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Competing Ideas

The Religious Foundations of the German and Italian Welfare States

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ABSTRACT

This thesis investigates the influence of political Catholicism and Catholic social doctrine on the evolution of the continental European welfare regimes. Paradoxically it finds that the doctrine had less influence on the formation of welfare regimes in countries where Catholicism was strong in contrast to countries where it was in a weak minority position. This finding does not only challenge many of the accounts that have perceived and analyzed religious influences on welfare state formation as a static and quantifiable variable but also addresses and rivals most postulations of mainstream welfare state theories such as Logic of Industrialism, Power Resource, Class Coalition and Employer Centered Approaches. In contrast to these postulations this thesis finds that welfare in continental Europe evolved during the 19th century and most of the 20th century as the result of a battle over ideas and worldviews between different societal groups and their political outlets. Which idea and worldview makes its way into institutional implementation is not primarily connected to the mere numerical strength or power resources of its societal and political representation but is a function of the performance of the programmatic ideas themselves. Decisive is how they strive in competition with other programmatic ideas. Two mechanisms stick out that determine whether programmatic ideas are successful: the performance and evolution of the idea in a process of ideational competition and the degree of ideational compatibility of a programmatic idea with other ideas that enables the formation of ideational and political coalitions. The programmatic ideas and hence the worldview that performs these two tasks best wins its way into institutional implementation. Though, ideational competition, evolution and implementation is not solely endogenous to the battle of ideas but structured through a variety of exogenous factors such as the institutional (election system, mode of governance, degree of enfranchisement) and structural-material environment (pace of industrialization, spatial diffusion of economic development, number of ideational competitors). The thesis will show against the backdrop of the Italian and German welfare state development, from the end of the 19th century to the present, that these battles of ideas and worldviews were a major driver in how continental European political economies were structured during the 20th century.

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1 Introduction

1.1 The Religious foundation of the German and Italian Welfare States

This thesis is an in-depth analysis of the influence of Catholic social teaching on the evolution of the Continental European Welfare regimes. The study examines how (and why) the idea of Catholic social teaching contextually evolved over the past century, and traces back how much impact it had on the institutional construction of modern continental European welfare.

The results are counterintuitive. While the doctrine had little influence in countries where Catholicism was hegemonic, it had a much greater say in the countries where Catholicism was confronted by a Protestant *Leitkultur* or by strong left parties. In fact in Catholic countries the development of the doctrine was forestalled. The approach to trace back the construction of socioeconomic ideas contextually and against the backdrop of material, social and institutional constraints proved fruitful. Rather than assuming preferences or reading them from the institutional or socioeconomic environment, the thesis asks how actors think about their interests through the lenses of their worldviews. This provided a more detailed and nuanced explanation for the evolution of the Continental European welfare cluster than the more commonly applied variations of functional Logics of Industrialization,¹ Power Resource Approaches,² Varieties of Capitalism,³ or Revisionist combinations of risk exposure and cross class coalitions.⁴ Furthermore, its explanatory

¹ Wilensky, H. (1975) *The Welfare State and Equality*, Berkley, University of California Press.

² Huber, E. & Stephens, J. D. (2001) *Development and crisis of the welfare state: parties and policies in global markets*, Chicago, The University of Chicago Press; Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*, Princeton, Princeton University Press; Korpi, W. (1983) *The Democratic Class Struggle*, Rutledge & Kegan Paul, London.

³ Hall, P. & Soskice, D. (2001) *Varieties of Capitalism*. Cambridge, Cambridge University Press; Swenson, P. (2002) *Capitalists against markets : the making of labor markets and welfare states in the United States and Sweden*, Oxford, Oxford University Press; Mares, I. (2003) The Sources of Business Interest in Social Insurance: Sectoral versus National Differences, *World Politics*, Vol. 55, No. 2, January 2003, pp. 229-258.

⁴ Baldwin, P. (1990) *The politics of social solidarity: class bases of the European welfare state, 1875-1975*, Cambridge, Cambridge University Press; Cusack, T., Iversen, T. & Rehm, P. (2006) Risks at Work: The Demand and Supply Sides of Government Redistribution, *Oxford Review Economic Policy* 22(3): 365-389; Rehm, P., Hacker J. S. & Schlesinger, M. (2012a) Insecure Alliances: Risk, Inequality, and Support for the Welfare State, Paper presented in the

power also proved optimal compared to the conventional “parties matter” approaches that are used to assess Christian Democratic welfare policy impact.⁵

Three focal points of continental European history of the past 150 years lie at the center of the study. The phase of early modern welfare implementation at the end of the 19th century, the re-lock in of old paths after World War Two and the run up to recalibration and retrenchment during the 1990s and early 2000s. The study investigates two crucial cases of continental European welfare and Christian Democratic influence: Italy and Germany.

1.2 Bismarck and the Black International: Early Modern Social Security

While Catholic social teaching had little influence on the formation of the Italian welfare state, despite Catholicism being in the strongest political position in Italy, it did have a strong influence in Germany where Catholics were in a minority position. The key to this puzzle lies in the absence or presence of ideational challenge and competition. While the Church held an unchallenged monopoly on pre-modern welfare institutions in Italy at the turn of the 19th century, the dominance of laissez faire liberalism amongst the early liberal Italian political elites prescribed a residual role for the state in welfare. Hence, Catholicism was never stimulated to adapt and modernize its medieval poor relief ideas nor was liberalism forced to adopt modern social liberal positions. In contrast, Catholicism in Germany was in a minority position and thus exposed not only to political authoritarian (Protestant) pressures but also, later, to competition for the loyalty of Catholic workers from the Left, so it had to modernize and update its classic welfare ideas. This resulted in the formulation and partial institutionalization of a strong modern social policy doctrine of German political Catholicism.

Comparative Politics Working group, European University Institute. Also published as: Rehm, P., Hacker J. S. & Schlesinger, M. (2012b) Insecure Alliances: Risk, Inequality, and Support for the Welfare State, *American Political Science Review* 106(2), pp. 386–406.

⁵ Huber, E., Ragin, C. & Stephens, J. D. (1993) Social Democracy, Christian Democracy, Constitutional Structure, and the Welfare State, *The American Journal of Sociology*, No. 99, pp. 711-749; van Kersbergen, K. & Manow, P. (2009) *Religion, Class Coalitions and Welfare States*. Cambridge, Cambridge University Press; Schmidt, M.-G. (1988) *Sozialpolitik*, Opladen, Leske und Budrich.

1.3 Christian Socialism or the Spirit of Capitalism: The Post-War Settlement

The second period under investigation centers on the post-war settlement. In light of the failure to forestall fascism and its partly intertwining with it, Catholicism in both countries reformulated its doctrine. The lessons they drew from the past were very different. While in Germany Catholicism was now bound together with Protestantism within a single Christian Democratic movement and therefore open to a broad ideological reformulation of its positions, this was not the case in Italy. In Germany this provoked a harsh battle which ended in the compromise of the very special blend of the free market economy demanded by the Protestant (Ordoliberal) coupled to a heavy social insurance state that compromised Catholicism's strive for corporatism. In Italy the absence of a Protestant counterforce led to the introduction of semi-corporatist structures after the liberal experiments of the De Gasperi era. This Italian post-war corporatism soon drifted into rampant clientelism.

1.4 The End of History?

Both models of thinking about economy and welfare ran into trouble in the 1980s and 1990s. The Italian Christian Democratic socioeconomic model stagnated in the early 1990s, thereby exhausting the funds of the clientelist party machine and leading to the implosion of the Italian Christian Democrats (Democrazia Cristiana). The German Christian Democrats witnessed, for their part, a major crisis of identity due to the influence of new neo-liberal ideas that seemed irreconcilable with the (Catholic) welfare core of the party. Furthermore, post-materialism, the shift towards a service economy and the increasing participation of women in the workforce created demands on the party that did not sit easily with its Catholic foundations. Accelerated through the shift in the German denominational balance through unification and stipulated by the realignment of the German Social Democrats in the 1990s, this began a slow process of Christian Democratic alternation from a Catholic towards a Neo-Protestant party. This process gradually started to unfold in the late 1990s and early 2000s parallel to the remodeling of the German welfare institutions by the Social Democrats. The thesis will show the impact of this change against the background of the dramatic shift in Christian Democratic family policy. The convergence of both of the

formerly 'big' welfare parties in Germany will be constitutive for a new and very different German model of Capitalism in the 21st century.

1.5 Implications

The findings of the thesis carry three central implications. First, Catholicism had an impact on the formation of the Continental European welfare regimes but it did so in a very different way than research has so far assumed. Second, the study of the contextual and longitudinal reconstruction of social and economic ideas turned out to be the key to understanding policy impact in the cases I studied. It was through these doctrines that political actors deciphered and interpreted material interest and socioeconomic pressures for their policies. Third, the transformation of the policy positions of Christian Democratic parties that we witness today is not a de-ideologization towards the median voter, but rather a specific reformulation of Christian Democratic ideas into a Neo-Protestant (social) liberal position on economic policy. This way of thinking is not new to Germany. Indeed, as early as the 19th century it had been part of the ideological luggage of political Protestantism, both in its liberal and Conservative subcultures. After 1945 it became part of the Christian Democrats but has, to this today, been confined to a minority position. Its resurfacing together with the third way realignment of the Social Democrats will be constitutive of the development of the Continental European socioeconomic model in the 21st century.

The thesis deals with central questions of contemporary political economy. It is an empirical as well as a theoretical contribution to both the Varieties of Capitalism and the World of Welfare debate. The thesis goes beyond the most popular approaches in both debates by empirically and historically reconstructing and contextualizing the evolution of the specific Christian Democratic mode of thinking about the interaction and structuring of economy, society and state. It is therefore a contribution that helps to better understand the origins of "Non Liberal Capitalism".⁶ What delineates the following contribution from others is that it is not based on theoretically stylized actor's preferences. Instead, it explores

⁶ Streeck, W. (2001) Introduction: Explorations into the Origins of Non Liberal Capitalism in Germany and Japan, IN: Streeck, W. & Yamamura, K. (eds.) *The Origins of Non Liberal Capitalism*, Cornell, Cornell University Press.

how interest and socioeconomic constraints interact with the political actor's ideological luggage. This two-step approach of first reconstructing ideas and interests and then checking for their policy impact provided a much more multifaceted picture of the evolution of the Continental socioeconomic model than conventional approaches.

2 Theory and Concept

Abstract

This study investigates the influence of religion on the formation of the modern continental European welfare state. Denominational influence on welfare has only been treated as a residual influential factor by the major strands of welfare state theory. This is a paradox as it is common ground that the Churches were responsible for the bulk of welfare provision prior to industrialization and therefore had a considerable stake in it.¹ The following Chapter will sketch out why religion should not be treated as ephemeral in our accounts not only regarding the origins but also the development of modern European welfare. By conducting an overview of the major strands of welfare state theory the chapter will show that classic welfare state research could not incorporate religion as an influential factor due to the specific epistemological takes of these approaches. The second half of this chapter will show how to overcome these lacunas. I will develop a framework that draws on recent developments of the “ideational turn” in comparative politics to do so. This entails a conceptualization of religious views on welfare as programmatic ideas and worldviews. In contrast to usual ideational approaches, this account of continental European welfare is not only interested in how these religiously informed ideas on welfare influence institution-building, but also how the ideas themselves evolve in response to changing contextual conditions. What emerges towards the end of this chapter is a framework that helps both the study of the politics of religiously informed welfare doctrine and the assessment of its impact on policy. The chapter closes with a discussion on case selection and the plan of the book.

A plethora of arguments could be made for a deeper scrutinizing of religion as an influential factor on welfare state formation. Here I picked three that I deem of major concern: the

¹ Besides the Churches, Gilds, Feudal institutions and the family were the major welfare providers. Alber, J. (1982) *Vom Armenhaus zum Wohlfahrtsstaat*, Frankfurt/New York, Campus Verlag, , p. 24; Ritter, G. A. (1982) *Sozialversicherung in Deutschland und England: Entstehung und Grundzüge im Vergleich*, München, C.H. Beck.

composition of pre-modern welfare; religion as a key cleavage of modern continental European politics in the 20th century; the neglect of Christian Democracy in comparative politics.

Before the advent of modern welfare, most of European welfare had been run by the Churches. The major religious denominations all had clearly defined welfare doctrines that they implemented through welfare institutions they had fostered for centuries.² The Churches ran poor houses, hospitals and hospices. These were clearly vested interests which gave denominational organizations a considerable initial stake in the political game of implementing modern welfare. In fact, when modern states increasingly tried to organize modern welfare on the national level, as a response to industrialization at the end of the 19th century, they entered into heavy conflict with religious institutions. Next to education and schooling, the conflict around welfare was the second most important and often disregarded battlefield of secularization in Western Europe.³

The Church-State conflict is one of the foundational cleavages of European party systems that manifested itself in the formation of Christian Democratic parties in continental Europe.⁴ This extends not only to how the State Church conflict, identified by Rokkan, fused into the modern European democratic systems but also a similar effect, only scarcely mentioned by the same author, regarding the interdenominational conflicts and frictions between different versions of Christianity. Examples are the institutionalization of a pillarized society in the Netherlands or the manifestation of Protestant Christian Democratic parties that evolved parallel to their Catholic counterparts in Switzerland. In fact, religion has managed to institutionalize itself in Western European state structures and party systems way past the physical and spiritual process of secularization as Bartolini and Mair show in their test of Rokkan's freezing hypothesis.⁵ Albeit part of one of the major four

²Alber, J. (1982) p. 24; Kahl, S. (2005) The Religious Roots of Modern Poverty Policy: Catholic, Lutheran, and Reformed Protestant Traditions Compared, *Archives Européennes de Sociologie (European Journal of Sociology)*, Vol. XLVI, 1, pp. 91-126; Kahl, S. (2006) *The Religious Foundations of the Welfare State: Poverty Regimes, Unemployment, and Welfare-to-Work in Europe and the United States*. Dissertation, Humboldt-Universität zu Berlin.

³ The conflict was especially virulent where a secular-liberal nation-building process unfolded in predominantly Catholic countries. The process was softer in countries where the state church conflict had been resolved early on by fusing state and church as in the cases of the Protestant Nordic state churches.

⁴ Lipset, S. & Rokkan, S. (1990 [1967]) Cleavage Structures, Party Systems, and Voter Alignments, IN: Mair, P. (ed.) *The West European Party System*, Oxford, Oxford University Press, pp. 102-104.

⁵ Bartolini, S. & Mair, P. (1990) *Identity, Competition, and electoral availability: the stabilization of European electorates 1885-1985*, Cambridge, Cambridge University Press, pp. 57, 287, 291;

cleavage lines of Rokkan's framework, religion has so far largely been neglected by researchers in favor of the supposedly paramount class cleavage.⁶ Nevertheless, considering the formation of continental welfare, cross class cleavage cutting Christian Democracy should be taken into consideration. Not only did it become the dominant political movement in continental Europe after the Second World War but "in some countries – Italy being a prime example – social class was never a prime predictor of party choice" as Esping-Andersen remarks.⁷ Various quantitative studies have shown that Christian Democracy had its own specific impact on the welfare state that differed considerably from its Social Democratic counterpart. Religion and the state-church cleavage have become a constitutive part of the "freezing" of European electorates and party systems precisely because they have been institutionalized and incorporated in a number of politico-cultural western European institutions such as the welfare state.

The last point in favor of a closer look at the effect of religion in the sphere of welfare regards the fact that Christian Democracy has so far remained a notoriously understudied object in comparative politics.⁸ While studies on Social Democracy and the European political left fill whole floors in political science libraries, books on Christian Democracy usually do not occupy more than a shelf.⁹ This seems odd since political Catholicism reacted to the oppression of Bonapartist states in the late 19th century with a politicized organization that shows remarkable congruencies with the reactions of the Socialist movement. Furthermore, the resurgent prominence in studies of democratization and development of Weber's thesis drawing a connection between Protestant sects, capitalism and eventually liberal democratic institutions point out that religion is still a force to reckon

Lipset, S. M. & Rokkan, S. (1990 [1967]) p. 103. Though, also their book studies the European electorates foremost along class lines at expense of the state church and center periphery cleavages. Bartolini, S. M. & Mair, P. (1990) p. 65.

⁶ Bartolini, S. (2000) *The Political Mobilization of the European Left 1860-1980*, Cambridge, Cambridge University Press, pp. 11-14.

⁷ Esping-Andersen, G. (1999) *Politics without Class: Postindustrial Cleavages in Europe and America*, IN: Kitschelt, H.; Lange, P.; Marks, G. & Stephens, J. D. (eds.) *Continuity and Change in Contemporary Capitalism*, Cambridge, Cambridge University Press, p. 308.

⁸ Kitschelt, H. (1994) *The Transformation of European Social Democracy*, Cambridge, Cambridge University Press, p.1.

⁹ No such comprehensive treatments, both in breath and in depth, like the ones of Bartolini and Kitschelt on Social Democracy exist for Christian Democracy in Europe. See: Bartolini, S. (2000) and Kitschelt, H. (1994).

with.¹⁰ Not to assess the ideology of Christian Democrats and its impact on welfare would be to cut off one half of the history of European modern political development.

While these are three general arguments in favor of the study of religion and modern welfare evolution, the following will review the major three schools of comparative welfare state research in comparative politics and assess why they have so far turned an analytical blind eye to religion as an explanatory factor.

2.1 The Origins of Welfare

2.1.1 The logic of industrialism

the evolution of the welfare state clearly represents a universal aspect of modernization

Peter Flora¹¹

The 'Logic of Industrialism' (LoI)¹² was the first dominant welfare state research paradigm of modern comparative politics. LoI is a spin-off of modernization theory and sees the emergence of a welfare regime as a functional response to the social needs created by industrial production.¹³ Accelerated urbanization and industrialization crowd out and disable traditional risk hedging institutions such as family, guilds and religious institutions.¹⁴ Modern social security legislation evolves as a direct response to this. Wilensky gets to the point in 1975 by noting that "On the basis of a cross-sectional analysis of sixty-four countries, I conclude that economic growth and its demographic and bureaucratic outcomes are the root cause of the general emergence of the welfare state".¹⁵ Technically LoI accounts measured and compared levels of industrialization and modernization (urbanization, literacy rates, steel production etc.) through quantitative indicators and confronted them with the onset of modern welfare legislation across different cases. Divergences between welfare

¹⁰ Woodberry, R.D. (2012) The Missionary Roots of Liberal Democracy, *American Political Science Review*, Vol. 106, No.2 pp. 244-274.

¹¹ Flora, P. (1986) Introduction, IN: Flora, P. (ed.) *Growth to Limits: Volume 2*, Walter de Gruyter, Berlin, p. XIV.

¹² Korpi, W. (2006) Power Resources and Employer-Centred Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters and Antagonists, *World Politics*, Vol. 58, No. 2 (Jan. 2006), pp. 167-206, p. 167.

¹³ Esping-Andersen, G. (1990) p. 13. Huber, E. & Stephens, J.D. (2001) p. 15.

¹⁴ Van Kersbergen, K, & Beckert, U. (2002) Comparative Politics and the Welfare State, IN: Keman, H. (ed.) *Comparative Democratic Politics*, Sage Publications, London, p. 188.

¹⁵ Wilensky, H. (1975)p. XIII.

states were captured as differences in overall spending. Why some states spend more and others less on welfare was attributed to divergences in timing of industrialization and modernization. The existence of “Welfare state leaders and laggards”¹⁶ was acknowledged but over the long run they were believed to converge towards one welfare state model. The early Lol literature was interested in why welfare states came about rather than why they took different forms.¹⁷

An intermediation of functional demands through political and socioeconomic institutions or political mobilization was negated. According to Wilensky

alternative explanations collapse under the weight of such heavy, brittle categories as “socialist” versus “capitalist” economies, “collectivist” versus “individualistic” ideologies, or even “democratic” versus “totalitarian” political systems. However useful they may be in the understanding of other problems, these categories are almost useless in explaining the origins and general development of the welfare state.¹⁸

Nevertheless, not even the early functionalists were as ‘functional’ as their later critics wished them to be. Indeed, Flora and Heidenheimer had already relaxed the depoliticized orthodoxy of early Lol accounts when noting in the introduction to their seminal volume that:

the growth of the modern welfare state can be understood as a response to two fundamental developments: the formation of national states and their transformation into mass democracies after the French Revolution, and the growth of capitalism that became the dominant mode of production after the Industrial Revolution.¹⁹

Modern welfare state expansion was therefore not only a result of industrialization but also of democratization. Intrigued by the timing of early modern social security, Flora and Alber soon introduced a “politicized version”²⁰ into Lol which casts modernization as a

¹⁶ Wilensky, H. (1975) p. XIV.

¹⁷ Van Kersbergen, K. & Beckert, U. (2002) p. 189. Van Kersbergen puts this already in 1995 in elegant terms: “The prime explanatory problem for these theories concerns the very existence of, rather than the variation among, Western welfare states”; see also: Van Kersbergen, K. (1995) *Social Capitalism: A study of Christian Democracy and the Welfare State*, London, Routledge, p. 10.

¹⁸ Wilensky, H. (1975) p. XIII.

¹⁹ Flora, P. & Heidenheimer, A. J. (1981) The Historical Core and Changing Boundaries of the Welfare State, IN: Flora, P. and Heidenheimer, A. J. (eds.) *The Development of Welfare States in Europe and America*, New Brunswick, Transaction Books, p. 22.

²⁰ Leibfried, S. & Mau, S. (2008) Introduction, IN: Leibfried, S. & Mau, S. (eds.) *Welfare States: Construction, Deconstruction, Reconstruction: Volume I, Analytical Approaches*, Cheltham, Edward Elgar, p. XVIII.

“multidimensional social process that brings about economic growth and social and political mobilization, and transforms the political order through democratization and bureaucratization”.²¹ In the mid-1980s Flora acknowledged in the introductory chapter to his *Growth to Limits* series that “The fact that the modern welfare state originated in the late nineteenth century in Europe may thus be simply explained by the comparatively high levels of industrialization and democratization achieved in this region of the world.”²² The increased interest in politics becomes a constitutive part of later functionalist work. For Alber the prime question is “whether social insurance primarily reflects a necessity of socioeconomic development, or whether it can be better understood as a product of political confrontation.”²³ Based on Stein Rokkan’s model of modern state development, functionalism systematically later included the democratic class struggle by considering indicators such as suffrage extension, the foundation of left parties, the possibility to form unions and also increasingly institutional factors.²⁴ However, these works were firmly anchored in a functionalistic understanding of causality, investigated through research strategies of comparative statics.

A special version of functionalism is the neo-functionalist literature of neo corporatism. Scholars like Streeck and Schmitter point out that the roots of the special forms of associative conduct between capital and labor that dominated the political economy of continental Europe in the 1970s might be traced to either the guild system that had organized the society, economy and politics of the late medieval European cities or to Catholic social thinking.²⁵ Whatever its roots may be, Streeck and Schmitter argue that neo corporatism today operates largely detached from them. They put forward that “Of course, Catholic Social doctrine, with its underlying concept of ‘natural law’ and its organic,

²¹ Leibfried, S. & Mau, S. (2008) p. XVIII.

²² Flora, P. (1986) p. XIII.

²³ “ob die Sozialversicherung primär ein Erfordernis der sozio-ökonomischen Entwicklung darstellte, oder ob sie besser als Produkt politischer Auseinandersetzung verstanden wird.“ Alber, J. (1982) p. 21.

²⁴ The results of Alber’s study are counterintuitive to what one would expect (namely that earlier parliamentarization would lead to earlier welfare formation). As Heidenheimer writes in a review to his book “he demonstrates that before 1900 the “not yet parliamentarized” monarchies adopted SI laws at twice as high a rate as did the parliamentary systems.” Heidenheimer, A.J. (1984) Review, *The Journal of Interdisciplinary History*, Vol. 15, No. 2 (Autumn, 1984), pp. 324-345, p. 343.

²⁵ Streeck, W. & Schmitter, P. (1985) Community, market, state – and associations? The prospective contribution of interest governance to social order, IN: Streeck, W. & Schmitter, P. (eds.) *Private Interest Government: Beyond Market and State*, London, Sage.

collectivist image of society, cannot really provide a normative justification for today's secular corporative-associative structures and practices."²⁶ Neo-corporatist organization has become a pure functionalist response of capital and labor to a series of coordination problems that the state alone cannot resolve. Accordingly, these scholars do not advocate any distinction between Social Democratic and Christian Democratic forms of neo corporatism. In fact Schmitter claims that aspects of corporatism can be found in almost any European ideological movement from right to left. This makes its ideational roots spurious and its existence purely functional.²⁷ Hence, countries like Austria, Norway, Sweden and West-Germany are all grouped under the same neo-corporatist label.²⁸

As intriguing the neo-corporatist scholars are in their concepts, these are not of central concern for this thesis. In the neo-corporatist framework, welfare is only a side effect of the intensified associative collaboration of capital and labor.²⁹ The literature is primarily concerned with collective wage bargaining, work regulation and unemployment insurance. These systems emerged in most continental European countries during the 1920s as a result of Social Democratic or Christian Democratic politics. Neo-corporatism only indirectly engages with the earlier social security systems of old age, invalidity and sickness, hence with the foundations of the welfare state, that are investigated in this thesis.

The functionalist and neo functionalist research agenda also left an imprint on qualitative researchers. Inspired by the politicized versions of functionalism scholars like Weir, Orloff and Skocpol³⁰ found that not only did the timing of industrialization matter but also the state structures in which it unfolded. This research was mainly focused on the US and evolved as a nuanced off-shoot next to the dominant paradigms. Nevertheless, it paved

²⁶ Streeck, W. & Schmitter, P. (1985) p.23.

²⁷ Schmitter, P. (1979) Still the Century of Corporatism? IN: Schmitter, P. & Lehmbruch, G. (eds.) *Trends Towards Corporatist Intermediation*, Beverly Hills, Sage, pp. 8-13.

²⁸ Streeck, W. & Schmitter, P. (1985) p. 15.

²⁹ So do for example Streeck and Kenworthy mention the word welfare only three times in their key contribution. See: Streeck, W. & Kentworthy, L. (2003) *Theories and Practices of Neo Corporatism*, IN: Janoski, T., Alford, R. R., Hicks, A. M. & Schwartz, M. A. (eds.) *The Handbook of Political Sociology*, Cambridge, Cambridge University Press.

³⁰ Weir, M.; Orloff, A. S. & Skocpol, T. (1988) 'Introduction: Understanding American Social Politics' In: Weir, M.; Orloff, A. S. & Skocpol, T. (eds.) *The Politics of Social Policy in the United States*, New Jersey, Princeton University Press; see also: Skocpol, T. (1992) *Protecting Soldiers and Mothers*, Harvard, Harvard University Press; and: Skocpol, T. (1985) *Bringing the State Back In: Strategies of Analysis in Current Research*, IN: Evans, P.B.; Rueschemeyer, D. & Skocpol, T. (eds.) *Bringing the State Back In*, Cambridge, Cambridge University Press.

the way for the neo-institutionalist historical³¹ phase of the early 1990s when scholars like Steinmo, Immergut and Thelen applied institutionalist arguments to explain the evolution of public policy such as, tax-, unemployment-, and health care policy.³²

Religion also plays a role in the late functionalist frameworks. In line with Stein Rokkan, Catholicism and Protestantism are ascribed a welfare retarding and enhancing role, respectively. Protestantism entails quicker industrialization and democratization and therefore the formation of the welfare state begins earlier. We can conclude that, even though it is open to considering political and even religious variables, even 'later' functionalism is also more interested in the functional logic and timing of the introduction of modern welfare programs rather than on systematic differences between welfare regimes.³³

2.1.2 Power Resource Approach

in a capitalist democracy the probability of a development in the direction of economic democracy depends primarily on changes in the distribution of power resources between its major classes
Walter Korpi³⁴

During the 1980s, the Logic of Industrialism was increasingly criticized for the narrow role that it attributed to politics. In particular, Marxist and neo-Marxist scholars lamented that the key social concepts of class, class formation and class struggle were absent in most Lol accounts.³⁵ With the decline of Lol, the Power Resource Approach (PRA) rose as the dominant paradigm in welfare state research during the 1980s and 1990s. Central to PRA is a class model in which capital and labor are pinned against one another. The relative power resources of labor (left-wing parties and unions) are the most crucial factors in determining

³¹ Steinmo, S.; Thelen, K. & Longstreth, F. (1992) *Structuring Politics: Historical Institutionalism in Comparative Analysis*, Cambridge, Cambridge University Press.

³² Immergut, E. (1992) *Health Politics*, Cambridge, Cambridge University Press; Thelen, K. (1991) *Union of Parts: Labor Politics in Postwar Germany*, Ithaca NY, Cornell University Press; Steinmo, S. (1993) *Taxation and Democracy: Swedish, British and American approaches to Financing the Modern State*, New Haven, Yale University Press.

³³ Jens Alber writes in the preface of his ground breaking contribution from 1982 that the "analysis scrutinizes variation in timing of the introduction of social insurance. See: „Die erste hier neu angestellte Analyse untersucht die zeitlichen Variationen der Einführung der Sozialversicherung.“ Alber, J. (1982) p. 21.

³⁴ Korpi, W. (1983) p. 4.

³⁵ Korpi, W. (1983) pp. 1-2.

the shape and size of a welfare regime.³⁶ As Huber and Stephens summarize, “to power resource theory, the balance of class power is the primary determinant of variations through time and across countries in welfare state effort”.³⁷ Wilensky’s central question of the welfare state – “who gets what, how, and why”³⁸ – is, in contrast to Lol, not a function of the speed of industrialization for PRA but of the power resources of class. The approach assumes ample ideological overlap between the interest of labor and Social Democracy. Walter Korpi, one of the fiercest promoters of PRA, notes that “the presence of reformist socialist parties in the government can bring public policies closer to wage-earner interests.”³⁹ Therefore, the more power Social Democracy accumulates in a country through the organization of wage earners within the Social Democratic movement, the better it can translate this power into egalitarian, universal and redistributive welfare arrangements.⁴⁰ In the long run this alters the class relation in favor of the working class. Korpi concludes that in Sweden “through this process they have undermined the foundation of the capitalist system of wage labour.”⁴¹ Religion has no place in such a model as an actor’s motivation is strictly based on the material divergences of class. PRA has to actively negate the potential influence of religion as it would ultimately delegitimize the PRA model. When PRA scholars are confronted with the empirical fact that a part of continental European workers found a political home within Christian Democratic parties and unions they usually attribute “false consciousness” to these workers.⁴²

The PRA model builds largely on studies of Social Democracy in Scandinavia.⁴³ This “Swedocentrism”⁴⁴ was one of the earliest critiques of the model. Tests of PRA beyond

³⁶ Leibfried, S. & Mau, S. (2008) p. XVII.

³⁷ Huber, E. & Stephens, J. D. (2001) p. 3.

³⁸ Wilensky, H. (1975) p. XV.

³⁹ Korpi, W. (1983) p. 25.

⁴⁰ Van Kersbergen, K, & Beckert, U. (2002) p. 190.

⁴¹ Kropi, W. (1983) p. 4.

⁴² The reaction of classical PRA scholars to the phenomenon of workers organizing in confessional parties or confessional unions was to claim that these workers must have joined Christian Democratic parties out of ‘false consciousness’. Orthodox PRA treats it as a strategic move of the Vatican to weaken the working class movement in Continental Europe. See: Korpi, W. (2006) pp. 175-176. Maybe not too surprisingly, the Catholic side argues the other way round. Striking is that early promoters of Catholic Social teaching like Bishop Ketteler in Germany had already warned in the 19th century that the hostility of the socialist workers’ movement towards religion would lead to a weakening split in the working class. Misner, P. (1992) p. 588.

⁴³ In his 1983 contribution Korpi analyses the OECD countries but his main case study is Sweden. Also Esping-Andersen focuses in his 1985 book on Denmark, Sweden and Norway.

⁴⁴ Esping-Andersen, G. (1990) p. 17.

Scandinavia by second generation PRA scholars led to a number of modifications of the original concept.⁴⁵

In an early critique Swenson pointed out that for a class approach PRA had focused too narrowly on the power resources of the working class and turned a blind eye to the capitalist class.⁴⁶ Furthermore, second generation PRA scholars argued that classes do not have to primordially be pinned against one another. In fact, it was historically seldom that the working class built universal welfare states alone as left parties were usually not able to achieve an absolute majority. Peter Baldwin was one of the first to systematically show that the Scandinavian welfare states were effectively the result of a cross class coalition between working and middle class. Struck by the high benefit levels of the Scandinavian system and “encouraged by the failure to develop a more applicable version”⁴⁷ of the “laborist approach” (PRA) he puts forward that “In fact, to the extent that social policy has ever gone beyond economically and functional minimum, it is hard to deny the role played by the middle classes”.⁴⁸ Baldwin argues that, depending on the development of the historical context, different classes might develop common interests if they share similar risks. His analysis points out that “In many cases, the bourgeoisie, or various subcategories thereof also developed pressing interests in social policy, not just as Bonapartist manipulators, but as creatures subject to misfortune”.⁴⁹

Other second generation PRA scholars pointed out that the fragmentation of the political right was favorable for universal and redistributive welfare regimes.⁵⁰ Reasoning about the potential influence of the right, Stephens mentions that Christian Democratic parties could have played a major role in establishing social security.⁵¹ Esping-Andersen builds on this and points to the severe fallacy of the PRA school’s equation of the preference of labor with Social Democracy. He puts forward that “we cannot assume that Socialism is

⁴⁵ Leibfried, S. & Mau, S. (2008).

⁴⁶ Swenson, P. (1991) Bringing Capital Back in, or Social Democracy Reconsidered: Employer Power, Cross-Class alliances, and Centralization of Industrial Relations in Denmark and Sweden, *World Politics*, Vol. 43, No. 4 (Jul., 1991), pp. 513-544; p. 514.

⁴⁷ Baldwin, P. (1990) p. 9.

⁴⁸ Baldwin, P. (1990) p. 9. Esping-Andersen emphasizes in a similar vein that in the Scandinavian case it was not only the working class but instead a coalition between workers and farmers and their political representatives that brought these regimes about.

⁴⁹ Baldwin, P. (1990) p. 9.

⁵⁰ Van Kersbergen, K. & Beckert, U. (2002) p. 191.

⁵¹ Stephens, J. (1979).

the natural basis for wage-earner mobilization”⁵² and points out “that denominational (usually social Catholic) parties in countries such as Holland, Italy and Germany mobilize large sections of the working classes and pursue welfare-state programs not drastically at variance with their socialist competitors”.⁵³ Note though that Esping-Andersen does not diverge from the material class base of PRA.

Like the second generation Lol scholars, the PRA second generation was never as orthodox as their later critics depicted them. Instead, they opened the PRA orthodoxy by emphasizing the reality of cross class coalitions and contributed to the advent of the next upcoming paradigm in welfare state research which emphasized the role of employers that constructed the welfare state in alliance with the working class.

2.1.3 Employer Centered Approaches

unions and the Left exercise institutionalized power in advanced industrial societies not against or in any way at the expense of employers

Peter Swenson⁵⁴

The core argument of the Employer Centered Approaches (ECAs) is that employers had a genuine interest in welfare state formation because it guaranteed them higher advantages and benefits in their economic productivity.⁵⁵ ECAs have taken many different shapes and forms over the past decade, but they all share one common denominator: the driving force for employers to actively engage and demand social security schemes is rooted in employer’s fixed preferences to maximize their material profits and welfare can contribute positively to reaching this goal.

Swenson was one of the first to make an employer centered argument. In a qualitative study of the Danish and Swedish case,⁵⁶ he argues that it is the production and export strategy of a given industrial sector that determines whether employers push for social

⁵² Esping-Andersen, G. (1990) p. 17.

⁵³ Esping-Andersen, G. (1990) p. 17.

⁵⁴ Swenson, P. (1991) p. 514.

⁵⁵ Curiously, rational choice based ECAs employ a logic very similar to that of earlier neo-Marxist accounts of the welfare state, where “Welfare exists because capital needs it” as van Kersbergen puts it. Van Kersbergen, K. (1995) p. 11. See also: O’Connor, J. (1973) *The fiscal Crisis of the State*, New York, St. Martin’s.

⁵⁶ Swenson, P. (1991).

security arrangements. It is therefore not the working class power resources that drive welfare expansion but instead welfare is promoted by a cross-class coalition of employers and workers within the same production regime.⁵⁷ He notes that “In fact, the Danish and Swedish Left secured power in tacit alliance with dominant groups of employers.” This “cross-class alliance model” – as Swenson calls it – was the product of “mutual interests of sectoral groupings that dominated employer and union confederations.”⁵⁸ Swenson essentially argues that conflict within classes can lead, under certain conditions, to cross-class alliances that bring about welfare state expansion. Therefore, “Organized employers wanted and aggressively promoted the centralization of industrial relations in Scandinavia.”⁵⁹ Furthermore, for Swenson, the “corporatist fusion of state and societal power” in Scandinavia was a process which was “co-optative, operating at the expense of labor rather than of capital.”⁶⁰

Taking this as a point of departure, Hall and Soskice developed their VoC (Varieties of Capitalism) argument.⁶¹ VoC puts the firm at the center of analysis and argues that employers’ and employees’ demand for welfare is regulated by their reliance on asset specific or general skills. VoC sees the OECD countries divided into Coordinated Market Economies (CMEs) and Liberal Market Economies (LMEs). Whereas firms operating in LMEs do not rely on highly specific skill assets of the workforce, those operating in CMEs do. Employers will demand social security schemes in CMEs as it increases labor’s willingness to invest in highly specific and non-transferable skills.⁶² According to Estevez-Abe, Iversen and Soskice “Young people are less likely to invest in specific skills if the risk of loss of employment opportunities that require those specific skills is high.”⁶³ Welfare makes sure that workers invest in specific skills and hence employers “who rely on specific skills to compete effectively on international markets”⁶⁴ support welfare. CME countries are therefore very likely to have complex and encompassing social security schemes because “Workers must be persuaded to invest in such skills, however, especially given the risk that,

⁵⁷ Korpi, W. (2005) p. 169.

⁵⁸ Swenson, P. (1991) p. 514.

⁵⁹ Swenson, P. (1991) p. 515.

⁶⁰ Swenson, P. (1991) p. 516.

⁶¹ Hall, P. & Soskice, D. (2001).

⁶² Hall, P. & Soskice, D. (2001) p. 51.

⁶³ Estevez-Abe, M.; Iversen, T. & Soskice, D. (2001) *Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State*. In: Hall, P. & Soskice, D. (eds.) *Varieties of Capitalism*, Cambridge, Cambridge University Press, p. 145.

⁶⁴ Estevez-Abe, M.; Iversen, T. & Soskice, D. (2001) p. 145.

if they are laid off and must take employment in another sector, they may never realize their investment.”⁶⁵ In line with their argument of institutional complementarities, “welfare states can be understood as complements to national production systems requiring asset-specific skills.”⁶⁶

Mares seeks to critically develop ECAs further. She points out that a number of studies detected strong divergences in employer preferences regarding social security, not only between LMEs and CMEs but also within CMEs and within different sectors of production.⁶⁷ Mares agrees with the core assumption of ECA that employers were heavily involved in the bargaining on social policy but she also “documents widespread employer antagonism to legislated social security programs.”⁶⁸ Her answer is that employers are influenced in their preferences for social policy by the size of their firm, the strength of trade unions, the firm’s skill profile, the exposure of the firm to competitive pressure or whether workers are exposed to high or low risks in the firm. According to these needs, firms will either promote or oppose universalist, sectoral or firm-level based insurance programs. Furthermore, this determines whether employers, unions or the state control and administer the schemes. Mares’ contribution is a major breakthrough in the ECA literature as she breaks with the assumption that employers would have fixed and stable preferences across space and time. Yet, strangely enough, institutional features such as Corporatist and Neo-Corporatist legacies are not included in the model. Mares also omits that preferences in industrial relations are mutually constitutive, especially in CMEs.

Throwing the baby out with the bath-water is symptomatic for most VoC accounts which did a great job of bringing the preference formation of employers into welfare state research by postulating that it “can no longer be premised on the assumption of business opposition towards social insurance.”⁶⁹ But ECAs cannot explain why workers in most Continental European countries joined ideological trade unions such as Catholic or liberal unions. Following Estevez-Abe, Iversen and Soskice one would instead expect the formation

⁶⁵ Hall, P. & Soskice, D. (2001) p. 51. Nevertheless, they qualify that only some VoC scholars use this approach to welfare and put forward on the same page that “Governments introduce social legislation for many reasons, some of them conditioned by partisan competition and the demands of labor.”

⁶⁶ Korpi, W. (2006) p. 170.

⁶⁷ Mares, I. (2003) The Sources of Business Interest in Social Insurance Sectoral versus National Differences, *World Politics*, Volume 55, Number 2, January 2003, pp. 229-258.

⁶⁸ Korpi, W. (2006) pp. 183-184.

⁶⁹ Mares, I. (2003) p. 257.

of high-skilled and low skilled unions. Especially in CMEs that have often emphasized stakeholder value over shareholder value, driving forces for employers and employees in industrialized conflict other than pure profit maximization might exist.⁷⁰ It is good to include employers in the analysis of welfare formation but this can hardly mean that one can discount all other influential variables.⁷¹ Furthermore, the hunt for empirical evidence of the ECA arguments has just begun. Paster⁷² found in a pioneering study of employers' involvement in the German Welfare State over the past century that German employers always opposed social security in their first order preferences and only accepted them as the lesser evil when they had no choice. In a similar vein Münnich shows that ideational frames, rather than bold interest maximization, played a crucial role in the New Deal compromise.⁷³ Today, research in the ECA tradition has increasingly started to search for a combination of cross-class coalition and employer centered approaches and institutional explanations. Such "Revisionist Approaches" have become the dominant research strand during the past years. It is less centered on employers but rather on different risk categories in society that engage in coalition building. Departing from Baldwin's seminal contribution, researchers such as Häusermann,⁷⁴ Iversen⁷⁵ or Rehm and Hacker⁷⁶ have shown that shifts in risk categories and their political representation are increasingly relevant for welfare state retrenchment. This branch of research resembles some of the older functional accounts, though executed today on micro level data and with an extremely high level of methodological sophistication.

⁷⁰ People can for example start a company with the aim to build the best sports car (Porsche). This might also explain the comparatively high number of engineers as CEOs in continental European countries in contrast to the prevalence of MBAs in Anglo Saxon capitalism.

⁷¹ Aware of the lacuna of presenting an 'institution less account' Iversen links in his more recent work the evolution of different welfare regimes through the evolution of different electoral institutions to specific economic skill profiles of countries. See: Iversen, T. (2005) *Capitalism, Democracy and Welfare*, Cambridge, Cambridge University Press.

⁷² Paster, T. (2011) *The Role of Business in the development of Welfare State and Labor Market in Germany*, London, Routledge.

⁷³ Münnich, S. (2010).

⁷⁴ Häusermann, S. (2010) *The Politics of Welfare State Reform in Continental Europe: Modernization in Hard Times*, Cambridge, Cambridge University Press.

⁷⁵ Iversen, T. (2005).

⁷⁶ Rehm, P.; Hacker J. & Schlesinger, S. (2012).

2.2 Ideas and Welfare Regimes

Ideology plays only secondary roles in the three main pillars of welfare state theory. If ideology is employed, it usually comes about through the backdoor and from the Left. PRA scholars like Korpi use left party strength and therefore also left party ideology as a proxy for labor mobilization. Alber indirectly uses ideas in his Lol accounts when he charts out the founding dates of Social Democratic parties in Europe in order to see whether they correlate with welfare state formation.⁷⁷ Conservative parties, or religiously informed political movements like the Christian Democrats, are usually not concerned. This seems odd as welfare provision was, up until the era of industrialization, one of the core domains of religious institutions. However, some second generation PRA scholars like Huber and Stephens also point out that the weakness of Conservative parties and hence their ideological power is constitutive for the evolution of universal welfare regimes.⁷⁸ Furthermore, the “parties do matter” research agenda picked up and investigated the potential impact of Conservative and Christian Democratic parties on welfare state spending but never investigated Conservative and Christian Democratic welfare ideology in itself.⁷⁹

One of the earliest accounts that systematically dealt with the possible ideational influences was, paradoxically, the 1990 book of the PRA scholar Esping-Andersen. Esping-Andersen finds that there is no single maximum model of welfare (the Scandinavian universal model) from which a welfare state can be more or less distanced in degrees of universality, coverage and benefit rates as he and the PRA school had previously believed. Instead, his seminal quantitative analysis shows that three diverse regime clusters (Social Democratic, Conservative, Liberal-Residual) exist.

The interesting part about Esping-Andersen’s account for this thesis is that he identifies systematic patterns of divergence of welfare regimes in continental Europe (Conservative regime cluster) that cannot be subsumed under the minimal Liberal-Residual

⁷⁷ Alber, J. (1982) p. 39.

⁷⁸ Huber, E. & Stephens, J. D. (2001).

⁷⁹ Schmidt, M. G. (1996) When parties matter: A review of the partisan influence on public policy, *European Journal of Political Research* 30, pp. 155-183; Seeleib-Kaiser, M.; Van Dyk, S. & Roggenkamp, M. (2008) *Polity Politics and Social Welfare: Comparing Christian and Social Democracy in Austria, Germany and the Netherlands*, Cheltham, Edward Elgar; For a more recent overview see: Häusermann, S.; Picot, G. & Geering, D. (2010) Rethinking Party Politics and the Welfare State: Recent Advances in the Literature, April 6, 2010. Paper Presented for the 17th International Conference of the Council for European Studies, Montreal, April 15-17, 2010; To a certain extent also: Huber, E.; Ragin, C. & Stephens, J. D. (1993); and: Huber, E. & Stephens, J. D. (2001).

and the maximal Social Democratic-Scandinavian poles of welfare.⁸⁰ Therefore, their shape could not be explained by being half way stuck between residualism and universalism due to halfhearted labor mobilization. In these Conservative welfare regimes,⁸¹ social rights are attached to status and redistribution is moderate. These welfare states preserve status in society rather than equalizing it. In contrast to liberal regimes the market plays only a marginal role in the provision of social protection. Instead, the family is the major risk hedging institution. A strong family bias emphasizes a male breadwinner model of social protection and family benefits encourage motherhood and female labor-marked participation is generally not facilitated through the provision of day-care services.⁸² Conservative welfare states are characterized by status maintenance and gender heavy patriachism. This is mirrored through high transfer payments, low service provision and a highly fragmented program structure that is self-administered by the social partners. The group of Conservative welfare States includes the core Continental European States in which Catholicism is an important denomination and where Christian Democracy played an important role in the party system (with the exception of France), such as Austria, Germany, France, the Netherlands, Belgium, Italy and Switzerland.⁸³

As one of the prominent PRA scholars, Esping-Andersen does not argue that these welfare states are the results of Conservative ideology. Instead, he still employs a class model. He puts forward that the Conservative welfare states were the result of “corporatist-statist legacies” that tried to form cross class alliances and attract the middle classes. In fact,

⁸⁰ In fact, for PRA and LoI there were only two poles of Welfare regimes. One was the Liberal-Residual minimal version and the other the Social-Democratic maximal one. Where one’s welfare state was situated on a continuum between the two depended on the degree of industrialization-modernization or labour mobilization in terms of power resources.

⁸¹ The labels of this regime cluster differ. Esping-Andersen calls them Conservative. Ferrera labels the same cluster Bismarckian, while Bonoli describes them as Continental and Korpi and Palme call them State-Corporatist. See: Ferrera, M. (1996) The ‚Southern Model’ of Welfare in Social Europe, *Journal of European Social Policy*, Vol. 6, No. 1, pp. 17-37; Bonoli, G. (1997) Classifying Welfare States: a Two-dimensional Approach, *Journal of Social Policy*, Vol. 26, No. 03, pp. 351-372; Korpi, W. & Palme, O. (2003) New Politics and Class Politics in the Context of Austerity and Globalization: Welfare State Regress in 18 Countries 1975-1995, *American Political Science Review*, Vol. 97, No. 3, pp. 425-448.

⁸² Esping-Andersen, G. (1990) p. 27.

⁸³ Note though that Switzerland and the Netherlands are borderline cases. They are classified by some authors as conservatives, while for others the Netherlands seem to be a Social Democratic type while Switzerland is Liberal-Residual; Bonoli, G. (1997); Korpi & Palme (2003). For an overview see: Arts, W. & Gelissen, J. (2002) Three Worlds of Welfare Capitalism or more? A state of-the-art-report, *Journal of European Social Policy*, Vol. 12, No. 2, pp. 137-158. Furthermore, Italy, Spain and Greece are often described as a distinct „Southern“ regime type. See: Ferrera, M. (1996).

he notes that “The cause is historical. Developed by Conservative political forces, these regimes institutionalized a middle-class loyalty to the preservation of both occupationally segregated social-insurance programs and, ultimately, to the political forces that brought them into being.”⁸⁴ Hence the status preserving aspects and the distinction between white and blue collar schemes in these regimes. But, Esping-Andersen also points out that this is not the whole story. Instead,

the corporatist regimes are also typically shaped by the Church, and hence strongly committed to the preservation of traditional family-hood. Social insurance typically excludes non-working wives, and family benefits encourage motherhood. Day care, and similar services are conspicuously underdeveloped.⁸⁵

Esping-Andersen is not interested in the Conservative welfare states but his student van Kersbergen picks up the issue and puts forward the first groundbreaking analysis of Christian Democratic influence on Continental welfare. He builds a strong case that the Continental European welfare states were not simply incomplete versions of the Scandinavian welfare states as PRA and LoI assumed. Van Kersbergen shows instead that all the aspects that Esping-Andersen highlights of the Continental welfare model are encapsulated in the continental European political movement of Christian Democracy. In fact Christian Democracy is a religiously motivated cross class movement which claims to represent both the interests of capital and labor.⁸⁶ The basis of these regimes is ideological, rather than a diluted or thwarted class struggle.

Van Kersbergen develops the model of Social Capitalism to capture this ideological conception, which consists of three key aspects: familialism, mediation and subsidiarity.

This model of social capitalism significantly and systematically differs from both the liberal and the social democratic concepts of social citizenship, although real differences between Social Democratic and Christian Democratic welfare state regimes are concealed behind a veil of comparable levels of social spending.⁸⁷

In an extraordinary encompassing and substantial qualitative and quantitative analysis he shows that the key components of Social Capitalism are mirrored by the organization,

⁸⁴ Esping-Andersen, G. (1990) p. 32.

⁸⁵ Esping-Andersen, E. (1990) p. 27.

⁸⁶ Van Kersbergen, K. (1994).

⁸⁷ Van Kersbergen, K. (1995) p. 177.

spending and financing patterns of the Conservative welfare state cluster. Social Capitalism is an “organic theory of society” based on Neo-Thomasian philosophy which rejects class struggle. Van Kersbergen emphasizes that “Neither unions nor employers nor parties are class agents, but instruments in the establishment of society as an organism”.⁸⁸ In contrast to liberal individualism and the collectivism of Socialism, the organic perception of Social Capitalism has the family as the central reference point in society. The regimes “are characterized by a family bias in their tax-benefit system and on a heavy reliance on benefits in cash rather than in kind.”⁸⁹ In fact, Van Kersbergen finds that “Christian Democracy is positively related to the family bias in tax-benefit regimes”⁹⁰ and continental regimes provide “paid jobs for men, unpaid domestic labor for women”.⁹¹

The second key feature of social capitalism is the concept of mediation. As political movements that promote social capitalism are, by their very definition, cross class movements, they need a system to mediate between these different components of society.⁹² One part of the complex system that enables this is the welfare state. Social Capitalism therefore produces welfare regimes that are based on transfer payments between different segments of society. These systems engage in “repair work”,⁹³ rather than altering the logic of a segmented and stratified society, so Social Capitalism therefore does not feature a commitment to full employment but instead offers compensation for unemployment.

The last principle of Social Capitalism is the subsidiarity principle which pleads for a limitation of the influence of state intervention on welfare and in society. Van Kersbergen sees the parastatal organization of continental European welfare states and the segregation of social security along different vocational groups as an expression of this subsidiarity principle.⁹⁴

⁸⁸ Van Kersbergen, K. (1995) p. 186.

⁸⁹ Van Kersbergen, K. (1995) p. 4.

⁹⁰ Van Kersbergen, K. (1995) p. 139.

⁹¹ Van Kersbergen, K. (1995) p. 190.

⁹² Wilarty explores and captures these features of the internal organization of the German Christian Democrats by creating the concept of “catch all corporatism”, Wilarty, S. (2010) *The CDU and the Politics of Gender in Germany: Bringing Women to the Party*, Cambridge, Cambridge University Press.

⁹³ Van Kersbergen, K. (1995) p. 188.

⁹⁴ Van Kersbergen, K. (1995) p. 189. Nevertheless, van Kersbergen fails to explain where these principles come from. This thesis finds that subsidiarity comes mainly as a response of the Catholic Church to challenges from liberal or protestant state elites at the end of the 19th century.

Van Kersbergen's Social Capitalism concept was a major breakthrough in the research on continental European welfare but early on it was criticized for its failure to explain the huge variation in the Conservative cluster. If Social Capitalism, and its embodiment in Christian Democracy, was the constituting factor of continental welfare then why were Switzerland and the Netherlands, with their longstanding Christian Democratic traditions, borderline cases?⁹⁵ Van Kersbergen points out that Social Capitalism represents only a core set of ideas around which variation is possible. For him

there is an association between Catholics and Welfare Catholicism, between Christian Democracy and Social Capitalism. The relation is not a simple linear association, but can be better appreciated as variations around a common kernel of social capitalism.⁹⁶

Nevertheless, van Kersbergen says little on how this variation comes about.⁹⁷

As Manow suggests in a thought provoking piece, the diverging social policy regimes of the Netherlands or Switzerland might be explained by the fact that those countries had not only Christian Democratic parties but, for long time spans, also witnessed competition between several denominational parties.⁹⁸ Manow's point is "that Protestantism – in contrast to the received wisdom in the literature (Kersbergen 1995; Huber/Ragin/Stephens 1993; Esping-Andersen 1990; Langer 1998) has contributed in a substantial and distinctive way to the development of the western welfare state".⁹⁹ He thinks that the variation in Esping-Andersen's Conservative welfare cluster cannot be sufficiently accounted for by only referring to a more or less Catholic interpretation of Continental denominational influence. Instead, especially reformed Protestantism (Pietism, Calvinism, Zwinglianism) with its "individual ascetism"¹⁰⁰ should have a retarding effect or at least favor residual types of

⁹⁵ Switzerland is often classified as a liberal-Residual while the Netherlands are often perceived as belonging to the Social Democratic cluster. For an overview on the debate see: Arts, W. & Gelissen, J. (2002).

⁹⁶ Van Kersbergen, K. (1995) p. 178.

⁹⁷ Social Capitalism is constructed as a Weberian Ideal type. Though, van Kersbergen does not provide any guidance on how to account for deviations from this ideal type.

⁹⁸ Manow, P. (2004) The Good, the Bad, and the Ugly: Esping-Andersen's Regime Typology and the Religious Roots of the Western Welfare State, MPIfG Working Paper 04/3, Sept 2004. This article was published in German already in 2002: Manow, P. (2002) 'The Good, the Bad, and the Ugly': Esping-Andersen's Wohlfahrtsstaatstypologie und die konfessionellen Grundlagen des westlichen Sozialstaats, *Kölner Zeitschrift für Soziologie und Sozialpsychologie*, 54, pp. 203-225.

⁹⁹ Manow, P. (2004) p. 5.

¹⁰⁰ Manow, P. (2004) p. 5.

welfare regimes.¹⁰¹ Manow points to the explanatory power of other denominations and liberal Protestantism that goes beyond the basic Stein Rokkian-assumption of having a positive effect on welfare because it facilitates secularization. Nevertheless, his account is static and does not theorize what happens when different Christian denominations or secular and religious movements clash on welfare.

To resolve some of these controversies, van Kersbergen and Manow joined forces and published an edited volume together in 2009. Surprisingly it dismantles many of their own previous conclusions on religion and welfare. In the introduction they write that “the dominant reading in the literature, which explains the specific features of the continental welfare regime as a manifestation of Catholic social doctrine, is historically inadequate”.¹⁰² Instead, they argue in favor of a reformulation of the influence of Protestantism on welfare. Protestant influence is not only the flipside of less Catholic influence but can also promote welfare if it adopts the form of state church Lutheranism. While Protestant sects usually had a retarding influence on welfare, “the Lutheran state church in Germany or in Scandinavia held no major reservations against the state playing a dominant role in social protection”.¹⁰³ This “Rokkanian compliment” foresees that whenever the State Church conflict was settled early on (as in Protestant Scandinavia) and Protestantism became state church it had a positive effect on welfare.

Furthermore, the 2009 account finally addresses the scarce reference to institutions in the previous frameworks.¹⁰⁴ Building on Iversen and Soskice’s earlier work on election

¹⁰¹ Manow, P. (2004). Manow’s model roots in an earlier account of Heidenheimer, which elegantly sketches the different welfare conceptions of the major Continental European Christian Denominations by presenting a fictive dialogue during a fictive encounter between the two religious sociologists Ernst Trölsch and Max Weber at the end of the 19th century. Heidenheimer, A. J. (1983) *Secularization patterns and the westward spread of the welfare state, 1883-1983: Two dialogues about how and why Britain, the Netherlands, and the United States have differed*, IN: Tomasson, R.F. (ed.) *The Welfare State 1883-1983, Comparative Social Research 6*, Greenwich & London, Jai Press. Van Kersbergen picks this discussion up in the reminder of his book but does not discuss the potential political consequences for his model of Social Capitalism. Van Kersbergen, K. (1995) pp. 195-196.

¹⁰² Manow, P. & van Kersbergen, K. (2009) *Religion and the Western Welfare State – The Theoretical Context*. IN: Van Kersbergen, K. & Manow, P. (eds.) *Religion, Class Coalitions, and Welfare States*, Cambridge, Cambridge University Press, p. 3.

¹⁰³ Manow, P. & van Kersbergen, K. (2009) p. 4. However, this interpretation begs the question of why the German and Swedish welfare regimes developed in such diverging ways.

¹⁰⁴ The laggard development of the Swiss welfare state can for example be seen as the result of the multiple veto points that federalism provided for Calvinist anti welfare state parties. See: Obinger, H. (2009) *Religion and the Consolidation of the Swiss Welfare State, 1848-1945*, IN: Van

systems and redistribution they “propose a Rokkonian complement to Iversen and Soskice (2006) model of welfare state class coalitions”.¹⁰⁵ Van Kersbergen and Manow argue that, in majoritarian two party systems, political representation and conflict will be reduced to a dominant capital-labor/right-left cleavage while proportional representation and multiparty systems allow for the reflection and incorporation of more cleavages in the party system.¹⁰⁶ On the continent, with its fierce state-church conflicts, this led to the translation of the religious cleavage into the formation of Christian Democratic parties, whereas in Scandinavia it saw the formation of agrarian parties.¹⁰⁷ The second variable they proscribe is that the highest influence on welfare state formation is not religion but class. Building on Esping-Andersen, they assume that any group wanting to build welfare will need the support of the lower classes and hence Social Democracy. This “Rokkanian complement” allows them to “identify which type of middle class party has entered into a coalition with Social Democracy.”¹⁰⁸ The diverging outcomes between Scandinavia and Continental Europe can then be explained by the fact that, in Scandinavia, Social Democracy could align with agrarian parties whereas it had to join forces with Christian Democracy on the continent. In fact, religion enters the framework only in the form of a pacified state church conflict in the Nordic countries or as a Christian Democratic label on the middle class in Continental Europe.

It seems odd that two authors, that for a decade tried to introduce the religious factor into welfare state research, are all of a sudden at the forefront when it comes to ushering religion out the door. It is surprising that, in contrast to the preface and title of the book, religion and different social conceptions of Protestantism, Catholicism and reformed Protestantism are confined to a residual role. What emerges is a mechanistic interpretation of politics whose summary by the authors is telling:

Kersbergen, K. & Manow, P. (eds.) *Religion, Class Coalitions, and Welfare States*, Cambridge, Cambridge University Press.

