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The Political Origins of
Unemployment Insurance in
Five American States

The last decade has been a time of rapid development in comparative social scientific research on modern welfare states—or more concretely, research on social insurance, pensions, and public assistance policies. Synchronic studies, using highly aggregated measures to make causal inferences about policy developments in all the nations of the world, have declined in favor of longitudinal comparative studies of up to eighteen advanced industrial capitalist democracies. Concomitant with this shift, analytic interest has moved away from industrialization and urbanization and toward more political explanatory variables—including class power and class alliances, the structures of political regimes, political parties, and party systems, and the activities of administrators and policy intellectuals.1

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As scholars have turned toward longitudinal research designs focusing on smaller numbers of nations, interest has grown in the contents of different kinds of policies—for example, the substantive provisions of unemployment insurance laws or old-age pensions—rather than simply the aggregate amounts spent on all policies or the proportions of a national population covered by them. What is more, scholars have discovered that the determinants of the origins of social policies may be quite different from the determinants of their subsequent expansion.

The research reported here—a comparative analysis of the political origins of unemployment insurance in five states of the United States—builds upon some of these trends in recent scholarship, showing that comparative historical analysis and attention to policy origins and contents can also improve our understanding of social policy development in the United States. Although grounded in a tradition that emphasizes state structure—therefore branding the United States as exceptional because of its federal political system—our approach demonstrates that the United States can play more than a residual role in comparative research and theorizing on the origins of modern social policies.

A RATIONALE FOR COMPARATIVE ANALYSIS WITHIN THE UNITED STATES

At the national level, the United States failed to initiate or even seriously debate modern social insurance and pension programs between the 1880s and the 1920s, when many other industrializing capitalist nations in Europe, Australia, and Latin America instituted such policies. Thus many comparative studies of social policy origins either have left the pre-1930s United States out of the analysis or have treated it as a special case because of the strength of liberal values of the hegemony of capitalists in American society and politics. Social scientists have paid little attention to early policy developments in the American states.

Social scientists do recognize that the United States eventually launched a nationwide welfare state with the passage of the Social Security Act of 1935; for the period after the 1930s and 1940s the United States is routinely incorporated into cross-national studies of the relative expansion of social spending and social programs across the advanced industrial capitalist democracies. But the Social Security Act tends to be treated as a “big bang” of national policy innovations, coming in response to the wrenching effects of the Great Depression.

This perspective overlooks crucial facts. The states, not the federal government, were the units that debated health and unemployment insurance bills and passed workers’ compensation and mothers’ pension laws during the Progressive Era and after. Moreover, during the 1920s, some states passed laws enabling localities to offer pensions to the impoverished elderly. The U.S. Social Security Act of 1935 was not the first or the only American social policy innovation during the Great Depression; many state policies were instituted between 1929 and 1935. Furthermore, state politicians involved in some of the earliest debates and successful legislation moved to Washington with the New Deal in 1932–33 and shaped the proposals that became embodied in federal legislation.

Perhaps most important, the 1935 federal Social Security legislation scrupulously worked around and built upon state-level laws in areas where they already existed or were close to passage. Only contributory old-age insurance was enacted as a purely national program. The public assistance and unemployment insurance titles of the Social Security Act were (in different ways) “federal” measures, leaving the states in charge of benefits and administration.
tion. In institutional terms, therefore, unemployment insurance provides a useful case through which to explore state-level variations that were eventually built into the federal Social Security system.

Apart from its significance for the historical development of U.S. social policy, the debates surrounding unemployment insurance provide considerable insight into the political dynamics of industrial society. More than any other component of welfare policy, the states’ response to unemployment politized antagonisms between capital and labor. Moreover, the emergence of unemployment as a legitimate target for state action entailed both the development of a politically viable interpretation of the cause of unemployment and decisions concerning the appropriate extent of the government’s intervention in the economy.

In the United States, these questions were debated simultaneously in a number of political arenas. The recognition that state-level processes were central to the shaping of U.S. public social provision suggests new research questions to comparative social scientists interested in the origins of social policies. Comparisons among states, rather than narratives concerning one particular nation, provide the analytical leverage needed to explore causal arguments. The research reported here addresses a variety of theoretical perspectives by examining the historical roots, the relative timing of adoption, and the programmatic contents of the unemployment insurance laws passed in five American states between 1932 and 1957.

**RESEARCH DESIGN AND CASE SELECTION**

If our purpose were to explore the direct and indirect effects of industrialization and urbanization on social policies, then choosing to study a small set of industrialized states would be inappropriate; nothing less than a full forty-eight-state study would suffice. But we have decided against such an analysis and have opted in favor of a comparative historical study of five urban-industrial states, since findings in recent cross-national research show the weakness of economic determinants and the strength of political determinants of social policy developments among industrialized nations. Furthermore, preliminary analyses indicate that levels and processes of industrialization were not the major determinants of unemployment insurance outcomes across American states in the 1950s.

A perspective that we call the "logic of industrialism" emerged from aggregate-quantitative studies of the emergence and growth of social insurance programs across a large number of nations. This approach posits that urbanization and industrialization create social dislocations that governments must alleviate with social policies, regardless of the type of political system or ruling party. Empirically, when dozens of nations ranging from the highly industrial to the most agricultural are analyzed together, logic of industrialism variables have sometimes worked moderately well to explain the origins of social policies. But this perspective has been found wanting in longitudinal quantitative studies of social policy origins. And within the subset of rich industrialized nations, variables referring to industrialization, urbanization, and economic growth have far less explanatory power than do political factors.

Within the United States, similar relationships among findings hold true. In a multivariate analysis of forty-eight states, Amenta and Carruthers found that the level of industrialization in 1929 had only a modest effect on the timing of adoption of legislation for unemployment insurance, whereas administrative and political variables had strong explanatory effects. An examination of the top twenty industrial states, similar in design to studies of rich industrialized nations, revealed no significant relationships between the timing of unemployment insurance and a number of variables representing levels and trends in industrialization. Similarly, for the five states compared here, we found that logic of industrialism variables do not explain the timing of unemployment insurance legislation.

It is often claimed that U.S. social policies in the 1930s were enacted in response to the Great Depression. Without question, that economic crisis was the occasion for state-level social policy debates that led to the passage of measures, including unemployment insurance, that had been stalemated or not considered at all before the 1930s. But across forty-eight states, the varying severity of economic crisis does not predict how soon unemployment insurance policies were enacted. And across our five states, the severity of economic depression fails to predict either how quickly each state enacted unemployment insurance or how favorable the provisions of its law were for


15. We looked at relative levels of industrialization and urbanization (in cities over 20,000) in 1929 and also examined the ordering of the states in terms of changes in industrialization from 1923 to 1929 and urbanization from 1910 to 1930 and from 1920 to 1930. Illinois, the last state to legislate unemployment insurance, comes out first or second (with Wisconsin) on all rank orderings. And Ohio, the next to last state to legislate, outranks Massachusetts on all measures and New York on all but the 1929 level of industrialization. Precise measures and results are available upon request, as are those for the top twenty industrial states.

unemployed workers.\textsuperscript{17} In short, political conditions and forces—not urbanization, industrialization, or the severity of economic crisis—mediated the effects of the Great Depression to produce varying policy outcomes at the state level. The need to discover and analyze what noneconomic variables were at work is apparent.

For purposes of such an analysis, a close comparison of a limited number of states, chosen to reveal full variation on the aspects of policy we seek to explain, is preferable to a quantitative study of all or many of the states, for several reasons. A detailed analysis of a few well-documented cases can be undertaken even when raw data and measures are not easily available, and it can explore processes over time that connect causal conditions and the outcomes of interest. Although results are not automatically generalizable, a small-scale comparative investigation can generate new hypotheses worthy of further research. Moreover, it can probe for configurations of causes and allow for the possibility of alternative routes to policy outcomes.

Wisconsin, New York, Massachusetts, Ohio, and Illinois are the five states we explore in depth. As table 1 shows, these states all fell within the top third or fourth of standard rankings of wage earners in 1929 or 1930 in manufacturing, value added in manufacturing, percentage of population that was urban, and total size of the population; all but Wisconsin fell within the highest ranks of these measures. The socioeconomic similarities of the five states were not decisive for this study, however; rather, we chose to focus our analysis upon the political conditions in these states that affected the relative timing and content of the unemployment insurance laws they passed in the 1930s. On these dependent variables, our five states exhibit wide variations. The particular policies to be explained for the five are summarized in table 2, and their provisions can be situated in relation to the characteristics of all state laws passed in the 1930s.\textsuperscript{18}

The five states we have chosen encompass the full range of legislative timing for unemployment insurance. In retrospect, the five-year span from 1932 to 1937 may not seem particularly significant, but this judgment assumes that action by the national government was only a matter of time. A more accurate description of events would portray a series of policy debates and innovations in the states that was abruptly truncated by an unprecedented act of national politics. Although it is unlikely that any of these states would have taken action in the absence of an economic crisis, the onset of the depression in no way guaranteed that unemployment insurance would be adopted by all states of the Union. More important, in light of the considerable pressure needed to pass legislation in such states as Ohio and Illinois, it is unreasonable to assume these laggard states would have adopted unemployment insurance in the absence of such federal pressure.\textsuperscript{19} In short, it is with respect to their varying potential for proactive policy formative that the five states are comparable with the nation-states of Europe. The relative timing of adoption and the contents of legislation provide important indications of this potential.

The first American unemployment benefits law passed in Wisconsin in 1932, well before any other state and more than three years before the federal government acted. New York passed the second pioneering law in April 1935, clearly ahead of the signing of the Social Security Act on August 14, 1935. Massachusetts, which passed its law in August 1935, acted roughly in tandem with the federal government. Ohio passed its law in December 1936. As table 3 shows, Ohio falls within a group of eighteen lagging states that passed legislation in the same month, soon after the Supreme Court refused to overturn the New York law and just before federal business taxes were imposed (the taxes would not be remitted to states until they had established unemployment compensation).\textsuperscript{20} Illinois was the last state in the nation to enact a law. Its legislature passed a bill when opponents no longer had any reason to fight it—in June 1937, after the collection of federal taxes had begun and the Supreme Court in May had found the Social Security Act constitutional.

A comparison of these five states also allows the examination of important variations in the substantive content of unemployment insurance laws and

\begin{table}
\centering
\caption{Rankings with Respect to Forty-eight States}
\begin{tabular}{|l|c|c|c|c|}
\hline
& Wage Earners in Manufacturing (1929) & Value-Added by Manufactures (1929) & Percent Urban (1930) & Total Population (1930) \\
\hline
New York & 1 & 1 & 3 & 1 \\
Ohio & 3 & 3 & 8 & 4 \\
Illinois & 4 & 4 & 5 & 3 \\
Massachusetts & 5 & 7 & 2 & 8 \\
Wisconsin & 10 & 10 & 15 & 12 \\
\hline
\end{tabular}
\end{table}


\textsuperscript{18} For the provisions of state unemployment compensation legislation, see Bryce M. Stewart, The Planning and Administration of Unemployment Compensation in the United States (New York: Industrial Relations Counselors Inc., 1938).

\textsuperscript{19} Under the tax-offset plan built into the unemployment insurance provisions of the Social Security Act of 1935, the federal government gave the states an overwhelming incentive to legislate and took away most of the incentives for businesses to veto unemployment insurance. A 3 percent tax was levied by the federal government on all employers with eight or more employees. A state would forgo all the money taken in taxes on its employers if it did not pass an acceptable unemployment compensation program. In the event that the state passed a plan, businesses were credited 90 percent of the federal tax.

plans. For the early 1930s, we investigate the “Wisconsin plan” and the “Ohio plan,” taking these as intellectually self-conscious alternatives. These were the legislative proposals that had the greatest nationwide visibility and prestige in shaping state and national debates during the 1930s. 21 We also examine the specific modifications and innovations in each of the five states’ bills in order to detect the relative strength and varying concerns of the political actors involved.

