

Introduction

You can't keep an organization together without patronage. Men ain't in politics for nothing. They want to get something out of it.

– William L. Riordan, *George Washington Plunkitt of Tammany Hall*¹

When do political parties reduce reliance on clientelism and patronage, and instead develop programmatic ties to voters? This question has long puzzled scholars of democratization and party organization, since clientelism is an enduring feature of politics across the world. The spread of democracy after the end of the Cold War has shown just how difficult the transition from clientelistic to programmatic politics can be. Programmatic competition – characterized by ideologically cohesive parties and the noncontingent distribution of public goods – is far less common than clientelism, which is characterized instead by the promise of material rewards to voters in exchange for their electoral support.

The process of building democratic institutions is long and arduous, and decades of scholarship indicate that economic and political liberalization can strengthen patron–client ties in the short term. The adoption of competitive elections, for example, creates incentives for local elites to foster dependence and loyalty through the selective distribution of goods. Similarly, the expansion of state agencies at the national and local levels provides politicians opportunities to reward their supporters with public sector jobs or with lucrative state contracts (Chubb 1982; Eisenstadt and Lemarchand 1981; Lerner 1958; Scott 1969; Tarrow 1967). In advanced democracies, on the other hand, leaders and parties mobilize voters through channels of interest representation. Professional staff organize elections and campaigns. Politicians promise distinct sets of policies to voters, and voters hold them accountable to these promises. Civil servants

¹ Riordan 2005, p. 36.

are recruited and promoted through meritocratic rules. How does the transition to programmatic politics arise?

While modernization theorists predicted that rising economic growth would eventually undermine patron–client relationships, clientelism has proven very difficult to eradicate. Clientelism is associated with poverty and can further impede economic growth. It also gives rise to political monopolies and can weaken democratic accountability (Acemoglu and Robinson 2012; Fox 1994; Fukuyama 2014). Because clientelistic strategies are electorally successful, politicians face few incentives to adopt programmatic appeals. In the context of weak states, politicians may not be able to make credible policy promises, since legislatures may have little power to fund or implement them (Keefer 2007). However, there are circumstances under which politicians can transition from clientelistic to programmatic strategies. Huntington (1968, 70) observed that “historically strong party organizations have been built ... by patronage.” Recent scholars compare clientelistic distribution to a proto-welfare state, since clientelism generates linkages between politicians and voters that can be strengthened through programmatic policies (Stokes et al. 2013).

This book turns to the historical cases of Britain and the United States to offer a new explanation of the rise of programmatic politics. In the nineteenth century, parties in both countries relied on clientelistic strategies in elections and policy; the formal institutions of democracy existed in tension with highly undemocratic practices. Weak and disorganized political parties used bribes and handouts to win elections. There was little in the way of public policy, since national governments had not yet developed the capacity to implement long-term regulatory schemes. Instead, elected officials used their positions to dole out highly targeted private goods, such as subsidies and land grants. Around the turn of the twentieth century, however, the major parties in both countries – the Republicans and Democrats in the United States, and the Conservative and Liberal parties in Britain – began to lay the groundwork for programmatic competition. They outlawed patronage in the civil service and investigated and punished instances of vote buying. They established party organizations that campaigned using ideological appeals, and touted policy victories in election campaigns. Rather than creating policy through incremental and ad hoc distribution of resources, parties established institutions to regulate the national economy and provide public goods.

How did parties reconfigure their bases of representation over the course of half a century? The shift from clientelism to programmatic politics required new institutions, stronger party organizations, and new norms of interest articulation and mediation. In this book, I argue that economic development alone cannot explain these political outcomes. Instead, changes in capitalism, particularly the rise of managerial capitalism and the creation of a distinct business community composed of new classes of merchants and manufacturers, had a dramatic impact on politics and party strategies.

CAPITALISM, CLIENTELISM, AND PARTY ORGANIZATION

Understanding the rise of programmatic politics requires close examination of the historical processes that influence how parties govern. Many theories of clientelism rely on structural explanations, arguing that economic growth undermines support for clientelism. Higher levels of education may make voters demand greater accountability, for example; urbanization and the rise of the middle class may also produce demands for collective goods. What are the precise political incentives, however, that parties face in choosing new ways to govern? The shift to programmatic politics is both costly and risky. Costly, because it requires building new institutions and devoting limited state resources to significant policy initiatives. Risky, because it requires finding new ways to finance parties and to craft campaign appeals, none of which might succeed.