¹⁰⁵ Van Kersbergen, K. & Manow, P. (2009) p. 23.

¹⁰⁶ Based on Duverger, the original Iversen-Soskice model promotes that proportional representation leads to multiparty system in which the left is more often in power, which leads to an alliance between the lower and middle classes to tax the upper class. In contrast, majoritarian systems lead to two-party systems where the middle class will align with the upper class and hence no redistribution will be implemented.

¹⁰⁷ Van Kersbergen, K. & Manow, P. (2009) p. 19.

¹⁰⁸ Van Kersbergen, K. & Manow, P. (2009) p. 23.

Welfare state regimes can then be explained as formulas of political compromise between different electoral and societal groups, a compromise between farmers' and workers' interests in Scandinavia and both an interparty and intraparty compromise between workers and the Catholic middle class on Europe's continent.¹⁰⁹

In this framework, regime choice boils down to institutional constraints that predispose and enable certain material interest based class coalitions before others.

Manow's and Van Kerbergen's research agenda of the past two decades helped to untangle many issues associated with the strong correlations between Christian Democracy and specific welfare formations in continental Europe. Especially fruitful were their findings that different branches of Protestantism had different effects on welfare state development and that this effect can even be positive if Protestantism is backed by a state church. Furthermore, they have to be applauded for fusing class into their religion framework (albeit to an extent that it tends to crowd out religion). That they also grant political institutions a stronger role also garners merit.

Nevertheless, Van Kersbergen's and Manow's work is opens up to three points of criticism. First, all three, Van Kersbergen's original Social Capitalism concept from 1995, the Manow account of 2002 and the revised van Kersbergen-Manow model from 2009, pay scant attention to Esping-Andersen's implication that parts of the shape of the Conservative welfare cluster can be explained with the etatist traditions of the countries in which these regimes surface. In particular, historians emphasize that such a Bonapartist influence has played a major role in early modern welfare state formation.¹¹⁰ Second, van Kersbergen and Manow pay little attention to differences between the same denomination in different countries (e.g. German or Italian Catholicism). Their framework assumes for example that the Protestant state churches of Scandinavia wanted the same welfare that the Prussian Protestant state church wanted (albeit one was mainstream Lutheran and a state church for centuries while the other was Pietist). The framework also has trouble in incorporating the outcomes of the interaction of dominant denominations in a country with other religions (Catholicism) or other secular actors (Liberalism, Socialism). Furthermore, not only the interaction of Lutheranism with Catholicism but also the interactions within Protestantism – for example between Lutheranism, Calvinism or Pietism – are under-theorized.¹¹¹

¹⁰⁹ Van Kersbergen, K. & Manow, P. (2009) p. 33.

¹¹⁰ Ritter, G. A. (1982); Baldwin, P. (1990) pp. 39-40.

¹¹¹ Not surprisingly the book does not feature a Chapter on Germany.

To sum up, Van Kersbergen and Manow offer a conceptual tool that can include Religion, Class and Institutions, though the framework offers little that would help to capture what happens when all of them interact. It is a static and linear concept in which the existence of state church x or predominant religion x leads to welfare regime x which can possibly be diluted in its impact, but not fundamentally altered, through the influence of religion y or secular force z. But what if we consider the plausible possibility that when x, y and z interact that something fundamentally new is created? Indeed, parts of evolutionary theory and natural history point out that this is possible. Steinmo and Lewis call this phenomena “emergence”¹¹² while Streeck subsumes it under the label of the “variation-cum-selection-retention model”.¹¹³ The claims are similar and Streeck points out that “imperfect variation might be caused by innovative ideas that, by their very nature, deviate in unforeseeable ways from established ideas and received wisdom”.¹¹⁴ This leads to the last point of criticism. Van Kersbergen and Manow leave the explanation of the huge variation on the continent and in the Conservative regime cluster to different degrees of hegemony of Christian Democracy, which “allows to address systematically the question of within-type variation in the case of the Conservative Christian Democratic welfare state”.¹¹⁵ That Christian Democracy has started out in the late 19th century as a Catholic political movement that fused in some countries with Protestantism and created fundamentally new political movements after the Second World War is barely discussed. The framework turns a blind eye to the pertinent question of whether political and social Catholicism evolves differently in different countries.¹¹⁶ Is Catholic social teaching really the same in countries where it evolved bottom up as a political force (as in Germany) or top down, under strong control of the Vatican (as in Italy)? The point to make here is that political Catholicism evolved in different ways in different countries at different points in time. In majoritarian Catholic

¹¹² Lewis, O & Steinmo, S. (2007) Taking Evolution Seriously: Institutional Analysis and Evolutionary Theory, Manuscript, p. 14. Published also in a later version as: Lewis, O. & Steinmo, S. (2010) Taking Evolution Seriously: Institutional Analysis and Evolutionary Theory, *Theory in Bioscience*, Vol. 129. No. 2-3, pp. 235-245.

¹¹³ Streeck, W. (2009) Institutions in History: Bringing Capitalism Back In, MPIfG Discussion Paper, 09/8, p. 20. Also published as: Streeck, W. (2010) Institutions in History: Bringing Capitalism Back In, IN: Morgan, G.; Campbell, J. L.; Crouch, C.; Pedersen, O.K. & Whitley, R. (Eds.), *The Oxford Handbook of Comparative Institutional Analysis*, Oxford/New York, Oxford University Press, pp. 659-686.

¹¹⁴ Streeck, W. (2009) p. 20.

¹¹⁵ Van Kersbergen, K. & Manow, P. (2009) p. 23.

¹¹⁶ Especially as the centralization of power within the Catholic Church in the Vatican hierarchy is largely a construction of the late 19th century, as will be shown in the following chapters.

France, for example, it led to the counterintuitive phenomenon of a non-formation of a Christian Democratic party (albeit it developed a Conservative welfare state)¹¹⁷ while in Italy it led to the very belated – but strong – development of a Christian Democratic party (although without the development of a Conservative welfare state). This might very well mean that Catholicism developed different social doctrines in different countries and in response to different political and socioeconomic settings.

This is a point that is at least worth scrutinizing as diverging doctrine developments under the umbrella of the same ideology can produce outcomes as different as Nazi Germany or Social Democratic Sweden, as Berman showed in her seminal accounts on the evolution of continental European Social Democracy.¹¹⁸ Van Kersbergen himself acknowledges this at the end of his 1995 book where he briefly shows that the elements of his Social Capitalism are constructed, reconstructed and deconstructed constantly over time and in response to the changing political and socioeconomic structural environment. The following study picks up this baton. The idea is not to study even more potentially influential factors within the model of a religion-influenced welfare state, but rather to account for the way these different contextual features influenced and shaped the different evolutionary pathways of Catholic social teaching before scrutinizing how they impacted on social security legislation. From this it follows that one cannot solely rely on linear or static macro models in which different denominations and societal forces are attributed certain interests in welfare. Instead, one has to find a conceptual framework that can capture the potential flexibility of such moving influential factors. This does not mean that one has to develop a framework in which all elements are constantly in flux but rather that one needs a conceptual framework that is sensitive to changes within the main influential political force, in this case political and social Catholicism, under scrutiny. Such a framework will be developed in the following.

¹¹⁷ Kalyvas, S. N. (1996) *The rise of Christian Democracy in Europe*, Ithaca, N.Y., Cornell University Press; Kalyvas, S. N. (1998) From Pulpit to Party: Party Formation and the Christian Democratic Phenomenon, *Comparative Politics*, Vol. 30, No. 3, pp. 293-312.

¹¹⁸ Berman, S. (1998) *The Social Democratic Moment: ideas and politics in the making of interwar Europe*. Cambridge, Harvard University Press; Berman, S. (2006) *The primacy of politics: Social Democracy and the making of Europe's twentieth century*, New York, Cambridge University Press.

2.3 A Concept for the study of Ideas and the Western Welfare State

the very notion that one would need to make a plea for taking ideas and discourse seriously would appear ludicrous, because the very essence of what they do is to generate ideas

Schmidt, V.A.¹¹⁹

2.3.1 Catholic Social teaching as an idea

As discussed before, previous studies have shown that Catholicism and Christian Democracy are correlated, or at least associated, with continental European welfare states. Nevertheless, there is still little clarity on how this influence unfolded. Approaches that explicitly incorporate Catholic and Christian Democratic welfare influence all share one common lacuna: while matching Christian Democratic and Catholic power resources with specific welfare state outcomes, they rarely assessed how Catholic and Christian Democratic thinking about modern welfare itself evolved. Therefore, they turn a blind eye to important questions such as whether there are divergences between Christian Democratic thinking in different countries or, for that matter, the extent to which such thinking was confronted with other ideas on welfare. This is a fallacy because modern Catholic and Christian Democratic thinking evolved contextually and often as a response to challenges arising from other domestic political elements, religious actors or through the socioeconomic environment.¹²⁰ To fill this gap this thesis uses a two-step approach. In Step A the contextual evolution of Catholic and other rivaling welfare ideas are reconstructed for the major periods of modern welfare state formation. Step B scrutinizes how these ideas were then contested, compromised and partly reformulated in the political arena until they were implemented.¹²¹ The aim of the next section is to construct a conceptual apparatus that allows for the undertaking of this twin task.

¹¹⁹ Schmidt, V.A. (2008) Discursive Institutionalism: The Explanatory Power of Ideas and Discourse, *Annual Review of Political Science*, Vol. 11: pp. 303-326, p. 303.

¹²⁰ It is therefore not surprising that they often cannot account for the considerable amount of variation within Continental European welfare.

¹²¹ In other words, this thesis has two dependent variables.

This study draws on insights from the “turn to ideas”¹²² of comparative politics that emerged during the 2000s. Sheri Berman, one of the pioneers of this approach, postulated in 1998 that “political science neglected the study of ideas for decades”¹²³ and already Peter Hall argued already at the beginning of the 1990s that “we need to know much more than we now do about the role that ideas play in policymaking”¹²⁴ This can no longer be said to apply. The past two decades have “made ideas a variable difficult to pass over in silence”¹²⁵ as Carstensen puts forward. In fact there has been a mushrooming of different concepts and approaches on how to integrate ideas into social science analysis over the past years. Christian Democracy is especially suitable for such an approach as it is based on multiple material interests due to its explicit cross-class appeal. This cross-class tradition partly upsets traditional material interpretations of politics and was already rooted in the Catholic parties of religious defense before World War Two. The German Catholic Center Party was a political movement that as “first people’s party included all social strata”.¹²⁶ Christian Democracy is not, as often assumed, a bourgeois class movement like other Conservative parties. Instead, Kalyvas showed us that Christian Democratic Parties, and especially their Catholic predecessors, emerged as parties of religious defense whose prime task was to defend the interests and ideas of Catholicism and Catholics.¹²⁷ The main glue that held the different components of Christian Democracy together was an ideological derivative of the Vatican’s teachings rather than the material interests of its followers. Even scholars like Berman that predominantly research class based Social Democratic parties put forward that “it is impossible to understand for example, the cross-class coalitions, “people party” strategies, [...] without reference to their ideology”.¹²⁸

Critics might argue that political Catholicism evolved in order to defend the pure material interest of the Vatican.¹²⁹ However, Kalyvas shows in his profound comparative study of the emergence of Christian Democracy in Europe that the creation of the first

¹²² Blyth, M. (2003) Structures do not come with an instruction sheet, *Perspectives on Politics*, Vol. 1. No. 4, pp. 695-706, p. 695.

¹²³ Berman, S. (1998) p. 14.

¹²⁴ Hall, P. A. (1993) Policy Paradigms, Social Learning, and the State, *Comparative Politics*, Vol. 25, No. 3, pp. 275-296, p. 292. Hall’s article can be seen as one of the foundational articles of ideational research in the early 1990s.

¹²⁵ Carstensen, M. B. (2011).

¹²⁶ “erste Volkspartei umfasste sie alle sozialen Schichten“ Morse, R. (1981) p. 93.

¹²⁷ Kalyvas, S. N. (1996, 1998)

¹²⁸ Berman, S. (2006) p. 11.

Catholic parties was done decisively against the will of the Vatican hierarchy.¹³⁰ It was largely an unintended consequence of the Vatican's early strategy of lay mobilization. These parties claimed to represent all Catholics and not only Catholics from a specific social stratus.¹³¹ Political Catholicism was therefore explicitly an ideational movement. From this it follows that, if one wants to study the influences and interests of political Catholicism on welfare, then one must study the content and emergence of its worldviews and programmatic ideas. This raises questions about the role of ideas and interests in politics.

2.3.2 Ideas as Interests

Scholars in political science that incorporated ideas, ideology or worldviews into their explanatory frameworks had a hard time for most of the second half of the 20th century. Berman opines that political science was dominated by a "widespread belief that ideas are epiphenomenal – that is, they are simply the consequence of other factors".¹³² This view originates in the 19th century. For Marx interests are not primordial but the result of the organization of society and the distribution of material resources embedded in the class structure. In a capitalist society, interests are clearly material and contradictory as the ruling capitalist class wants more profits while labor demands higher wages. No other motivations for socioeconomic action exist. Cultural, religious, ideological, freedom or equity-oriented motivations are "superstructures" (Überbau) only employed by the ruling capitalist class to "veil" the "base" (Basis) of the real capitalist forces and relations of production.¹³³ In the Marxian framework, therefore, ideas and ideology are ephemeral to material interests that evolve in capitalist society. This makes it easier to understand why most theoretical models about the origins of modern welfare are so hostile to the possible influence of culture, ideology or religion. Power Resource Approaches, as well as most rational choice grounded

¹²⁹ As for example Korpi does when arguing that workers only joined Catholic parties out of false consciousness. See Korpi, W. (2005) pp. 175-176.

¹³⁰ Kalyvas stress that „There was, in other words, neither intention nor plan to create confessional parties. Such parties were unwanted by the church because they would end its monopoly of the representation of lay Catholics and undermine its universalistic claims.” Kalyvas, S. N. (1996) p. 23. This is confirmed by most historical accounts on the country level. See for example: Lönne, K.-E. (1986) *Politischer Katholizismus im 19. und 20. Jahrhundert*, Frankfurt, Suhrkamp. Or: Morsey R. (1981) *Der Politische Katholizismus 1890-1933*, IN: Rauscher A. (ed.) *Der Soziale und politische Katholizismus*, München, Olzog.

¹³¹ Van Kersbergen, K. (1994) pp. 31-47.

¹³² Berman, S. (1998) p.16

¹³³ Münnich, S. (2010) *Interessen und Ideen*, Frankfurt, Campus, p. 39.

approaches (such as Employer Centered Approaches), explicitly build their theory on the diverging material interests of classes. In fact, a full century and a half ago John Stuart Mill postulated that “ideas, unless outward circumstances conspire with them, have in general no very rapid or immediate efficacy in human affairs.”¹³⁴ Most contemporary rational choice oriented welfare scholars seem to have taken this advice to heart but have overlooked how the statement is qualified by another postulation a sentence later: “But when the right ideas meet, the effect is seldom slow in manifesting itself”.¹³⁵ Berman therefore laments that “For many Marxists, rational-choice Scholars and realists, for example, ideologies are best understood as mere tools or ‘covers’ adopted and used by political actors for various reasons, but not determining outcomes on their own.”¹³⁶ As for functionalist scholars, they have a similar take on ideas but the problem is exacerbated because in their case there is even more truth to Berman’s general observation that “Political Scientists prefer to work with things that can be easily observed and quantified and ideologies do not fit the bill.”¹³⁷

Indeed, ideas and ideology are not easily quantifiable and are certainly shaped and influenced as a consequence of other factors, but I can hardly see how this would make them spurious as influential factors. I would even argue that ideas are not only subject to structural and material factors but are, beyond this, influenced by their own ideational legacies and their interaction with other ideas. Therefore, I would relax Berman’s suggestion that ideational influence can only be traced back when an “ideational theorist can show that over time an idea takes on a life at its own, separate from the context within which it arose”.¹³⁸ Instead, in my view, ideas evolve in constant interaction with their environment (material, institutional etc.). It is true, though, that they rarely do so by way of mechanic responses. It is exactly because of this that they have to be considered as influential factors in their own right.

Max Weber comes closest to such a take on ideas. He employs a reciprocal model that grants culture, ideology, religion, ideas and worldviews a prominent role in the formation of

¹³⁴ Mill, J. S. (1845) “The claims of Labour” *Edinburgh Review* 81, No. 164, pp. 498-525, cited IN: Hutchinson, T. W. (1979) Notes on the effect of Economic Ideas on Policy: the Example of the German Social Market Economy, *Journal of Institutional and Theoretical Economics*, Vol. 135, No. 3, pp. 426-441, p. 427; Cited also in Berman, S. (1998) p. 25.

¹³⁵ Mill, J. S. (1845) The claims of Labour, *Edinburgh Review*, Vol. 81, No. 164, pp. 498-525. Cited in Hutchinson, T. W. (1979) p. 440.

¹³⁶ Berman, S. (2006) p. 9.

¹³⁷ Berman, S. (2006) p. 9.

¹³⁸ Berman, S. (1998) p. 18.

interests in politics. Münnich analyses that “Ideas take on a sweeping importance for Weber: wherever interests are primarily defined in material terms, worldviews also have the role of influential ‘switch men’ for the dynamics of interests”.¹³⁹ For Weber, “Interests (material and ideational), not: ideas, directly command humans’ action. But: the ‘worldviews’ which are created through ‘ideas’ have very often determined as switchmen the paths, in which the dynamics of interests stir action.”¹⁴⁰ Interests are essential in this concept but what they are, and how they are both perceived and processed, is a function of the worldviews through which the political actor processes them. The bigger the questions and the more far-reaching the social and political impact of the decisions, the more important these worldviews become. Hence, for Weber ideas are not necessarily subordinate to interests but interests are embodied in ideas. Note though that for Weber interests are not confined to material interests. Weber, therefore, not only takes a stance against pure material interest based interpretations of social and political action but also partly discounts ideas as being purely derived from functionalistic experience as promoted in many contemporary ideational frameworks.¹⁴¹

Contemporary political science has produced a plethora of ideational approaches, which has become a true jungle over the past two decades. Approaches and accounts differ greatly in level of analysis (individual ideas vs. collective ideas), type of ideas (problem solving policy prescription vs. world views), function of ideas (functionalist vs. value), level of ideas (psychological-primordial vs. constructivist) and level of policy impact (paradigmatic change vs. policy instruments). This thesis sets this contemporary conceptual jungle aside and goes back to Weber who declared, in 1919, that whenever one moves from the level of

¹³⁹ “Ideen haben bei Weber eine weitreichende Bedeutung: Auch dort, wo Interessen primär materiell definiert sind, beeinflussen Weltbilder als „Weichensteller“ die Dynamik der Interessen.“ Münnich, S. (2011) Interessen und Ideen: Soziologische Kritik einer problematischen Unterscheidung, *Zeitschrift für Soziologie*, Vol. 40, No. 5, Oktober 2011, pp. 371-387, p. 376.

¹⁴⁰ “Interessen (materielle und ideelle), nicht: Ideen, beherrschen unmittelbar das Handeln der Menschen. Aber: die ‚Weltbilder‘ welche durch ‚Ideen‘ geschaffen wurden, haben sehr oft als Weichensteller die Bahnen bestimmt, in denen die Dynamik der Interessen das Handeln fortbewegte.“ Weber, M. (1988) Einleitung in die Wirtschaftsethik, IN: Weber, M. (eds.), *Gesammelte Aufsätze zur Religionssoziologie, I*, Tübingen, Mohr, p. 252, Cited IN: Münnich, S. (2011) p. 376.

¹⁴¹ See for example: Culpepper, P. (2008) The Politics of Common Knowledge: Ideas and Institutional Change in Wage Bargaining, *International Organization*, 62, Winter 2008, pp. 1-33; Jacobs, A.M. (2009) How Do Ideas Matter? Mental Models and Attention in German Politics, *Comparative Political Studies*, 2009 Vol. 42 No. 2, pp. 252-279.

“welfare and economic care”¹⁴² (e.g. poor relief regulations, plant inspections, work protection laws) towards greater questions of “welfare and economic politics”¹⁴³ (e.g. residual, status upholding or universal and equalizing welfare models – the question of regime choice) the “battles are not only, as we like to believe so much today, between ‘class interests’, but also between worldviews”.¹⁴⁴ For Weber, decisions made in response to these questions are subject to “last highest personal axioms of creed and value ideas”.¹⁴⁵ The fight over social and economic policy therefore becomes a battle of ideas because, “the highest ideals that motivate us the most forcefully for all times only impact through battles with others’ ideals that are as holy to others as our own are to us”.¹⁴⁶ This is precisely where the following thesis picks up the issue, by conceptualizing the formation of modern welfare in continental Europe as a Battle of Ideas between worldviews. This does not mean that class, material interests or institutions are sidelined. Instead, the thesis sheds light on how political actors think about class, material interests and institutions through the lenses of specific worldviews. To give an example: a Socialist and a Catholic worker in the last quarter of the 19th century might have had the same objective material interest but how the two think subjectively about it, and the conclusions for political action they derive from it, might be fundamentally different. Therefore, good ideational scholarship is not about interests or ideas or institutions but instead about ideas and interests and institutions.

2.3.3 Ideas are not static

What constitutes an ideational approach that “takes ideas seriously”, as Blyth advocates, and what delineates it from other approaches? Usually political science uses ideas as static

¹⁴² Weber, M. (1973 [1917]) Die ‚Objektivität‘ Sozialwissenschaftlicher Erkenntnis, IN: Winkelmann, J. (ed.) Max Weber Soziologie, Körner, Stuttgart, 5th Edition, p. 192.

¹⁴³ Weber, M. (1973 [1917]) p. 192.

¹⁴⁴ “und es wird gestritten nicht nur, wie wir heut so gern glauben, zwischen >>Klasseninteressen<< sondern auch zwischen Weltanschauungen“ Weber, M. (1973 [1917]) p. 192.

¹⁴⁵ “letzten höchst persönlichen Axiome des Glaubens und der Wertideen“ Weber, M. (1973 [1917]) p. 192.

¹⁴⁶ “die höchsten ideale die uns am mächtigsten bewegen, für alle Zeit nur im Kampf mit anderen idealen sich auswirken, die anderen ebenso heilig sind, wie die unseren“ Weber, M. (1973 [1917]) p. 193.

entities.¹⁴⁷ As in the case of van Kersbergen and Manow, ideas are perceived as influencing preferences, or even being preferences themselves, but so far “preferences are things with which to do explaining, not things to be explained.”¹⁴⁸ In a similar way Berman complains about the “status quo bias, treating ideologies as preexisting parts of a landscape and focusing on how they influence actor’s behavior over time.”¹⁴⁹ But if, as Schmidt postulates with a Weberian connotation, “Interests are subjective ideas, which, though real, are neither objective nor material”¹⁵⁰ then there must inevitably be a continuous power struggle over the content and meaning of ideas and worldviews.

An ideational account must therefore not only observe what ideas actors embody, and how they use them, but it must also deal with how these ideas come about and evolve.¹⁵¹ Berman uses the image of the “ideational life cycle” which postulates that researchers must scrutinize how ideas are constructed, rise to prominence, decline and subsequently become substituted by new ideas. In line with this, the study will show that ideas are neither primordial nor do they fall from the sky (a fact that holds especially for religious ideas).

2.3.4 Worldviews, Programmatic Ideas and Policy Ideas

Interests (except pure material interests) are embedded, or at least intertwined, with ideas.¹⁵² However, we still need to clarify what this thesis understands by the ideas label. For many scholars in the ideational tradition ideas can be equated to preferences. For this thesis they cannot. The term preference indicates that individuals can rationally rank their

¹⁴⁷ For an excellent discussion of the static (ab)use of ideas in political science of the 1990s see: Blyth, M. (2003).

¹⁴⁸ Blyth, M. (2003) p. 697.

¹⁴⁹ Berman, S. (2006) p. 9.

¹⁵⁰ Schmidt, V.A. (2008) p. 303.

¹⁵¹ As already mentioned above, a good ideational approach should therefore include two dependent variables. One is the idea itself and how it evolves. The second is the impact that it has on its political environment.

¹⁵² Conflating ideas and interests might be an epistemological problem. Note though that I do not say that ideas and interests are the same but that they tend to be very hard to separate in the empirical research. A clear distinction of interests and ideas is only possible at times when they do not overlap. However, the empirics of this thesis show that this is the case far less often than researchers assume. Only if one has an epistemological take that a priori declares ideas and interests as incompatible, or either one of them as ephemeral, can one clearly distinguish the two. The thesis took a perhaps murkier, but more faithful to the empirical world, way out of this dilemma by arguing that interests and ideas can often overlap. Peter Hall has a similar interpretation when he suggests that many study objects “militate against a rigid distinction between power-based and ideas-based models of politics.” Hall, P. (1993) p. 289.

interests through hierarchically listing them. I doubt that individuals can do this with programmatic ideas and worldviews as they are, by definition, compound constructs. They are likely to evade a clear rational hierarchical ordering by individuals most of the time.

This thesis uses the notion of ideas in three analytical ways: worldviews (as *Weltanschauung* in Weber),¹⁵³ programmatic ideas (as programmatic beliefs in Berman)¹⁵⁴ and policy ideas (as policy instruments in Hall).¹⁵⁵

Worldviews operate on the macro level. They are the overarching encompassing categories that refer to broad systems of meaning and identification.¹⁵⁶ Worldviews provide actors with an idea of how the world goes round. As Gramsci postulates, worldviews provide “ideological unity as a whole social block”.¹⁵⁷ The application of the Gramscian concept of hegemonic worldviews is, however, slightly modified here as the empirics show that it is not just the ruling class that tries to diffuse its worldviews in order to stabilize its hegemony but that, in fact, each of the existing worldviews and their political outlets within a polity strives for hegemony. Politics, the struggle for power in society, is therefore a constant battle of ideas and worldviews.

Programmatic ideas operate on the meso level. They can be best understood as applied worldviews or communication devices for specific issues of social organization. They provide “mutual expectations and mutual predictability of intention”¹⁵⁸ while for Berman (who calls them programmatic beliefs) “they provide a relative clear and distinctive connection between theory and praxis”.¹⁵⁹ In the realm of modern politics, programmatic ideas manifest themselves in the programmatic platforms of political parties or in communicative

¹⁵³ The concept of worldviews draws heavily on Max Weber’s concept of *Weltanschauung*. Weber, M. (1973 [1917]).

¹⁵⁴ The concept of programmatic ideas is derived from Sheri Berman’s concept of programmatic beliefs in her superb study of diverging developmental paths of European Social Democracy. I re-label her ‘programmatic beliefs’ as ‘programmatic ideas’ as I see beliefs anchored in worldviews and ideas as slightly more flexible and adaptable entities that operate on the program level. Berman, S. (1998) p. 21.

¹⁵⁵ Hall, P. A. (1993)

¹⁵⁶ To this extent, at least, a world view is quite similar to the term ideology though it is more encompassing as religious systems of meaning such as Protestantism and Catholicism are also included in the worldview concept while ideology usually only refers to the secular –isms, such as Liberalism, Socialism or Fascism.

¹⁵⁷ Gramsci cited IN: Bates, T.R. (1975) Gramsci and the Theory of Hegemony, *Journal of the History of Ideas*, Vol. 36, No. 2, pp.351-366, p. 351.

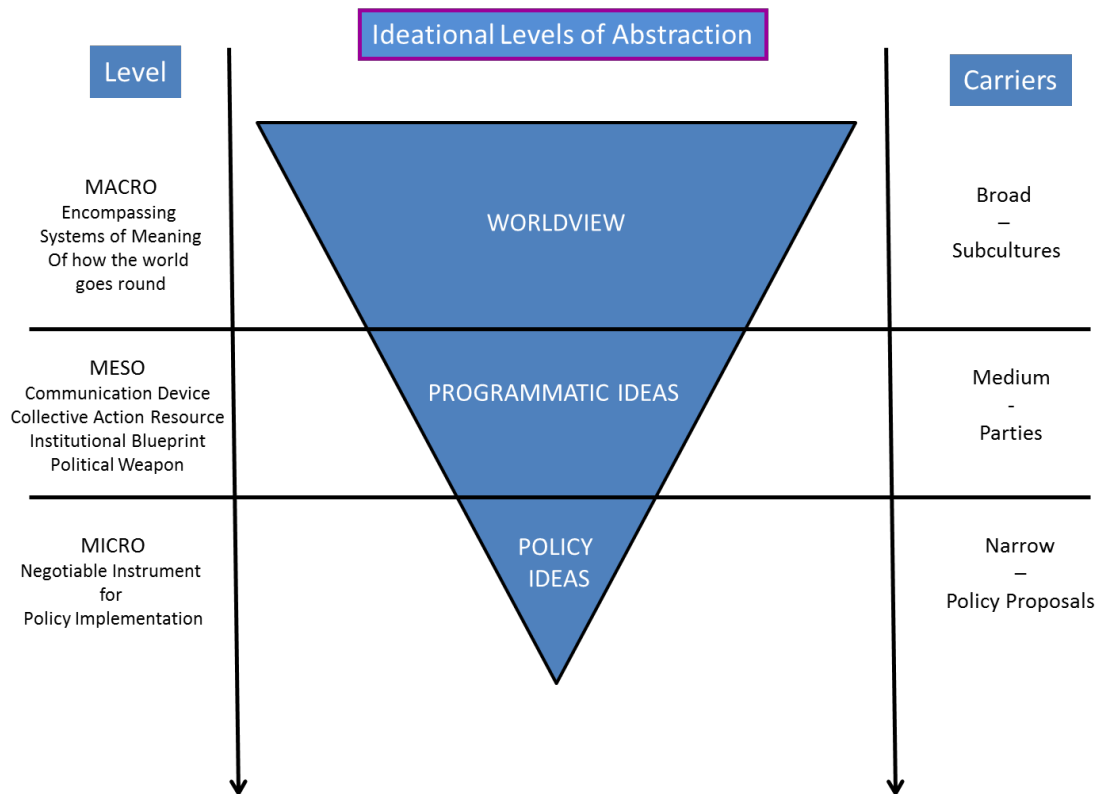
¹⁵⁸ Ruggie, J., cited IN: Berman, S. (1998) p. 21.

¹⁵⁹ Berman, S. (1998) p. 21.

acts of politicians. They are the connection between worldviews and the third micro level category: policy ideas.

Policy ideas that operate on the micro level become important whenever it comes to policy making and the political agent of a worldview aims at institutionalizing parts of his programmatic ideas. Policy ideas are practical applications and responses of worldviews and programmatic ideas in the day to day business of policy making. They are a technical application and adaptation of worldviews and programmatic ideas to a specific structural problem. On these policy ideas, political actors representing different worldviews can engage in horse-trading. Note though that not every horse-trade is possible as the micro level of policy ideas always remains a function of the higher orientations of worldviews and programmatic ideas. If a compromise diverges too much from its macro or meso level origins then it can harm the coherence, and therefore the collective action potential, of the relevant worldviews. Too much compromise hurts the credibility of the programmatic ideas' carriers. The following figure shows the different ideational levels.

Figure 2-1 Ideational Levels of Abstraction



2.3.5 What do Ideas do?

Scholars that use ideas in their frameworks usually see them as functionalistic devices. In other words, ideas are what they do. Blyth ascribes them four core functions: first, they solve collective action problems (Lewis and Steinmo have a similar interpretation)¹⁶⁰ as they provide actors with shared “mental models”.¹⁶¹ Second, they serve as “institutional blueprints”¹⁶² in times of uncertainty. Third, they function as “cognitive locks” as they can create intellectual path dependency”.¹⁶³ Fourth, they function as “weapons in distributive conflicts”.¹⁶⁴ In this thesis, programmatic ideas fulfill all of these functions but in the form of worldviews they go beyond pure functionalist prescriptions. Worldviews, in and of themselves, are complex and congruent systems of meaning through which individuals interpret the world. They are, therefore, reference points that tell political actors how the world goes round and indicate how they should deal with structural, material, political and institutional inputs. In other words, they filter how we see the world and make sense of it. From the 19th century up until the 1960s, worldviews were deeply entrenched and connected with subcultures that provided, through a vast set of institutional structures, an institutional backbone for the transmission and regeneration of the relevant worldview. In contrast, programmatic ideas are the instrumental and political outlets that these worldviews bear and, in fact, they fulfill all the different functional tasks mentioned above by Blyth. Beyond Blyth’s ascriptions, one has to add that programmatic ideas are also a means of political communication that can be used not only as discursive tools (ideas as weapons) and devices to achieve in-group cohesion within a worldview (collective action resource), but also as an advertisement device with which new members can be attracted and lured into one’s worldview.

¹⁶⁰ Lewis, O. & Steinmo, S. (2010).

¹⁶¹ Blyth, M. (2003) p. 696.

¹⁶² Blyth, M. (2001) p. 2.

¹⁶³ Blyth, M. (2001) p. 2.

¹⁶⁴ Blyth, M. (2001) The Transformation of the Swedish model: Economic ideas, distributional conflict, and institutional change. *World Politics*, Vol. 52, pp. 1-26.

2.3.6 Carriers

Worldviews in themselves are pretty helpless in bringing about institutional change or innovation. They need organizational resources that carry and embody them. Such “organizational vessels”¹⁶⁵ can be manifold, tend to differ between levels of observation and usually change over time.

In the late 19th century ideational carriers were generated by, and deeply rooted in, subcultures (Milieus) that provided the institutional backdrop for worldviews.¹⁶⁶ Each subculture boasted a wide range of associations that spanned every aspect and instance of human life (“from the cradle to the grave”). Ideational carriers were therefore all the different components of the subculture – from the local parish priest to the Catholic knitting club or workers union. Almost all Western European societies were divided along these “socio cultural structures”¹⁶⁷ (subcultures) and these structures sometimes even led to an “institutionalized segmentation”¹⁶⁸ of the polity as, for example, in the Netherlands.

With the dawn of mass politics through the enlargement of the franchise towards the end of the 19th century, these subcultures produced political outlets in the form of modern parties. These “Ghetto Parties”¹⁶⁹ and their politicians were the political agents of the respective subculture and its worldview. In the case of Catholicism, these were the parties of religious defense that emerged from the various state-church conflicts in continental Europe. They transformed into Christian Democratic parties after the Second World War sometimes by opening up to the inclusion of Protestants.

A substantive part of this thesis deals with the parties and the politicians that emerge from these subcultures because they are the agents that take the ideas embodied in worldviews and programmatic ideas and carry them into parliament in order to institutionalize them via legislation. Parties became, next to the executive, the main political

¹⁶⁵ Berman, S. (2006) p. 11.

¹⁶⁶ The subculture concept is in this analysis based and derived from the Milieu concept that Durkheim developed and which was adapted for the study of the society of the Kaiser Reich by Lepsius. Lepsius detects a Conservative Protestant, liberal, Catholic and later a Socialist subculture. For a deeper discussion of subcultures and Milieu, see page 102 in chapter two or: Lepsius, M. R. (1993).

¹⁶⁷ Lepsius, M. R. (1993) p. 59.

¹⁶⁸ Lipset, S. M. & Rokkan, S. (1976 [1990]) p. 103.

¹⁶⁹ “Ghettoparteien” Lipset and Rokkan borrow this term from Fraenkel. Lipset, S. M. & Rokkan, S. (1976[1990]) p. 109.

vehicle that implemented ideas and interests in legislative arenas of a parliamentarizing continental Europe at the end of the 19th century.

Researching the formation of legislation entails dealing with the influence of ideas on the formation of institutions. However, as I have argued before, one needs to assess, a priori, how ideas come about and what forms they take. The question is therefore: what makes some programmatic ideas garner more success than others and why do some have seemingly less trouble in becoming institutionalized than others? The following will flesh out two mechanisms that this thesis identifies as being of crucial importance in this process.

2.4 Vicious and Virtuous Cycles: Ideational Competition

A considerable amount of ideational analysis stems from the field of comparative political economy. It usually scrutinizes how, and under which conditions, two large hegemonic idea sets (usually Keynesianism and Neo-Liberalism) alternate.¹⁷⁰ The focus lies on the process of how one hegemonic set of ideas becomes replaced by another one. The key for alternation is often identified as an external shock in which the old hegemonic idea loses legitimacy and opens a window of opportunity for the new idea to take over.¹⁷¹ I advance here that two other ideational settings also exist where the patterns of competition and ideational renovation are likely to be different. The first is a situation in which two major idea sets are present but neither of them can reach a dominant hegemonic position. This is the situation of a frozen Bi-Polar ideational world. The second is a multipolar ideational situation in which there are more than two ideas competing with each other for domination, part of which

¹⁷⁰ The foundational article that takes such an approach is Hall's piece on policy paradigms in which he analyses the replacement of Keynesian ideas through monetarist economic interpretations in Great Britain. Hall, P. (1993). For review articles on ideational approaches see: Beland, D. & Cox, R. H. (2011) Introduction, IN: Beland, D. & Cox, R. H. (eds.) *Ideas and Politics in social Science Research*, Oxford, Oxford University Press; Carstensen, M. B. (2011) Paradigm man vs. the bricoleur: bricolage as an alternative vision of agency in ideational change, *European Political Science Review*, Vol.3, No.1, 147-167; Carstensen, M.B. (2011), Ideas are Not as Stable as Political Scientists Want Them to Be: A Theory of Incremental Ideational Change, *Political Studies* Vol. 59, No. 3, pp. 596-615; Blyth, M. (1997) Any more bright ideas? The ideational turn of comparative political economy, *Comparative Politics* Vol. 29, No. 1, pp. 229-250; Blyth, M. (2003) Structures do not come with an instruction sheet: interests, ideas, and progress in political science, *PS: Political Science and Politics* Vol. 1, No.4, pp. 695-706.

¹⁷¹ In Peter Hall's words, a policy paradigm replacement is "initiated by a specific kind of event, namely by events that proved anomalous within the terms of the prevailing paradigm". Hall, P. (1993) p. 291.

also entails occasionally forging coalitions with one another. The first situation is one of stasis, the second one of competition.

If considerable functional pressures are exerted on the existing ideational landscape (e.g. industrialization, urbanization) and, especially, when one of the political competitors incorporates these functional pressures into its programmatic ideas, then the other existing political players have to respond by updating their programmatic ideas if they do not want to be side-lined and outdated in the political competition.¹⁷² Therefore, when one party updates, modernizes or adapts its programmatic ideas to new contextual conditions, this exerts considerable competitive pressure on the others. What happens next is that the other political players also start to update their ideas. I call this phenomenon a virtuous cycle of ideational competition.

It is also possible that such a cycle does not unfold in light of contextual changes. A stalemate or clear-cut and frozen power relations between the parties can lead to the emergence of a vicious rather than virtuous cycle of ideational competition. In a vicious cycle of competition none of the political actors departs from the status quo in response to a new contextual challenge and, hence, no modern ideas regarding the contextual issue are generated. While one situation leads to progress, the other one leads to stasis.¹⁷³

The two situations mentioned above crystallize in the two cases of early modern social security formation that this thesis scrutinizes. In Germany, the accelerated functional pressures of industrialization from the mid-19th century onwards gave rise to a new social stratus, that of the industrial worker. Facilitated through the proliferation of Marx's ideas, this new social stratus threatened to form a new coherent subculture based on the Socialist worldview. This was alarming for the other existing subcultures and worldviews and they responded by developing their own ideas on social security in congruence with their worldviews (Social Catholicism, Conservative Protestant State Socialism, and Social Liberalism). The functional pressures of industrialization, and their ideational politicization through Marx, triggered a virtuous cycle of ideational competition on modern welfare ideas

¹⁷² In the early 1990s Peter Hall saw two main mechanisms propelling paradigmatic ideational shifts: "electoral competition" and "a broad societal debate". Hall, P. (1993) p. 291. I would nevertheless, emphasize that ideational competition can be facilitated by electoral competition, but this is not a necessary or unique precondition for its emergence. It can for example also be the result of a quest for credibility or a challenge on membership amongst subcultures without electoral competition.

¹⁷³ At least in the cases investigated in this thesis.

in Germany. Once the first political exponent of a worldview (Bismarck) made a step to implement his ideas in welfare legislation, the others had to follow suit in order not to lose touch with the members of their subculture (the workers). A political battle unfolded which was followed by a series of political compromises on welfare legislation. In Italy, contrastingly, the unification of the nation led to a Bi-Polar rivalry between Liberal State and Church in which neither of the two could establish hegemony over the other. This Bi-Polar stalemate led to a vicious cycle of competition in which neither power generated modern welfare state ideas as a response to the functional pressures generated through industrialization and liberal de-corporation of society in the 19th century.

These cycles are of a dynamic and reciprocal nature. Their unfolding is not only conditioned by, but also feeds back into, their environment. This goes beyond the reach of standard comparative analytic frameworks that build on the logic of comparative statics. Instead, the patterns of ideational competition and cycles that this thesis found in the empirics are perhaps best described using the notion of an evolution of ideas. In fact, the dynamics and changes of programmatic ideas and worldviews described in this thesis mirror some of the dynamics in the evolutionary concepts that are used to explain the development of species on earth. In fact, there are congruencies between the unfolding of cycles of competition of programmatic ideas and the mechanisms that guide the evolution of life on earth (selection, variation, retention). Variation finds its empirical expression in the fact that no clones seem to exist in politics and history, but that instead every country, welfare system, party or religious configuration is unique. This comes close to the implications of the Darwinian concept of “population thinking”.¹⁷⁴ Furthermore, the virtuous cycles of ideational competition described before mirror the selection mechanisms that drive biological evolution. Retention, on the other side, as the biological equivalent to path dependency, has characteristics and effects similar to vicious cycles of programmatic competition in which ideas do not develop.

However, there are also fundamental differences. The most important is that the mechanisms that drive ideational competition cannot be equated with a “survival of the fittest”¹⁷⁵ or a “social Darwinism”¹⁷⁶ of ideas. Unlike biological species, programmatic ideas

¹⁷⁴ Mayr, E. (2001) *What Evolution Is*, New York, Basic Books, p. 75.

¹⁷⁵ Streeck, W. (2009) p. 18.

¹⁷⁶ Streeck, W. (2009) p. 19.

and worldviews cannot die out (they can just be muted for a certain period of time).¹⁷⁷ Only their organizational carriers can vanish.¹⁷⁸ It is difficult to judge at this point, without embarking on the empirical analysis below, just how far the analogies between the framework of virtuous and vicious cycles of ideas and the mechanisms underlying biologic evolution go. On the pro-side, the confinement of Darwinian Theory to ideas in politics would rescue it from biological reductionism. On the con-side stands the question where the selection pressures for an evolution of ideas should come from if they cannot die out. There are also other problems of a direct analogy: change in politics can also be quick and drastic, Darwin has discredited the possibility of such “saltations” (evolutionary lingo) with the turn to gradualism that he pushed in Evolutionary Theory. Another problem is the confinement of Evolutionary Theory to the phrase that “Evolution is best understood as the genetic turnover of the individuals of every population from generation to generation.”¹⁷⁹ This seems exclude agency, which is certainly a central concept of politics and history, from an evolutionary-ideational approach. However, there are parts of evolutionary research that increasingly point towards the importance of agency in sexual selection, especially through mating and courtship behaviors.¹⁸⁰ That said, conclusions cannot be drawn without an evaluation against the background of the empirics. The plan is therefore to turn to a more thorough evaluation of the possibilities of an evolutionary approach to the study of ideas after having analysed and assembled the conclusions of the empirical cases in the concluding chapter.

¹⁷⁷ Counter intuitively, especially neo-classical economists who are usually not too keen on ideas in their analysis seem to know that (they do not call them ideas). Milton Friedmann put forward that the task of economists remains “to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable” Friedmann, M. cited in Blyth 2012 Unpublished manuscript pp. 57-58.

¹⁷⁸ The concept of virtuous and vicious cycles of ideational competition shares some resemblance with the concept of programmatic party competition. See: Kitschelt, H.; Mansfelova, Z.; Markowski, R. & Toka, G. (1999) *Party Systems, Competition, Representation, and Inter Party Cooperation*, Cambridge, Cambridge University Press; Kitschelt, H. & Wilkinson, S. (2006) *A Research Agenda for the study of Citizens-Political linkages and Democratic Accountability*, IN: Kitschelt, H. & Wilkinson, S. (eds.) *Partons, Clients and Politicians*, Cambridge, Cambridge University Press.

¹⁷⁹ Mayr, E. (2001) p. 76.

¹⁸⁰ Miller, G. (1998) *How Mate Choice shaped Human Nature: A Review of Sexual Selection and Human Evolution*, IN: Crawford, C. & Krebs, D. (eds.) *Handbook of Evolutionary Psychology, Ideas, Issues, and Applications*, Mayham, Lawrence Erlbaum.

2.4.1 Ideational Compatibility and Compromise

Politics is the art of the possible.

Otto von Bismarck¹⁸¹

The striving of programmatic ideas in ideational competition is not enough to translate these ideas directly into institutions. Instead, in order to make laws in a parliamentary multiparty setting, the ideational carriers usually need allies and coalition partners.¹⁸² Thus the power resources that a successful carrier of updated programmatic ideas possesses (e.g. number of seats in parliament) are not the only important factor. Instead, this study will show that it also depends on how the ideas that it transports are compatible with others. Ideational compatibility does not work based on simple affinities on a right-left dimension as parts of rational choice based coalition theory¹⁸³ or Tsebelis's "winset" and "yolk"¹⁸⁴ would suggest. Instead, whether ideas can be subject to compromise depends on whether a match is possible between their different levels of ideational abstraction and their interests. Social policy has many layers and dimensions that span from purely organizational institutional aspects to redistributive questions or even to higher normative values of human solidarity. If a carrier of a programmatic idea has acquired a specific blueprint for social security then this can have as much to do with his programmatic beliefs as with the situational interests of his worldviews. The multilevel character of ideas and the different layers of social security open up the space for ideational compromises and coalitions. Even if the programmatic beliefs of two worldviews are fundamentally at odds with one another, they can still compromise on their policy ideas if their interests are aligned. Such compromise can only work if the generated policy instrument can be sold as being in congruence with both worldviews. Such situations are rare but when they happen they can have tremendous impact. Let us take an example:

The worldviews of Catholics and Liberals might be fundamentally at odds but they can reach a compromise when facing a force that fundamentally threatens the interests of both

¹⁸¹ Bismarck, O. (1867) Remark to Wadek on the 11th August 1867.

¹⁸² This depends heavily on the institutional environment (e.g. whether parliament is required to enact laws, whether there is a system of proportional representation etc.).

¹⁸³ Strom, K.; Müller, W. & Bergman, T. (2008) *Cabinets and Coalition Bargaining*, Oxford, Oxford University Press.

¹⁸⁴ Tsebelis, G. (1995) Decision Making in Political Systems: Veto Players in Presidentialism, Parliamentarism, Multicameralism and Multipartyism, *British Journal of Political Science*, Vol. 25, No. 3, pp. 289-325; Tsebelis, G. (2002) *Veto Players: How Political Institutions Work*, Princeton, Princeton University Press.

of their worldviews – as was the case with Bismarck and his state socialist challenge. In such a situation, Liberals and Catholics were able to formulate welfare provisions together as their interests lay in limiting the role of the state (or Bismarck). This was facilitated not only by Bismarck's threat but also because the bases of Catholic and Liberal programmatic ideas opened the door for an ideational match. Liberals could sell the result as being in line with the laissez faire residual of their worldview while Catholics could emphasize that they had hampered the role of the central state in welfare as demanded by their subsidiarity doctrine. In contrast, Bismarck's state socialist and the Social Democrat's programmatic ideas on how to run the economy were almost identical. In other words, Bismarck and the Socialists would have been very close on a right-left dimension but agreement on policy was impossible as the interests of their worldviews were fundamentally at odds.

2.4.2 A note on Policy Paradigms

Peter Hall's 1993 article on Policy Paradigms is arguably the point of departure for most of the ideational scholarship that started to emerge during the 1990s. Hall, like most other researchers that include ideas in their analysis, is usually concerned with the substitution of one set of paradigmatic policy ideas by another. Hall's original contribution deals with the crowding out of Keynesian ideas among British politicians, bureaucrats and the public and the wide-scale adoption of monetarist ideas in their place during the 1980s. This process is initiated by an external shock, that is "initiated by a specific kind of event, namely by events that proved anomalous within the terms of the prevailing paradigm"¹⁸⁵ but it is ultimately driven by electoral competition.¹⁸⁶ Hall's framework, therefore, seems broadly similar to the concept of ideational competition sketched out above. However, there are also strong divergences between both approaches. Hall's framework was explicitly modeled on the British experience. The replacement of one paradigm by another through electoral competition comes therefore as no big surprise given the institutional settings of bi-partisan competition that is facilitated through a winner takes all, first past the post-election system. The situation whereby more than two ideational paradigms compete, which is empirically-speaking much more frequent in Western Europe, is not covered by the framework. In other

¹⁸⁵ Hall, P. (1993) p. 291.

¹⁸⁶ Hall, P. (1993) p. 288.

words, Hall helped us to a much better understanding of ideational politics and competition in majoritarian democracies but we know still very little on such processes in consensus democracies with multiparty settings where, although ideational competition and winner takes all politics do matter, ideational compromise is also crucial. Here this thesis and the framework developed above fill a gap. A further peculiarity of this work compared to that of Hall is its recognition that electoral competition is not solely responsible for ideational competition but that such competition can also be stimulated outside of electoral institutions (although electoral competition is nevertheless acknowledged as facilitating ideational competition). The ideational competition studied in this thesis is that which unfolded in the late 19th century, and revolves around identities and the stability of these identities. It is not an electoral competition in which parties can simply reconfigure and put together ideas on their platforms according to an electoral logic of supply and demand. Instead, parties embark on a process of nurturing their ideational developments through active dialogue on the coherence and organization of their subcultures.

3 Comparative Framework, Methods, Plan of Thesis

3.1 Caveats

The study of ideas brings caveats. As early as 1993, Peter Hall put forward that “this dimension of policymaking has proven especially difficult to model”¹⁸⁷ and that “Like subatomic particles, ideas do not leave much of a trail when they shift”.¹⁸⁸ A prominent accusation is that research that includes ideas as independent variables lends itself too easily to post-hoc explanations. Besides knitting the empirical net as tight as possible, the most important point is certainly that the researcher establishes up front what the exact content of a programmatic idea is. This is safeguarded through an approach that sees it as essential to trace the evolution of ideas themselves before assessing their influence on policy. Whether ideas and interests fall together in a programmatic idea must be traced in each specific case. Considering the question of causal influence of programmatic ideas the researcher has to show that no other concurrent theoretical framework matches the empirical findings better. For this thesis, this means that none of the other welfare theories (Power Resource, Employer Centered Approaches etc.) nor the political actors that they identify (left parties, employer associations, cross class coalitions etc.) have more (direct or indirect) influence on the formation of social legislation than Catholic programmatic ideas and carriers. In other words, to make a proper argument about the influence of Catholic programmatic ideas on social security, the thesis must show that these ideas were brought into the parliamentary arena by the respective political carriers and vessels of Catholicism (Catholic parties, Christian Democratic parties, Pope, etc.) and could make their way (more or less watered down) through the legislative process into institutions.

3.2 Cases: Object of Study and Timeline

Two cases have been selected for analysis: Italy and Germany. Both countries have longstanding traditions of Catholic and Christian Democratic parties and have experienced the critical junctures of WWI, WWII and fascist dictatorship. The two countries were ‘catch up’ states, both in terms of nation state formation and industrialization in the 19th

¹⁸⁷ Hall, P. (1993) p. 290.

¹⁸⁸ Hall, P. (1993) p. 290.

century.¹⁸⁹ They developed distinct non-liberal political economies during the 20th century.¹⁹⁰ Not only do they share similar historical trajectories but they also share communalities today. Hall and Soskice place them among the coordinated market economies,¹⁹¹ while Esping-Andersen puts both into his Conservative welfare state cluster.¹⁹² Recent work that reviewed and critically updated these categories also retains these conclusions.¹⁹³ Furthermore, classics of the comparative politics literature like Lijphart's *Patterns of Democracy* see strong similarities between the institutional set ups of the two countries.¹⁹⁴

There has been much controversy about these categorizations (see for example Ferrera's well taken point about the existence of a distinct southern welfare model and Esping-Andersen's own revision of his work)¹⁹⁵, however, this is not my main concern here. Instead, all of the categorizations above remain snapshots based on the evaluation of data from specific points in time. Neither Esping-Andersen's nor Hall and Soskice's contributions use historical or time series data to cement their conclusions but their arguments always imply a longstanding historical developmental path. However, if one takes the historical dimension of both cases into account then a picture emerges where Italy and Germany are not at all as similar as most modern political science categorizations would suggest. This holds not only for their political economies and their welfare regimes but also for the historical political, institutional and social conditions under which these evolved.

¹⁸⁹ Italy unified in 1861 while Germany did so a decade later in 1871. Industrialization took off a bit earlier in Germany, from the 1850s onwards, while Italy started to industrialize heavily in the 1870s and entered high industrialization in the 1890s, albeit regionally confined to the North.

¹⁹⁰ Streeck, W. (2001) Introduction: Explorations into the Origins of Non Liberal Capitalism in Germany and Japan, IN: Streeck, W. & Yamamura, K. (eds.) *The Origins of Non Liberal Capitalism*, Cornell, Cornell University Press.

¹⁹¹ Hall, P. & Soskice, D. (2001) An Introduction to Varieties of Capitalism, IN: Hall, P. & Soskice, D. (eds.) *Varieties of Capitalism*, Cambridge, Cambridge University Press, pp. 1-68.

¹⁹² Esping-Andersen sees strong similarities between both countries and their welfare regimes in terms of decommodification (p.52), the role of the state in the employment sector (p. 158) and their overall conservative character (p. 74). Esping-Andersen, G. (1990).

¹⁹³ See: Esping-Andersen, G. (1999a) *The Social Foundations of Postindustrial Economies*, Oxford, Oxford University Press, Arts, W. & Gelissen, J. (2002) Three Worlds of Welfare Capitalism or more? A state-of-the-art-report, *Journal of European Social Policy*, Vol. 12, No. 2, pp. 137-158, Iversen, T. & Stephens, J. D. (2008) Partisan Politics, the Welfare State, and Three Worlds of Human Capital Formation, *Comparative Political Studies*, Vol. 41, No. 4-5, pp. 600-637.

¹⁹⁴ For Lijphard both countries have "semi plural societies". Lijphardt, A. (1999) *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries*, New Haven, Yale University Press, p. 74.

¹⁹⁵ Ferrera, M. (1996), Esping-Andersen, G. (1999a).

In fact, both countries significantly differed on four key comparative dimensions that varied throughout the late 19th and early 20th century: nature of regime (authoritarian vs. liberal), suffrage expansion (early vs. late and slow), party system (early structuring vs. late structuring) and church-state relations (political opposition vs. systemic opposition).¹⁹⁶

The political and institutional regimes differed significantly prior to WWI. After its unification in 1861, Italy can be counted as a prototypical liberal regime, albeit a constitutional monarchy, in which cabinets needed the support of the majority of parliament. This was not the case in Imperial Germany where the government was independent from the Reichstag and responsible only to the Kaiser. This made Germany an authoritarian regime which can be labeled as “limited absolutist”.¹⁹⁷ However, even in Germany the chancellor also needed a majority in the parliament to pass legislation. The transition of the interwar period left Italy’s constitutional monarchic institutions largely unchanged. In contrast, Germany witnessed a regime change as a result of the defeat in WWI and the November revolution of 1918/1919 and went on to become a presidential democracy. After WWII both countries became parliamentary democracies where governments needed the support of parliament to stay in power.

Strong divergences also existed regarding the franchise in both countries. While male suffrage was only reluctantly and gradually expanded in Liberal Italy (out of fear of the uneducated and religious masses), the Kaiser Reich’s constitution, despite being of an authoritarian nature, provided for universal male suffrage. Furthermore, while women were granted the right to vote in the Weimar Republic, Italian women would only get to exercise their fundamental democratic rights after WWII.

The differences in the extension of the franchise had strong effects on the structuring of the party system in both countries. While Imperial Germany developed a comparatively stable party system early on due to suffrage extension and the existence of coherent subcultures, such developments only occurred in Italy after WWI. Decisive in the late development of modern parties was not only the perpetual postponing of universal suffrage

¹⁹⁶ I owe much of these categories to the very insightful comments of Stefano Bartolini on an earlier version of the manuscript.

¹⁹⁷ Limited absolutism refers to countries in which “the king could appoint his cabinet without reference to the composition of parliament”, Stephens, J. (1989) Democratic Transition and Breakdown in Western Europe, 1870-1939: A Test of the Moore Thesis, *American Journal of Sociology*, Vol. 94, No. 5, pp. 1019-1077, p. 1023.

in combination with the single member district system in Italy¹⁹⁸ but also the hostile stance of the Pope towards the new nation state. Through the issuing of the “Non-Expedite” in 1874, Pius IX forbade all Italian Catholics to vote or run for public office. As a consequence of this, none of the two dominant political subcultures of the 19th century in Italy formed a modern vehicle of political representation. In this regard, Imperial Germany and Liberal Italy represented the two ends of the spectrum of the European experience in the late 19th century.

The fourth comparative dimension in which the analytic framework of the thesis is situated regards the dimension of the state-church conflict. Even though both countries experienced a harsh state-church conflict, it took much longer to resolve it in Italy than in Germany. While the German Culture War (Kulturkampf) only lasted for seven years, it went on for almost 70 years in Italy. In addition, the nature of the conflict was different in both countries. The Vatican took up a position, culminating with the issuing of the Syllabus of Errors,¹⁹⁹ of fundamental systemic opposition against liberalism and the territorial integrity of the Italian state. In Germany, Catholicism confronted the Protestant state authorities from within the political system. Hence, it was a political confrontation in the framework of the constitution. The denominational split of the German case also allows for different political dynamics based on the very different social doctrines that both religions developed in response to industrialization.²⁰⁰ In Catholic Italy such dynamics were foreclosed. Furthermore, the Pope and the Vatican, the center of the Catholic Church, were (and are) situated in Italy while no such religious power center exists in Germany. The special proximity between the Pope, the Catholic hierarchy and the Italian Catholic lay movement allowed for a much fiercer and direct control of Italian Catholicism. In Germany, on the other hand, the pope’s leverage over his flock was considerably limited.²⁰¹ The consequence was that a Catholic party of religious defense emerged only comparatively late, with Sturzo’s Partito Popolare in 1919, almost half a century after the German Catholic Center party had been founded.²⁰² Furthermore, when Christian Democratic parties emerged, after the interludes of fascism and WWII in both countries, these also took diverging forms. While the

¹⁹⁸ See Chapter 5 of this thesis, especially pp. 173-178.

¹⁹⁹ See Chapter 5 of this thesis, especially pp. 194-201.

²⁰⁰ For the Catholic side see: pp. 132-134, for the Protestant side see: pp. 120-125, both Chapter 4 of this dissertation.

²⁰¹ Kalyvas, S. (1998).

²⁰² Kalyvas, S. (1996).

foundation of the CDU marked a historical interconfessional compromise between Protestants and Catholics, the DC in Italy remained a purely Catholic party. As a last point, the early 1990s saw the end of Christian Democracy in Italy, while the German Christian Democrats were able to adapt in the post-cold war era and survive. The comparative dimensions are summarized in the following table according to the historical time slots that are scrutinized in this thesis.