Wisconsin was the only state in which a continuous debate on unemployment insurance took place throughout the 1920s. The Huber bill was introduced into the state legislature in 1921. During the remainder of the decade, the central concerns of the advocates of unemployment insurance moved from state- or industrywide proposals to the system of unemployment reserves that came to be nationally known as the Wisconsin plan. Each business enterprise was to be taxed in order to build up an unemployment reserve from which to

Table 3. The Timing of Passage of State Unemployment Compensation Legislation

<table>
<thead>
<tr>
<th>State</th>
<th>Date Passed</th>
<th>Date Legislation Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wisconsin</td>
<td>January 29</td>
<td>1932</td>
</tr>
<tr>
<td>New York</td>
<td>April 25</td>
<td>1935</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>May 29</td>
<td>1935</td>
</tr>
<tr>
<td>California</td>
<td>June 25</td>
<td>1935</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>August 12</td>
<td>1935</td>
</tr>
<tr>
<td>Alabama</td>
<td>September 14</td>
<td>1935</td>
</tr>
<tr>
<td>Oregon</td>
<td>November 15</td>
<td>1935</td>
</tr>
<tr>
<td>Indiana</td>
<td>March 18</td>
<td>1936</td>
</tr>
<tr>
<td>Mississippi</td>
<td>March 28</td>
<td>1936</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>May 5</td>
<td>1936</td>
</tr>
<tr>
<td>South Carolina</td>
<td>June 6</td>
<td>1935</td>
</tr>
<tr>
<td>Louisiana</td>
<td>June 29</td>
<td>1936</td>
</tr>
<tr>
<td>Idaho</td>
<td>August 6</td>
<td>1936</td>
</tr>
<tr>
<td>Utah*</td>
<td>August 29</td>
<td>1936</td>
</tr>
<tr>
<td>Texas</td>
<td>October 27</td>
<td>1936</td>
</tr>
<tr>
<td>Colorado</td>
<td>November 20</td>
<td>1936</td>
</tr>
<tr>
<td>Connecticut</td>
<td>November 30</td>
<td>1936</td>
</tr>
<tr>
<td>Arizona</td>
<td>December 2</td>
<td>1936</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>December 5</td>
<td>1936</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>December 12</td>
<td>1936</td>
</tr>
<tr>
<td>New Mexico</td>
<td>December 16</td>
<td>1936</td>
</tr>
<tr>
<td>North Carolina</td>
<td>December 16</td>
<td>1936</td>
</tr>
<tr>
<td>Maryland</td>
<td>December 17</td>
<td>1936</td>
</tr>
<tr>
<td>Ohio</td>
<td>December 17</td>
<td>1936</td>
</tr>
</tbody>
</table>


*aThe date for passage of Utah and Washington refer to legislation that was found constitutional. Both had previously passed legislation that was declared unconstitutional.

compensate its own workers if they were laid off. The idea was to induce businessmen to prevent unemployment, since they would pay lower taxes if they did so. Although the Wisconsin debate profoundly influenced other state and national legislation, few states enacted a similar system of unemployment reserves. Elsewhere the individual reserves idea was criticized for its failure to ensure sufficient benefits to unemployed workers across all enterprises and industries.22 Inspired by Wisconsin's preventive approach, however, "merit rating" provisions, which adjusted a firm's taxes to its employment record, were incorporated into the unemployment insurance laws of most states.

The Ohio plan emerged in the early 1930s as an alternative to the Wisconsin plan.23 Proponents of the Ohio plan, whose views both influenced and reflected those of many reformers as the depression deepened, did not believe that unemployment could be prevented by individual businesses. Concerned to provide adequate relief for all the unemployed, not just those laid off by companies with funds in their unemployment account, they advocated taxes on both employers and employees and the establishment of a statewide pooled insurance fund. The Ohio plan, however, failed to pass in its home state in 1933, and the 1936 Ohio legislation did not fully embody the plan's ideas.

By the mid-1930s, a standard unemployment insurance model of sorts—basically the Ohio plan without taxes on employees—prevailed in many states. From then on, it is less valid to treat laws as entirely independent plans. Instead, we can compare the basic provisions of state laws in terms of their relative advantages for industrial workers or business. We do not assume that workers or business directly shaped these policy patterns. Nevertheless, it is important to explain the relative advantages for both groups since political debates addressed the trade-off between workers' needs for adequate unemployment benefits and businessmen's desires to avoid taxes. (The term workers refers here to nonagricultural workers only, for agricultural workers were excluded from all unemployment compensation plans.)

The four states in our set that legislated from 1935 to 1937 present important variations in legal provisions of concern to business and labor. In comparison to all other state laws, New York's 1935 law was unusually favorable to the needs and preferences of industrial labor; benefits were financed through high fixed business taxes without merit-rating provisions, and the legislation allowed unemployment benefits to be paid to workers on strike. In comparison, Massachusetts made concessions to business by requiring employee contributions, imposing a moderate business tax, and providing for the future administrative application of merit rating to adjust business taxes above a fixed minimum. Finally, Ohio and Illinois passed laws incorporating steep merit-

rating provisions that promised to keep taxes very low for many businesses and, in Illinois, to reduce taxes to zero for some others. Overall, business won the most important advantages in the substantive provisions of the Ohio and Illinois laws.

In the following sections, we seek to explain the variations in timing and content of unemployment insurance laws in the five states by exploring arguments about the political origins of social policies—arguments that appear in the cross-national social science literature as well as in debates among students of American history. We begin with a "political learning" perspective that stresses the roles of administrative traditions and reformist policy intellectuals in shaping policy. Next we examine arguments about the class-based political actions of business and industrial labor. Finally we turn to discussions about the effects of the activities and structures of political parties on social policies.

As the analysis proceeds, we retain arguments that are at least partly effective in order to identify a combination of conditions that best accounts for the variations in timing and contents of unemployment compensation legislation across our five states. Although certain political variables—especially those that refer to administrative arrangements and political parties—emerge from our analysis, socioeconomic and class relations do not drop out altogether. But although urban-rural cleavages and the activities of business organizations and industrial unions do matter, we have found that their effects must be specified in relation to features of political party structure and party competition that more directly influenced policy outcomes in the five states. The evidence for this study has been assembled from a large number of secondary and primary sources—published books and articles, organizational reports (such as labor federation proceedings), reports of state commissions set up to investigate unemployment insurance, governmental statistical compilations, and legislative records. Measures of particular variables are discussed where appropriate. Otherwise, the footnotes document specific points.

POLITICAL LEARNING: ADMINISTRATIVE CAPACITIES AND REFORM TRADITIONS

The political learning perspective on social policy development advanced by Hugh Heclo provides an alternative to arguments that stress socioeconomic developments and crises.24 According to Heclo, although socioeconomic conditions—including major crises like the Great Depression—may encourage social policy breakthroughs, the actual policy innovations are likely to be shaped directly by civil administrators and reformist policy intellectuals who puzzle over new problems on the basis of, and in reaction to, previously institutionalized governmental policies for dealing with similar problems.

Although this approach has never been defined in an analytically rigorous way, it does suggest that we should attend to the preexisting social and labor policies in the five states, and to the parts of state civil administration involved

22. In Wisconsin itself, a pooled balancing account was created in 1937 to provide benefits to unemployed workers from companies whose individual accounts had been depleted (Myers, Employment Stabilization and Wisconsin Act, 55).


in their formulation and implementation. In addition, we examine the networks of policy intellectuals who were directly involved in political debates over unemployment policy. The established relationships, if any, of these intellectuals to civil administrators and political leaders are important determinants of policy innovations, according to the political learning perspective.

Amidst debates over social insurance and labor regulations did not originate with the Great Depression. Rather, they can be traced back to the Progressive Era. Although many proposed reforms failed to pass, between 1911 and 1913, twenty-one states enacted workers' compensation laws requiring business to insure employees against accidental injuries, and other states soon followed. The administrative arrangements through which workers' compensation and other Progressive labor and social regulations were implemented varied considerably across the states, these differences reflecting in part the prior progress of general civil service reform in each state.

In addition, variations in administrative arrangements reflected the fate of Progressive proposals for the creation of an omnibus industrial commission, staffed by trained professional experts. The establishment of these commissions was advocated by the American Association for Labor Legislation (AALL) and other reform groups. Ideally, they would superintend the administration of all new labor regulations and propose further legislation based on administrative experience and studies by experts. By the 1920s, however, only Wisconsin had a full-blown version of this sort of administrative-academic complex. Consequently, Wisconsin provided an ideal setting for continuous political learning in Heclo's sense.

The Administrative-Academic Complex in Wisconsin

The Wisconsin Industrial Commission, created in 1911 to administer workers' compensation and virtually all other labor laws, was the point of reference for policy debates about unemployment insurance and social reforms throughout the Progressive Era and the 1920s. This administrative commission had powers to implement laws and to investigate needs for new legislation, and it drew on a history of public management that was relatively non-partisan, centralized, and well financed. This broad mandate reflected the relative autonomy of state agencies from party politics and factional struggles in Wisconsin.

In the 1880s, Wisconsin had passed its first civil service law, and by the turn of the century charges of public corruption, although far from rare, were directed primarily at the lower levels of government. Wisconsin took unusually early steps toward the establishment of centralized administrative bodies such as the State Board of Control. Also, the passage of one of the nation's earliest income tax bills in 1911 provided financial stability for the administration. The special character of Wisconsin public life also reflected a tradition of public involvement and faculty participation on government boards begun in the 1880s by the president of the University of Wisconsin, John Bascom. The relationship between academics and state legislators was strengthened by the establishment of the Legislative Reference Library in 1901, and the close association between academics and administrators was apparent in the operations of the Wisconsin Industrial Commission from 1911 onward.

Members of the Wisconsin Industrial Commission were appointed as representatives neither of parties (as in New York) nor of economic interests (as in Ohio). Instead, the first members were associated with existing state agencies or the university; the remarkable stability of the commission's membership, despite the changing fortunes of the Republican factions, suggests that the administration was protected from pure partisan politics. Financial autonomy was given in the form of blanket appropriations that complemented the commission's broad mandate. Rather then enumerating specific regulations, the legislature charged the commission to adhere to what Commons called "the noblest and the most practical of legal doctrines—reasonableness." Advisory boards made up of industrialists, labor leaders, and technical experts were created to help the commission negotiate the specific content of regulations and devise new legislative proposals. Over the course of the next decades, the commission's activities were increasingly integrated.

During the 1920s, when proposals for unemployment insurance began to be discussed in the state, the commission's practice of negotiation over laws and their practical implementation influenced organized labor's perception of what reforms were politically possible and substantively effective. Furthermore, the Industrial Commission had been a training ground for well-educated administrators committed to expert-based, formally nonpartisan, incremental reform of the capitalist system. Throughout the 1920s, members of the commission addressed interest groups and served on committees concerned with social reform. Although full-time academics such as Elizabeth Brandeis and Paul Raushenbush were more visible in the drafting of legisla-

25. On the failure of reforms, see Orloff and Skocpol, "Why Not Equal Protection?"

tion, university-trained administrators, including Arthur J. Altmeyer and Edwin Witte, held key positions on the legislative committees. Thus, the Wisconsin Industrial Commission was a source of continuity in two important senses: it was consistently available as a means for implementing legislation, and it stood at the focal point of a larger arena for the discussion and development of industrial policies.