Changes in the economic sector, particularly in the way businesses and capital are organized, are critical to programmatic political development. It is not simply the case that wealthier societies are less hospitable to clientelism than poorer ones. Instead, capitalism creates a distinct class of economic actors who require different outputs from government. As corporations grow and markets expand, businesses need effective bureaucrats, neutral administration of policy, and predictable party positions, all of which are either lacking or weak in the context of clientelism. The transition from clientelism to programmatic politics is inherently intertwined with transitions in capitalism – from family firms to managerial and hierarchical corporations, and from small, sectoral trade associations to national business lobbies. As the demands of business became increasingly politicized, parties accommodated them by developing new strategies of political engagement and state activity. The result was a decisive shift from a governing strategy based on clientelism to one based on programmatic organization and appeals.

Clientelism in the Nineteenth-Century United States and Britain

Throughout most of the nineteenth century, political leaders in the United States and Britain governed using clientelistic tactics in multiple arenas of politics. In elections, parties used not only outright bribery but also a practice known as “treating,” whereby politicians standing for election plied voters with alcohol, transportation, and lodging at the polls. These practices were, in some sense, customary; in the early American republic, George Washington purchased 160 gallons of liquor for electors in his election to the Virginia House of Burgesses (Butler 2000). As the electorates of both the United States and Britain expanded, the two parties competed by offering handouts to voters. According to Bensel (2004, ix), election outcomes in the United States were based on “a shot of whiskey, a pair of boots, or a small amount of money.” In Britain, bribery was considered the typical way of conducting business in

elections, with the price of a vote varying from £1 to £30 (Gash 1977; Kam 2011; Seymour 1915).

The spoils system in the United States and practices of “Old Corruption” in Britain also allowed parties to dole out civil service jobs to political supporters. After Andrew Jackson instituted the spoils system in 1828 (which, at the time, was considered a democratic measure to wrest control of government from elites), rotation in office became institutionalized. When new presidents were elected to office, there was wholesale replacement of bureaucrats. Patronage appointees were then assessed a portion of their incomes to defray the cost of election campaigns. By the 1870s, civil service workers at the federal and state levels had to donate as much as 10 percent of their incomes to campaign war chests (James 2006; Summers 1987). Patronage politics was even more deeply rooted in Britain, where state offices were considered family property to be handed down generationally. British parties in the second half of the nineteenth century were also extremely generous with patronage appointments (Hanham 1960b). From 1850 to 1883, 532 aristocratic families placed 7,991 of their relatives in 13,888 patronage jobs (Gwyn 1962).

Finally, legislators also used clientelism in policy, through the allocation of resources to specific groups and individuals. The governments of both countries adhered to laissez-faire principles that precluded uniform policies – there was little regulatory or administrative state capacity. Legislators relied on distributional policies that allowed discretionary use of government resources through land grants, subsidies to build roads and canals, and piecemeal allocation of collective goods. Policies were often divorced from ideology or principle, serving only to advance narrow material interests (Gutchen 1961; Lowi 1972; McCormick 1966).

Clientelism served not only the electoral needs of parties, but also their organizational needs. In the United States, patronage appointees were the source of party financing and partisan foot soldiers. In both countries, elections were themselves huge patronage events, with parties paying election agents and administrators. Clientelism also served economic interests by providing state resources to build local infrastructure and facilitate development.

By the late nineteenth century, however, parties were shifting their strategies away from clientelism. In Britain, an effort to modernize party organizations began in earnest in the 1870s, after passage of the Second Reform Bill. The Tories created the National Union of Conservative Constitutional Associations, which brought together local party offices and coordinated the activities of Tories in Parliament with grassroots efforts to mobilize voters. The Liberal party followed soon after with the establishment of a national party organization with a particularly strong presence in urbanizing towns. In the United States, rising levels of patronage after the presidency of Andrew Jackson complemented efforts to build party organizations after the Civil War. Fierce competition for the presidency and Congress led to greater efforts to strengthen state parties and to find ways to cater to the demands of a society in upheaval.