Figure Four Comparative Dimensions

		REGIME	SUFFRAGE	PARTY SYTEM	CHURCH-STATE Relations
Pre-WWI	Italy	Liberal	Low	Non Existent	Long Conflict
	Germany	Autoritarian	High	Solid	Short Conflict
Post-WWII	Italy	Democracy	High	Solid	Excellent
	Germany	Democracy	High	Solid	Excellent
End of History	Italy	Democracy	High	Breakdown	Good
	Germany	Democracy	High	Solid	Medium

What follows is that where a country stands on each of the four dimensions (regime, suffrage, party system, church-state relation) has consequences not only for the formation of social security but also for the formation of ideas on social security. In other words, the four dimensions constitute the framework within which vicious or virtuous cycles of competition unfold. Note, however, that it is almost impossible to read linear predictions about the unfolding of such cycles through a logic of comparative statics from the above table. To give an example: the fact that a government is not responsible to a parliament suggests that government would be immune to demands from parliamentarians. However, it might be easier for the executive to take a lead on welfare against the will of parliament.²⁰³ Hence, theoretically the same regime type can lead to more or less welfare. However, as the empirical chapters will show, historically it was not possible to push through welfare legislation against the will of parliamentarians. Even Bismarck needed a majority in the Reichstag to pass legislation.

²⁰³ It seems that the presence/absence of federalism and the consequences it entailed for legislative procedures had much more influence on welfare legislation than liberal monarchic parliamentarism vs. semi-absolutism. In the end, semi-absolutism might not have been that far from today's liberal democratic practices as it seems at a first glance. Sweden and Denmark (but also Spain) can be classified as limited-absolutist regimes at the end of the 19th century. Stephens, J. (1989) p. 1023.

This does not mean that the above categories do not have any substantial impact on the formation of social security. An early suffrage extension facilitates the early emergence of a party system with coherent collective actors that are needed for coalition building and political compromises on welfare. However, this is not necessarily always the case. Furthermore, the quality of the church-state conflict determines whether a Christian Democratic representation surfaces in the political arena and how much of a distinctive anti-state connotation it develops. In other words, if the intensity of the church-state conflict is low and a Christian Democratic party emerges, then Catholic voters are more easily absorbed by the political system which grants it higher legitimacy and stability.

The categories sketched above are deeply intertwined and often reinforce and feed back into one another. Similarly, the suffrage issue influences the party system and the state-church relation can impact negatively on the legitimacy of the party system. What follows is that these categories are useful but only as long as they are seen in light of how they emerge in the empirics: interconnected and intertwined entities that form a dynamic process. To sum up, the four comparative categories help to tease out the scope conditions under which welfare legislation is made but only in combination with the dynamics of vicious and virtuous cycles of competition.

If Italy and Germany diverge so much on the four general analytic comparative dimensions, how is it that they remain useful for a comparative study on the influence of Catholic social doctrine on welfare legislation? First of all, there seems to have been a process of relative convergence in both cases – beginning from their divergent positions in the 19th century towards the classics of political economy, comparative politics and comparative welfare state literature. The dissimilarities appear to have given way to a phase of convergence in the 20th century that started before fascism but accelerated especially after WWII and only came to a halt in the 1990s. Of course, no two countries are completely alike and the conversion mainly refers to the broad and inclusive categories such as those in Hall and Soskice's *Varieties of Capitalism*, Esping-Andersen's *Worlds of Welfare Capitalism* or Arendt Lijphardt's *Patterns of Democracy*.²⁰⁴ Still, it is intriguing that a relative convergence happened no matter how broad the categories are. A secondary task of this study is to explore why this convergence occurred. The argument is that religion, and

²⁰⁴ Needless to say, these categorizations have themselves been subject to perpetual critique and discussions among political scientists.

especially Catholicism, as a political force can be held accountable for a substantial part of these processes.

As already mentioned, Italy and Germany emerge as telling cases because of their parallel and consistent exposition to processes of late industrialization, late nation-state formation and war. Nevertheless, this study is not a most similar case design. Instead, as shown before, divergences emerge through the religious and political-institutional configurations of both countries, both of which are often interlinked and endogenous to one another. While Germany was a denominationally split country with a ruling Conservative-Protestant majority, Italy was almost a hundred percent Catholic and the Pope exercised substantial control over the people there. While the ratio between Catholics and Protestants varied in Germany according to its territorial reach, influenced through territorial compensations and reparations after the lost wars and partition as well as reunification, the Italian religious composition remained largely stable. The comparison of the most Catholic country in Europe and one where Catholicism was in a minority position grants ample leverage for comparative conclusions on the inherent dynamics of religion as a political force, how religious welfare doctrines are formed and how they influenced welfare legislation. It is the divergence of these two cases on that matter that will provide the necessary insight to draw conclusions for the other cases of European Christian Democracy.

One question remains: why does this study scrutinize Italy and Germany instead of some other countries with conservative welfare regimes, coordinated market economies and in which Catholicism plays a role? The answer lies in the independent variable. Both countries developed strong Christian Democratic parties after WWII, a fact that excluded other major Catholic countries such as Spain, Portugal and France, all of which did not see the long-lasting emergence of such parties. Furthermore, among the countries with longstanding Christian Democratic traditions, the Netherlands and Switzerland did not suit this study because both feature large Calvinist sections of society²⁰⁵ which would have been a further influential factor on social security.²⁰⁶ Austria was excluded due to its relatively small size which makes it a case for Katzenstein's argument about *Small States in World*

²⁰⁵ With Calvinist Christian Democratic parties of religious defense.

²⁰⁶ Kahl, S. (2005); Manow, P. (2004).

Markets rather than a telling case for social Catholicism's influence on welfare (Belgium was dropped for the same reason).²⁰⁷

3.3 Facts and Fictions²⁰⁸

This thesis builds, especially for the German case, on extensive analysis of primary sources such as political speeches, party manifestos, newspaper articles, letters from politicians to their wives, police-reports, memoirs and parliamentary records. Furthermore, the study draws on the rich body of work on the evolution of both welfare states from historians, political economists, sociologists and political scientists. These secondary accounts bring the caveat that they are interpretations. They are biased by the authors' ideological frame, methodological approach, the interests of their sponsors, the vicissitudes of the review process, or simply by the fashion that their respective discipline was exposed to at the point of writing. This begs the question of how, what and which parts of the secondary accounts to interpret. In other words, how can one make sure that the "double interpretation" by both the original author and myself does not completely spin off and detach from reality. The answer that historians have to this problem is: historiography. Historiography is the study of the evolution of historical approaches, interpretations and findings in a general sense (e.g. history from below or history from above) or on a specific topic (e.g. history of Bismarckian social insurance) or subfield (e.g. Italian 19th century history). In other words, it is not the direct study or the interpretation of historic events but instead the study or the interpretation of these events by historians.²⁰⁹ In a way, this study follows E. H. Carr's advice

²⁰⁷ Katzenstein, P. (1985) *Small States in World Markets: Industrial Policy in Europe*, Cornell, Cornell University Press.

²⁰⁸ "Fakten und Fiktionen" is the German title of Richard J. Evans' book on historiography. The English title "In Defense of History" is much more drastic. Evans, R. J. (1998) *Fakten und Fiktionen: Über die Grundlagen der historischen Erkenntnis*, Frankfurt am Main, Campus.

²⁰⁹ The Oxford dictionary of Critical Theory defines historiography as: "The study of the writing of history, the way style, narrative, metaphors, and so on affect how the historical record is received and understood. It can also refer to debates within a particular field of academic history (e.g. the history of Australia). The key point is that it does not refer to actual events, or to history as such, it only refers to the interpretation and articulation of these events. It thus asks what counts as history and more particularly which methods reliably produce history." Buchanan, I. (2010) *A Dictionary of Critical Theory*, Oxford, Oxford University Press, accessed as online version 2012. Evans has a similar definition: historiography is "nicht die Geschichte selbst sondern wie wir sie studieren, erforschen, beschreiben und lesen." Evans, R. J. (1998) p. 11.

to “first study the historian and then his facts”.²¹⁰ At the beginning of each chapter of this thesis the reader will find a brief introduction to the relevant historiographical debates.²¹¹ These sections will provide an overview of the different historical interpretations that have surfaced so far and will help to better place the evidence of primary sources and the author’s own interpretation and conclusion into context. In this work, the fact of placing the empirics into the broader framework provided by the intellectual history of welfare historians acts as a safeguard against the cherry-picking of historical evidence that is so common among political scientists. One question remains: what is the difference between historiography and the concept of literature reviews that political scientists and sociologists usually use? A literature review is usually a mere summary of the state of the art concerning a given research question. It does usually not bother with the different intellectual histories of different approaches themselves and is also not interested in how and why they evolved over time. In contrast, historiography is especially interested in these questions, which is the only way to place historical evidence in context and to evaluate it properly.

3.4 What to look at?

Most studies capture the welfare state by measuring spending patterns, program structures and stratification outcome quantitatively. This tends to assume the link between policy input and outcome more than tracing the link between the two. This thesis takes a different approach. It will qualitatively study the political actors, political discourse and decision-making process around the major laws of social security throughout the century. It was ironic that it was Bismarck’s own flagship project of modern social security where his famous populist claim that “Not by speeches and votes of the majority, are the great questions of the time decided [...] but by iron and steel”²¹² was proven wrong. Social security was formed through speeches and majority voting, a fact that left Bismarck so disgruntled that he did not once mention “his” great social security project in his memoirs. The following work therefore follows Peter Baldwin’s powerful statement that “the welfare state is a series of laws, a framework of legislation. To study its origins and development is

²¹⁰ Carr paraphrased in Evans, R. J. (1998) p. 12. The original statement can be found in Carr’s famous book “What is History”. Carr, E. H. (1961) *What is History*, Cambridge, Cambridge University Press.

²¹¹ Which will also include a discussion of the major contributions from other subfields e.g. political science, political economy, etc.

²¹² Bismarck, O. (1862) Speech in the Budget committee of the Prussian Parliament.

to deal in legislative and political history. Social issues play an important role here, but only as filtered through the parliamentary membrane.”²¹³ For the selection of the social security programs that will be investigated I will limit the project to the early “big four” as they tend to come in a rather coherent package in the early developmental phase of social security. Therefore, the main social security programs and legislation under investigation will be (industrial) accident insurance, sickness insurance, pensions and invalidity insurance. Unemployment insurance was enacted in both countries during the 1920s and will be excluded from the analysis.

An extensive focus on a complete timeline of social policymaking is not the aim of the thesis. Social security might be subject to constant amendments, but the shape and structure of a welfare regime is decided through a set of fundamental laws or reforms enacted at very specific points in time. The thesis focuses on three key stages of social security formation during the past one and a half centuries. The first stage deals with the initial implementation of modern social security at the end of the 19th century. The second phase under investigation is the crucial re-lock in phase of social security after the Second World War and fascist dictatorships in both countries. The third phase analyses the remaining vestiges of Catholic social teaching in both countries at the beginning of the 21st century.

These three phases happen to coincide with what Bartolini and Mair identify as the crucial phases of West European democratic expansion. The early formation of modern welfare takes place during the first mobilization phase of mass electoral politics at the end of the 19th century up until the start of World War One, the second part deals with the steady phase of electoral politics between 1945 and 1965, while the third part analyses the effects of the increasing electoral volatility that Bartolini and Mair detect between 1965 and 1985.²¹⁴ The interwar period is treated only as a short interlude (pp. 223-230). The reason not to primarily investigate social security and the development of Catholic social doctrine in between the wars was not down to the extreme complexity, fragmentation and polarization of the political landscape that provoked, especially in Germany, civil war like conditions. Instead, the reason was that the interwar times did not see as many noteworthy modifications to the original social security schemes, but rather those years witnessed a

²¹³ Baldwin, P. (1990) p. 53.

²¹⁴ Bartolini, S. & Mair, P. (1990) p. 9.

mere expansion driven in both cases by red-black coalitions between Socialists and Catholics (the greatest exception to this pattern was the introduction of unemployment insurance). The extraordinary expansion of the schemes ultimately led, especially in the case of Germany, to the fall of democracy when the parties (like those in the Weimar coalition) started to row back on the social security system in light of the crisis of the 1930s and thereby lost all their credibility and appeal. However, I account for the main developments of Catholic social doctrine during the interwar period (especially the social encyclical *Quadragesimo Anno* from 1931) by discussing them in the post-war chapters.

3.5 Plan of the Thesis

Chapter four examines the socio political and economic context in Germany against which social Catholicism developed in the run up to unification. The chapter analyses the twin processes of industrialization and nation building that led to the incorporation of a Liberal and Catholic subculture into the Kaiser Reich under the political and social dominance of Conservative Protestantism. It will show how, in the last quarter of the 19th century, a Battle of Ideas on modern social security unfolded between Conservative Protestantism, Liberalism and political Catholicism. This virtuous cycle of ideational competition was triggered by the emergence of Socialism in Germany during the second half of the 19th century. Once the socialists started to attract ever more followers among the rapidly growing working class, the other political actors reacted by developing and offering specific programmatic ideas targeted to working class demands.

Chapter five assesses the programmatic ideas on social security of all four major political actors in the German Empire during the 1880s. It will, in a second step, follow closely the lawmaking process for all four major social security laws (Sickness, Accident, Old Age and Invalidity Insurance) that had been planned by Bismarck. The chapter finds that Bismarck's plan to use social insurance as a political device to bolster the hegemony of the Protestant Conservative subculture failed due to the parliamentary co-decision powers of the two parliamentary chambers. Not only was Bismarck forced to compromise heavily but also none of the other subcultures were able to make a full homerun on social security. Instead, the laws were established through different coalitions and compromises in the Reichstag. Sickness was a Catholic-Liberal-Conservative compromise while Accident was built on a Catholic-Conservative compromise (Rye and Rome) where the Catholics were able

to wield considerable influence. Old Age and Invalidity was, on the other hand, a victory for the Conservatives and (National) Liberals. The findings suggest that modern German social security has its roots not in a class compromise, the pure prevalence of political Catholicism or employer's demands but rather in a denominational compromise between Conservative Protestantism and political Catholicism.

Chapter six turns to Italy. It examines the political unification of the Italian nation state and the consequences of this for the emergence of the key political and societal players in post-unification Italy. In Italy, unification led to the emergence of two key political players that were fiercely at odds with one another, the Catholic Church and the Liberal nation-building elites. Both were equally powerful, though in different spheres. While the Church had held strong temporal powers in the vast territories of the Papal States, and the Liberals had been confined to the "realm of ideas" in pre-unification Italy, it turned the other way around in post-unification Italy. Now Italian Liberalism presided over the state institutions and the Church commanded the "ideas" of an Italian society that was almost exclusively Catholic. This polarized situation soon led to a stalemate between the two forces where neither wanted to intrude into the other's sphere of influence. As the chapter shows, this inhibited the political, industrial, and welfare development in Italy up until the beginning of the 20th century.

Chapter seven examines in greater detail how the polarized stalemate between state and Church in post-unification Italy came to be played out in the field of welfare. For the first three decades after unification Catholicism and Liberalism entered a stalemate in which both sides could retreat to their comfortable orthodox ideological fall back positions of *laissez faire* (Liberal side) and subsidiarity (Catholic side). The two doctrines matched each other in a perverted comfortable fit as, even though they were diametrically opposed regarding their worldviews, they were nevertheless perfectly compatible in a practical sense.²¹⁵ Only once the stalemate was broken by the liberal prime minister Crispi at the beginning of the 1890s could a virtuous cycle on programmatic social security ideas unfold, albeit even this was too late to produce substantial social policy ideas quickly enough to bring about a comprehensive social security system during the 19th century as was seen in Imperial Germany.

²¹⁵ As they both boiled down to limited state engagement in society and therefore prescribed non-intervention in one another's spheres of interest.

Chapters eight and nine mark the beginning of the second part of the thesis which examines the post-World War Two welfare compromises in both countries.

Chapter eight, firstly, shows how the disastrous experiences of Nazism and the Holocaust led to a denominational compromise, between the two major subcultures of Conservative Protestantism and Catholicism, within a single Christian Democratic party. The chapter examines how the specific bond between the two distinct worldviews was engineered through a difficult compromise on programmatic ideas and policy ideas, and then looks at how this compromise was manifested in the post-WWII welfare and economic order of Germany.

Chapter nine goes on to scrutinize the post-war developments in Italy. Here the special conditions under which fascism was ousted from the peninsula, the absence of Protestantism and the exclusion of the Left from political competition led, at first, to a phase of Catholic economic and social policy liberalism under De Gasperi during the 1950s. This was engineered in a delicate compromise with the Church that partly mirrored the post-unification stalemate between Catholicism and Liberalism of the 19th century. In the 1960s, the fall of De Gasperi and the rise of the Catholic Left under Fanfani led to the introduction of a corporatist socioeconomy modeled closely on the provisions of the papal encyclical *Quadragesimo Anno*. As the second largest political party and subculture, the PCI, were permanently excluded from politics no virtuous cycle of ideational competition could unfold. However, in contrast to the late 19th century this did not lead to a vicious cycle that created a stalemate between the two ideologies because there was no longer a perverted fit between them. Instead, this system, that initially followed Catholic Christian Democratic programmatic ideas, quickly drifted and was transformed into an extremely fragmented welfare complex that became subject to clientelism and favoritism.

Chapter ten concludes the thesis by examining what remains of the programmatic ideas that emerged during one and a half centuries of Christian Democratic development, what form they have taken and whether they still influence policy in Italy and Germany today. It will therefore take a look at the deep seated societal changes that have been ongoing since the 1970s. Enhanced secularization, emancipation and the shift towards a service economy are all perceived as posing strong challenges to the Christian Democratic worldview. The chapter will explore the fall of the Italian Christian Democrats in a vicious cycle of competition that was sparked by the fiscal pressures of enhanced globalization and

the absence of new challengers like a Green party that could have pressured the Italian Christian Democrats into a new cycle of competition. In the German case, the Chapter will show how the emergence of the Green party, the tipping of the denominational balance through unification and the Third Way transformation of the Social Democrats prompted the Christian Democrats to take up an adaptive position that finally started to react to the social changes that had been ongoing since the 1970s. This helped them, towards the end of the 1990s, to reflect and incorporate the deep seated societal changes of post-industrialism that had been ongoing since the 1980s and had been successfully incorporated by new political challengers such as the Green Party and the realigning Social Democrats. The chapter concludes with a discussion of the possibilities for an evolutionary theory of ideational change.

4 Structuring Politics in Germany: Virtuous Cycles of

ideational Competition

Structuring Politics: Germany

At the beginning of the 19th century, Catholicism had only rudimentary answers to the socioeconomic problems caused by capitalism and industrialization. Concepts and ideas did not go beyond poor relief and the giving of alms, and were generally characterized by a longing for the foregone “good old days” during medieval times when the old social fabric was still intact and Church power went uncontested. By the end of the century, Catholicism had developed a fully-fledged and distinct social doctrine. What triggered this shift from passive to active doctrine development? The first part of the chapter provides an overview of the political developments that unfolded in the process of German unification and how this process led to the incorporation of three distinct subcultures in the Kaiser Reich. The second part introduces the specificities of the development of German industrialized capitalism during the 19th century. The third part examines the Church-State conflict in 19th century Germany and scrutinizes how the Catholic subculture produced a coherent social doctrine at the end of the century. The argument is that Catholic concepts on modern welfare developed through the pressures of a virtuous cycle of ideational competition that unfolded among the Conservative, Catholic, Liberal and Socialist subcultures, all of which tried to lure the workers into their own worldviews and spheres of influence.

4.1 Structure I: Politics

4.1.1 A short note on Historiography of the Kaiser Reich

Any intensive engagement with the Bismarck Empire bumps into the discrepancy between economic and political modernization

Gerhard A. Ritter¹

Prior to the 1960s, German history had been written in the traditional way of Historism (Historismus).² Politics were national high politics and history was the result of the decisions of powerful statesmen that hauled nations on different developmental trajectories.³ The influence of micro level material or social structures on the unfolding of history was neglected. History was made from above and manifested within the container of the nation state. German history was one of a positive German Exceptionalism (Sonderweg) different from any other national development. World War One, the Nazi regime, World War Two and the Holocaust were mere accidents of chance (Betriebsunfall⁴). The tide changed with the advent of the Fischer controversy in the early 1960s which brought compelling evidence that the Kaiser Reich had not stumbled into World War One but had been an active driving force behind it.

The insights from the Fischer controversy triggered in the 1960s and the 1970s the advent of socioeconomic history.⁵ Historians, influenced by developments in other social sciences, became ever more interested in the “the great brute facts of material and social life”.⁶ During the 1960s and 1970s, historical research on the Kaiser Reich became largely

¹ Ritter, G.A. (1976) p. 7.

² Note that historism should not be confused with historicism. Both terms are heavily criticised by Popper. Historism as it sees a particularity and individuality in every historical situation which in the end makes the work of the historian primarily descriptive. Historicism because it sees history unfolding along universal laws. A similar critique can also be found in Weber's writings.

³ Maybe the most prominent historian from this tradition that still heavily influenced the after war period especially regarding the formation of German historians post World War Two was the conservative Protestant historian Gerhard Georg Bernhard Ritter (Born in 1888, died in 1967). Not to be confused with the working class and welfare historian Gerhard A. Ritter (born in 1929) whose works are cited frequently in this thesis.

⁴ One of the first to criticise this position fervently was Fritz Fischer. See: Fischer, F. (1992) *Hitler war kein Betriebsunfall: Aufsätze*, München, Beck.

⁵ Hentschel, V. (1978) *Wirtschaft und Wirtschaftspolitik im wilhelminischen Deutschland*, Stuttgart, Klett-Cotta, p. 9.

⁶ Blackbourn, D. (1998) p. XIX.

structural history (Strukturgeschichte)⁷. It focuses on the effects that industrialization had on social mobility, migration, urbanization, housing and crime and how politics tried to patch over these social tensions. It was, as Blackbourn analyses, a “history of hard facts”.⁸ The prime conceptual tool was class and therefore much of this research postulated that industrialization had given rise to interests that had shaped a negative Exceptionalism (Sonderweg) of the Kaiser Reich.⁹ The main watershed for Germany’s negative development was identified in the socioeconomic regime that emerged after the economic crash of 1873. This “organized capitalism”¹⁰ had generated a state that “largely catered to particular economic interests”.¹¹ In the 1960s and 1970s, German history was understood as one of a perpetual struggle of Conservative elites seeking to secure their “traditional rule against the modern forces of society”¹² brought about by capitalist industrialization.¹³ World War One was the outcome of a friction between a closed elitist authoritarian political system in a highly modernized economy. Negative German Exceptionalism was used not only to explain Germany’s historical road into World War One, but also the later rise of fascism, World War Two and the Holocaust. This is the essence of the thesis of the “Rye and Iron” coalition.¹⁴ It found its most forceful expression in the writings of the German historians Hans Ulrich

⁷ Thomas Nipperdey calls them ‘structural historians’; “Strukturhistoriker” Nipperdey, T. (1992) *Deutsche Geschichte 1866-1918*, Second Volume, München, Beck, p. 11.

⁸ Blackbourn, D. (1998) p. XX.

⁹ Blackbourn, D. (1998) p. XIX.

¹⁰ For a critical assessment of the concept see Kocka, J. (1980) Organisierte Kapitalismus im Kaiserreich? *Historische Zeitschrift*, Vol. 230, No.3 (Jun., 1980) pp. 613-631.

¹¹ “Bild eines Staates entstanden, der weitgehend im Dienst partikularer ökonomischer Interessen stand” Hentschel, V. (1978) p. 10. Kocka calls this the „social-economisation of politics“; „Sozialökonomisierung der Politik“ Kocka, J. (1980) p. 621.

¹² “traditioneller Herrschaft gegen moderne gesellschaftliche Kräfte” Hentschel, V. (1978) p. 10.

¹³ Gerhard A. Ritter formulated the central question in the mid-1970s by asking “why, despite the formation of a highly industrialized, economically efficient and even in the realm of welfare politics comparatively progressive society, parliamentary-democratic constitutional bodies had remained underdeveloped.” Original Quote: “warum trotz der Herausbildung einer hochindustrialisierten, wirtschaftlich leistungsfähigen und selbst sozialpolitischen Gesellschaft parlamentarisch-demokratische Verfassungsformen unterentwickelt geblieben sind.” Ritter, G. A. (1976) *Arbeiterbewegung, Parteien und Parlamentarismus* Göttingen, Vandenhoeck & Rupprecht, p. 7.

¹⁴ Torp, C. (2010) The ‘Coalition of ‘Rye and Iron’ under the Pressure of Globalization. A Reinterpretation of Germany’s Political Economy before 1914, *Central European History*, Vol. 43, No. 3, pp. 401-427.

Wehler and Heinrich August Winkler.¹⁵ On the international level, the historical sociologists Barrington Moore Jr. and Alexander Gerschenkron promoted prominent versions of it.¹⁶

The 1980s and especially the 1990s marked a turning point in historiography on the Kaiser Reich.¹⁷ Blackbourn notes in the 1990s that we “have witnessed a move away from quantification, and a large dissatisfaction with structural socioeconomic history.”¹⁸ Religion, local disparities, gender, political ideas and the power of single politicians had been neglected during the 1960s and 1970s at the expense of class.¹⁹ Historical accounts from the late 1980s onwards on the Kaiser Reich opened research towards cultural approaches that tried to provide a more encompassing picture of the Kaiser Reich by integrating ‘history from above’ with ‘history from below’. Research made a “shift to the social construction and cultural meaning(s) of categories such as religion, class and gender”.²⁰ The focus was on “people’s identities, and how these identities were constructed and expressed”²¹ in politics, society and the economy of the Reich. This brought a much richer picture not only of how the economic changes impacted on peoples’ living conditions, perceptions and feelings but also how high politics was affected by the huge socioeconomic transformations and how politicians reasoned about them. What has evolved in the 1990s and 2000s is a much more balanced and nuanced picture of politics and interests that has moved away from an

¹⁵ Smith, H. W. (2008) When the Sonderweg Debate left us, *German Studies Review*, Vol 31, No. 2 (May, 2008) pp. 225-240, p. 227; See: Wehler, H.-U. (1973) *Das Deutsche Kaiserreich 1871-1918*, Goettingen, Vandenhoeck & Ruprecht.

¹⁶ Moore, B. Jr. (1966) *The social Origins of Dictatorship and Democracy*, Boston, Beacon Press; Gerschenkron, A. (1943) *Bread and Democracy in Germany*, Berkley, University of California Press.

¹⁷ Smith, H. W. (2008) p. 227; Ledford, K.F. (2003) Comparing comparisons: Disciplines and the Sonderweg, *Central European History*, Vol. 36, No. 3 (2003), pp.367-374. Highly influential in the turn: Blackbourn, D. & Eley, G. (1984) *The Peculiarities of German History: Bourgeois Society and Politics in Nineteenth Century Germany*, Oxford, Oxford University Press. This was also possible because the question of whether World War One had been intentional or not had been settled.

¹⁸ Blackbourn, D. (1998) p. XX.

¹⁹ Smith, H. W. (1995) *German Nationalism and Religious Conflict*, Princeton, Princeton University Press, p. 14.

²⁰ Ledford, K. F. (2003) p. 372.

²¹ Smith, H. W. (1995) p. 14.

exclusive interpretation on the basis of material interests.²² The field has evolved towards “a cultural history of society”.²³

Historians’ efforts to study the culture of the Kaiser Reich on multiple levels also led to a demystification of the Rye and Iron interpretation of the German Peculiarities (Sonderweg). Especially in economic history, it is now univocal that the process of German industrialization unfolded similarly to other continental or Asian countries that developed models of Non-Liberal capitalism.²⁴

The historiographical turn after the 1980s is important for this thesis as it allows us to draw upon an increasing reservoir of cultural historical analysis of the Kaiser Reich. Furthermore, the deterioration of historians’ backing of the Rye and Iron coalition suggests that social security was not the mere product of a coalition of interests between East-Elbian large estate-holding elites and West German industrialists in order to fortify their material interests. Instead, recent historical research suggests that the political institutions of the Kaiser Reich seemed to be influenced by much more than only brute material interests. However, this has remained still unexplored in the field of welfare. For example, one lacuna is that very little comparative work is done on the evolution of social security thinking in Catholicism.²⁵ The reasons are manifold: Leftist political movements seem in general to be of higher attraction for scholars. The advent of modernization theory in the 1960s basically eclipsed religion as a study object for some years, and the study of Catholic movements

²² Abelshauser, W. (2005) p. 49. The sociologist Rainer Lepsius also sees the friction between economic modernization and laggard political opening as the main driving force to catastrophe but attributes the culpability less to the economic elites but rather to the absence of revolution from below due to the self-encapsulation of the various sub-cultures in the Kaiser Reich. Lepsius, M. R. (1993) p. 7.

²³ Ledford, K. F. (2003) p. 372.

²⁴ Abelshauser, W. (2005) pp. 2-3, 31, 46; Streeck, W. (2001). That the non-development of democratic institutions at the same time would have led to an unsurpassable friction within the system as argued in the 1970s might just be due to a misconception of modernization theory of the 1960s which saw the modern world evolving towards or according to the Anglo-Saxon model.

²⁵ Especially transnational comparisons between different Catholic Social movements are rare. Misner writes in a historiographical review essay in the 1990s that “International synthesis are rare”, Misner, P. (1992) Social Catholicism in Nineteenth-Century Europe: A Review of Recent Historiography, *The Catholic Historical Review*, Vol. 78, No. 4 (Oct.,1992) pp. 581-600, p. 585. Unfortunately this has not changed much over the past 20 years. Furthermore, there is a lack of accounts that compare the evolution of Catholic Social teaching with the social program of other denominations or with the social ideologies of secular political movements like Socialism or liberalism. Misner, P. (1992) p. 587.

suffers from a lack of primary sources.²⁶ Another reason is that most accounts concerning Catholicism are written by Church scholars or former Christian Democratic Party activists.²⁷ The projects are usually financed by the Church affiliated associations and published by Catholic publishing houses. Kaiser bluntly states that any historian trying to critically scrutinize the history of Catholicism in Germany in the 1960s and 1970s was likely to be “caught in the cross fire [...] and immediately attacked by the Catholic review mafia”.²⁸

4.1.2 The Politics of Unification

The Holy Roman Empire was not a territorial state. Instead, it was made up of hundreds of separate territorial entities that were loosely interconnected. In the Napoleonic wars Napoleon managed to boil these down to a “dozen”.²⁹ Nevertheless, at the beginning of the 19th century Germany was still described as a “Flickenteppich”, a patchwork, strongly divided along territorial, regional and denominational lines and whose citizens often had multiple loyalties – to the local ruler, the guilds, the feudal lord or the Church.³⁰ Goethe and Schiller asked in their famous poem “Germany? But where is it? I don’t know how to find such a country” and Heinrich Heine replied sarcastically from his exile in 1840 “Where does the *German* begin? Where does it end? May a German smoke? The majority says no. May a German wear gloves? Yes, but only buffalo hide. But a German may drink beer, indeed as a true son of Germanians he should drink beer” This nice juxtaposition of the two quotes is not mine but originates from an article by the historian James Sheehan.³¹ The point is that

²⁶ Records and files about the development of political Catholicism in Wilhelmina Germany are notoriously hard to find (Blackbourn, D. (1978); Loth, W. (1984)). The Center Party was not a classical mass-organization like the parties on the left. A modern centralized party apparatus and therefore membership and documentary archives were only built up in Weimar. Most files were kept in private hands and documentation is therefore scattered and fragmented. Most of the little existing documentation was lost during WW II and the main file cabinet in Berlin was hit by an allied firebomb during WWII (Loth, W. (1984) p.31). The Cologne City Archive, where most of the personal files of important Center Party politicians were located, collapsed in 2009 due to a misconstruction in the Cologne underground expansion.

²⁷Kaiser, W. (2004) Christian Democracy in Twentieth-Century Europe. *Journal of Contemporary History*. Vol. 39, No. 1, p. 128-131.

²⁸ Kaiser, W. (2004) p.129.

²⁹ Blackbourn, D. (1998) p. XVI.

³⁰ Blackbourn, D. (1998) p. XVI.

³¹ Sheehan, J. (1981) What is German History? Reflections on the Role of the Nation in German History and Historiography. *The Journal of Modern History*, Vol. 53, No.1 (Mar 1981) pp. 1-23, pp.

the territory that would later become Germany was heavily divided along numerous societal cleavages, of which the religious one was certainly the strongest. Therefore, when two rivaling regional powers emerged and gradually began to dominate the loose German federation (Deutscher Bund 1815-1866), which had emerged as the successor of the Holy Roman Empire (Middle Ages–1806), it is of little surprise that one was Protestant (Prussia) and the other was Catholic (Austria).

Bismarck brutally answered Goethe and Schiller's question by bringing together the heterogeneous entities through warfare.³² The three successive wars (Danish-Prussian War 1864, Austrian-Prussian War 1866, French-Prussian War 1870) of unification put an end to the discussion on the boundaries of Germany for the time being. Bismarck's decision in favor of a "small German solution" (Kleindeutsche Loesung) can be understood from a denominational perspective. It made Prussian domination of the Reich easier by cutting off the Austrian Empire and shifting the religious balance towards Protestantism as it was the denomination of the Prussian Elites (and Bismarck).³³ From this point onwards, Catholicism found itself in a minority position until the Kaiser Reich went up in smoke in the revolutions following World War One.³⁴ The Austro-Prussian war of 1866 had seen Germany become "unified by partition"³⁵ while the subsequent German-French war in which Prussia aligned with the Southern German States marked the peak of unification. On the 18th January 1871 King Wilhelm I was crowned in the Hall of Mirrors in Versailles and Bismarck became the Reich's first Chancellor.

Sheehan notes that "The victorious wars of unification had fixed the boundaries at last, for the future and also from the past. Germany was Bismarck's Reich."³⁶ Indeed the German Reich was a construction of Bismarck, unified with the help of the Protestant Prussian state machine and military.

The Kaiser Reich was an authoritarian Monarchy albeit federalist and with surprisingly open electoral institutions. The constitution of 1871 gave, for the first time, all men over 25 the right to vote regardless of property, literacy, profession or other disenfranchisement

1-2. The Goethe/Schiller citation seems popular among historians. See: Blackbourn, D. (1998) p. XV.

³² Unification was achieved mainly through three wars: the Danish-Prussian war (1864), the Austrian-Prussian war (1866) and the French-Prussian war (1870).

³³ Lönne, K.-E. (1986) p. 151.

³⁴ Nipperdey, (1992) p. 340.

³⁵ Blackbourn, D. (1998) p. XV.

³⁶ Sheehan, J. (1981) p. 1.

thresholds that were used in other countries of 19th century liberal Europe. Despite its autocratic fame, the Kaiser Reich therefore witnessed “the development of a political mass marked facilitated through the franchise”.³⁷ However, the relatively open electoral institutions had been planned by Bismarck, not because he believed in democracy, but explicitly in order to function as a tool for populist acclamations for his policies. The Reichstag had therefore a weak position in the institutional power structure. The government and Chancellor who, together with the Kaiser, formed the executive were not responsible to parliament. To the contrary, the chancellor could dissolve the Reichstag and call for new elections with the help of Kaiser and the federal chamber (Bundesrat).³⁸ That being said, the Reichstag still had some prerogatives which made it an active player in politics and especially in social security development. Government was not responsible to parliament but parliament had to be involved in the formation of laws, hence government needed a majority if it wanted to pass legislation.³⁹ In a time when legal positivism (Rechtspositivismus) was a principle value it was hard to sideline parliament on these matters.⁴⁰ Together with the increasing politicization of the citizen, which can be derived from the constantly increasing turnout throughout the Kaiser Reich, this led to the unintended (by Bismarck at least) effect, that the Reichstag and Bundesrat could severely influence lawmaking and the executive’s policy making.

In fact, his original idea of autocratic style governance backed through popular acclamations that could be used to sideline parties and bureaucrats (Weber had a similar idea expressed in his concept of Charismatic Leadership) backfired for most of the Bismarckian era. It seems that Bismarck had underestimated the segmentation of the Reich’s electorate. What Bismarck had unified into the German Reich was a heavily fragmented and segregated territory. These divisions manifested in the major four

³⁷ Nipperdey, T. (1992) p. 879.

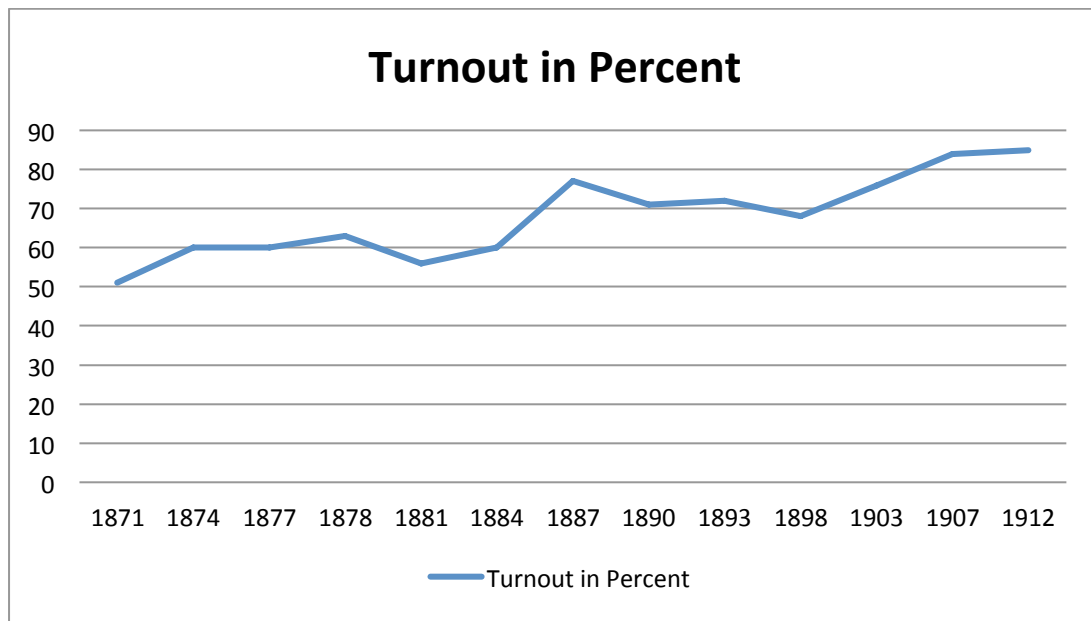
³⁸ This is the authoritarian side of the Kaiser Reich that, according to the generation of historians that evolved during the 1960s and 1970s, led to a permanent friction between closed anti-democratic institutions and the a rapidly modernizing socioeconomic system and society in Germany. This friction dragged Germany into World War One and, some argue, even further towards the Nazi takeover, World War Two and the Holocaust. This turn of historiography towards a negative German Exceptionalism (Sonderweg) will be discussed in greater detail below. In Germany the most prominent representatives of this interpretation are the historians Hans Ulrich Wehler and Heinrich August Winkler, on the international level the sociological historians Barrington Moore Jr. and Alexander Gerschenkron both promoted variations of this argument.

³⁹ Nipperdey, T. (1992) p. 103.

⁴⁰ Furthermore, it had the traditional budgetary function and could question the government.

subcultures (Catholicism, Conservative Protestantism, Liberalism and Socialism) that constituted and managed society and politics in the Reich. Bismarck's plan was to assimilate the other subcultures under his own Protestant Conservative subculture. However, the other groups proved to be highly resilient and impermeable. Bismarck also underestimated the popularity of the new democratic possibilities that suffrage expansion had brought about. Turnout jumped from 51% in 1871 to 77% in 1887. The chancellor had not anticipated that an opening of the political system would trigger a shift from elite to mass politics within less than two decades.⁴¹

Figure 4-1 Turnout KaiserReich elections 1871-1912.



Data from Lepsius, M.R. (1993) p.33.

The Kaiser Reich existed formally from 1871 until 1918 when Wilhelm II had to abdicate in the face of domestic revolution after Germany's defeat in World War One. Employing a crude periodization one can divide the Kaiser Reich into two main phases. The first one is the Bismarckian era from 1871 to 1890 after which the second is the Wilhelmina Phase from 1890 to 1914.⁴² The political development of the Bismarck era is characterized by three important processes: the religious conflict of the Culture War (Kulturkampf), the

⁴¹ Ritter, G.A. (1976) p. 30.

⁴² Born, K. E. (1985) *Wirtschafts- und Sozialgeschichte des Deutschen Kaiserreichs*, Stuttgart, Steiner, pp. 107-118.

confrontation with the Socialists (Sozialistengesetze) and the social policy package of the 1880s. Economically the Era is marked by a steep economic boom of the Founder's Epoch up until 1873 (Gründerzeit) that ended with a sharp decline in the Founder's Crisis of 1873 (Gründerkrise). Political and economic development are deeply intertwined throughout the Kaiser Reich, as the bust of 1873 led to the demise of liberalism in Germany, not only as an economic ideology but also as a political force. The Reich witnessed a protectionist and nationalist turn from 1878/79 onwards with the renaissance of German Conservatism (the emergence of the famous but disputed Rye and Iron coalition) which ended with the demise of Bismarck as chancellor a decade later in the Wilhelmina era. The Wilhelmina era was politically a phase of German Imperialism and nationalist radicalization. Economically it saw the advent of the second industrial revolution (high industrialization) in Germany that brought the country a leading global position in the chemical and electronic industry.

This chapter concentrates on Germany's "catch up"⁴³ phase in terms of industrialization and political consolidation throughout the 19th century up until to the end of the Bismarck era. It is an essential prerequisite to understanding how and why social security measures were undertaken in the 1880.

4.1.3 Subcultures

By 'subculture' I understand in this thesis the milieu concept that has its roots in Durkheim's sociology.⁴⁴ The concept was modified by the German sociologist Lepsius for the analysis of politics and society in the German Kaiser Reich. For Lepsius, subcultures or "The Milieu is a

⁴³ Blackbourn, D. (1998) p. XIV. This turn of West German historians was greatly influenced by the revival of the work of Eckhard Kehr, a German historian who had in the 1930s argued already for the "primacy of domestic politics". See: Eley, G. (1978) Capitalism and the Wilhelmine State: Industrial Growth and political Backwardness in recent German Historiography, 1890-1918, *The Historical Journal*, Vol. 21, No3, pp. 737-750; p. 738. The first book that stipulated this debate, and the huge controversy later known as the 'Fischer controversy', between 'old and new' West German historians about the origins of World War One was: Fischer, F. (1994 [1961]) *Griff nach der Weltmacht: Die Kriegszielpolitik des Kaiserlichen Deutschlands. 1914-1918*, Düsseldorf, Droste.

⁴⁴ The concept is scarcely used in contemporary political science but it is used in many modern classics. See: Lipset, S. M. & Rokkan, S. (1967[1990]). Also Esping-Andersen uses it in more recent contributions. See: Esping-Andersen, G. (1999a).

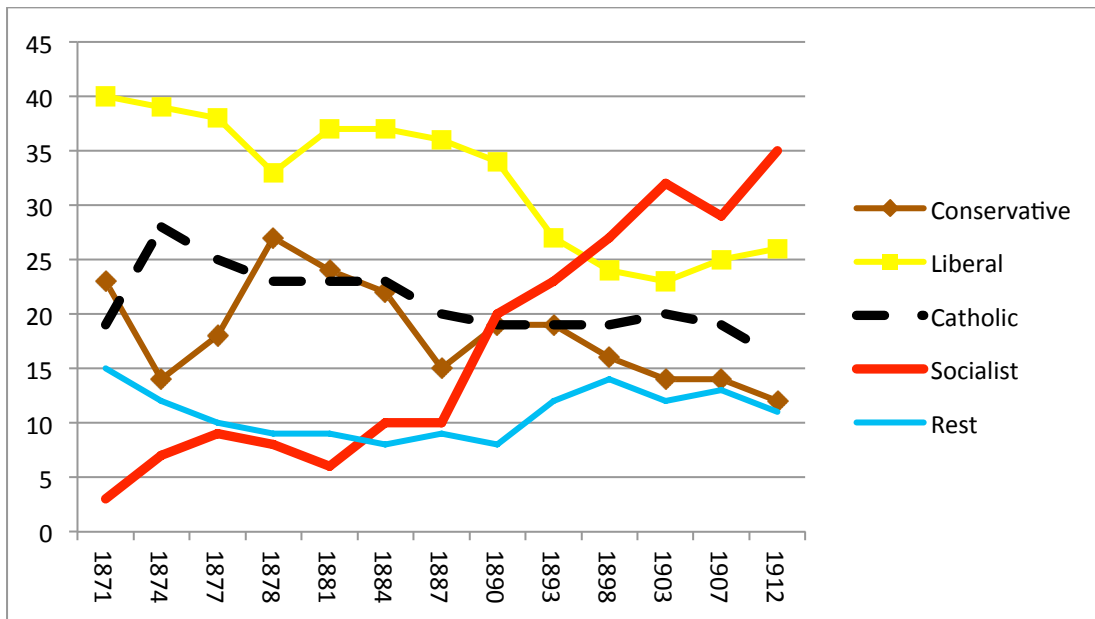
socio cultural structure”.⁴⁵ This gives the concept two major components: culture and structure. The structural component of a subculture is made up by a dense web of intermediary organizations and civil society associations that span all levels and instances of human life (“from the cradle to the grave”). Such associations can take myriad forms such as Conservative sport clubs, Catholic workers unions, Socialist lawyer circles or Liberal choral societies. The organizational network of each subculture was topped off with a modern political party. The cultural component of the subculture is its worldview. This common and congruent system of meaning holds the subculture together. The worldviews simultaneously provide the subculture with internal grip and cohesion and supply the members of the subculture with prescriptions of how to interpret socio-cultural and socioeconomic phenomena. These worldviews offer terms of conduct and guidance to its members for everyday life.⁴⁶ The subculture/milieu concept is more encompassing than the class concept as it also includes identities that are not solely built on material interests. Lepsius identifies four major subcultures in the Kaiser Reich: the Conservative Protestant, the Liberal Protestant, the Catholic and the Socialist. All of them survived the Kaiser Reich, and persisted at least until the fall of the Weimar Republic and arguably structured the German electorate even into the 1960s.

The highest political representative entities of these subcultures formed the party system of the Kaiser Reich. The figure below shows the ascendance and descendance of the different subcultures as represented in the Reichstag vote from 1871 to 1912. Major shifts happened only after the 1890s when the Bismarckian era had come to an end. Before this, even the ascendance of the Socialists was only gradual.

⁴⁵ „Das Milieu ist ein sozio-kulturelles Gebilde“ Lepsius, M.R. (1993) *Demokratie in Deutschland: soziologisch-historische Konstellationsanalysen. Ausgewählte Aufsätze*, Göttingen, Vandenhoeck und Ruprecht; p. 38.

⁴⁶ For a discussion of the term worldview see chapter one.

Figure 4-2 Percentage of votes cast by subculture.



Data from Lepsius, M. R. (1993) p. 33.

This thesis deals with the politics and worldviews of the Catholic subculture, which will be discussed in a separate section later, but it is indispensable to furnish a clearer picture of the other sub-cultures, as political Catholicism co-evolved with, and partly in response to, them. The Conservative subculture, represented by the German Conservative Party (Deutschkonservative Partei, Reichspartei), had its regional strongholds in East-Prussia (Ost-Preussen), Pomerania (Pommern), Brandenburg (Brandenburg) and Saxony (Sachsen). Their electorate was Protestant, Agrarian, regionally enclosed and traditional paternalist.⁴⁷ This was the Prussian Protestant stronghold of the Chancellor and Kaiser. However, Protestant workers gradually started to defect from the Protestant Conservative subculture with the advent of the Socialist movement. The Liberal sub-culture was split into a Left-Liberal wing represented by the Progress Party (Fortschritts Partei) and a Conservative-Liberal wing represented by the National Liberal Party (Nationalliberale Partei).⁴⁸ The Liberal subculture also deteriorated throughout the Kaiser Reich because its representation could not achieve a substantial liberalization of the Kaiser Reich.⁴⁹ Despite being liberal parties, they both represented, along with the Conservatives, the protestant hegemony in the Kaiser Reich.

⁴⁷ Lepsius, M.R, (1993) p. 33.

⁴⁸ Lepsius, M.R. (1993) p. 34.

⁴⁹ Ritter, G.A. (1976) p. 12-13.

This “traditional dichotomy”⁵⁰ of German Protestantism meant that Protestants in cities voted liberal while rural Protestant Germany rallied behind the Conservatives. The decisive new force that evolved from the twin developments of national unification and industrialization were the Socialists. It was the one subculture that grew exponentially throughout the Kaiser Reich. It increased from basically zero to one fifth of the vote share towards the end of the Bismarckian era (1890) and augmented its vote to one third at the eve of World War One. Due to Bismarck’s repressive Socialist Laws the consolidation of the worker’s subculture unfolded largely outside of parliament, enclosed from the rest of society.

4.2 Structure II: Capitalist Industrialization

4.2.1 Capitalism and the Kaiser Reich

John Maynard Keynes described Bismarck’s unification strategy as one of “Coal and Iron” paraphrasing Bismarck’s famous speech in the Prussian Parliament on 30 September 1862 where he spoke of the German unification as one of “Blood and Iron”.⁵¹ Indeed, the dominant German school of historical economics of the late 19th century, and even Max Weber, postulated that economic policy should serve the “ ‘power political interest of the nation’ ”.⁵² German economic expansion and industrialization was always a prime object of national politics, and although it was still informed by a dominant paradigm of liberalism in the first three quarters of the 19th century this shifted drastically towards a state socialist approach in the last quarter of that century.

Industrialization arrived in Germany late, compared to the frontrunner England and other industrializing countries like France and Belgium, but once it took off it came fast and forcefully. It is a typical case of “catching up growth”⁵³ as Popenkieper and Tilly call it. Despite being basically unindustrialized at the beginning of the 19th century, Germany had

⁵⁰ Lepsius, M. R. (1993) p. 41.

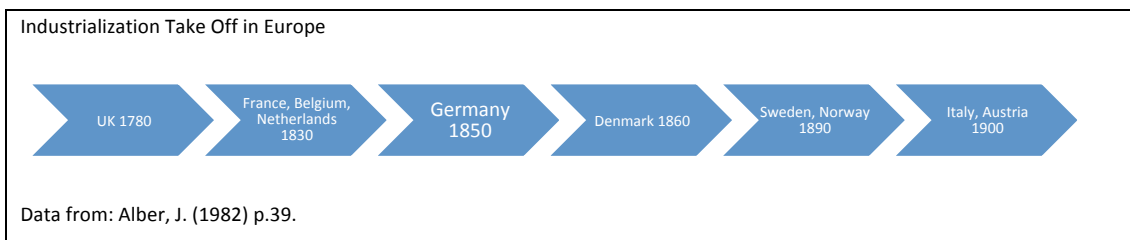
⁵¹ Zorn, W. (1976) Wirtschafts- und Sozialgeschichtliche Zusammenhänge der deutschen Reichsgründungszeit (1850-1879), IN: Wehler, H-U. (ed.) *Moderne Deutsche Sozialgeschichte*, 5th Edition, Köln, Kiepenreuther & Witsch, p. 255.

⁵² Lee, W.R. (1988) Economic Development and the State in Nineteenth-Century Germany. *The Economic History Review*, New Series, Vol. 41, No. 3 (Aug., 1988) pp. 346-367; p. 358.

⁵³ Pierenkemper, T. & Tilly, R. (2004) *The German Economy during the Nineteenth Century*, New York/Oxford, Berghahn Books, p. XV.

overtaken most other European countries by the beginning of the First World War.⁵⁴ The watershed years for industrialization in Germany were the 1850s after which industrialization started to gain pace massively. Two factors were central to the take-off: a package of liberalization policies in Prussia and other German states that cumulated in the ‘customs union’ (Zollverein, expanding constantly 1834-1866) and the expansion of the railway sector that functioned as a leading sector complex and boosted iron, steel, mining and heavy industry.

Figure 4-3 Industrialization Take Off in Europe



4.2.2 Liberal Reforms

From the turn of the 18th century the states making up the German territory had seen a number of liberal reforms. A Prussian agrarian reform of 1807 by Baron vom Stein abolished peasant serfdom but at the same time freed the landholders from any social responsibilities vis-à-vis his workers. This meant the “destruction of the peasant as a dependent but highly entitled estate”⁵⁵ as Boehm comments. The result was that “Propertyless, uprooted, homeless, belonging neither to the state nor an estate, almost half of the inhabitants of the German population lived in misery”⁵⁶ but the agrarian reform freed vast labor resources for the upcoming industrialization.⁵⁷ Furthermore, a series of commercial reforms were enacted in Prussia and most German states whereby old legal monopolies and prerogatives such as the guild system of the crafts were dismantled. This led to a constant process of

⁵⁴ Pierenkemper, T. & Tilly, R. (2004) p. XVI; Boehm, H. (1978) p. 2.

⁵⁵ Böhme, H. (1978) *An introduction to the Social and Economic History of Germany*, Oxford, Basil Blackwell, p. 21. For a description of the content of the agrarian reforms see the same page. Boehme also notes that while the duties of the landholders were abolished, not all estate privileges were abolished. Böhme, H. (1978) p. 22.

⁵⁶ Böhme, H. (1978) p. 22.

⁵⁷ Abelshauser, W. (2005) *The Dynamics of German Industry*, Berghahn Books, New York, Oxford, p. 26.

“decorporation of society”,⁵⁸ as Abelshauser calls it. The most important of these liberal measures was the establishing of the German customs union (Zollverein) between all German states in 1834 “which finally created a vast internal market, one of the most important steps in the development of market forces in Germany”.⁵⁹ Before the customs union Prussia alone had no less than 67 local customs tariffs and custom borders to protect the local mercantilist regimes.⁶⁰ Karl Friedrich Nebenius, author of the customs initiative of the state of Baden, put forward in 1819 that “Eight-hundred-thirty toll and road charge barriers benumb domestic traffic [...] In order to trade from Hamburg to Austria, from Berlin to Switzerland, one must pass ten states, study ten custom and toll regimes, pay tolls ten times.”⁶¹

Liberalism endured in most German states for the first three quarters of the 19th century. Nevertheless, liberalization did not lead industrialization to unfold as a linear and smooth process that came about in all parts of Germany in the same way. Instead, the fact that Germany had been cut for so long into different political and geographic entities meant that “separate islands of economic activity”⁶² persisted throughout the 19th century. Lee remarks that “indeed, the concept of an identifiable German economy in the context of the nineteenth century remains heuristic abstraction”.⁶³ The various liberalizations and the Custom Union did not lead to convergence of the different German regions either.⁶⁴ The German economy featured a resilient West-East and North-South downward slope in its development throughout the 19th century. Fatality rates in the East and South were higher, as were the cases of tuberculosis and child mortality.⁶⁵

⁵⁸ Abelshauser, W. (2005) p. 31.

⁵⁹ Abelshauser, W. (2005) p. 26.

⁶⁰ Böhme, H. (1978) p. 2.

⁶¹ “Achtunddreißig Zoll- und Mautlinien lähmen den Verkehr im Inneren [...] Um von Hamburg nach Österreich, von Berlin in die Schweiz zu handeln, hat man zehn Staaten zu durchschreiten, zehn Zoll- und Mautordnungen zu studieren, zehnmal Zoll zu bezahlen.” Cited from Görtenmarker, M. (1994) *Deutschland im 19. Jahrhundert*, Opladen, Leske und Budrich, p. 166.

⁶² Lee, W.R. (1988) p. 346.

⁶³ Lee, W.R. (1988) p. 346.

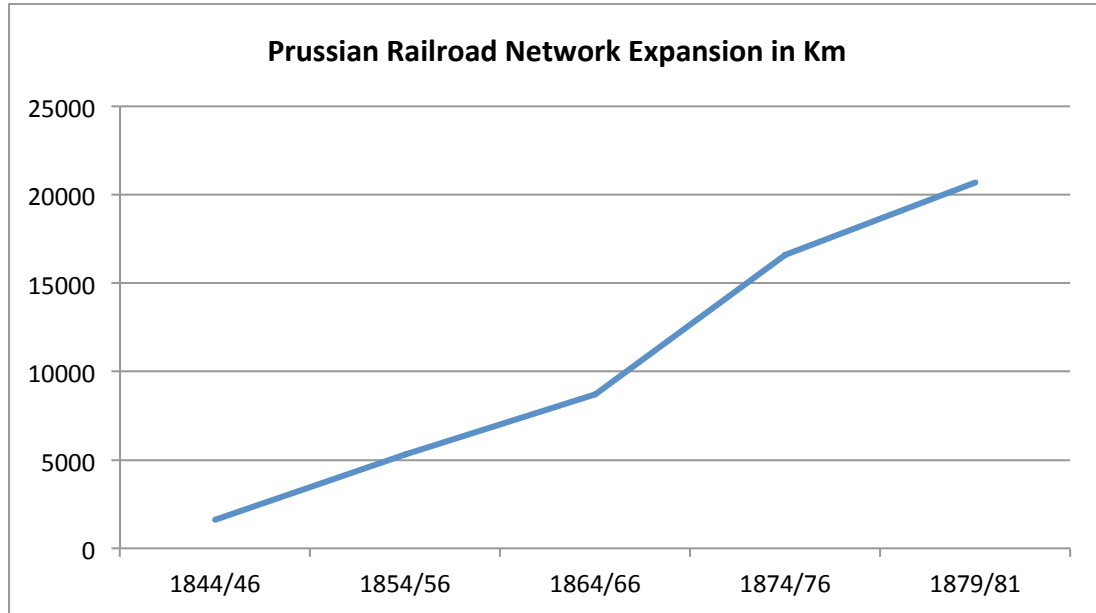
⁶⁴ In a way the result is astonishingly similar to the persistence of regional differences and divergences in the EU after the creation of the Single Market.

⁶⁵ Lee, W.R. (1988) p. 351.

4.2.3 Railroads

The big pull factor of German industrialization was the railroad expansion as a “leading sector complex”.⁶⁶ Railroads were key as they stimulated expansion and innovation in the iron and steel industries but also in mining and engineering of heavy industry products.⁶⁷

Figure 4-4 Prussian Railroad Expansion



Tilly, R.H. (1990) *Vom Zollverein zum Industriestaat*, München, DTV, p.213

During the first third of the 19th century, German know-how in engineering and iron production was very poor. More than 80 % of bar iron and over 90 % of pig iron was produced in small furnaces employing medieval methods.⁶⁸ Up until 1840, foreign suppliers of locomotives and wagons dominated the German market. From the 1840s onwards, these made gradually way for increasing domestic production through an import substitution strategy.⁶⁹ Furthermore, German railroad manufacturers went to England and France for

⁶⁶ Lee, W.R. (1988) p. 353.

⁶⁷ Wehler, H.-U. (1995) *Deutsche Gesellschaftsgeschichte 1849-1914*, München, Beck, p. 68.

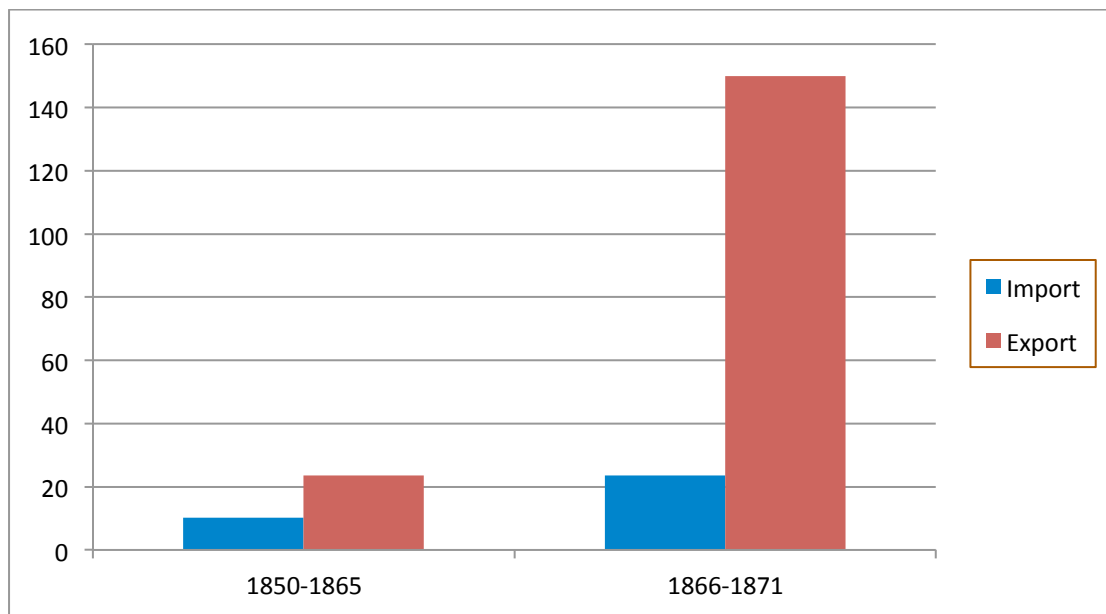
⁶⁸ Fremdling, R. (1977) Railroads and Economic Growth. A leading Sector Analysis with a comparative history to the United States and Great Britain, *The Journal of Economic History*, Vol. 37, No. 3 (Sept.,1977) pp. 583-604; p. 587.