Wisconsin's unique conception of unemployment insurance—as a regulatory measure to induce business to prevent unemployment rather than as a way to give adequate relief to laid-off workers—had its roots in the Wisconsin Industrial Commission's approach to workers' compensation. In implementing workers' compensation, the commission enjoyed, by law, considerable administrative discretion and negotiated with employers about rules and their implementation. The commission came to favor adjustable insurance rates that could be tailored to the conditions of given industries and raised or lowered according to the accident records of particular enterprises. Wisconsin regulators aimed to reward cooperation and good practices by employers, and thus to promote workplace safety. This so-called preventionist approach, which became the operating ideology of the commission as well as of numerous University of Wisconsin policy intellectuals, also informed proposals for unemployment insurance. The earliest proposals argued that by forcing firms to pay the social costs of irregular employment practices, bankers would be less willing to overextend credit during expansive phases of the business cycle. Preventionist strategies included imposing adjustable taxes on business, but not on labor, and setting up compulsory insurance reserves. These provisions were intended to give the Wisconsin Industrial Commission the regulatory power to prod capitalists into enlightened behavior. This approach embodied the essence of the Wisconsin administrative and intellectual tradition of capitalist regulation from the Progressive Era onward.

The Absence of a Policy Debate in Illinois

On the variables of interest from the political learning perspective, Illinois provides a sharp contrast to Wisconsin. Unlike the latter state, Illinois did not have a continuous policy debate on unemployment insurance going into the 1950s, and it was the last state to pass unemployment insurance. When the Illinois law did pass, it included no significant contributions from, and envisaged no strong role for, public administrators.

To the extent that policy experts were present in Illinois, they were concentrated in Chicago, especially at the University of Chicago, and were isolated from state politics. This was understandable given Illinois's laggard performance in civil service reform and administrative autonomy. Even when merit-based civil service and administrative reorganization were introduced in 1917, politicians circumvented the law by installing so-called temporary appointees who neither took examinations nor were replaced by permanent civil servants. 37

Established in 1913 to administer a state workers' compensation act, the Illinois Industrial Board was not an omnibus industrial commission. Consisting of three "nonpolitical" members, the board had virtually no power and generally failed to make use of what little it had. In practice, discretion on policy issues lay with an advisory board made up of representatives of the Illinois Manufacturers' Association and the Illinois State Federation of Labor. Any legislative improvements had to be approved by the advisory board, but its members were rarely able to agree. An attempt in 1915 to create a Wisconsin-style labor commission was opposed by the Illinois State Federation of Labor and defeated in the legislature. Even the Civil Administrative Code of 1917, which centralized labor administration overall, kept the (renamed) Industrial Commission and workmen's compensation separate from each other and from other labor-related agencies. Consequently, factory inspectors had little access to accident reports filed with the Industrial Commission. In general, politicians and socioeconomic interest groups supported an administrative structure fragmented to the point of inefficiency, with the result that Illinois administrators had all they could handle just enforcing existing laws, much less formulating proposals for new ones.

Municipal Reform and the Indigenous Failure of the Ohio Plan

At the level of state government, Ohio resembled Illinois. There was neither a continuous tradition of autonomous labor law administration nor close involvement of reformist intellectuals with state policies. In the cities, however, a strong network of policy intellectuals developed in conjunction with Progressive movements combating social ills and patronage politics. The Ohio movements were more successful than similar efforts in Chicago, New York, or Boston and laid the basis for an enduring urban reformist debate about new social policies throughout the 1920s. 39 In contrast, the state government was generally dominated by conservative Democrats and Republicans, who were opposed to administrative autonomy.

Until the Ohio Constitutional Convention of 1912, reformers had few opportunities to influence the state-level policy process. 40 Therefore, when merit-based civil service and Ohio's far-reaching workers' compensation Illinois were passed in 1913, there was no administrative tradition upon which to draw. Temporary political circumstances made it easy to establish an omnibus industrial commission; Democrats dominated the legislature and James Cox, a progressive Democrat, was governor. Although less powerful than its coun-

38. Ibid., pp. 500–04.
terparts in New York and Wisconsin, the Ohio commission had the power to adjudicate issues and set rules. Yet even when administrative operations were successful, the commissioners made no attempt to initiate policies. As in New York, the Ohio commission was circumscribed in its membership; there could be no more than one member representing labor and one representing business on a three-man commission. Ohio also resembled New York in that there were no advisory boards to provide channels for new policy initiatives.

Just as favorable political conditions originally empowered the Ohio Industrial Commission, a change in political climate curtailed its autonomy. Upon regaining power from the Democrats in 1921, the Republicans moved quickly to limit its autonomy, along with the powers of other new administrative agencies. The commission was divided, with the one part responsible for the administration of workmen’s compensation and the other for the adjudication of claims. This turned an effective commission into two organizations that were in constant conflict. With its diminished mandate and powers, the Ohio Industrial Commission was not an important participant in the debates over unemployment insurance in the early 1930s. Instead, these debates were initiated and shaped by reformers and policy intellectuals outside state government.

Progressivism in Ohio had always been a predominantly municipal rather than state-level affair. Many cities had well-developed public employment agencies as well as middle- and upper-class social service groups (often staffed by women) that were perhaps more open to labor and social reforms than were good government or social service groups in other states. Even before the depression began to strain the resources of cities and social workers, unemployment insurance became an issue for Ohio reformers. Policy study was organized by the Consumer League of Ohio, whose prime movers were social service workers and Jewish community agencies in the many Ohio cities.

Policy-oriented intellectuals at Antioch and other small Ohio colleges joined with social service workers to consider possibilities for unemployment insurance. The most notable expert was William Leiser, who had helped establish public employment agencies in New York City, Wisconsin, and Ohio. Because the issue of unemployment insurance did not emerge directly from the administration of preexisting state labor laws, there was no continuity of policy debate linking the new proposals to workers’ compensation. Ohio reformers stressed differences rather than similarities between the purposes and methods of the two kinds of laws. Unemployment insurance was seen chiefly as a way to deliver adequate relief to suffering unemployed workers and only secondarily as a way to further general economic recovery. Such, of course, were the predictable concerns of reformers and intellectuals oriented to urban social services.

Eventually, the newly elected Democratic governor, George White, responded to labor pressures, the initiatives of the reformers, and a joint resolution of the legislature by appointing the ad hoc Commission on Unemployment Insurance in December 1931. This special commission was so dominated by social service people and intellectuals that the one business representative soon stopped participating in the general debate and filed a minority report. Predictably, perhaps, this body did not work out a pragmatic compromise acceptable to both organized labor and business. Nor did it work with the state legislature. Instead, the leading intellectuals on the commission—William Leiser, the commission’s chairman, and Isaac Max Rubinow—saw themselves as influencing debates across the nation by providing a clear alternative to the Wisconsin plan.

In Wisconsin, both the administrative Industrial Commission and the various academic policy experts linked to state government negotiated with business, labor, and state legislators until an unemployment compensation law was passed. In contrast, the ad hoc Ohio commission of 1931–32 counted on Governor White to do the political work necessary to turn their proposals into law. In the end, the governor disappointed them.

**Administration and Reform in Massachusetts and New York**

In Massachusetts and New York, conditions were not as unfavorable to administrative policy debates at the state level as they were in Illinois and Ohio. Special investigatory commissions set up to consider unemployment insurance in the early 1930s included policymakers serving in, or working closely with, the Massachusetts Commission of Labor and Industries and the New York Industrial Commission. But in neither state did administrators of labor laws or reformers succeed in shaping new legislation. Breakthroughs on unemployment insurance in the two states did not come on the basis of the measures proposed by investigatory commissions in the early 1930s, but had to await new conditions in party politics and the direct involvement of state legislators in working out policy packages.

Massachusetts was an early leader in labor legislation, labor administration,


43. Papers of William M. Leiser, “Elizabeth Magee to Leiser, April 4, 1929” (Madison: State Historical Society of Wisconsin, Box 25). Magee was a member of the Consumer League.


45. Rubinow, “The Movement toward Unemployment Insurance in Ohio.”

46. See the correspondence between William M. Leiser and Isaac M. Rubinow, and the correspondence between Leiser and Elizabeth Magee, the commission’s secretary, from October 1932 through March 1933 (Papers of William M. Leiser [Madison: State Historical Society of Wisconsin, Boxes 35 and 25]).
and civil service reform. It instituted the first state factor inspection system and the first state bureau of labor statistics. But these developments occurred mostly before the Progressive Era, establishing state boards with powers of investigation but not of direct administration. In the Progressive Era some new labor regulations were enacted, but much of the enforcement machinery was adapted from the past rather than created anew as it was in New York and Wisconsin. Although the Massachusetts Commission of Labor and Industries did gain rule-making authority over regulations concerning working conditions, no omnibus authority was established. Workers’ compensation was implemented by a special seven-member Industrial Accident Board that remained independent of other labor agencies.

Continuing a nineteenth-century tradition, the ad hoc investigatory commission was the mechanism by which Massachusetts’s governors and sociopolitical establishment reacted to possibilities for new kinds of social legislation. The state’s commissions tended to be set up at moments of perceived emergency—in the case of unemployment insurance, in the wake of industrial downturns in 1914–15 and 1921–22—and their recommendations usually lacked political clout and soon faded from public view. Thus policy debates in Massachusetts took a choppy course, as successive ad hoc commissions ignored or reversed earlier recommendations. The U.S. debate on unemployment insurance began in Massachusetts with the introduction in 1915–16 of a bill modeled on British unemployment insurance. A 1916–17 gubernatorial commission commented favorably on this proposal and recommended further study, but a subsequent ad hoc commission in 1922–23 rejected this approach and endorsed voluntary business plans. Debate then ended for the rest of the 1920s.

The Massachusetts debate resumed in earnest with the appointment of a special commission in June 1931 by Democratic governor Joseph Ely. The commissioner of labor and industry was the secretary of the group, which included three members from universities and two representatives each from business and labor. The December 1931 preliminary report called for legislation concerning public employment offices, the regulation of private employment offices, and the establishment of a public works planning board. The final report of December 1932 called for compulsory unemployment reserves on the Wisconsin model. But bills written by this 1931–32 commission failed to pass the Massachusetts legislature in 1933 and 1934.

From the Progressive Era to the 1930s, administrators and policy intellectuals in Massachusetts were only loosely incorporated into the political processes that transformed policy proposals into laws. The eventual passage of unemployment insurance in Massachusetts did not come until after a new commission devised an approach that differed substantially from the Wisconsin-style ideas advocated in 1931–32. This later commission was not dominated by administrators and policy intellectuals. Instead, it included primarily state legislators, who worked with Governor James M. Curley to pass their law in 1935.

Like Wisconsin, New York introduced merit-based civil service in the 1880s, but it did not develop the same tradition of administrative autonomy. The result was strong administrative organs subject to partisan control, and reformist professionals and intellectuals lacked the necessary access to state government until the late 1920s. The New York civil service law of 1883 made it possible for the governor to circumvent restrictions when desired. This combination of official autonomy and political control was evident in the New York Industrial Commission established to administer workers’ compensation. The state legislature created an omnibus commission almost as powerful as Wisconsin’s, suggesting that politicians were not afraid to create a strong administrative body. The organization of New York’s commission, however, precluded involvement in the agitation for new programs and legislation. Reflecting the close competition of Democrats and Republicans in state politics, the New York commission was divided by law along partisan lines; three members were appointed by the governor’s party and two by the opposition. Moreover, labor legislation in New York tended to be more specific than laws passed in Wisconsin, leaving less room for administrative discretion and innovation.

