party's articulated demands. And key program initiatives in Sweden and England were carried out under conservative governments, not labor governments. However, most of the work in the revisionist tradition has emphasized cross-sectional rather than historical analysis, and by this method a contemporary correlation is found between strong labor organizations, labor electoral success, and welfare-state expenditures in some European countries.

state structures on popular capacities for political mobilization marks a difference with the modern revisionists, it marks an even larger difference with more orthodox Marxists. These thinkers share with the revisionists the conviction that classes are the only significant actors in history, and that classes by definition arise from the relations of production. It follows that popular consciousness and solidarity that arise in reflection of political institutions are necessarily divisive and diverting. The evolution of democratic institutions is treated mainly as a source of the fragmentation and the manipulation of the working class: the elaborate rituals of political participation both legitimate a class society without modifying its class character, and fragment class solidarity by cultivating sectional or ethnic or neighborhood identities.

This line of criticism has been applied with special vigor to the welfare state. At a general level, the welfare state is defined as an extension and elaboration of the manipulative, the disabling, and the divisive functions of the democratic and capitalist state. For one thing, welfare-state programs induce people to settle for very little: income supports are meager; environmental and workplace protections are insufficient; and regulations against discrimination are laxly enforced. For another, welfare-state programs divert people from challenging the prevailing distribution of power in production relations. Then also, the welfare state weakens working people in the struggle to control the state. If traditional political institutions fragmented people by religion, ethnicity, and neighborhood, the welfare state created additional divisions within the working class—as between tax-paying workers and tax-consuming nonworkers, for example. Moreover, a high price is exacted of the political capacities of the beneficiaries, for their energies are consumed in circuitous and legalistic procedures, and their protest leaders are easily coopted.

Finally, and most telling, the welfare state is defined as a mechanism by which elites responded to popular forces without conceding any control over capital itself. Unemployed workers gained unemployment benefits, but not control over the patterns of investment that generate unemployment. Agricultural workers gained welfare and food stamp and medical benefits, but not influence over the processes of capital intensification that swept them from the land. Or, and here the argument is somewhat strained, the old and the poor were granted subsidized health care, but the industrial processes that contribute to ill-health by degrading the workplace, the environment, and the foods we consume, remain unchecked. And once in existence, the programs of the welfare state continue to deflect popular movements from mounting challenges to the basic structures of capitalism by orienting popular discontent toward welfare-state issues and by diverting popular political participation into welfare structures. This amounts to saying that whatever political capacities the welfare state provided people were manageable within the framework of American capitalism, leading some analysts to define welfare-state growth as a corollary of advanced capitalism, not a challenge to it.

We think events have already proved this appraisal to be short-sighted. It is true that the American welfare state began as a series of meager and marginal concessions ensconced in bureaucratic arrangements that ensnared and exhausted would-be beneficiaries. But in the face of popular pressures during the sixties, expenditures were greatly enlarged, and the procedures governing the social programs were liberalized. Furthermore, welfare-state protections have transformed the distribution of power in private spheres, especially in the market, and they have substantially increased the capacity of vulnerable groups to influence the state.

Changing patterns of state action over the course of the past half century have helped empower workers in their dealings with employers. The right to organize and bargain collectively was the first state measure of this kind, and it was obviously critical to the unionization of industrial workers. State-enforced wages and hours laws, as well as workplace health and safety measures, followed. More recently women, minorities, and older workers won some power in the workplace through state-enforced affirmative action measures. Income-support benefits, which go largely to nonworkers, have affected the power of workers as well, since these benefits draw desperate people with marginal labor-market value out of the reserve army of labor. Without social welfare supports, the disabled and elderly, for example, would join the scramble for work on whatever terms they could get. Their availability for employment would thus exert direct pressure for lower wages, especially on the low-wage and nonunionized sectors of the work force that are made up largely of women and minorities. Moreover, the social programs have caused unemployment to lose some of its customary terror for all workers, and has thus strengthened them in their dealings with employers. That wage and workplace demands remained vigorous even in the face of the high unemployment of the seventies is testimony to this effect of the income-maintenance programs.

We would add that the social welfare state is altering power relations in the family. Traditional family relations are sharply hierarchical. The raw exercise of power by male breadwinners was moderated in the past, however, by strong family norms. With the breakdown of these norms, giving men license to desert and divorce, women and children have become increasingly vulnerable. But now women and children know they can turn to Aid to Families with Dependent Children, to Medicaid, and to the foodstamp program for sustenance. This is hardly liberation, to be sure, for these income supports are still low and the circumstances of receiving them onerous. Nevertheless, the availability of alternative sources of income or in-kind benefits is an important shield for women and children. Similarly, whatever our tendency to romanticize a time when the indigent elderly were cared for by their families, if they were cared for at all, a more sober view would acknowledge that this arrangement kept the old totally subject to the whims of their adult children. Programs such as Social Security, Supplemental Security

Income, and Medicare have worked to redress the powerlessness of the elderly in family relations.