⁶⁹ Wehler, H.-U. (1995) p. 73; It is in general argued that the time before the 1870s was a liberal phase dominated by laissez faire ideology but Lee points out that the difference between

apprenticeships while French and Belgian steel workers were increasingly employed in the Rhineland and Ruhr area. The results were drastic: while in 1838 zero out of seven locomotives purchased by the Prussian railways came from German producers, in 1853, 99 of a total of 105 vehicles were sourced domestically.⁷⁰

Germany turned from an importer into an exporter of railway goods. Between 1850 and 1865 Prussia imported 10,200 thousand tons of rails while exporting 23,600 thousand. In the period between 1866 and 1871, by contrast, it imported 23,600 and exported 149,900 thousand tons.⁷¹

Figure 4-5 Rails used in German Railroad expansion 1850-1871



Rails used in German railroad expansion measured in thousands of metric tons. Source: Fremdling, R. (1977) p. 591.

The railroads also became the biggest employer in Germany. In 1850 only 26,000 people were fully employed by the railroad companies in the customs union, but this figure rose to

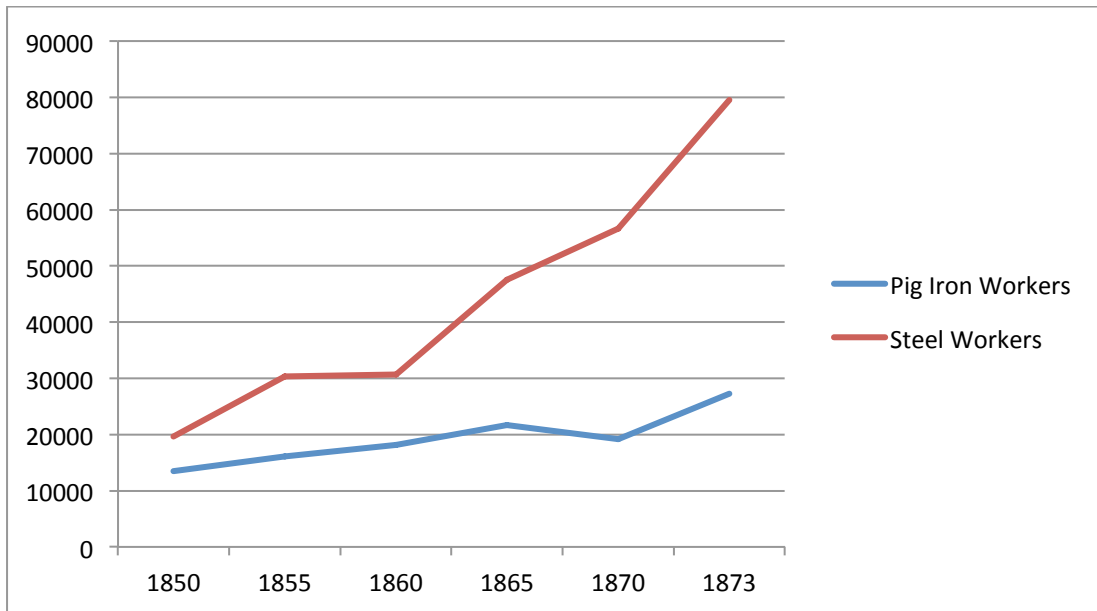
Germany and the UK in respect to railroads was that the German railroad complex managed to secure state support while the British did not. Lee, W.R. (1988) p. 359.

⁷⁰ Fremdling, R. (1977) p. 588.

⁷¹ Fremdling, R. (1977) p. 592.

234,100 in 1873.⁷² The expansion led to a drastic increase of workers in iron and steel industries where 33,105 workers were employed in 1850 and 106,724 in 1873.⁷³

Figure 4-6 Pig iron and steel workers in Germany 1850-1873



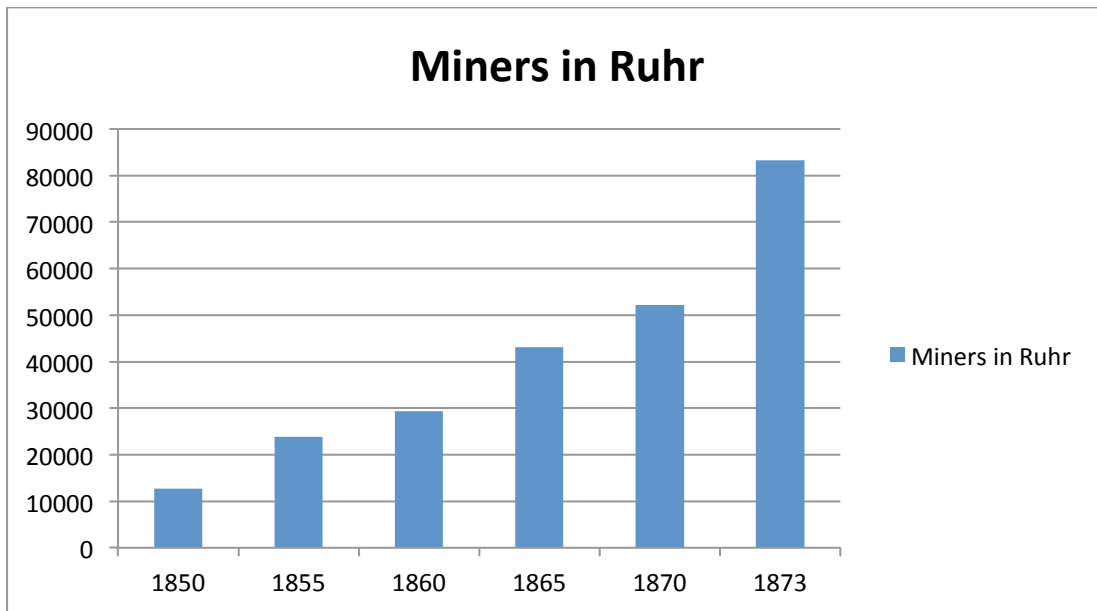
Data from Wehler, H.-U. (1995) p. 78.

Steel and iron production needed coal, and the sharp reduction in transportation costs through railroad expansion made coal from the Kaiser Reich competitive. In 1850 Prussia produced 4.58 million tons of coal while the numbers had six folded up to 32.35 million tons only twenty years later.

⁷² Wehler, H.-U. (1995) p. 71.

⁷³ Author's own calculations. Data from Wehler, H.-U. (1995) p. 78.

Figure 4-7 Miners in the Ruhr 1850-1873

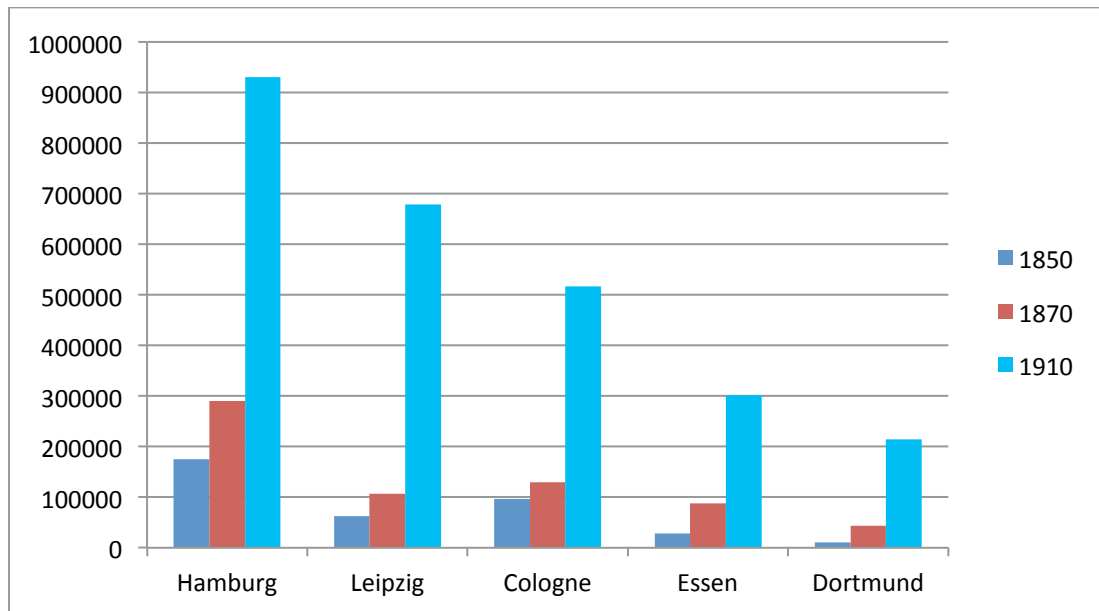


Data from Wehler, H.-U. (1995) p. 78.

This industrialization process went hand in hand with rapid urbanization. Berlin doubled from 412,000 inhabitants in 1850, to 826,000 only twenty years later and had 2,071,000 inhabitants in 1910.⁷⁴ Other major industrial cities followed.

⁷⁴ Hohorst, G.; Kocka, J. & Ritter, G.A. (1978) *Sozialgeschichtliches Arbeitsbuch II: Materialien zur Statistik des Kaiserreichs 1870-1914*, München, C.H. Beck, p. 45.

Figure 4-8 Urbanisation Germany: Expansion of major industrial cities 1850-1910



Data from Hohorst, G.; Kocka, J. & Ritter, G.A. (1978) *Sozialgeschichtliches Arbeitsbuch II: Materialien zur Statistik des Kaiserreichs 1870-1914*, München, C.H. Beck, p. 45.

Urbanization was accompanied by a construction boom resulting in the erection of more than one million new buildings in the second half of the century. The number of non-agricultural buildings on the territory of the Kaiser Reich skyrocketed from 280,000 in 1850 to around 1,077,000 in 1870.⁷⁵

4.2.4 Social Impact

Nevertheless, construction could not keep pace with the rapid urbanization. In particular, the housing and sanitary conditions in the sprawling slums of the precarious work force were disastrous. Most major cities were not prepared to absorb the influx of new citizens. Towns lacked canalization systems and waste management, infrastructure that was introduced only at the turn of the 20th century. Tuberculosis, pneumonia and diphtheria were widespread. The child-mortality ratio in the working class boroughs was up to one third.⁷⁶ Furthermore, every individual was now subject to the shocks of the capitalist market system (also because everyone became part of it). Blackbourn puts it bluntly:

⁷⁵ Blackbourn, D. (1998) p. 181.

⁷⁶ The survival rate of illegitimate children was only 50%. Hohorst, G.; et al. (1978); pp. 36-37.

industrialization had the advantage that it broke the cycle of “dearth and starvation, boosted output and demand, and provided employment for the unemployed” but on the other hand the population was exposed all of a sudden to the “vicissitudes of the trade cycle”.⁷⁷ The volatility of the market and capitalist production was aggravated by the fact that the liberal reforms of the 19th century had disrupted the old social fabric. Guilds, church based poor relief systems, asset inheritance and other medieval, feudal or mercantilist forms of economic organization and protection had disappeared through urbanization, had been actively dismantled through liberal reforms or had proved to be outdated attempting to cope with the new scale of social problems.

Functional demands for new forms of social security therefore existed, though these remained largely unarticulated in the political sphere. Only when Marx and Engels put forward the Communist Manifesto in 1848, and when Marx published the first part of *Das Kapital* in 1867, did the grievances and pitfalls of industrialized capitalism come to be articulated in an encompassing critique which could guide political and social countermeasures. Nevertheless, the demand for political action on welfare and social security remained muted as long as the Kaiser Reich developed with extraordinary economic growth rates that provided “welfare through growth”.

4.2.5 The Crash of 1873

The liberal period came to a sudden end in the last quarter of the 19th century. Germany had experienced a “stormy growth phase”⁷⁸ from 1849 to 1873 and the early 1870s had seen an unprecedented economic boom period known as the Founder Epoch (Gründerzeit 1871-1873⁷⁹). The Founder Epoch was a massive investment boom in the German economy. In the two years between 1871 and 1873, 2.9 Billion Marks flowed into shares of German companies. This was half a billion more than had been invested in the twenty years preceding the crisis of 1873 and around the same amount that was invested in the two decades after the crisis. Share revenue climbed to 12.49 % between 1871 and 1873. The brother in law of Alfred Krupp, the steel tycoon, warned him in a letter by commenting on

⁷⁷ Blackbourn, D. (1998) pp. 189-190.

⁷⁸ “stürmische Aufschwungphase” Rosenberg, H. (1976) p. 235.

⁷⁹ The timeframe is disputed as sometimes the term ‘Founder Epoch’ is used for the growth period between 1850-1873.

the economic development between 1871 and 1873 that “the enormous founder fraud [...] will bring us a great common enterprise crisis”.⁸⁰ Indeed, the Founder Epoch ended with a harsh economic bust in the shape of the Founders Crisis of 1873 that made way for what contemporary commentators describe as the “long depression”.⁸¹ The crisis had been triggered by “sectoral overshooting”⁸² whereby the investment bubble had created enormous over-capacities in certain industrial sectors. The economy would only recover fully in 1897.

Cross-Class coalition approaches, as used in second generation Power Resource accounts and in the risk coalition literature, would argue that the economic downturn after the crisis altered the risk perception of the German middle class and led therefore to the implementation of German modern social security in the 1880s. However, the empirical record shows that the crisis, while heavily impacting industry and investment, was not too dramatic for employees and workers.⁸³ It is not disputed that in the 1880s the social situation was still one of a mass pauperized proletariat but the 1880s were not worse than the four decades that preceded them. Indeed, Rosenberg argues that the situation was ameliorating for the lower social stratus. Roughly 20 % of the workforce lost their jobs in the Founders Crisis. However, for those who kept their jobs the repercussions of the economic downturn were relatively mild as the deflation of prices hit producers, employers and capitalists with long term loans. In fact, real wages increased by 35 % between 1881 and 1896.⁸⁴ For people that could not lose their jobs during the crisis – such as state and communal employees, civil servants and military officers – times were not too bad. Rosenberg notes that “the Great depression was not at all a depression but much more a time of increasing prosperity”.⁸⁵ Mass unemployment was not becoming a pressing problem.⁸⁶

⁸⁰ „<< dass der enorme Gründungsschwindel ... uns einer grossartigen allgemeinen Geschaeftskrisis zufuehren muss >>“ Cited in Wehler, H.-U. (1995) p. 84.

⁸¹ “lange Depression” Rosenberg, H. (1976) p. 235.

⁸² Wehler, H.-U. (1995) p. 104; for a good discussion of the crisis see Wehler, H.-U. (1995) pp. 100-106.

⁸³ Born calls it the “alleged “Great Depression” of Bismarckian times”; “Die vermeintliche “Große Depression” der Bismarck Zeit“ Born, K. E. (1985) p. 107.

⁸⁴ Rosenberg, H. (1976) p. 239.

⁸⁵ “die Grosse Depression überhaupt keine Depression, sondern vielmehr ein Zeitalter steigender Prosperität“ Rosenberg, H. (1976) p. 236.

⁸⁶ Though, as Rosenberg notes that systematic data is lacking. Rosenberg, H. (1976) p. 239. Wehler comments 21 years later in a similar way that jet no systematic assessment of unemployment and part time work in the Kaiser Reich exists. Wehler, H.-U. (1976) p. 560.

Wehler assesses a much more drastic impact of the crisis. He points out that Krupp halved its employees between 1873 and 1878⁸⁷ and that wage cuts amounted to a drastic 30 – 50 %.⁸⁸ On the social climate during the 1870s he remarks that “The fear of dangerous social tensions was spreading”. Wehler’s interpretation would support Power Resource Approach and Bonapartist interpretations of welfare formation that emphasize the rising power of the Left and the working class or the fear of them as the reason for the social security legislation of the 1880s.⁸⁹ Nevertheless, when he analyzes real wages he has to admit that the wage drop was not drastic at all as they decreased from 125 in 1873 to 112.5 in 1879 (1870 = 100).⁹⁰ Workers were afraid of losing their jobs, as is indicated by the decrease in strikes from 125 in 1873 to 3 in 1879, but whether revolution was looming as a direct reaction to the crisis – as Marx was urging – seems doubtful.⁹¹ Wehler himself puts forward that “Generally speaking though, growth continued”.⁹² Important for this thesis is, however, that the crisis and the economic downturn of the 1870s implies that social security did not come as a prosperous boom phase. In fact, the social security legislation was enacted against the backdrop of a yawningly empty state treasury. The Reich’s budgetary deficit grew around 3.9 Billion Marks between 1880 and 1890.⁹³

4.2.6 Political Implication of the Crisis

Despite his claim that the crisis did not drastically deteriorate social conditions, Rosenberg nevertheless indirectly advocates a favorable impact of the crisis on social security. He argues that it was exactly the amelioration in terms of real wages after the crisis that sparked political expression and organization of the lower social stratus for the first time in German history. He indicates that the improvement in social conditions, such as for example the 50% decrease in malnutrition cases after the 1870s, gave room for the conscious

⁸⁷ Wehler, H.-U. (1995) p. 559.

⁸⁸ Wehler, H.-U. (1995) p. 560.

⁸⁹ „Die Angst vor gefährlichen sozialen Spannungen breitete sich aus.“ Wehler, H.-U. (1995) p. 561. Wehler derives this from a Prussian Police report that he cites on the very same page which indicates fear of an increasing drift of workers towards socialist ideas. I do not think that a police report before the crisis or afterwards would have been much different.

⁹⁰ Wehler, H.-U. (1995) p. 561.

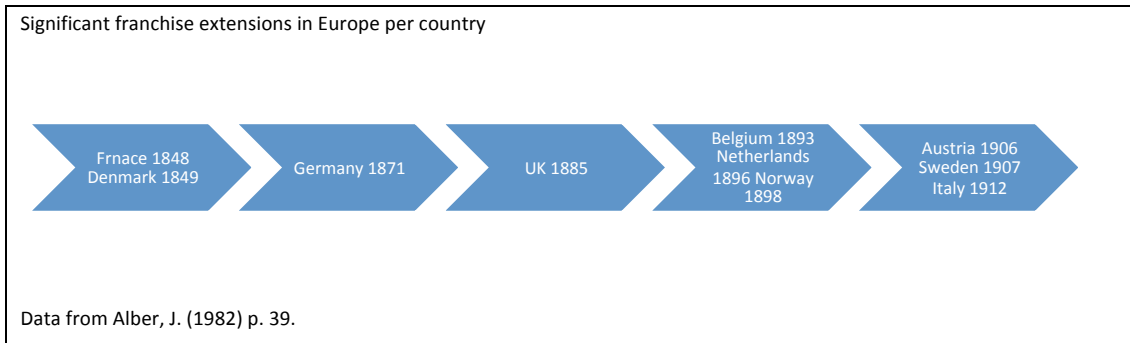
⁹¹ Wehler, H.-U. (1995) p. 561.

⁹² „Auf das Ganze gesehen hielt jedoch das Wachstum an“ Wehler, H.-U. (1995) p. 552.

⁹³ Rosenberg, H. (1976) p. 236.

articulation of political demands of the lower classes that had before been occupied solely with basic survival. He sees the real revolution not only in the opening of the political system in the 1870s but especially in the increasing mobilization from below as indicated in the gradual and slowly increasing turnout. Elite politics started to become mass politics in the sense that they increasingly had to cater to a mass electorate. Nobility parties had to become people's parties if they wanted to survive.

Figure 4-9 Franchise extensions in Europe



I agree with Rosenberg, but I think he downplays the importance of the discrediting of the Liberal worldview, its programmatic ideas and policy ideas that the crisis brought in the Kaiser Reich. The crisis had a huge impact on Germany's political economic thinking both among practitioners (capitalists) and theorists. Torp notes that the "loss of prestige for economic liberalism was drastic and all encompassing".⁹⁴ It triggered an intrinsic desire of German capitalists to control markets through cartelization and concentration in the national economy and they pressed for protection from the globalizing economy through tariffs. It is here that German non-liberal capitalism has its roots. From the 1870s onwards the German elites were neither hostile to cartelization nor afraid of distorting the economy with state aid and planning or through private-public ownership of business. The Prussian railways were nationalized (1880) which led to the formation of the world's biggest enterprise and government started to plan and invest not only in infrastructure projects,

⁹⁴ Torp, C. (2010) p. 404. See also: Blackbourn, D. (1998) p. 190. This was not the first crisis of capitalism in the 19th century. There had been a global crisis with origins in the US in 1857/59 but it did not hit the Zollverein that much. There had been also a small growth rupture in 1866 but also this one was overcome rather quickly and had not such long-lasting effects on the German economy as the crisis of the 1870s. Furthermore the revolutions of 1848/49 had disrupted the early German growth patterns but not for longer than a year. See: Wehler, H.-U. (1995) pp. 95-96.

such as major artificial watercourses for transportation, but also invested in local business projects.⁹⁵

Liberalism also lost out politically. In 1877 the liberal parties (Fortschritt and National Liberals) lost the elections and Bismarck stopped relying on them for governing the Reichstag. German Capitalism started to organize and tried to build an “interestcommunitycartel”⁹⁶ to press for tariffs. This was the beginning of the famous “Rye and Iron” coalition. It is the thesis of a powerful interest coalition between large land holding East Prussian nobility (Junkers) and West German Industrialists (Schlotbarone) that, through their protectionist interest politics, lead Germany directly into the disasters of World War One and in the long run laid the foundations for National Socialism and the Second World War.⁹⁷ It has been promoted by famous scholars such as Moore, Gerschenkron, Wehler and Rosenberg since the 1960s. In a critical review of the argument, Torp comments on the academic impact of this coalition that “it has become an established part of the accepted wisdom in political science and economics, part of the standard repertoire of prominent historical examples that are repeatedly cited when there is need for an example”.⁹⁸

Contemporary historiography criticizes that the Rye and Iron thesis was too heavily based on endogenous factors and that it does not sufficiently account for the rapid globalization from the 1870s onwards which also saw numerous international trade agreements expire and countries like the US started to raise trade barriers in order to shield themselves and thereby arguably triggered a global protectionist move.⁹⁹ Furthermore, the interests within the Rye and Iron coalition were far more at odds than previously assumed. This opened the door for other ideas and interests to influence policy and gave Bismarck a central intermediation role in influencing policy during the protectionist phase of 1877-

⁹⁵ Abelshauser, W. (2005) p. 30.

⁹⁶ „Interessengemeinschaftskartell“ Rosenberg, H. (1976) p. 251.

⁹⁷ This ‘negative’ interpretation of the German “Sonderweg” was first advocated by Fritz Fischer, who triggered the famous ‘Fischer Controversy’ in the 1960s. See: Fischer, F. (1994 [1961])

⁹⁸ Torp, C. (2010) p. 403. Also Peter Gourevitch uses the ‘Rye and Iron’ coalition.

⁹⁹ Werner Abelshauser points out that globalization in the last third of the 19th century up to the eve of World War One was on a level comparable to the late twentieth century. “In 1914 foreign direct investment (i.e., without portfolio investments) amounted to no less than \$45 billion. This figure was the result of capital-market integration almost unhindered by capital controls. That level of integration was not achieved again until 1980, when restrictions on capital movements in most Member States of the International Monetary Fund were finally lifted.” Abelshauser, W. (2005) p. 28.

1878. Arguably, it also triggered the increasing strategic importance of the Center Party after the anti-liberal turn following the 1873 crash as it ousted the Liberal parties from the governing coalition, a fact that is usually underrepresented in classic Rye and Iron accounts.¹⁰⁰

4.2.7 Rye and Iron and Social Security

Rye and Iron implies that the socioeconomic and political elites of the Kaiser Reich reacted to the crisis of 1873 through protectionism. The Polanyian double movement therefore unfolds on foreign trade policy but, as the next chapter will show in greater detail, industrialists and large estate holders were fiercely opposed to the introduction of social security in the 1880s. The question that this evokes is: why were employers and large scale farmers able to successfully press for their tariff demands while no such coalition formed against the implementation of social security? If “Rye and Iron” was the dominant economic, political and societal interest coalition of the 1880s why did it not move against welfare legislation? Rosenberg points to the sudden central role of the Catholic Center Party after the anti-liberal turn in German economy, state and politics after the crash of the early 1870s. The Center Party had been formed as a Catholic party in 1871 and was, by definition of being a party founded on religious prerogatives, the first “real people’s party”.¹⁰¹ It was the one political player in the Kaiser Reich that could arguably capitalize the most from the societal and economic upheavals of the 1870s and the anti-liberal turn thereafter. The Catholic vote was concentrated in Silesia and West and South Germany so therefore coincided with the mining regions and the iron and textile industry. Being an anti-liberal party with a distinct social policy profile and an explicit cross class appeal bestowed it with a “glooming political boom, a downright enviable tactic key position”.¹⁰² The small Catholic party had therefore a prominent position at the verge towards the 1880s, the decade of Bismarckian social security reform. But how was it that this political outlet of the Catholic minority in the Kaiser Reich came about and how did its program develop so that it could achieve its utmost influential position during the Kaiser Reich?

¹⁰⁰ An exception is certainly Rosenberg’s terrific account from 1976. Rosenberg, H. (1976) pp. 248-252.

¹⁰¹ Rosenberg, H. (1976) p. 252.

¹⁰² Rosenberg, H. (1976) p. 253.

4.3 Structure III: Church and State

Going to Canossa won't bring us any railroads

Supporter of the Culture War¹⁰³

German political Catholicism had a remarkable trajectory during the 19th century. Finding itself deeply paralyzed by the events of the French Revolution at the beginning of the century, its first reaction was to withdraw from temporary matters of politics and society and to emphasize the spiritual realm with a nostalgic connotation and longing for the times prior to the French Revolution. The spirit that drove German Catholicism at the end of the century was fundamentally different. Catholicism was now probably the single most powerful and well organized interest group in the Kaiser Reich with far-reaching organizational capacities. Even though Catholicism became increasingly reactionary during the last third of the 19th century, it nevertheless adapted to modern forms of political organization. As Blackbourn assesses, "The machinery of the Church (Max Weber) showed how Catholicism adapted the forms, if not the content, of the age of progress"¹⁰⁴ and he concludes that "Catholic Germany boasted an array of lay associations without equal in Europe"¹⁰⁵.

4.3.1 The Catholic Subculture

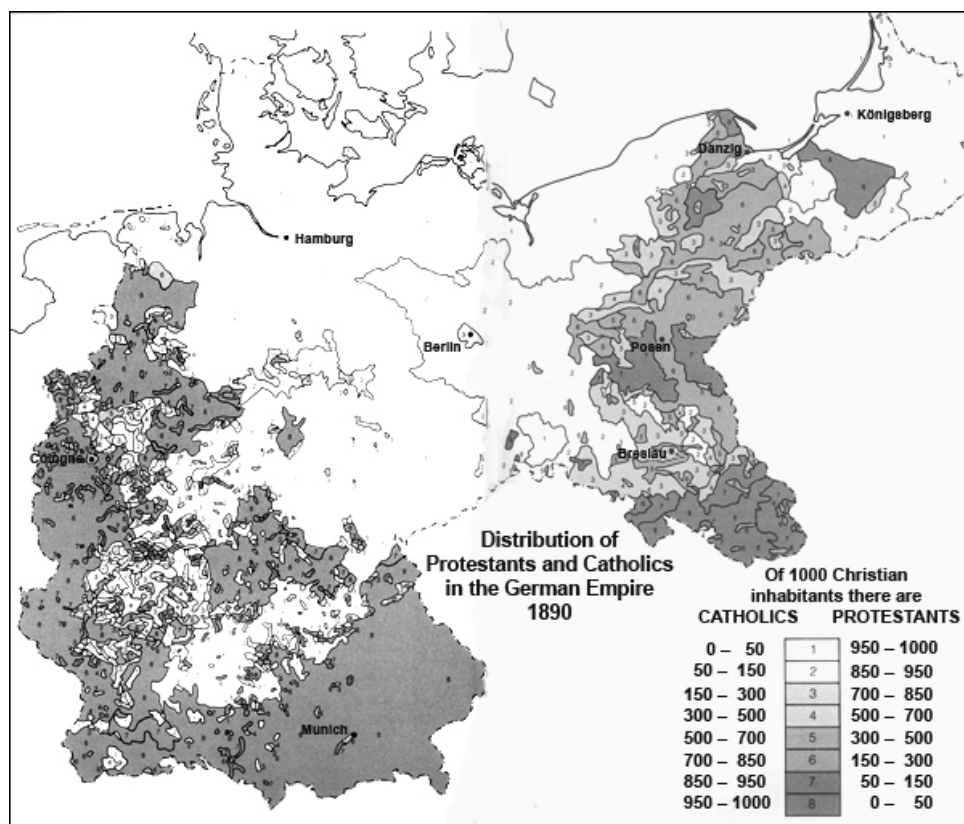
Catholics counted for roughly one third of the inhabitants of the Kaiserreich. The "kleindeutsche Lösung" of a unification without Austria cemented the minority position of Catholics. They were geographically concentrated in the West (Rhineland) the South (Baden and Bavaria) and at the eastern border to Poland (Silesia).

¹⁰³ Quoted from Kissling, *Kulturkampf*, Vol. 2; p. 295, IN: Blackbourn, D. (1998) p. 283.

¹⁰⁴ Blackbourn, D. (1998) p. 298.

¹⁰⁵ Blackbourn, D. (1998) p. 301.

Figure 4-10 Distribution of Catholics and Protestants



Source: Meyers Kleines Konversationslexikon (1908), vol. 2, Leipzig, pp. 332-33, reproduced in Smith, H. W. (1995) pp. 2-3.

In “The Age of Progress”¹⁰⁶ (19th century), Catholics were regarded by Liberal and Protestant state elites as a fundamentally anti-modern development and as an inhibiting and potentially obstructive group. The Catholic Church was perceived as a transnational and hostile enterprise. For Bismarck and his followers, Catholics could be reduced to three things: backwardness, superstition and medievalism. It seemed that Catholicism simply did not fit into the newly founded nation that forcefully made its way into the top-league of World Powers in less than a quarter of a century. The backwardness of Catholicism in the Reich seemed at odds with the ‘Zeitgeist’ and was perceived as being at odds with the evolution of German society towards modernization.¹⁰⁷ Statements such as: “ ‘Going to Canossa will bring us no railways’ ” from anticlerical opponents of compromises with the

¹⁰⁶ Blackbourn refers here to the period from 1849 till 1880. Blackbourn, D. (1998) p. 175.

¹⁰⁷ Smith, H. W. (1995) p. 28.

Vatican were frequent during the Culture War (Kulturkampf).¹⁰⁸ Catholics were “alien” or at best “exotic” in Bismarck’s words.¹⁰⁹ Furthermore, Catholics were usually from the lower social stratus and strongly under-represented in state bureaucracy, governments, universities and business. In the Prussian-dominated Protestant Reich they were discriminated against, especially in the higher ranks of the civil service and the officer corps.¹¹⁰ This fueled a constant Catholic inferiority complex throughout the Kaiser Reich. Catholics reacted at first by retreating from the Protestant mainstream of the Reich and building up a Catholic sub-culture that would persist far into the late 1960s. It nurtured this Ghetto mentality that isolated it from the rest of the Reich up until the late 1880s.¹¹¹

Therefore, for the most part of the 19th century two Germanys existed, one Protestant and one Catholic, both deeply entrenched in their subcultures.¹¹² Protestant kids were throwing stones at Catholic kids and vice versa.¹¹³ One can derive from passages of Bismarck’s memoirs how this tense relationship diffused to the highest political levels. In the following, Bismarck describes how Catholicism and Catholics were perceived during his childhood and how this radically changed later in the century:

A Catholic classmate, was without any confessional ill will, regarded with a certain type of amazement like an exotic appearance, and not without a certain satisfaction, that one could not see any marks on him that indicated the St. Bartholomew’s Day massacre, the burning on the stake and the Thirty Years’ War.¹¹⁴

Not much later Bismarck indicates that this had changed throughout the 19th century and that now:

These circumstances and sentiments have changed [...] Nowadays, indicating that one is Catholic neither causes a sensation nor leaves an impression in any of the Berlin circles¹¹⁵

¹⁰⁸ Quoted by Blackbourn, D. (1998) p.283 from Kissling, Kulturkampf, vol. 2, p. 295.

¹⁰⁹ „fremd“, „exotisch“. Bismarck, O. (1999) *Gedanken und Erinnerungen*, München, Ullstein, Prohyläen, p. 427.

¹¹⁰ Blackbourn, D. (1998) p. 302.

¹¹¹ Blackbourn, D. (1998) p. 302; Ritter, G.A. (1976) p.14.

¹¹² Hence, also German political life was divided along confessional lines. Smith, H. W. (1995) p. 35.

¹¹³ Catholics and Protestants were divided on multiple levels, they drank different beers, wore different clothes, had a different fertility rate, educational status and preferred different names. Smith, M.W. (1995) p. 80; Blackbourn, D. (1998) p. 71.

¹¹⁴ “Ein Katholischer Mitschüler wurde ohne jedes confessionelle Übelwollen mit einer Art von Verwunderung wie eine exotische Erscheinung und nicht ohne Befriedigung darüber betrachtet, dass von der Bartholomaeusnacht, vom Scheiterhaufen und dem dreißigjährigem Krieg nichts anzumerken war.” Bismarck, O. (1999) pp. 427-428.

The 19th century was therefore not only a century of nation building, nationalism and progress in Germany, but also one of deep religious conflict.¹¹⁶ This conflict was not one of religion against a secular state as in France or Italy. Rather, the split denominational situation in Germany, and the unification process marshaled from above by Protestant Prussia, resulted in the absorbance of Protestantism by the German Kaiser Reich. Despite many contemporary interpretations during the 19th century that saw religion heavily challenged and substituted through ideologies such as Liberalism, Nationalism and Socialism (God was declared dead by Nietzsche in 1882), Protestantism “continued to play an absolute central role in German public debate”. Church attendance amongst Protestants, especially in the middle class, decreased but German culture was explicitly interpreted as Protestant culture¹¹⁷ and Protestantism was not only the religion but also the identity of the ruling class. Protestantism, though, was not a monolithic force. It was split into a liberal and orthodox version in the Kaiser Reich.¹¹⁸ Orthodox Protestantism was the spiritual bridge between the new political and the old social order. It formed the patriarchic world view of the Kaiser, the chancellor, the bureaucracy, the military, the large estate holders (Junkers) and their former vassals and tied it to the new nationalist, and later imperial, project of the empire. The Reich’s society and principal institutions became synonyms for “Cultural Protestantism”,¹¹⁹ a term that describes the merging of Orthodox Protestantism with the Prussian, and later the German, state. In parliament the Conservatives were the orthodox Protestant party par excellence.

In contrast, liberal Protestantism was connected to the Enlightenment and was deeply influenced by the innovations in the natural sciences and by the advent of industrializing capitalism during the 19th century. It had its strongholds in the cities, was politically

¹¹⁵ “diese Verhältnisse und Stimmungen haben sich geändert [...] Heut zu Tage kann man durch die Kundgebung, katholisch zu sein, in keinem Berliner Kreise mehr Aufsehen erregen oder auch nur einen Eindruck machen.“ Bismarck, O. (1999) pp. 427-428.

¹¹⁶ Smith writes about the identity forming power of the denominational split in the Kaiser Reich that “Few lines of division so clearly cut to the quick of people’s identities, so self-evidently defined their cultural horizons, and so deeply determined their political loyalties as the line that separated the two major religious groups.” Smith, H. W. (1995) p.13.

¹¹⁷ Blackbourn, D. (1998) p. 293.

¹¹⁸ This split found its manifestation in the party system where the liberal parties represented liberal Protestantism and the Conservatives Orthodox Protestantism. Protestantism was furthermore segmented into Pietism, Lutheranism and Calvinism on the territory of the Reich.

¹¹⁹ Blackbourn, D. (1998) p. 293.

represented by the liberal parties and was “seeking to adapt Christianity to the modern age”.¹²⁰

While the liberal branch of Protestantism had “an underdeveloped sense of social mission”¹²¹ and a liberal and self-help centered approach to welfare, “it was from the ranks of the orthodox that anxiety over dechristianization produced a social program of missions, rescue homes and poor schools”.¹²² It is therefore no surprise that the first attempts for coherent driven welfare came in Germany from the orthodox Protestant camp.¹²³

4.3.2 Culture War

After unification, the 1870s saw an explosive escalation of the denominational cleavage between Protestantism and Catholicism manifest itself in the Culture Wars (Kulturkampf).¹²⁴ Bismarck triggered a large-scale attack on Catholic Church prerogatives.¹²⁵ The souring of the relation between the Catholic Church and the Prussian state was the result of a long cumulating process of radicalization on both sides. Catholicism did not like Bismarck’s nation building efforts – especially since they included cutting off most of the Catholic German-speaking population of Austria after the Prussian-Austrian War of 1866. Italian unification in 1861 worsened the situation as the pope had lost all his temporal territory to the new Italian liberal state. On the one side the German Catholics felt vulnerable through the weakness of the papacy. On the other side, the syllabus of errors¹²⁶ that Pope Pius IX

¹²⁰ Blackbourn, D. (1998) p. 292.

¹²¹ Blackbourn, D. (1998) p. 292.

¹²² Blackbourn, D. (1998) p. 292.

¹²³ It is then also not too surprising that Bismarck’s first proposals for social security looked pretty much like modern Scandinavian welfare solutions. While Scandinavia had a real Protestant state church, Bismarck in a way was representing an orthodox Protestant pseudo state church.

¹²⁴ The term Kulturkampf had been developed by the Left Liberal Rudolph von Virchow as a battle call against political Catholicism. Lönne, K.-E. (1986); Morsey, R. (1981) *Der Kulturkampf*. IN: Rauscher, A. (ed.) *Der Soziale und Politische Katholizismus*, München-Wien, Olzog, p. 72.

¹²⁵ Relations between Catholicism and the Protestant Prussian state elites had already turned sour before. The Kölner Mischehenstreit in 1837 about the competence of marriage jurisdiction was central in this respect. The Prussian state convicted the Bishop of Cologne of being steered by the Vatican and jailed him. This incident fueled the resentment of the Catholics towards the new nation building project but also the suspicion of Prussian state elites against a Catholicism accused of Ultramontanism.

¹²⁶ The syllabus was published on the 8th December 1864 as an amendment to the encyclical *Quanta Cura*. It listed 80 (more or less) prominent statements of secular philosophy,

released in 1864 as a reaction to Italian unification cemented a radical anti-liberal, ultramontane¹²⁷ and Conservative political position of the Catholic Church that actively challenged the legitimacy of secular and Protestant nation states and therefore enhanced the suspicious feelings of German Protestantism vis-à-vis the Catholics. The situation was aggravated when Pius IX released the dogma of papal infallibility that extended his powers over Catholic flock and church hierarchy in 1870 at the first Vatican Council.

Bismarck's unification was driven by liberal and Protestant state bureaucrats and elites. The Culture War was part of Bismarck's internal refurbishing of the Reich's strategy (Innere Reichsgründung). It aimed at drying out the fundamentals of the Catholic subculture and cutting German Catholicism loose from Rome. The Culture War was part of Bismarck's nation building concept.¹²⁸ National security issues also played a role as the Chancellor was afraid of an ultramontane "revenge-coalition"¹²⁹ of French, Austrian and Polish Catholicism that could dismantle his Reich as quickly as he had built it up. The situation exploded with the formation of the Center Party, first in the Prussian Parliament through the fusion of 41 Catholic deputies into a parliamentary group and then in 1871 on the federal level with 67 deputies in the Reichstag.

The Culture War was a series of laws of which the 'Pulpit Paragraph' (Kanzelparagraph) of the 10th December 1871 was the first.¹³⁰ It aimed at breaking the political communication and transmission power of the Catholic Church by outlawing any political messages from the pulpit. Education was next. On the 11th March 1872, Bismarck put forward the School Supervision Law (Schulaufsichtsgesetz) which gave the state a monopoly on school supervision. This led immediately to the demission of over a thousand clergymen and sisters from the state education service.¹³¹ The aim of the law was to dry out the fundament of the Catholic subculture. Without any control over education, the Catholic Church was deprived of the possibility to actively construct and nurture its subculture by transmitting its

enlightenment, rationalism, Protestantism, liberal clericalism and Liberal thought in general and declared them as outright wrong.

¹²⁷ Ultramontanism (referring literally to beyond the mountains) describes a segment of Catholic theology that emphasises strongly the supremacy of the Pope in Rome over all Catholics and local Catholic hierarchies in other countries. The term was used as a catchphrase in 19th century Europe to accuse political Catholicism of being not loyal to their own nations and states and of being loyal to the Pope instead. This brand marked them in the age of Nationalism as traitors.

¹²⁸ Smith, H.W. (1995) p. 14.

¹²⁹ Morsey, R. (1981) p. 77.

¹³⁰ Morsey, R. (1981) p. 79.

¹³¹ Morsey, R. (1981) p. 81.

worldviews form a very early stage onwards. The 'Jesuit Law' (Jesuitengesetz) from 4th July 1872 banned the Jesuit order from the Reich. Bismarck accelerated his endeavor with the 'May Laws' (Mai Gesetze) of 1873 which enforced state control and jurisdiction over Catholic Church institutions in Germany and eased the possibility for individuals to leave the Catholic Church.¹³² On the 13th June 1874 a terrorist attack on Bismarck in Kissingen failed but was publicly attributed to the Catholics. Bismarck pushed for further legislation and, in 1875, two laws cut state funding and finally erased all constitutionally guaranteed rights of the Churches.

The result of a decade of Culture War was that five of the eleven German Catholic Bishops were in jail and a total of 296 dependences of religious orders had been shut by the authorities. A total of 136 Catholic newspapers had been closed only in the first four months of 1875.¹³³ In 1881, the pastoral network of the Catholic Church in Germany had been reduced by one fourth as 1125 parishes remained vacant and were not replaced due to Bismarck's legislative efforts.

Nevertheless, the Culture War was a disaster for Bismarck. Instead of weakening the cohesion amongst Catholics, it strengthened it. Despite the repressive policies, the total number of Catholic organizations and newspapers increased during the Culture Wars. The concentration of the Catholic vote for the Center Party reached an all-time high of 80% during the Culture War and it made the Center Party the second largest party in the Reichstag. Disgruntled, Bismarck remarked on the 8th May 1880 in the Reichstag that he had become "deadly tired in this battle".¹³⁴ Furthermore, Protestant and Conservative Prussian religious authorities expressed ever more doubts about the Culture Wars as they were experiencing the negative impact of the general secularizing tendencies that it had brought about. The Conservative and Protestant establishment became increasingly worried about the rise of Socialism and feared that, with further alienation of the anti-socialist Center Party from the Reich, a potential ally for the upcoming battle against Socialism would be lost. Smith comments: "Here was the crux of the matter. The Culture War was meant to

¹³² For an overview of the four laws see Morsey, R. (1981) pp. 84-85.

¹³³ Morsey, R. (1981) p. 91.

¹³⁴ "todmüde geworden in diesem Kampfe" Bismarck in the Reichstag on the 8.5.1880, cited In: Morsey, R. (1981) p. 93.

culturally unify the new nation state but instead it aggravated the divisions between Protestants and Catholics, it created not one nation but two".¹³⁵

A decisive factor in Bismarck's decision to end the Culture War was the election of a new Pope who succeeded the hardliner Pius IX in February 1878. Leo XIII saw potential diplomatic gains in coming to terms with Bismarck's Reich because he was worried about the increasingly independent political Catholicism and its strong electoral appeal in Germany. The Pope offered to act as broker between German Catholicism and the Chancellor. Bismarck accepted, also because he liked the idea of weakening the Center Party by negotiating a settlement over its heads directly with the Vatican. The early 1880s brought a series of laws that relaxed the Kulturkampf legislation and the Culture Wars officially came to an end with the 'Peace Laws' (Friedensgesetze) of 1886 and 1887.

The important point is that the Catholic Center Party shifted from being Bismarck's arch enemy towards becoming a legitimate political negotiation partner. Bismarck could not eradicate Catholicism in the short run and other problems seemed more pressing. The rise and threat of Socialism as a new political force and political subculture opened the possibility of a political coalition between Protestantism and Catholicism. Without a resolution of the Culture War, the strong influence of the Center Party on the Welfare legislation of the 1880s is basically unthinkable. Nevertheless, the end of the Culture Wars also entailed a downside for German political Catholicism. The inter class party had experienced a strong increase in cohesion through the Bismarckian attacks. The Center Party historian Morsey goes even as far as to claim that "no one other than Bismarck became in that way the stabilizer of this party".¹³⁶ With the cohesive force of the Culture War gone, the party saw a constant decline in its share of the vote from 1884 until World War One.

The strong outside pressure through the Culture War on the Catholic milieu had, for the first two decades after the formation of the Reich, been the single most important collective action resource. The constant "Church in danger" rhetoric allowed for the creating of cohesion in the cross-class spanning and geographically dispersed Catholic subculture. The striving for parity in state and public life was one of the major points on the agenda of Catholic politicians of the Center Party.

¹³⁵ Smith, H. W. (1995) p. 48.

¹³⁶ "kein anderer als Bismarck wurde so zum Stabilisator dieser Partei" Morsey, R. (1981) p. 104.

However, social security was a potential way to compensate this. As the industrializing areas lay primarily in Catholic regions of Germany (Rhineland, Silesia), Catholic workers were often confronted with Protestant bosses. In general, Catholic workers tended to defect in much smaller numbers from their subculture towards Socialism than the Protestant workers.¹³⁷ Indeed for Protestantism the defection of urban working class and rural labor Protestants was “bitter”.¹³⁸ Blackbourn calculates that among Protestants “only one percent of nominal church members attended Sunday morning services in the working-class parishes in Berlin.”¹³⁹

The Center was also able to leave its impression on social security legislation in the 1880s, despite the decline in its share of the vote, because it was advantaged through the electoral institutions of the Kaiser Reich. The new election system of the unified Reich granted each male citizen over 25 years an equal and secret vote and was organized using a single member district system. The single member district situation guaranteed safe mandates in the Catholic strongholds. As the election districts did not change until 1918 the Center Party was never deprived of its secure strongholds. The effect was that for less and less votes the Center Party could rely on a stable number of mandates throughout the Kaiser Reich. At the pinnacle of the Culture War in 1874, the party managed to secure 28% of all the votes which translated into 91 mandates in parliament. By 1890 the vote had dropped to 18%. Nevertheless, this resulted in 106 mandates. In the period from 1874 to 1914, between 72 and 104 seats went continuously to the Center Party.¹⁴⁰

Figure 4-11 Mandates Center Party 1871-1912

Year	1871	1874	1877	1878	1881	1884	1887	1890	1893	1898	1903	1907	1912
Mandates	63	91	93	94	100	99	98	106	96	102	100	105	91
Total Mandates	382	397	397	397	397	397	397	397	397	395			

Data from database of the Konrad Adenauer Foundation and Lepsius, M. R. (1993) p.33.

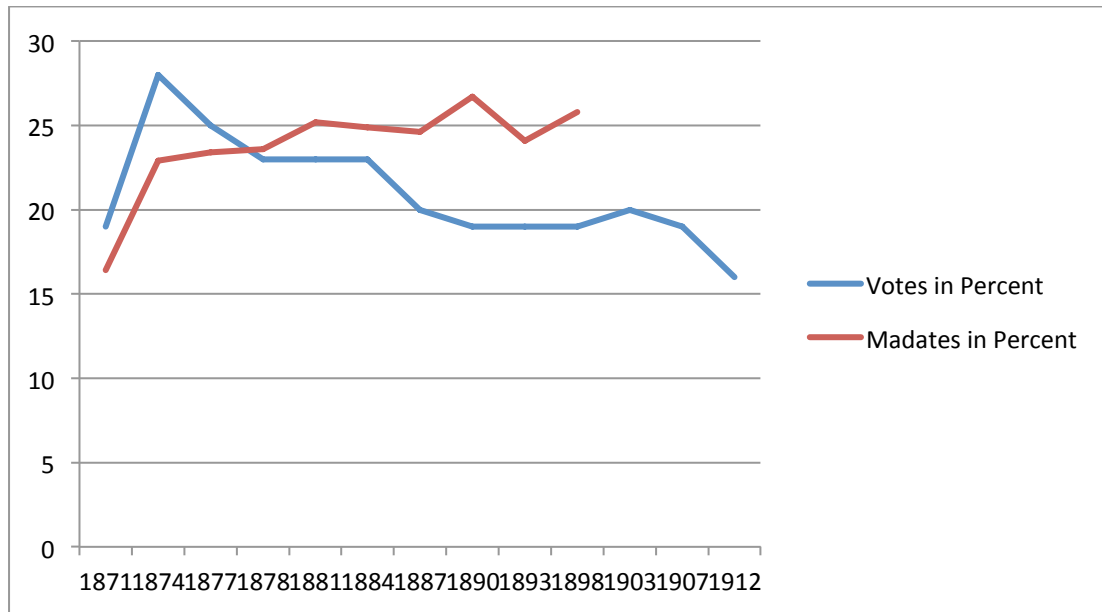
¹³⁷ Blackbourn, D. (1998) p. 301.

¹³⁸ Blackbourn, D. (1998) p. 294.

¹³⁹ Blackbourn, D. (1998) p. 294. Reasons for the high defection rate among Protestants were the rapid urbanization with which the church could not keep up in terms of parish service provision (sometimes one Priest had to cater to 50 000 followers), the association of Protestantism with the political authoritarian establishment and upper class of the Reich, and the fact that the Social Democrats were de facto a majority Protestant party according to its membership (albeit of course condemning any form of religion).

¹⁴⁰ Morsey, R. (1981).

Figure 4-12 Vote decline and mandate increase Center 1871-1912



Vote decline of the Center Party and mandate percentage. Data from Lepsius, M.R. (1993) p.33.

To conclude, Bismarck knew that he needed to convince the people of the superiority and dominance of his subculture if he wanted to consolidate his nation building project (Innere Reichsgründung). His first attempt aimed at drying out the perceived fundamentals of Ultramontaniam through the Culture War which aimed to weaken German Catholicism and cut it off from Rome. The 1870s saw the tremendous failure and backfiring of this strategy. On top of it, a new potentially more dangerous threat evolved with the ascendance of Socialism which manifested itself in the formation of the Socialist party in 1876 and Bismarck's formulation of the 'Anti-Socialist Laws' (Sozialistengesetze) two years later.¹⁴¹ The political battle and competition between worldviews and programmatic ideas was not only about power in the institutions, but even more so about the cohesion within and the penetration rate outside of the respective subcultures. To cut a long story short: there was a battle, or at least a competition, unfolding during the second half of the 19th century between different worldviews and their subcultures in Germany that Bismarck could only partly patch over through unification. The competition was exacerbated in the second half

¹⁴¹ As the Liberals, who were next to the conservatives the most important partner of Bismarck governance system, became ever more scrupulous about the anti-liberal legislation of the Culture War, the Catholics started to become a viable (antisocialist) negotiation partner for legislative projects.

of the 19th century as the “old-isms” (Protestantism and Catholicism) came increasingly under pressure from the “new-isms” (Liberalism, Nationalism and Socialism). This battle of ideas unfolded not only on a macro level but also left a deep imprint on the formation of programmatic beliefs in many other policy sub fields.¹⁴² If one wanted to convince as an “ism” one had to offer, alongside a coherent and appealing worldview, programmatic ideas as responses to real world problems. The following will show how this competition impacted and formed the evolution of Catholic programmatic ideas on welfare in 19th century Germany.

4.4 Catholic Social Doctrine Development

Catholic Social teaching developed in Germany in three phases during the 19th century. The first stage is characterized by an ignoring of the societal and socioeconomic shifts that industrialized capitalism triggered in Germany and by an encapsulation of Catholicism into the spiritual realm. The second phase is marked by Catholic thinkers searching for solutions that aimed at replacing liberal capitalism and industrialization, in other words for solutions outside the system, such as a corporatist restructuring of society and economic relations. The third phase marks a shift from seeking external solutions to looking for solutions from within the capitalist system. This last shift, which developed many programmatic ideas on how to embed organic corporatist organizational models within capitalism, is the step that enabled the Catholic subculture and worldview to have a decisive impact on the social security legislation of the 1880s.

4.4.1 The negation of industrialization

The events of the French Revolution were a nightmarish experience for the Catholic Church. Despite being of the major European countries with an almost homogenous Catholic population, in one fell swoop France stripped the Church of most its former prerogatives in the educational and welfare sector, sacked its fortune, executed about 20,000 priests and exiled any clergymember that was not willing to swear loyalty to the French state.

The Church reacted to the revolution in two ways: first, it adopted a romantic stance towards the past, rejecting outright anything that was connected to the ideals of the

¹⁴² Certainly pivotal was the ascendance of the Socialist Party during the first decade of the Kaiser Reich, as a new actor which had not existed in this form prior to unification.

Enlightenment or the French Revolution while largely withdrawing from temporary political matters by shifting its focus on a revival of the creed and its spiritual grip on its followers.¹⁴³ A prime example of this was the strong resurgence of Mariology in the first half of the 19th century, which centered around the Immaculate Conception of Mary and was formalized with the papal bull *Ineffabilis Deus* in 1854.¹⁴⁴

As industrialized capitalism started to unfold, with all its consequences, from the mid-19th century onward, the Church shied away from engaging with the new social phenomenon. Industrialization and capitalism were not analyzed and confronted on a programmatic-practical level but instead solely from a dogmatic-religious point of view. In other words, if the old social fabric was deteriorating and misery was increasing throughout the 19th century then this was not primarily seen as the fault of new modes of production and economic exchange but instead due to a decrease in religiosity. People simply did not attend church enough, no longer had sufficient faith, and had become sidetracked by secular ideas. Hence the deteriorating social situation could even be interpreted as a divine punishment.

Central to this reasoning was an embracing of the estate-based society model of the middle ages. Catholic clergy and episcopate romanticized and idealized the medieval as the times when community had been the point of highest social reference. This is evident in the strong revival of medieval Aquinian social thinking.¹⁴⁵

Adam Heinrich Mueller (1879-1829), one of the leading romantic Catholic political philosophers of the early 19th century described the social fabric of the middle ages like this:

The vast mass of the people was protected, through the preservation of the countless natural and individual associations, authorities, families, communities, estates that everyone belonged to, protected against the decay of his own forces and for the real abandoned, frail, displaced and for the few that are homeless, the Church took care.¹⁴⁶

¹⁴³ This was formalized in the Syllabus of Errors (1864) and in the first Vatican Council (1870).

¹⁴⁴ The impact of the cult of Mary on a resurgence of Catholicism was impressive. Pilgrimages became large scale mass events during the second half of the 19th century. In Germany alone four apparitions of Mary were reported. Smith, H.W. (1995) p. 45. See also Balckbourn's seminal account: Blackbourn, D. (1993) *Marpingen: apparitions of the Virgin Mary in Bismarckian Germany*, Oxford, Oxford University Press.

¹⁴⁵ Loth, W. (1984) *Katholiken im Kaiserreich: Der politische Katholizismus in der Krise des wilhelminischen Deutschlands*, Düsseldorf, Droste, p. 20-21.

¹⁴⁶ „Die große Masse des Volkes war durch die Erhaltung der unzähligen natürlichen und einzelnen Körperschaften, Obrigkeiten, Familien, Gemeinden, Stände, denen jeder einzelne angehörte, gegen den Verfall seiner eigenen Kräfte geschützt und für die eigentlich Verlassenen, Gebrechlichen, Heimatlosen, für die wenigen, denen kein besonderes Obdach zuteil geworden

On the early reasoning of German Catholic philosophy to the social questions of the day, Langhorst and Stegmann comment that “The industrial social problems appear in romanticism not as an urgent calling to search for adequate solutions to the economic and technical requirements but mainly as a punishment, for not holding on to the old order.”¹⁴⁷ From this it follows that it would have been sufficient to restore faith for all distortions to vanish from the social fabric and for the atomized society to make way for a communitarian corporate order. Measures aiming to restore the faith were discussed in German Catholic journals and could take drastic and weird forms, such as for example the call for an introduction of celibacy for most parts of German society or the calls for a re-masculinization of German Catholicism.¹⁴⁸ Individualism that created an “atomized society” through rampant individual rationalism was the root cause for the breakup of the old social fabric. As a consequence, most Catholic thinkers did not see the transformation towards capitalized-industrial society as the trigger of mass pauperization and misery.¹⁴⁹ Instead, it was secularization and the gradual replacement of religion with an individualistic worldview that was the root of all evil.

That said, things started to slightly change around the middle of the 19th century. Even though the social question was still regarded as a “moral problem”, it seemed ever more connected to the process of industrialization that now started to unfold rapidly in Germany. An indicator for this is that Catholic Journals like “Der Katholik” started to praise the relative “economic passivity of the Catholic population” compared to other denominations.¹⁵⁰ Industrialized capitalism became increasingly the target of Catholic critique. The Catholic politician Franz Joseph Buß argued in a speech in the parliament of Baden on the 25 April 1837 that “The fabric system produces a new type of bondage. The fabric worker is the

war, sorgte die Kirche.“ Adam Mueller, *Ausgewählte Abhandlungen*, p. 124. Cited from Stegmann, F.J. & Langhorst, P. (2005) *Geschichte der Sozialen Ideen im Deutschen Katholizismus*, IN: Grebing, H. (ed.) *Geschichte der sozialen Ideen in Deutschland*, Wiesbaden, Verlag für Sozialwissenschaften, p. 619.

¹⁴⁷ „Die industriellen Sozialprobleme erscheinen in der Romantik nicht vordringlich als Appell, den neuen wirtschaftlich-technischen Erfordernissen entsprechend Lösungen zu suchen, sondern vor allem als Strafe dafür nicht an der alten Ordnung festzuhalten.“ Stegmann, F. J. & Langhorst, P. (2005) p. 619.

¹⁴⁸ Stegmann, F.J. & Langhorst, P. (2005) p. 620; Hastings, D. K. (2008) *Fears of a Feminized Church: Catholics, Clerical Celibacy, and the Crisis of Masculinity in Wilhelmine Germany*. *European History Quaterly*, Vol. 38, No. 1, pp. 34-65.

¹⁴⁹ Stegmann, F.J. & Langhorst, P. (2005) pp. 617, 619.

¹⁵⁰ Stegmann, F.J. & Langhorst, P. (2005) p. 620.

bond-slave of his bread giver, who consumes him as profitable tool and dumps him away once outworn”.¹⁵¹ According to Buß, this vicious circle of “wage slavery” had to be broken. In fact he was one of the first who did not see this done through a rollback of modernization. Instead he argued for reforms within the system. Buß demanded something revolutionary and new: contribution-based social security. As early as 1837 he promoted “that the worker should not become constrained through sickness or other temporary accidents, to touch his savings, therefore special help funds should be established”.¹⁵² Social Security should be contribution based both by workers and employers, a constitutive feature of later Christian Democratic welfare state models and van Kersbergen’s social capitalism concept.¹⁵³ Nevertheless, Buß was an exception and his callings went relatively unheard during the 1830s.¹⁵⁴

4.4.2 Solutions from outside

Pivotal in moving German Catholicism gradually away from romantic interpretation of the repercussions of Capitalism was the “workers Bishop” (Arbeiterbischof) Wilhelm-Emmanuel von Ketteler, Bishop of Mainz (1811-1877). At first, Ketteler also interpreted the societal change in Germany during the 19th century in pure theological terms but changed his mind considerably towards the last third of the century.