During the Progressive Era and the 1920s, implementation of social reforms in New York was managed by party politicians despite the presence of


numerous reformers and policy-oriented intellectuals in the major universities and private charitable organizations based in New York City. Foremost among these groups was the American Association for Labor Legislation (AALL), the academic and professional association promoting labor laws and social insurance. The period of Progressive reform prior to the First World War was the high point of political participation by New York City intellectuals and reformers, but their failure either to capture the leadership of a political party or to secure greater administrative autonomy ensured that these successes would be short-lived. Continually at odds with the patronage parties that dominated New York State politics through the 1920s, New York City reformers failed to establish close connections with the state legislature or with state-level administrative agencies.

After the election of reform-minded Democratic governor Franklin Roosevelt, an event soon followed by the start of the depression, policy debates proliferated among New York reformers and intellectuals. Roosevelt and his industrial commissioner, Frances Perkins, took a direct interest in the subject of unemployment insurance. The state quickly became a focal point for the AALL and other policy experts supporting Wisconsin-style plans for unemployment reserves, and their efforts appeared to have the edge in 1930–31. Roosevelt and Perkins even sponsored a special interstate commission to encourage similar unemployment compensation legislation across states.

At first, business resistance and Republican strength made it impossible for Roosevelt, Perkins, and their supporters (including policy experts led by AALL secretary John Andrews) to establish compulsory unemployment reserves. Yet this advocacy persisted as the deepening depression generated ever more interest in unemployment insurance. But confronted with so many reformers, many of whom were more oriented to national debates than to politics in Albany, Roosevelt, Perkins, and Andrews could not hold together a state coalition favoring Wisconsin-style legislation. Policy intellectuals soon became fragmented as strong proponents of Ohio-type ideas spoke out against the Wisconsin plan advocates from 1932 onward.

The successful New York legislation of 1935, one of the most liberal unemployment insurance plans in the nation, did not reflect the plans put forward by investigatory commissions or debated by reformist intellectuals in the early 1930s. A new political dynamic took hold in 1933, breaking the continuity of the preceding policy debates and allowing the New York State Federation of Labor to write its own ideas about unemployment insurance into law. Policy experts in New York were bypassed, especially those who had ini-

tially seen Roosevelt's governorship as the ideal platform for the extension of the Wisconsin plan.

The Limits of the Political Learning Perspective

The political learning perspective contributes to an explanation of the variations in timing and contents of unemployment insurance legislation across our five states, but it does not provide a complete explanation. Only one state, Wisconsin, had the institutional context that the perspective suggests is necessary for administrative-led policy innovation: an authoritative industrial commission and established ties among reformist intellectuals, administrators, and political leaders. In contrast, Illinois entirely lacked these conditions. Thus the political learning perspective sheds light on why Wisconsin legislated first and developed a law whose contents reflected administrative analogies to workers' compensation. It also helps explain why in the early 1930s Illinois was virtually devoid of state-level policy debates over unemployment insurance.

Yet the case histories of all the states—especially Ohio, Massachusetts, and New York—suggest that the analysis must extend beyond administrative capacities and reform traditions. Developed by Heclo in a study of European parliamentary systems, the political learning perspective tends to assume that ministerial authority allows administrators and reformers to enact their ideas. But in the United States, where legislatures operate independently of political executives, reforms cannot be pushed through simply by intellectuals allied with top administrators and executives. Our evidence shows that reformers could not rely on governors to engineer majorities in state legislatures. By the early 1930s, reformist intellectuals dominated or gained prominent access to ad hoc commissions appointed by governors to investigate unemployment insurance, but none of the legislative proposals for unemployment insurance made by the initial investigatory commissions in Ohio (1931–32), New York (1930–31, 1931–32), and Massachusetts (1931–32) was enacted into law. Practical progress toward unemployment insurance awaited broader shifts in political alignments. Looking for additional factors, we now examine the political actions of business and organized labor.

CAPITALISTS, ORGANIZED LABOR, AND THE POLITICS OF UNEMPLOYMENT INSURANCE

Class-based arguments about the politics of social policy-making are prominent in the recent scholarly literature. Some students of the United States have stressed the role of enlightened welfare capitalists in initiating and shaping new public social policies. This perspective takes capitalist domination

of U.S. politics for granted and looks for splits among capitalists as the key to periods of reform. Meanwhile, other scholars attend to politicized conflicts over social policy between capitalists and industrial workers. Many of them presume that business influence in the political process either blocks new policies or renders their provisions ungenerous to workers, whereas labor influence in politics causes or facilitates new social policies beneficial to workers.

In this section, we consider evidence from four states about the roles of welfare capitalists, organized business, and organized labor in the struggles over the passage of unemployment compensation. We find that welfare capitalists influenced some policy debates, but failed to get the results this perspective suggests. In contrast, both organized business and organized labor influenced the timing and contents of legislation, and did so in the directions class-conflict theories would predict. The influence of business and, especially, of organized labor, however, depended on the agenda-setting and legislative roles of political parties, whose characteristics, organization, and electoral strength need to be analyzed in their own right.

Welfare Capitalists, Organized Business, and Unemployment Benefits

According to the welfare capitalism thesis, progressive capitalists were in a position to shape new social policies in the 1930s for the following reasons. In the early twentieth century, certain American businesses preceded the public sector in evolving principles of modern organizational management, including policies for stabilizing and planning employment and for protecting the social welfare of loyal employees. Henry Dennison of Massachusetts’s Dennison Manufacturing, Marion Folsom of Eastman Kodak, Gerard Swope of General Electric, and others pressed their ideas upon policy experts and public officials. The leaders of the American Association for Labor Legislation, the Wisconsin policy experts of the Commons school, and the New York politicians surrounding Franklin Roosevelt supposedly accepted welfare capitalist ideals and devised preventive plans of unemployment insurance accordingly. This thesis postulates that when public social insurance policies were shaped in the states and at the federal level during the 1930s, they were modeled upon welfare capitalist precedents and were designed to meet the needs of such progressively managed business corporations.

The welfare capitalism thesis addresses both the content of unemployment insurance legislation and the processes by which laws developed. It contends that business influence on debates over unemployment insurance often took the form of positive attempts to promote laws congenial to progressive business practices. The thesis also predicts that where welfare capitalists were most politically active, the enacted laws embodied their preferences. Welfare capitalists, however, did not shape unemployment insurance legislation in the 1930s.

Of all the American states, Massachusetts was the one where liberal welfare capitalists were best organized and most active on the issue of unemployment insurance, so this state offers a crucial test for the welfare capitalism thesis. Events before the 1930s look promising for the thesis. Massachusetts welfare capitalists strongly influenced policy debates through a 1922–23 commission that sidetracked earlier proposals for British-style unemployment insurance and advocated purely voluntary schemes of corporate benefits. Moreover, in the early years of the depression, a Special Commission on Stabilization of Employment was assembled by conservative Democratic governor Ely. This commission included the prominent liberal capitalists Henry Dennison and Henry Kendall, and its December 1932 report, with its rhetorical emphasis on the prevention of unemployment, called for individual company reserves on the Wisconsin model. Yet this was the high-water mark of welfare capitalism in Massachusetts. One unemployment proposal, the King bill, was based on the 1932 commission report, but was defeated handily in 1933 and 1934. The kind of legislation that ultimately passed in Massachusetts resembled the Ohio plan more closely than either the purely voluntarist schemes of the 1920s or the Wisconsin brand of legislation advocated by some liberal Massachusetts businessmen in the early 1930s. In short, the welfare capitalism thesis appears on track for Massachusetts only through 1932, when developments took a turn not explained by this perspective.

If welfare capitalist influence was visible in Massachusetts, it was virtually absent in our other states, including Wisconsin. We argued in the previous section that the pioneering Wisconsin unemployment benefits law embodied the tenets of a long-standing administrative regulatory tradition in that state. Contrary to the view of welfare capitalism proponents, this tradition was not necessary at odds with the desire of businessmen to leave unemployment insurance as a private voluntary matter. In Wisconsin, as elsewhere, capitalists were especially opposed during the depression to any kind of compulsory unemployment compensation. This attitude was shared even by employers who had previously established voluntary unemployment benefits schemes in their own firms because they wanted the option to drop them; Dennison Manufacturing, General Electric, and many others did just that during the early depression. Wisconsin administrators and policy intellectuals aimed to cooperate with employers in implementing unemployment benefits, but in order to get those benefits they had to overcome the opposition of the Wisconsin Manufacturers’ Association. Wisconsin policymakers advocated compulsory individual company reserves not because businessmen supported them but because such reserves were considered the best way to use public regulatory power to encourage firms to avoid layoffs.

An analysis that emphasizes class conflict, positing organized business opposition to unemployment insurance, is far more in accord with the historical evidence than the welfare capitalism thesis. Except in Massachusetts, the influence of business associations on the political debates about unemployment insurance was uniformly negative: they opposed all forms of compulsory unemployment compensation. Sometimes this opposition was registered through

investigatory commissions. In Wisconsin, Ohio, and New York, for example, commissions with representatives from organized business were assembled in 1930 to suggest ways to combat the depression; all recommended reliance on voluntary approaches.\textsuperscript{61} Otherwise, business associations pressured politicians to reject proposals for mandatory unemployment insurance. In addition to the opposition of the Wisconsin manufacturers mentioned above, the Ohio Manufacturers’ Association fiercely opposed the 1932 report of the Ohio Commission on Unemployment Insurance. In Illinois there were no study commissions for organized business to undermine, and the Illinois Manufacturers’ Association pressured state legislators to delay any action.\textsuperscript{62} Many Massachusetts business people opposed compulsory unemployment insurance, also. Thus, even though its welfare capitalist members managed to line up the nominal support of the Boston Chamber of Commerce for unemployment compensation, the 1931–32 Massachusetts special commission was unable to gain the backing of the Associated Industries of Massachusetts.\textsuperscript{63}

Finally, New York business organizations took an especially intransigent stand against unemployment insurance, despite the fact that this state was the home base of some notable individual welfare capitalists. Organized business in New York opposed a bill (Mastick-Stingl) promoted by John Andrews of the AALL and the Interstate Conference on Unemployment, which included governors or their representatives from seven northern states. When the conference report was released on February 12, it was immediately countered by the negative recommendations of the Joint Legislative Committee on Unemployment, the so-called Marcy committee. This committee was dominated by Republican legislators, whose positions reflected the views of organized business. The Republicans in the General Assembly later killed the bill. When it came up again in 1933, the Marcy committee once more reported unfavorably, and the bill died again.

Ironically, the fact that New York organized business worked so closely and effectively with Republican legislators to block unemployment insurance helped undermine the ability of businessmen to influence the New York unemployment insurance law of 1935, which was passed by Democratic majorities in the Assembly and Senate.\textsuperscript{64} In the other four states, however, the political opposition of organized business did not preclude its influence on the provisions of laws that passed. In Wisconsin, the 1932 law included the administration of unemployment insurance by the Industrial Commission, as advocated by the business-supported minority report of the legislative interim committee. More significantly, in Massachusetts the views of business were taken into account with the tax on employees and the provision giving the administrator the power to apply merit rating. In Ohio and Illinois, organized business was able to delay legislation and, eventually, to write steep merit-rating schedules in the laws.

