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Title
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Permalink
https://escholarship.org/uc/item/2f07s4dn

Journal
Critical Sociology, 45(4-5)

ISSN
0896-9205

Author
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Publication Date
2019-07-01

DOI
10.1177/0896920518802345

Peer reviewed

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Critical Sociology

Book Symposium

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Critical Sociology
2019, Vol. 45(4-5) 751–756
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DOI: 10.1177/0896920518802345
journals.sagepub.com/home/crs
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Debates over the relative autonomy of the state have returned to welfare state theory, with an emphasis on the *relative*. Michael McCarthy's (2017) *Dismantling Solidarity: Capitalist Politics and American Pensions Since the New Deal* asks us to pay serious attention to the fetters that private capital accumulation clamped on the feet of pension policymakers in the United States over the twentieth century. McCarthy argues that the theoretical action of welfare policy is inside the state itself. However, the state does not function as an autonomous and coherent apparatus, but rather as bundles of politicians and policymakers shaping pension regulation in response to perceived economic crises. In his book, capitalism is not some amorphous force with a capital C. Instead, a tiny capitalist avatar sits on the shoulder of every politician, alternately cooing or shrieking into their ear.

Along the way, McCarthy gives a measured bow to neo-Marxian forebears, a respectful nod to historical institutionalists, and a sneaky wink to ideational constructivists. Below, I highlight all three gestures in the book and probe their payoffs. First, I discuss the contribution of *Dismantling Solidarity* for the conceptualization of welfare politics. Finally, I take a trip with McCarthy's arguments to explore their relevance to other regions and time periods.

Beyond state and market

Social scientists enjoy making tables for typologies, preferably two-by-two if we can manage it, and the best typologies are as exhaustive as possible for the phenomena under study. Much scholarship on the welfare state relies on the construction of typologies and their application across countries. Most analytical approaches, however, have a hard time exhausting the range of observable cases. Think of the proliferation of welfare regime types, from Gøsta Esping-Anderson's original three (liberal, conservative, social-democratic) to innumerable additions and hyphenations thereafter (informal, familial, productivist, rentier, insecurity, etc.).

On the face of it, such welfare-regime typologies propose a set of templates to move past the blinders of twentieth-century liberal ideology, in which the presence of markets meant capitalism and the presence of planning meant socialism. Alternatively, welfare-regime typologies tend to revolve around the *institutions* of social provision, such as the state, the market, or the household,

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all of which could be found in some mix in the midst of 'welfare capitalism.' These typologies also tend to revolve around the *effects* of social provision, such as decommodification vs commodification (degree of reliance on the market for social reproduction), or de-familization vs familization (degree of reliance on the household for social reproduction).

Nevertheless, as scholars from the global South have argued, the welfare-regime approach tends to focus our attention on the presence or absence of the state in social provision. This emphasis brings back the distinction between public and private institutions of social policy as the key typological divide. As a result, the vast majority of countries' social policy systems across the world end up conceptualized as underdeveloped, deformed, or precocious welfare states, with a Whiggish yardstick of wealthy states as the default measurement. When I was researching my book on the Iranian welfare system, for instance (Harris, 2017), I could not find a single decent scholarly volume in Persian or any Western language which outlined the history, politics, and coverage levels of Iran's many social policy institutions. I could find plenty of books and articles, however, which employed vague abstractions to lament on how and why the Iranian welfare system was not as developed as the French, American, or German welfare states.

The oft-noted idiosyncrasies of the US welfare system, however, make for an odd yardstick. Instead of tweaking the welfare regime concept once again in order to cram the US back in, McCarthy proposes an alternate typology altogether. 'Conceptualizing welfare regimes solely in public versus private terms poses important barriers for thinking about how social support can be organized,' he writes. 'This variation should be thought of, not as public or private, but rather more or less *solidaristic* or *market-oriented*, as the classical theorists approached the welfare state generally' (McCarthy, 2017: 10, emphasis in original). Rather than focus on the source of the social provision, McCarthy creates a typology of distributional mechanisms which spans across both publicly- and privately-administered social policies.

