Jenkins and Brents (1989, henceforward JB) draw on the case of the Social Security Act to propose a new way of thinking about social policies and a theory to explain them. They argue that capitalists are the critical proponents of social policies and that their participation is driven by popular protest, which induces an "elite sense of crisis." We argue that JB's claims about the importance of capitalists in formulating and passing the Social Security Act are based on an unrepresentative data set, and that their general model of policymaking has no empirical support. Capitalists opposed, but could not stop, the Social Security Act.

CAPITALISTS’ OPPOSITION TO THE SOCIAL SECURITY ACT

JB argue for a "capitalist dominance interpretation" of the Social Security Act and claim that the dispute between its adherents and those who disagree

hinges on three issues: Did liberal capitalists control the formulation of the social insurance proposals or were these independently developed by policy experts and administration officials? Second, did the capitalist class or particular factions and their political leaders spout [sic] or oppose these proposals and, if so, at what point and why? Finally, what does this tell us about the broader political alignments of the capitalist class? (p. 897)

Thus those who support the capitalist dominance view, also known as the "welfare capitalist" perspective (e.g., Domhoff 1970; Quadagno 1984), must show that the capitalist class or some fraction of it "formulated" the proposals and caused them to pass. JB do neither.

Capitalists Opposed Social Legislation and the Second New Deal

"Virtually all politically active business leaders and organizations strongly opposed social insurance and state-level pensions" (Skocpol and Amenta 1985). JB quote this phrase three times and label it an empirical "error." But that does not make them correct. The fact remains: The vast majority of capitalists opposed the Social Security Act. Before 1935 they opposed old-age pensions and unemployment compensation, and by 1936 few supported the New Deal.

American capitalists in the 1920s and 1930s knew that the benefits of public social provision would accrue to workers and that taxes would be needed to pay for them. Capitalists believed that new taxation would lower their profits, and social insurance was a case in point, with its tax on employers’ payrolls. Moreover, public programs would not prevent workers from joining unions, as private programs might (Dobbins 1988). For capitalists, public programs had the further disadvantage of being compulsory. Thus, most comparative research sees capital and its political representatives as key opponents of social spending (see Shalev 1983; for U.S. states, Hicks 1986); the “welfare capitalist” thesis has little currency outside the United States.

The 1931 Groves bill in Wisconsin tests the argument that capitalists supported unemployment compensation. The bill was relatively lenient on employers, allowing each employer to pay into an individual reserve and, as long as it remained at a specified level, an employer could avoid further payments. Still, only four of 32

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To aid their case, JB cite a poll taken in 1939, four years after the passage of the Social Security Act, seriously overstating capitalist support for the act. The poll found that only 24 percent of sampled business executives supported the act, whereas 89 percent of the general public in 1938 approved (Cantril 1951, p. 361; Schiltz 1971, chapter 2). One reason for this disparity is found in a 1940 survey of executives; the payroll tax was the most disliked of non emergency taxes (Cantril 1951, p. 854).

Not a Representative Sample of Capitalist Opinion

JB’s key evidence, however, comes from a data set of dubious worth: a list of 61 capitalists that includes the members of the Roosevelt Business Advisory Committee (BAC), the administration’s advisory Committee on Economic Security (CES), businessmen testifying on the Economic Security Act (as the bill was called), the officers of the Sentinels for the Republic, and the 1935 National Association of Manufacturers (NAM) Executive Committee.

This “sample” is certainly unrepresentative of all American capitalists and vastly inflates capitalist support for the bill. JB also misrepresent the stands of capitalists or fractions of capital. The “sample” was not selected randomly, but mainly by the Roosevelt administration. Of the 31 “cases” affiliated with either the BAC (29) or the CES (5, with 3 overlapping), 28 are coded as being in favor of the bill. Thus, of the 30 remaining cases, only four who testified were coded in favor of the bill. Moreover, JB erroneously assume that these capitalists represented their companies and the many class fractions that might contain them. This leads to contradictions. For example, Folsom of the CES favored the bill, while Lovejoy of the NAM opposed it, but both are assumed to represent Eastman Kodak.

Worse, capitalists coded in favor of “social security” tended to represent themselves, while those opposed represented many capitalists in peak or trade associations, as the Senate (U.S. Congress Senate Committee on Finance 1935) hearings show. Stanley Latshaw and L.C. Morrow opposed the bill for the 4000-member National Publishers Association (pp. 787, 872). Moreover, Morrow appended letters he solicited from trade association leaders. According to JB, Morrow “summarized the survey results” by saying that industry “is favorable towards the aims of social security and believes that some legislation must be in effect some day (p. 900).” JB omit the rest of the passage: “[I]ndustry is fearful of the effect of the immediate passage of all of the provisions of the act upon recovery. It feels that recovery has begun, that it is necessary to regain the confidence that has been engendered and that any sudden imposition of a pay-roll tax up to 5 percent, which is proposed by the bill, would retard recovery.” Morrow went on: “I can summarize my statements, then, Mr. Chairman by saying that industry and the business [sic] should appreciate very much, very slow action in regard to the bill, particularly old-age pensions and unemployment security.” In short, business favored “social security,” but not now, and only if there were no taxes, old-age pensions, or unemployment compensation. Business wanted the current bill off of the political agenda, contrary to JB’s claims.

