1

Labor and the Development of the Postwar Welfare State

During the late 1960s, the relationship between the British Labour Party and its long-time political ally, the Trades Union Congress (TUC), sharply deteriorated after the former introduced a series of legislative proposals that were strongly rejected by Britain's largest labor union federation. Among these proposals were several ambitious public welfare initiatives.[1] These included the introduction of a statutory national minimum wage, a public pension reform that was popularly known as "superannuation," the introduction of statutory severance payments for all workers, and a promise to achieve nothing less than a "new deal" for the disabled. Despite Labour's broad parliamentary majority, none of these initiatives were to be enacted in their original – redistributive – form. The government's inability to do so was widely celebrated by prominent members of the TUC's main governing body, the General Council, and many of the TUC's most powerful affiliates. Other TUC affiliates, by contrast, expressed their strong disappointment.

The TUC's strong resistance to progressive welfare reform in this period may be viewed as remarkable given the conventional treatment of organized labor in the welfare state literature. Yet its behavior was by no means exceptional. Throughout the postwar period, and as demonstrated in this book, the TUC has actively opposed many welfare initiatives that aimed to deliver adequate levels of social protection to *all* workers. Many of its counterparts abroad have done the same. For instance, at roughly the time when superannuation became an issue in the United Kingdom, the Danish Confederation of Trade Unions (Landsorganisationen i Danmark, or LO) voiced its opposition to a similar

[1] They also included an attempt to reform the existing system of industrial relations in the United Kingdom. For an excellent recent discussion of this initiative, see Richard Tyler, "Victims of Our History? Barbara Castle and *In Place of Strife*," *Contemporary British History* 20:3 (2006), 461–76.

proposal in Denmark.[2] In Switzerland too, powerful labor associations have at times resisted attempts to create or extend public sickness and old age insurance programs.[3] And in the United States, the American Federation of Labor (AFL) and Congress of Industrial Organizations (CIO) had before their mid-1950s' merger acquired a reputation for, respectively, their weak support for social insurance development and enthusiastic pursuit of private welfare benefits.[4]

In other countries, such instances of outright union opposition to or weak support for the postwar expansion of the welfare state are far more difficult to find. The TUC's dismissive stance of so many of Labour's welfare proposals during the first decades of the postwar period, for instance, stands in sharp contrast to the strong support given to redistributive welfare initiatives by the main union federations in the Netherlands at the time. In fact, and as we will see, most public welfare initiatives there originated from the labor union movement.[5] Contrary to what occurred in the United Kingdom, the process of postwar welfare state expansion in the Netherlands was also characterized by a remarkable absence of intralabor conflict over the redistributive consequences of these initiatives. In an effort to explain the importance of national labor movements' differing organizational blueprints for the development of welfare states, this book demonstrates why this was the case.

The finding that some labor associations have consistently frustrated attempts to expand the boundaries of the postwar welfare state poses a major challenge to the existing literature on postwar welfare state development. Much of this literature is based on the premise that organized labor supported the postwar expansion of the welfare state and its redistributive consequences. The most influential analytical perspective of the last decades views welfare state formation as a consensual strategy of national labor movements empowered by

[2] On this, see, for instance, Peter Baldwin, *The Politics of Social Solidarity. Class Bases of the European Welfare State, 1875–1975* (Cambridge University Press, 1990), 223–6; Asbørn Sonne Nørgaard, *The Politics of Institutional Control: Corporatism in Danish Occupational Safety and Health Regulation and Unemployment Insurance, 1870–1995* (Aarhus: Politica, 1997), 189–90.

[3] For an excellent recent account on the development of the Swiss welfare state that also mentions this opposition, see Matthieu Leimgruber, *Solidarity without the State? Business and the Shaping of the Swiss Welfare State, 1890–2000* (Cambridge University Press, 2008).

[4] On this, see, for instance, Gaston V. Rimlinger, *Welfare Policy and Industrialization in Europe, America, and Russia* (New York: Wiley, 1971), 81–6; Colin Gordon, *Dead on Arrival: The Politics of Health Care in Twentieth-Century America* (Princeton, NJ: Princeton University Press, 2003), 274–81.