Capitalism, Clientelism, and Party Organization

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Vote buying peaked in the late nineteenth century and then rapidly declined as parties moved toward issue-based campaigns.

Parties also needed to modernize the state in order to fulfill programmatic campaign appeals. Civil service reforms replaced patronage in public sector jobs with meritocratic recruitment and promotion practices. Britain adopted civil service reforms with the Orders of Council in 1870, while the United States first set aside 10 percent of patronage jobs for merit-based consideration with the Pendleton Act of 1887. Accompanying new practices of civil service hiring were new government institutions. Most patronage positions were in the customs houses and postal offices, both of which expanded significantly after 1800. In the late nineteenth century, political leaders created regulatory commissions and administrative agencies to oversee what were increasingly national problems, such as railway transport. American historians describe this period as the “organizational synthesis,” when governments expanded bureaucratic capacities by adopting hierarchy and technical expertise.

Over half a century, parties transformed the way they governed their societies. While clientelism had helped parties craft electoral majorities and serve narrow elite interests, the expansion of professionalized parties and greater state capacity ushered in a new form of representative politics. Parties developed means to integrate and respond to pluralist demands rather than cater to individual interests. The expansion of government’s administrative capacity also ensured that parties would serve integral links among competing groups, making politics the arena of contestation over a variety of economic and distributive claims.

Capitalist Interests and Political Development

In the late nineteenth century, Britain and the United States faced national challenges that were similar in kind and daunting in scope. Rapid population growth, advances in communications and transportation technology, and new sources of industrial wealth were reshaping once provincial and isolated landscapes. Until this point, the role of the state in the economy had been minimal. But around the turn of the twentieth century, the governments of both countries needed to devise institutional solutions to economic and social problems. This presented a host of political challenges, including how the state could best facilitate and oversee economic development.

Beginning in the mid-nineteenth century, there was explosive growth in the transport and industrial sectors of the British and American economies. The rise of the modern corporation led to new forms of economic management, as corporations increasingly stressed values of efficiency, hierarchy, and order. Corporate values of scientific expertise and bureaucratic administration stood in stark contrast to national laissez-faire approaches to market regulation. Businesses became increasingly frustrated by incompetent patronage-appointed bureaucrats and inconsistent policy positions between the two major parties. Corporations therefore sought influence in politics through financing political

campaigns, testifying before congressional committees, and lobbying for federal regulation of the market. Businesses also created trade, employers', and producers' associations to share information and eliminate competition. Corporate calls for regulation were self-serving; businesses believed that by influencing regulatory laws, they could monitor their own industries and craft friendly policies.

Rather than perpetuating corruption, the demands of business organizations ushered in significant political changes that resulted in a decline in clientelistic politics. Political parties became more ideologically consistent, in that they developed overarching ideological commitments from which they could derive implementable national policies. Political leaders also adopted corporate requests for national regulation by creating executive agencies and a meritocratic civil service.

Capitalism and democracy share a relationship that is simultaneously cooperative and tense, since capitalism creates benefits for society – economic growth, wider tax bases, and jobs, for example – while also creating costs that governments must regulate and mediate. Capitalist interests have historically been excluded from the literature on clientelism, which assumes that business interests are static over time and that businesses use corrupt or personal ties to political leaders to extract rents and advantageous policies. Businesses in capitalist economies are powerful political actors, and their preferences often diverge from other organized interests, including agricultural and landed interests and, of course, those of labor. It is often the case that parties respond to the needs of business over the demands of other groups.

However, clientelism has consequences for economic development: When parties do not govern based on predictable, ideologically consistent policy positions, and when state institutions are too ineffective to implement policies, businesses cannot rely on parties to effectively oversee complex economic arrangements. The primary aggrieved class in clientelistic exchange is often the business class. As the industrial economy became increasingly competitive and chaotic, businesses demanded reforms that would create predictability and standardization in national policy. Further, they demanded greater state capacity in regulation and administration of policy, which then helped parties develop bases of programmatic claims. The historical origins of business involvement in politics is one of political organization and is integral to understanding how representative government changes in response to economic demands.