Organized business pressures against unemployment insurance laws—or in favor of certain substantive provisions when laws passed—were much more consequential than welfare capitalist influences. Yet we cannot predict either the timing of state legislation or the pro-business provisions of the laws that eventually passed solely as a function of business pressures. Business organizations opposed unemployment insurance everywhere, and the effectiveness of that opposition depended on shifting electoral balances and on the openness of state Republicans and Democrats to business influence. As we shall see, the characteristics of the political parties in each state had much to do with their ties to business or labor, or both.

The Political Capacities of Organized Labor

In the recent cross-national literature on the development of welfare states, class conflict ideas have chiefly appeared in the influential social democratic model, which asserts that the organizational capacities of the industrial working class best predict how early and how extensively public social provision will develop.\textsuperscript{65} For European nations, especially since World War II, the working-class organizational capacities stressed by this perspective include both trade unions and a labor-based political party able to govern at the national level. In the United States, labor-based political parties, at least in the strict sense, have not controlled state or national governments.\textsuperscript{66} We can still inquire, however, about the political capacities of the unionized working class.\textsuperscript{67}

In all our five cases, state federations of labor affected the relative timing and form of unemployment insurance. We will consider several factors in order to understand how this labor influence operated. One is the strength of the state federations. According to the logic of the social democratic model, the stronger unions are, the more effectively they can work for public policies favorable to the working class. A second factor, unique to the U.S. context, is the relationship between each state federation and the national leadership of


\textsuperscript{63} Nelson, Unemployment Insurance, 175–78.

\textsuperscript{64} Ingalls, Herbert Lehman and New York’s Little New Deal, 73–85; Nelson, Unemployment Insurance, 162–75.


\textsuperscript{66} Populist or loosely social democratic farmer-worker parties (for example, the Minnesota Farm Labor party) have gained statewide electoral power in the United States, but not strictly labor parties as such. In the states studied here, victories of "labor" parties were limited to scattered representation in state legislatures and control of some city governments. Even when American Socialists based in a city gained some influence in state politics—as did the Milwaukee Socialists in Wisconsin and Morris Hillquit’s group of Socialists in New York City—they had to take very moderate reformist approaches and compromise with non-social democratic forces (as the Wisconsin Socialists did) in order to make any legislative headway.

\textsuperscript{67} For cross-national research concerning the political capacities of the working class, see Stephens, The Transition from Capitalism to Socialism. For research in the United States concerning the political capacities of the working class, see J. David Greenstone, Labor in American Politics (New York: Knopf, 1969).
than state federations that went along with the official AFL position. Thus, by coming out strongly for unemployment legislation when the AFL was still opposed, the Massachusetts and Wisconsin federations were able to participate actively in the legislative process. The Ohio and Illinois federations, on the other hand, remained closely tied to the AFL leadership. William Green, president of the AFL, was from Ohio, and he did not endorse unemployment insurance legislation until December 1932, nor did the Ohio federation officially support the Ohio plan until the end of that year. Illinois labor was similarly constrained; the secretary-treasurer of the Illinois federation led the old guard opposition to unemployment insurance within the AFL’s resolutions committee. New York offers a more ambiguous example. While the rank and file supported legislation, the state leadership was constrained to follow the AFL line, and thus was unable to enter fully into the debate until the AFL finally endorsed insurance. However, once the AFL decided, a strong and long-established labor–Democratic party alliance produced the most pro-labor bill among the states.

In Wisconsin, the State Federation of Labor was dominated by so-called constructivist Milwaukee Socialists. The Socialists were willing to work with Republican progressives and the Wisconsin Industrial Commission on reform legislation. They helped initiate and sustain debates over unemployment insurance in the 1920s and, after failing to get a better alternative, supported the 1932 Groves bill. The lack of a pooled fund meant restricted benefits, but the Socialists agreed in order to get legislation passed early in the depression. Organized labor’s stance did not directly cause or fashion unemployment insurance, but it helped keep unemployment insurance continually on the agenda and facilitated the early passage of an unemployment insurance law—all though not exactly the law Wisconsin labor preferred.

Among the other four states, New York had by far the longest standing and closest ties between the State Federation of Labor and the Democratic party. Cooperation started early in the 1900s when the Tammany machine controlled the party, and in the 1920s it carried over as organized labor consistently endorsed Democratic governors Smith and Roosevelt. Numerous pro-labor measures were passed during the second Lehman administration (1935–37) including a strong measure to supplement the National Labor Relations Act of 1935.

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Table 4. Fiscal Strength of State Federations of Labor: State Federation of Labor Revenues as Percentage of Wage Earners in Manufacturing

<table>
<thead>
<tr>
<th>State</th>
<th>Revenues (1939)</th>
<th>Wage Earners (1939)</th>
<th>Revenues/Worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>$90,940</td>
<td>420,334</td>
<td>$0.0736</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$11,165</td>
<td>158,750</td>
<td>$0.0703</td>
</tr>
<tr>
<td>Ohio</td>
<td>$18,424</td>
<td>472,699</td>
<td>$0.0390</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$13,638</td>
<td>442,649</td>
<td>$0.0308</td>
</tr>
<tr>
<td>New York</td>
<td>$21,198</td>
<td>733,452</td>
<td>$0.0289</td>
</tr>
</tbody>
</table>


*The figure for Massachusetts AFL revenues is based on information for 1936. Since unions were gaining strength in these years, the 1936 figure should be higher than the 1933. Thus the relative ranking for Massachusetts on this table should be the same or lower for 1933.*
mayoral race, and Cermak's successor, Edward Kelly, continued this tilt toward business. 79

In all five states, both the capacity and the willingness of organized labor to promote unemployment insurance legislation depended upon relationships to political parties. The state federations of labor made choices concerning political alliances and their relationship with the national labor movement, but these choices occurred neither as a simple function of their own strength nor in a political vacuum. The characteristics of political parties and electoral competition in each state strongly influenced what organized labor (as well as business, reformers, and others) tried to achieve in public policy-making, what they could achieve, and when. It is crucial, therefore, to understand how political parties themselves contributed to shaping the timing and contents of unemployment insurance legislation.

THE ROLE OF POLITICAL PARTIES

How did political parties and electoral alignments affect the passage and contents of unemployment insurance legislation in Wisconsin, New York, Massachusetts, Ohio, and Illinois? These legislative achievements were not the direct result of the electoral realignment of the 1930s, when the Democratic party gained ground everywhere at the expense of Republicans. Indeed, the first state to pass unemployment insurance, Wisconsin, continued to be dominated by Republicans. Across the other four states, moreover, the attainment of nominal Democratic control in legislatures or governorships, or even both together, was not sufficient either to cause the immediate passage of unemployment insurance or to ensure that labor would gain more advantages than business from laws passed under Democratic aegis. In Illinois and Ohio, during the 1933 legislative sessions, the Democrats had nominal control of the lower and upper houses of the legislature as well as the governor's office. Illinois retained this dominance during the 1935 session, when New York Democrats first gained control. If Democratic control were sufficient, Ohio and Illinois would have preceded New York in passing unemployment insurance, and their laws would have favored labor, not business.

In this section, therefore, we look beyond electoral outcomes to focus on issues of political party organization and partisan cleavages: Did patronage-oriented parties frustrate or further social policies? Did intraparty factionalism matter? How did patterns of party organization and competition line up with urban-rural cleavages? Initially, we consider those four states—New York, Massachusetts, Ohio, and Illinois—where the Democrats were becoming the stronger party in the early 1930s. For these states, we find that unemployment insurance passed sooner and in a form more amenable to the expressed preferences of organized labor where—as in New York and Massachusetts—the
Democrats were more centrally disciplined and they were urban-based, bridging the various cities in the state. The degree and timing of Democratic dominance in state government also mattered, but Democratic incumbency was not sufficient to ensure early passage of generous unemployment insurance if—as in Ohio and Illinois—the Democrats were factionalized and represented both urban and rural constituencies. At the end of this section, we assess the special case of Wisconsin, a state governed by moderate Republicans from the Progressive Era through the New Deal.

Patronage Parties and Social Policy-making

When political parties are discussed in the cross-national literature on the origins and development of modern social policies, it is usually assumed that they are disciplined and unitary. But for the United States such an assumption is untenable. From the nineteenth century into the twentieth, American politics was typically conducted by decentralized, mass-based patronage parties, oriented toward the delivery of divisible benefits to complex coalitions including various businesses and locally based popular groups. Any historical analysis of the politics of social policy must take into account the special characteristics of U.S. political parties.

The role of urban patronage political parties in U.S. social reform from the Progressive Era into the New Deal has been portrayed in two contrasting ways by interpreters of American social politics. One interpretation might be called the "patronage versus reform" thesis offered by political scientist Martin Shaffer. Briefly, he sees an obstacle to reform in the existence of the strong, disciplined, patronage-based political machines that flourished in the industrial Northeast. Such machines, in this view, tended to be conservative for two reasons: first, the patronage-based parties made deals with businessmen and were therefore unable to deliver certain policies in the collective interest of working-class and other popular constituencies; second, the electoral strength of the patronage parties made it difficult for third parties in general and reformist parties in particular to contend for power.

A contrasting perspective on the role of patronage parties is the "urban liberalism" thesis advanced by historian John Buenker. According to Buenker, there are only a few types of forces involved in reformist politics: middle-class reformers, who devise social legislation; representatives from urban and mining areas, who make no proposals but who form the basis of support for social legislation; and small-town and rural representatives, who ally with business groups to block social legislation, typically under the auspices of the Republican party. Buenker underscores the role played by urban Democrats and discounts heavily the role of social workers, professional economists, and reform organizations, which at best aided in "fostering the proper climate of opinion" for social legislation. The urban-Democratic "new stock" lawmachers "provided much of the sponsorship, legislative skill, and the votes necessary to launch the welfare state."

The case of Wisconsin is consistent with Shaffer's argument. In that state, mass-based patronage parties never took hold, and civil service reform and antipatronage political reforms triumphed in the Progressive Era. Wisconsin engaged in continual debates over unemployment compensation and other social policy innovations during the 1920s and was the first state to enact unemployment compensation. But in New York, where unemployment insurance passed next and in a form especially favorable to labor, politics was dominated by patronage-oriented party machines throughout much of the period leading into the New Deal. Indeed, because of the strength of its party machines into the 1920s, New York was the last of our states to institute the direct primary, a progressive reform that was anathema to Democratic and Republican patronage politicians alike. Shaffer is right to see patronage machines as obstacles to such political reforms as the direct primary, short ballots, and civil service professionalization, for these threatened the organizational life of the machine. On questions of social reform, however, the picture is more complicated.

Buenker would respond that the existence of patronage parties does not rule out social reforms. Mobilization by machine parties may entail the formation of broad and diverse political alliances. The larger and more diverse its constituency, the more a patronage-based party needs to take into account the demands of disparate groups in selecting public policies. Machines might be forced to embrace social legislation that aided their popular constituents, while tailoring the policies to avoid offending business supporters. In New York in the early twentieth century, the Tammany Democrats facilitated some social and labor reforms that were opposed by business yet appealed to both working-class constituents and middle-class reformers. Moreover, the electoral strength of New York's originally patronage-based Democratic machine paved the way for the eventual passage of more comprehensive reforms by Governors Smith, Roosevelt, and Lehman from the late 1920s into the 1930s. Yet Shaffer could rightly counter that the New York Democratic party simultaneously moved away from patronage principles of internal organization and localistic, piecemeal ties and toward businesses and working-class ethics. Under Smith and especially Roosevelt and Lehman, the New York Democratic party became less patronage-oriented, and it moved into closer programmatic alliances with independent reformers and organized mass constituencies such as the New York State Federation of Labor.