[5] Most existing explanations of the Dutch welfare state's postwar expansion have failed to realize this and have focused mainly on the role of political parties. See, for instance, Robert Henry Cox, *The Development of the Dutch Welfare State: From Workers' Insurance to Universal Entitlement* (University of Pittsburg Press, 1993); Mirjam Hertogh, "*Geene wet, maar de Heer.*" *De confessionele ordening van het Nederlandse sociale zekerheidsstelsel, 1870–1975* (Den Haag: VUGA, 1998); Willem Trommel and Romke van der Veen (eds), *De herverdeelde samenleving. De ontwikkeling en herziening van de Nederlandse verzorgingsstaat* (Amsterdam University Press, 1999); Marcel Hoogenboom, *Standenstrijd en zekerheid. Een geschiedenis van oude orde en sociale zorg in Nederland* (Amsterdam: Boom, 2004).

wartime and postwar political processes. According to this view, labor unions are natural proponents of the welfare state, and welfare state development depends on labor's relative "power resources" against capital.[6] This class-based approach of the welfare state leaves little room for the possibility of consistent labor union opposition to its postwar expansion – unless motivated by union fears over allowing a potentially hostile government to undermine key union functions. This book aims to show that such opposition instead often was grounded in the resistance of labor unions to the redistributive consequences of the welfare state's postwar expansion.

The book argues that our understanding of cross-national differences cannot be advanced without a fundamental reappraisal of the role of organized labor in welfare state development. It argues in particular against the convention of viewing labor union support for welfare state development as the natural outcome of workers' interests in acquiring protection against labor market risks. This study argues against this view by emphasizing that the progress of the welfare state is mainly about redistribution of income and risk among different categories of employers, the self-employed, and most of all, different categories of *workers*. Its main aim is to show how the success of progressive welfare state reform during the first decades of the postwar period depended on the willingness and ability of labor associations to redistribute income and risk within the labor category – or in other words, display broad worker solidarity.

To advance its views, this book emphasizes the importance of national labor movements' differing organizational blueprints for the development of welfare states. It aims to show how unions structure workers' interests and how these in turn affect other groups' interests and political behavior. To demonstrate this, it illustrates how the organizational blueprint of the British and Dutch labor union movements shaped their involvement in the development of the British and Dutch welfare states during the crucial formative first three decades of the postwar period. Throughout this period, the British and Dutch labor union movements were key players in the creation and expansion of public provision for the elderly, unemployed, sick, and disabled. Yet, because of differences in their organizational blueprints, their involvement in the development of these programs differed in important ways. This book shows how these differences led to very different welfare outcomes in the two nations.

Revisiting the Role of Labor in Welfare State Development

In the comparative literature on welfare state development, labor associations have always played a prominent role. Because the main purpose of the welfare state is to protect workers from labor market risks, the importance attached

[6] For a recent example, see Walter Korpi, "Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism," *World Politics* 58:2 (2006), 167–206.

to organized labor's involvement in the development of welfare states is unsurprising. What is quite surprising, however, is that all this attention has not resulted in a strong awareness of the very diverse and often conflicting nature of different groups of workers' demands for security against labor market risks. In much of the literature on welfare state development, workers are treated as a homogeneous group with united interests in the introduction and expansion of public welfare programs. This has resulted in a rather one-sided treatment of the involvement of organized labor in welfare state development. Uniform labor union support for this development is often assumed but rarely verified with systematic evidence.[7] Instances of such support are generally understood as a logical outcome of workers' interests in obtaining security against labor market risks and seldom as an outcome of the willingness of labor associations to redistribute income and risk within the labor category.[8] And finally, cross-national differences in welfare state programs are generally explained by looking at the degree to which workers organize into labor unions as opposed to the *way* in which they do so.[9]

This view of the involvement of organized labor in welfare state development has been put forward most forcefully, although by no means exclusively,

7 For some references on this assumption from prominent scholars over the years, see Rimlinger, *Welfare Policy and Industrialization*, 9; Alex Hicks and Duane Swank, "The Political Economy of Government Domestic Expenditure in the Affluent Democracies, 1960–1980," *American Journal of Political Science* 32:4 (1988), 1125; Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990), 22–6; Bo Rothstein, *Just Institutions Matter: The Moral and Political Logic of the Universal Welfare State* (New York: Cambridge University Press, 1998), 151; Alex Hicks, *Social Democracy and Welfare Capitalism* (Ithaca, NY: Cornell University Press, 1999), 82; David Bradley, Evelyne Huber, Stephanie Moller, Francois Nielsen, and John D. Stephens, "Distribution and Redistribution in Postindustrial Economies," *World Politics* 55:2 (2003), 193–228; Isabela Mares, *Taxation, Wage Bargaining and Unemployment* (Cambridge University Press, 2006), 2–3; Torben Iversen and David Soskice, "Distribution and Redistribution: The Shadow of the Nineteenth Century," *World Politics* 61:3 (2009), 448; and Hyeok Yong Kwon and Jonas Pontusson, "Globalization, Labour Power and Partisan Politics Revisited," *Socio-Economic Review* 8:2 (2010), 251–81.