BUSINESS DEMANDS AGAINST CLIENTELISM: THE ARGUMENT IN BRIEF

This book examines how parties in the United States and Britain changed over the period of 1870–1900. It finds that in the final decades of the nineteenth century, two political processes influenced the transition from clientelism. First, industrialization produced a distinct business class that began to organize against patronage and the perceived corruption of distributive policy.

Business Demands against Clientelism

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The needs of new merchants and manufacturers required skilled bureaucrats, reliable services at post offices and customs houses, and effective revenue collection agencies. As capitalism developed, a division emerged between heavy industries with fixed assets (such as railways or extractive industries) that engaged in monopolistic practices and merchants and manufacturers who shipped supplies and goods. As a result, the latter group developed a distinct political identity and turned to the state for protection in the form of strengthened regulation and bureaucracy.

Second, expanding the administrative capacity of the state was critical to the transition away from clientelism, since parties used these new institutions to satisfy competing interests and build programmatic policies. Further, the timing of party organization relative to the organization of business interests is important in determining the nature of programmatic competition. In Britain, where parties organized prior to the organization of business groups, state reforms were not unduly influenced by economic interests. In the United States, on the other hand, the relative weakness of party organization and relative strength of business organizations gave economic interests a powerful voice in the state-building process. While parties successfully reduced patronage and clientelism, they created opportunities for new forms of clientelistic politics through regulatory and rule-making institutions.

Using the cases of the United States and Great Britain, I illustrate two possibilities for transitions to programmatic politics. In both cases, political parties were organized to serve clientelistic outcomes as they mobilized voters for most of the nineteenth century. In both cases, business interests coalesced against reliance on patronage and demanded that parties reform the state to serve economic interests by improving bureaucratic quality and regulatory oversight. And in both cases, parties engaged in a period of state building that ultimately provided a foundation upon which they could build programmatic messages and policies. Where they differ is in the level and timing of party organization, which then determined how parties responded to capitalist pressure.

In Britain, parties began to develop national associations after passage of a bill extending suffrage in 1867.² The Conservative and Liberal parties hired professional party agents, created hierarchical organizations that connected parliamentary party leaders to party offices in the districts and also developed ties to workingmen's associations, unions, and religious groups to extend social bases of support. As a result, the party actively sought to mobilize specific interests, rather than cater to demands from particular constituencies. The effort to centralize state institutions and develop administrative capacities was conducted without significant input from business interests, as parties replaced patronage with policy appeals.

² This was the Second Reform Act; it was preceded by limited suffrage extension through the Great Reform Act of 1832 and succeeded by the Third Reform Act of 1884.

In the United States, however, where parties were less organized than they were in Britain, business interests assumed a significant role in the state-building process. As the Republican and Democratic parties implemented civil service reforms, they turned to capitalists for monetary, organizational, and informational resources. Decades of reliance on patronage without a concomitant effort to build cohesive parties at the state, local, and national levels – and without organizational ties to increasingly class-conscious or sectoral interests – left parties less organized than business groups when building programmatic linkages. As both parties developed national organizations and issue-oriented campaigns, the concerns of other groups, including labor unions and farmers' associations, took a back seat to the concerns of business.

By focusing on party organization, this book conceptualizes clientelism as a set of related strategies – in elections, as well as legislative and bureaucratic politics – that constrain the ability of parties to develop programmatic appeals. Using historical and archival data from Congress and Parliament, I measure clientelism across distinct arenas of politics. As parties faced pressure from the newly organized business community to reform the state and assume a more significant regulatory role, parties developed new methods of policy making and organization that became the basis of programmatic competition. By elucidating how the interests of businesses and politicians changed as capitalism evolved, this book develops an argument about how parties accommodate interest groups' demands through new channels of interest representation. Finally, it shows how the sequencing of business organization, party organization, and state reforms influences the trajectory of clientelistic politics.

CONTRIBUTIONS

In revisiting the institutional reforms of the late nineteenth century, this book takes up a broader debate concerning business interests in capitalist democracies. It challenges the idea that corporate interests always diverge from those of public interests; it also challenges the notion that only societal actors who are losing relative to corporations can mobilize to enact regulation. To be sure, politics is a battle of competing interests. But for more than a generation, academics have assumed that the interests of one of the critical players in capitalist democracies – that is, business – have been fixed. Lindblom wrote in 1977 that business “occupies a privileged position in politics”: It faces fewer barriers to collective action and, of course, wields almost exclusive access to and control over capital. This has influenced our understanding of epochs of social reform, including the Progressive Era and New Deal.