Across our states we find that the receptivity of Democratic parties to pro-labor unemployment insurance legislation varied according to a logic that can be synthesized from both Shaffer and Buenker. As Shaffer would have it,


81. See Shaffer, "Regional Receptivity to Reform."


83. Yellowitz, Labor and the Progressive Movement in New York State.
patronage-oriented Democratic parties were not as willing to court organized labor's support or agree to its full program as were Democrats who did not rely as heavily on patronage. Yet as Buender points out, patronage-oriented parties had ecletic constituencies and consequently had to make some gestures to labor groups as well as to business and other supporters. All in all, the degree to which Democrats were patronage-based affected the contents of the social legislation, including unemployment insurance legislation, that passed under Democratic leadership in New York, Massachusetts, Ohio, and Illinois. Democrats in New York were not so reliant on patronage by the 1930s, but the Democrats in the other three states remained highly patronage-oriented. Only New York passed a form of unemployment insurance unequivocally favorable to organized labor; the other three states all enacted bills that compromised the preferences of business and labor.

For the case of New York, moreover, we can discern a telling temporal contrast between the patronage-based Democratic party run by the Tammany bosses that passed a compromise workers' compensation measure in 1913 and the reformed Democratic party led by Governor Herbert Lehman that put through the nation's most pro-labor unemployment insurance measure in 1935. Although the New York workers' compensation bill of 1913 was a clear gain for workers, Tammany had to balance both labor and commercial business interests; thus it ignored organized labor's demand for a monolithic state fund. Governor Lehman, however, could dismiss business interests with impunity and enact a comprehensive program of labor legislation, including an unemployment insurance bill written in part by Federation of Labor leaders. The resulting New York unemployment insurance law taxed business at an unusually high rate and provided benefits to strikers that could help unions prolong strikes.

The patronage-based administration of the Massachusetts Democrat James Michael Curley passed an unemployment insurance law soon after New York, yet the character of the Massachusetts legislation was less in accord with organized labor's needs and interests. Rather than attempting to cement his alliance with organized labor through reform, as did Lehman, the former Boston mayor fought the depression primarily through labor-intensive public works and work-sharing measures. Both increased the state patronage at his disposal and the spoil available to local Democratic organizations. Like Lehman, Curley was able to act quickly to put many antidepression measures, including unemployment insurance, through the state legislature; the New York and the Massachusetts leaders were both strong governors in control of their parties. Yet Curley faced Republican majorities in the legislature and so, aside from his own indifference to a programmatic alliance with labor, he might have gotten nowhere with unemployment insurance had he insisted on a one-sided measure like New York's. Curley was willing and able to add into the legislative equation some of the preferences of Republicans and their business allies. He adopted a bill previously worked out in a 1933-34 commission that had brought together Democrats and Republicans in the legislature with representatives of business and organized labor. The resulting Massachusetts unemployment insurance law had a pooled fund and promised relatively generous benefits to workers, yet provided for employee contributions, something that organized labor opposed in every state and accepted only reluctantly in Massachusetts. It also allowed eventual administrative discretion in the application of merit rating, which might adjust business taxes above a fixed minimum.

As in Massachusetts, the Democratic parties of Ohio and Illinois remained patronage-oriented in the 1930s. Thus, when their unemployment insurance laws finally passed in 1936 and 1937, they were ecletic compromises and (for further reasons about to be specified) made greater concessions to conservative and business preferences than did the Massachusetts law. Although both the Ohio and the Illinois laws had statewide pooled funds, they had merit-rating provisions so steep that businesses in many industries could soon end up paying very low taxes, necessarily constraining benefits to workers.

The importance of Party Cohesion

The timing of unemployment insurance across our states, as well as its relative generosity to labor, was not simply a function of patronage-orientation of the various Democratic parties. It also mattered whether Democratic parties were cohesive or factionalized. During the 1920s, all four states had patronage-oriented parties, but there were significant variations in their cohesiveness. Ohio and Illinois had strong factional divisions within both major parties, and those divisions continued into the 1930s. During the 1920s, moments of reform in these states were episodic, and attempts at sustained administration were soon rolled back. During the 1930s, the previous shortcomings of reform and continuing patterns of party factionalization undercut the reform potential of the politically ascendant Democrats. New York and Massachusetts differed markedly from Ohio and Illinois in party cohesion, although only in New York was Democratic cohesion a long-standing reality. In Progressive Era New York, the ability of Tammany Democrats to pass strong state labor legislation depended in part on effective party discipline in the legislature. Even after Tammany had weakened, strong Democratic party discipline carried over into the administration of the reformist Lehman, helping him pass unemployment insurance and other labor re-

85. Ingalls, Herbert Lehman and New York's Little New Deal, chaps. 4-6.
86. Gorvins, "The New Deal in Massachusetts."
forms. Similarly, in Massachusetts during the mid-1930s, Curley effectively controlled the Democratic legislative delegation during his brief tenure as governor and could also swing some Republicans to his side. This allowed him to pass his various antidepression measures, including unemployment insurance. Yet Democratic cohesion was new (and temporary) in Massachusetts; prior to Curley's governorship, Massachusetts Democrats had been factionalized and ineffective.

During the 1930s, a Curley-style attempt to make the Illinois Democrats more cohesive was frustrated by the assassination of the chairman of the Cook County Democratic party, Anton Cermak, who caught a bullet meant for President-elect Roosevelt. In an attempt to gain control of the state Democratic party, Cermak had been elected mayor of Chicago in 1931 and his choice, Henry Horner, elected governor in 1932. But Cermak was dead soon after the 1933 legislative session began. Instead of centralized control, chaos reigned among the Democrats, as a bitter power struggle broke out between the new Chicago mayor, Edward Kelly, and Governor Horner. This conflict raged throughout the summer of 1935, immediately before unemployment insurance was to be considered by the legislature in a special session, and Kelly's bloc of legislators refused to follow Horner's lead on unemployment insurance.

Conditions Promoting Party Cohesion

If party cohesion is such a powerful factor in explaining the ability of Democrats to put through unemployment insurance in the 1930s, then what—aside from chance events such as the shooting of Mayor Cermak—accounts for party cohesion? Our evidence suggests that there were at least three factors at work. The first two had long-term roots, based in the political history of each state and shifting patterns in the 1930s: first, how consistently competitive with the Republicans were the state's Democrats, and second, how cleanly did urban-rural divisions line up with the party split? The third factor affecting Democratic party cohesiveness in the 1930s was much more immediate: the impact on state politics of the Roosevelt administration, which distributed large amounts of money to the states for relief and other purposes. In deciding how and where to spend the money, the administration became embroiled in factional struggles in the state and local Democratic parties, sometimes at the expense of centralized control.

With respect to party competitiveness, the New York Democrats had long been able to compete more effectively with Republicans than could their counterparts in Illinois, Ohio, and Massachusetts, and long-standing Democratic party cohesiveness in New York was aided by, and in turn furthered, state-level electoral prowess. As table 5 shows, although Illinois Democrats won larger percentages of seats in the lower house and although Ohio regularly elected Democratic governors in the 1920s, only in New York were the Democrats consistently competitive in all three arenas. In New York two powerful parties squared off against each other in hard-fought close contests. Throughout the 1920s the New York Democrats always came close to winning both houses of the legislature and the governor's office, and actually did so in 1934.

As for urban-rural divisions, Democrats in New York and Massachusetts were more homogeneously urban than in Ohio and Illinois during the 1920s. Moreover, in the early 1930s, both the New York and the Massachusetts Democratic parties expanded beyond New York City and Boston by gaining support in other urban areas. Democrats in New York State had typically carried only New York City in legislative elections, but during the Democratic upsurge the New York—upstate split turned into a genuine urban-rural split, as counties with cities such as Buffalo and Albany began to return Democrats. The already cohesive New York Democrats became still more able to promote the legislative agendas of urban reform interests, including organized labor. Although the Massachusetts Democratic party was much less politically competitive with Republicans in the 1920s and remained relatively weak in the 1930s, it also unified urban representatives. Democratic legislators usually carried only Boston in the 1920s, but the smaller industrial cities of Massachusetts returned Democrats to the Massachusetts General Court (legislature) in the 1930s, and Governor Curley forged the unusual (for Massachusetts) Democratic unity that aided the passage of many antidepression measures.

In Ohio and Illinois, it was more difficult for Democratic party leaders to crack the whip, partly because those parties included many rural members.

<table>
<thead>
<tr>
<th>State</th>
<th>Governor%</th>
<th>Senate%</th>
<th>House%</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>55.1% (14)</td>
<td>45.9%</td>
<td>42.3%</td>
</tr>
<tr>
<td>Illinois</td>
<td>45.3% (4)</td>
<td>33.8</td>
<td>44.9</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>46.2% (6)</td>
<td>23.4</td>
<td>33.7</td>
</tr>
<tr>
<td>Ohio</td>
<td>50.1% (12)</td>
<td>18.3</td>
<td>27.1</td>
</tr>
</tbody>
</table>


a Governor: Average Democratic percent of two-party vote, 1920–1934 elections (Number of years Democrats held office, 1921–1936).

b House, Senate: Average percent of Democratic seats, 1921–1936.
who resembled conservative Republicans in spirit and in action. In addition, Republicans had considerable urban strength. During the 1920s Ohio cities were represented in the legislature primarily by Republicans. By the 1930s, only a few cities, mainly the ones in the northern part of the state, such as Cleveland, went Democratic, while others, such as Cincinnati, remained in the Republican camp. In the case of Illinois, matters were aggravated by the system of minority representation, which assured the smaller of the two major parties one of three lower-house seats in legislative districts where the smaller party had no chance to win a Senate seat. Even though the Republicans dominated the state in the 1920s, minority representation assured the Democrats afoothold both in Chicago and downstate. The pockets of rural Democratic strength prevented the imposition of party discipline by Chicago Democrats even in the 1950s when Democrats were in the majority. Moreover, although the Democrats in Chicago won a series of elections starting in 1931, the Republicans controlled nearly one-third of the Chicago delegation in the lower house because of minority representation.

The third factor, the impact of the Roosevelt administration, pinpoints how the new federal forays into state-level Democratic politics sometimes reinforced the strength of state-level Democratic party leaders and sometimes undermined them. In New York, the administration's actions helped strengthen the governor in his bid to centralize the party. In Massachusetts, the administration did little to aid the governor's cause, but did not aid or create a major opponent. In Illinois and Ohio, the Roosevelt administration encountered serious difficulties with the governors and actively propped up the governors' factional enemies instead.

There was little question of who the administration would support in New York; Roosevelt sided with his former lieutenant governor Lehman and his faction of the Democratic party in opposition to the New York City Tammany machine. Roosevelt ran an independent Democratic candidate in the 1933 New York mayoral election, splitting the Democratic vote, throwing the election to the Republican, Fiorello La Guardia (who won by a plurality), and depriving the Tammany machine of city patronage. At the level of state government, the Roosevelt administration cooperated closely with the Lehman administration and channeled resources to state agencies.

In Illinois, the Roosevelt administration sided with Boss Kelly of Chicago in his factional battle with Governor Horner. Although Horner was closer to the New Deal in ideology than was Kelly, Horner did not act quickly enough in passing taxes for emergency relief to suit Harry Hopkins, the Federal Emergency Relief administrator. The administration also respected the Chicago Democratic machine's vote-getting powers, as exhibited in the fall 1934 and spring 1935 elections. Roosevelt did not put up a challenge to Kelly in 1935, and when Kelly began his unsuccessful attempt to unseat Horner in 1935, Kelly had the backing of the administration. The Roosevelt administration thus helped aggravate the already serious split among Illinois Democrats.