8 See, for instance, Michael Shalev, "The Social Democratic Model and Beyond: Two Generations of Comparative Research on the Welfare State," *Comparative Social Research* 6 (1983), 320; Peter Baldwin, *The Politics of Social Solidarity*, 7; Esping-Andersen, *The Three Worlds*, 22; Silja Häusermann, "Solidarity with Whom? Why Organized Labour Is Losing Ground in Continental Pension Politics," *European Journal of Political Research* 49:2 (2010), 227.

9 For some prominent studies that emphasize the importance of union strength, see Gøsta Esping-Andersen and Kees Van Kersbergen, "Contemporary Research on Social Democracy," *Annual Review of Sociology* 23 (1992), 191; Rothstein, *Just Institutions Matter*, 151; Evelyne Huber and John D. Stephens, *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (The University of Chicago Press, 2001), 44; Duane Swank, *Global Capital, Political Institutions and Policy Change in Developed Welfare States* (Cambridge University Press, 2002), 42–3; Iversen and Soskice, "Distribution," 448; Jonas Pontusson, *Inequality and Prosperity: Social Europe vs. Liberal America* (Ithaca, NY: Cornell University Press, 2005), 25–8; and Jonas Pontusson and David Rueda, "The Politics of Inequality: Voter Mobilization and Left Parties in Advanced Industrial States," *Comparative Political Studies* 43:6 (2010), 675–705.

by the adherents of the so-called power resources perspective of welfare state development. This perspective rose to prominence in the welfare state literature in the 1980s and remains influential today. As a derivative of class analysis, the power resources perspective views welfare state development as primarily involving distributive conflict between workers and employers. One consequence of this emphasis on class as an explanatory concept for welfare state development is a strong tendency to view workers – but also employers and the self-employed – as homogeneous groups in which group members share similar risks and resources and thus similar interests.[10] Another consequence is a strong tendency to define labor as a "subordinated" or "disadvantaged" group that needs to be "compensated" or "emancipated" by the welfare state.[11] In this perspective, the outcome of welfare state development depends principally on labor's relative "power resources" compared with those of "bourgeois" or "capitalist" forces.[12]

The latter claim has long received much criticism from those who identify institutional disparities to explain welfare state variation. As noted by a host of scholars over the years, labor's relative "power resources" alone – whether defined in terms of union density levels, social democratic parties' electoral strength and participation in government, or the weakness of bourgeois or capitalist forces – cannot explain welfare state outcomes in many nations.[13] These critical views have not prompted a major reconsideration of organized labor's role in the development of the postwar welfare state, though. Initially, scholars mainly responded by arguing for the importance of Christian democracy

[10] According to Walter Korpi, for example, "[A]t the most general level we can distinguish three socio-economic classes: employers, employees, and the self-employed. Although internally quite heterogeneous, these broad categories define similarities in actors' opportunities and constraints, resources, and risks." Korpi, "Power Resources," 174. According to Gøsta Esping-Andersen and Roger Friedland, in Sweden, "[M]ore than in any other European nation … the working class has been capable of initiating and imposing its policy preferences." Gøsta Esping-Andersen and Roger Friedland, "Class Coalitions in the Making of Western European Economics." In Esping-Andersen and Friedland, *Political Power and Social Theory*, Vol. III (Greenwich: Jai Press, 1982), 18–19.

[11] According to Walter Korpi, the main aim of the welfare state is to "compensate labor for its disadvantaged position on the labor market." According to Gøsta Esping-Andersen, it is to "emancipate workers from market-dependence." Walter Korpi, *The Democratic Class Struggle* (London: Routledge and Kegan Paul, 1983), 83; Esping-Andersen, *The Three Worlds*, 22.

[12] According to Gøsta Esping-Andersen, "[L]abor's power advantage lies in its numbers." According to Walter Korpi, "[T]hrough its political and union organizations, the working class can decrease its disadvantage in power resources in relation to capital." Korpi, *The Democratic*, 83; Esping-Andersen, *The Three Worlds*, 22–6. See also Huber and Stephens, *Development and Crisis*, 44; and Hicks, *Social Democracy*, 11–12, 82.

