1 Introduction

> The ice has been broken. The Soviets have won all round the world. They have won first of all and above all in the sense that they have won the sympathies of the proletarian masses. . . . The new movement advances towards the dictatorship of the proletariat. . .. The foundation of the third international, of the Communist International, is the prelude to an International Soviet Republic.
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> Lenin, March 5, 1919 (quoted in Pons, 2014, 7)

> No, this has nothing to do with communism or socialism.
> If it is anything, it is policy aimed at the preservation of society!
>
> Odd Klingenberg (1923) Norwegian Minister of Social Affairs (Conservative) commenting on the introduction of old-age pensions

The Bolshevik Revolution in Russia in 1917 marks the beginning of what Hobsbawm (1994) labels the "short 20th century," characterized by the world being divided into a capitalist and a communist sphere. Yet, the Bolshevik Revolution – led by revolutionaries with aspirations far beyond Russia – also constituted a threat to elites as well as other social groups in capitalist countries; it was a symbolic event and learning experience for revolutionaries across the world (Pons, 2014). The Bolsheviks also promised ideological and logistic support to revolutionaries outside Russia. This contributed to split many labor movements between reformist and revolutionary groups, with the formation of several new communist parties (Berman, 2006; Lipset, 1983). In this Element, we propose that these developments, and the resulting new threats to the political and economic orders cherished by elites in different countries, helped shape policymaking even in countries that remained staunchly capitalist. We present different pieces of corroborating evidence for this proposition. Primarily, we present evidence from early-twentieth-century Norway – a country where elites faced severe revolutionary threats from "the left" in the aftermath of the Bolshevik Revolution. We also present various cross-country analyses drawing on original data from countries across the world.

Previous theoretical and empirical work (Acemoglu & Robinson, 2000, 2006; Aidt & Jensen, 2014; Przeworski, 2009) have highlighted how *revolutionary threats* by the poor may spur political inclusion, notably in the form of extended suffrage rights, and elaborated on the rational and cognitive mechanisms behind such processes (Weyland, 2010, 2014, 2019).[1] Other studies have documented that business elites' preferences for accepting redistributive policy is contingent on perceiving revolutionary threats (Paster, 2013). This observation could contribute to explain the finding that mass mobilization and

[1] Our focus on revolutionary threats differs from perspectives that consider actual revolutions and their impacts (Scheidel, 2018).

destruction during and following the world wars led to massive expansions in social spending (Obinger & Petersen, 2017; Obinger et al., 2018; Obinger & Schmitt, 2020). Previous work has also documented how social policy can be used to enhance regime legitimacy (e.g. Flora & Heidenheimer, 1982; Rimlinger, 1971), thereby potentially enhancing the durability of the political regime (Eibl, 2020; Knutsen & Rasmussen, 2018). There can also be international dimensions to such dynamics; notably, the competition between "East" and "West" during the Cold War increased political incentives for enacting generous social policies, in order to shore up internal support, in both camps (Obinger & Schmitt, 2011; Sant'Anna & Weller, 2020).

Integrating these different insights, we theorize and assess how revolutionary threats shape politics, and we focus on *policy change* as our outcome of interest, rather than regime change or inequality. Further, we move the focus from long-term legitimacy concerns and rather consider how social policy can be used to preempt immediate threats. We also go beyond focusing on business elites and broaden our scope to consider how various (political and economic) elites respond to revolutionary threats.[2] When doing so, we specify the different cognitive and rational mechanisms that may induce elites to expand social policy to mitigate perceived threats.

We embed this general argument in a particular context. Specifically, we address how developments following the Bolshevik Revolution – and especially after the formation of Comintern in 1919 – shaped social policies by spurring perceptions of credible revolutionary threats among elites, who responded with expanding social policies aimed at defusing the threat. Comintern participation by domestic worker organizations enhanced (perceptions of) working class revolutionary threats, potentially due to multiple mechanisms: First, the international network and Russian support that accompanied Comintern participation increased the capacity of domestic revolutionary actors and even helped spur new organizations with revolutionary potential. Second, participation in Comintern altered these groups' ideological outlook, if nothing else by strengthening more radical and revolutionary fractions. Third, working class organizations being invited by the Russians to attend Comintern functioned as an easy-to-identify informational cue that enhanced elite perceptions of a credible revolutionary threat.