In Ohio, too, the Roosevelt administration ended up at odds with a Democratic governor and actively sought to undercut him. Governor Martin Davey (1935–39) placed a premium on keeping state expenditures as low as possible even in the midst of the depression and was unwilling to finance state relief programs or to match federal ones. In addition, Davey denounced Hopkins for naming Republicans to relief posts. Afterward Hopkins followed up reports of corruption and authorized an investigation of the Ohio relief program. When the investigation showed that Davey's relief appointments were patronage-based, the Roosevelt administration assumed direct control of the program, making Ohio one of only six states where relief was directly administered by the federal government. Governor Davey had liberal Democratic rivals, including former governor Vic Donahue from Cleveland, and the Roosevelt administration backed the rivals whenever it could. Massachusetts fell between the extremes of New York on the one hand and Illinois and Ohio on the other. Roosevelt did not ally with the Curley administration of 1935–37, even though Curley had led the Roosevelt Massachusetts forces in his battle against Smith for the 1932 nomination. Roosevelt cut off much of Curley's federal patronage. Pursuing a strategy unlike that in Illinois, however, Roosevelt did not line up with Curley's main opponents, the Joseph Ely—David Walsh faction of western Massachusetts. Instead, he made an abortive attempt to establish a third force in Massachusetts politics led by

93. For Ohio, see Flinn, "The Outline of Ohio Politics"; Fenton, Midwest Politics, 132. For Illinois, see William B. Phillip, "Chicago and the Downstate: A Study of Their Conflicts, 1890–1934" (Ph.D. diss., University of Chicago, 1940).
95. The minority representation system was in effect in the lower house of the Illinois General Assembly. Each of the fifty-one legislative districts for the General Assembly sent one senator to the upper house and three representatives to the lower house. Each voter could cast three votes in any combination for the election of representatives; one could give all three votes to one candidate. This made it easy for one of the two major parties to salvage one seat in a district where the minority party was badly outnumbered because the minority party would usually nominate only one candidate, who would then receive all three votes from each of the majority party's followers. This generally led to larger-than-expected delegations of Democrats in the 1920s and to larger-than-expected delegations of Republicans in the 1930s (Ernest L. Bogart and John Mabry Matthes, The Centennial History of Illinois, Vol. 5, The Modern Commonwealth, 1893–1918 (Chicago: A. C. McClurg & Co., 1922); Fenton, Midwest Politics, 209).
97. Biles, Big City Boss in Depression and War, chap. 3.
James Roosevelt. Although the Roosevelt administration did not aid Culley, it did not try as hard as in Illinois and Ohio to undermine him.

In sum, Democrats in New York moved further from patronage methods at the state level than the other Democratic parties and enjoyed a unique combination of conditions favoring state party cohesion: they had been competitive with the Republicans in the 1920s, they went from dominating New York City to representing all important cities in the state, and the governor had powerful support from the Roosevelt administration. For these reasons the New York Democrats passed the nation’s second unemployment insurance law as part of an antidepression program deliberately tailored to meet urban needs and uniquely oriented to the policy preferences of organized labor. In the United States, the New York experience in the mid-1930s most closely resembled the small democratic scenario of public policy-making, with the Democratic party allied to organized labor as a functional equivalent of a true labor-based political party. Yet it is worth emphasizing that it took a special intersection of social and political conditions furthering the unity and discipline of a Democratic party to make this scenario possible. For as we demonstrated above, the fiscal strength of the Federation of Labor, the unionized arm of the industrial working class, was not what set New York apart from the other states.

Party Politics in Wisconsin

Where does Wisconsin fit in our analysis of party influences on social policy breakthroughs? Clearly, the Republican-dominated politics of Wisconsin contrasted strongly with the politics of the other cases, but within the Republican party the La Follette Progressive faction frequently held sway. In Wisconsin, any politician hoping to dominate the Republican party, a prerequisite for successfully sponsoring progressive legislation, faced a special set of facilitating and impeding political conditions. Special as they were, these conditions can be analyzed in the same terms—patronage, urban-rural cleavages, and party cohesion—identified above as important for the other four states.

Wisconsin politics was relatively patronage-free by the time of the Progressive Era. Thus a progressive Republican governor would not be bound to honor business preferences to sustain party organization. Nor were urban ethnic-based political machines of particular concern. Only the relatively weak Democrats had such a constituency, and it was overshadowed by the Milwaukee Socialists. Instead, Wisconsin’s Progressive Republicans tended to promote reformist measures, such as tax revisions or consumer regulations, designed to favor farmers and middle-class urbanites. In the process, they often made cooperative gestures to workers, partly in order to attract direct electoral support but also to win practical cooperation from the unions and the Socialists.

For the other four states, we have argued that urban-rural differences impeded Democratic cohesion unless Democratic control was aligned with these cleavages. In Wisconsin, however, urban and rural differences were mediated politically by the willingness of the Progressive Republicans and the moderate Milwaukee Social Democrats to compromise farmer and worker interests at the fiscal expense of business; both workers’ compensation and unemployment reserves shifted the cost of relief from property taxes to the payrolls of business but not to those of commercial agriculture, which was often exempted from labor legislation. In addition, there is reason to believe that patterns of urbanization in Wisconsin made that state less prone to urban-rural conflicts.

Wisconsin was far less urbanized than the other states, whether one uses the census measure of 2,500 (as in table 5) or the 20,000 limit more characteristic of cross-national research (table 6) as the standard for “urban.” In addition, as table 7 reveals, Wisconsin’s urban population in the 1930s was located mainly in cities of 20,000 to 50,000 people, with 35.7 percent in that category. Moreover, Wisconsin had proportionately fewer urbanites in cities of 100,000 or more residents, only 49.3 percent of its urban population, as compared to 58.1 percent for Massachusetts, 74.8 percent for Ohio, 76.2 percent for Illinois, and 88.3 percent for New York.

The concentration of urban populations in larger cities may help explain the urban-rural splits we noted in the other states. These splits could impede the social reform potential of the Democratic parties in contradiction of economic determinist theories that stress the positive effect of large-scale urbanization (and industrialization) on social policy. In Wisconsin, however, the absence of a strong urban-based Democratic party did not preclude innovative social policies, since urban-rural conflicts were mediated by compromises between the Socialists and the Progressive Republicans. Moreover, urban-rural splits in Wisconsin life were less stark in strictly socioeconomic terms.

During the 1930s, Wisconsin Republicans were not as disciplined as the Democrats of New York or Massachusetts. Wisconsin Republicanism after 1900 was marked by jostling and uneasy compromises between two factions, Progressives and Stalwarts. As the depression deepened, intraparty compromises degenerated into open warfare. The Progressive Philip La Follette captured the governor’s chair in 1930, but he did not control enough state legislators to impose his will upon the Stalwarts and the reviving Democratic party. This

Table 6. Percentage of Urban Population in Five States, 1910, 1920, 1930 (Cities of 20,000 or More Residents)

<table>
<thead>
<tr>
<th></th>
<th>New York</th>
<th>Massachusetts</th>
<th>Illinois</th>
<th>Ohio</th>
<th>Wisconsin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>70.5%</td>
<td>66.8%</td>
<td>48.5%</td>
<td>39%</td>
<td>26.3%</td>
</tr>
<tr>
<td>1920</td>
<td>73.9</td>
<td>68.2</td>
<td>53.6</td>
<td>49.7</td>
<td>31.4</td>
</tr>
<tr>
<td>1930</td>
<td>74.7</td>
<td>71.9</td>
<td>59.9</td>
<td>52.9</td>
<td>39.9</td>
</tr>
</tbody>
</table>

situation prevented the passage of La Follette’s plan for a state-financed centralized system of economic management and planning. Instead, political compromises capable of attracting some conservative Republican and farm area support were worked out for more limited measures, including unemployment insurance, by academic reformers working through the Wisconsin Industrial Commission. In 1934, the La Follette faction finally abandoned the Republicans, establishing the Progressive party, which was the primary recipient of New Deal largesse.

In short, the Wisconsin Industrial Commission and not a unified party was the key to Wisconsin’s system of unemployment compensation. The politically influential commission, along with the university reformers and labor leaders tied to it, kept debates on unemployment insurance going through the 1920s. Understandably, the commission and the John R. Commons school intellectuals kept their preventionist ideas of unemployment compensation at the forefront. The coming of the depression heightened organized labor’s interest in getting some sort of unemployment insurance, but it also encouraged labor and the Socialists to press for pooled-fund-type plans that would deliver more generous benefits. Perhaps, if the Progressive faction of the Wisconsin Republican party had been fully dominant in the early 1930s, a deal might have been struck among Progressive politicians, the Federation of Labor, and the Socialists—a deal that would have produced something like the New York unemployment insurance law three years earlier. But the Wisconsin Progressives did not consolidate themselves until 1934, by which time the Industrial Commission had been able to use its skills of interest group mediation and its influence with legislators to get its preferred approach enacted. This happened despite the Republican feuding that kept many antidepress measures favored by Governor La Follette from passing the legislature.

The Groves Unemployment Reserve Act, the Industrial Commission’s proposed legislation, was, of course, a politically tailored compromise. Wisconsin farmers, including dairymen concerned to protect workers’ income, insisted that farm workers not be covered and that business or labor pay the bills. Proscribing agricultural workers and any contributions from general state revenues was the price of support from Republicans with rural constituents. The academic and Industrial Commission reformists accepted these conditions, which complemented the regulatory style of the commission: to use taxes on business to create incentives for unemployment prevention. Finally, Wisconsin labor leaders and Socialists cooperated, as long as workers were not taxed, in the hope that the Groves bill would be the first step in developing an effective response to the depression.

In sum, Wisconsin’s relative freedom from patronage, the tradition of moderate Republican dominance through the 1920s, and the nonpolarization and special mediations of urban and rural interests laid the foundation for continuous policy debates and early legislation. Nevertheless, it is hard to imagine either the continuous debates or the early breakthrough occurring without the vision and political effectiveness of the Wisconsin Industrial Commission. And certainly the contents of the 1932 Wisconsin law would be inexplicable without knowing the Industrial Commission’s history as an omnibus administrative agency and the ideas that John R. Commons and his University of Wisconsin associates developed to inspire and inform the Industrial Commission from the Progressive Era to the New Deal.

### EXPLAINING THE POLITICAL ORIGINS AND UNEMPLOYMENT INSURANCE IN FIVE STATES

No single variable accounts for the relative timing and various contents of unemployment insurance legislation in the five states. We can, however, point to regular relationships among administrative traditions, characteristics of political parties, and patterns of socioeconomic conflict, on the one hand, and the timing and contents of unemployment insurance laws, on the other. We can also identify an explanatory principle that encompasses Wisconsin’s and New York’s alternative routes to the strikingly different first and second unemployment insurance laws.

The evidence shows that early and indigenous state initiatives on unemployment insurance in the 1930s required an alliance between reformers or organized labor or both and a cohesive political organization that could engineer a majority in the legislature. Wisconsin and New York had such alliances.

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103. Wisconsin Legislative Interim Committee on Unemployment, Report of the Wisconsin Legislative Interim Committee on Unemployment (Madison: Industrial Commission of Wisconsin, 1931).
but the partners differed in ways that corresponded to the contents of the pioneering laws passed in Wisconsin in January 1932 and in New York in April 1935.