[13] For these definitions of labor's relative power resources, see, among others, John D. Stephens, *The Transition from Capitalism to Socialism* (London: Macmillan, 1979); Francis Castles, "The Impact of Parties on Public Expenditures." In Francis Castles, *The Impact of Parties: Politics and Policies in Democratic Capitalist States* (Beverly Hills, CA: Sage, 1982); Huber and Stephens, *Development and Crisis*; and Hicks, *Social Democracy*.

or smaller societal groups such as farmers and the self-employed in shaping welfare state outcomes.[14] More recently, a group of scholars has come to argue that (some) employers may also have had an interest in the postwar expansion of the welfare state. In demonstrating its claims, this new scholarship has successfully argued against the view that labor and capital consistently held opposing interests regarding the welfare state in the first decades of the postwar period.[15]

At the same time, these writings all largely continue to proceed from the assumption of organized labor support for the process of postwar welfare state expansion. An early but influential example of this is Peter Baldwin's comparative analysis of the role of the "middle classes" in bringing about this expansion. Baldwin successfully demonstrates that middle-class groups also have an interest in obtaining security against labor market risks because "the proletariat has no monopoly over uncertainty." Yet he fails to emphasize that support for public, let alone *redistributive*, welfare initiatives does not automatically follow from this. As a result, he does not fully appreciate that the TUC's "skeptical" stance toward superannuation in the United Kingdom was largely the result of the strong resistance against superannuation's redistributive consequences by what may have already been Britain's largest middle-class group at the time, the white-collar salariat.[16]

This mistake has recently been repeated, and arguably in a much more serious manner, by Isabela Mares. In full coherence with her goal to challenge "class-based perspectives" that regard "capital and labor as unified actors," Mares does mention the jealous defense of occupationally organized white-collar unions of their own sickness and old age insurance schemes in the prewar period. Yet she then proceeds as though such unions no longer existed in the postwar period.[17] In fact, and relying on an inadequate supply and interpretation of evidence, she assumes undivided labor union support for redistributive welfare state development in the United Kingdom. She even goes so far as to conclude that "the social policy preferences of the British labor union movement in the

[14] On the role of Christian Democracy, see Kees van Kersbergen, *Social Capitalism: A Study of Christian Democracy and the Welfare State* (London: Routledge, 1995); Kees van Kersbergen and Philip Manow (eds.), *Religion, Class Coalitions, and Welfare States* (Cambridge University Press, 2009). For some excellent accounts that emphasize the role of "middle class" groups such as farmers, the petty bourgeoisie, and white-collar workers in the expansion of the welfare state, see Peter Baldwin, *The Politics of Social Solidarity*; and Stefano Bartolini, *The Political Mobilization of the European Left: The Class Cleavage* (Cambridge University Press, 2000).

[15] For some excellent examples that emphasize employer divisions, see Peter Swenson, *Capitalists Against Markets: The Making of Labor Markets and Welfare States in the United States and Sweden* (Oxford University Press, 2002); Isabela Mares, *The Politics of Social Risk: Business and Welfare State Development* (Cambridge University Press, 2003).

[16] See Baldwin, *The Politics*, 12, 242–3, for, respectively, the earlier reference and his treatment of the interests of white-collar workers and the consequences of this for the TUC's response to Labour's superannuation proposal.

[17] Mares, *The Politics of Social Risk*, 3, 47.

first decades after the Second World War were in no way different from the preferences of unions in Germany and Sweden."[18] This is a conclusion that will be challenged with systematic primary findings in this work.

Most of the recent scholarship on employers treats labor unions in a similar way. Despite their emphasis on skills as an explanatory force for welfare state development, which makes them well aware of the large heterogeneity of the workforce, Torben Iversen and David Soskice, for instance, pay little attention to the possibility that different groups of workers may consequently have appreciated the redistributive consequences of the welfare state's postwar expansion in quite different ways. Insofar as they pay attention to labor unions, they consistently do so under the assumption that these "promote long-term social spending."[19] In his otherwise seminal *Capitalists Against Markets*, Peter Swenson also largely overlooks the widely divergent attitudes of different sections of organized labor toward redistributive welfare state development.[20] None of the recent writings on employers, then, considers union variation as a major factor in explaining the very different response of national employer interest groups toward demands for increases in public protection against labor market risks – an issue to which I will return at length in Chapter 2.