The exact relevance of these channels notwithstanding, an increase in perceived revolutionary threat, here following the Bolshevik Revolution and subsequent formation of Comintern, induced elites to pursue large-scale

[2] By elites, we mean groups of wealthy or powerful individuals with intrinsic interests in maintaining the current political regime and economic system. See Section 2.1 for further elaboration.

expansions of social transfer programs, reduce working hours, etc., in order to appease the working classes and quell grievances that could fuel a revolution.

Our primary focus on revolutionary threats does, of course, *not* imply that other proposed determinants of redistributive policies and social transfer programs are irrelevant, even in the context of revolutionary threat. Some of these factors, such as suffrage extensions or the adoption of proportional representation (PR), may even be potential transmitters of (parts of) the relevant effect from revolutionary threat to policy change (Aidt & Jensen, 2014; Gjerløw & Rasmussen, 2022; Iversen, 2005; Iversen & Soskice, 2006). Yet other factors, such as war mobilization and cross-border policy diffusion, may be orthogonal (Obinger et al., 2018; Scheve & Stasavage, 2012, 2016). Further, the formation of the International Labor Organization (ILO) in 1919 likely also contributed to shifting governmental policy positions (Rasmussen, 2021), and in many (European) countries socialist parties entered government for the first time after World War I, enabling them to implement their programs into policy (Korpi, 1989, 2006). In our empirical analysis, we try to ensure that our relationship of interest is robust to accounting for such alternative explanations of policy change.

The empirical analysis presented in this Element is two-fold, comprising both an in-depth historical case study of Norway 1915–24 *and* cross-country analysis using different new proxies of revolutionary threats and various new measures of policy characteristics. These analyses provide complementary pieces of evidence – the case study gives ample material for carefully mapping the relevant mechanisms and the cross-country analysis is attuned to generalizability and assessing implications concerning "average treatment effects." By and large, these different pieces of evidence turn out to support our argument that fear of revolution pushed elites to extend various social policies, as concessions, after the Bolshevik Revolution.

For our case study, we draw on numerous archival sources and the work of historians to document perceptions on the likelihood of revolution from employer organizations, the police, military officers, and politicians, and their strategies for countering this threat. Admittedly, the Norwegian case is selected, in large part, because of "convenience reasons," predominantly the access to ample archival and other source material (the authors are native-Norwegian speakers), which is a requisite for carefully assessing our argument. Yet, the Norwegian case is also especially suited for our purposes of identifying the theorized mechanisms, since it expectedly scores high on our "treatment variable" of interest, revolutionary threat perceptions. In the late 1910s, radical elements achieved control of the labor movement and main social democratic party, which also joined the Comintern. Hence, Norway is likely a case in which we should spot our proposed mechanisms in action, *if* our theory is correct.

There are also other good reasons for zooming in on the Norwegian case. Major Norwegian welfare expansions, at least from the 1930s onwards, have typically been interpreted as resulting from social democratic reformism (Esping-Andersen & Korpi, 1986), the interests and negotiations between farmers and workers (Alestalo & Kuhnle, 1986; Baldwin, 1988, 1990; Manow, 2009), or cross-party welfare state consensus (Kuhnle, 1978). Insofar as these alternative driving forces are generally considered as the main factors behind social policy development, one might expect it to be harder to detect a strong and clear role for revolutionary threat perceptions (even if they were present) in driving policy and institutional change in Norway than in other cases. More importantly, pressures for social policy adoption were *not* directly tied to mobilization during World War I, as Norway remained neutral. Hence, selecting Norway as our main case mitigates one important potential source of confounding, namely mass mobilization (see Obinger et al., 2018; Scheve and Stasavage, 2016).[3]

We detail how Norwegian elites believed that workers truly could conduct a revolution in Norway following the Bolshevik Revolution. We show how institutional linkages between the Labor Party and Comintern, strike waves, and the formation of solider and worker councils, after 1919, helped shape this belief. Economic and political elites coordinated their response against this perceived revolutionary threat by using various stick-and-carrot tactics. We provide numerous and very clear statements from the main actors themselves (as well as several historians) as to their motivations for pursuing different reforms and policies, including their desire to mitigate the prospect of a revolution. We find this to be strong evidence that the perceived threat of a revolution was high, and directly contributed to several actions and policy changes.[4] Regarding the carrots, elites strategically pursued appeasement and inclusion of the nonrevolutionary faction of the Labor party and worker movement, implementing several reforms that they initially had opposed, notably including the eight-hour workday and electoral rule reform, which were economically and politically costly reforms for the elites to concede. Other changes included accepting a government-funded plan for socialization of all Norwegian firms, major expansions of sickness and unemployment benefits, a temporary act of company councils, and franchise expansion with the poor

[3] However, similarly to the Netherlands and other Scandinavian countries, Norway mobilized a neutrality guard during the war years.