These shifts of power in private spheres have helped provoke the contemporary countermobilization by capital and the New Right against the welfare state. The attack is avowedly intended to restore traditional economic and familial power relations. But if, as orthodox critics assert, the welfare state poses no challenge to capitalism, why has it become the focus of so concerted an assault by corporate interests and their right-wing allies?

If the welfare state has strengthened vulnerable groups in private spheres, the question remains whether the opposite is true in the public sphere. Has the tyranny of the market merely been replaced by the tyranny of the state? We think not. To begin, that these programs exist at all is a product of a new popular consciousness of the role of the state in the economy, and that consciousness has in turn been reinforced by the social programs. One result is that politics is now viewed as the appropriate arena for action on all manner of popular economic issues and grievances, as well as social issues and grievances. Whatever the cooptive effects of particular social programs, and no matter that in the shorter run capital was left free to pursue its ends with the support of other state programs, the welfare state nevertheless has had a transforming effect on popular understandings of what politics is about. It brought economic issues to the very center of democratic politics, and that is a development which is potentially activating and mobilizing. In this sense, the programs which promoted cooptation at one stage of American history have prepared people ideologically for political struggle at this stage.

More than that, the new programs may well have organized people to act on this new consciousness to influence the state. It is true, to be sure, that the welfare state creates constituencies that mobilize around issues determined largely by the benefits and procedures of the social programs themselves; it is equally true that the concrete modes of organization that come to characterize these constituencies are determined largely by the policies, procedures, and administrative structures of the state agencies themselves. However, the fact that the state exerts a shaping influence on the organization of popular constituencies is not by itself evidence that people are being disabled for effective political participation. It may suggest the opposite. The recognition of the growing role of state structures in shaping popular politics ought to be the occasion for new lines of inquiry, not the occasion to end inquiry.

We think the myriad structures of the social welfare state can be seen to pattern popular political organization in ways analogous to the patterning effects of the mode of production on working-class political organization. Production relations created the issues as well as the solidarities that underlay working-class political action. The same may be said for welfare-state relations. The issues of

popular politics are crucially influenced by the programs of the welfare state, and the groupings that underlie popular politics are increasingly a reflection of the organization of the welfare state.

Groups that depend upon the widening range of income-maintenance programs provide major examples of the way the state has come to shape interests and solidarities. The social programs generated huge new categories of political actors: the disabled, retirees, the unemployed, or mothers with dependent children. Other programs, such as affirmative action, reinforce race and gender identifications, and help sustain political mobilization among minorities and women.

State programs require state workers. Those who staff the social programs at the federal, state, and local level now number in the millions. There is no group with a more immediate and direct stake in the welfare state, and these workers have formed hundreds of organizations expressly to influence the state.

State subsidies flow to a host of private institutions, ranging from the health and mental health industries, to the vast number of child care and protection agencies, to the construction business. As a consequence, millions of private workers depend in some measure on the state. These private institutions and their millions of workers constitute a huge infrastructure that is organized by the state, but that also exerts political leverage on the state.

This array of diverse groups and organizations may at first glance appear to lend credence to the orthodox charge that the welfare state has fragmenting effects on class solidarities. However, we think the effects are more complicated. In the past, some welfare state programs clearly were divisive, for working people resented the taxes they paid to support beneficiaries they considered malingerers. But the persistence of the contemporary economic crisis is beginning to modify old attitudes and produce new connections between groups. Increasing proportions of unemployed workers are being forced beyond the unemployment lines to the food stamp, welfare, and medicaid lines. This experience draws the perceived interests of many working people closer to the interests of the chronically unemployed and the unemployable, for their common stake in the income-protection programs has been made clearer. Perhaps that is why recent polls reveal overwhelming opposition to further cuts in the social programs.

In other ways, the enlarged and pivotal role of the welfare state in American society is actually promoting broad popular alliances because there is a growing awareness of the connections between issues that have in the past been viewed as unconnected. Of course, left intellectuals and some political activists have correctly argued all along that many issues were related: that domestic policy could not be separated from foreign policy or military policy, for example. But these connections never emerged in popular consciousness. If the American people had to pay for high military expenditures with reduced public programs, that trade-off was assiduously obscured, except during periods of wartime mobilization. Among other things, military expenditures were widely defined as enhancing

overall economic prosperity. As a result, peace movements and economic movements were generally isolated from one another, and sometimes were mutually antagonistic.

Now connections between these movements are emerging. Partly it is that the military-industrial complex has become far more capital-intensive, so that military Keynesianism benefits proportionately fewer workers even as it distorts the flow of capital inputs to nondefense industries. But it is also because national political leaders, not just left intellectuals or movement leaders, are making the connections between military and economic issues explicit. Americans are being told boldly and forcefully that they must pay for military preparedness with at least that measure of their economic well-being provided by social welfare programs. Guns are being traded for butter by public proclamation. And because they are, low-income groups no longer support the military build-up or an interventionist foreign policy. Indeed, current polls show that antiwar sentiments are strongest precisely among those groups who report their economic circumstances to be declining. Thus while the peace movement is still not likely to draw its active constituents from the unemployed or other beneficiaries of the welfare state, it is nevertheless viewed as an ally by these groups.