Many leaders of organized capital testified in opposition to the bill. JB presume that Elon H. Hooker represented Hooker Chemical, but he claimed to represent the Manufacturing Chemists Association, with 6,257 firms (p. 876). William R. Webster is presumed to represent Bridgeport Brass, whereas he claimed to speak for the Connecticut Manufacturers Association (p. 897). J.F. Kolb spoke for the 900-member National Metal Trades (p. 862), Lloyd A. Peck for the Laundryowners’ National Association (p. 918). H. Walter Forster (p. 659), an insurance executive, opposed old-age insurance taxes on behalf of 400 companies with pension plans — supposedly the most liberal of capitalists. JB omit others who testified in opposition: John Harrington testified for the 2,500-member Illinois Manufacturers Association; George B. Chandler opposed the bill for the 4,000-member Ohio Chamber of Commerce (p. 1102); and James Emery spoke for the 1,460 who attended the NAM annual convention (p. 921).

Fewer capitalists testified in favor of the bill, and they represented far fewer capitalists. Two represented a trade association. Albert D. Hutzer and Samuel D. Reburn spoke for the 5,500-member National Retail Dry Goods Association (pp. 702, 711), and they offered an unsuccessful alternative plan featuring employer reserves.
Harold W. Story of the Allis-Chalmers Manufacturing Company emphasized that he spoke only for himself in his celebration of the Wisconsin plan (p. 516). W. A. Snow, who testified on behalf of the Associated General Contractors of America, did not support the bill (pp. 861-2), but opposed certain provisions in it. Maybe JB coded him as in favor because he was not vehemently opposed. Harry Harriman of the BAC claimed to represent the U.S. Chamber of Commerce; he was its president. After his testimony, however, the Chamber repudiated him, “elected a staunch opponent of business-government cooperation to succeed him, and blasted the Administration’s reform program, including unemployment insurance legislation” (Nelson 1969, p. 217). Clearly, the record shows that a few administration recruits, dry-goods retailers, and Harold W. Story favored the bill, but the bulk of organized capital was opposed.

There was indeed a “sea change” in capitalist opinion, but it was not a polarization, with formerly quiescent capitalists splitting evenly for and against Roosevelt, as JB imply. Instead, there was broad capitalist support for the “first” New Deal of 1933 and broad opposition to the “second” New Deal of 1935 (Orloff and Parker 1990). As Krooss (who is cited by JB) states: “By 1935, feelings had solidified ... the recurrent themes were drift, suspicion, and hostility (1970, p. 183).” An October, 1935 Chamber of Commerce survey of 1,500 members found them opposed to the philosophy of the New Deal by a margin of 35 to 1. Krooss (1970) notes that in 1936 “it was difficult indeed to find any businessmen who were enthusiastically for the Roosevelt crusade ... By October the Democratic National Committee had managed to put together the names of thirty-five businessmen who favored Roosevelt’s reelection. Most of these were small businessmen of little national fame and chiefly in the clothing industry ...” (pp. 184-5). JB find that only seven of their 61 contributed solely to Roosevelt’s campaign.

JB analyze 37 capitalists at length — 24 are dropped, for lack of data — to see if any potential cleavages among the 37 survivors might predict support for “social security.” They find that “our crowd” capitalists — the two dry-goods retailers and seven others — supported it. Yet JB provide no evidence that “our crowd” affected policy. Even if JB had a valid sample, why would it matter that a few capitalists supported the bill? JB must show that “our crowd,” or maybe dry goods retailers, “formulated” legislation, or that politicians were so attuned to this fraction that they translated their views into law. JB do neither.

**Capitalists Did Not “Formulate” the Social Security Act**

Although JB assert that capitalists “defined the goals” of “social security” — “formulated” it, in their usage — nowhere do JB state these goals. Divining goals is difficult, for the Economic Security bill was an omnibus measure that included matching aid for means-tested programs, notably old-age assistance, and also provided for state-level unemployment insurance and old-age insurance. Capitalists had little to do with the programs in the bill, which became the Social Security Act. The old-age assistance title — the one Congress wanted most — is not mentioned by JB. State-level old-age pension programs were developed by the Fraternal Order of the Eagles, state Federations of Labor, and the American Association for Old-Age Security (Quadagno 1988). The old-age assistance title mirrored the Dill-Connery bill, which passed the House in 1934. Other titles aided programs developed by the Children’s Bureau. JB also ignore old-age insurance, ultimately known as “social security.” In any case, the Committee on Economic Security developed its proposals largely without outside influence (Berkowitz and McQuaid 1988, chapter 5). Unemployment insurance remains the “best” case for JB among the many provisions of the Social Security Act. But capitalists did not formulate it either.