[4] Granted, "perceived risk of revolution" is a continuous variable, and it is hard to pin down the exact level of the threat perception. Insofar as our theoretical argument is valid, we note that had the perceived threat level been even higher than what it was, it might very well be that Norwegian elites would have conceded even more in terms of policies and institutional changes, or enacted these changes even more rapidly, than they did.

relief reform of 1919. Some policies were enacted quite rapidly, whereas work on numerous other policies was started with promises of later legislation and implementation, also with the clear intention to appease radicals. Following our theoretical expectations, policy gains that had been conceded (and implemented) before the revolutionary fear dissipated (in 1923/24) proved persistent, whereas promised policies not yet passed were never implemented.

For our cross-country tests, we code and use new country-level measures on various social policies. Further, we code new proxies of revolutionary threat (perceptions), including on the formation of soldier and worker councils. Our main such measure draws on the observation that Trotsky, in January 1919, invited several revolutionary groups to set up Comintern in Moscow (Carr, 1979). Invitations did not include all labor organizations and were not random, but only sent to truly radical worker groups (to avoid "ideological contamination"). This feature allows us to distinguish contexts where labor had adopted a radical ideology from others. Not only should we consider these Russian invitations an "expert opinion" on which countries faced revolutionary pressures in 1918–19, they also provided clear signals to elites that domestic labor groups were revolutionary and had significant resources at their disposal. Countries facing such a clear threat, it turns out, were more likely to reduce working hours and pass more extensive and generous social policy reforms. Various panel regressions using alternative control strategies and instrumental variable analysis, corroborate this hypothesis. This revolutionary shock lingered on; states that experienced greater revolutionary threat in 1919 had lower working hours at the end of the Cold War. Further analysis of different plausible mechanisms suggests that this persistent relationship, in part, relates to the historical formation of Communist parties, linked to Comintern and funding from Moscow.

1.1 Roadmap of the Element

In Section 2, we conduct a literature review in two parts. First, we present relevant debates on different proposed drivers of social policy expansion, with existing work especially centering on pre–World War II Europe. We outline four mainstream arguments, which we later contrast with the argument made in this Element. The first alternative argument highlights elite support of social policy expansions due to economic motivations, notably demand for skilled workers or furthering international economic integration. The second argument centers on the role of reformist trade unions and social democratic parties. The third argument concerns changing international labor standards and norms, with international organizations playing an important role. The final argument, which is more closely related to ours, considers how elite concerns for resolving "the worker question" contributed to early welfare development to secure regime legitimacy.

The second literature pertains to elite perceptions of revolutionary threats, and how such perceptions drive political change, notably institutional changes pertaining to the electoral system, suffrage expansions, or broader democratization processes. These studies serve as a key building block for our argument. But we also highlight some critical differences and nuances, especially related to the notion of "credible commitments" to future redistribution, and the extent to which institutional change or (merely) adoption of policy programs is sufficient for such commitments.

In Section 3, we present our theoretical argument. We contend that different economic and political elites are often inherently reluctant to expand various rights and redistributive social policies that benefit poorer citizens or to open the political system to include new groups. Such policy and institutional changes come with notable costs, especially associated with increased tax burdens or loss of managerial control. Yet, elites may become consenters to "costly" social policies when they face a credible revolutionary threat to the political or economic system. Elites would rather consent to social policies and lose out monetarily from redistribution in its milder form (e.g., increased taxation and spending on social programs) than risk revolution and more extreme changes in power structure and redistribution (nationalization, collectivization, worker-controlled businesses, etc.).

In the first part of the section, we detail the factors that shape the objective probability of successful revolution or elites' subjective beliefs of what this probability is. We surmise that for a revolutionary threat to be credible, the relevant opposition groups must, *first*, have sufficient power resources to mount effective challenges and, *second*, have an ideological outlook compatible with revolutionary change. *Third*, elites must receive informative signals of both the capacity and intent of opposition groups to engage in revolutionary activities. In extension, we discuss how international linkages of domestic labor groups to the Comintern and the formation of worker and formation of soldier councils influenced all three factors, thereby making elites more susceptible to view a domestic revolutionary threat as credible.