In sum, even the most sophisticated contributions to the literature pay insufficient attention to the wide variety in worker attitudes toward redistributive welfare state development. There has been particularly little attention in the literature for the possibility of strong and consistent labor union opposition to the redistributive consequences of welfare state expansion. Many empirical analyses simply proceed from the assumption that labor union support for the postwar expansion of the welfare state naturally followed from workers' interests in securing protection against labor market risks. This includes those who, like Silja Häusermann, emphasize intralabor conflict over recent welfare state reforms but at the same time presume that the postwar expansion of the welfare state could count on the support of a "unified left … because the overall direction was expansive."[21] Such views neglect the fact that the postwar expansion of the welfare state did much more than merely provide workers with security against labor market risks. Through risk reapportioning and the

[18] Mares, *Taxation, Wage Bargaining and Unemployment*, 218. See also Mares, "Distributional Conflict in Mature Welfare States." In Ian Shapiro, Peter Swenson, and Daniela Donno, *Divide and Deal: The Politics of Distribution in Democracies* (New York University Press, 2008), 43–71.

[19] Iversen and Soskice, "Distribution and Redistribution," 448. See also Torben Iversen, *Capitalism, Democracy, and Welfare* (Cambridge University Press, 2005), 154.

[20] See Swenson, *Capitalists Against Markets*.

[21] Silja Häusermann, "Solidarity with Whom? Why Trade Unions Are Losing Ground in Continental Pension Politics," *European Journal of Political Research*, 227. For an excellent account on the politics of postwar welfare state reform that pays ample attention to intralabor conflict, see Häusermann, *The Politics of Welfare State Reform in Continental Europe: Modernization in Hard Times* (Cambridge University Press, 2010).

introduction of systems of contributions and benefits that increasingly worked to the advantage of the lowest paid, it also massively redistributed risk and income among different groups of workers. And these redistributive consequences were by no means automatically accepted by all workers.

Perhaps more than any other societal group, workers hold multiple and partly contradictory interests when it comes to welfare state development. Different occupational categories of workers differ greatly in terms of income and their exposure to labor market risks. As a result, they also differ greatly in their demands and ability to pay for protection against these risks. Workers with less advantageous risk and income profiles (these two often go together because they, in turn, depend to a great extent on a worker's skill level) are often highly dependent on public intervention to achieve adequate insurance against labor market risks such as unemployment, sickness, and old age. Yet, for workers whose position in the labor market is quite comfortable and who consequently earn generous incomes and have a low-risk profile, the situation is much less clear-cut. On the one hand, such workers may, for instance, appreciate the ability of public insurance programs to provide pay-as-you-go financing – which is something that private insurance schemes often find much harder to do.[22] On the other hand, they will be much less appreciative of public insurance programs' greater ability to reapportion risk in a broad way. After all, they are the ones who will primarily stand to lose from the redistributive consequences of this.

The main purpose of the welfare state, then, is not to "compensate labor for its disadvantaged position on the labor market" – as traditional labor-centered accounts of this development have argued. Nor is it to "emancipate workers from market-dependence."[23] Instead, it is simply to provide adequate levels of social protection for all members of society, a purpose that it primarily aims to achieve by redistributing risk and resources among wage and salary dependents. In this regard, a crucial distinction has to be made between private and public insurance solutions. Compared with their private counterparts, public insurance schemes often tend to be substantially more risk and income redistributive. Public pooling of labor market risks reapportions such risks in the broadest possible way, granting society's more risk-prone members the same level of protection as its less risk-prone members. Most of the time, the redistributive nature of social security programs does not end here because all members seldom share in the common risk pool on completely equal terms. The systems of contributions and benefits of most social insurance programs work to the advantage of their poorer members – who tend to be society's

[22] Private pension plans often cannot offer pay-as-you-go financing and are generally based on funded contributions. The appeal of pay-as-you-go financing for privileged workers is that it does not require saving because current benefits are paid for by current contributions. For poorer workers, the added appeal is that systems that are based on pay-as-you-go financing lend themselves better to redistribute income and risk among different categories of workers.

[23] See, respectively, Korpi, *The Democratic*, 83; and Esping-Andersen, *The Three Worlds*, 22.

more risk-prone members as well. Crucially, both the winners and losers of this redistributive process belong primarily to the worker category.