If capitalists set the agenda for unemployment insurance, then at best the policies they advocated should have been adopted, and at worst the policies adopted should have been acceptable. Some capitalists supported limited unemployment compensation as part of a policy of employment stabilization. The provisions deemed acceptable included low premiums for employers and, most important, premiums were to be voluntary. But the final unemployment provisions had features that most capitalists opposed. They required a higher tax than even liberal capitalists wanted, and they were compulsory. Wisconsin planners were chosen to devise the bill, but the Wisconsin plan prevailed in only two other states. Elsewhere pooled funds and “insurance” were adopted. In New York, capitalists’ worst fears were realized, as benefits were extended to strikers (Amenta et al. 1987). Since the final result was closer to what capitalists feared than what any of them wanted, it is difficult to argue that goals acceptable to capitalists were achieved.

As JB note, in the 1920s and early 1930s, a few capitalists were active in developing pro-
grams to ameliorate the instabilities of economic cycles. However, these programs were not developed in cooperation with academics and reformers. In Wisconsin, the push for unemployment compensation was led by the Wisconsin Industrial Commission, an administrative body staffed by experts and academics that received no financial support from capitalists (Amenta et al. 1987). These academics and reformers tended to view unemployment compensation as a logical extension of workmen’s compensation. By contrast, capitalists saw unemployment compensation as a policy to stabilize employment, not to replace lost income for workers. Even Henry Dennison, an early capitalist supporter, viewed it as “part of an overall program of stabilization” (Nelson 1969, p. 41).

JB agree that academicians and middle-class reformers were the “formal leaders, [who] composed most of the membership, and carried out the basic research . . .,” but they assert that these reformers were controlled by capitalists. Stating that capitalists were involved in the process, however, does not mean that these capitalists (1) represented capital in general or an important fraction of capital, (2) controlled the research, thinking, and proposals of academics they supported financially, or (3) supported the recommendations. Some capitalists supported the architects of the Wisconsin plan and were relatively satisfied with that plan. But they could not have been happy with the outcome of their support of William Leiserson through the Twentieth Century Fund. Leiserson chaired the commission that devised the Ohio plan (Amenta et al. 1987), which capitalists abhorred because of its emphasis on insurance rather than reserves and on benefits rather than stabilization. Yet almost all states adopted the Ohio plan. Thus, financial support of experts seems an imperfect instrument of policy control.

PROTESTS AND THE “ELITE SENSE OF CRISIS”

JB emphasize the role of protest in inducing a sense of crisis among leaders: “[M]ultiple protests became sustained and threatened continued economic disruptions . . . and sufficient electoral instability in form [sic] of voter volatility and third-party challenges that political and business leaders became convinced of an impending political crisis” (p. 897). Protests, then, led to “placing social reforms on the national political agenda.”

However, there were major protests before and after the 1930s that did not lead to capitalist fears, realignments, and spending breakthroughs. Notably, JB’s analysis ends at 1940, but during the war, strikes soared. The similarity between strikes in the New Deal years and strikes in the war and immediate postwar years is shown by a measure of strike “volume” (Shorter and Tilly 1974), the number of “mandays” idle as a percentage of all private non-farm working time. Strike volume in the New Deal years (1933 through 1939) averaged .30 percent; for the war and immediate postwar period (1941 through 1947), .42 percent. The latter period averaged 4,199 strikes per year, the New Deal only 2,552 (U.S. Bureau of the Census 1975, p. 179). Why was no Health Insurance Act adopted during the war? Instead, public employment programs and bills to increase social spending died in Congress (Amenta 1989, chapter 2).

Moreover, despite protests, Democratic party leaders in 1935 were far from crisis. The threat posed by Senator Huey P. Long is not established by JB. They invoke a 1935 Democratic National Committee poll in which Roosevelt faced an unnamed Republican and Long in a nationwide test ballot (see Brinkley 1982, pp. 207-9, 284-6). JB quote party chairman James Farley as saying that Long “might hold the balance of power” in 1936.¹ But the poll results suggest Long was no threat. Long received about 11 percent, but Roosevelt was projected to win handily with 54 percent, the GOP with less than 30 percent. Roosevelt had 40 of 48 states, including Long’s Louisiana (Hurja 1935, box 72). The Democrats had swept the 1934 elections, a third consecutive national victory, gaining nine seats each in the House and Senate; in this century, the president’s party has lost on average 36 House seats in off-year elections (Congressional Quarterly 1985, p. 896). The poll correctly predicted a fourth big Democratic victory. However annoying Long was in mid-1935, this could not have