In the second part, we discuss how elites respond to perceived credible revolutionary threats. Generally, elites may respond by pursuing repression or co-optation strategies. Political co-optation strategies include granting suffrage rights to previously excluded groups that constitute threats. Social co-optation strategies include granting greater access to material resources or leisure; for example, via working time regulation. We address how elites often resort to a combination of responses, but that the relative importance of these strategies hinges on the nature of the threat and other factors such as the presence of reformist and radial worker elements.

In Section 4, we present the in-depth case study of Norway, 1915–24. We detail how Norwegian elite groups – in the military, secret police, organized business, and the political establishment – sincerely feared that a worker-led revolution was imminent at different points in time during 1918–21. This threat was notably related to the transformation of the Labor party after the Bolshevik Revolution. With the strengthening of radical elements at the cost of reformists, the former even gained control over the Labor party and made it enter Comintern in 1919.

Responding to this perceived threat, heightened by local events such as strikes and soldier councils, elites planned or pursued a range of measures, often in a coordinated fashion, to avoid revolution. These measures included repressive policies, but, notably, also different political-institutional concessions and social policies. The goal of the latter measures seems to have been mitigating worker grievances and strengthening reformists in the unions and the Labor Party. We focus on how and why particular policies, which the elites had strongly resisted up until 1917, were adopted with little to no opposition. The most extensive discussion pertains to the adoption of the eight-hour workday. This was a long-sought-after goal by the workers, but one which both political and economic elites vehemently resisted until the revolutionary threat turned imminent. Other policies – not all of which were adopted – include socialization of means of production, worker participation in management, and old-age pensions. In addition, reforms were undertaken to preexisting policies and programs, including a massive expansion in subsidies to unemployment benefits and increased sickness and accident payments. Concerning institutional concessions, we consider the adoption of PR electoral rules and suffrage extensions. All these reforms were costly to the elites, either in pecuniary terms (through requiring increased taxes) or in the form of loss of political power.

In Section 5, we present the data collected for the cross-country analyses. First, we describe our new measures on labor regulation and social policies. Next, we present and discuss different proxies of revolutionary threat perceptions, focusing mostly on our main measures pertaining to invitations to and participation in Comintern.

Section 6 includes analyses that draw on these new measures and cover countries from across the world. We first test implications pertaining to work-time regulation using both cross-section and panel data and controlling for several, plausible alternative explanations. Some panel specifications include dual-fixed effects and country-specific time trends. And, while the treatment we are considering is not strictly exogenous, some of our tests approach a difference-in-differences logic, utilizing information from treated countries and nontreated ones, both before and after 1919. Countries facing an increased revolutionary threat, following Comintern invitations or erection of soldier and worker councils, on average limited working hours by substantially more in the succeeding years. These differences lingered on; states that experienced greater revolutionary threat in 1919 had lower working hours even at the end of the Cold War. We also consider alternative dependent variables and show that our main measure of revolutionary threat correlates with coverage of industrial workers in various redistributive welfare programs, including unemployment and sickness benefit programs, but also a general increase in coverage of different social groups.

In Section 7, we dig deeper into the question of why the policy effects from the Bolshevik shock persisted for so many decades. We outline different, plausible mechanisms, but focus on the foundation of new Communist parties in Comintern countries and present indicative evidence of this mechanism contributing to the persistent relationship.

In the conclusion, Section 8, we summarize our argument and main findings before discussing avenues for future research. Finally, we discuss how generalizable our findings are, and especially if they bear any relevance to later revolutionary periods with international repercussions such as the Cuban revolution of the 1950s.

2 Literature Review

2.1 Elites and Early Drivers of Social Policy Expansion

Our study is situated in the middle of the first period of welfare state expansion, extending from 1860 to World War II (Huber & Stephens, 2001). The welfare state literature has provided us with numerous theories explaining welfare state expansion in this era. We will focus on four central approaches that all make predictions pertaining to elite preferences for social policy. The first approach highlights elite acceptance, or even active support of social policy expansions because of economic motivations such as demand for skilled workers or easing international economic integration. We label this approach the *cross-class* perspective. The second approach highlights the role of reformist trade unions and social democratic parties, with their high mobilization capacity resulting in adoption of redistributive social measures. We label this the *class* perspective. The third approach considers the malleability of principles and norms for what elites believe is “right.” Especially following major crises or the formation of transnational organizations, a norm cascade could result in encompassing social policy changes. We label this the *norm* perspective. Finally, we review arguments more closely related to ours addressing how elite concerns for "the worker question" and the popular legitimacy of regimes drove early welfare development. We label this the *worker question* perspective.