There are at least two reasons why the redistributive consequences of redistributive welfare state development mainly affect the distribution of income among different categories of workers. First, in modern capitalist societies, nearly all breadwinners are workers, and most of national income is divided among workers. This means that workers inevitably also end up paying for the brunt of welfare state expenditure.[24] Second, and as mentioned before, workers differ to a vast degree in income and exposure to economic risk. Skilled manual workers typically enjoy significantly higher wages and greater job security than do semi- or unskilled workers. Some categories of white-collar workers, in turn, enjoy much higher wages than skilled manual workers and are even less exposed to labor market risks. Finally, other categories of white-collar workers earn wages and have a degree of job security that more closely reflect those of skilled manual workers or even of semi- and unskilled manual workers.[25] When these different categories or groups of workers join the same risk pool or come to belong to an insurance scheme with a system of contributions and benefits that works to the advantage of its poorer members, the result is a massive degree of redistribution among them.

Based on the preceding, I put forward a view of organized labor's involvement in welfare state development that differs markedly from conventional views – especially from those put forward by class-oriented lines of analysis. This view starts with the claim that labor union support for redistributive welfare state development cannot be taken for granted. Whether labor unions support redistributive welfare state development, I argue, depends on the kinds of workers they organize. Do they mainly organize skilled workers with a strong position in the labor market? Or do they also organize many workers who can only achieve adequate security against labor market risk through risk redistribution and a redistributive contributory system? Depending on the risk and income profile of their members, unions will value public welfare solutions, and especially their redistributive consequences, in quite different ways. It is for this reason that I argue against the longstanding "consensus in the literature that the policy efficacy of left parties depends on the extent to which they can count on *strong* trade unionism."[26] More important than the organizational strength of labor unions is whether they are willing to redistribute income and

[24] They may do so either as contributors or as taxpayers depending on whether benefits are financed from contributions or through general taxation. For different types of financing in different countries, see, for instance, Margaret S. Gordon, *Social Security Policies in Industrial Countries: A Comparative Analysis* (Cambridge University Press, 1988), 20–36.

[25] On the diversity of the white-collar category, see, for example, Michael P. Kelly, *White-Collar Proletariat: The Industrial Behaviour of British Civil Servants* (London: Routledge and Kegan, 1980).

[26] Esping-Andersen and Van Kersbergen, "Contemporary Research on Social Democracy," 191 (emphasis added).

risk within the labor category. This ability to display broad worker solidarity, I argue here, depends on the *way* in which they are organized.

UNION STRUCTURE AND THE EMERGENCE OF THE PUBLIC AND PRIVATE WELFARE STATE

In recent years, scholars have paid much attention to the emergence of so-called dual welfare systems or divided welfare states in nations where private benefits play an important role in providing workers with security against labor market risk.[27] These studies have contributed to our understanding of welfare state development in important ways. First, they have pointed out that nations with relatively low levels of public provision generally offer very generous levels of private (i.e., occupational or, in American parlance, employment-based) provision that enable them to provide overall levels of social spending that are comparable with those of other nations. This means that these nations are not so much "welfare laggards" as "dual" welfare states that rely on a mixture of public and private provision. Second, these studies have pointed out that nations with high levels of private provision are also "divided" welfare states in the sense that they grant very generous levels of security to high-paid, low-risk workers, whereas less privileged workers often lack proper insurance.

These accounts of the growing reliance on private provision in nations often described as "welfare laggards" have provided us with some original insights into the welfare state. Yet, in one crucial respect, the approach of these recent studies has been quite conventional. Although recognizing that this development was in the interest of higher-paid workers, all of them have pointed to employers as the main architects of these divided welfare states. They have consequently gone to great lengths to explain how employers managed to tilt welfare systems toward greater reliance on private provision because labor unions lacked the political clout to push for an extension of universal public benefits for all workers. In this view, the emergence of divided welfare states thus initially presented a political victory of business over labor. The emphasis here lies on "initially," because this recent scholarship has also argued that the emergence of large private programs eventually worked to "reorient labor's interests … leading many unions to prefer private-sector solutions over public-sector ones."[28]

[27] For some excellent accounts that emphasize the importance of the distinction between public and private provision, see Marie Gottschalk, *The Shadow Welfare State: Labor, Business, and the Politics of Health Care in the United States* (Ithaca, NY: Cornell University Press, 2000); Jacob S. Hacker, *The Divided Welfare State: The Battle over Public and Private Social Benefits in the United States* (Cambridge University Press, 2002); Colin Gordon, *Dead on Arrival: The Politics of Health Care in Twentieth-Century America* (Princeton, NJ: Princeton University Press, 2003); and Leimgruber, *Solidarity Without the State?*

[28] Gottschalk, *The Shadow Welfare State*, 2. See also Gordon, *Dead on Arrival*, 281; Hacker, *The Divided Welfare State*, 130–4; and Leimgruber, *Solidarity Without the State?*, 209–12.