Ketteler was the first of the higher clergy to mention the social question in his sermons. The Bishop raised awareness through detailed descriptions of pauperism, social

¹⁵¹ „Das Fabrikwesen erzeugt eine Hörigkeit neuer Art. Der Fabrikarbeiter ist der Leibeigen seine Brotherren, der ihn als nutzbringendes Werkzeug verbraucht und abgenutzt wegwirft“ Franz Joseph Buss on the 25. April 1837 speech in the Badischer Landtag. Printed IN: Rüter, G. (1986) *Geschichte der christlich-demokratischen und christlich-sozialen Bewegungen in Deutschland. Grundlagen, Quellen, Unterrichtsmodelle Teil II*, Köln, Verlag Wissenschaft und Politik, p. 195.

¹⁵² “Damit aber nicht durch Krankheit und andere vorübergehende Unfälle der Arbeiter genötigt werde, sein Ersparnis anzugreifen, sollen besondere Hilfskassen errichtet werden.” Franz Joseph Buss on the 25. April 1837 speech in the Badischer Landtag. Printed IN: Rüter, G. (1986) p. 196.

¹⁵³ “Der Fabrikherr selbst soll die Hälfte der Abzüge sämtlicher Arbeiter in die Hilfskasse beitragen“ Franz Joseph Buss on the 25. April 1837 speech in the Badischer Landtag. Printed IN: Rüter, G. (1986) p. 196.

¹⁵⁴ Another Catholic social thinker that was, like Buß, ahead of his time was Peter Franz Reichensperger. Görner argues that the liberal revolutionary attempts of 1848 had deeply scared Catholicism which made it withdraw to its arch-orthodox positions once again. Görner, R. (1986) *Die Deutschen Katholiken und die soziale Frage im 19. Jahrhundert*. IN: Rüter, G. (ed.) *Geschichte der christlich-demokratischen und christlich-sozialen Bewegungen in Deutschland. Grundlagen, Quellen, Unterrichtsmodelle Teil II*, Köln, Verlag Wissenschaft und Politik, p. 158.

deterioration and the resulting atomization of society in his sermons and in his extensive writings and publication activities.¹⁵⁵ In 1848, Ketteler still analyzed the reasons for the social question in theological terms when stating that “the apostatizing from Christianity has brought mischief over us, only the return to Christianity can help us”.¹⁵⁶

However, in the second half of the century Ketteler was increasingly able to frame the problem and was essential in pushing German Catholics out of the bedrock of their idealist dreams by confronting them with the contemporary social realities. From the beginnings of the 1860s onwards, Ketteler increasingly scrutinized the social question as being induced by industrialized capitalism. In his book of 1864 “The Labor Question and Christianity” he states that

There can no longer be any doubt that the whole material existence of almost the entire working classes, by far the majority of all persons in the modern states, the existence of their families, their daily worries about the very bread required for the subsistence of a man, his wife and children, is exposed to every fluctuation of the markets and the market prices. I do not know of anything that is more lamentable than this fact. What feelings must this invoke in these poor people who depend with everything they need, everything they love on the daily market price! This is the slave market of our liberal Europe, cut out according to the pattern set by our humane, enlightened, anti-Christian liberalism and Free-Masonry!¹⁵⁷

This reversed the causality in Catholic Social thought. No longer were individuals falling from the creed responsible for liberal industrialized capitalist production and misery. Instead, it was capitalist production and the misery it triggered that led to an atomized and de-spiritualized society. Nevertheless, even though German Catholicism started to slowly diverge from the idea that the changes in the social fabric could be only repaired through a spiritual answer, the first conceptualizations of responses to the contemporary changes that industrialized capitalism was bringing about were programmatically locked into past

¹⁵⁵ Misner, P. (1991) “The Predecessors of “Rerum Novarum” Within Catholicism’ *Review of Social Economy*, Vol. 45, No. 4, pp. 444-464, p. 447; Görner, R.; p.160.

¹⁵⁶ Der Abfall vom Christentum habe das Verderben über uns gebracht, die Rückkehr zum Christentum könne uns nur helfen“ Ketteler, W. (1848) *Die Katholische Lehre vom Eigentum*. Printed in: Rütther, G. (1986) p. 199.

¹⁵⁷ „Es ist keine Täuschung darüber mehr möglich, dass die ganze materielle Existenz fast des ganzen Arbeiterstandes, also des weitaus größten Teils der Menschen in den modernen Staaten, die Existenz ihrer Familien die tägliche Frage um das notwendige Brot für Mann, Frau und Kinder, allen Schwankungen des Marktes und des Marktpreises ausgesetzt ist. Ich kenne nichts beklagenswerteres als diese Tatsache. Welche Empfindungen muss das in diesen armen Menschen hervorrufen die mit allem was sie nötig haben und was sie lieben täglich auf den Marktpreis angewiesen sind! Das ist der Sklavenmarkt unseres liberalen Europas zugeschnitten nach dem Muster unseres humanen, aufgeklärten, antichristlichen Liberalismus und Freimaurerthums.“ Ketteler, W. E. (1864) *Die Arbeiterfrage und das Christentum* Third Edition, Mainz, Verlag von Franz Kirchheim, p. 20.

romanticism. The early Catholic attempts to solve the social question outright rejected solutions within a capitalist liberal system. They wanted to transform it by integrating it with medieval, feudal and mercantilist conceptions of an integrated socioeconomic society. The prime exponent of this branch of thought was Karl Freiherr von Vogelsang (1818-1890). He developed a hierarchical, organic, and estate-based concept of corporatism that applied the organizational principles of the medieval guild system to present times. Vogelsang was a German converted Catholic social thinker that had moved to Vienna in 1864 and strongly influenced the debate in German-speaking Catholic Europe through his extensive publishing. The revolutionary (or maybe utopian) idea to overthrow the existing system was also inspired by Marx's writings. Franz Hitze (1851-1921), a student of Vogelsang who later became a leading figure of German Social Catholicism, formed his ideas "after intense reading of the 'Kapital' from Karl Marx".¹⁵⁸

In general the affinities to the Left seemed much greater in Germany than any Catholic would have openly admitted. Ketteler turned to estate-based and corporative solutions at first and searched for concrete organizational blueprints for them. He found them on the Left.¹⁵⁹ The founder of the General German Worker's Association (Allgemeiner Deutscher Arbeiter Verein), the first Social Democratic association in Germany, Friedrich Lassalle had sketched a similar approach to replace industrialized capitalism. He started to exchange views with Lassalle (via anonymous letters) that inspired him to think about the social developments in practical terms. The idea was to transform workers into owners and employees so that antagonistic interests between different classes could be organically resolved. This would not only restore the social fabric of the past but also put an end to class conflict. In contrast to Lassalle's concept where the state would play an active part, Ketteler's concept confined the state to a residual role. It is not too surprising that Ketteler's rather naive conception of the productive associations failed. The original idea was that startup capital would be provided by wealthy Catholics. This capital never arrived, however. This first harsh set back dragged Ketteler further away from the romantic backward looking solutions and he even started to think about solutions that might include the state as a major player.

¹⁵⁸ "nach intensive Lektüre des "Kapitals" von Karl Marx" Stegmann, F. J. & Langhorst, P. (2005) p. 646. Hitze would, similarly to Ketteler, make a turn towards solutions from within the system during the latter stages of his career.

¹⁵⁹ Stegmann, F.J. & Langhorst, P. (2005) p. 621.

The failure of the productive associations and the death of Lassalle in a duel (1864) led to an anti-Catholic Protestant take over (at least according to Ketteler¹⁶⁰) in the General German Worker's Association (Allgemeiner Deutscher Arbeiterverein). Ketteler distanced himself from Social Democracy. Before Lassalle's death the Catholic Church's hostility had mainly targeted Maximalist Marxist Socialism and viewed suspiciously, though not necessarily with hostility, the revisionist and Social Democratic branch of the General German Worker's Association. From Lassalle's death onwards, both branches were increasingly declared incompatible with Christianity and their ideology was portrayed as aggravating the situation. The Syllabus of Errors issued by Pope Pius IX in 1864 termed Socialism and Communism as "pests".¹⁶¹ Peter Franz Reichensperger (1810-1892), one of the founding members of the Center Party, boasted at the German Catholic general assembly in 1858 that "fleshly and mental bale are as old as humanity, new though are the hate, rage, the anger, the outrage and desperation, which substitute Christian patience in some parts of society. The poison of Socialism makes these wounds ten times more dolorous."¹⁶² Ketteler followed suit in 1871 and proclaimed that Socialism was "One of the most rotten obliquities of the human mind".¹⁶³ The instrumental flirt with programmatic ideas on the Left had ended and was forestalled for the coming decades.

4.4.3 Solutions from within

The necessity to distance themselves from the (perceived) increasing hostility of Socialism, and its solutions to the worker's crisis, marked the watershed in the development of Catholic Social doctrine. By the late 1860s, Ketteler was convinced that if Catholicism could not find its own approach to the problem then it would lose the Catholic working class

¹⁶⁰ Indeed, leaving the Church became a prerequisite for joining the General German Worker's association in the post Lassalle era.

¹⁶¹ Syllabus of Errors (1864) p. IV.

¹⁶² „leibliches und geistiges Elend sei so alt wie das Menschengeschlecht, neu sei aber der Hass, der Ingrim, die Wut und Verzweiflung, die anstelle der christlichen Geduld gewisse Gesellschaftskreise erfülle. Das Gift des Sozialismus mache diese Wunden zehnfach schmerzhafter“ Peter Franz Reichensperger on the Katholikentag 1858. Printed IN: Filthaut, P.E. (1960) *Deutsche Katholikentage, 1848-1958 und soziale Frage*, Essen, p. 36. Cited IN: Görner, R. (1986) p. 161.

¹⁶³ „Eine der verderblichsten Verirrungen des menschlichen Geistes“ Filthaut, P.E. (1960) *Deutsche Katholikentage, 1848-1958 und soziale Frage*, Essen, p. 66. Cited IN: Görner, R. (1986) p. 162.

either to the Left or to Bismarck, who had in the meantime also started to develop concrete Protestant and state driven social security plans (and had also met with Lassalle). Marx and Bismarck had unsettled a virtuous cycle of programmatic ideas on social security that started to unfold amongst all subcultures. If Catholicism wanted to stay competitive it had to open its own shop and offer something to the working class.

Ketteler stacked this shop with modern tools.¹⁶⁴ In a speech near Offenbach in 1869 he actively demanded the opening of Catholic worker's organizations (Unions) which he deemed all of a sudden to be a "natural necessity" for Catholic workers. Strikes were allowed as long as they were not used to further fuel class struggle.¹⁶⁵ Ketteler furthermore demanded wage increases, work time reduction and a ban of female and child labor. In the same year he lobbied the Catholic's Day (Katholikentag), the annual rally of German Catholics, to open a section dedicated to finding programmatic responses to the worker's question.¹⁶⁶ Ketteler also founded and edited a number of Catholic journals that aimed to establish a forum for Catholic intellectuals to discuss Catholic solutions to the labor question.¹⁶⁷ He actively lobbied for a reformation of clergy education which introduced mandatory training in modern economic theory. His organizational efforts cumulated in the formation of the Center Party (Zentrum) in 1870. The foundational manifesto lists nine bullet points, of which two are dedicated to social reform.¹⁶⁸ While the first one of these enshrines the Center Party's commitment to strive for mediation between capital, landed estates and workers, the second one proclaims "Freedom for all lawful solutions of the social tasks. Abolition of those mischiefs, which threaten the worker with moral or physical

¹⁶⁴ The turn towards programmatic and pragmatic ideas and solutions to the problem from within the system was facilitated through an increasing influence of liberal Catholic ideas diffused by Catholic entrepreneurs from France and Belgium in the Rhineland area at the same time. They saw the defects of modern capitalism not in the writings of Adam Smith but rather in the deformation of an unregulated Manchester-capitalism. This line was most prominently embodied by the philosopher and Center Party politician Georg von Hertling during the Wilhelmina era. Stegmann, F.J. & Langhorst, P. (2005), p. 655.

¹⁶⁵ Though this was from conservative Catholics decried as "socialist communistic preachments" Alexander, (1953) p. 414.

¹⁶⁶ Görner, R. (1986) p. 165.

¹⁶⁷ Most prominent among those were the Christlich Soziale Blätter and the Mainzer Journal.

¹⁶⁸ Four (1-4) of the remaining seven points are attributed to the defense of Catholicism in anticipation to the culture war and two (5-7) emphasize the weakening of the Protestant central state with a pledge for decentralization. Das Soester Wahlprogramm des Zentrums, 28. Oktober 1870. Printed in: Morsey, R. (1988) *Quellentexte zur Geschichte des Katholizismus, Band 1: Katholizismus, Verfassungsstaat und Demokratie: Vom Vormärz bis 1933*, Paderborn, Ferdinand Schoeningh, p. 56.

ruin.”¹⁶⁹ The Soester program of the Center Party marked the end point of a long phase in Catholic Social teaching throughout the 19th century, from the spiritual to the corporatist and estate-based utopian overthrow of the status quo towards a search for programmatic ideas and solutions within the system. The organizational and ideological transformations within Catholicism did not go unnoticed by the ones that had triggered the turn through starting programmatic ideational competition in the first place. Marx wrote to Engels in 1869 infuriated about the efforts of the Catholics that

During this tour through Belgium, layover in Aachen and cruise up the Rhine, I convinced myself that especially in the Catholic areas we have to go against the clerics. I will work through the International on these matters. The dogs flirt with the labor question (e.g. Bishop Ketteler in Mainz, the clerics on the Düsseldorf congress etc.) where it deems them appropriate.¹⁷⁰

Bismarck became equally worried about the Catholic efforts on the social security front and equated the Catholics efforts on social security with the Socialists by calling them the “Black Internationale”. The liberals responded to this by increasing their efforts to build up a network of liberal workers unions on the bases of the “Hirsch Dunkerschen Gewerkvereine”.

Through the programmatic innovations of Ketteler’s transformation and organizational innovations, German Catholicism was now ready to reform the system from within. The main aim was no longer a wholesale overthrowing of the existing liberal-capitalist system and its replacement with a corporatist estate-based hierarchical order. As a concrete political zeal this may still have been possible in Vogelsang’s homogenously Catholic Austria but it was a utopian endeavor in a German Kaiser Reich dominated by a Protestant political elite in which Catholicism was in a minority position. Nevertheless, the legacies of the estate-based ideas still formed and informed Catholic Social ideas only that they were now to apply from within the system instead of from without the system. This also becomes evident when we look at how far Catholic Social ideas were influenced by German Catholics’ experiences as a minority in the run up to unification and during the Culture War. The emphasize of Catholic Social programmatic ideas on decentralized and para-statal

¹⁶⁹ Das Soester Wahlprogramm des Zentrums, 28. Oktober 1870, printed IN: Morsey, R. (1988) p. 56.

¹⁷⁰ „Bei dieser Tour durch Belgien, Aufenthalt in Aachen und Fahrt den Rhein hinauf, habe ich mich überzeugt, dass, speziell in den katholischen Gegenden, gegen die Pfaffen losgegangen werden muss. Ich werde in diesem Sinne durch die Internationale wirken. Die Hunde kokettieren (z.B. Bischof Ketteler in Mainz, die Pfaffen auf dem Düsseldorfer Kongress usw.) wo es passend scheint, mit der Arbeiterfrage“ Marx, K. und Engels, F. (1973 [1870]) Werke 32: Briefe Januar 1868-Mitte Juli 1870, Berlin-Ost, p. 371, cited IN: Görner, R. (1986) p. 165.

organization and the subsidiarity of welfare solutions and institutions was a direct result of Catholicism's suspicions vis-à-vis Bismarck's Protestant central state. These experiences made their way back into the overarching ideological container of the Catholic worldview. The achievements in organization and institution building, together with the legislative impact that German Catholicism managed to achieve during the 1880s, "would make German social Catholicism the pride of Catholic Europe", as Misner writes.¹⁷¹

4.5 Rerum Novarum: Going International

At the time being the condition of the working classes is the pressing question of the hour

Rerum Novarum 1891¹⁷²

The encyclical *Rerum Novarum*, issued in 1891 by Pope Leo XIII, was the first official papal document that addressed the Social Question. *Rerum Novarum* was strongly influenced by the development of Catholic social teaching in Germany and the legislative impact it managed to achieve. It marks the official endpoint of a century long doctrine development and is a clear statement for a positioning of Catholic Social teaching as a doctrine that searches for solutions from within liberal capitalism. The encyclical is important because it became the major reference point for political and social Catholicism for the next forty years until it was succeeded by the second social encyclical *Quadragesimo Anno* in 1931.

The encyclical elaborates on five major points that are identified as the cornerstones of Catholic social and economic thought: the untouchability of property rights, the family as the basic entity of society and economy, the concept of mediation as opposed to class conflict, the 'rights and duties of capital and labor' (hence the title) and the residual but supervising role of the state in this framework.

The Encyclical is strongly influenced by the developments of German Catholic Social teaching and Bishop Ketteler's writings, whom Pope Leo XIII called "notre grand predecesseur"¹⁷³ (our great predecessor), though of course it also draws heavily on

¹⁷¹ Misner, P. (1991) p. 448.

¹⁷² *Rerum Novarum*, p. 60.

¹⁷³ Leo XII cited from Misner, P. (1991) p. 447. Misner's 1991 article is an excellent summary on the yet to be fully explored archival origins of the Encyclical.

developments in other countries.¹⁷⁴ *Rerum Novarum* is a hybrid. It stays with one foot anchored in the nostalgic sentiments for an organic corporatist feudal order but also tries to bridge this into a concept that responds to the challenges of industrial modernization. The pessimistic assessment, at the beginning of the encyclical, of the changes in social conditions that the 19th century had brought about is contrasted with an idealistic picture of the medieval and feudal times. *Rerum Novarum* therefore replicates parts of the German evolution of Catholic Social teaching that oscillated between programmatic ideas within the system (trade-unionism, blueprint for neo-corporatism) and an overarching ideal worldview that could only be fulfilled outside of the system (organic, estate-based, non-liberal corporatist socioeconomic order). The encyclical also walks another tightrope. Its main task was to offer something new, a “third way” between Socialism and liberalism, by offering a modern competitive Catholic Social doctrine that clearly delineates itself from the other two ideologies.

4.5.1 Private Property

Rerum Novarum puts private property at the heart of any socioeconomic order. The encyclical derives this from a lengthy discussion of religious documents, natural law, and Catholic philosophy. Going back to the Ten Commandments the encyclical postulates that “Thou shalt not covet thy neighbour’s wife; nor his house, nor his field, nor his man-servant, nor his maid-servant, nor his ox, nor his ass nor anything that is his”¹⁷⁵ which reveals the underlying paternal principles in the Catholic property concept. According to the encyclical, natural law provides man with soil on which to cultivate and on the basis of which to accumulate one’s property.¹⁷⁶ The main connection of the encyclical to Catholic Philosophy is Thomas of Aquin for whom “it is lawful” [...] “for a man to hold private property”¹⁷⁷.

¹⁷⁴ The origins of the encyclical have not yet been fully explored. The archives on the Pontificate of Leo XIII were only partly opened to the scholarly community during the early 1990s. Beside Misner’s 1991 article so far no extensive historical treatment that traces back the various influences on the Encyclical exists to my knowledge.

¹⁷⁵ *Rerum Novarum* (1891) p. 11 (Page numbers Refer to the Paragraphs as indicated in the English translation provided on the official Vatican website).

¹⁷⁶ This was to link the Vatican’s modern social concept to the ‘good old days’ of a society prior to industrialized capitalism. It unveils a romantic craving for the past that stems from the traditional streams of Catholic Social teaching.

¹⁷⁷ *Rerum Novarum*, p. 22.

The encyclical needs to fortify private property in order to draw a clear boundary towards socialist collectivism as “the main tenet of Socialism, community of goods must be utterly rejected”.¹⁷⁸ This is the encyclical’s first step to welfare as “The first and most fundamental principle therefore if one would undertake to alleviate the conditions of the masses, must be the inviolability of private property.”¹⁷⁹ As this does not delineate the concept from liberalism, the encyclical embeds the concept of private property deeply within the family. According to the encyclical, private property is not individualistic but family based. Nevertheless, within the family private property is allocated to the head of the family as “Paternal authority can be neither abolished nor absorbed by the State; for it is the source of human life itself.”¹⁸⁰ Private property was not central to the early corporatist and organic conceptions of Social Catholicism in the worldviews of the early 19th century. Anchoring it signified the acceptance of the liberal capitalist order, while embedding it in the family was a tribute to the older ideas of an organic society.

4.5.2 Family

The encyclical defines the family as the nucleus building block of society. Within the family the roles are clear cut. Thus, the encyclical states “That right to property, [...], must likewise belong to a man in his capacity of head and family.”¹⁸¹ Women should not work in order to have enough time for house-holding and child rearing. Therefore, employers should employ a worker in a way that he never is “led away to neglect his home and family”.¹⁸² It is also forbidden to “employ them in work unsuited to their sex and age”.¹⁸³ The encyclical furthermore states at a later point that “a worker’s wages be sufficient to enable him comfortably to support himself, his wife and his children”.¹⁸⁴ It is striking that *Rerum Novarum* revolves around the male breadwinner, long before the male breadwinner model became a tangible social reality in Western Europe during the 1950s and 1960s.¹⁸⁵ By

¹⁷⁸ *Rerum Novarum*, p. 15.

¹⁷⁹ *Rerum Novarum*, p. 15.

¹⁸⁰ *Rerum Novarum*, p. 14.

¹⁸¹ *Rerum Novarum*, p. 13.

¹⁸² *Rerum Novarum*, p. 20.

¹⁸³ *Rerum Novarum*, p. 13.

¹⁸⁴ *Rerum Novarum*, p. 46.

¹⁸⁵ Pfau-Effinger, B. (2004) Socio-historical paths to male breadwinner model: an explanation of cross-national differences, *The British Journal for Sociology*, Vol. 55, No. 3, pp. 377-399.

building on the family the encyclical also manages to delineate itself from mainline Conservative-Protestant (state-socialist) interpretations of society as it clearly sets the boundaries for state intervention. The family, not the state, is the highest entity and the state should not interfere with the paternal authority of the father over the family. This is the lesson of the Culture War in Germany and the liberal attacks on the Church in Italy. The family concept is also used to discredit Socialism which is suspected of wanting to set “aside the parent and setting up State supervision, act against natural justice, and destroy the structure of the home.”¹⁸⁶

4.5.3 Mediation

Rerum Novarum promotes class reconciliation instead of class conflict. Indeed it states that it is a mistake to think that “class is naturally hostile to class, and that the wealthy and the working men are intended by nature to live in mutual conflict”.¹⁸⁷ A system that aims at leveling out or even abolishing class differences is not desirable. Instead, Catholic Social teaching “tries to bind class to class in friendliness and good feeling”¹⁸⁸ and tries “to move the former to be generous and the latter to be moderate in their desires.”¹⁸⁹ This is the status-upholding kernel that is so often attributed the role of a defining feature of Catholic social teaching.¹⁹⁰ The encyclical promotes an organic interpretation of society in which each part cannot survive without the other. Nevertheless, a technical sketch for a mediation system that could reconcile the class interests cannot be found in the encyclical. Instead, the text refers to the mediating and conciliating power of religion and creed and states that “in preventing such strife as this and in uprooting it, the efficacy of Christian institutions is marvelous and manifold.”¹⁹¹ This is certainly a tribute to the traditional Catholic Social doctrine of the first half of the 19th century that saw the solution of the worker’s question in the spiritual realm. Nevertheless, even though the encyclical does not provide specific provisions for a mediation system it does so indirectly through a catalogue of rights and duties of both sides that would lead to mediation.

¹⁸⁶ Rerum Novarum, p. 14.

¹⁸⁷ Rerum Novarum, p. 19.

¹⁸⁸ Rerum Novarum, p. 21.

¹⁸⁹ Rerum Novarum, p. 24.

¹⁹⁰ Van Kersbergen, K. (1999).

¹⁹¹ Rerum Novarum, p. 19.

4.5.4 Duties of Capital and Labor

Surprisingly the encyclical goes beyond moral appeals considering the rights and duties of capital and labor and ascribes the state a central role in guarding them as it is “only by the labor of working men that states grow rich. Justice therefore demands that the interest of the working classes should be carefully watched over by the administration.”¹⁹² If both sides follow this canon, then industrial or class conflicts such as strikes or lock outs would become obsolete.

Workers should follow a strict code of submissive conduct. They should “fully and faithfully perform the work which has been freely and equitably agreed upon; never to injure the property, nor to outrage the person of an employer; never resort to violence in defending their own cause, nor to engage in riot and disorder”.¹⁹³ On the other hand, the encyclical obliged employers “not to look upon their workers as bondsmen” or “to value them solely for their physical powers.” Furthermore, “the employer is bound to see that the worker has time for his religious duties” and his “principle duty is to give everyone what is just”.¹⁹⁴ Mediation and reconciliation between both parties should be organized not through the state but through a network of mutual associations “which draw the two classes more closely together.”¹⁹⁵ The encyclical remains vague on the precise organizational framework of these associations and it remains unclear if these should be “working men’s unions”,¹⁹⁶ “societies of mutual help”¹⁹⁷ or “mutual associations”.¹⁹⁸ What does become clear though is that they should function like the former guild system which again displays a romanticizing of the pre-industrialized world “because the events of one century are wonderfully like those of another”¹⁹⁹ and “it is not rash to conjecture the future from the past”.²⁰⁰

It remains blurry whether these associations should necessarily include both capital and labor or whether also mono-class associations should be allowed. “Catholics blessed with

¹⁹² Rerum Novarum, p. 34.

¹⁹³ Rerum Novarum, p. 20.

¹⁹⁴ Rerum Novarum, p. 20. This part is a forerunner for the concept of the “just wage” which is fully developed in the second social encyclical *Quadragesimo Anno* forty years later.

¹⁹⁵ Rerum Novarum, p. 48.

¹⁹⁶ Rerum Novarum, p. 49.

¹⁹⁷ Rerum Novarum, p. 49.

¹⁹⁸ Rerum Novarum, p. 58. The encyclical only puts forward that they should be adapted to the “national character”.

¹⁹⁹ Rerum Novarum, p. 59.

²⁰⁰ Rerum Novarum, p. 59.

affluence”²⁰¹ should throw in their lot and common funds should be administered by both sides “out of which the members may be effectually helped in their needs, not only in the cases of accident, but also in sickness, old age and distress”.²⁰² This provision could be interpreted as a call for a modern contribution-based and bi-partite financed social security system. Nevertheless, some paragraphs before the encyclical orders that “Christian working men must [...] form associations among themselves.”²⁰³ These associations should be organized along denominational lines. Catholics should abstain from entering any other type of organization, especially socialist or liberal ones, as they are “in the hands of secret leaders, and are managed on principles ill – according with Christianity and the public well-being”.²⁰⁴ However, it remains unclear whether these associations are allowed to be interdenominational. The state is confined to a residual role as it has no right to interfere with the inner functioning of these institutions and should only set their legal framework, a probation derived from the experiences of Catholic associations and religious orders during the Culture War.²⁰⁵

4.5.5 Charity

The encyclical marks a major step towards a modern Catholic answer to the Social Question, though central aspects of the older Catholic approaches to the social realm had to be kept. This holds particularly for the concept of Charity. In contrast to the Protestant sects, where there is a constant salvation crisis which can only be solved (if at all) through work, the accumulation of wealth and an ascetic life, the accumulation of wealth does not make any difference in Catholicism for the afterlife.²⁰⁶ Again the encyclical cites St. Thomas Aquinas, who points out that “Man should not consider his material possessions as his own, but as common to all, so as to share them without hesitation when others are in need.”²⁰⁷ For Catholicism, it is good works that you do with your wealth, that determine the probability of your ascendance. Poverty in this concept is not seen as a disgrace, as for example in

²⁰¹ Rerum Novarum, p. 55.

²⁰² Rerum Novarum, p. 58.

²⁰³ Rerum Novarum, p. 54.

²⁰⁴ Rerum Novarum, p. 54.

²⁰⁵ Rerum Novarum, p. 58.

²⁰⁶ Rerum Novarum, p. 21.

²⁰⁷ Rerum Novarum, p. 22.

Calvinism, but is conceptualized as being part of the natural God-given social order. Therefore, Catholic Social teaching does not strive for mechanisms or systems that help individuals to free themselves from poverty and improve their status over the long run.²⁰⁸ The reasons are not only theological but also temporal. Rerum Novarum positions itself against any state inference in the church's prerogative of poor relief by dismissing those that "would substitute in its stead a system of relief organized by the State. But no human expedients will ever make up for the devotedness and self-sacrifice of Christian charity."²⁰⁹ This indicates that the Church wanted desperately to hold on to the almost monopoly position of its charitable apparatus in many European countries.

4.5.6 Conclusion

Rerum Novarum is of central importance for the development of Catholic Social teaching as it marks the endpoint of a long developmental path of Catholic ideas and worldviews throughout the 19th century. This development was triggered in Germany as a result of a competition between different programmatic ideas. Rerum Novarum codified the framework of frontrunner countries in Catholic Social teaching on an international and universal level for all Catholics. As a guiding protocol it had a tremendous impact on the Catholic Social movement and Catholic parties in Europe. Reflecting a century of ideational evolution its provisions remain Janus faced. There is the romanticizing of the past and old social order which should be transferred into, and conserved by, the contemporary situation but this should not be done through a complete overhaul of the existing social order through organic corporatism. Rather, this should come about through reform from within the existing system through the adaptation of neo-corporatist and estate-based ideas as the basis and organizational principles of modern socioeconomic life (and hence of modern social security). That the encyclical reflected this was to a large part due to the specific evolution of Catholic Social ideas in Germany throughout the 19th century. The political organization of the different German subcultures in the run up to unification, and their mobilization through the opening of the electoral institutions in the Kaiser Reich, catapulted the functional pressures of the social question onto the political stage. Programmatic

²⁰⁸ Cynically one could say that if there were no poor anymore then it would be harder for the upper segments of society to reach salvation as the possibilities for good works would be gone.

²⁰⁹ Rerum Novarum, p. 30.

responses and solutions to the social question became important political currency. The rise of the socialist movement in the second half of the 19th century triggered a virtuous cycle of ideational competition among the four different subcultures. Its dynamics led to the development of modern social security ideas in each of them during the last third of the 19th century.

This chapter has shown how this process unfolded for the ideas on social security of the Catholic subculture. The following will assess how the virtuous cycle affected and impacted on the other major political players in the Kaiser Reich before assessing the real legislative impact of each side in the social security policymaking of the 1880s.

5 Germany: Social Catholicism and Early Modern Welfare

Legislation

Laws are like sausages – it is best not to see them made

Otto von Bismarck, popular misattribution¹

Welfare Germany: The Laws

The following chapter will shed light on the formation of social security in Imperial Germany. It will do so with a special focus on the role of the Imperial party system and the role of the Catholic Center Party. This will clarify a number of commonly held myths, especially on Bismarck's and the Catholics' role in the formation process of the early modern German welfare state. The empirical observation reveals that Bismarck was central in igniting the social security project but that the institutional results were heavily at odds with his original intentions. In contrast to the classic interpretation, the following analysis points to the fact that parliament and its parties had much more influence on the formation process of the early social security laws than is commonly acknowledged. On theoretical grounds the analysis yields the insight that the implementation of social security at the end of the 19th century was not driven by Power Resource mobilization, functional pressures or Employer demands. Instead, actors saw social security as a political device to incorporate parts of the working class into their own subcultures. Hence, each subculture developed its own programmatic ideas on modern social security on the basis of its worldviews. Welfare state legislation became a battle of programmatic ideas and worldviews. In this battle, social security legislation evolved neither from a Rye and Iron nor an Iron and Labor coalition as second-generation welfare state theories postulate. Instead, a denominational Rye and Rome coalition between Protestant Conservatives and Catholics formed and would leave the deepest footprint on the legislation of the 1880s.

¹ This quote has been attributed to Bismarck from the 1930s onwards though he never said anything of the like. It seems to be especially popular in Denmark as I observed that Danish friends repeatedly used it during lunch whenever the EUI Mensa served sausages.

The German social security laws from the 1880s are generally considered to mark the beginning of the modern welfare state. Their mandatory and state induced nature is fundamentally different to earlier poor relief, alms-based or voluntary social security arrangements. The traditional, often religion- or municipality-based welfare systems collapsed facing the massive scale of societal dislocation brought about by industrialized capitalism. Liberal approaches to social welfare, based on voluntary or market driven social protection, had been implemented in the 1870s but as they were not mandatory they failed to include or cover any substantial amount of people.

Compared to prior arrangements, there were three new overarching features of the German social security regime: it was mandatory, no longer limited to special risk groups and financed through a variable mixture of contributions from employers, employees and the state. This social security complex implemented in the 1880s was bundled in three major laws: Health Insurance (1883), Statutory Accident Insurance (1884) and Old Age and Invalidity Insurance (1889). The logical difference regarding the older systems of poor relief or market based insurance systems was that the new regime brought an entitlement in codified Marshallian social rights that could be enforced by legal action.²

The laws of the 1880s made Germany a “Pioneer”³ in these fields of social security even though it was very much a late comer in other areas of social policy such as work-protection (Arbeiterschutz) and collective workers’ rights (Kollektives Arbeitsrecht). Here, other countries such as Great Britain and Switzerland were far ahead of Germany. Nevertheless, the introduction of the three social security laws in the 1880s meant that Germany was the country that made the first step towards the “Sozialstaat” – the “Welfare State”.⁴ “Compulsory, contributory and state-controlled insurance was their invention” as the British welfare historian E.P. Hennock puts it.⁵

² T.H. Marshall describes the human political evolution from civil to political and at the last stage to social rights. See: Marshall, T.H. (1950) *Citizenship and social class and other essays*, Cambridge, Cambridge University Press.

³ Ritter, G. A. (1997) p. 684.

⁴ For a nice introduction on the semantics and the conceptualization of the terms ‘Sozialstaat’ (social state) and ‘Sozialpolitik’ (social policy), see: Kaufmann, F.-X. (2001) *Der Begriff Sozialpolitik und seine wissenschaftliche Deutung*, In: Bundesministerium für Arbeit und Sozialordnung und Bundesarchiv (eds.) *Geschichte der Sozialpolitik in Deutschland seit 1945, Band 1, Grundlagen der Sozialpolitik*, Baden-Baden, Nomos.

⁵ Hennock, E. P. (2007) *The Origin of the Welfare State in England and Germany, 1850-1914: Social Policies Compared*, Cambridge, Cambridge University Press, p. 6.

The first part of the following chapter briefly sketches the historical debate on the evolution of the German welfare state. The second part of the chapter maps out the programmatic ideas and worldviews of the different political actors involved in the formation of social security. The third part analyzes how these programmatic ideas and worldviews played out in the legislative process.

5.1 What has been said about German Social Security

Most historiographical accounts open by pointing to the surprising lack of historical research on the origins of the early German Social Security legislation.⁶ Despite being classified as one of Bismarck's most fundamental contributions to modern German and European history, up to the early 1980s relatively little work had been published on how and why German social policy came about.⁷

The early historical social policy research of Schmoller,⁸ Rothfels⁹ and Lützge¹⁰ was heavily centered on Bismarck. In their assessment, it was Bismarck who was the first one to push for social security, who drafted the bills, and who implemented the projects. Their research stood in line with the Conservative interpretation of German historicism and was partly aimed at gilding a Bismarck legacy.

From the 1920s onwards the emphasis on Bismarck started to ease. The first alternative interpretations emerged when Rothfels was commissioned to write a monograph by the family of the former privy council Theodor Lohmann. Lohmann was Bismarck's right hand in

⁶ Ritter, G. A. (1997) Sozialpolitik im Zeitalter Bismarcks. Ein Bericht über neue Quelleneditionen und neue Literatur, *Historische Zeitschrift*, Vol. 265, No.3, pp. 683-720. Other Review articles: Hennock, E.P. (1998) Social Policy under the Empire-Myths and Evidence, *German History*, Vol. 16, No. 1. ; Hennock, E.P. (2003) Social Policy in the Bismarck Era: A Progress Report, IN: *German History*, Vol. 21, No. 2; Hockerts, H. G. (1983) Hundert Jahre Sozialversicherung in Deutschland: Ein Bericht über die Neuere Forschung, *Historische Zeitschrift*, Vol. 237, No. 2 (Oct., 1983), pp. 361-384.

⁷ Ritter, G.A. (1997) p. 684; Hennock E.P. (1998) pp. 59-62 ; Hockerts, H. G. (1983) pp. 362 – 364; Baldwin, P. (1992) The Welfare State for Historians: A Review Article: *Comparative Studies in Society and History*, Vol. 34, No. 4, pp. 695-707, p. 695; Baldwin complains in his review in the early 1990s that the field of welfare research has been primarily left to the other social sciences with their tendency to "glass over particularity in search of regularity" Baldwin, P. (1992) p. 696.

⁸ Schmoller, G. (1899) *Vier Briefe über Bismarcks Sozialpolitische und Volkswirtschaftliche Stellung und Bedeutung*, Leipzig.

⁹ Rothfels, H. (1929) *Prinzipienfragen der Bismarckschen Sozialpolitik: Rede gehalten bei der Reichsgründungsfeier am 18. Januar 1929, Königsberger Universitätsreden III, Königsberg, Graefe & Unzer.*

¹⁰ Lützge, F. (1931) Die Grundprinzipien der Bismarckschen Sozialpolitik, IN: *Jb. F. Nationaloekonomie und Statistik*, No. 134, pp. 580-596.

the administration for the social security project until he was replaced due to a bitter controversy with Bismarck in 1883. Rothfels' work exaggerated Lohmann's influence on the legislation but opened up a branch of historical research that focused on the Weberian influence of the bureaucracy on Bismarck's social security efforts. This heavily skewed the discussions on the origins of the German welfare state up until the 1980s. The social historian Florian Tennstedt commented in 1994 that the "scientific investment" undertaken by the family has, "with the assistance of historians", considerably paid off for the family".¹¹

The overstating of Lohmann's, as well as the bureaucracy's, influence was revised with the structural turn of German historiography in the 1960s and 1970s. Wehler was one of the first to point out that the Reich's aggressive foreign trade policy and imperialism, along with the domestic industrial policy and Bismarck's attempts to immunize the monarchic institutions against revolutionary pressures, all have to be considered when analyzing the advent of social security.¹² According to Wehler, Bismarck was very well able to make the connection between depression cycles and radicalization of the workforce.¹³ Welfare is therefore the result of the Rye and Iron coalition. Bismarck's social Security legislation was a Bonapartist move motivated by raw power ambitions to bridge the structural friction between an autocratic political system and a rapidly modernizing economy and society. The social security legislation of the 1880s is interpreted as the softer counterpart to the repressive and harsh restrictions of the 'Socialist Laws' (Sozialistengesetze)¹⁴ which were passed in 1878 and remained in force until 1888. While the socialist laws were the stick, social security was the carrot and even Kaiser Wilhelm II described Bismarck's strategy in the 1890s in retrospect as one of "Welfare on one side, the armored fist on the other

¹¹ „Jedenfalls hat sich die von der Familie seinerzeit nach Aktienverkauf getätigte „Wissenschaftsinvestition“ unter Historikermitwirkung bis in unsere Tage hinein für die Familie als durchaus ertragreich erwiesen.“ Tennstedt, F. (1994) Sozialreform als Mission: Anmerkungen zum politischen Handeln Theodor Lohmanns, p. 555, IN: Kocka, J., Puhle, H.-J. & Tenfelde, K. (eds.) *Von der Arbeiterbewegung zum modernen Sozialstaat: Festschrift für G.A. Ritter zum 65. Geburtstag*, München, K. P. G. Saur, pp. 538-559.

¹² Wehler, H.-U. (1969 [1972]), *Bismarck und der Imperialismus*, Cologne, Kiepenheuer und Witsch, 3rd Edition, pp. 123-124.

¹³ Wehler, H.-U. (1972 [1969]) p. 189.

¹⁴ The socialist laws were, like the culture war legislation against the Catholics a decade earlier, a bundle of repressive measures designed to quash the rising power of the left and the workers movement. They did not ban the Social Democratic Party itself but tried to dry out its sub-culture (milieu) by outlawing Social Democratic gatherings, banning unions and closing over 45 newspapers affiliated to Social Democracy.

side”.¹⁵ To conclude, historical research has, for most of the past century, interpreted German Social Security of the 1880s as a product of Bismarck or at least of the executive.

It is surprising, therefore, that Bismarck regarded health insurance as a "child foisted on to him" whereas he described old age and invalidity pensions as a "parliamentarian and privy councilor changeling".¹⁶ Furthermore, Bismarck did not once mention "his" Social Security policy in his memoirs.¹⁷ Similarly, the bureaucrat Lohmann was far from happy about the outcome of Accident Insurance. After his removal from the social security bureaucracy he noted to a friend, when accident insurance finally passed parliament, that "I would have morally ruined myself internally, and most likely disgraced myself externally if I would have had to defend such a sorry effort like the proposed draft legislation against my inmost conviction."¹⁸

In line with this, since the early 1980s historians have readdressed the origins of Social Security with less emphasis on Bismarck and the executive. In particular, the seminal 1982 book of the social security historian Gerhardt A. Ritter¹⁹ was of major importance in relativizing Lohmann's and Bismarck's influence. The revision of the Bismarckian-Bonapartist and the Lohmann-Weberian interpretation clarified a number of myths.²⁰ Similarly, the active role and steering ability of Bismarck in the process been reassessed and significantly

¹⁵ "Fürsorge auf der einen und Panzerfaust auf der anderen Seite" Cited IN: Ritter, G. A. (1982).

¹⁶ Bismarck quoted IN: Ritter, G. A. (1982) p. 42.

¹⁷ Bismarck, O. (1999).

¹⁸ „Ich hätte mich innerlich moralisch ruiniert und wahrscheinlich auch äußerlich blamiert, wenn ich ein solches Machwerk, wie den vorliegenden Gesetzentwurf gegen meine innerste Überzeugung hätte verteidigen müssen.“ Lohmann, T. (1884) Brief des Geheimen Oberregierungsrates Theodor Lohmann an den Schuldirektor Ernst Wyneken, 1884 Juli 1, Printed IN: Tennstedt, F. & Winter, H. (1995b) *Quellensammlung zur Geschichte der deutschen Sozialpolitik 1867 bis 1914*, II. Abteilung: Von der Kaiserlichen Sozialbotschaft bis zu den Februarerlassen Wilhelms II. (1881-1890), Band 2, 1. Teil, Von der zweiten Unfallversicherungsvorlage bis zum Unfallversicherungsgesetz vom 6. Juli 1884, Darmstadt, Wissenschaftliche Buchgesellschaft, source No. 184, p. 632.

¹⁹ Ritter, G. A. (1982). I would argue that Ritter arrived at his revisionist conclusions especially by applying a comparative approach (his book is a comparison between Britain and Germany). The literature before was largely centred on the negative German Exceptionalism (Sonderweg) argument without ever comparing it to developments in other country. This is a major downside of historiography of the 1960s and 1970s.

²⁰ How successful this myth planting was can be derived from the fact that, even today, most welfare state experts associate only Bismarck with the onset of social security legislation. This often becomes evident in the labeling the continental welfare states as Bismarckian welfare regimes. See: Palier, B. & Martin, C. (2007) Editorial Introduction. From a Frozen Landscapes to Structural Reforms: The Sequential Transformation of Bismarckian Welfare Systems, *Social Policy and Administration*, Vol 41, No. 6, pp. 535-692.

downgraded.²¹ Historians started to rethink the engineering of social policy in the 1880s as a political process between the dominant subcultures of the Reich represented by their parties in the Reichstag, the interest associations of capital and labor, the bureaucracy and the executive consisting of Chancellor and Kaiser.²²

5.2 Worldviews and Programmatic positions on Social Security 1880s

5.2.1 The Conservative Subculture

In order to capture the programmatic ideas that each subculture had on social security at the beginning of the 1880s and how they relate to the worldviews and interests of each subculture we need a framework that structures the comparison of programmatic welfare ideas. As modern social security in the 1880s was planned as a subsidiary, instead of a substitution, it had a very limited de-commodifying impact. The cornerstones of welfare organization in the 19th century are therefore less concerned with broad questions of redistribution and decommodification. Instead, the formation of welfare legislation is centered around the three central questions of segmentation, financing and administration.

Segmentation considers the central question of whether the system should be universal, covering each and every citizen irrespectively of risk group or occupation through a basic flat rate social security provision or whether, instead, one favors a contribution-based insurance system segmented along different risk categories and occupations.

Financing boils down to two options: either the system is financed through general taxation or through contributions. In the case of contributions the mix is important. Do employers, employees and state all pay a share or are one or two of them excluded from financing?

Administration touches upon the control of the schemes. Who has a say in the administration of the schemes? Is it the state alone or does the law foresee an equal representation of employer and employees on the boards?

Whether a subculture tends to one or the other extreme on each of these dimensions is defined by how each dimension best reflects its worldview. Compromise on these

²¹ Ritter, G. A. (1982).

²² Ullmann, H.-P. (1979): Industrielle Interessen und die Entstehung der deutschen Sozialversicherung 1880-1889, pp. 575-577, IN: *Historische Zeitschrift*, Vol. 229, No. 3, pp. 574-610.

organizational principles (policy ideas) is possible for different motivations. The liberal subculture is, for example, likely to be in favor of keeping the state as far out of social policy organization as possible due to its liberal market worldview, while Catholics dislike the central state due to their bad experiences with the Protestant central state. This overlapping of interests opens the space for political compromises. They remain blocked if the interests of their worldviews are opposed to one another.

5.2.2 Bismarck and State Socialism

Bismarck saw welfare as a political device, a formidable political tool to bind and integrate the workers to the Kaiser Reich.²³ Following its external territorial consolidation through war, Bismarck now aimed at the "internal furnishing of the Empire"²⁴ as he called it. Alongside the repressive laws, against Catholics during the 1870s and Socialists during the 1880s (the stick), welfare was the soft complementary (the carrot) that aimed at wooing the workers away from the other subcultures.²⁵ This shines through in the Imperial Social Message from 17th November 1881²⁶ which purports: "that the healing of the social damages can not only be reached through repression of Social Democratic riots, but that simultaneously the wellbeing of the worker has to be positively cultivated."²⁷ In line with

²³ Ritter, G.A. (1982) p. 28.

²⁴ "Wenn danach auf dem Gebiet der inneren Reichseinrichtungen weitgreifende und schwierige Aufgaben bevorstehen" Bismarck on behalf of Kaiser Wilhelm I. 1881 November 17. Allerhöchste Botschaft Kaiser Wilhelm I zur Eröffnung der I. Session des 5. Reichstags mit Bericht über die Eröffnung, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) *Quellensammlung zur Geschichte der deutschen Sozialpolitik 1867 bis 1914*, II. Abteilung: Von der Kaiserlichen Sozialbotschaft bis zu den Februarerlassen Wilhelms II. (1881-1890), Band 1, Grundfragen der Sozialpolitik. Die Diskussion der Arbeiterfrage auf Regierungsseite und in der Öffentlichkeit, Darmstadt, Wissenschaftliche Buchgesellschaft, p. 64.

²⁵ Ritter, G. A. (1982) p. 44.

²⁶ Bismarck not only delivered but also heavily edited the speech. The best sources on this are two letters of Bismarck's son that describe and complain about how their father sat until late at night revising the Imperial Message cursing loudly. "Papa sitzt seit 1,5 Stunden fürchterlich schimpfend über der Thronrede [...] und war immer erbitterter über das "lederne Phrasengeklingel, den vollständigen Mangel an Logik und die Weglassung aller Hauptpunkte.". Nun quälte er sich voller Ärger mit einer neuen Redaktion". Source No. 4; "Heute ist der ganze Abend der Thronrede gewidmet, die Papa vollständig neu redigieren musste." Source No. 5. Both printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003) p. 11.

²⁷ " dass die Heilung der sozialen Schäden nicht ausschließlich im Wege der Repression sozialdemokratischer Ausschreitungen, sondern gleichmäßig auf der positiven Förderung des Wohl der Arbeiter zu suchen sein werde." Bismarck on behalf of Kaiser Wilhelm I. 1881 November 17. Allerhöchste Botschaft Kaiser Wilhelm I zur Eröffnung der I. Session des 5.

this, Stolleis remarks that “The workers were to be won over through the commitments of the Empire for the idea of the Empire and should be shackled to it.”²⁸

For this “Social Conservative Workers policy”²⁹ to work it was essential to inhibit the emancipation of the workers while simultaneously improving their status. Therefore, Bismarck fiercely opposed national codification of work protection and collective bargaining rights while promoting patriarchal welfare from above.³⁰ Patriarchy was central in Bismarck’s programmatic ideas. In a Reichstag speech in 1889, Bismarck puts forward that “An old man, who cannot work, somehow has to live and be fed, if one can speak of a patriarchic relationship at all.”³¹ Bismarck wanted the workers to be integrated in the dominant Conservative Protestant subculture and worldview as subjects, as ‘Untertanen’ in Heinrich Mann’s words³², not as uncomfortable junior partners. For Bismarck, social security therefore had to be compatible with the worldviews of the dominant Christian-Protestant-Paternalist subculture, without sparking emancipatory tendencies among the working class, and allowing for a maximum of control of the new policy by the central state while also making sure that the welfare recipients understood that they derived their benefits from the benevolent leaders of the Protestant subculture.³³

The main tool to combine all this was the programmatic idea of State Socialism. Bismarck’s state Socialism concept was influenced by three key figures: Hermann Wagener,

Reichstags mit Bericht über die Eröffnung, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) p. 63.

²⁸ Stolleis, M. (2001) Historische Grundlagen – Sozialpolitik in Deutschland bis 1945. In: *Geschichte der Sozialpolitik in Deutschland seit 1945*. Band 1. Grundlagen der Sozialpolitik; p. 246. Not only this, but some of Bismarck’s plans went even further: through the new regulations a coup from above that would have eliminated Parliament all together and replaced it with a corporatist general organization of society modeled after the old estate based “Ständestaat”.

²⁹ Ayaß, W., Tennstedt, F. & Winter, H. (2003a) Introduction, IN: Ayaß, W., Tennstedt, F. & Winter, H. (eds.) p. XXV.

³⁰ See Bismarck’s speech in the Reichstag on the 9th January 1882.

³¹ „Ein alter Mann, der nicht arbeiten kann, muss doch irgendwie leben und durchgefüttert werden, wenn überhaupt von einem patriarchalischen Verhältnis die Rede ist“ 1889 Mai 18. Rede des Reichskanzlers Otto Fürst von Bismarck im Reichstag. Printed IN: Haerendel, U. & Peterle, (2004b) *Quellensammlung zur Geschichte der deutschen Sozialpolitik 1867 bis 1914*, II. Abteilung: Von der Kaiserlichen Sozialbotschaft bis zu den Februarerlassen Wilhelms II. (1881-1890), Band 6, Die gesetzliche Invalidität und Altersversorgung und die Alternativen auf gewerkschaftlicher und betrieblicher Grundlage, Darmstadt, Wissenschaftliche Buchgesellschaft. Source No. 143, p. 674.

³² For an excellent analysis of the term “Untertan”: Mann, H. (1984 [1918]) *Man of Straw*, London, Penguin Books.

³³ Besides this, Bismarck’s own entrepreneurial experiences as an owner of a number of paper mills on his estate in Schleswig-Holstein also shaped his view on social security. Social security should not burden employers too much and not decrease German industrial competitiveness.

Adolf Wagner and Albert Schäffle. Like Bismarck, all three key advisors were deeply rooted in the Conservative Protestant subculture. Hermann Wagener was born the son of a Protestant priest, Albert Schäffle had been educated in a Protestant theological seminary and Adolf Wagner was one of the co-founders of the Protestant-Conservative anti-Semitic Christian Social Workers Party (Christlich Soziale Arbeiterpartei). This guaranteed that the programmatic ideas they developed were in line with Bismarck's Conservative Protestant worldview.

All three were adherents to the concept of State Socialism which they had developed from the teachings of the social philosopher Lorenz von Stein (1815-1890).³⁴ Von Stein had studied the mobilization process of the proletariat during the French Revolution. His conclusion was that the current authoritarian status quo could only be upheld if the workers, as the new fourth estate, could be integrated into the contemporary social order.³⁵ In contrast to Marx, von Stein was confident that revolution was not inevitable, but could be circumvented by co-opting and integrating workers through state driven social security provisions. This would create a "social kingdom" that would balance and mediate class contradictions.³⁶

Wagener translated von Stein's ideas into the programmatic idea of state Socialism, an encompassing corporatist economic arrangement with the state as the central regulator. The essence was a "corporative integration of the rising trade union movement into the state as well as a complete organization of labor through the state through coexistence of state industry, cooperative industry and private industry".³⁷

State Socialism resonated well with Bismarck as it seemed an optimal tool to achieve his interests of integrating the workers into the Kaiser Reich in congruence with his Conservative Protestant worldview. Due to his early resignation in the late 1870s, Wagener could not directly influence social policy³⁸ but Adolf Wagner, a prominent political

³⁴ Ritter, G. A. (1997) Sozialpolitik im Zeitalter Bismarcks: Ein Bericht über neue Quelleneditionen und neue Literatur, *Historische Zeitschrift*, Vol. 265, No. 3, p. 693.

³⁵ Von Stein also transmitted his ideas as political advisor to Japan during the Meiji period.

³⁶ Stolleis, M. (2001) p. 235.

³⁷ „Eine korporative Einbindung der aufkommenden Gewerkschaftsbewegung in den Staat sowie schließlich eine vollständige Organisation der Arbeit durch den Staat mit einem Nebeneinander von Staatsindustrie, genossenschaftlicher Industrie und Privatindustrie.“ Ritter, G. A. (1997) p. 694.

³⁸ Wagner's demise came after corruption allegations in 1873. Ritter, G. A. (1997) p. 693.

economist and “Socialist of the Chair” (Kathedersozialist)³⁹ succeeded him. His counseling on State Socialism provided Bismarck with an intellectual and scientific underpinning. Convinced of State Socialism, in the early 1880s Bismarck asked the political economist, Viennese professor and leading state socialist Albert Schäffle to hammer out concrete policy ideas for the implementation of his programmatic ideas. Schäffle handed Bismarck a “comprehensive opus, which contained a blueprint for German social reform in the field of tax policy as well as in proper social legislation and the insurance system”⁴⁰ as revealed in a cable from the Bavarian representative in Berlin. This was Bismarck’s blueprint for state socialist social security.

Schaeffle and Bismarck’s plans envisaged a centralized, mandatory, state financed and state administered social security regime. The centralization was to guarantee the the central government’s control over the new institutional regime. Exclusive state financing of the programs should eradicate any emancipatory spillovers that could have been triggered through workers’ contributions and entitlement claims. Welfare should be solely perceived as coming from the “good” state. Similarly, exclusive state financing rendered it easier to forestall workers’ or employers’ claims to have a say in the organization of these matters. State administration was designed to allow for exclusive monitoring and control by the empire. The system should therefore not be financed through contributions but via a new tax on tobacco and alcohol. This had already been argued in the Imperial Social Message announced that “The safest way lies [...] in the introduction of the tobacco monopoly” and “in re-launching earlier proposals on the heavier taxation of beverages.”⁴¹ Bismarck was convinced of the potential of this formula and, in 1889, he boasted in parliament that his pension proposal would “teach the small man to perceive the Empire as a charitable

³⁹ The term “Socialist of the Chair” captures parts of the Historical school of German economics of the late 19th and early 20th century. See Streeck, W. (2012) *E Pluribus Unum? Varieties and Communalities of Capitalism*, MPIfG Discussion Paper 1/12.

⁴⁰ „ein umfangreiches Opus übergeben, welches ein Gesamtprogramm für eine Sozialreform Deutschlands sowohl auf dem Gebiet des Steuerwesens als auch auf dem Gebiete der eigentlichen Sozialgesetzgebung und dem Versicherungswesen bildet.“ 1882 Januar 15. Bericht des bayerischen Gesandten in Berlin Hugo Graf von und zu Lerchenfeld-Koefering an den bayerischen Staatsminister des königlichen Hauses und Außenminister Krafft Freiherr von Craislheim. Printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003) Source No. 38, p. 153.

⁴¹ “Der sicherste Weg liegt [...] in der Einführung des Tabakmonopols” and “durch Wiederholung früherer Anträge auf stärkere Besteuerung der Getränke” Bismarck on behalf of Kaiser Wilhelm I. 1881 November 17. Allerhöchste Botschaft Kaiser Wilhelm I zur Eröffnung der I. Session des 5. Reichstags mit Bericht über die Eröffnung. Printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003) p. 64.

institution".⁴² The following figure shows how the policy ideas of State Socialism played out in the three different organizational principles of State Socialism.

Figure 5-1 Conservative subculture social policy preferences

Conservative Subculture		
Segmentation	Financing	Administration-Control
Centralized All Workers Imperial Insurance Agency	Central State Financed Alcohol & Tobacco Tax	Central State Imperial Insurance Agency

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It is surprising how close Bismarck's original programmatic ideas were to a contemporary Scandinavian type of welfare regime. Centralization (Imperial insurance agency), state financing through flat-rate taxation (tobacco monopoly), their mandatory nature and state administration are, according to Esping-Andersen,⁴⁴ all essential cornerstones of the Scandinavian system. Bismarck's propositions were therefore not only socialist by name but, as long as these policies served the interest of eradicating the Socialist subculture, collaboration between Socialists and Bismarck was off limits.

5.2.3 State Socialism and the Conservatives

The Conservative parties fully embraced State Socialism.⁴⁵ Adolf Stöcker, one of the most prominent exponents of the Conservative camp, expressed at a party rally that "Free concurrence of forces, unlimited competition for existence, the cold law of supply and

⁴² „den gemeinen Mann das Reich als eine wohltätige Institution anzusehen lehren werden.“ 1889 Mai 18. Rede des Reichskanzlers Otto Fürst von Bismarck im Reichstag. Printed IN: Haerendel, U. & Peterle, M. (2004b) Source No. 143, p. 676.

⁴³ These plans changed considerably once Bismarck had to compromise with the Catholics on Accident Insurance.

⁴⁴ Esping-Andersen, G. (1990).

⁴⁵ Though while the vast majority of the Conservatives adopted Bismarck's version of state Socialism there was a smaller fraction that was more heavily influenced by the ideas of Lutheran Protestantism and sided with Lohmann on the adoption of the individual self-help promoting concepts in social security. Nevertheless, the split only became salient in the controversies around old age and invalidity in 1889. Ayaß, W., Tennstedt, F. & Winter, H. (2003a) p. XXV.

demand, the disdainful axiom that labor is a commodity: These are the fraternal ideas, with which a false liberalism dehumanizes economic life and destroyed the social community.”⁴⁶ This stringent anti-liberalism was typical of the Conservatives and was complemented by a deep-rooted anti-Socialism. Stöcker remarks for the Conservative subculture “That we stand under the full impression of the danger, that lies in the socialist revolutionary movements of all cultured countries”.⁴⁷ Both “isms” had pressed Conservative Protestantism into ideational competition. Bismarck’s programmatic idea of State Socialism was the answer to both the revolutionary potential of the Socialist subculture and the market fetishism of the liberal subculture. For the Conservatives, Bismarck’s state socialist social security plans, announced in the 1881 Reichstag’s message, were therefore a “like when a clear light appears in a hazy fog.”⁴⁸ Confidence that the State Socialist programmatic ideas would stabilize the hegemony of the Protestant Conservative culture in the Kaiser Reich was so high that they proclaimed that “when a later time looks back on the development of social ideas, then these words of the Kaiser will be one of the lucid points which world history will not be able to forget.”⁴⁹

5.2.4 State Socialism and the Bureaucracy

Theodor Lohmann was arguably the most important social policy figure in the bureaucracy until 1883. A liberal with a very strong Protestant Lutheran background, he had been

⁴⁶ „Freie Konkurrenz der Kräfte, unbeschränkter Kampf ums Dasein, das kalte Gesetz von Angebot und Nachfrage, der schnöde Grundsatz, dass Arbeit eine Ware ist: Das sind die brüderlichen Ideen, mit welchen ein falscher Liberalismus das Wirtschaftsleben entseelt, die soziale Gemeinschaft vernichtet hat.“ Rede des Reichstagsabgeordneten Adolf Stöcker on the weekly Friday rally of the Christian Social party of 2 December 1881. The Christian Socialist party was during most the 1880s firmly integrated into the Conservative Camp and, for a certain period, even merged with the Conservative Party. Quote printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003) Source No. 24, p. 98.