Before presenting the four approaches, we make an important conceptual clarification. We operate with a broad notion of "elites" in this Element (and clarify when we are speaking about more specific elite groups). By elites we mean groups of wealthy or politically powerful individuals with intrinsic interests in maintaining the current economic system (e.g., capitalism with private property) and existing political regime. Hence, elites typically encompass cabinet ministers and other leading figures in government parties, but also employers, capital owners, and landowners (and their various organizations). We do not assume that elites are unitary actors, but we do assume that different elite groups prefer the status quo over revolution and may therefore try to coordinate their policy responses to effectively mitigate revolutionary threats. In this regard, we note that actors can have "first-order" and "second-order" preferences, and that actors can switch between being antagonists, consenters, and protagonists for the same type of legislation depending on the context and perceived viable alternatives (Hacker & Pierson, 2002; Paster, 2013, 420). In some instances, strategic actors may push for the introduction of policies that they previously resisted, if they believe the policy averts a greater evil.

One strand of *cross-class theories* of welfare expansion focus on businesses interests, arguing that employers and their political representatives can have first-order preferences for welfare state development and labor regulation (see, e.g., Iversen, 2005; Iversen & Soskice, 2009; Mares, 2000, 2001, 2003; Martin & Swank, 2004; Skorge & Rasmussen, 2021; Soskice & Hall, 2001; Swank & Martin, 2001; Swenson, 1991a, 1991b, 1997, 2002, 2004). For instance, sectoral features related to exposure to international competition (Mares, 2005), firm size (Mares, 2003), or corporatist organizational structures (Martin & Swank, 2012) could induce some employers to support welfare policies.

The most prevalent such argument is the skill-supply argument (Estevez-Abe et al., 2001; Iversen & Soskice, 2019). Employers require employees to make risky investments in sector- or even firm-specific skills. By promoting social insurance, employees know that these investments will be compensated even if they should lose their job. This, in turn, increases the employee's willingness to invest in profitable, specific skills that employers require, inducing these groups to form pro-redistribution alliances. These cross-class coalitions shift the power balance in favor of welfare state development and inclusive political institutions that strengthen pro-welfare forces (Estevez-Abe et al., 2001; Iversen & Soskice, 2009, 2019). One empirical implication, which is relevant for our research context, is that we should observe clear elite splits along lines following skill dependencies, and countries or industries that require specialized skills should be more supportive of welfare policies.

Other cross-class perspectives highlight how exposure to international competition splits across class lines, with pro-redistributive coalitions forming among workers and employers in exposed sectors and anti-redistributive coalitions in sheltered domestic industries (Cameron, 1978; Mares, 2003, 2005). Workers and employers in exposed sectors are presumably supportive of redistribution since jobs are riskier, and, absent high wages (which reduces competitiveness and profits), social insurance is needed to compensate for the high risk of unemployment. Hence, we should observe clear elite splits along lines following dependency on international trade, and states with greater traded sectors should, all else equal, have more expansive welfare policies.

In contrast with the cross-class perspective, class theory, or power resource theory (Esping-Andersen, 1990; Korpi, 2006) arguments highlight the unique role played by reformist trade unions and social democratic parties. Their high mobilization capacity allows them to effectively push for redistributive social measures. In this perspective, employers are considered less exposed to the vagaries of life or labor market risks such as unemployment. Their access to capital also allows employers to effectively accumulate power resources. In contrast, workers have only their labor, which cannot be accumulated, and a high risk of unemployment, and they bear the burdens of income loss during sickness or old age. Given their inability to accumulate resources, workers must organize in trade unions and parties to effectively use their numerical strength to push through policies that would mitigate these risks. Developments that enhance the relative power of these organizations compared to employers should thus increase the likelihood of welfare state expansion. In the class perspective, elites are primarily antagonists to welfare state development, implying that they will consistently resist welfare state expansions, other redistributive policies, and changes challenging employers' managerial control.

The *norm* perspective highlights how norms and principles shape what policy is considered appropriate or "just" by elites and the public. As norms and principles change, elites come to promote new policies to solve what now is considered an unjust condition. This means welfare policy is carried out by consensus, with elites embracing policies that they previously resisted by adopting new principles for social justice. Studies of social learning and diffusion have identified how adoption of particular policies inspired similar policies in neighboring countries and how international organizations can diffuse both