In Wisconsin the legislative majority for the nation's first unemployment compensation law was engineered by the Wisconsin Industrial Commission, which drew on its long-standing capacities for policy investigation, legislative maneuvering, and interest group bargaining. The commission worked closely with university-based reformers, and the contents of the unprecedented law directly reflected the policy perspective of the labor law administrators themselves and their university allies. Moreover, since the Industrial Commission had no direct presence in the legislature, its measure necessarily avoided provisions that would prompt farmers or organized labor to join business in pressuring legislators to vote against it. The willingness of the Industrial Commission to avoid such provisions allowed the Wisconsin legislation to pass early in the depression, even though political turmoil among the Wisconsin Republicans threatened to unsettle the well-established relations among moderate, non-patronage-oriented Republicans, organized labor, and "constructivist" Socialists. In addition, the relative absence of sharp urban-rural cleavages facilitated the compromises engineered by the Industrial Commission.

In New York, as in the states other than Wisconsin, administrative, intellectual, and political circumstances did not sustain debates on unemployment insurance through the 1920s. Thus the state was not poised to arrive quickly at a consensus proposal when the depression hit. Instead, after a few years of divided policy debates and shifting electoral alignments, a strengthened Democratic party, programmatically allied with organized labor, put the nation's second unemployment insurance law through the state legislature in April 1935. From the Progressive Era onward, New York had a cohesive and disciplined Democratic party, which gained the balance of power over upstate Republicans in the 1930s—just at the time when Democratic patronage politics was giving way to independent reformist governors, when all of New York's urban areas fell into the party's camp, and when the growing New York Federation of Labor unions, spurred by the depression, became willing to demand and draft unemployment insurance proposals. Although the unemployment insurance law put through by the Democratic-labor alliance in New York postdated Wisconsin's, the New York law was also pioneering. Not only did it precede Social Security, its unusually pro-labor content was distinct from the Wisconsin and Ohio plans. This law ignored business preferences altogether by mandating a pooled fund and a high fixed tax on business to generously finance benefits for the unemployed and by including provisions that could help unions sustain strikes.

Massachusetts, Ohio, and Illinois all legislated in the shadow of the federal Social Security Act—although a case could be made for an indigenous initiative in Massachusetts, since Governor Curley sponsored a bill devised during 1933 and 1934. All these states had patronage-oriented Democratic parties that gained ground in tandem with the depression. Yet there were also important differences among them, reflecting the extent of factionalism. The more factionalized the Democratic party, the longer it took to get unemployment insurance through the legislature and the greater the concessions to business when the law was finally passed.

As in New York, the law in Massachusetts was the product of a cohesive Democratic party. Yet the Democrats of Massachusetts did not match the electoral predominance of those of New York and never abandoned patronage methods. Indeed, the Boston-based Governor Curley brought only temporary and partial cohesion to Massachusetts Democrats through the exuberant use of patronage methods. Under Curley, Massachusetts Democrats and organized labor were loosely but not programmatically allied. In the brokered politics of Massachusetts, Curley agreed to tax workers and to allow the eventual administrative application of the merit ratings to adjust business taxes—ideas that made unemployment insurance more palatable to some Massachusetts Republicans and businessmen.

Both Ohio and Illinois had highly factionalized Democratic parties, partly because party divisions cut across rural and urban differences. Traditions of autonomous administration and continuous reform debates at the level of state government were also lacking. Despite the eventual cooperation between organized labor and both state Democratic parties—parties that captured both houses of the legislature and the governor's office during the 1930s—there was no strong political institution upon which to build a coalition. For unemployment insurance, the result was tardy legislation—under the gun of the federal government—and eclectic compromises between the expressed preferences of business and labor, weighted in favor of business.

Ohio generated the nationally prestigious Ohio plan, which failed to pass in 1935. That plan grew out of reform networks in several Ohio cities, some of which had been at the forefront of social and political reform during the Progressive Era. Because of its emphasis on adequate relief for the unemployed, this reformer-fashioned plan eventually won the support of organized labor and some Democratic legislators, but parts of the internally divided Ohio Democratic party remained subject to conservative business and rural interests. Ultimately, an Ohio law more cautious than the original Ohio plan, a law embodying tax provisions favorable to business, passed in December 1936.

Contrary to the standard imagery that has the southern states lagging in the rear of U.S. social policy developments, Illinois was the last state in the nation to pass unemployment insurance, in spite of its high levels of urbanization and industrialization, its fiscally strong labor federation, and its growing Democratic electorate. Favorable as these conditions would seem, Illinois Democrats had so many party factions engaged in such shifting and cut-throat rivalries that organized business or organized labor could veto reforms of all sorts. Because of administrative weaknesses and the bitter internal disputes within the Democratic party, there were neither party leaders, nor reformers tied to state government, nor authoritative state-level administrators who could take the initiative in fashioning and enacting unemployment insurance. Accordingly, Illinois did not enact a law until June 1937, after Social Security taxes were being collected and the Supreme Court had declared the federal law constitutional. At that point the factionalized and patronage-ridden Illi-
nois Democrats brokered a compromise that gave something to labor and even more, through tax breaks, to business. Some Illinois businesses escaped taxes altogether.

CONCLUSION

This research has demonstrated the need to reframe analyses of U.S. social policy to take account of developments in the states. Our findings about Wisconsin and New York demonstrate that it is misleading to assume that the 1935 Social Security Act constituted the starting point of the U.S. welfare state, even for unemployment insurance, a policy area that did not witness any legislative enactments before the 1930s. More important, one's sense of how and why U.S. social policy innovation occurred in the 1930s shifts markedly when these pioneering states are moved to the center of analysis.

Scholars have concluded that the Social Security Act was shaped from the top down by business leaders and groups or by New Deal state managers understood in various ways. Neither organized labor nor political parties have been identified as important shapers of Social Security. But, as we have seen, a programmatic political alliance between organized labor and the Democratic party did shape generous unemployment insurance in New York, and the influence of labor, mediated by Democratic parties, also mattered in Massachusetts, Ohio, and even Illinois. Moreover, in Wisconsin, the 1932 unemployment benefits law grew out of patterns of administrative-led political bargaining established in the Progressive Era. This bargaining included organized labor and its political allies, the Milwaukee Socialists; it also occurred in a partisan context marked by the strong influence of Progressive Republicans. In short, if we examine politics at the state level, we discover that organized labor and political parties (as actors and as organizational structures) played a much more important role in the shaping of American unemployment insurance than nationally focused research reveals. This finding places the U.S. case on the same analytical ground covered in recent studies of other capitalist democracies that attribute social policy outcomes to socioeconomic interests as mediated by state structures and political party systems.

This study also contributes to debates about the effects of U.S. federalism on social policy. Scholars have long understood that the division of sovereignty among levels of American government leaves considerable room for variation in policies; yet the relations of processes operating at the different levels have not always been fully explored or correctly specified. Two ideas about the effects of U.S. federalism that are questioned by this research are, first, the belief that conservative influence within U.S. federalism are overwhelmingly attributable to southern exceptionalism and, second, the notion that states are sites for policy experimentation, laboratories for national policies that later supersede the less viable state policies.

Obviously, U.S. federalism is not simply a means by which conservative southern influences have been registered in American policy-making. The five states discussed here were all relatively advanced within the United States of the 1930s in levels of urbanization and industrialization, yet they include the full range of timing and contents for unemployment compensation laws. Moreover, in this policy area, the southern states were not all laggards; indeed, Alabama, Mississippi, and Louisiana passed unemployment insurance relatively early. Because agricultural workers were everywhere excluded from the original U.S. unemployment insurance laws, these measures did not impinge upon the southern agricultural system or race relations. Instead, unemployment insurance affected relations among business, industrial labor, and each state's political system. And, as the cases of Illinois and Ohio indicate, disunified, patronage-oriented Democratic parties in states with weak administrative structures and sharp urban-rural and class cleavages could produce the greatest constraints on the passage and generosity of unemployment insurance.

Even more clearly, this research shows that state-level policy developments are not adequately understood as mere experiments for future national action. The unemployment insurance policies we examined were deeply rooted in prolonged political struggles and policy debates specific to each state. The policies can be understood only through an analysis of state-level variations in administrative arrangements, relations of experts to government, prior policies, patterns of political party organization, electoral outcomes, and configurations of organized class interests. Moreover, once some states have acted, national policymakers do not necessarily choose the best of the many state policies available and then impose that policy on the other states. During the mid-1930s, versions of the Ohio plan became the most prestigious in the eyes of the many experts and interest groups who were loosely consulted during the drafting of the Social Security proposals. Certain Wisconsin ideas, however, originally fashioned in depression conditions, prevailed over Ohio ideas as well as post-1932 New York ideas in the fashioning of the Social Security Act, but even the Wisconsin plan was not imposed on everyone. The unemployment insurance provisions of the Social Security Act preserved the prerogatives of all the states to determine taxes and benefits. Moreover, when the Social Security Board led by Wisconsin's Arthur Altmeyer attempted to nationalize unemployment insurance in the late 1930s and early 1940s, such

110. For two very different accounts emphasizing the role of New Deal state managers, see Skocpol and Ikenberry, "The Political Formation of the American Welfare State in Historical and Comparative Perspective"; Frances Fox Piven and Richard A. Cloward, Regulating the Poor: The Functions of Public Welfare (New York: Random House, 1971).
111. See, for instance, Castles, "The Impact of Parties"; Esping-Andersen, Politics against Markets.
112. See table 3.
113. Although Roosevelt's Committee on Economic Security eventually recommended the tax-offset plan, which allowed the states to decide the shape of unemployment compensation, the experts on the staff and the Technical Board of the committee were overwhelmingly in favor of the principles embodied in the Ohio plan. See Edwin E. Witte, The Development of the Social Security Act (Madison: University of Wisconsin Press, 1962), 111–28.
In short, the timing and variety of state-level policies and policy debates, the matters we have explored in this comparative historical research of five key American states, created important constraints on the vision and capacities of even the best positioned of national policymakers in the United States. Future analytic historical studies of American social policy-making should proceed not only at the national level but also through systematic comparisons across sets of states.


In 1930, Congress passed the Smoot-Hawley Tariff Act, the last of the major tariff bills that redistributed millions of dollars from consumers to domestic manufacturers. The Smoot-Hawley bill, E. E. Schattschneider observed, arose not from a process that was open and attentive to all but from “a free private enterprise in pressure politics which administered itself,” a process accessible only to protected industrialists and their congressional and bureaucratic allies. The outlines of public policy, he concluded, mirrored the membership of this “private enterprise”: “The nature of public policy is the result of ‘effective demands’ upon the government.”

Schattschneider’s characterization rang so true that his “private enterprises” became a centerpiece in the study of American politics. The tight relationships among legislators, administrators, and lobbies—dubbed iron triangles, subgovernments, and issue networks—figure prominently in accounts of Washington activities ranging from agenda setting to legislation to administration. They form the foundation of theories of public policy. According to J. Lieper Freeman, for instance, “the relations among members of a subsystem are basic determinants of the kind of public policy that comes into being.” Still other observers also find in policy networks a distinguishing feature of American politics. “What emerges as the most important reality is an array of relatively separated political systems. ... Taken together,” Grant McConnell

I owe many thanks to Brian Balogh, Jeffrey Berry, Robert Browning, Michael D. Cohen, Louis Galambos, Karen Orren, Steven J. Rosenstone, Stephen Skowronek, Jennifer Sosin, Edward R. Tufte, Peter VanDoren, R. Kent Weaver, a reviewer, seminar participants at numerous universities and meetings, and especially David K. Mayhew. I owe thanks, too, to the Brookings Institution for its generous support.