However, recent literature has challenged the presumptive structural power of business. Culpepper, defining structural power as “the ways in which large corporations and capital holders . . . gain influence over politics without necessarily trying to,” argues that the structural power thesis is overly deterministic (2015, 405). It cannot explain why policies are often passed over the objections

of business, or why states have been able successfully to regulate business and markets. Vogel (1987) also shows that business is just an interest group like any other: It often fails to keep issues off the political agenda, and its power waxes and wanes. More importantly, the structural power hypothesis is vague about the precise interests of business. Business may prefer labor repression, lower tax rates, and higher corporate profits, generally speaking. But there are many cases in which business may need a trained and comfortable labor force, a social safety net, and a robust regulatory environment. There are historical cases in which business has worked “against” its own interest or when trade-offs between different goals lead business to support policies it otherwise might not. In other words, it is simplistic to assume that business is inherently opposed to wholesale categories of public policy.

As Smith (2000, 452) has argued, “the study of business remains a niche area in political science” given the assumption of raw corporate power in American politics. Instead, this book shows that careful attention to the historical origins of business power can shed light on critical ways that capitalist interests shaped the evolution of state institutions and party organization. In particular, it shows that early tensions between capitalism and democracy led to the accommodation of business interests through strengthening the administrative capacity of the state. The rise of corporations and the concentration of capital, combined with a volatile market prone to panics and depressions, left industrialists clamoring for stability and predictability. Further, although the late nineteenth century is remembered for the rise of monolithic industries such as the railways, industrialization was driven by merchants and manufacturers whose business activity and trade made their interests antithetical to those of monopoly. It was these interests that were best served by collective action and by mobilizing in favor of regulation.

These changes to the state led parties to shift their governing tactics. Rather than relying on clientelism, parties could now rely on bureaucrats and agencies to carry out policies with long time horizons, impacting multiple sectors of society. They shifted from policies of narrow distribution to public policies. Further, parties took on new responsibilities of interest aggregation and mediation. As other groups, such as farmers, laborers, and moral and religious societies, sought to influence politics, they adopted strategies created by businesses to promote their political agendas. Parties then needed to craft policies that accommodated these interests, while cognizant of trade-offs in public support in the electorate.

It is too simple to say that economic development produced programmatic politics in the United States and Britain. The aim of this book is to uncover heterogeneity within capitalist interests and to show how new developments in capitalist organization led business preferences to evolve in favor of programmatic reforms. It then traces the historical process of party organization to show precisely how parties dismantle clientelism in consecutive arenas of politics. Far from arguing that programmatic parties were immune from undue

business influence, this book instead traces the political processes that lead parties to develop systematic linkages to organized interests rather than nurturing clientelistic linkages with firms and individuals.

This book speaks to debates about clientelism and party development and offers a novel explanation of the decline of clientelistic politics. It unites divergent strands of research on clientelism that examine vote buying, on the one hand, and resource distribution, on the other, by instead focusing on the way parties reform the state in order to reduce reliance on clientelistic strategies across different arenas of politics. In doing so, it stresses the importance of looking at how precise interests change over time with respect to how parties govern.

This research also shows that business plays a crucial role in many aspects of programmatic politics, including the timing and form of institutional reform. In the postwar period, the political power of the business lobby shows evidence of clientelistic relationships between business and parties. But it does not follow that business-political ties are inherently clientelistic. Within the literature on party systems and clientelism, there has been relatively little attention paid to the historical origins of business power. Political scientists who work on nineteenth-century associations have explicitly privileged voluntary and citizens' organizations to shed light on the relationship between citizens, civil society, and the evolution of national policy (Crowley and Skocpol 2001; Hansen 1991; Sanders 1999; Skocpol et al. 2000). As it stands, "the literature on the relationship between firms and political parties is sparse" (McMenamin 2012, 4).