⁴⁷ „Wir stehen unter dem vollen Eindruck der Gefahr, welche in den sozialistischen Umstürzbewegungen aller Kulturländer liegt.“ Rede des Reichstagsabgeordneten Adolf Stoecker. December 2. 1881, printen IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 24, p. 103.

⁴⁸ „wie wenn aus trüben Nebeln ein klares Licht aufgeht.“ Rede des Reichstagsabgeordneten Adolf Stöcker, Note though that the “words of the Kaiser” were formulated and spelled out by Bismarck, 2. December 1881, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 24, p. 100.

⁴⁹ „wenn eine spätere Zeit auf die Entwicklung der sozialen Gedanken zurückschaut, dann wird dies kaiserliche Wort einer der leuchtenden Punkte sein, welche die Weltgeschichte nicht vergessen kann.“ Rede des Reichstagsabgeordneten Adolf Stoecker. December 2. 1881, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 24, p. 105.

assigned to draft a legislative proposal for state socialist ideas.⁵⁰ The problem was that Lohmann favored limited state intervention and institutions that promoted self-help and self-organization.⁵¹ Lohmann was fiercely opposed to financing the social security complex through the Imperial budget⁵² and dismissed Bismarck's state socialist plans as "totally stupid stuff."⁵³ According to Lohmann, the formation of a socialist subculture and revolution should be forestalled through fostering institutions that encourage self-help and individual responsibility, not through State Socialism.⁵⁴ This classic left liberal programmatic idea would lead to a self-conscious social emancipation of the working class. Instead of Bismarck's patriarchal social state (Sozialstaat) Lohmann wanted a social society (Sozialgesellschaft).

Lohmann tried to dilute the Bismarckian plans whenever he could. The clash between Lohmann's ideas to organize accident insurance through free insurance cooperations (Versicherungsgenossenschaften) and Bismarck's favoring of mandatory cooperations along vocational groups (Berufsgenossenschaften) as the carriers of accident insurance (after compromising to the Catholics) was therefore not a fight about technical details but a clash of world views and the interest embodied in them.⁵⁵

However, in contrast to earlier accounts centered on Lohmann, recent research shows that he did not get very far with his efforts. The only bill where he left an impression on the final outcome was that on Sickness Insurance. By the time of the Accident Insurance Law Lohmann was not able to push his ideas beyond the legislative drafts. Lohmann is nowadays

⁵⁰ Tennstedt, F. (1994) Sozialreform als Mission, Anmerkungen zum politischen Handeln Theodor Lohmanns. In: Kocka, J., Puhle, H.-J., & Tenfelde, K. (eds.) *Von der Arbeiterbewegung zum modernen Sozialstaat: Festschrift für Gerhard, A. Ritter zum 65. Geburtstag*. München, K.G. Sauer.

⁵¹ Ritter, G. A. (1982) p. 47; Ritter, G. A. (1997) Sozialpolitik im Zeitalter Bismarcks. Ein Bericht über neue Quelleneditionen und neue Literatur. *Historische Zeitschrift*, Vol. 265, No. 3, p. 695.

⁵² See Lohmann's memo to the state secretary of the interior Karl Heinrich Boetticher. Especially the pages 5-8. Printed IN: Tennstedt, F. & Winter, H. (1995b) Source No 1, pp. 1-12.

⁵³ Lohmann cited IN: Ritter, G. A. (2006) p. 101.

⁵⁴ For a lengthy argument about why his idea of a 'Versicherungsgenossenschaft' was better than Bismarck's 'Berufsgenossenschaft' see Lohmann's memo to the statesecretary of the interior Karl Heinrich Boetticher. Especially the pages 8-12. 1881 Juni 27. *Denkschrift des Geheimen Oberregierungsrates Theodor Lohmann fuer den Staatssekretaer des Inneren Karl Heinrich von Boetticher*, printed IN: Tennstedt, F. & Winter, H. (1995) Source No 1, pp. 1-12.

⁵⁵ „Die materielle Substanz des Konflikts lag dabei in organisatorischen Überlegungen, die nachträglich marginal erscheinen können, es aber nicht nur – wie allgemein bekannt – Bismarck mit seinen Berufsgenossenschaften über die Unfallversicherung hinausgehende verfassungspolitische Absichten verband, sondern auch - weniger bekannt – Lohmann mit seinen Versicherungsgesellschaften weitgehend gesellschaftspolitische Ziele verfolgte.“ Tennstedt, F. (1994) IN: Kocka, J., Puhle, H.-J., & Tenfelde, K. (eds.) footnote 16, p. 556.

interpreted as someone who restlessly developed concepts and ideas in a “missionary fervor”⁵⁶ on social policy but who had only limited impact on the final product. Nevertheless, he remains an important figure when analyzing the role of the bureaucracy in the formation of social security as he was responsible for the repeated delaying of the bills which gave political opponents more time to prepare their legislative attacks.

5.2.5 The Liberal Subculture

In the 1880s, Liberalism descended into a general crisis during the run up to the introduction of social security. The prolonged economic downturn following the crash of 1873 had disgraced baseline liberal economic credentials and the overall political climate in the Reich had prompted a turn towards Conservatism with Bismarck’s protectionist tariff policies of 1878/1879 and the anti-socialist laws in the same year. In addition, Liberalism was disadvantaged through its organizational bifurcation. Since the 1860s two liberal parties existed, the left-liberals (Fortschritts Partei – later Freisinningen Party) fiercely opposed to Bismarck’s plans and the national-liberals (Nationalliberale Partei) that supported Bismarck later, after their National-Conservative party realignment in 1884.

The left-liberals (Progress Party, Free-minded Party) were opposed to Bismarck’s state socialist plans not only due to their market-liberal worldviews but also because they saw early on, like the Social Democrats, that Bismarck’s original plans threatened the ideas of liberal democracy as such. A prominent exponent of the party, Hintze, judged Bismarck’s social security proposals as the “direct way to communism”.⁵⁷ Instead, the left-liberals advocated a British approach⁵⁸ to social security based on voluntarism, private market insurance and self-help associations.⁵⁹ For the liberals pointed out that “This is the difference in the concept, that separates us from the chancellor: we do not want the feeling

⁵⁶ Tennsetdt, F. & Winter, H. (1995a) p. XXVIII.

⁵⁷ “Die Zwangskasse ist der direkte Weg zum Kommunismus“ Hintze cited IN: Stolleis, M. (2001) p. 241.

⁵⁸ The printed speech of the left Liberal Max Hirsch in the Haager Zeitung puts forward that a comparison with the British legislations shows that liberal welfare approaches had so far in Germany only not worked because they had been distorted by the legal framework of the Bismarck government. See: Hagener Zeitung Nr. 253. Vortrag des Reichstagsabgeordneten Dr. Max Hirsch. 1883 Oktober 30, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 40, pp. 154-155.

⁵⁹ A similar praise of the British model can be found in the plenary speech of the Left-Liberal Reichstags deputy Eugen Richter. See: Rede des Abgeordneten Eugen Richter im Reichstag. 1881 November 24. Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 22, p. 90.

of self-responsibility of the individual to be touched on.”⁶⁰ This meant that left-liberals were fiercely opposed to any compulsory and state-centered solutions. In the Reichstag, Eugen Richter, a prominent liberal, expressed strong concerns as a reaction to the Imperial Social Message about “the overly powerful Imperial-Insurance agency will soon crush competing associations”⁶¹ and the system’s partial financing through an imperial-contribution which “ I see to my regret still to be upheld in the message“ from the Kaiser.⁶² During a liberal union rally, the left-liberal parliamentarian Hirsch put forward that, for the needs of the working class, “there is no worse instrument than this compulsory insurance”.⁶³ The problem was only that the left-liberal critique of Bismarck’s plans did not gain much traction as liberal solutions to social security had already been implemented. The non-mandatory Imperial Liability Insurance Law (Reichshaftpflichtgesetz)⁶⁴ from the 1870s had failed disastrously.⁶⁵

The position of the National Liberals moved from opposition to Bismarck’s social security plans towards collaboration during the 1880s. The early reaction of the National Liberals was disfavored not only out of liberal economic free-market creed but also because Bismarck largely ignored the Reichstag’s resistance to the first Accident Insurance Bill. The positive public reaction to the Reichstag’s resistance to Bismarck’s plans was reflected in the 1881 election results, in which the Bismarck camp lost heavily, which fostered this feeling even more. National Liberals (rightly) perceived Bismarck’s state socialist plans as part of an antidemocratic and anti-liberal campaign. Thus, the National Liberal newspaper, the *Hamburgerische Correspondent*, in 1881 published an article under the title “The absolutist aspects of the Accident Insurance Bill” which nails down the clash of Bismarck’s Protestant Conservatism and the Liberal’s worldviews by putting forward that “there exists rather a

⁶⁰ “Das ist der Unterschied in der Auffassung, die uns vom Kanzler trennt: Wir wollen das Gefühl der Selbstverantwortlichkeit des einzelnen nicht angetastet sehen.“ Eugen Richter. 1881 November 24. Rede des Abgeordneten Eugen Richter im Reichstag, source No. 22, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) p. 93.

⁶¹ „die übermächtige Reichsanstalt wird diese konkurrierenden Gesellschaften alsbald erdrücken.“ Eugen Richter. 1881 November 24. Rede des Abgeordneten Eugen Richter im Reichstag, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source 22, p. 92.

⁶² “Meine Herren was uns trennt in dieser Frage von der Reichsregierung ist der Staatszuschuss. Auch diese Forderung sehe ich zu meinem Bedauern in der Botschaft aufrechterhalten.“ Eugen Richter. 1881 November 24. Rede des Abgeordneten Eugen Richter im Reichstag, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 22, p. 92.

⁶³ “so gibt es kein schlechteres Mittel als gerade diese Zwangsversicherung für eine einzige Klasse.“ *Hagener Zeitung* Nr. 253. Vortrag des Reichstagsabgeordneten Dr. Max Hirsch, 1883 Oktober 30, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 40, p. 155.

⁶⁴ Here should especially be mentioned the failure of the ‘Haftpflichtgesetz’ from 1871 and the two ‘Hilfskassengesetze’ from 1876. See also: Ullmann, H.-P. (1979) p. 578.

⁶⁵Ayaß, W., Tennstedt, F. & Winter, H. (2003a) p. XXIII.

broad and deep contradiction of two world views, here, the absolutist one, even if enlightened and benevolent, on the one side, and the modern conception of statehood on the other side.”⁶⁶ The National Zeitung, the main National Liberal newspaper, adds to this by commenting on the announcement, as part of the Imperial Social Message, of Bismarck’s plans for an increase in state responsibilities that “We are afraid that the German Reich and the Kingdom of Prussia in their present organizational state cannot be the carriers of such organizational tasks.”⁶⁷

Nevertheless, after their nationalist conservative realignment at the Heidelberg party congregation in 1884, the interests of the National Liberals changed. Henceforth they sided openly with Bismarck on social security. The Heidelberger program states that they “support, though only after being subject to thorough scrutinizing of the individual measures, the Imperial government in its endeavor to better the social conditions of the working classes.”⁶⁸ Riding on a National wave, from 1884 the National Liberals showed a willingness to support parts of Bismarck’s concept of State Socialism and supported his centralized, mandatory, state financed and state run social security solution.

To conclude, the gap between the left-liberals and national liberals on social security widened from 1884 onwards. This split further weakened liberal influence because the National Liberals, who began to vote with Bismarck on Social Security, no longer represented liberal programmatic ideas on social security. Moreover, the Kaiser Reich took a general turn against liberal ideas during the late 1870s. Not only had the economic crisis of 1873 shaken the confidence in the liberal worldview but Bismarck also ceased his collaboration with the left liberals in parliament after 1878. The following graph summarizes the programmatic ideas and policy ideas of both liberal parties in the period before and after 1884.

⁶⁶ „Es liegt vielmehr der breite und tiefe Gegensatz zweier Weltanschauungen vor, des absolutistischen, wenn auch aufgeklärten und wohlwollenden einer-, des modernen Staatsbegriffes andererseits.“ 1881 Oktober 13. Hamburgerischer Correspondent Nr. 284. Die Absolutistischen Momente im Unfallversicherungsgesetz, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 11, p. 30.

⁶⁷ „Wir fürchten, dass das Deutsche Reich und das Königreich Preußen in ihrer heutigen Organisation die Träger solcher Einrichtungen nicht sein können.“ Die Kaiserliche Botschaft. 1881 November 20, National-Zeitung Nr. 546, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 18, p. 78.

⁶⁸ „unterstützen, vorbehaltlich einer sorgfältigen Prüfung der einzelnen Maßregeln, die Reichsregierung in ihren Bemühungen, die soziale Lage der arbeitenden Klassen zu verbessern.“ 1884 März 23. Erklärung süddeutscher Nationalliberaler (sog. Heidelberger Programm) printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) Source No. 151, p. 545.

Figure 5-2 Liberal subculture social policy preferences

Liberal Subculture					
Before 1884					
Segmentation		Financing		Administration-Control	
Private market based insurance system, segmentation left to the market forces		Employees, private insurance contributions		Private, state provides only legal framework	
After 1884					
Left Liberal			National Liberal		
Segmentation	Financing	Administration Control	Segmentation	Financing	Administration Control
Private market based insurance system, segmentation left to the market forces	Employees	Private state provides only legal framework	Centralized All Workers Imperial Insurance Agency	Contribution, Employers and Employees	Central State Imperial Insurance Agency

5.2.6 The Socialist Subculture

Similarly to the Liberals, Social Democracy had realized early on that the new legislation was directed against them and showed no desire to fall into Bismarck's carrot and stick trap. Their party congregation in 1883, held in Copenhagen due to the socialist laws, concluded with the statement that "The congress declares that, considering the so called social reforms in the German Empire, it neither believes in the honest intentions nor in the skills of the ruling classes [...] but that it is of the conviction that the so called social reform is being used only as a tactical means, in order to dissuade the workers from their righteous path."⁶⁹

⁶⁹ "Der Kongress erklärt, dass er in Bezug auf die sogenannte Sozialreform im Deutschen Reich weder an die ehrlichen Absichten noch an die Fähigkeit der herrschenden Klassen nach deren bisherigem Verhalten glaubt, sondern der Überzeugung ist, dass die sogenannte Sozialreform nur als taktisches Mittel benutzt wird, um den Arbeiter vom wahren Weg abzulenken."

Furthermore, the orthodox Marxist wing revolving around Bebel and Kautsky was opposed outright to any form of social security arrangement that could have softened the friction between capital and labor and would have inhibited a Marxist revolution in the long run.⁷⁰ The leading Social Democratic party newspaper *Der Sozialdemokrat* consequently announced that

Never will we, for a lentil dish of an accident and invalidity insurance of highly dubious value, give up the right of the people to work and existence nor the right and the duty of the people to enforce their claims in an emergency situation through violence. This is the proud answer of Social Democracy to the message from the Kaiser.⁷¹

In contrast, the pragmatic wing around Lasalle and Bernstein did not reject the social security legislation outright. Though aware of Bismarck's Bonapartist intentions they saw the fields of work protection and collective bargaining rights as their priority instead of Bismarck's State Socialism. In their eyes, only collective bargaining rights and work protection legislation could serve as institutional and collective action resources for the socialist subculture. As Bismarck successfully obstructed most attempts of the Reichstag to launch initiatives in these fields, the Social Democrats were hostile to all social security laws in the Reichstag during the 1880s. If ever Social Democrats proposed legislation then it went far beyond Bismarck's plans. The liberal Union leader Max Hirsch pointed to this Social Democratic ambiguity by claiming that the Social Democratic plans regarding compulsion went even beyond Bismarck's state socialist plans.⁷² This is reflected in the funny twist that Social Democratic MPs claimed in their Reichstag speeches that Social Security would never have come about without Social Democracy pushing for it.⁷³

Entschließung des Parteitags der deutschen Sozialdemokratie in Kopenhagen, 1883 April 1, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 34, p. 127.

⁷⁰Ayaß, W., Tennstedt, F. & Winter, H. (2003a) p. XXII.

⁷¹ "Niemals werden wir um das Linsengericht einer Unfall- und Invalidenversicherung von höchst zweifelhaftem Wert das Recht des Volkes auf Arbeit und Existenz, niemals das Recht und die Pflicht des Volkes, seinen Forderungen im Notfall mit Gewalt durchzusetzen, preisgeben. Das ist die stolze Antwort der Sozialdemokratie auf die Kaiserliche Botschaft." *Der Sozialdemokrat* Nr. 48. 1881 November 24, Eine Kaiserliche Botschaft und eine sozialdemokratische Antwort, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) p. 88.

⁷² "Überhaupt sei die Stellung der Sozialdemokraten in der jetzigen Bewegung eine etwas eigentümliche, merkwürdige. Sie erklärten, daß sie grundsätzlich Anhänger des Zwangs seien, daß sie noch hinausgehen über die Pläne der Regierung." *Hagener Zeitung* Nr. 253, Vortrag des Reichstagsabgeordneten Dr. Max Hirsch, 1883 Oktober 30, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 40, p. 159.

⁷³ Ritter, G. A. (2006) Sozialpolitik im Deutschen Kaiserreich, IN: *Historische Zeitschrift*, Vol. 282, pp. 97-147, especially p. 101 and also: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) pp. 224-226.

Figure 5-3 Socialist subculture social policy preferences

Socialist Subculture		
Segmentation	Financing	Administration- Control
Orthodox: Fundamental Opposition (solution from within the system) Revisionist: Opposition to state socialist patriarchal policies, in favour of emancipating social policies (work protection, collective wage bargaining)		

5.2.7 The Catholic Subculture

The political contestations around social security during the 1880s were perceived as a denominational battle. Contemporary commentators speculated that “on the social question the history of the churches will be decided.”⁷⁴ The paradox was that at the beginning of the decade Catholicism seemed to be better positioned than Protestantism to tackle the quest for social security. Protestantism, as the religion of state elites, administration and the majority denomination, was split into two separate subcultures represented by different political organizations. On one side, there was the paternalist and state socialist interpretation of Protestantism of Bismarck and the Conservatives, On the other side stood the Protestant liberals, with allies like Lohmann in the bureaucracy, who advocated a liberal form of Lutheran welfare based on self-help and individual responsibility.

Catholicism had, through the Center Party and its subculture, a congruent and robust political carrier. Furthermore, the Catholic worldview was, by the 1880s, also unified in its programmatic ideas. The pragmatic-modern currents that advocated a reform “from within” capitalism had won the upper hand at the expense of Vogelsang’s hierarchical estate-oriented idea of socioeconomic organization that wanted to replace industrialized capitalism with organic corporatism.

⁷⁴“An der Sozialen Frage werde sich die Geschichte der Kirchen entscheiden.” Cited IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003a) p. XXVII.

The Center Party favored social security organized through cooperations along vocational lines (Berufsgenossenschaften) which translated the medieval corporatist logic of organization into modern capitalism. Only in the long run should this lead to a "reorganisation of society on the foundations of corporatist institutions, [...], and to prepare the restauration of the Christian world order"⁷⁵ as a congregation of the leading social policy experts in the Center Party concluded. Catholic Social policy experts like Hertling, argued for mutual organizations with compulsory membership as carriers for social security (Berufsgenossenschaften) because they were based on "organically grown"⁷⁶ forms of social security organizations like the Knappschaften for miners or the Guilds for craftsmen. The organization should be completely decoupled from the state through "total self-administration" by "the insured and the contributing employers". The state instead, should "confine itself to the necessary surveillance"⁷⁷ of the insurance bodies. The Center Party wanted social security to be financed equally by employers and employees as "It is in the very nature of the relationship between employers and employees that the former contribute to the insurances of the latter"⁷⁸ as the Germania, the major Catholic newspaper, summarized. The following figure sketches the programmatic ideas of the Center Party.

⁷⁵ "Reorganisation der Gesellschaft auf Grundlage korporativer Institutionen zu fördern und die Wiederherstellung der christlichen Weltordnung anzubahnen;" 1885 Juli 9. Germania Nr. 152, Versammlung katholischer Sozialpolitiker, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 65, p. 271.

⁷⁶ "Meiner Ansicht, die ich durch Hinweis auf die verschiedenen Zweige des Bergbaus begründete, daß nicht genügend auf das organische Wachstum der Berufsgenossenschaften Rücksicht genommen sei, trat der Fürst in einer kurzen Zwischenbemerkung bei." 1883 April 8, Aufzeichnungen des Reichstagsabgeordneten Dr. Georg Freiherr von Hertling über ein Gespräch mit Kanzler Otto Fürst von Bismarck, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) Source No. 35, p. 131.

⁷⁷ "Den Versicherungsanstalten muss volle Selbstverwaltung zustehen, an welcher die Versicherten sowie eventuell die beitragspflichtigen Arbeitgeber einen entsprechenden Anteil haben; die Staatsgewalt soll ihre Tätigkeit auf eine gewisse notwendige Überwachung der Versicherungsanstalten, [...] beschränken." 1885 Juli 9. Germania Nr. 152, Versammlung katholischer Sozialpolitiker, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) Source No. 65, p. 273.

⁷⁸ "Es entspricht der Natur des Verhältnisses der Arbeitgeber zu den Arbeitern, dass die ersteren zu den Versicherungen der letzteren Beiträge leisten." 1885 Juli 9. Germania Nr. 152. Versammlung katholischer Sozialpolitiker, rinted IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 65, p. 273.

Figure 5-4 Catholic subculture social policy preferences

Catholic Subculture		
Segmentation	Financing	Administration-Control
Cooperative along vocational groups	Contribution based, employers and employees, no state contribution	Decentralized, through vocational cooperatives between employers and employees

From these basic premises it follows that the Center Party advocated a decentralized organization of social security that was auto-administered and not based on state contributions. This implied a strong opposition to any plans of a centralized social security administration, as foreseen in Bismarck's State Socialism.⁷⁹ Regarding the compulsory nature of the Social Insurance schemes, the Center Party was, at first, ambivalent as it regarded most direct interference in organic society by the state as problematic. In the end, the leading social security experts of the party issued a positive statement regarding compulsion, arguing that society was atomized in any case and that only major interference of the state could lead to the restoration of the original organic order of society again.⁸⁰

The party was delighted that the Imperial Social Message delivered by Bismarck in 1881 included a call for organizing the future social security programs on a cooperative basis.⁸¹ Bismarck revealed to Hertling, in a private conversation in April 1883, that this move was indeed a concession to the Catholics in order to secure their support for the legislation.⁸²

⁷⁹ Lönne, K. E. (1986) p. 175.

⁸⁰ "Unter Umständen aber, insbesondere mit Rücksicht auf die heutige atomisierte Gesellschaft ist die Staatsgewalt berufen, Bestimmungen auch mit Zwangscharakter zu treffen" 1885 Juli 9. Germania Nr. 152, Versammlung katholischer Sozialpolitiker, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 65, p. 273.

⁸¹ "enthielten von genossenschaftlicher Organisation nichts, sondern waren nur von einer zentralistischen Staatstätigkeit zu verstehen. Erst die weitere Diskussion brachte die berufsständischen Organisationen mehr zur Geltung, und zu unserer großen Freude fordert nun auch die Kaiserliche Botschaft „den engeren Anschluss an die realen Kräfte des christlichen Volkslebens und das zusammenfassen der letzteren in der Form korporativer Genossenschaften unter staatlichem Schutz und staatlicher Förderung“. Das Regierungsprogramm. Germania Nr. 264. 1881 November 18, Germania was the main newspaper of the Catholic Party, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source 17, p. 78.

⁸² "Nunmehr sei der Entwurf in einer Richtung verändert, welche diese Bedenken beseitige und die Durchführung der Unfallversicherung in direkter Annäherung an die Wünsche des Zentrums mittels kooperativer Bildung erstrebe." 1883 April 8. Aufzeichnungen des Reichstagsabgeordneten Dr. Georg Freiherr von Hertling über ein Gespräch mit Kanzler Otto

5.3 Making Social Security: Battle of Ideas or Ideational Compatibility?

Bismarck's plans to introduce Social Security included not only the introduction of a welfare system as such but also brought about a massive expansion of the powers of the central state into the public and private sphere. The "qualitative jump of state responsibility"⁸³ was intertwined with Bismarck's political aims of using Social Security as a political means to break into the cohesive power of the other subcultures.⁸⁴ The following will show how the different worldviews and their programmatic ideas clashed on social security and will then chronologically analyze the outcomes of the implementation of the major social security legislation of the 1880s. The first major social security laws were sickness, accident and old age and invalidity insurance. Sickness insurance materialized first and was approved by parliament on the 31st May 1883. Accident insurance came second on the 6th July 1884 whereas old age and invalidity followed with a considerable time lag, on the 22nd June 1889. Bismarck's original intention was to implement accident insurance first, which he prioritized over sickness insurance, but the project was repeatedly blocked at the parliamentary committee stage.⁸⁵

5.3.1 The Law on Sickness Insurance of 1883

Sickness insurance was the first disappointment that Bismarck's Conservative Protestant State Socialism project encountered during the 1880s. Bismarck's original plan envisaged a centralized sickness insurance administered and financed through the central state. The man in the bureaucracy responsible for hammering out such a legislative framework was the Protestant liberal Privy Council (Geheimrat) Theodor Lohmann. Lohmann was heavily opposed to any State Socialist plans and tried to dilute Bismarck's plan whenever he could.

Fürst von Bismarck. Printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 35, pp. 128-129.

⁸³ Tennsetdt F. & Winter H. (1995a) p. XX.

⁸⁴ Tennsetdt F. & Winter H. (1995a) p. XX.

⁸⁵ The third government draft on accident insurance was approved by the Reichstag on the 6th July 1884 and came into force on the 1st October 1885. Sickness Insurance passed the Reichstag on the 31st May 1883 and came into force on the 1st December 1883 although some parts only became law in December 1884. The government had initially attached the second accident insurance draft to the sickness insurance draft put before the Reichstag. Much to Bismarck's disapproval the Reichstag decoupled the two draft bills at the committee stage.

He favored a decentralized, market-based system without any imperial contribution to financing.

Bismarck's and Lohmann's diverging ideas on sickness insurance were the first manifestation of a clash between two world views (orthodox Protestant vs. liberal Protestant) on welfare legislation. In general, Bismarck had not primarily been interested in sickness insurance which he described as "All good and useful but not so urgent"⁸⁶ but he was convinced that Lohmann's draft was "making too far reaching concessions to voluntarism".⁸⁷ Bismarck feared that Lohmann's proposal would strengthen the other subculture's worker's movements instead of weakening them as the idea of private insurance providers (Freie Hilfskassen) might be abused to open insurance schemes within each subculture.⁸⁸

Despite the chancellor's reservations, Lohmann used a window of opportunity when Bismarck was repeatedly ill in 1883 to introduce his sickness insurance amendments into the Reichstag. Originally Sickness insurance had been attached to the second accident insurance draft, but the Reichstag committee decoupled them and decided to treat them separately on the 3rd June 1882 (Bismarck had favored a package deal and was in any case more interested in accident insurance so he subsequently lost the impetus on his sickness legislation).

The law was passed on the 31st May 1883 with 216 against 99 votes in the Reichstag.⁸⁹ Only Social Democrats, left liberals (Fortschritt) and some of the secessionist minority parties voted against it. The Center Party voted for the bill because Lohmann's legislation avoided Bismarck's centralizing Imperial insurance agency and the Reich was kept at bay in the financing of the schemes.⁹⁰ The left liberals (Fortschritt) voted against the bill as they opposed the introduction of the mandatory component. The Socialists saw no reason to vote for a market based solution.

⁸⁶ „Alles gut und nützlich, aber nicht so dringend“ Bismarck cited IN: Hänlein, A., Tennstedt, F. & Winter, H. (2009) Einleitung, IN: Hänlein, A., Tennstedt, F. & Winter, H. (2009) *Quellensammlung zur Geschichte der deutschen Sozialpolitik 1867 bis 1914*, II. Abteilung: Von der Kaiserlichen Sozialbotschaft bis zu den Februarerlassen Wilhelms II. (1881-1890), Die Gesetzliche Krankenversicherung und die eingeschriebenen Hilfskassen, Band 5, p. XV.

⁸⁷ "dem Voluntarismus zu weite Konzessionen gemacht wurden" Hänlein A., Tennstedt F. & Winter, H. (2009) p. XXXIII.

⁸⁸ Albert Schaeffle, Bismarck's economic advisor at that time had similar concerns. Hänlein A., Tennstedt, F. & Winter, H. (2009) p. XXXIII.

⁸⁹ Hänlein A., Tennstedt, F. & Winter, H. (2009) p. XV.

⁹⁰ Lönne, K.E. (1986) p. 175.

The law introduced treatment by doctors and the provision of pharmaceuticals without any supplementary costs for the insured. The ill person was eligible for a 50% income compensation calculated on the median income after the third day of sick leave. The contributions were technically transferred into the insurance fund by the employer but in reality two thirds of them were deducted from the employee's pay.

The private organization of the insurance scheme had (apart from its mandatory nature) not much resemblance to Bismarck's programmatic concept of State Socialism and could hardly contribute to Bismarck's interests of establishing hegemony for his subculture. The difference with the existing private insurance market was that the new system should be brought under state supervision and would be mandatory for every worker.⁹¹ In the end, Bismarck "condoned"⁹² Lohmann's actions on Sickness insurance because he could not alienate the liberals and he did not perceive Sickness insurance as being a central component of his insurance regime. Nevertheless, Bismarck would refer to sickness insurance as a "Child foisted on to him" for the rest of his life.⁹³

5.3.2 Accident Insurance: 1884

If Sickness insurance was an unpleasant outcome for Bismarck, accident insurance must have been a nightmarish experience. Bismarck reacted to the quarrels on sickness by announcing far reaching changes to the accident insurance bill in the Imperial Social Message in the Reichstag on the 17th November 1881. Nevertheless, the second draft bill also failed and this led to a heavily compromised and amended third bill based on a Catholic-Conservative (Protestant) compromise. Accident Insurance would finally pass parliament on the 6th July 1884.

5.3.3 Try once: The first Accident insurance draft

Bismarck's idea was to structure accident insurance around a highly centralized imperial insurance agency (Reichsversicherungsanstalt). It should enforce and administer a compulsory accident insurance exclusively financed by the Reich. As one of Bismarck's most

⁹¹ Hänlein, A., Tennstedt, F. & Winter, H. (2009) p. XVII.

⁹²Tennstedt, F. & Winter, H. (1995a) p. XVI.

⁹³ Bismarck quoted IN: Ritter, G. A. (1982) Sozialversicherung in Deutschland und England: Entstehung und Grundzüge im Vergleich, München, C.H. Beck, p. 42.

notorious worries had always been the poor fiscal situation of the Empire, he envisaged the introduction of a new tax regime (tobacco monopoly)⁹⁴ in order to finance the insurance. The idea was to raise a new tax on tobacco and liquor. A central premise of Bismarck was that workers would not have to pay into the scheme. Instead, they were meant to perceive Accident Insurance as a free and benevolent donation from the Empire. The first draft set out for the financing to come through a two-thirds contribution from the employers, matched by a one-third contribution from the Empire. The draft bill entered the Reichstag on the 8th March 1881 where it was heavily criticized. The Center Party leader Hertling commented in a newspaper article that all parties except the Social Democrats raised concerns against the Imperial contribution.⁹⁵ Bismarck was very reluctant to give in on his state socialist proposals. The chancellor opted for a 'charismatic authority' strategy, dissolved the Reichstag, and tried to gather widespread public support for his social security project through elections.

Bismarck campaigned on his state socialist insurance plans in the run up to the Reichstag elections held on the 27th October 1881. His strategy failed tremendously. The results yielded "the most disastrous election for Bismarck since the birth of the Empire."⁹⁶ This meant that most of Bismarck's ideas had now also been publicly rejected. The election results were not only a public verdict against a tax on goods as popular as tobacco and liquor⁹⁷ but, with the spike of the Liberal Party, also constituted an expression of a general uneasiness about the state-socialist boosting of centralized state powers. The liberals demanded a contribution from the employees. In contrast, employers attacked the

⁹⁴ "Der sicherste Weg liegt [...] in der Einführung des Tabakmonopols" and "durch Wiederholung früherer Anträge auf stärkere Besteuerung der Getränke" Bismarck on behalf of Kaiser Wilhelm I. 1881 November 17. Allerhöchste Botschaft Kaiser Wilhelm I zur Eröffnung der I. Session des 5. Reichstags mit Bericht über die Eröffnung. IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003) p. 64.

⁹⁵ "Gegen eine solche Heranziehung von Reichsmitteln sprachen sich bei Gelegenheit der ersten Beratung Redner aus allen Parteien mit Ausnahme der sozialdemokratischen aus." 1889 Februar 6. Kölnische Volkszeitung und Handelsblatt Nr. 36, Erstes Blatt (Morgenausgabe), Eine ernste Entscheidung, printed IN: Haerendel, U. & Peterle, M. (2004) source No. 106, p. 584. After being debated in the Reichstag the draft bill got successively rejected by the Bundesrat, the federal chamber.

⁹⁶ Hennock E. P. (2007) p. 90.

⁹⁷ Hennock, E. P. (2007) p. 90.

consequences of the bill as one where “all accident expenses that were caused by workers, would be included into the production cost”.⁹⁸

The electoral defeat meant for Bismarck the death of the tobacco and alcohol tax which forestalled exclusive imperial funding. Bismarck could only hope to keep the state contribution in an insurance system as high as possible in order to preserve some of State Socialism ideas. In a letter to his economic advisor, Albert Schäffle, he wrote that “Without contributions from Empire and State I do not believe that much more could be achieved than a maybe improved but much more expensive poor relief”.⁹⁹

On the political side, Bismarck was left with two options if he did not want to completely cede control of the formation of social security. The first implied concessions to the liberals that had gained substantially in the elections. This would have meant dropping the compulsory nature of the schemes and opening the system for market centered insurance provisions.¹⁰⁰ Siding with the liberals would also have meant giving in to demands for more democracy. This might have resulted in even further democratization of the Reich which was exactly what Bismarck originally wanted to counteract with the social security project. Bismarck made it clear that a move to a more market-based social security system was not for him. In a letter to a friend in September 1881, Theodor Lohmann remarked about Bismarck’s intentions that “Considering an abandoning of the State contribution and the accreditation of Private associations he did not want to hear a thing.”¹⁰¹ After the election Bismarck reasoned that, if he wanted to uphold some of the antiparlamentarian aims that the Insurance programs originally embodied, then he had to go even harder against the liberals with his next proposal. Any collaboration with Social Democracy was a no go. The Emperor vetoed any collaboration after the two assassination attempts on him in 1878 that

⁹⁸ “dass alle Unfallkosten, auch diejenigen, welche durch Verschulden der Arbeiter herbeigeführt wurden, zu den Produktionskosten gehören“ 1882 Januar 17. Norddeutsche Allgemeine Zeitung Nr. 28. IN: Tennstedt, F. & Winter, H. (1995b) source No. 39, p. 156.

⁹⁹ “Ohne Zuschüsse von Reich und Staat glaube ich allerdings nicht, dass sich etwas anderes erreichen lässt als eine verbesserte, aber auch entsprechend verteuerte Armenpflege“ 1881 Oktober 16, Brief des Reichskanzlers Otto Fürst von Bismarck an den Staatsminister a.D. Dr. Albert Schaeffle, printed IN: Tennstedt, F. & Winter, H. (1995b) source No. 12, p. 31.

¹⁰⁰ Similar to the draft law that the Liberals had themselves brought into the Reichstag in 1881 but which had not obtained a majority.

¹⁰¹ „Von Aufgeben des Staatszuschusses und Zulassung der Privatanstalten hatte er nichts wissen wollen.“ Theodor Lohmann in a letter to his friend the school principal Dr. Ernst Wyneken. 1881 Septemeber 18. Brief des Geheimen Oberregierungsrates Theodor Lohmann an den Schuldirektor Dr. Ernst Wyneken, printed IN: Tennstedt, F. & Winter, H. (1995b) source No. 7, pp. 22-23.

were attributed to the Social Democratic subculture. Bismarck's only choice was to try to win over his arch enemy, the Catholic subculture and the Catholic Center Party, for the social security project.

In order to signal compliance to the Center Party, Bismarck included a vow for an organic estate-based organization of society in the Imperial Social Message that he gave on 17th November of 1881 in the Reichstag on behalf of the Kaiser. The announcement "to find for the public welfare the right means and ways, is a difficult but also one of the highest tasks of the community, which stands on the moral fundament of Christian national life [...] in the form of corporative productive associations"¹⁰² was especially designed to cater to the Conservative faction of the Center Party. After the hostile reactions of Reichstag and Bundesrat to the first draft bill, Bismarck had already mentioned in October 1881 to Karl Heinrich Boetticher, the state secretary in the ministry of interior, that the new organizational basis for the insurance scheme would be corporatist, mandatory and organized along vocational risk groups.¹⁰³ This effectively meant that Bismarck had abandoned the idea of an Imperial Insurance Agency (Reichsversicherungsanstalt). Bismarck confirmed these plans again in a speech in front of the Reichstag on the 9th January 1882.¹⁰⁴ A corporatist organization, in the form of mutual associations with compulsory membership (Berufsgenossenschaften) was the new programmatic idea.

Behind Bismarck's concessions on a corporatist organization were his intentions to kill two birds with one stone. It was an attempt to shift his programmatic ideas on social security in order to bring them once again in line with the interests of his worldview. It opened the possibility to pass his social security legislation without having to make concessions to the liberals or Social Democrats and at the same time it brought with it the

¹⁰² „Für die Fürsorge die rechten Mittel und Wege zu finden, ist eine schwierige, aber auch eine der höchsten Aufgaben des Gemeinwesens, welches auf dem sittlichen Fundament des Christlichen Volkslebens steht. Der engere Anschluss an die realen Kräfte des Volksleben und das zusammenfassen der letzteren in der Form korporativer Genossenschaften unter staatlichem Schutz und staatlicher Förderung“ 1881 November 17, Allerhöchste Botschaft Kaiser Wilhelms I zur Eröffnung der I Session des 5. Reichstags mit Bericht über die Eröffnung, printed IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003b) source No. 9, p. 64.

¹⁰³ „Die Bildung von Korporationen nach den Berufsarten nach Maßgabe der Gefährlichkeit derselben“ 1881 Oktober 10. Erlass des Reichskanzlers Otto Fürst von Bismarck an den Staatssekretär des Inneren Karl Heinrich von Boetticher, printed IN: Tennstedt, F. & Winter, H. (1995b) source No. 10, pp. 27-28.

¹⁰⁴ Rede des Reichskanzlers Otto Fürst von Bismarck im Deutschen Reichstag. Printed IN: Tennstedt, F. & Winter, H. (1995b) source No. 36, pp. 141-142.

possibility of deviating in the long run from the annoying democratic features of the constitutional monarchy. Corporatist organization was to allow him to move the empire's institutions towards an estate-based political system.¹⁰⁵ Corporatist organization was a match of worldviews and interest for both sides. For the Catholics it meant the implementation of their world views, for Bismarck it was a way to reduce the parliament's influence in order to pursue his worldviews on protestant State Socialism at a later point in time. In addition, he knew that an estate based society was also compatible with the Conservative party's landed elite based members.

5.3.4 Try twice: The second accident insurance draft

The second accident insurance proposal was brought into the Reichstag on the 8th May 1882. It had been preceded by a lengthy and vigorous struggle on accident insurance within the executive that had started five months earlier with an internal proposal drafted by Theodor Lohmann following the Reichstag elections in December 1881. Even though the draft bill already included corporative organizational elements in the form of productive associations it still retained the heavily criticized Imperial contribution.

The bill held further dynamite. Theodor Lohmann had used his capacities as a privy council to include a fair share of his own liberal social security ideas (like a prolongation of the deferment period) in the draft. Bismarck therefore heavily revised the internal version on the 17th February 1882 and trimmed the proposal again according to his state socialist views. He especially reduced the deferment period (Karenzzeit) to eight days which gave workers a better position to apply for accident insurance. Bismarck was subsequently occupied with foreign policy and illness so therefore lost track of further developments. This gave Lohmann the chance to once again change the proposal in his favor. The second accident insurance bill that Lohmann brought into the Reichstag had a heavy left-liberal-Protestant bias, though Lohmann did not dare to undertake changes on Bismarck's core state socialistic issues of Compulsion and Imperial Contribution (though he limited this to

¹⁰⁵ Hennock E. P. (2007) p. 93. Bismarck did not have to pursue the plan further when the national liberals sided with him after their Heidelberg congregation. However, the realignment of the national liberals in 1884 that brought them into the Bismarckian camp made such plans obsolete.

one quarter).¹⁰⁶ Nevertheless, Lohmann included a provision on self-organized mandatory accident prevention and provided for the self-organization of the schemes through employer and employee committees. He also drastically extended the deferment period (Karenzzeit) from eight days (Bismarck's proposal) to thirteen weeks. This would have made Accident insurance very difficult to access and gave more power to the Health insurance which Lohmann preferred. The "missionary"¹⁰⁷ frenzy with which Lohmann changed the draft of course isolated Lohmann within the bureaucracy and made him unacceptable for Bismarck.¹⁰⁸ After his return from the sickbed, Bismarck removed him.¹⁰⁹

However, even Bismarck could not rescue the bill anymore. The Imperial contribution of 25 percent and the employer's contribution of 75 % were especially unpopular. A Bavarian representative in Berlin cabled back home from the second committee meeting in the Reichstag that "The Imperial contribution did not appeal to any side".¹¹⁰ The parliamentary committee, under the leadership of the Conservative aristocratic Bavarian Center Party member Freiherr von Franckenstein, consequently reacted to the proposal, after 16 sessions, by proposing such a massive list of amendments that Bismarck thought it better to withdraw the bill.¹¹¹ This was the end of the second draft accident insurance bill.

¹⁰⁶ The letter further indicates that Schäffle was also against the Imperial contribution but that he nevertheless had to include it "because Bismarck does not want it in any other way". „Den Staatszuschuss lässt er sich nur gefallen weil Bismarck nicht anders will“ 1882 Februar 1. Brief des Geheimen Oberregierungsrates Theodor Lohmann an den Schuldirektor Dr. Ernst Wyneken. Printed IN: Ayass, W., Tennstedt, F. & Winter, H. (2003b) source No. 40, p. 158.

¹⁰⁷ Tennstedt, F. & Winter, H. (1995a) p. XXVIII.

¹⁰⁸ Bismarck's final break with Lohmann happened in November 1883 as a cable from the Bavarian state representative in Berlin unveils: „Geheimer Oberregierungsrat Lohmann hat sich an diesen Arbeiten nicht beteiligt und ist bei dem Reichskanzler entgeltig in Ungnade gefallen.“ 1883 November 26. Bericht des bayerischen Gesandten in Berlin Hugo Graf von und zu Lerchenfeld-Koefering an den bayerischen Staatsminister des königlichen Hauses und Außenminister Krafft Freiherr von Crailsheim, printed IN: Tennstedt, F. & Winter, H. (1995b) Source No. 128, p. 442.

¹⁰⁹ To assess this quickly: Lohmann had an influence on early social security but only on the Sickness insurance law and on early drafts of accident insurance. He had nothing to do anymore with the actual voted on proposals of the three later welfare laws as he had long been dismissed and sidelined when they were negotiated.

¹¹⁰ "Der Reichszuschuss fand auf keiner Seite Anklang," 1883 April 17. Bericht des stellv. bayerischen Bundesratsbevollmächtigten Joseph Herrmann an das bayerische Ministerium des Innern. Printed IN: Tennstedt, F. & Winter, H. (1995b) source No. 78, p. 280.

¹¹¹ Hennock E. P. (2007) p. 90.

5.3.5 Third time is a charm: The third Accident Insurance draft

Being considerably annoyed with the mess around accident insurance, Bismarck gave Robert Bosse, the head of the social security division in the department of interior, a free hand to hammer out a compromise via secret negotiations between Conservatives, Free Conservatives and the Center Party, a move which would also diverge further from his State Socialist programmatic ideas.¹¹² This “Clerical-Conservative compromise”¹¹³ led to a third draft bill, which was finally implemented as accident insurance in Germany. Accident insurance was approved with the votes of the Conservatives, the Center Party and the National Liberals. Social-Democrats and liberals proposed numerous amendments, none of which was taken into consideration, and therefore voted against the bill.¹¹⁴ The Center Party, that had still fiercely opposed the first draft legislation due to the planned imperial insurance agency (Reichsversicherungsanstalt) and the state financing, was appeased by far reaching concessions. The Catholics were granted the corporative organization, the complete withdrawal of the State from financing and the decentralization of the

¹¹² The Social Security Division was founded in 1881 within the Department of the Interior. It is in general telling for the early function of social security that it was always placed in the Department of the Interior.

¹¹³ Tennstedt and Winter note, however, that almost no detailed research has so far been done on how this compromise was brought about. They remark that documentation of the accident insurance commissions is extremely scarce and that it is missing or lost on the Clerical-Conservative Compromise. See: Tennstedt, F. & Winter, H. (1995a) p. XXXI.

¹¹⁴ Figures on the final vote on accident insurance are very hard to locate. To my knowledge no roll call listing of the votes exist. None of the secondary accounts features a list of the party voting patterns, nor do the eight volumes of the source collections. As far as I could investigate from my own primary sources, during the vote the speaker of the Reichstag called out the names in the respective session of the parliamentarians in alphabetic order and the MPs could either remain seated (if they were against) or stand up (if they were for) the bill. The protocol from the session of the 6th July 1884 then only remarks that the law was passed but does not indicate by whom. That the Conservatives, National Liberals and the Center Party all voted for the bill can be derived from the newspaper articles that appeared in the subsequent week and from personal correspondence from members of the administration. See: Brief des Geheimen Oberregierungsrates Theodor Lohmann an den Schuldirektor Dr. Ernst Wyneken, 1. Juli 1884, printed IN: Tennstedt, F. & Winter, H. (1995b) source No. 184, pp. 632-633. OR: „Konservative, Ultramontane und Nationalliberale gönnten den Arbeitern die kläglichen Zugeständnisse nicht.“ Deutsche Metallarbeiter-Zeitung Nr. 19-21, Das Unfallversicherungsgesetz, printed IN: Ayaß, W. Tennstedt, F. & Winter, H. (2003b) source No. 47, p. 199.

administration into State Insurance Agencies (Landesversicherungsanstalten).¹¹⁵ Lohmann, already sidelined by this stage, described the draft bill as “monstrous”.¹¹⁶

The heavily amended bill, representing a Rye and Rome compromise pact between Catholicism and Protestant Conservatives, had almost nothing in common with Bismarck’s original state-socialist plans. What had been planned as a centralized Imperial institution, in which the state would be the key player, became a system in which capital and labor ran and financed the schemes without the state. The organization was put into the hands of cooperative associations formed along vocational lines. The schemes were financed exclusively by employers without any contribution from the Reich or the employees.¹¹⁷ The state was confined to a marginal position as a supervising controller. The British social historian E. P. Hennock summarized this outcome with the statement that “The role of the *Reich* as a provider had been replaced by that of the *Reich* as an enforcer.”¹¹⁸

5.3.6 The Center Party and Accident Insurance

According to the social security historians Tennsted and Winter, it was the realignment of the National Liberals towards Bismarck that made the Clerical-Conservative compromise possible. They argue that the shift of the National Liberals into the Bismarck camp, after the famous Heidelberg party congregation in 1884, led the Center Party to fear of another episode of reprisal through further Kulturkampf legislation, initiated by the new Bismarckian coalition of National Liberals and Conservatives. For this reason the Center Party “tried to overtake the National Liberals in their loyalty to Bismarck and the Reich by compromising on accident insurance”. This interpretation was somewhat reflected in a cable from the Bavarian representative in Berlin to the Bavarian state minister shortly after the 1881 elections. He points to the dilemma whereby, due to the election results, the support from the Center Party had become more indispensable than ever before. Conversely, the position of the party had worsened through the strong increase of the liberal parties. As the Catholics are “not likely to expect any good from them either in church or in political

¹¹⁵ Lönne, K. E. (1986) pp. 175-176.

¹¹⁶ „Dass Schäffle hier einen monströsen Gesetzentwurf eingeschickt hatte“ 1882 Februar 1. Brief des Geheimen Oberregierungsrates Theodor Lohmann an den Schuldirektor Dr. Ernst Wyneken, printed IN: Ayaß, W. Tennstedt, F. & Winter, H. (2003b) source No. 40, p. 185.

¹¹⁷ Lönne, K. E. (1986) p. 175.

¹¹⁸ Hennock E. P. (2007) p. 93.

matters”, the Center Party was pushed into the arms of the government.¹¹⁹ Crown prince Friedrich Wilhelm captures this ambiguity in a note in his diary where he remarks that he was astonished “how big the distrust was against Bismarck concerning the possibility of him making too far reaching concessions to Rome.”¹²⁰

Tennstedt and Winter’s assessment underscores the Center Party’s own interest in advancing social security legislation and the far reaching modifications that had been made in the original proposals so that the bill was congruent to the Center Party’s world views and programmatic position on social policy. Tennstedt and Winter themselves point out that the announcement of corporatist elements in the Imperial Social Message on 17th November 1881 were included as a signal to the Center Party that Bismarck was ready for discussions. The political constellation around accident and sickness insurance opened a window of opportunity for the Center Party to press for the full satisfaction of their demands on social security. Bismarck’s two main objectives on social security, the preservation of power and the weakening of the two other subcultures, forbade a coalition with the liberals or Social Democracy. Ironically, his own world views and programmatic ideas came closest to those of the Social Democrats – precisely the group he wanted to target with his legislation. This was a Catch-22 situation that forced Bismarck to weigh his interests (consolidation of the national autocratic system) with his programmatic ideas (State Socialism). Bismarck chose to strategically modify his programmatic ideas on welfare form in order to safeguard his interests. The Center Party and the Catholics were the only remaining subculture with no far reaching democratic or liberal ambitions and were thus transformed, in light of the two disastrous attempts at passing social security legislation, from an obstructive arch enemy into a heralded potential partner. This interpretation is backed by a report that Freiherr Georg von Hertling, one of the Center Party leaders, filed on the content of a private conversation he had with Bismarck in 1881. In this report, Hertling describes Bismarck’s

¹¹⁹ “Von diesen kann sie voraussichtlich weder in kirchlichen noch in politischen Fragen jemals Gutes für sich erwarten“ 1881 November 17. Bericht des bayerischen Gesandten in Berlin Hugo Graf von und zu Lerchenfeld-Koefering an den bayerischen Staatsminister des königlichen Hauses und Außenminister Krafft Freiherr von Crailsheim. Tennstedt, F. & Winter, H. (1995b) source No. 21, pp. 77-78.

¹²⁰ “wie groß das Misstrauen gegen Bismarck in Bezug auf die Möglichkeit seiner Nachgiebigkeit gegen Rom geworden ist.“ Crown prince Friedrich Wilhelm in his diary of 27.12.1881. Cited from footnote No 9 of Source No. 21, 17 November 1881. Bericht des bayerischen Gesandten in Berlin Hugo Graf von und zu Lerchenfeld-Koefering an den bayerischen Staatsminister des königlichen Hauses und Außenminister Krafft Freiherr von Crailsheim. Printed IN: Tennstedt, F. & Winter, H. (1995b) source No. 21, p. 77.

concession strategy by noting that Bismarck remarked to him that by “now the draft had been altered into a direction that eradicates these doubts and that strives to enact accident insurance by directly incorporating the Center’s wishes by basing it on corporatism”.¹²¹ Evidence that the Center Party’s programmatic ideas were closer than those of the National Liberals to Bismarck’s third accident insurance proposal also comes from reports on the debate of the third Accident insurance bill in the Reichstag. The National Liberals rallied heavily against the mutual associations with compulsory membership (Berufsgenossenschaften), demanded a further limitation of the qualifying period and the admissibility of private insurance providers as well as the dropping of the pay-as-you-go aspects of the system.¹²² In contrast, the “Center Party took a comparatively friendly position, whose ideals the draft already incorporated through the associations with compulsory membership”¹²³ as a parliamentary report indicates. In a cable reporting the content of his conversations with the Center Party parliamentarians Hertling and Franckenstein, the Bavarian representative to the Federal Chamber (Bundesrat), Joseph Hermann, suggested that the Center Party would not make the minor concerns it had expressed to the bill a “condition sine qua non”¹²⁴ for the passing of the bill.

If the Center Party’s agreement to the Rye and Rome compromise was indeed based on its rallying around Bismarck at any price, then it is not clear why Bismarck did not use this more to his own advantage. If Tennstedt and Winter were right then Bismarck could have easily leveraged the Center Party into programmatic concessions. Instead, the outcome was a victory for the Center Party’s programmatic ideas and the interests of the Catholic worldviews. After the vote, the Center Party’s social policy spokesperson Hertling assessed,

¹²¹ "Nunmehr sei der Entwurf in einer Richtung verändert, welche diese Bedenken beseitige und die Durchführung der Unfallversicherung in direkter Annäherung an die Wünsche des Zentrums mittels kooperativer Bildung erstrebe." 1883 April 8. Aufzeichnungen des Reichstagsabgeordneten Dr. Georg Freiherr von Hertling über ein Gespräch mit Kanzler Otto Fürst von Bismarck. Printed IN: Ayass, W., Tennstedt, F. & Winter, H. (2003b) source No. 35, pp. 128-129.

¹²² 1884 März 17. Bericht über die erste Lesung der dritten Unfallversicherungsvorlage im Deutschen Reichstag. Zeitschrift für Versicherungswesen, 8. Jg. 1884, S. 123, printed IN: : Ayass, W., Tennstedt, F. & Winter, H. (2003b) source No. 149, p. 541.

¹²³ "Eine verhältnismäßig freundliche Haltung nahm das Zentrum ein, dessen Ideale die Vorlage ja bereits in den Berufsgenossenschaften verwirklichen will." 1884 März 17, Bericht über die erste Lesung der dritten Unfallversicherungsvorlage im Deutschen Reichstag, Zeitschrift für Versicherungswesen, 8. Jg. 1884, S. 123, printed IN: Ayass, W., Tennstedt, F. & Winter, H. (2003b) Source No. 149, p. 542.

¹²⁴ 1884 März 18. Bericht des stellvertretenden bayerischen Bundesratsbevollmächtigten Joseph Herrmann an den bayerischen Minister des Inneren Max Freiherr von Feilitzsch, printed IN: Ayass, W., Tennstedt, F. & Winter, H. (2003b) source No. 150, p. 543

in the Kölnische Volkszeitung, that “The accident insurance law from 1884 was in its cornerstones congruent with the social policy ideas of the Center Party.”¹²⁵ Furthermore, Bismarck had abolished most of the culture war legislation in the run up to the vote and had also agreed on a further federalization of the Reich’s institutional structures thereby granting the Catholics more protection from the central government. This shows that compromise does not only work on the perceived left-right vicinity of the worldviews. Agreement can also be reached through matching converging interests. Bismarck’s interest lay in fighting the other sub-cultures by employing programmatic ideas for social security (State Socialism) that were in line with his Conservative Protestant worldviews. After two failed attempts at passing social security legislation, he realized that he could not reach this immediately so he shifted his programmatic ideas in a way that would, over the long run, allow him to further pursue his interests and gradually implement his worldviews. This shows that ideas, worldviews and interests are heavily intertwined. Only if they strongly diverge does it become easy to trace them as empirically distinguishable phenomena. Employers did certainly not support the accident insurance project as Employer Centered approaches to the origins of welfare would argue. Nevertheless, Bismarck did not care much about their opposition and commented regarding the final draft of the law that “the objections of the Industrialists should no longer be considered”.¹²⁶

5.3.7 The laggard: Old Age and Invalidity Pensions

Bismarck had announced in the Imperial Social Message in 1881 that “those who become unable to earn a living through old age or invalidity also have a well-founded claim on the community for a higher measure of care from the state than they have so far received.”¹²⁷ It still took eight years before a law on old age and invalidity insurance would be enacted on the 22nd June 1889. Until the first draft bill in 1887, the project had never gone beyond the

¹²⁵ “Das Unfallversicherungsgesetz vom Jahre 1884 entsprach in seinem leitendem Gedanken den sozialpolitischen Grundsätzen der Zentrumsparlei.” 1889 Februar 6, Kölnische Volkszeitung und Handelsblatt Nr. 36, Erstes Blatt (Morgenausgabe) Eine ernste Entscheidung, printed IN: Haerendel, U. & Peterle, M. (2004b) source No. 106, p. 583.

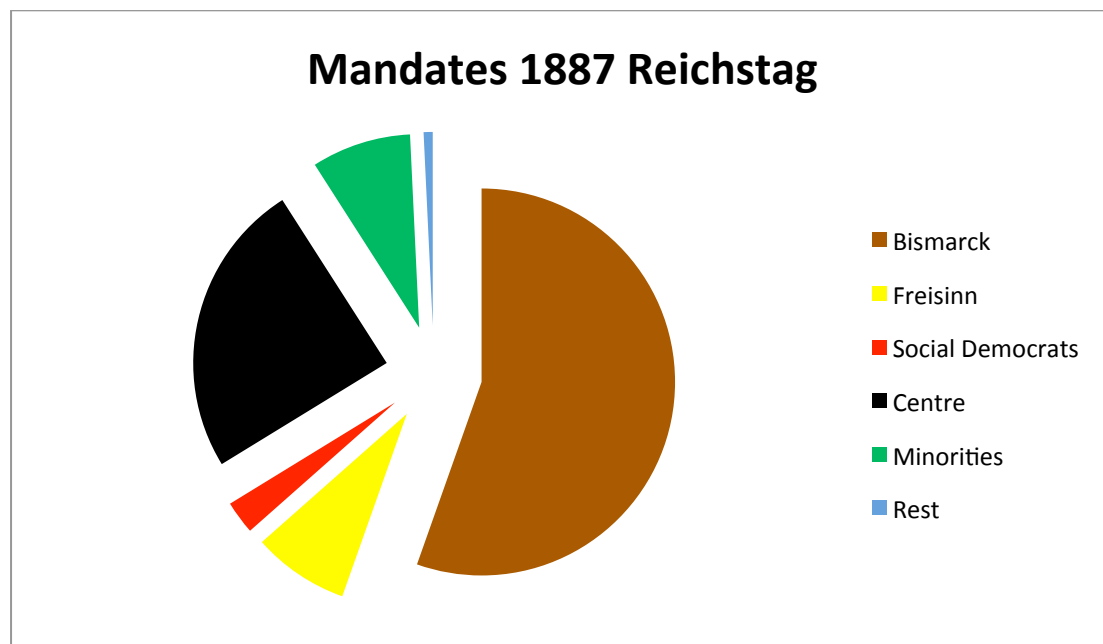
¹²⁶ “daß die Einwände der Industriellen nicht weiter zu berücksichtigen seien“ Bismarck cited IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003a) p. XXXIII.