¹ This quotation is taken out of context and is misleading. In his autobiography, Farley (1948, pp. 51ff.) plays down the Long threat for 1936: “I am firmly convinced Long would have been an annoyance rather than a threat in 1936. What he might have done in 1940 is difficult to conjecture . . ..” Apparently, Farley was already thinking about a third term, or about his own chances in 1940 and Long’s potential for disrupting that election. Farley was clearly paying close attention to electoral matters; he won the election pool among Roosevelt aides by picking correctly all 48 states — only two went for Landon.
influenced the formulation of the Economic Security bill, which had long since been completed. The potential influence of Long on Roosevelt has little to do with a “capitalist dominance” model of public policy.

CONCLUSION
All in all, there is little support for JB’s claims. Any credible reading of the evidence shows that capitalists did not want the Social Security Act. The empirical error is selecting 61 unrepresentative cases and calling them a “sample.” Moreover, financial or personal connections between capitalists and reformers does not automatically mean capitalist dominance. When capitalists consider policy options, it does not mean they set the goals for policies that pass. Protest may not inspire a sense of crisis in elites, especially politicians prospering from economic collapse, and protest does not typically cause breakthroughs in policies, witness the war years. Political realignment does seem to lead to policy changes, but this is an old idea (Burnham 1970). The second New Deal has considerable interest for social scientists, not because capital controlled policy making, but because the laws passed, such as the Social Security Act and the National Labor Relations Act, were overwhelmingly opposed by capital.

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REPLY TO AMENTA AND PARIKH

CAPITALISTS AND SOCIAL SECURITY: WHAT DID THEY REALLY WANT?

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Apparently Amenta and Parikh (henceforward AP) are defensive about their thesis that business leadership and social protest were irrelevant to the formulation of the Social Security Act; so defensive that they have ignored the main thesis of our article. Therefore, we restate our thesis again. Our paper argues that: (1) economic crisis and a sustained wave of protest (including significant electoral instability) created a sense of impending political crisis among political leaders and led to intracapitalist divisions over political solutions to the Great Depression; (2) liberal capitalists were key leaders in the formulation of several of the policy proposals that were incorporated into the Social Security Act; and (3) liberal capitalist policy leadership coupled with a sustained political upsurge (including protest over unemployment, industrial strikes, and electoral instability) placed the central reform proposals of the “Second New Deal” (including Social Security) on the political agenda and led to major social reforms. AP misleadingly remove our discussion of liberal capitalists from its context and mistakenly claim that our interpretation stems from a “business dominance” theory of policy formulation. But quite clearly our argument was defined as a “political struggle interpretation” because it emphasized the interaction of intracapitalist hegemonic competition and interclass conflicts. In this respect, our theoretical stance was closer to the political conflict theories of Korpi (1989) and Shalev (1983), except that we emphasized the central leadership role played in the American case by liberal business leaders.

In their comment, AP make three contentions that clearly show their misreading of our article: (1) Business as a whole opposed the Social Security Act; (2) the bill was formulated by a coalition of middle-class reformers, policy intellectuals, and “progressive” politicians; and (3) working-class protests (especially industrial strikes) were irrelevant because these also peaked during nonreform periods.

We think these contentions are erroneous. AP are led astray by a “state-centric” theory of policy formulation that overstates the autonomy of political institutions with respect to the larger political economy and neglects the central influence of class conflicts on major social reforms. This thinking leads them to seven specific errors: (1) The central confusion in AP’s comments is the meaning of capitalist “support” and “opposition.” The study of policy formulation is one of political leadership, not of public opinion or polls, even among a powerful group such as the capitalist class. In their discussion, AP make much of business opposition to the New Deal during 1934-1935, using it to support the argument that business consistently opposed Social Security. We do not dispute that there was considerable business opposition. Had the Social Security Act been subjected to a capitalist vote, it would probably have been defeated. That, however, was irrelevant. The key question was the stance of capitalist political leaders who, as we argued, divided into “pro” and “con” factions with the pro-New Deal bloc prevailing and playing a key role in New Deal policy formulation. Our evidence shows quite clearly that despite considerable business opposition strategic business leadership groups supported Social Security, helped formulate the major proposals, and defended it (and the New Deal) publicly against business (and other) opposition. The question is not one of general business opinion. It is one of political leadership.

Our “sample” of business leaders, then, represents a political leadership stratum of nationally active capitalists who attempted to shape the national political agenda. The majority of the capitalist class was not involved and, as L. C. Morrow of the National Publishers Association testified in the Senate Finance Committee hearings, was either ignorant of the pending bill or had no