ORGANIZATION OF THE BOOK

This book is organized around an empirical puzzle, namely, why and how did parties in the United States and Britain transition to programmatic politics in the late nineteenth century? This question is inadequately addressed by existing theories of clientelism, since economic development alone does not explain why political parties modernized their organizational apparatus and implemented state reforms. Given the importance of these cases in particular to clientelistic debates about democratic accountability, economic development, and governance, this book aims to provide a new explanation of the transition to programmatic competition. It draws on interdisciplinary work in the political economy of development, American political development, business and economic history, and interest group politics. Using archival data on elections and policy, it provides measures of clientelism over time. It then uses comparative case studies to elucidate the historical processes underlying the rise and politicization of business interests, as well as the adoption of new party strategies.

Chapter 1 explicates a theory of the political mobilization of business interests against clientelistic politics. After critiquing and engaging with dominant theoretical approaches to clientelism, it argues that changes in capitalist organization, particularly the development of managerial capitalism, lead business elites to develop preferences against clientelistic politics. As business becomes

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more organized across firms and industries, businesses develop linkages with political parties and make demands for predictable policy programs and effective public administration.

Chapter 2 details the extent of clientelism in the nineteenth-century United States, when clientelism was “the exclusive type of national domestic policy” (Lowi 1964, 689). I show that parties used clientelism in multiple arenas of politics, including elections campaigns, policy decisions and resource distribution, and appointments to the civil service, and argue that these were part of an overarching governing strategy. I use data gathered from six months of archival research at the Center for Legislative Archives in Washington, DC, to construct a measure of clientelism over time (Kuo and Teorell 2016). Party reliance on clientelism provided a way to ensure electoral victory and to build party organization, making a transition to programmatic politics electorally risky as well as politically costly.

Chapter 3 segues to changes in the economic arena, showing how changes in modes of capitalism in the nineteenth century led to a coalition of businesses opposed to clientelism. This chapter focuses on the shift from small-scale family firms to large-scale managerial corporations. It traces business interests over time using archives of local and national business groups, such as the National Board of Trade, to show how business leaders used the language and strategies of managerial capitalism to advocate political reforms. Once organized, businesses pioneered lobbying techniques that included congressional testimony, campaign finance, and interest group pressure. This created a new politics of interest articulation and pluralism, and parties responded by building programmatic organization and using policy to cater to the demands of diverse groups, including citizens, farmers, and labor. The chapter concludes by tracing the historical development of policy-oriented parties at the turn of the twentieth century.

Chapter 4 turns to the British case, showing that clientelism peaked in the mid-nineteenth century, a few decades earlier than the United States. Using data on parliamentary elections and hearings, as well as civil service appointments, I show that the Conservative and Liberal parties relied extensively on clientelism as a governing strategy. This is substantiated by a novel measure of clientelism using public and private bills, a feature of parliamentary legislation that reveals how parties shifted from distributive, targeted policies to public and regulatory policy over the course of the nineteenth century. The data from this chapter are drawn from six months of research in Britain’s Parliamentary Archives and British Library.

In Chapter 5, I turn to business influence in politics in the United Kingdom. Using archives from the Association of British Chambers of Commerce, I show how British business interests also crystallized in favor of programmatic reforms. Although managerial capitalism was less pronounced in Britain, a similar pattern of firms operating in a more bureaucratic fashion influenced the political demands of business. This chapter traces deeper political linkages that developed as business leaders influenced national railway regulation and

meritocratic civil service reforms (first outlined in the Northcote–Trevelyan report of 1853 and implemented by the Orders of Council in 1870). It then uses records from the National Union of Conservative Constitutional Associations and National Liberal Federation to show how political parties became more programmatic in orientation.

Finally, the book concludes by comparing the legacy of clientelism in British and the United States. In the United States, parties instituted reliance on capitalist input in policy making in a way that the British did not. British administrative reforms created more effective state capacity than similar reforms in the United States, showing how the decline of clientelism in some arenas – such as elections and policy – does not necessarily entail a lack of clientelism in new administrative institutions. The Conclusion also discusses the book’s theoretical and empirical contributions, particularly to scholars working on clientelism in contemporary politics. By linking the historical roots of programmatic reforms to changes in capitalist organization, this book challenges the presumptive structural power of business and argues instead for nuanced examinations of capitalist interests in understanding democratic reforms.