¹²⁷ Bismarck: Imperial Message 1881.

stage of internal memos in the administration.¹²⁸ This was not only due to the workload that the Reichstag had with sickness and accident insurance plan, but also because the functional pressure for the introduction of old age security was relatively low. In the 1880s, age was not conceived as pressing a risk as accident, sickness or invalidity. Leading members of the social security bureaucracy like Theodor Lohmann thought that “compulsory invalidity and pension fund was nonsense and their introduction a social political mistake.”¹²⁹

The reason why old age and invalidity insurance was revived as a political issue was the landslide victory of the new Bismarckian camp in 1887. Building on a majority of Conservatives and National Liberals, Bismarck felt comfortable in being able to avoid a repetition of the bitter defeats of the early 1880s. This time Bismarck was confident of pushing through his original state-socialist program without seeing them being diluted through concessions to Catholics or Left-Liberals.¹³⁰

Figure 5-5 Mandates by Party 1887 Reichstag



Data by the author. Data from Archive Konrad Adenauer Stiftung.

¹²⁸ Härendel U. & Peterle, M. (2004a) p. XLII.

¹²⁹ Härendel, U. & Peterle, M. (2004a) p. XXII.

¹³⁰ For Bismarck’s intensions on Old Age and Invalidity see: 1887 September 11. Votum des preußischen Ministerpräsidenten Otto Fürst von Bismarck für das Staatsministerium, printed IN: Härendel, U. & Peterle, M. (2004b) source No. 43, p. 206.

Bismarck wanted to make sure that “every German could receive the good deeds from the Reich”¹³¹ and would therefore associate benevolent welfare with the Empire. As early as 1881, Albert Schäffle, Bismarck’s political economy advisor, had worked out concrete plans for the collection of Accident and Pension funds financed through additional taxation.¹³² Bismarck argued that “The old age and invalidity insurance is a common national need which therefore should also be satisfied through the national wealth.”¹³³ It should be avoided that workers would contribute to the risk hedging. The payments were envisaged as a flat rate and supplementary, and would not necessarily be limited to workers but should include also other occupational groups.¹³⁴ The money should come directly from the imperial budget.¹³⁵ In that way the central state could step up as a social provider and dry up the fundamentals of Social Democratic agitation as well as forestalling liberal and Catholic attempts to dilute state-power through privatized or corporatist models of welfare. Little did Bismarck know that his original plans would once again be significantly diluted.

5.3.8 Bureaucrats

Robert Bosse and Richard Woedke, the administrative heads in charge of the project, made it clear early on to Bismarck that a solution based exclusively on imperial funding was not possible. Instead, they convinced Bismarck that an insurance solution based on mutual funding by employers and employees, but supplemented by an Imperial contribution, was financially more feasible and politically much easier to achieve.¹³⁶

Bosse and Woedke insisted that the States, which held strong veto powers in the Federal Chamber (Bundesrat), would have had problems with the centralized social security administration that would have inevitably come with a tax-financed regime. Bosse

¹³¹ I am very sorry that I lost this citation.

¹³² Hennock, E. P. (2007) p. 183.

¹³³ “Die Alters und Invalidenversicherung ist ein allgemeines und nationales Bedürfnis, welches daher aus dem Nationalvermögen befriedigt werden sollte.“ 1887 September 11, Votum des preußischen Ministerpräsidenten Otto Fürst von Bismarck für das Staatsministerium, printed IN: Härendel, U. & Peterle, M. (2004b) source No. 43, p. 206.

¹³⁴ Hennock, E. P. (2007) p. 183.

¹³⁵ Hennock, E. P. (2007) p. 185.

¹³⁶ The leading British historian on Bismarckian Social security, E. P. Hennock (Hennock, E.P. (2007) pp. 186-188.) argues in his latest book that the new and widely circulated draft law from 17 November 1887 that coincided with the 6th anniversary of the Imperial message was part of a myth construction by Bosse in order to break Bismarck’s resistance to the bill.

calculated that the pension costs would make up about one fifth of the total imperial budget if financed according to Bismarck's plans and backed up his arguments by pointing to the positive experiences from the financing schemes of the previous insurances.¹³⁷ Bismarck gave in to Bosse's and Woedke's arguments. The final executive draft proposal therefore included a compulsory insurance organized along cooperative associations similar to the models used in accident insurance. The proposal dropped the idea of a Pay as you Go system as the method of financing. Instead, a solution based on insurance funds with an Imperial contribution was drawn up. The envisioned payments were very low and conceptualized as an old age supplement rather than a pension.¹³⁸

Even though Bismarck's original vision had been once again downgraded substantially in the administration, the result was still much less diluted than had been the case with the other laws. Bismarck could still point to the mandatory nature of the schemes and a significant imperial contribution as aspects of State Socialism in the bill. The compromise on a dropping of the imperial insurance agency in favor of the mutual associations with compulsory membership was bearable for Bismarck as this estate-based model of organization was compatible with the Protestant-Patriarchic worldview of large parts of the Protestant Conservative subculture.

5.3.9 The legislative process on Pension and Invalidity

The draft bill for the pension and invalidity law was sent to the Federal Chamber (Bundesrat) in June 1887. Contrary to under the sickness and accident insurance bills, the Imperial government was not able to construct a majority around the State of Prussia. Instead, Prussia saw itself outmaneuvered by a coalition of mid-sized states, formed around the federalist state of Bavaria, which managed to dictate substantial amendments to the bill. The first victim was the idea of mutual associations with compulsory membership (Berufsgenossenschaften). Instead, the Bundesrat proposed and negotiated an organization on the State level through a network of newly-founded State Insurance Agencies

¹³⁷ Hennock, E. P. (2007) p. 185. A strong degree of organizational path dependency therefore existed that span from the first to the second package of Social Security laws. The insurance principle dominated the organizational principles already from the very beginning. Härendel U. & Peterle, M. (2004) p. XXXII.

¹³⁸ It was to be around 120 Reichsmark annually whereas the annual worker's wage was around 450 Reichsmark.

(Landesversicherungsanstalten). This was pure interest politics on the part of the states that benefited none of the competing subcultures, but it was another bitter defeat for Bismarck as neither his Imperial Insurance Agency (Reichsversicherungsanstalt) nor the estate-based mutual organizations with compulsory membership would form the basis of the social security organization. After these changes the law was successively passed over from the federal chamber (Bundesrat) to the Reichstag.

The proposal, already watered down substantially by the administration and the Bundesrat, now ran into troubles in the Reichstag. The governmental camp was, contrary to the executive's expectations, not entirely unified on the issue as parts of the National Liberals were reluctant to vote for the bill.¹³⁹ They demanded that unified insurance schemes would not refer to the prior earnings of the insured party and that the mandatory aspect should be limited to workers. The Conservatives, meanwhile, were not pleased by the axing of the mutual associations with compulsory membership (Berufsgenossenschaften) by the Bundesrat. An article in the Frankfurter Zeitung gave an insight into how alarming the situation was for Bismarck by commenting that "As with each day the numbers of the renegades became more numerous in the two Conservative parliamentary groups".¹⁴⁰ Bismarck's Rye and Iron coalition, represented in parliament by the coalition of National Liberals and Conservatives, was endangered as the aristocratic landed elites and large estate-holders from east Prussia were heavily opposed the idea of compulsion and the inclusion of farm workers in the schemes and claimed that their workers were well taken care of through the traditional patriarchic arrangements on their estates.¹⁴¹ Most of the Conservatives, though, declared that they would nevertheless vote in

¹³⁹ See the Cable from the Bavarian Representative to the Bundes Rat in Berlin to the Bavarian Minister of the interior, printed IN: Härendel, U. (2004) source No. 121, p. 628. Also: „ die laue Haltung [...], die bis in die Reihen der Nationalliberalen hinein ihre Wirkung übte“ 1889 Mai 24, Frankfurter Zeitung und Handelsblatt Nr. 144, Abendausgabe Politische Übersicht, printed IN: Härendel, U. & Peterle, M. (2004b) Source No. 144, p. 679.

¹⁴⁰ „Denn von Tag zu Tag mehrte sich die Zahl der Abtrünnigen aus den beiden konservativen Fraktionen“ 1889 Mai 24, Frankfurter Zeitung und Handelsblatt Nr. 144, Abendausgabe Politische Übersicht, printed IN: Härendel, U. & Peterle, M. (2004b) Source No.144, p. 678.

¹⁴¹ In its assessment of the political constellation around the Old Age and Invalidity Bill, the Frankfurter Zeitung opines that the discontent of the "Large estate holders and Big capitalists" was more rooted in their fear that they would have to contribute financially. "Dieses "Etwas" ist die Altersversicherung, welche den Großgrundbesitzern und Großkapitalisten allerdings einige Opfer zumutet." 1889 Mai 24, Frankfurter Zeitung und Handelsblatt Nr. 144, Abendausgabe Politische Übersicht, printed IN: Härendel, U. & Peterle, M. (2004b) source No.144, p. 680.

favor of the bill not so much because they were loyal to Bismarck but because they deemed it to be the “the wish of the Emperor”.¹⁴²

Social Democrats and the Left Liberals were against the accident insurance bill. The Social Democrats called for a centralized Imperial insurance agency as sketched out in Bismarck’s original State Socialist plans for sickness and accident insurance. Furthermore, they wanted an increase in the benefit levels, a tax financing of the system, a flat rate payment in order to reach a progressive redistribution effect (hence everything that Bismarck originally wanted), to open the benefits for widows and orphans, and less policing and bureaucracy in the schemes overall.¹⁴³ Social Democrats had to walk the difficult line between trying to pragmatically influence the political situation while also defending their rhetorical positions in light of Bismarck’s repressive socialist laws. However, due to the socialist laws that had reduced their parliamentary group substantially, they did not have a seat in the relevant committee. This deprived them from an important means of influencing the legislation. Their input was reduced to amendment requests in the plenum that were not included into the legislation. In the end, the nine remaining Social Democratic deputies voted against the bill.

The Left Liberals (Fortschritt) were opposed to the new draft proposal. Their position had not changed much from their approach to accident and sickness insurance. Their baseline liberal creed made them oppose any compulsory aspects of the legislation. Furthermore, they were against any bureaucratic-statist element that would have strengthened the control of the central government.¹⁴⁴ Due to their poor electoral performance in the elections of 1887 they had only three seats on the committee. This reduced their influence on the formulation of legislation and resulted in their rejection of the bill.

The majority of the Center Party did not diverge much from the preferences it had already expressed in the early 1880s on sickness and accident insurance. However, in contrast to the third accident insurance proposal, these preferences now diverged greatly from the bill proposed in the Reichstag. The majority of the Center Party gathered around

¹⁴² „würden zwar mit Ja stimmen „weil es der Wunsch des Kaisers sei“, aber sie seien im Grunde genommen Gegner des Gesetzes.“ 1889 Mai 24. Frankfurter Zeitung und Handelsblatt Nr. 144, Abendausgabe Politische Übersicht. Printed IN: Härendel, U. & Peterle, M. (2004b) Source No.144, p. 679.

¹⁴³ See the police report about a social democratic workers rally. 1888 August 7. Bericht des Polizeileutnants Max Encke an den Berliner Polizeipräsidenten Bernhard Freiherr von Richthofen. Printed IN: Härendel, U. & Peterle, M. (2004b) Source No. 81, p. 427.

¹⁴⁴ Härendel, U. & Peterle, M. (2004b) p. XLI.

the chaplain Franz Hitze and their social policy spokesman Freiherr von Hertling by rigorously demanding a non-compulsory status for the insurance, a cancellation of the Imperial contribution to the schemes and a stronger inclusion of the subsidiary principle in the law. But a minority of mainly aristocratic party members did not want to follow the programmatic ideas of the majority. The “Hitze-proposal”, which aimed at organizing the invalidity schemes through the reintroduction of mutual associations with compulsory membership, failed in the respective committee by receiving fewer votes than the Center Party had.¹⁴⁵ The party was thus split and the two opposed Catholics factions waged a bitter verbal battle through anonymous contributions in newspapers, letters and speeches in the Reichstag. The fight pitted the advocates of the programmatic ideas of Catholic social teaching (called “doctrinists” by their rivals) against a small but influential group of aristocratic Catholic monarchists led by Freiherr von Franckenstein. A cable from Berlin to the Bavarian government puts forward that “The noble large estate holding element seems anyhow against it, whereas the civic and clerical members of the Center seem to be in favor of it”.¹⁴⁶

The final showdown came in the Reichstags debate of the 29th of March 1889. Letters that Franckenstein and Hertling sent home to their wives the next day reflect the tensions. Franckenstein wrote that

Hertling opened the debate with a beautiful speech representing the doctrinal point of view, for which he got the applause of the majority of our people. I spoke two hours after Hertling and fought Hertling with a longer speech to the applause of the few Center people that shared my point of view, but to the cheers of the Conservatives. That’s how things stand, it’s not pleasant, but I cannot and am not allowed to act in any other way.¹⁴⁷

¹⁴⁵ See: Bericht des Stellvertretenden Bundesratsbevollmachtigten Robert Landmann an den bayerischen Innenminister Max Freiherr von Feilitzsch, printed IN: Härendel, U. & Peterle, M. (2004b) source No. 108, p. 593.

¹⁴⁶ „Das adelige Gutsbesitzerelement ist überhaupt gegen denselben, während die bürgerlichen und klerikalen Mitglieder des Zentrums demselben zugeneigt scheinen.“ Bericht des Stellvertretenden Bundesratsbevollmachtigten Robert Landmann an den bayerischen Innenminister Max Freiherr von Feilitzsch, printed IN: Härendel, U. & Peterle, M. (2004b) source No. 108, p. 593.

¹⁴⁷ „Hertling eröffnete die Debatte mit einer sehr schönen, den doktrinären Standpunkt vertretenden Rede unter dem Applaus der Mehrzahl unserer Leute. Zwei Stunden nach Hertling sprach ich und bekämpfte Hertling in einer längeren Rede unter dem Applaus der wenigen meine Ansicht teilenden Zentrumsleute, aber unter den Beifallsrufen der Konservativen. So stehen die Dinge, angenehm ist das nicht, aber ich kann und darf nicht anders handeln.“ 1889 März 30, Brief des Reichstagsabgeordneten und Präsidenten der bayerischen Kammer der Reichsräte Georg Freiherr von und zu Franckenstein an seine Frau Marie, printed IN: Härendel, U. & Peterle, M. (2004b) source No.122, p. 629.

Hertling instead, wrote home that

It was a fatal day for the Center. I spoke first [...] but expressed my decisive protest against the state socialist era. The speech left an impression on the House. All the frightened people that do not want the law, but did not want to say this out loud, got encouraged, that it would maybe still fail. [then came Frankenstein's speech] The effect of my speech was gone.¹⁴⁸

Both letters reveal the massive split between the ideationally driven majority in the parliament group that was reluctant to accept any State Socialism and the small group of Catholic Imperial loyalists (impressed by the strong nationalist turn under the new Kaiser Wilhelm II) within the party that did not want the government to fall.¹⁴⁹

The situation was exacerbated by the strong disarray amongst the parties of the government camp. Even though the draft bill had already been significantly watered down by the bureaucracy and the Bundesrat so as to retreat from some of Bismarck's demands and increase the chances of getting the bill through the Reichstag, the Chancellor's majority seemed less than certain. Parts of the government camp had expressed serious doubts and concerns about the bill in the preceding plenary discussions. This was especially true for the National Liberals and the Conservatives. In the run up to the vote on the old age and invalidity insurance bill the government became ever more nervous. Bismarck tried to appease his coalition partners with a last minute speech in the Reichstag where he even played for the votes of the Center Party knowing about its ongoing internal quarrels. The speech was judged by the press as having had considerable success "as he [Bismarck] managed to rescue the Pact from falling apart".¹⁵⁰

¹⁴⁸ „Es war ein Unglückstag für das Zentrum. Ich sprach zuerst, [...] gab aber meinem entschiedenen Protest gegen die staatssozialistische Ära bestimmten Ausdruck. Die Rede machte im Hause sichtbar Eindruck. Alle die furchtsamen Leute, die das Gesetz nicht wollen, aber es nicht laut sagen wagen, bekamen Courage und begannen zu hoffen, es möge nun doch noch vielleicht zu Fall kommen. [Dann kam Franckensteins Rede] Der Effekt meiner Rede war aber hin;...“ Freiherr von Hertling zitiert in den „Erinnerungen aus meinem Leben“ (Bd.2, S.102-104) einen Brief den er im Verlauf des 29. März nach Hause geschrieben hatte (am 30.3.), printed IN: Härendel, U. & Peterle, M. (2004b) source No. 122, p. 630.

¹⁴⁹ For a surprisingly accurate prediction of the outcome of the vote of the Center Party in the upcoming Reichstag session see an article in the left liberal Posener Zeitung. 1889 April 13. Posener Zeitung Nr 262, Morgenausgabe Eine Aufgabe für die Parlamentsferien, printed IN: Härendel, U. & Peterle, M. (2004b) Source No.128, p. 640.

¹⁵⁰ „Jedenfalls aber ist es ihm gelungen das Kartell vor dem Auseinanderfallen zu bewahren und die Zahl der für das Gesetz Stimmenden bedeutend zu verstärken.“ 1889 Mai 24, Frankfurter Zeitung und Handelsblatt Nr. 144, Abendausgabe Politische Übersicht, printed IN: Härendel, U. & Peterle, M. (2004b) Source No.144, p. 680.

In reality, the results of the roll call votes were more than shaky. As the following table indicates, more than 22 members of the governing coalition voted against the bill. The bill went nevertheless successfully through parliament, largely with the help of the renegades from the Center Party.¹⁵¹ Franckenstein and twelve other Center Party MPs voted for the bill and contributed to the unexpected slim majority of twenty votes (185 to 165) that the law got in the Reichstag.¹⁵² Were it not for the support of the small group of renegades from the Center Party, the secessionists from Alsace-Lorraine and one Left Liberal, the law would not have passed the Reichstag.

Figure 5-6 Voting by subculture and party, old age and invalidity 1889, Reichstag.

Subculture	Party	Yes	No	Abstention
Protestant Conservative (Bismarck)	Conservatives (Konservative)	64	7	1
	Imperial Party (Reichspartei)	29	4	2
Liberal	National Liberals	75	11	
	Left-Liberals (Freisinn)	1	31	
Catholics	Centre Party (Zentrum)	13	78	1
Socialists	Social Democrats (Sozialdemokraten)		10	
Minorities	Alsace-Lorraine (Elsass-Lothringen)	3	14	
	Poles (Polen)		10	
Total		185	165	4

Table by the author. Data from Härendel U. & Peterle, M. (2004a) p. XLVI.

In the end the results were once again a far cry from Bismarck's initial intentions but the chancellor managed to preserve much more than he had in the case of accident insurance project five years before. The Empire had finally managed to cement its role in contributing

¹⁵¹Lönne, K. E. (1986) p. 176.

¹⁵² Härendel U. & Peterle, M. (2004a) p. XLIII.

to the financing of the schemes, even though it could only do so by paying the same amount as employers and employees. Furthermore, Bismarck managed to preserve a role, albeit watered down, for the state in the administration of the schemes. Even though this was delegated to the state level, the protestant dominant subculture could still claim strong influence through the massive size and impact of the state of Prussia within the empire.¹⁵³

5.4 Conclusion

This chapter reassessed the formation process of early German social security legislation with a special focus on the influence of the Reichstag and the Imperial party system. It confirms that historical research has been on the right track in recent years in its movement away from Bismarck- or bureaucracy-centered analytic approaches to 19th century social security. As we have seen, not much of what Bismarck originally had in mind for his social security project was still intact by the time the laws finally made it through bureaucracy, Bundesrat and Reichstag. It is not doubted that Bismarck was the single most important political driving force in pushing for the legislation, but at the same time he triggered the formation of a social security complex that was completely at odds with his original programmatic ideas and the interests of his worldview. For Bismarck, social security was a political device for his nation-building efforts with which he could dry out the other subcultures and expand his own Conservative, patriarchal and Bonapartist Protestant model of society throughout the Kaiser Reich. The social security institutions that were in place at the end of the 1880s were useless for this political zeal. Only in the case of old age and invalidity he was able to uphold some of his original programmatic ideas of State Socialism whereas the sickness and especially the accident insurance projects turned out to be nightmarish disasters for him.

Accident insurance was brought about by a Rye and Rome compromise in 1884 of which the precondition was that the Conservatives and Bismarck shifted their ideas on social security much closer to those of the Catholics. Bismarck and the Conservatives felt more comfortable in 1887 as the National Liberals had made a Conservative programmatic turn in 1887 and had joined the Bismarckian camp. Concessions to the Catholics did not therefore seem necessary for the old age and invalidity legislation of 1889. Nevertheless, the numbers for Bismarck's Conservative-National Liberal coalition did not add up (due to too many

¹⁵³ Lönne, K.E. (1986) p. 175.

defections from the liberals) and so the law was only successful because a small group of Center Party members defected from the stance of their party precisely they wanted to go against the programmatic ideas and worldviews of their own movement.

If the influence of Catholic Social teaching was less linear and much messier than most of the literature on Catholic Social teaching and the welfare state has assumed so far, one can say the same about Bismarck's influence. Bismarck has to be granted the merit of having gotten the ball rolling on social security. He was the first one that understood that modern social security was a political device, a weapon that could be used to break the resistance and opposition of the other subcultures within the Reich. His intentions were therefore largely Bonapartist but, as this chapter shows, he was not able to implement his Bonapartist aspirations. This was party down to the fact that the other subcultures and their political representations soon also understood that welfare was a tool to woo parts of the working class into their own camp. The term "Bismarckian Welfare state" should therefore be handled and applied with care. That said, let us now turn to traditional explanatory frameworks of the welfare state.

Functional pressures through industrialization certainly played a role in the evolution of German social security but only as industrialization brought about a new socioeconomic class, the urban proletariat. The advent, increase and widespread misery of this class offered significant political potential, especially in light of the open electoral institutions of the Kaiser Reich, and this triggered a virtuous cycle in the form of a competition for programmatic ideas on welfare among the existing subcultures.

In a similar vein, orthodox applications of Power Resource theory cannot account for the German legislative efforts of the 1880s as welfare came about without a single Social Democratic vote. If one relaxes the orthodox assumptions of PRA, then one can argue that the power resources of labor influenced German social security indirectly as the fear of revolution brought about Lorenz von Stein's idea of a 'Social Kingdom', which was the cornerstone of Bismarck's state-socialist strategy.

However, this is a very long causal chain which would not be measurable using the usual power resource indicators of German labor or left party strength. The political economists who helped to formulate State Socialism were forming their ideas not with the experiences of Germany in mind but against the background of the French Revolution and the more recent events of the Paris commune in 1870.

Furthermore, no evidence could be found for the claims of Employer Centered Approaches (ECAs) that welfare was brought about through active demand of capital. Instead, the analysis of the legislative process has shown quite the contrary. Employers opposed welfare legislation and only jumped on the bandwagon once they could no longer stop it.

Today, a fusion of both approaches has become popular whereby cross-class welfare state theories see the advent of the welfare state as a result of political coalitions between labor and capital (Iversen), or between labor and large landholding elites, due to shared risks. However, these too find it hard to make stand firm on the empirical grounds of the German case. No such coalition formed on any of the social security laws of the late 19th century. This was impossible because the Social Democratic party, the traditional representative of labor, never exceeded 35 mandates (1881, 12 mandates; 1884, 24; 1887, 11; 1890, 35) in the 397 seat strong Reichstag in the 1880s and also never managed to mobilize more than 50% of the workers' votes during the Kaiser Reich.¹⁵⁴

Since the 1960s and 1970s, mainstream Historiography has emphasized a Rye and Iron coalition between large estate-holders (Junker) and industrialists (Schlotbarone), represented by the Conservatives and National Liberals, as essential for Germany's political development throughout the Kaiser Reich. It seems that this coalition found it particularly difficult to prevail on social security. Only on old age and invalidity did it come close to a successful Rye and Iron compromise, and even this failed at the last minute.

What can be observed instead of a Rye and Iron coalition is a Rye and Rome coalition. In a way this was even a first inter-confessional compromise between Conservative Protestant Junkers and the Catholic Center. Many factors, from the bureaucracy and the Bundesrat to the liberals in parliament, had a share in diluting Bismarck's state socialist plans, nevertheless it was the catholic Center Party that became the most involved in social security.¹⁵⁵ Once Bismarck saw that he could not fulfill his state socialist worldview as planned, he opted for a pact with the lesser evil. Compromising with the Catholics seemed the far better way to reach the Bonapartist interest for his worldview than compromising with the democracy promoting liberals.

¹⁵⁴ Lepsius, M.R. (1993) pp. 45-46.

¹⁵⁵ This is certainly also a function of the fact that it was the only other subculture in the Reich next to the conservative one that was not too eagerly promoting democratization.

To sum up, the story that the two preceding chapters tells about the social question and social security diverges from most traditional explanations. The starting point is that the advent of a new social class during the second half of the 19th century meant that the existing subcultures (Conservative, Liberal, Catholic) had to offer something to this class that would inhibit it from fully joining the new emerging subculture of the Reich (Socialist). Modern state driven welfare was perceived as a tool to do so, and Bismarck was one of the first to understand this. Once Bismarck moved, he triggered a virtuous cycle of competition between all subcultures in which they each started to develop their own programmatic ideas of social security in order not to get sidelined in the legislative process. These ideas had to be strictly in line with the worldviews of the respective subcultures, though, as otherwise they would not fulfill the ultimate zeal of incorporating the new class into the worldviews of the underlying subculture. Thus Catholics developed Catholic welfare ideas and liberals developed solutions that were compatible with liberalism. Ideas and interests fused in the formulation of the respective programmatic ideas. This also explains the passivity of the Social Democrats in parliament when it came to welfare. Voting for, or even proposing, solutions for reform within the existing system was simply not in the interests of their (at that time orthodox) worldview. Welfare was then subsequently shaped in the Kaiser Reich's law-making institutional arena, i.e. in parliament, and the outcome was primarily a result of the ideational coalitions that were made possible by the compatibility between the different groups' programmatic ideas and incorporated interests.

5.5 A Counterfactual

The similarities between Bismarck's original state socialist social security intentions based on State Socialism and the Scandinavian concept of welfare open up space for some additional remarks with which I want to conclude. In fact, regarding his programmatic ideas, Bismarck's favorite coalition partner besides the Conservatives would have been the Social Democrats.¹⁵⁶ The crux was that this was precisely the party whose fundamentals Bismarck wanted to dry up with the legislation. Kaiser Wilhelm I begged Bismarck, in a letter of the 9th

¹⁵⁶ Yet another theoretical insight spins off from the fact that, due to the political constellation in the Empire in the 1880s, coalitions were inevitable if one wanted to successfully pass social policy legislation. What the empirical story unveils is that these coalitions were only possible when there was considerable ideational overlap on the issue at stake. This ideational overlap had to happen on both the political power dimension as well as the ideational societal dimension. If the overlap was not in place, a coalition would not come about.

November 1881,¹⁵⁷ not to repeal the socialist laws. This implicitly indicates that Bismarck had, sometime in the early 1880s, played with the thought of doing so. Due to the ideational affinities, it seems reasonable to assume that Bismarck would have been able to collaborate with the Social Democrats in order to get most of his ideas on state socialist social security through the Reichstag once the party would have gained enough seats through a lifting of the socialist laws. Bismarck sensed that he needed programmatic allies if he did not want to risk ending up with a social security system very different from his intentions. If the Emperor, who had survived two assassination attempts attributed to the social democratic milieu, had not forbidden Bismarck to lift the socialist laws, would a different outcome of German social security have been likely? It would appear so, as a Conservative-Social Democratic coalition on social security would have enabled Bismarck to come closer to State Socialism. The outcome of social security would have been closer to Scandinavian social security than it is the case today. It is proven that Bismarck met with the labor leader and co-founder of the Social Democrats, Ferdinand Lasalle, a couple of times to have conversations on the workers question. We also know that the Scandinavian welfare states were largely brought about through red-green coalitions between the landed large estate-holding elites and Social Democracy. The question is then: why Rye and Iron and not Rye and Labor? Considering that the social basis of the Conservatives in Germany was also formed of landed large estate-holding elites, a Conservative-Social Democratic coalition would have essentially been a red-green coalition in the same vein as the Scandinavian agreements. It seems that the Protestant Kaiser Reich was much closer to this scenario than welfare state research in political science and history has acknowledged so far.¹⁵⁸

Nevertheless, we also know that it did not happen. Bismarck could not form a coalition with the Social Democrats and had to turn to the Catholics as an alternative coalition partner. The resulting coalition with the Center Party came at a high price. First, Bismarck had to lift the restrictive measures on the Catholic Church through an easing of the Culture War (Kulturkampf) and, second, he had to reach a compromise on welfare legislation that

¹⁵⁷ 1881 November 9. Handschreiben des Deutschen Kaisers und preußischen Königs Wilhelm I. an den Reichskanzler Otto Fürst von Bismarck, printed IN: Ayaß, W., Tennstedt, f. & Winter, H. (2003) source No. 3, p. 8.

¹⁵⁸ But also far from it if one considers the small share of mandates of the Social Democrats in the Reichstag during the 1880s (max 35 seats out of 397). Though, they could have experienced a considerable boost if Bismarck had actively embraced them early on and not employed restrictive legislation on them. Potential for the Social Democrats was huge. In 1912 they became the strongest group in parliament with 110 out of 397 mandates.

led to the famous distortions of the Continental Welfare state system. To round it off, this failure to design German welfare institutions according to the premises of Bismarckian State Socialism also led to a failure of Bismarck's overall political project. The working class was not brought 'home' into the Reich and Social Democracy as a movement started to grow as never before.

6 Structuring Politics in Italy: Vicious Cycles of Ideational competition

They were aiming at the creation of a modern state in Italy, and they in fact produced a Bastard.

Antonio Gramsci¹

This Chapter paves the way for the analysis of modern social security development in Italy in the subsequent Chapter. The claim is that the special circumstances under which Italian unification unfolded led to an ideational stalemate between the Vatican and liberals, the two dominant political forces in post-unification Italy. This stalemate inhibited the unfolding of a virtuous cycle of ideational competition with retarding effects for the development of programmatic ideas on both sides. This forestalled Italy's development in the last third of the 19th century in three key eras: politics, industrialization and social rights. The first part of the chapter will analyze the Italian Risorgimento (Resurgence), and the subsequent political attempts that aimed at consolidating the young nation. Light will be shed on the predominance of political liberalism as an ideology, the institutional choices that this implied and the persistent hegemony of elites and their abuse of certain governance practice. Second, Italy's development as a late industrializer will be analyzed by paying special attention to the particularity of a huge rural proletariat and the development of an extreme imbalance between North and South. The last block will analyze the particularities of the conflict between the Vatican and the newly founded Italian nation-state. Due to the geographic overlapping of their territory, and the monolithic prevalence of liberalism within the state, this state-church conflict became much fiercer than in most other European countries and posed a heavier burden on the development of the new state than in most other countries. Understanding these three blocks which formed during the second half of the 19th century is not only key for understanding the development of Italian social security but it is also the fundamental starting point that enables us to understand the functioning of Italy throughout the 20th century. Much of the pathologies of today's Italy can be traced back to this period.²

¹ Gramsci, A. (1971) Cited in: Hoare, Q. & Smith, G. N. (eds.) *Selections of the Prison Notebooks of Antonio Gramsci*, London, Lawrence & Wishart, p. 90, cited IN: Carter, N. (2010) *Modern Italy in Historical Perspective*, London, Bloomsbury Academic, p. 1.

² So, for example, Berlusconi's style of governance in the first half of 2011 is similar to Depreti's and Crispis's governance style of Transformism (transformismo) in the 19th century.

6.1 Structure I - Politics

6.1.1 Unification (Risorgimento)

As the process developed, it looked increasingly like a political struggle between Piedmont-Sardinia and the papacy, between Prime Minister Cavour and Pope Pius IX.³

John Pollard on the Unification of Italy

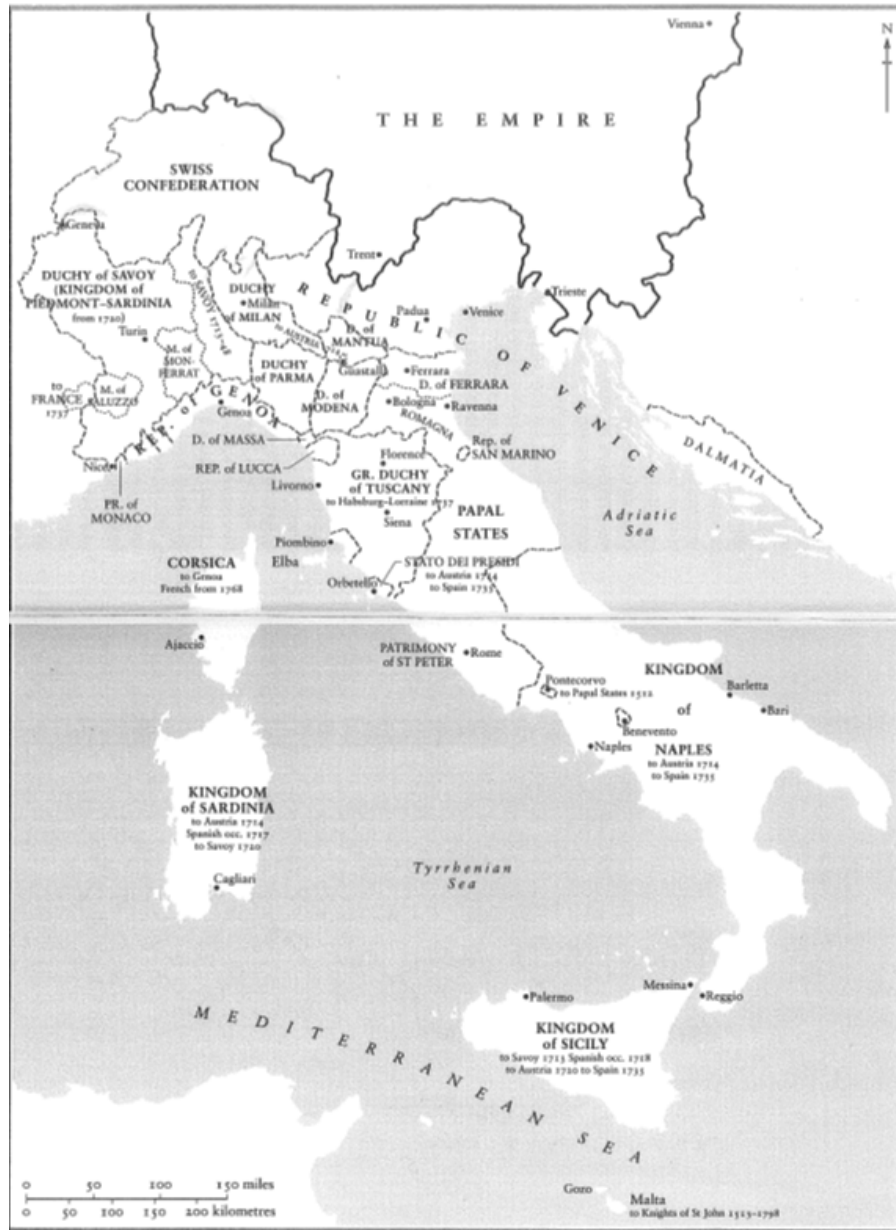
After the decline of the Renaissance (14th-17th century), Italian history was mainly one of foreign powers dominating and struggling on and over the peninsula. Like Germany, Italy was a patchwork, a territorial entity made up of many different heterogeneous states, city states and influence spheres of foreign countries. Only in the form of the Bourbon Kingdom of the two Sicilies in the South was there a comprehensive political entity, but the South was regarded by the Northern elites “as different order of civilization, more African than European”.⁴ Neither an Italian nation nor an Italian state existed. In particular, the three major Catholic powers of France, Austria and Spain were battling each other on what would become the Italian territory. This was an advantage for the Church as the papacy, located in the middle of the boot, could always easily find one party that guaranteed military protection. Davis notes that “Thanks to the protection of powerful foreign patrons the popes could afford to have the best dressed army in Italy since it served mainly for show.”⁵ Therefore, even if most of the peninsula was exposed to perpetual political conflicts and territorial shifts between rivaling local, regional and foreign power centers since the end of the Renaissance, there seemed to be one eternal constant on the peninsula in the political, temporal and spiritual power of the Catholic Church hierarchy. In fact at the end of the 17th century large parts of Italy were ruled by a theocracy whose territory covered most of the middle part of the peninsula. To sum up, during the first half of the 19th century Italy was far from being a nation or a state and politics in Italy can be summarized under three points: political fragmentation in the North, a Catholic theocracy in the middle and an extreme mental and physical disconnection of the North from the South.

³ Pollard, J. (2008) *Catholicism in Modern Italy. Religion, Society and Politics since 1861*, London, Rutledge, p. 23.

⁴ Duggan, C. (2007) *The Force of Destiny: A History of Italy since 1796*, London, Penguin, p. 195.

⁵ Davis, J. A. (2000) p. 2.

Figure 6-1 Map of Italy from Renaissance to French Revolution



Map from Duggan, C. (2007) p.xxiv.

Only Napoleon was able to break this pattern for a short period at the end of the 18th century but had to retreat after the old order had been restored by the Congress of Vienna

(1814-1815). The temporal power of the papacy was reinstated with Austria guaranteeing its security.

In the mid-19th century, like in most countries in Continental Europe, a number of liberal-democratic revolutions occurred in 1848-1849 in different Italian states. The result was a series of short lived republics and constitutional monarchies that sprawled throughout Italy. Most prominent was Mazzini's attempt who managed to temporarily remove the pope from Rome. Nevertheless, reactionary backlashes soon reestablished the old order, like elsewhere in Europe. However, the failed revolutions had two consequences that would haunt Italy for a long time to come: first, the temporal powers of the Pope were reinstated and he could keep most of the territory of the papal state. Second, the Kingdom of Piedmont-Sardinia, in the north-west of the country, saw its position strengthened through revolution and counterrevolution. Piedmont-Sardinia was the only Italian state that did not abolish its constitution, the Statuto Albertino, after 1848.⁶ Even though this constitution was far from liberal, it made Piedmont a constitutional monarchy with an elected parliament and constitutionally guaranteed civil rights.⁷ The symbolic political modernization that the constitution ascribed effectively laid the foundations for the leadership role that Piedmont would later take in the unification process. Under the Statuto Albertino, and the skillful prime minister Count Cavour,⁸ Piedmont started a process of agricultural, industrial, infrastructural, educational and administrative modernization that put it on a path of economic and political ascendance among the Italian states. Piedmont became in Italy a synonym for progress and liberalism.

Cavour knew that in order to cultivate the liberal image further, he had to cut back the power of the Church. In the 1850s he launched a small culture war. Like Bismarck, the prime minister wanted to introduce civil-marriage, reduce the Church's legal authority and ban religious orders.⁹ Catholics mobilized and got 60 of their deputies elected in the 1857 elections to the Piedmont parliament. In order to block legislation, the liberals and Cavour accused the Church of illicit indoctrination of voters, and cancelled many of the Catholic

⁶ Lönne, K. E. (1986) p.145.

⁷ Mack-Smith, D. (1989) *Italy and its Monarchy*, New Haven, Yale University Press.

⁸ "Cavour, the first Italian Prime Minister and one of the first European politicians of the century, combined liberal beliefs with a talent for diplomacy and politics that equalled Bismarck's", Mack-Smith, D. (1994) *Mazzini*, New Haven, Yale University Press, p. 1.

⁹ Lönne, K. E. (1986) p. 146.

mandates.¹⁰ Nevertheless, the Catholics managed to water down most of Cavour's culture war legislation. Cavour's failed Culture War in Piedmont showed him the limits of liberal policies in a predominantly Catholic country. The failed Culture War also provides a glimpse of something would haunt post-unification Italy for a long time to come, namely the constant conflict and partial stalemate between Church and liberal nation-building elites during the rest of the 19th century.

6.1.2 The house of Savoy and Unification

The revolutions of 1848 had been conducted under the banner of the Risorgimento (literally resurrection). The Risorgimento was an idealist-driven liberal movement that aimed to enable Italy to regain the mystical glory of ancient Rome and the Renaissance after all the years of turmoil, backwardness and foreign domination. It was a moment that aimed to "eradicate the vices that centuries of despotism and clerical rule had allegedly engendered".¹¹ There were two major strands of how to go about this within the Risorgimento movement. The Mazzinian republican branch emphasized a strategy from below, which sought the toppling of the old order through constant popular insurrection, the education of the masses and a replacement of the overarching power of Catholicism through a religiously spiritualized notion of the nation.¹² This was the vision and strategy of the Mazzinian revolutionaries and the so-called historic left (*sinistra storica*). The second current was embodied by Cavour and the historic right (*destra storica*). It favored a liberal national revolution from above through high politics, clever diplomacy and war, steered by Piedmont and under the banner of its Kings (House of Savoy).

The reactionary backlash that quelled the revolutions of 1848 were a decisive blow for the historic left and further contributed to its fragmentation into different political wings and sub movements such as Socialism, Anarchism and federalism. At the same time the *destra storica*, which had found a home in Piedmontese Liberalism, could capitalize on the strong expansionist ambitions of the Piedmontese Kings. Even if neither of Piedmont's dynastic rulers from the House of Savoy, Carlo Alberto, and later Vittorio Emanuele, were

¹⁰ This experience would be the foundation for the later boycott strategy of the Vatican which entailed ordering all Catholics not to vote at all in the new Italian nation state.

¹¹ Duggan, C. (2007) p. xvii.

¹² Duggan, C. (2007) p. xviii.

liberals, they knew that they had to form a pact with liberal forces if they wanted to become kings of Italy. The monarchy's traditional allies in parliament were the Conservative Catholic deputies, though these were reluctant to engage in a conflict with the papacy. As the papal territories split the peninsula in half, however, it became inevitable that the papal territories be circumscribed in order to unify Italy.¹³ The political and economic progressiveness¹⁴ and the expansionist zeal of its dynasty made Turin a hotbed for Liberals from all over the country. The openness of the dynasty to the new worldview of Liberalism paid off: Davis remarks that it "transformed the house of Savoy into a national monarchy even before the war of 1859."¹⁵

In fact, Piedmont was pushing for expansion whenever possible and it was convenient that France and Napoleon III were actively seeking to further diminish Austria's influence on the Peninsula. Piedmont formed a secret alliance with France and together they defeated Austria in 1859.¹⁶ The deal foresaw that, in case of victory, the Italian territories of Nice and Savoy went to France while Italy would take Lombardy from Austria in exchange. The strengthened Piedmont continued with its expansion plans and a year later Tuscany, Romagna and Parma were annexed. In September 1860, the Papal States were invaded resulting in the addition of the Marches and Umbria to Piedmont's territory on the 4th November 1860. By now, Piedmont's territory encompassed almost the entire upper half of the peninsula including Lombardy and the central Italian duchies, Tuscany and the northern parts of the Papal state. However, Italian unification was still far from being completed. Venice and the Veneto were still under Austrian control while Rome and some of the surrounding territories were under the temporal power of the Pope. In the South the Kingdom of the two Sicilies was still in place under Bourbon rule.

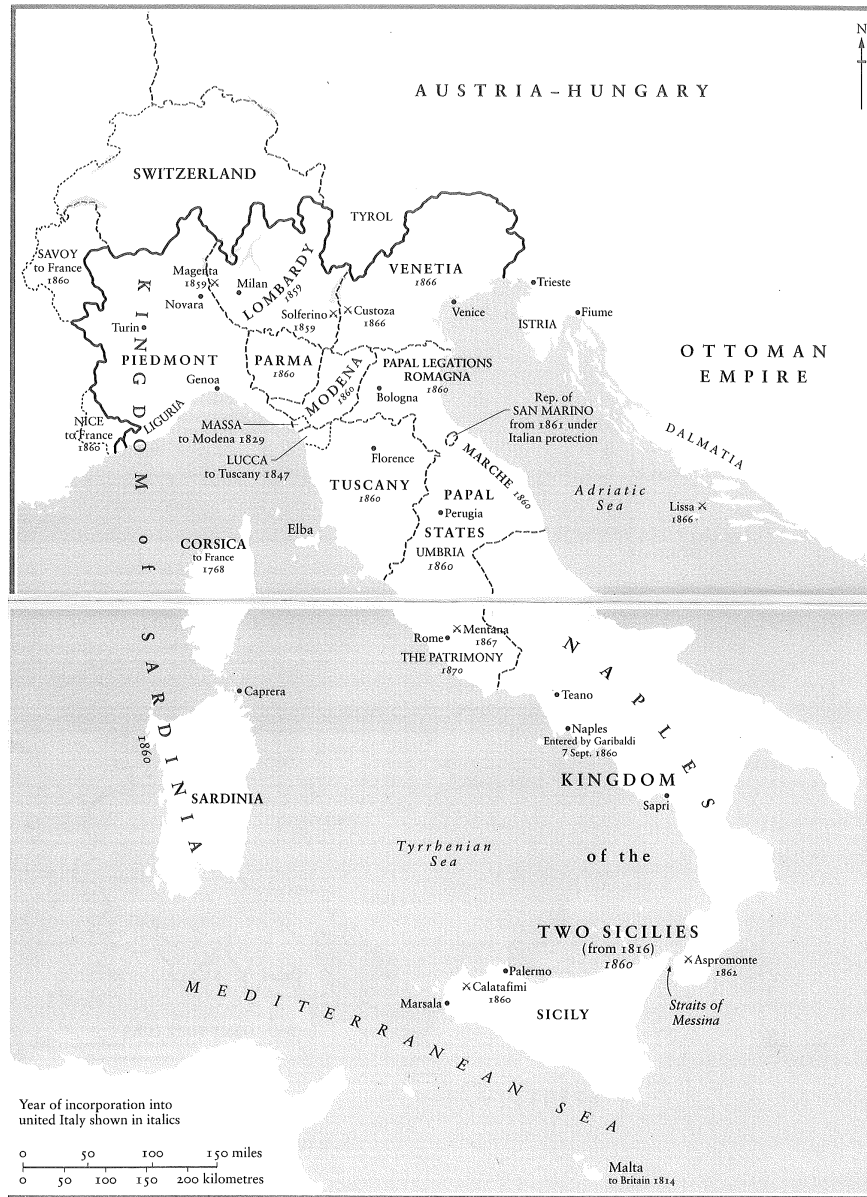
¹³ An additional factor that helped Piedmont to take a leading role in Italian unification was its special geo-strategic position in the 'European Concert'. It was a buffer state between the two major rivaling powers France and Austria. Piedmont could therefore, more than any other Italian state, risk war without fearing to lose territory in defeat. In fact, Piedmont could always play the two other major countries off against one another. It could count on being restored in its old boundaries by either France or Austria after any lost war.

¹⁴ Such as, for example, the railroad and industrialization program of Cavour.

¹⁵ Davis, J. (2000) p. 13.

¹⁶ Piedmont had already before lost two successive wars against Austria.

Figure 6-2 Map of the Unification of Italy 1815-1870



Map from Duggan, C. (2007) p. xxvi.

Nevertheless, things started to accelerate. Garibaldi had already some months earlier, on the 5th of May, started his epic Spedizione dei Mille (Expedition of the Thousand) that aimed at steering the Mazzinian revolt in the Kingdom of the two Sicilies. When Garibaldi

had conquered the Bourbon's territory and was preparing his final march on Rome, Cavour decided that – with France still in play as the protector of the papacy – the “Roman Question”¹⁷ was still too delicate to be tackled. In a move that risked civil war, Cavour decided to send Piedmont's Army through the papal territories in order to block Garibaldi from taking Rome. Garibaldi surrendered his command loyally to the King, thereby quenching the last hopes of the Italian Left for a Mazzinian unification. It was not the revolutionary liberals from the Left around Garibaldi that had unified Italy, but the Conservative Liberals around Cavour. Subsequently Vittorio Emanuele II was proclaimed King of Italy on the 17th March 1861 with Turin as capital. The Statuto Albertino, the Piedmontese constitution, became the new Italian constitution. Italy became a constitutional monarchy with two parliamentary chambers and guaranteed civil rights. The King was the head of state and had free reign to dismiss the executive and the parliamentary chambers, of which only one was elected in any case. However, as in the German empire, he needed parliament's cooperation to pass legislation. The Italian territories now encompassed most of the mainland and the islands. Missing were only the surrounded remains of the papal state with Rome at the center and the Venetian territories which were still under Austrian control.

Cavour's blocking of Garibaldi at the gates of Rome cemented the predominance of the Northern Piedmont system over the southern part of the peninsula. Similarly, the victory of the aristocratic large estate-holding Cavour over Garibaldi, the popular Mazzinian revolutionary democrat, also symbolized the prevalence of a heavily restricted constitutionally based elite politics from above instead of mass based democracy from below.¹⁸ Gramsci was not surprised by this failed “Jacobin” revolution but was puzzled why “passive revolution”¹⁹ also seemed to have failed in Italy. Even though Gramsci's main line of argumentation is that the Italian bourgeoisie had been too weak (due to too low a level of industrialization) for a successful “passive revolution” and therefore did not create an “extensive and energetic ruling class”²⁰ as was the case (at least as Gramsci interpreted it) in

¹⁷ The Roman Question refers to the status of the territory of the Papal state within the Italian state.

¹⁸ Mack-Smith, D. (1989) p. 3, p. 5.

¹⁹ Gramsci, cited IN: Carter (2010) p. 10. Historians writing in the Gramscian tradition have made similar arguments in many variations. See for example: Sereni, E. (1968 [1948]) *Il capitalismo nelle campagne (1860-1900)*, Torino, Piccola Biblioteca Einaudi.

²⁰ Gramsci, cited IN: Carter (2010) p. 10.

Germany, he also points out that the destra storica “did not succeed; at integrating the people into the framework of the new state”.²¹ Indeed, as D’Azeglio famously put it: “Italy had been made, but the task of making Italians had still to be accomplished.”²² I would take this even further and argue that in Italy the primary problem does not seem to have been that the people were not integrated into the state. Rather, the new ruling elites of the destra storica did not seem to care about integrating the people under their liberal Conservative worldview or thereby dragging them away from the paramount influence and hegemony of the Catholic Church.²³ This was problematic in the long run. Mazzini had been well aware of the power of the Church and had admitted in 1848, when observing a mass in front of St Peter’s, that “This religion is strong, and will remain strong for a long time to come, because it is so beautiful to the eye.”²⁴ Therefore, Mazzini’s revolutionary concept foresaw also a gradual replacement of Catholicism with a religiously spiritualized idea of the nation. Mazzini’s aim was to build a national liberal subculture under the umbrella of such a spiritualized national worldview. One step was certainly the foundation of the Action Party (Partito d’Azione, 1853-1867). The destra storica and the Savoyans had no such concept for a formation of the nation from below. Cavour had ideas about a great society project, inspired from his journeys to Britain, but had already died by 1861.²⁵ The Savoyans were largely indifferent to any such project while the destra storica did not grasp the necessity of what Bismarck had called in Germany the “internal refurbishing of the Reich” (innere Reichsgruendung). Therefore, the destra storica engaged in little more than mere symbolical modernization-oriented state- and nation-building. It neither fostered the building of a liberal subculture nor of a liberal party. Furthermore, the power of the Vatican was significantly weakened but not entirely broken. The Pope lost his territory but not his spiritual power. During the coming decade, the Vatican would embark on a series of doctrinal reforms in order to compensate for its loss of temporal territory and power that would restore the Pope as one of the most influential figures on the Italian political scene.

²¹ Gramsci, cited IN: Carter (2010) p. 10.

²² D’Azeglio quoted IN: Duggan, C. (2007) p. xviii.

²³ I build this argument also in large parts on the wonderful works of scholars such as Mack Smith and Romanelli who founded the “revisionist” tradition of Italian historiography that argues that it was the degeneration of Italian liberalism itself that led to the degeneration of the Italian polity in the late 19th century. Mack Smith, D. (1969) *Italy: A Modern History*, Ann Arbor, Michigan University Press; Romanelli, R. (1988) *Il commando impossibile: Stato e società nel Italia liberale*, Bologna, Il Mulino.

²⁴ Mazzini, cited IN: Duggan, C. (2007) p.132.

²⁵ Mack-Smith, D. (1989) p. 6

Italian unification had therefore produced and altered the political power balance between the different prominent worldviews on the peninsula (liberalism on left and right, Catholicism) but none of them, not even the Catholic one had produced subcultures like the dense webs of societal organization that had sprawled and segmented society in imperial Germany. Subsequently, post-unification 19th century Italy would also not see the emergence of modern mass parties.

6.1.3 The conquest of Rome

Bismarck's wars against Austria and France in the run-up to German unification crippled the two major Catholic continental powers. In 1866, the Venetian territories went to Italy after Prussia defeated Austria and the third war of Italian independence ended with a partial victory for Piedmont. Four years later the Prussian victory in Sedan weakened the French to an extent that they could no longer guarantee the security of the papacy in Rome. As a consequence, Italian troops broke through the walls of the eternal city on the 20th September of 1870 and ended a Millennium of temporal papal power. Italian unification had finally been achieved geographically, some ten years after the Italian state had first been proclaimed.

The taking of Rome and the final dismantling of the temporal power of the Pope made Italy the embodiment of new secular values in Europe. Liberals all across Europe, and especially Protestants, heralded the alleged secular progressiveness of the country. Davis comments that "For that reason, many saw in Italy's unification both the close of the European ancient regime and the demise of the Catholic Europe."²⁶

However, the outside world had not fully accounted for the resilience of the traditional sociopolitical institutions in Italy. The sacking of Rome and the confinement of the Pope's temporal powers (worldly powers vis-à-vis spiritual powers) to within the walls of the Vatican had only patched over the old power constellations in Italy. Even after unification, politics remained dominated by the North and the Piedmont oligarchy. It was a top down elite business based on an extremely curtailed franchise, to the extent that democrats like Mazzini called unification a "conservative betrayal".²⁷ The new liberal ruling class was not

²⁶ Davis, J. A. (2000) p. 2.

²⁷ Davis, J. A. (2000) p. 19; Duggan, S. (2007) p. xix.

only too elitist but also far too afraid to extend suffrage further as it feared the grip of the Church on the illiterate masses and the potential power of the new subcultures and worldviews of anarchists and socialists.²⁸ Furthermore, the completion of unification through the conquest of Rome had ultimately infuriated the Vatican. Pope Pius IX withdrew into the Vatican City and highly symbolically declared himself a prisoner of the liberal state.²⁹ Nevertheless, despite its temporal defeat the Vatican was far from giving up and during the course of the decade it remodeled its strategy and shifted its power from the temporal to the spiritual. In 1866, Pius IX issued the anti-liberal Syllabus of Errors and proclaimed papal infallibility on the first Vatican Council in 1870.³⁰ The two documents greatly enhanced the Pope's grip on the Church hierarchy and believers and, by highlighting the distinctions between the liberal and the Catholic worldviews, they resulted in a clear statement of their incompatibility. On the 19th February 1868, the apostolic penitentiary issued the Non Expedite.³¹ Under the formula "neither elector nor elected" it ordered all Italian Catholics to abstain from either voting or running for any national public office.³²

The Pope's actions aimed directly at sabotaging the nation-building project of the *destra storica*. Cavour's dream of a "free church in a free state"³³ remained a utopia. What unfolded instead was an extremely long and deleterious state-church conflict that should last for over sixty years until it came to an end with the Lateran treaty in 1929.³⁴

Its consequences were devastating. The Bi-Polar stalemate between the two major political and social forces in Italy led to them retreating to their arch-orthodox positions and the programmatic non-development of both camps. Given the peculiarity of both

²⁸ Davis, J. A. (2000) p. 19.

²⁹ He would not leave the Vatican city anymore till he died.

³⁰ Through the introduction of the Syllabus of Errors, papal infallibility and the Non Expedite.

³¹ The apostolic penitentiary is the highest Catholic court of appeal.

³² Lönne, K. E. (1986) p. 203. The impact of the Non Expedite was in general stronger in the north than in the South where clerical supervision was lower. Besides heavily de-legitimizing the state, the immediate effects were a suppression of turnout and the non-formation of a Catholic party as well as a great retardation in the diffusion of Catholic associations.

³³ Lönne, K. E. (1986) p.146.

³⁴ Though there were signs of a general relaxation between both sides during the Giolitti era after the turn of the century. The upcoming of Socialism and Anarchism as new political forces made like in Italy a collaboration between the old "isms" much more feasible. Non expedite was relaxed and the brief "spring" in the cold war between state and Vatican saw as a side effect the slow unfolding of the Christian Democratic movement around personalities such as Don Luigi Sturzo and Romolo Murri.

worldviews, this resulted in what I call here a perverse fit or a “good trick”.³⁵ While Italian Liberalism could fall back on its 18th century programmatic positions of laissez faire, the Catholic Church was happy to protect its own backyard by referring to the programmatic idea of subsidiarity. Both solutions were acceptable within each worldview and they were perversely compatible with one another. The programmatic ideational stalemate between Church and destra storica Liberals led, in the last quarter of the 19th century, to a retardation of Italy’s development and veiled a limited stateness that haunts Italy to this day.

The effects on the political level were that the extension of franchise and the opening of the political institutions was postponed until well into the 20th century (full male suffrage 1910 – 40 years after Germany, female suffrage 1945 – 17 years after Germany).³⁶ Meanwhile, on the economic level, Italy found it difficult to advance without a state-driven and coordinated Import Substitution Strategy which postponed industrialization to the 20th century. Finally, on the social level, social right in terms of social security were not granted up till to the 1920s.

Despite the euphoria that emerged around unification, the Risorgimento had produced several strong historical trajectories that would be hard to escape in the post-unification development.³⁷ In the next section we will take a closer look on how these pitfalls played out in the further evolution of Italy.

6.1.4 Politics: Post-Unification Liberal Italy

The period from unification up to the turn of the century can roughly be divided into three phases: the time of the historic right (destra storica, 1849-1876), the period of the historic left (sinistra storica, 1876-1896) and then the era of Giolitti.

The destra storica was not a party in the modern sense but rather a loose agglomeration of deputies. They were mainly aristocratic landowners, followers of Cavour

³⁵ Dennett’s point is that design might not necessarily need a designer. Instead, natural selection is a blind process which is sufficient enough to explain evolution. Dennett, D. C. (1995) *Darwin’s dangerous Idea: evolution and the meaning of life*, New York, Simon & Schuster.

³⁶ Not to mention the female suffrage which was introduced in Germany in 1918 and in Italy only after worldwar two.

³⁷ Romanelli, R. (1979) *L’Italia Liberale*, Bologna, Il Mulino, pp. 87-114.

and supporters of the house of Savoy. As they had no common program beyond that of unification, it is hard to grasp their programmatic ideas. Their political worldview was closely linked to the concept of the night watch state. They advocated limited state intervention, a reduced foreign policy profile and a quick consolidation of the debt inherited from the pre-unification states. Their idea of the state was one that guaranteed law and order inside the territory and provided protection from outside threats. The *destra storica* was suspicious of both “‘black’ intrigues sponsored by the Vatican and republican agitation encouraged by the heirs of Mazzini”.³⁸ It was, in a way, ideologically squeezed between the republican left and the Church. Clark describes their deputies as “admirably competent and disinterested”³⁹ which meant that they were usually disgusted by the rampant favoritism in parliament but also not very active in fighting it.

Once the unification euphoria had dissipated, it became ever more obvious that the new born state found itself confronted with enormous problems of societal dislocation and economic backwardness in the South. The unwillingness of the northern liberal political establishment to deal with this, along with the reluctance to deliver on key liberal issues of democratization, led to the erosion of the right parliamentary majority during the 1880s. In fact, no social reforms aimed at alleviating the situation in the South were enacted. The credo of the *destra storica* had been a blind liberalism that proclaimed social problems would vanish through progress – but progress simply did not come about, especially not in rural southern Italy.⁴⁰ The right lost its majority as early as 1874. By 1878 the Left was able to install the former Mazzinian, Augustino Depretis, as prime minister with promises of far reaching liberal and democratic reforms, especially an extension of the franchise that had not been significantly extended since the beginning of the *Risorgimento*. Before the first reform in 1882, in order to vote one had to be male, over 25, literate and paying at least 40 lire in taxes annually. This meant that in 1870 only approximately 500 000 men had the right to vote out of a total population of 25 Million.