Solidaristic vs market-oriented mechanisms, McCarthy shows, do not map neatly onto the distinction of public vs private institutions. Public social policies can dismantle solidarity and individualize the bearing of risk, as in publicly-backed defined-contribution pensions which put the onus of retirement on personal luck and the whims of business cycles. Private pension plans can be collectively bargained through union power, distributing risk across generations of employees through defined-benefit guarantees and cost of living adjustments. Of course, privately administered programs today tend to be organized along market-oriented lines, but this is a historical outcome of US welfare state formation, not an essential characteristic of non-state social provisioning.

Given that nearly all welfare systems in the world contain a mix of public and private provisioning, McCarthy's typology could prove relevant for cases beyond wealthy OECD countries. For instance, how do newer social policies across the global South, from cash transfers in Brazil and old age pensions in South Africa to rural workfare programs in India, all of which cover vast segments of the population, fare for configuring market-reliant vs solidaristic mechanisms of distribution at local and national levels? Answering such questions would require a critical shift in research strategies, fieldwork approaches, and data collection efforts. In other words, I want to highlight McCarthy's reformulation of the concerns of classical welfare scholarship, from T. H. Marshall to Richard Titmuss, for the purposes of analyzing the *politics* of social welfare for the production of social solidarity or narrow individualism. This conceptual contribution deserves recognition on its own merit, aside from his revisionist account of US pension policy formation.

Three worlds of welfare-state theory

At first glance, *Dismantling Solidarity* is a cry to bring capitalism back in to welfare-state theory – not in the 1970s' functionalist attire of neo-Marxian accounts of the regulatory 'needs' of the

capitalist state, of course, as McCarthy is too well versed in recent scholarship to propose a direct relationship between private demands for capital accumulation and the specific forms of twentieth-century US pension policy. Indeed, McCarthy agrees that neo-Marxian theories of welfare state formation were ratchet-like stories that told a one-directional narrative. They could account for policy expansion but not retrenchment. This partly resulted in theoretical banishment of neo-Marxian thought once the Thatcher–Reagan era revealed how little the 'system' needed the partial decommodification of the workforce. The balance of class forces, or even the power resources held across coherent interest groups, do not straightforwardly congeal into policy schemas.

Nevertheless, McCarthy holds, we limit our explanatory power when we altogether ignore the structural pressures on states to facilitate economic growth in a capitalist world-economy. Marx himself called it 'the artillery which batters down all Chinese walls' – that which 'compels all nations, on pain of extinction, to adopt the bourgeois mode of production.' Trotsky characterized such pressure as the 'whip of external necessity' on all states to either develop or perish. Of course, Marx and Trotsky were referring to relatively underdeveloped national economies, not the hegemonic nation-state of their respective eras.

Nevertheless, it is not easy at the top. McCarthy's (2017: 15) account of pension policy formation in the United States argues that the 'capitalist context' imposes constraints on policymakers' options, even as they listen to audible demands from interest groups across the labor–capital divide and muddle through the extant options at the time. If any neo-Marxian account inspires McCarthy's approach, it is the work of Fred Block in the late 1970s, in which politicians attempt to manage the ravages of capitalism amidst the coordination failures of individual capitalists to collectively accomplish such a feat.

To explicate his argument across three cases of policy formation, however, McCarthy relies not on the structuralist hammer of neo-Marxism, but rather on the meso-level toolkit of historical institutionalism. Path dependency from critical historical junctures and unintentional outcomes of institutional design are the heuristic signposts on display. Though remaining unnamed, the concepts of institutional conversion and policy drift are utilized, as when policies formulated for a particular goal are repurposed for another one (Hacker et al., 2015). As a result, the current mix of pension policy in the United States is not a random walk over the twentieth century, but neither was it intentional by design.