Another important example is provided by the coalition that is beginning to develop between social welfare workers (in both public and voluntary agencies) and program beneficiaries, in spite of the fact that relationships between them are often adversarial because staff are frequently required to implement policies that beneficiaries resent. But when the social programs are threatened, so are both workers and clients. Consequently, political coalitions between workers and beneficiaries are everywhere in the making, especially in legislative lobbying efforts, and even in jointly-sponsored demonstrations and protests. The coalition that formed over Social Security reform is one such example, as is the alliance of the disabled and disability agencies. Alarmed by the growing influence of human service agencies through which these alliances form, Reagan's Office of Management and Budget recently and unsuccessfully attempted to curb them by proposing drastic restrictions on their lobbying and public information activities.

The focal role of the state is also conducive to unified modes of protest for the simple reason that a common and visible enemy is an important source of solidarity. The growing agreement that federal policies and federal leaders are at fault for worsening economic conditions is thus likely to facilitate the spread of protest from group to group and place to place. There is a sense in which, all else being equal, protest movements among some people always increase the likelihood of protests among others, partly because the example of some raises the hopes of others, and illustrates a way to act on those hopes. The tendency toward contagion is far more likely, however, when people see commonalities between their situation and the situation of those already engaged in protest. For this reason, recognition of the connectedness of federal policies, and the central-

ity of the federal role, is favorable to the spread of protest.

Finally, the pivotal role of the national welfare state is helping to overcome the fragmentation borne of the local character of popular protest. Of course, there have been and will continue to be local protests against local officials. The social circumstances of many people constrain them to organize and act on the local level most of the time. But more than ever before in the history of American movements, actions at the local level are intended as protests against national programs and against national leaders, for people have come to recognize the large and critical role of national policies in shaping local economic conditions, whether in hamlet or metropolis.

The current economic crisis is providing an illustration of the shifts in popular power we have described. Relations of production are yielding less power, and the relations of politics more power. Capital has so far had its way in the workplace. It has responded to the declining profitability associated with the crisis by disinvesting in labor-intensive American plant and equipment, and is shifting to speculation, to roboticized industries, and to Third World countries with abundant supplies of cheap labor. Organized labor has been unable to use its traditional sources of workplace power to influence these events. Instead, the highest levels of unemployment since the Great Depression together with explicit threats of further plant closings have cowed those still working into agreeing to wage and benefit give-backs. Under these conditions, the only hope for the old working class is politics and the state. As the role of government policies in shaping economic development emerges more clearly, so does the possibility that industrial workers will erupt in another mass movement directed at the state, a movement that will demand fundamentally new government industrial policies.

The prospects for success are not so grim. If capital so far appears to be winning in the workplace, it has been considerably less successful in legislative halls. True, the corporate mobilization through the Reagan administration at first appeared to be making enormous gains, especially after the huge tax cuts. But the plan to compensate for these cuts, as well as for increased military spending, by virtually dismantling the welfare state has so far failed. Except for subsidized housing, which suffered badly, the programs have generally experienced modest reductions, and some of those may even be restored in the 1984 budget. As a result, the administration's program to reduce taxation on wealth and corporations and to escalate American military power while paying for both by slashing social program expenditures has produced massive deficits. These deficits are a vivid expression of the exercise of popular power. They signify that the relations of politics have so far enabled people to fight capital to a draw.

The full significance of the range of developments we have discussed can only be captured when they are viewed as a whole, for the ideological and organizational effects of the welfare state enhance each other. Thus the idea that

economic rights are political rights is strengthened because there are organizational forms and political relationships through which these ideas can be turned into action. And the popular constituencies shaped by the apparatus of the welfare state are able to use these links with the state effectively because people are persuaded that the demands they make are legitimate—that democratic rights include economic rights. In these ways, the development of the welfare state has contributed to the expansion of democratic aspirations, and to the articulation and organization of democratic influence.

This is the political context which the corporate-Republican right alliance confronts as it attempts to solve problems of profitability by imposing policies leading to high unemployment, lower wages, and reduced government protections. What could result, and on an even larger scale, is the same sequence that produced social welfare concessions in the first place: rising indignation, dealignment, and mass protest leading to an electoral upheaval paralleling the realignments of 1932 and 1936. The rise of the welfare state, together with the current economic crisis, may thus have set the stage for a broad-based popular challenge to the alliance between state and capital that has been the dominant fact in the development of the American political economy for nearly two centuries.

We quickly add that even were such a challenge to emerge, it could easily fail to achieve its objectives, for it will confront the powerful and resourceful opposition of American capital, as well as the probable opposition of the more tradition-bound segments of the American population. And even if it succeeds in overcoming these obstacles it may fail in another way, for new planning structures could fall prey to domination by corporate forces. There is, in other words, a great distance between the demand for democratic control of economic development and the establishment of institutional mechanisms capable of implementing that demand. Nevertheless, the very emergence of such a movement would signal a large transformation in American politics.