Central to *Dismantling Solidarity* is the observation that marketization of pension policy, especially during the 1970s and 1980s, required the strong hand of the interventionist state in the regulation of retirement plans. This is an insight shared by institutionalists, of course, who have made similar arguments criticizing the pluralist, electoral accounts of policy formation proffered by a previous generation of American political scientists. The growing infrastructural power of the American state meant that shifting bureaucratic configurations, increasing technical complexity of regulation, and the proliferation of internal veto points mattered more over time.

This infrastructural power furtively spreads its tentacles into the book itself. True to his critique of neo-Marxian functionalism, McCarthy (2017: 38, 3) prefers to highlight the balance of class forces as a 'mediator on the policy outcome' at successive 'forks in the historical road' rather than a direct determinant. Each of these junctures contained a different set of policy pathways, at times inadvertently inherited from a previous era. Yet even this forceful social mediator moves off the historical stage as the book progresses. As collective labor power declines over the course of the twentieth century, McCarthy shifts from a contingent power resources argument during the Truman administration to a sophisticated institutionalist telling of policy formation in the 1970s and 1980s. In other words, remaining honest to where his empirical materials guide him, McCarthy gets pulled ever deeper inside the state in order to account for the marketization of the US pension policy.

So far, so institutionalist. Yet there is a constructivist core to McCarthy's argument, relying on the ideational construction of crisis itself, that belies the book's back cover blurbs. After all, how do politicians know what is good for capitalism? Are they all walking around with a Phillips curve in their heads? A superb sense of the Keynesian multiplier? A finger on the pulse of capitalist animal spirits? Of course not, McCarthy argues. Politicians care about generating growth, not only because they think it is good for the economy, but because they think it is good for themselves.

McCarthy (2017: 164) highlights two mechanisms through which pressure for capital accumulation can prevail on a politician's calculations for 'professional self-preservation'. The first mechanism is the effect through which a slump in economic growth, collective disinvestment by capitalists, or simply the undermining of business confidence itself can have on income and corporate profits, resulting in lower government revenues from taxation. Here looms the infamous threat of the capital strike, as examined by Michał Kalecki. The second mechanism is the effect of rising unemployment or financial hardship on the re-election chances of the ruling party, which incentivizes government policies to spur short- and medium-term economic growth in parliamentary democracies (McCarthy, 2017: 28–29). This is akin to the political business cycle, put forth by William Nordhaus. As a result, politicians' *ideas* about the political repercussions of capitalist growth and crisis, rather than abstract laws of the falling rate of profit, are the switchmen through which structural pressures constrain politicians' policy choices.

McCarthy pulls apart the decision-making process of key actors in each case, reconstructing the perceptions of capitalist crisis as understood by politicians of each era. Dear reader, do not take my word for it. I am not cherry-picking a slippery postmodern instance out of a sternly materialist account. *Dismantling Solidarity* contains a harvest of juicy constructivist cherries: 'In short, policymakers were responding to structural imperatives as they perceived them' (McCarthy, 2017: 15); policymakers intervened to 'contain and manage crises that they believed were unfolding or were immanent in U.S. capitalism' (15); 'perceived crises in American capitalism both after World War II and in the early 1970s set policymakers on separate courses of action' (78); 'The new administration believed that wage gains were hurting *both* firms and labor' (141); 'The potential power of unions was a perceived crisis for these policymakers' (168), and so on. By the conclusion of the book, again to his credit, McCarthy appears resigned that he has presented an ideational account about how different conceptions of capitalism have led to the formation of different pension policies: 'The keen observer will have noticed that the crises of capitalism, both perceived and anticipated, that policymakers are trying to respond to in this book have come in widely different forms' (170).

In sum, *Dismantling Solidarity* depends on three worlds of welfare-state theory: structuralist, institutionalist, and ideational. The theoretical underdevelopment of the ideational side of the argument is the weakest link, as this remains implicit in the book. Yet it can be buttressed by accounts from constructivist political scientists examining the same time periods (for instance, Blyth, 2002; Seabrooke, 2006). Could McCarthy develop a typology of crisis perceptions to fit with his typology of distributional mechanisms? Different answers to this question may depend on where we look.

Pension policy gone South

The potentials and perils for capital accumulation, of course, were not only on the minds of US politicians during the twentieth century. Such concerns were also on the minds of post-revolutionary Soviet planners and newly independent Third World leaders. Yet the range of pension policy formation across the world from the 1930s to the 1970s – the period under consideration by McCarthy – can help flesh out the scope conditions of the book's argument.

After all, scholars of pension policy in Latin America, the USSR, China, and the Middle East tend to argue that public implementation of pensions was less out of economic necessity or the

requirements of industrial peace than from emulation of perceived 'modern' institutions touted by rapidly industrializing Western states and newly legitimized international organizations. In these cases, shared understandings of the fastest route to state modernization and catch-up with the West often facilitated the early diffusion of public pensions in military, transportation, and nascent industrial sectors. These public pillars were limited to a small portion of the population who gained access through state-driven corporatist restructuring of formal sectors of the economy. Indeed, as Nora Dillon (2015) shows for the case of Maoist China, the first generation of post-1949 industrial shop workers did not even demand retirement pensions. Instead, pensions were doled out from above by CCP planners using policy ideas inherited from the Kuomintang. No balance of class forces occupied the policymakers' minds on the subject of pension policy, even while capital accumulation was of pressing concern. Their attention was largely, and justifiably, directed at a different sort of decommodification policy: land reform.

Once large state-led development projects commenced across the Second and Third Worlds, however, public-sector pensions grew accordingly. These pensions, for those sectors of the labor force that had access, were often very generous. By the 1970s, Middle Eastern and Latin American states, whether commodity exporters or late industrializers, tended to have the highest salary replacement rates for public-sector retirees *across the entire world*. This was because states wanted to hire skilled labor and managers to run the public-sector projects at the core of growth policy. This priority meant that these jobs had to have the highest prestige and remuneration across the labor market, including generous retirement benefits. In Egypt, for instance, public-sector jobs in the 1960s and 1970s were in high demand by women, given these occupations' lavish policies for maternity leave and early retirement. Rather than a cultural hangover from Islamic tradition, the shrinking of public-sector positions across the Middle East is a key factor in the region's stagnant female labor force participation rate (Assaad and Krafft, 2015). As with McCarthy's account, though, pension policies across the Third World could be path dependent, even in the wake of economic recessions and cutbacks in welfare provision elsewhere (Haggard and Kaufman, 2008).

From the vantage point of the present, however, most pension policies across the global South (including former socialist countries) have been either marketized or further cordoned off from the majority of the labor force. This sets up an intriguing comparison between the United States and cases across the world. What did policymakers think they were doing when they created, expanded, and then amended pension policies over the twentieth century? Did the presence of powerful capitalists matter, and, if so, how much? After all, preventing disinvestment was on the agenda of *Gosplan* in the USSR as well, and their planners knew intimately that the plan and the reality were not the same. How different were the ideas which drove pension policy formation across the world, and did the differences matter? Did the Soviet *nomenklatura* dream of capital strikes? Did the oil sheikhs of the Gulf? What about the managers of Mexican state-owned enterprises? They might not have agreed on the role of domestic capital holders for economic growth, but the long-term outcomes seem to still be the same: lurching or sliding towards market-oriented mechanisms of pension policy distribution.

Perhaps formal occupation-based pension systems created across the world differed by degree, rather than type, over the long term. Or, even with varying types of pension systems arising from critical junctures of policy formation, different routes eventually led to the same general outcome. McCarthy's template tempts us to design new studies to make sense of pension politics and their distributive forms beyond commonly discussed countries.

In a narrow sense, then, *Dismantling Solidarity* is a case in itself, as the ideas of US policymakers for bolstering capital accumulation were arguably bound to specific historical conjunctures conditioned by the world around them. Yet in a more vital sense, even among policymakers across the Second and Third Worlds who believed they were enacting anti-capitalist measures, the policy

space proved similarly constraining over the long term. Capitalism, in other words, was not just in their heads. The whip of external necessity cracked over all of them.

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