As the republican current in the liberal movement, the historic left were the heirs of Garibaldi and Mazzini, while the right stood in the tradition of the liberal Conservative Cavour. That said, the historic liberal left, like the right, was not a modern programmatic

³⁸ Carter, N. (2010) *Modern Italy in Historical Perspective*, London, Bloomsbury Academic, p. 3.

³⁹ Clark, M. (1984) p. 62.

⁴⁰ Romanelli, R. (1979) pp. 183-198.

party but rather a loose coalition of deputies.⁴¹ It could also not draw on any organized subculture. Deputies from the sinistra storica were left liberals, middle class, and usually lawyers. They were against the house of Savoy and indulged in a stronger anti clericalism than the destra storica. A significant group of them represented the southern large estate landholders. They saw the state as a cash cow, and wanted to extract public works and public jobs from it. Salvemini might have been too drastic in describing them as “unscrupulous manipulators and common fixers, with no personal conviction and no dignity”⁴² but their behavior certainly went in that direction. The rent-seeking and patronage constituency that these deputies fostered had a deleterious long-term effect on the political culture of the South.

Despite having run on a Mazzinian platform that argued for suffrage extension, once in office the new Prime Minister Depretis continued business as usual and enacted no immediate democratic reforms.⁴³ The economic situation in the South further deteriorated due to the impact of a crisis in the world grain markets in the 1880s.⁴⁴ Riots and civil disobedience spread across the South. The first strikes of land labor in the Po-valley and the assassination attempt by an anarchist cook on the King in November 1878 brought the historic left to the conclusion that Italians were not yet ready for democracy. In fact, the liberal political establishment became deeply afraid of a potential radicalization of the electorate. Not only did they fear the extreme left but they also hypothesized that an extension of suffrage would allow the Church to guide the votes of millions of illiterate Italians against the liberal state. Carter remarks that the “perceived threat to the liberal state posed by Socialism and Catholicism, meant that the politicization of the nation [...] could not be considered.”⁴⁵

The new election law enacted by the historic left therefore still resulted in a heavily curtailed franchise. Wealth was removed as primary source of the eligibility to vote in the election law from 1881 but its replacement with literacy only led to suffrage extension from 620,000 to two million voters out of a total of 25 Million inhabitants. Furthermore, “organized political parties were regarded as politically threatening the liberal state”.⁴⁶

⁴¹ Duggan, C. (2000) p. 161.

⁴² Cited from Clark, M. (1984) p. 63.

⁴³ Carter, N. (2010) p. 4.

⁴⁴ Torp, C. (2010).

⁴⁵ Carter, N. (2010) p. 20.

⁴⁶ Carter, N. (2010) p.20.

Depretis developed a new tool of governance, the so-called transformismo (transformism) which would have a dire long-lasting impression on the Italian polity.⁴⁷ Transformismo⁴⁸ is a technique of governance that is based on alternating ad hoc parliamentary coalitions.⁴⁹ Depretis and his successor as Prime Minister, Francesco Crispi, fully based their governance on this technique. There were two main effects: on the one side the already murky distinction between left and right parliamentarians further deteriorated, which effectively put an end to competition on programmatic ideas that had existed between sinistra storica and destra storica. Furthermore, transformism disabled one of the most fundamental mechanisms of democracy, namely the possibility to vote a government out of office. Transformismo was based on loose ad-hoc majorities of single deputies, which made it almost impossible to affect the make-up of the government through elections.

The election system worsened the effect of transformism. The single member districts with a second round run-off established a very tight connection between the politician and his constituency.⁵⁰ Coupled with the heavy franchise restrictions the election system guaranteed that the old liberal establishment would find its way into parliament without being exposed to competition. In addition, the Pope's Non Expedite from 1868, which forbid Catholics to vote or to run for public office in the Italian polity,⁵¹ only exacerbated the situation. These factors together meant that in 1874 a successful candidate had on average only to secure 426 votes. In other words a politician in post-unification Italy only needed to patronize 426 people in his constituency to become perpetually reelected. He had little worry for the rest of the strong population. Programmatic ideas were not needed to rally this small amount of votes. Instead, the lack of cohesion of government majorities meant that ministers could be easily put under pressure to transfer certain goods to certain constituencies in order to stabilize government.

⁴⁷ Crispi, the prime minister following Depretis in office, decried Crispi's transformismo governance as "parliamentary incest" only in order to later embrace it when he himself became Prime Minister. Carter, N. (2010) p. 4.

⁴⁸ Mack Smith, D. (1969) p. 110.

⁴⁹ Salvadori, M.L. (1994) *Storia d'Italia e Crisi di Regime*, Bologna, Il Mulino, pp. 30-32.

⁵⁰ Steinmo describes a similar effect for the US system. Steinmo, S. (1993).

⁵¹ 'Non Expedite' was the Pope's reaction to the conquering of Rome by the Liberal Italian state. It implied that every Italian Catholic should abstain from any form of participation in the new state. Catholics should not vote nor should they run for office. The aim was to sabotage the legitimacy of the new state.

Clark describes 19th century parliament in Italy as a place “where favors were traded”.⁵² Deputies would pressure ministers for favors for their constituency in order to secure re-election.⁵³ The Prime Minister’s job, meanwhile, was one “of creating and holding together a shifting coalition of support by persuasion and patronage.”⁵⁴ The pre-republican roots of patronage and clientelist vote connections in Western European highly industrialized countries, that scholars like Kitschelt and Wilkinson⁵⁵ are puzzled about, were established in this period.

The immediate results of transformismo governance were very short-lived cabinets that usually consisted of the same people⁵⁶ who rotated between ministerial portfolios. Like after World War Two, Liberal Italy displayed extraordinarily high frequency of government turnover.⁵⁷ The first 32 years following unification saw 28 different governments come and go. If the government went into crisis, as it frequently did, the King consulted with the leaders of the strongest groups in parliament and appointed a new Prime Minister. Only if the parliament became totally unmanageable, did the King dissolve it and call for new elections. These ever shifting ad hoc coalitions made stable and farsighted governance impossible. Instead, “parliament came, in the 1880s more and more to resemble a cattle market”⁵⁸ as Duggan notes before citing a parliamentarian that describes the Chamber of deputies in 1880:

You should see the pandemonium in Montecitorio [the seat of the Chamber of Deputies] when the moment approaches for a solemn vote. The government’s agents run through the rooms and corridors trying to win support. Subsidies, decorations, canals, bridges, roads – everything is promised; and sometimes an act of justice, long denied, is the price of the parliamentary vote.⁵⁹

Needless to say, single canals or decorations could not replace a cohesive program that would have tackled the heavy socioeconomic problems in the South. Some historians argue

⁵² Clark, M. (1984) p. 61.

⁵³ For an excellent description of the clientelist practices and election rigging in the Italian Parliament during the late 19th century, see Mac Smith, D. (1969) pp. 220-221.

⁵⁴ Clark, M. (1984) p. 61.

⁵⁵ Kitschelt, H. & Wilkinson, S. (2007).

⁵⁶ Usually no more than one or two ministers were substituted when a government fell and a new one formed.

⁵⁷ The First Republic is usually referred to as the after-war period from 1945 up to the early 1990s, an era characterized by virulent government instability.

⁵⁸ Duggan, C. (2000) p. 164.

⁵⁹ F. Crispi, *Discorsi elettorali 1865-1886* (Rome, 1887), p. 230. Cited IN: Duggan, C. (2000) p. 165.

that transformismo was “not necessarily deleterious”⁶⁰ while some proponents of Italian historicism, such as Benedetto Croce⁶¹ and Federico Chabod,⁶² even interpreted transformism and the restriction of the franchise as the masterly rescue of the Italian nation state by liberalism from the destructive forces of the Church, Radicals and Socialists.⁶³ I rather side with the interpretation of Italian citizens who labeled their parliament in 1880 “a term of abuse, a synonym for opportunism and corruption.”⁶⁴ The very special vote connection between the politician and his constituency enabled the facile sliding from the provision of club goods, to a spoils system and in the end to blatant corruption. The decision to fortify the political system against any influence from below constituted the final selling out of the independent liberal (democratic) worldview. The consequences were huge. Neither Liberals nor Catholics built up parties or modern mass political organizations. In the dawning age of mass politics, where such organizations were emerging all over Europe as a response to ever increasing political input and demands from below, the non-development of these forms of political organization resulted not only in the stunted growth of the Italian political system but also to the absence of many integrative channels and buffers. More openness in the political system could, for example, have allowed that arena be used to integrate and dissolve parts of the friction between Church and State. Yet the liberal elites were too scared to do so. The price was high. The political system degenerated ever more into clientelism and corruption.

⁶⁰ Duggan, C. (2000) p. 163.

⁶¹ Croce, B. (1977 [1928])

⁶² Chabod, F. (1976)

⁶³ Whether the curtailing of the franchise and the armouring of the political system by the post-unification Liberal elites in Italy was good or bad is a central subject in Italian historiography. In contrast to Croce and Chabod, historians from the Gramscian or Marxist tradition, like Sereni, have interpreted it as the inescapable result of the incomplete Italian revolution which retained too many elements of the old feudal order. The revisionists instead interpret the franchise restriction, similar to Croce and Chabod, as one born out of the fear of the Catholics and Socialists. However, the conclusion of revisionists like Mack Smith and Romanelli differs as they see it as a fundamental programmatic and organizational degeneration of the Liberal movement itself which paved the way for a long line of autocratic rulers starting with Crispi and ending with Mussolini. See: Chabod, F. (1976) *Storia della politica estera italiana dal 1870 al 1890*, Bari, Universale Laterza; Croce, B. (1977 [1928]) *Storia d'Italia dal 1871 al 1915*, Bari, Laterza; Sereni, E. (1968 [1948]); Mack Smith, D. (1969); Romanelli, R. (1988).

⁶⁴Duggan , C. (2000) p. 164.

6.1.5 And yet it moves? From Depretis to Crispi

The type of politics that this system produced, in which all pressing social problems went virtually untouched, found its personification in Prime Minister Agostino Depretis. Facing strong public pressure generated by the European race for colonies, Depretis launched an ill-advised and very badly equipped Italian colonial experiment in Ethiopia in 1885 that ended in utter failure. Dennis Mac Smith notes that “Bismarck’s comment was that Italy had a large appetite but poor teeth.”⁶⁵ Depretis died shortly thereafter and the young and aspiring Crispi, who was known for his agitation on the rampant clientelism in parliament, became Prime Minister in July 1887.

Crispi’s charisma made him the long awaited ‘messianic’ politician that could finally translate the promises of the ‘Risorgimento’ into reality.⁶⁶ He was the first Italian politician that enjoyed support both from the public and parliament.⁶⁷ Crispi wanted to build a strong nation state and turned to Bismarck’s nation building strategy across the Alps for inspiration (Crispi even started to cut his beard in the same way as Bismarck).⁶⁸ His first term in office from 1887-1891 was therefore characterized by an accelerated pace of reform that tried to deal with the pressing social and economic needs that had gone untackled during the “years of inertia”⁶⁹ under the Depretis governments. Crispi reformed the penal code, which yielded better protection for labor from capital. Furthermore, Bismarck’s policies of the 1880s suggested to Crispi that welfare was key for internal consolidation. Therefore, he brought the mostly Church-run welfare system of Operé Pie, on which approximately six million Italians relied during the 1880s, under state control.⁷⁰ He was the first to tackle the issue of welfare, but the reforms were more cosmetic than real reforms of Bismarckian dimensions. It was a classic Italian discrepancy between “paese legale” and “paese reale” (between rules and realities) as, in reality, the Church kept most of its control. He pushed for more

⁶⁵ Mack Smith, D. (1969) p. 181.

⁶⁶ Ganci, S.M. (1980) Il decennio crispino, IN: Cherubini, G., Della Peruta, F., Lepore, E., Mazza, M. Mori, G. Procacci, G. & Villari, R. (eds.) *Storia della Società Italiana*, Vol. 19, La crisi di fine secolo (1880-1900), Milano, Teti, pp. 139-196.

⁶⁷ Duggan, C. (2000) pp. 172-173.

⁶⁸ For a comparison of the beards see Illustration No. 14 between pp. 192-193 IN: Duggan, C. (2007). Crispi was the first to advocate a strong state. This is why he is, for most liberal historians from the historicism branch like Croce, Chabod and Romanelli, the person after whom the liberal nation building project took the wrong turn that brought Italy in the end a fascist regime in the 1920s.

⁶⁹ Duggan, C. (2000) p. 174.

⁷⁰ Duggan, C. (2000) p. 174.

democracy in order to bring the state closer to the people and introduced municipal elections, especially of mayors, which had theretofore been appointed by the government. This doubled the franchise to four million voters for local elections. Crispi tried to construct the Italian nation (*patria*) by introducing numerous national celebrations and by commissioning pompous monuments such as the typewriter (Monumento Nazionale a Vittorio Emanuele II) in the heart of Rome. He even aimed for a war with France in order to boost Italian nationalism. Crispi's dream was an alliance with Germany and a victory over France which would result in a Continental Europe dominated by Germany and a Mediterranean under Italian control. Bismarck, however, was reluctant to play along and did not want to join this adventure. Crispi tried several times to provoke France but after three years of heavy military spending and an ever growing budget deficit not much had happened.⁷¹

His record on welfare and the economy was not much better. The economic and social situation deteriorated further at the beginning of the 1890s. In the South, an open rebellion of leftist farm workers, urban proletariat and minors (*Fasci siciliani*) had broken out.⁷² The rise of the labor movement worried the liberal elites, while anarchist bomb attacks were also frequent and the state was basically bankrupt. Crispi managed to suppress the *Fasci* uprising in Sicily, but was eventually crushed by a huge banking scandal which spread into a political scandal that implicated most of the parliament, even allegedly including the King and Crispi himself. In this moment of crisis, Crispi desperately needed political success. He opted for a colonial adventure. The result was the extremely humiliating defeat of Italian troops in Ethiopia, which was in fact the biggest defeat of any European nation on the African continent. The historian Dennis Mack Smith remarks that "In one single day, as many Italians lost their lives as in all the wars of the *Risorgimento* put together."⁷³ This was the last nail in the coffin of Crispi's political career. The last decade of the century saw Giovanni Giolitti take over as Prime Minister.

⁷¹ A court-organized plot ousted Crispi in 1891 but he was soon reappointed to help solve the insurgency of the *Fasci* in the South.

⁷² The *Fasci siciliani* were a socialist mass movement that came to light between 1891 and 1893 and was brutally suppressed by Crispi.

⁷³ Mack Smith, D. (1969) p. 185.

Giolitti became finance minister in 1889 under Crispi and for then Prime Minister for first time in 1892.⁷⁴ His role was interrupted by the Conservative governments of Antonio di Rudini (1891-1892 and 1896-1898) and General Luigi Pelloux (1898-1900). Crispi had tried to form the patria (the nation) through symbolic construction projects and a high profile foreign policy, but his economic and social reforms remained halfhearted. Giolitti, on the other hand, was convinced that only by solving the social and the southern questions could Italy take its much sought after seat at the top table of the European nations. Dennis Mack Smith sums up these differences when commenting that “Few politicians since 1861 had ever had time to wonder how far a regime of liberty was possible while some people were on the point of starvation”.⁷⁵ Similarly to Bismarck, Giolitti perceived social security as a political device that could help him to bind the precarious to the new nation by means of social welfare provision. Though, his approach was slightly less Bonapartist. In September 1900 he declared:

Sonnino is right in saying that the country is sick politically and morally, but the principal cause of its sickness is that the classes in power have been spending enormous sums on themselves and their own interests, and have obtained the money almost entirely from the poorer sections of society. We have a large number of taxes paid predominantly by the poor, on salt, on gambling, the *dazio* on grain and so forth, but we have not a single tax which is exclusively on wealth as such. When in the financial emergency of 1893 I had to call on the rich to make a small sacrifice, they began a rebellion against the government even more effective than the contemporary revolt of the poor Sicilian peasantry and Sonnino who took over from me had to find the money by increasing the price for salt and the excise on cereals. I deplore as much as anyone the struggle between classes, but at least let us be fair and ask who started it.⁷⁶

How strongly Giolitti differed from Depretis’ and Crispi’s approaches can be derived from another quote:

If you wish to defend our present institutions, you will have to persuade these new classes that they have more to gain from these institutions than from utopian dreams of violent change [...] It depends on us whether they will turn out to be a conservative force, a new element in the greatness and prosperity of the country, or a revolutionary force for its ruin.⁷⁷

This quote exemplifies how close some of Giolitti’s and Bismarck’s perceptions of social policy were, but it also shows how they diverged on others. Both men saw that

⁷⁴ Though, his real career should only start a decade later. His almost uninterrupted time as prime minister from 1901 till 1914 is labeled the Giolittian Age.

⁷⁵ Mack Smith, D. (1969) p. 189.

⁷⁶ Giolitti in a speech in September 1900. Cited IN: Mack Smith, D. (1969) pp. 214-215. Sonnino was one of the first Italian politicians that carried out empirical research to solve the “Southern Question”.

⁷⁷ Giolitti cited IN: Mack Smith, D. (1969) p. 215.

revolution could only be forestalled through preemptive etatist social welfare measures. However, Bismarck had long since developed programmatic ideas like State Socialism that guided him on how to do this while such efforts were absent in Giolitti's thinking.

To sum up: The stalemate between the Italian liberal state and the Vatican that arose from the specific conditions of the unification process led to the stunted development of the Italian political system. Full male suffrage was only introduced in 1910, forty years later than in Germany. Transformismo governance saw liberal politics systematically exclude the masses. But this short-circuiting of the political system had dire consequences. The absence of a mechanism that allowed for voting the political elites out of office led to rampant favoritism and corruption within the system and a further deterioration of its legitimacy. The first politician who wanted to break the stalemate between Church and State and eradicate corruption and clientelism in parliament was Crispi. He broke the truce between Church and Liberalism and actively went against the Vatican especially in the field of welfare, yet with little tangible success. Even worse, Crispi became quickly coopted into the system he was fighting. Having campaigned against his predecessor Depretis by decrying transformismo as "parliamentary incest"⁷⁸ he soon was to become one of the most skillful masters of transformismo himself.

6.2 Structure II: Capitalist Industrialization

Compared to the leading European countries, Italy was a very poor society at the time of unification. The peninsula's GDP per capita was half that of Britain⁷⁹ and the average Italian was less well-off than he had been in the 16th century. The mortality rate of 23% in 1870 was higher than in Romania and Spain and life expectancy at birth was, at 32 years, lower than the British and German rate.⁸⁰ Access to education was limited which resulted in 60% males over the age of six, and 75% of females, being illiterate. Nevertheless, aggregated figures do not tell us much about reality as they patch over the huge regional differences within the country, between North and South but also between the north-east, the north-west and the islands. An analysis of the economic development of Italy in the 19th century

⁷⁸ Crispi cited IN: Carter, N. (2010) p. 4.

⁷⁹ Carter, N. (2010) *Modern Italy*, London, Bloomsbury Academic, p. 28.

⁸⁰ Carter, N. (2010) p. 28.

has to start with two important insights: the conditions for agriculture were very difficult in most parts of the peninsula and raw materials were basically absent.⁸¹

6.2.1 Agriculture and the Southern Question

Two thirds of Italy's working population was employed in agriculture in 1870 but the sector was hardly one that could alone catapult Italy among the advanced capitalist nations.⁸² Clark dryly notes that "The myth of Italy as 'the garden of Europe' was a myth, no more."⁸³ Two thirds of Italy's surface was mountainous or hilly and therefore hard to cultivate. Furthermore, most of the valleys in the South were uninhabitable due to the widespread presence of malaria. Agriculture was heavily fragmented between different regions, not only due to differences in soil quality but also as a result of different land-tenure systems and methods of cultivation.

In the fertile northern plains capital investment (and return) was high. The farms were run by professional farmers who had long term lease contracts and therefore also long-term perspectives. The use of waged agricultural laborers, modern irrigation methods, specialization in particular products such as rice or cheese, and bonus systems for increases in productivity made the northern plains the most productive zone of Italian agriculture.

The 'mezzadria', a special type of share cropping system was dominant in the central-upper Italian regions of Tuscany and Umbria.⁸⁴ This system guaranteed a parcel of land to the farmer who had to give half of his production to his landlord in return. The landholding elites in Tuscany saw this model as a guarantee for social peace. On the other hand, it inhibited the modernization of agriculture and kept production low, also because loans to sharecroppers to modernize means of production were nonexistent.

In the South, including Lazio and Campania, the famous 'latifundium' were predominant.⁸⁵ These were huge and vast stretches of land belonging to mostly absentee

⁸¹ This is in fact a point especially stressed by historians like to stress who write in the tradition of historicism like Benedetto Croce. They do not see the late economic development as the failure of the liberal policies of the Destra Storica but instead as the natural outcome of Italy's unfavourable starting conditions.

⁸² Carter, N. (2010) p. 28.

⁸³ Clark, M. (1996) p. 12.

⁸⁴ Zamagni, V. (1993) *The economic history of Italy 1860-1990*, Oxford, Clarendon Press, p. 19.

⁸⁵ Zamagni, V. (1993) pp. 21-25.

feudal landowners that were used as grazing land or for inefficient grain production.⁸⁶ They were usually leased to wealthy middle men that relied on precarious day-laborers to cultivate them. As geographic and climatic conditions were harsh (drought, soil erosion, swamps), there was a constant oversupply of labor that eventually only eased with the beginning of the big exodus overseas and the migration movement to the North once industrialization took off. As a general rule, these peasants did not live on the land but mostly in small hill-villages and hill towns to escape malaria so often had long marches before they reached the fields. Nevertheless, the quasi-feudal land tenure system at least guaranteed fire wood gathering and grazing rights to every peasant which was essential for survival. This segmentation in Italy's dominant production sector had a strong impact on the prevalence of certain subcultures.⁸⁷

6.2.2 Land Reform as Liberal Social Policy?

This snapshot of Italian agriculture as the dominant economic sector of the country at the time of unification started to change from the 1870s onwards. The anti-feudal and anti-clerical legislation of the Liberal regime tried to break the old patterns of land tenure, especially in the South. Between 1861 and 1877, tens of thousands of hectares of private and former Church property were auctioned and the succession system was altered.⁸⁸

The reform was yet another liberal failure.⁸⁹ If the situation for the landless rural population was already bad before the reform then this position deteriorated even more because of it. The liberal reforms led to a breakup of the old estates but, as in other countries, they also had a de-corporatizing effect on society. Feudal rights of the peasantry, like fire-wood gathering and grazing, were abolished. The countryside now became fenced

⁸⁶ Though the perception of the latifundi as a system of systematic exploitation has been significantly revised during the past two decades. Petruszewicz, M. (1996) *Latifundium. Moral Economy and Material Life in a European Periphery*, Ann Arbor, University of Michigan Press; Dal Lago, E. (2005) *Agrarian Elites. American Slaveholders and Southern Italian Landowners 1815-1861*, Baton Rouge, Louisiana State University Press.

⁸⁷ So did the mezzadria regions become later the famous "red belt", the stronghold of the left during the first republic after the Second World War.

⁸⁸ The Legge Colreo of 1862 led to the selling of 3700 hectares of demanial and 163 000 hectares of former Church property. Bevilaqua, P. (1993) p. 45.

⁸⁹ The change in the heritage laws had the consequence that each heir had the right to a guaranteed minimum share. This led to the breakup of many small and mid-sized estates. Bevilaqua, P. (1993) p. 45.

out and enclosed. Combined with the virulent corruption surrounding the land-reallocation process, this had disastrous consequences for the peasants. In his brilliant report on the social, economic and administrative conditions in the South, Sidney Sonnino wrote in 1877 that in Sicily “ ‘ecclesiastical property fell almost exclusively and with very rare exceptions into the hands of prosperous landowners , for the most part large landowners already.’ ”⁹⁰ In fact, the shady procedure of land-reallocation often led to “‘re-expropriation’”⁹¹ to the old owners. Peasants were furious leading to a continuous series of societal discontent and rebellion in places like Sicily and Calabria for decades to come. In analyzing the long-term political consequences of the failed land reform, Clark points out: “But the main consequence was political rather than economic. A great opportunity for land reform had been lost, and a legacy of hatred and bitterness had been created.”⁹² The liberal elites in other words had good reason to fear the people and to constrain the franchise as they had constantly alienated them with their liberal reform policies. For Davis the

impact of the new was felt most deeply in the rural world, and the fact that Italy was initially far removed from the heartlands of the new economic order did not make the forces of modernization less disruptive. New commercial incentives brought instability and precariousness to the rural world, and as private property expanded and common lands were enclosed the slender resources on which the survival of the rural communities depended came under threat. These losses were exacerbated by unprecedented rates of population growth, giving rise to the acute land-hunger that became the most persistent cause of rural discontent.⁹³

On top of the land ownership issues, there were additional factors that further aggrieved the southern peasant population. Epidemic diseases were widespread: Cholera, typhoid, smallpox, tuberculosis and scarlet fever left a death toll that ranged between 50,000 and 100,000 each year.⁹⁴ By far the most fatal was malaria. Italy was by far the European country most impacted by the disease. Approximately two million people were affected by malaria each summer and in most southern areas it was responsible for almost one third of all deaths.⁹⁵

⁹⁰ S. Sonnino IN: L. Franchetti & S. Sonnino, *La Sicilia nel 1876*, Florence 1877, ii, p.286. Quoted IN: Clark, M. (1996) p. 1.

⁹¹ Clark, M. (1996) p. 16.

⁹² Clark, M. (1996) p. 17.

⁹³ Davis, J. A. (2000) p. 5.

⁹⁴ Clark, M. (1996) p. 20-21.

⁹⁵ Clark, M. (1996) p. 21.

The situation further tightened with the worldwide drop of agricultural prices from the 1880s onwards.⁹⁶ In the mid-1880s even the most modern sectors of Italian agriculture were at the verge of collapse. In contrast to Germany, this did not trigger protectionist moves by the government. Most landowners therefore tried to pass the buck by cutting the wages of the peasantry. Clark notes that “In the late 19th century the Italian peasantry was only just avoiding starvation, and many peasants were seriously undernourished.”⁹⁷ In the 1880s around thirty percent of Italians were rejected as conscripts by the army due to malnutrition.

Throughout the 19th century Italy was still a predominantly agricultural society. It therefore only slowly saw the formation of an urban working class and proletariat. Instead, Italy had a vast rural proletariat especially in the South.⁹⁸ The permanent revolts that shook Sicily (Fasci)⁹⁹ and the brigantaggio (brigandage) that unfolded in Calabria are only the most impressive manifestations. Nevertheless, the rural proletariat had trouble in forming a coherent subculture. There remained an almost complete absence of a coherent worldview that could have steered unorganized and diffuse discontent towards a revolution or channeled it into concerted political action. Rebellions like the brigantage were largely functional revolts triggered through pure grief but without the underpinning of common programmatic ideas or worldviews. The social question in Italy was therefore first and foremost a rural question and, on top of that, a southern question.¹⁰⁰ In the North, with its wage earning peasants, or in central northern Tuscany, with the share cropping model, social peace could be maintained longer.

⁹⁶ Torp, C. (2010).

⁹⁷ Clark, M. (1996) p. 20.

⁹⁸ The point, often made regarding rural proletariats, that they cannot not stir revolution as their lack of geographically concentration makes it much more difficult to overcome the collective action problem does not hold here. Southern peasants usually lived together in small hill-top cities in order to avoid malaria.

⁹⁹ Ganci, S.M. (1980) I Fasci siciliani, IN: Cherubini, G., Della Peruta, F., Lepore, E., Mazza, M. Mori, G. Procacci, G. & Villari, R. (eds.) *Storia della Società Italiana*, Vol. 19, La crisi di fine secolo (1880-1900), Milano, Teti, pp. 197-212.

¹⁰⁰ Franchetti, L. (1992 [1876/1877]) *Condizioni politiche e amministrative della Sicilia*, Roma, Meridiana.

6.2.3 Industrialization

Industrialization in Italy started to gradually expand from the 1870s onwards.¹⁰¹ The silk industry was the frontrunner but it was heavily dependent on the volatility of silkworm farming from mulberry trees. Diseases among silkworm populations had dire effects and made silk vulnerable as a sector leading industry. Moreover, Italy came increasingly under pressure from cheap Chinese imports. From the 1880s onwards the silk industry was in decline but by then more modern forms of industrialization such as metallurgy, mechanical engineering or chemicals had started to expand.¹⁰² However Italy, a nation that had unified ten years before Germany, lagged considerably behind other European countries. In Germany, the initial explosion in the 1850s with the peak of the first wave of industrialization reached in 1870. Italian industrial growth only started to pick up pace during the 1880s. Steel production skyrocketed from 3,600 tons in 1881 to 158,000 tons in 1889.

The most prominent impediment for a quick industrial revolution was the astonishing absence of raw materials like steel and coal on the Italian peninsula. Nevertheless, it had already managed to overcome this unfavorable starting position before in its history. Italy had witnessed an incredible boom throughout 15th and 16th century renaissance times. It was then one of the most progressive and innovative economic hubs in the world. Trade, banking, shipbuilding and agriculture all saw major innovations diffusing from Italy throughout the world. The discussion of why this progression ended in a huge downturn in the 17th and 18th centuries is broad and need not be replicated here. It boils down to a complicated mixture of the discovery of new continents, the war-mongering among the Italian city states, unproductive investments in fixed assets such as villas and

¹⁰¹ Romano, R. (1980) Gli inizi del capitalismo italiano, IN: Cherubini, G., Della Peruta, F., Lepore, E., Mazza, M., Mori, G. Procacci, G. & Villari, R. (eds.) *Storia della Società Italiana*, Vol. 19, La crisi di fine secolo (1880-1900), Milano, Teti, pp. 11-52.

¹⁰² There has ever since been a massive debate about why southern Italy was ever able to strap itself of its backwardness compared to the North. Unification brought many negative economic aspects for the South. The abolition of trade barriers between the different Italian regions meant that the small silk industry that existed in the South was doomed. Northern production. Furthermore the North was geographically advantaged in terms of geographical proximity of trade partners. Unification meant also unified tax rates which put a huge burden on southerners whose income and living standards were of course lower. The North was also politically predominant and therefore it comes at little surprise that most tax gains were reinvested in the North.

mansions, a skyrocketing population growth and the inflexibility of the guild system.¹⁰³ The point is that “With the decline during the seventeenth century, Italy thus set out on its career as an underdeveloped area within Europe”.¹⁰⁴

The only branch of Italian agriculture and industry that flourished during the decline between the 17th and 19th century was silk production. Italy produced 80% of European silk consumption during the 18th century.¹⁰⁵ There were around 120 silk mills operating in Bologna in the late 17th century, which made the city the most industrialized town in Europe.¹⁰⁶ The fact that almost all silk was exported as raw silk indicates that silk was not working well as a leading sector complex that could encourage further branches of industrialization. Furthermore, during the 18th century the southern Italian silk industry started to fall behind and both silk production and silkworm farming became an increasingly northern dominated business.¹⁰⁷ From this point onwards, the gap in industrial development between the North and the South started to widen. When Italy’s territorial unification was completed in 1871 it was still an agricultural society. Between 60% and 70% of the active population worked on the land.¹⁰⁸ Italy’s industrial base was marginal. While England and France were producing pig-iron tons in the millions, Italy made it only to the ten thousands. The same holds for cotton spindles. The comparison of purchasing power in 1870 unveils that Italy had not even reached half of the purchasing power of the UK.

6.2.4 Economic Policy

Cavour had pushed for an active role of the state in economic development during the run up to unification. He had especially emphasized state driven railway extension in Piedmont. Nevertheless, Cavour’s active approach was abandoned soon after his death. Active economic state policy was to fall victim to the programmatic shift towards laissez faire within Italian Liberalism from the 1870s onwards. The result of this shift in programmatic

¹⁰³ For a very good overview on this discussion see Zamagni, V. (1993) pp. 2- 12.

¹⁰⁴ Zamagni, V. (1993) p. 7.

¹⁰⁵ Zamagni, V. (1993) p. 8.

¹⁰⁶ Zamagni, V. (1993) p. 8.

¹⁰⁷ Just to note briefly, it is often argued that the Italian South was, due to its geographic and climatic conditions, always disadvantaged and therefore hampered in its development. The fact that, while Lombardy was a scant grazing land, Sicily was the breadbasket of the Mediterranean in ancient times hints that such developments are man-made.

¹⁰⁸ Clark, M. (1996) p. 12.

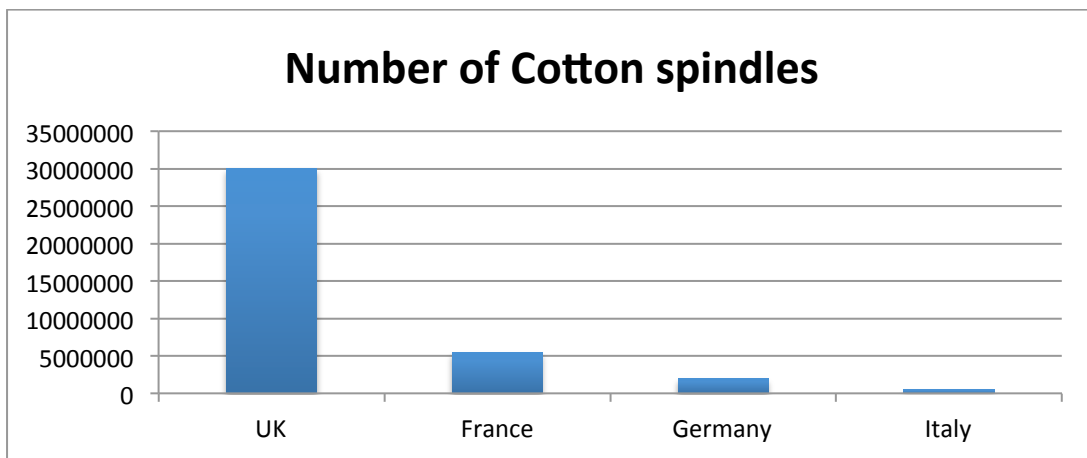
ideas was quite material. In 1870 Italy had only 6,429 km of railways compared to 18,876 km in Germany.¹⁰⁹

Figure 6-3 Italy in European Perspective: Economic indicators for 1860.

	Cotton-Spindles	Pig-iron production	Purchasing Power*
Italy	500 000	30 000 tons	54
UK	30 000 000	3 800 000 tons	116
France	5 500 000	1 000 000 tons	70
Germany	2 000 000	600 000 tons	58

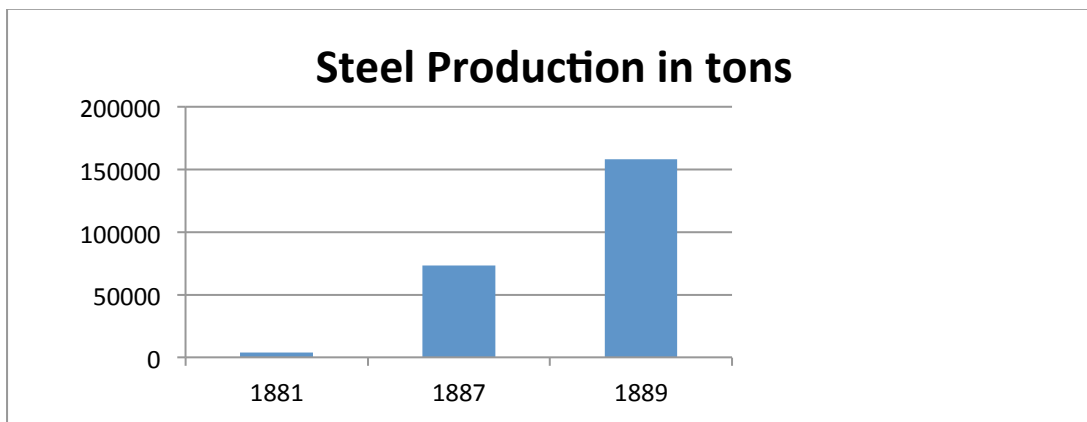
*Purchasing Power figures for 1870. International comparison of GNP per capita at purchasing power parities (USA = 100). All numbers cited from Zamagni, V. (1993) p. 25, 40.

Figure 6-4 Cotton Spindles Italy 1860.



Graph by the author. Data from Zamagni, V. (1993) p. 25, 40.

Figure 6-5 Steel Production 1881-1889 Italy



Graph by the author. Data from: Zamagni, V. (1993) p. 25, 40.

¹⁰⁹ Mitchell, B.R. (1980) *European Historical Statistics 1750-1975*, London, Mac Millian.

Laissez-faire programmatic ideas dominated, and hence the state intervention and coordination of the economy that would have been necessary to catch up with the European industrial frontrunners remained absent. Gerschenkron notes that “it would seem altogether meaningful to regard the policies of the government as the strategic factor, primarily responsible for the great spurt in industrialization of the period. Nothing comparable seems to have taken place in Italy.”¹¹⁰ Even the expansion of the railways was not used by the Liberal elites to establish a leading sector growth model. Instead, railroad politics followed liberal laissez faire ideas. While Germany nationalized the railroad companies in the 1880s in order to form what would allegedly be the world’s largest company, the Italian liberal governments contracted the Italian railroads out to private operators.¹¹¹ Even though the railroad system expanded from 6,400 kilometers in 1870 to 13,600 kilometers in 1890, the impact of railways on industrial growth was minimal. Cafagna puts forward that “ ‘the demand for rails, engines, carriages and trucks, and iron for bridges continued to be supplied, with few insignificant exceptions, from abroad.’ ”¹¹² To give an example, the Railway company ‘Alta Italia’ bought 641 wagons before 1878, out of which only 39 were manufactured in Italy. Meanwhile by 1853 in Germany, some 99 out of 105 purchased locomotives were manufactured in Prussia.

Pushed by deteriorating conditions on the world markets, Italy made its first protectionist turn in 1887, more than one decade after the Germans had erected trade barriers. Cafagna notes that this should remain the “only outstanding manifestation of state support for the industrial development”¹¹³ of Italy. And even this protectionist turn went wrong. Gerschenkron notes that “the state not only failed to follow the Russian example but on the contrary pursued policy, particularly in the field of protectionist tariffs, which clearly slowed down the speed of growth by discriminating against these industries which had the best prospects for growth”.¹¹⁴

The key reason behind the belated industrial development in Italy lies in the programmatic beliefs of its elites. Economic programmatic ideas based on laissez-faire do

¹¹⁰ Gerschenkron, A. (1962) *Economic Backwardness in Historical Perspective*, Cambridge, Harvard University Press, p. 79.

¹¹¹ Gerschenkron, A. (1962) p. 84.

¹¹² Cafagna, L. (1973) Italy 1830-1914, IN: Cipolla, C. (ed.), *The Fontana economic history of Europe*, vol. iv, pt. 1, London, p. 287, cited IN: Clark, M. (1996) p. 27.

¹¹³ Cafagna, L. cited IN: Carter, N. (2010) p. 39.

¹¹⁴ Gerschenkron, A. (1970) p. 125.

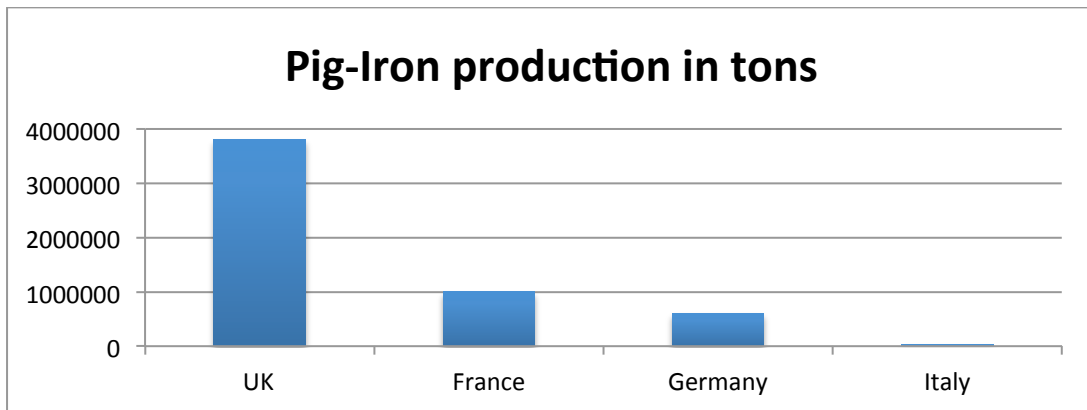
not square well with a catch up situation where the state would actively promote development through economic policy. In his analysis of the economic backwardness of the Italian South, Bevilaqua argues that the Italian South deteriorated so much in its industrial development after unification because the Bourbons, the rulers before unification, had a plan for industrial development while the liberal governments from unification all the way up to the late 1880s did not. Bevilaqua puts forward that “one should especially note the fact that, in the thirty years following unification, the national governments never succeeded in elaborating any conceptual strategy for industrialization”.¹¹⁵ Bevilaqua laments the attitude of the Liberal political elites as “anti-industrialist”, an accusation that one can also find in Gerschenkron. Anti-industrialism was nothing other than orthodox liberal *laissez faire* and free market oriented programmatic ideas.¹¹⁶ That these programmatic ideas and beliefs did not prevail for all of the time among Italian Liberalism shows the active early industrial politics of Cavour. Liberalism as a worldview was pushed into these programmatic ideas through the stalemate with the Church. Only the agreement not to use the state in order to interfere with society and the economy was acceptable for both worldviews at the same time.

The only sector where Italian liberals allowed for state interference was the military-industrial complex which was needed for the numerous liberal foreign policy adventures. The Italian Navy became the world’s second biggest during the 1880s. The construction of the Terni steel plant was a spillover of these policies.

¹¹⁵ “Occorebbe soprattutto tenere conto del fatto che nei trenta anni seguiti all’unita, i governi nazionali non riuscirono a elaborare nessun abbozzo di strategia industriale” Bevilaqua, P. (1993) *Breve Storia dell’Italia Meridionale: dall’ottocento a oggi*, Roma, Donzelli, p. 56

¹¹⁶ Bevilaqua’s assessment, that the governments did so because they simply did not know what else to do and because everyone in Europe was doing the same (following *laissez faire*) at that point in time, is therefore wrong. Bevilaqua, P. (1993) p. 56.

Figure 6-6 Pig Iron Production Italy 1860.



Graph by the author. Data from Zamagni, V. (1993) p. 25, 40.

However, the military industrial complex was not a success story either. In the steel and iron sector a cartel of four big companies emerged, all with excellent political contacts, and heavily dependent on armament and shipbuilding orders from the government at hugely inflated prices.¹¹⁷ This situation inhibited innovation and led in the long run to a non-competitiveness of Italian heavy industry compared to its European neighbors. It also further fueled clientelism and corruption in the political system.

Figure 6-7 Railway Expansion Italy 1870-1890.

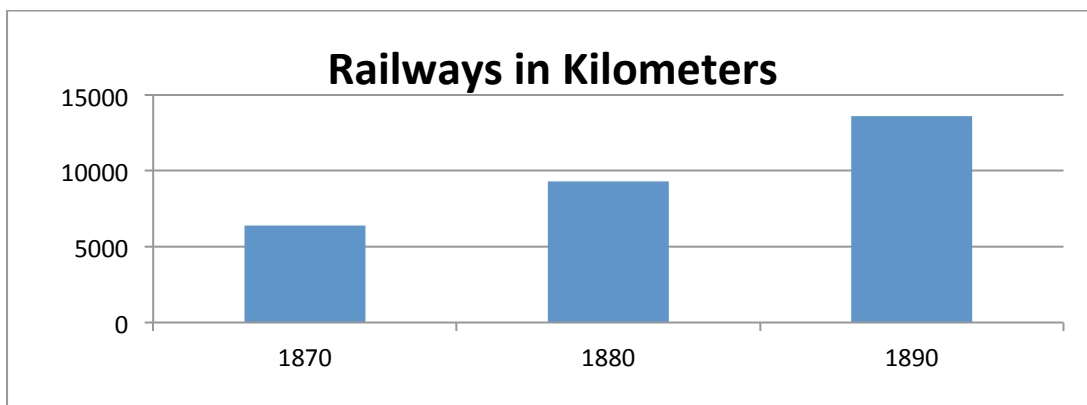


Table by the author. Figures from Clark, M. (1996) p. 25.

¹¹⁷ Mack Smith, D. (1969) p. 248.

6.2.5 The Real Take Off

Italy experienced a massive economic spurt between 1896 and the First World War. Gerschenkron identifies a growth of 12.4% in the iron and steel sector, 12.2% in the engineering sector and 13.7% in the chemical industry between 1896 and 1908.¹¹⁸ Italy's real industrial emergence was therefore a phenomenon of the 20th rather than the 19th century and coincides with the moment when liberal Italian governments started to seek a more active role for the state, first under Crispi – who actively confronted and broke the truce with the Church – and later under Giolitti in a more reconciliatory climate. In a way, Italy managed to jump straight into high industrialization without ever having completed the first stage. This second wave was especially driven, as in other continental European countries, by the expansion of the chemical industry, through electrification and the takeoff of car manufacturing. One factor that certainly contributed much to this development were huge investments in hydroelectric plants in the Alps that made Italy, a country with no coal, independent of expensive imported primary energy sources for the first time. Nevertheless, Italy was still an overwhelmingly agrarian society but at least the state finances benefited a great deal from this development. The finance minister Sonnino managed to constantly reduce the deficit and the budget was even running a surplus from 1898 to 1899.¹¹⁹ For a country known for its notorious public deficits it seemed almost revolutionary to sustain non-deficit budgets for the next eleven years.¹²⁰

Figure 6-8 Industrial Indicators and Political Power of the Left, Italy, Germany, UK.

	Industrial take off	Formation of union umbrella organization	Formation of first workers' party	Major suffrage expansion
Germany	1850	1868	1869	1871
Italy	1900	1906	1882	1912
UK	1780	1868	1900	1885

Alber, J. (1982) p. 39.

The industrial spurt was largely confined to the great industrial triangle in the North between Genoa, Turin and Milan. The South saw no such development. According to the industrial census of 1911, Lombardy industrial workers accounted for 26% of the total active population, while in Liguria it was 21% and in Piedmont 17%. In comparison, Basilicata in the

¹¹⁸ Gerschenkron, A. (1962) p. 75, cited IN: Clark, M. (1996) p. 119.

¹¹⁹ Clark, M. (1996) p. 122.

¹²⁰ Mack Smith, D. (1969) pp. 245-247.

South saw industrial worker's only make up 4%.¹²¹ The percentages of men and women over six years that could not read nor write in Piedmont was 42.3 %, in Lombardy 45.7 % and Liguria 56.3%, whereas Basilicata had 88%, Calabria 87%, Sardinia 86.1% and Sicily 85.3%.¹²² Other indicators for industrial expansion, such as the railroad network, roads and banks followed similar patterns. Sicily had a total of only 99 kilometers of railroads in 1859 while Piedmont had 850.¹²³ Sicily had two banks, while Piedmont had hundreds.

To sum up, even after the industrial spurt before the First World War, the Italian working class was still small and heterogeneous. Clark concludes: "These years saw not so much 'the making of the Italian working class', as the expansion of the Italian working cities."¹²⁴ The peculiarity of Italy was that it had a vast and broad rural precariate which was very hard hit by the failed land tenure reform, especially in the South, and had been exploited along the same lines as urban proletariats elsewhere. What made the Italian situation particularly difficult overall was the huge fragmentation in the organization of the workers. Landed workers were dependent on land tenure systems which were organized in very different ways according to the region. Sicilian peasants in the latifundia were organized along different lines to their Tuscan sharecropping equivalents or to the contract peasants in the Po Valley. Furthermore, the industrial proletariat that was slowly forming in the North was strongly concentrated in the industrial triangle between Genova, Turin and Milan. These discrepancies, together with the closed nature of the Italian political system, greatly inhibited mobilization from below. The state was marginalized in its role as a developer between the Catholic's subsidiarity and the liberal's laissez faire doctrine.

The following section will shed light on the particularities of Church – State relations in Italy and how they had an impact on the formation of modern welfare.

6.3 Structure III - Church and State

The much lamented weakness of the Italian state – with such manifestations as the Fascist assumption of power for two decades, the disaster of the crumbling of the Italian state during the Second World War, and the continued failure of the Italian government to be fully legitimate in the eyes of the population – has been to no

¹²¹ Clark, M. (1996) p. 126.

¹²² Carter, N. (2010) p. 30.

¹²³ Zamagni, V. (1993) p. 14.

¹²⁴ Clark, M. (1996) p. 127.

small degree a product of the previous century during which the Church did all it could to rob the Italian state of its legitimacy.¹²⁵

David Kertzer

Indeed, early Church-State relations in Italy were not only important for the later development of the welfare state but, as I have shown above, also formed the trajectory of Italian politics in the 19th and 20th century.

Cavour had advocated a “free Church in a free State”¹²⁶ but the reality was far from that in 19th century Italy. State-Church conflicts sparked all over Europe in the 19th century but as Kelikian remarks, “the schism between cross and crown placed the Piedmontese monarchy in a predicament without parallel elsewhere.”¹²⁷ In fact the deep alienation between the Italian state and the Vatican was only settled after 70 years by the fascists in 1929 with the Lateran Treaties. In contrast to the Culture War in Germany that only lasted 10 years.

Even if Cavour had fantasized about a peaceful co-existence between Church and State, the reality was that unification had been achieved very much at the expense of the Church and was driven by a fierce anti-Vatican liberal elite. Pollard notes that, despite the numerous factions of Italian liberalism between right and left or monarchic and republican, there existed one common denominator:

What they all shared, whether revolutionary, radical or moderate, was a belief in the need to reform the Church, that the Church and especially the papacy as then constituted were serious cultural and institutional obstacles to the achievement of progress in Italy.¹²⁸

For over a millennium, the Church had played a key role on the Italian peninsula. Not only was the spiritual center of Catholicism, the Vatican, situated in the heart of Rome, but the papacy was simultaneously also the temporal ruler over vast stretches of land that constituted the papal state.¹²⁹ Unlike in Germany, with its denominationally split society, 99% of the population in 19th century Italy was Catholic. In total numbers there were only around 38 000 Jews as well as a similar number of Protestants representing the sole larger

¹²⁵ Kertzer, D. I. (2000) Religion and Society, 1789-1892, IN: Davis, J. A. (ed.) *Italy in the Nineteenth Century*, Oxford, Oxford University Press, p. 205.

¹²⁶ Lönne, K. E. (1986) p. 146.

¹²⁷ Kelikian, A. A. (2002) The Church and Catholicism, IN: Lyttelton, A. (ed.) *Liberal and Fascist Italy*, Oxford, Oxford University Press, p. 44.

¹²⁸ Pollard, J. (2008) p. 17.

¹²⁹ Pollard, J. (2008) p. 2.

religious minorities.¹³⁰ During the first half of the 19th century the Vatican proved to be a bulwark of the Ancien Regime. The Catholic Church “stood as one of the most powerful obstacles to Italian unification.”¹³¹

At the beginning of the 19th century the Church was deeply troubled about Napoleon’s occupation following the French revolution and the diffusion of French revolutionary concepts (equality, citizenship and inalienable rights). Though relieved that Napoleon had to withdraw from Italy after his Russian campaign failed in 1814, the Church knew that his stay had been long enough to import the spirit of the French revolution and its ideas to Italy. Pollard puts forward that:

The great threats to the Church in Restoration Italy came from the political legacy of the French Revolution, the movements of liberalism and nationalism, and their adherents. The French Revolution and the French invasions had left behind a rich humus of radical and revolutionary ideas and organizational forms modeled on those of the French Jacobins.¹³²

In fact, programmatic ideas like freedom of religion, civil marriage and the curtailing of the franchise survived Napoleon’s withdrawal.

After Restoration of the old order, the deeply reactionary pope Gregory XVI¹³³ was succeeded by the progressively minded Pius IX in 1846. This change in leadership gave liberal Catholics and Italians some hope. Pius IX seemed open to modernity at first by lifting the railroad ban of his predecessor Gregory XVI who had still stigmatized railways as ‘roads of hell’ (“Chemin de fer, Chemin d’Enfer”¹³⁴) and banned railroads on the papal territories. Pius IX also approved of other modern innovations, such as gaslights on the streets of Rome. The liberals hoped that this pope would be less hostile towards the unification project.

This changed when the revolution hit Rome in 1848. Pius IX fled the city to Gaeta shortly before the Republic of Rome was proclaimed by Mazzini. It took French and Neapolitan troops almost a year before they could put down the Mazzinian Republic which was legendarily defended by Garibaldi. A year later, the by then deeply reactionary Pope Pius IX returned to Rome. Nevertheless, the Liberals continued to hassle and squeeze the

¹³⁰ Kertzer, D.I. (2000) p. 200.

¹³¹ Kertzer, D.I. (2000) p. 182.

¹³² Pollard, J. (2008) p. 16.

¹³³For orientation: Gregory XVI (1831-1846), was succeeded by Pius IX (1846-1878) who was succeeded by Leo XIII (1878-1903) followed by Pius X (1903-1914).

¹³⁴ “Road of Iron, Road of Hell” Gregory XVI cited IN: Pollard, J. (2008) p. 18.

pontificate. The Italian unification of 1861 saw what little territory was left of the papal state become increasingly surrounded.

The conflict between Liberals and Vatican picked up in salience during the 1860s. On the one side, unification was perceived by many liberals as incomplete without Rome as capital. The slogan of many young liberal nationalists was “O Roma, O Morte!”¹³⁵ (Either Rome, or Death). On the other side the Pope fueled the conflict with a series of anti-liberal and anti-national measures. Even though Pope Pius IX was extremely bitter about the Vatican’s loss in temporal power and territory, and had himself detained in the Vatican as a highly symbolic prisoner of the new liberal state, he was far from indulging in apathy. Instead he pursued a new strategy in order to conserve the power of the Church. He shifted his strategy from temporal to spiritual rule. Central to this were three doctrinal developments during the 1860s: the Syllabus of Errors, papal infallibility and the Non Expedite. This was supplemented with a Catholic counter offensive against liberalism in society by fostering new features of the Catholic creed, such as the Virgin Mary cult that was sparked around the same time as the doctrinal codification of the Immaculate Conception.

Pope Pius IX issued the encyclical *Quanta Cura* in 1864 containing the Syllabus of Errors which “upheld the temporary power of his Holiness, denounced liberalism as an anathema, and made Catholicism incompatible with nationalism.”¹³⁶ The syllabus was a sharp condemnation of Liberalism, Rationalism and the modern nation state through a list of 80 prominent liberal statements that were condemned. It denied that the “Church ought to be separated from the State, and the State from the Church”.¹³⁷ Furthermore, it allowed for no national churches independent from the Vatican¹³⁸ and deemed it especially false that “in the present day it is no longer expedient that the Catholic religion should be held as the only religion of the state”.¹³⁹ The syllabus argued fiercely against the abolition of the “temporal power of which the Apostolic See is possessed”¹⁴⁰ and declared it also as wrong that “In the case of conflicting laws enacted by the two powers, the civil law prevails.”¹⁴¹ In fact, Pollard puts forward that “Given the strictures of the Syllabus, ‘Liberal Catholic’

¹³⁵ Mack Smith, D. (1989) p. 13.

¹³⁶ Kelikian, A. A. (2002) p. 46.

¹³⁷ Syllabus of Errors (1864) p. 55.

¹³⁸ Syllabus of Errors (1864) p. 37.

¹³⁹ Syllabus of Errors (1864) p. 77.

¹⁴⁰ Syllabus of Errors (1864) p. 76.

¹⁴¹ Syllabus of Errors (1864) p. 42.

seemed almost a contradiction in terms.”¹⁴² In fact the syllabus was an instrument to clearly delineate the Catholic worldview from the Liberal one.

The next step was the invention of papal infallibility by Pius IX in an attempt to reinforce the central power of the papacy within Catholicism. Following heavy disputes during the first Vatican Council in Rome attended by 774 bishops from all over the world, the curia voted in July 1870 in favor of the concept. Progressively minded bishops like Ketteler from Mainz heavily criticized and opposed the concept but nevertheless gave in to the Pope’s plans at the last minute. Papal infallibility established the supremacy of the pope on all doctrinal matters by setting out that “such definitions of the Roman pontiff are of themselves and not from the consent of the Church irreformable”.¹⁴³ Anyone breaking this dogma would be deemed “anathema”,¹⁴⁴ banished or denounced in other words. In this way, the divine authority of the Pope became untouchable and his grip on the Vatican hierarchy was tightened as never before.

Both the Syllabus of Errors and papal infallibility were hyper-reactionary concepts. Pollard notes that “The Syllabus seriously embarrassed the Catholic hierarchy in many countries until Bishops Dupanloup of Orleans and Ketteler of Mainz intervened to publish a reasoned analysis of its content and context that helped explain away its worst elements.”¹⁴⁵ Pius IX’s strategy was that, having lost most of his temporal powers and Papal-territory, he must at least try to minimize the damage to his political power by maximizing his control over the spiritual realm. In fact he strengthened his grip on most Italian citizens. By implementing higher direct control over flock and clergy, the Pope formed a powerful tool to lure the new Italian state into concessions. The liberal rulers knew that ultimately the Pope, with his divine authority over 99% of the Italian population, could play an important part in fostering or delegitimizing the state’s institutions and its ruling class. The reactionary and hostile program of Pius IX, as announced in 1861 and fully implemented by 1868, was rounded off by the issuing of Non Expedit. Best described with the phrase “neither elected nor electors”¹⁴⁶ the Pope’s bulletin instructed that Catholics

¹⁴² Pollard, J. (2008) p. 28.

¹⁴³ Vatican Council I (1869) Chapter 4.

¹⁴⁴ Vatican Council I (1869) Chapter 4.

¹⁴⁵ Pollard, J. (2008) p. 26.

¹⁴⁶ Kertzer, D.I. (2000) p. 193. See also Pollard, J. (2008) p. 22. The phrase “neither electors nor elected” had been coined by the deputy Priest Margotti in the Piedmontese parliament as a

should abstain from any political involvement and completely refuse any form of legitimating the new state.

From that point onwards the government lost its patience with the Vatican. Becoming ever more aware that even treating the Church with silk gloves¹⁴⁷ would not result in a friendlier position of the Church towards the Italian state, the Liberal State reacted in an ever more hostile way. Kelikian notes that “Not one of the concessions from the King Victor Emmanuel II seemed to satisfy the curia.”¹⁴⁸ After realizing that an agreement with the Vatican was not possible, the liberal state started to enact a series of measures that aimed at curtailing the Church’s powers.¹⁴⁹ At the core of these policies was the establishing of rigid State control over education, the introduction of civil marriage and a supervisory role for the State in the appointment of Bishops. This was Italy’s Culture War. The conflict reached its climax with the break through the city walls of Rome¹⁵⁰ in September 1870 which subsequently led to the withdrawal of the Pope into the Vatican. From that point onwards he started to cultivate the image of being held prisoner in the liberal Italian State.¹⁵¹

The confrontation between Church and State had a number of unexpected consequences and arguably backfired for both sides. While the Vatican’s mobilization of Catholics led to a weakening of its central authority in the long run, as these lay agents increasingly took a life on their own, the liberal State’s repressive measures weakened the appeal of the nation-state for the citizens.

Catholic mobilization against the anti-clerical state led to a phenomenon that the Vatican had initially tried to avoid. It led to the emergence of a relatively independent and quite successful Catholic press. By 1872 seventeen Catholic daily newspapers existed, which were accompanied by 109 Catholic periodicals. Furthermore, Catholicism started to organize on the lay level in various associations and clubs. The spread of self-organizing Catholic organizations led to a supervision problem for the Vatican. Even though Italy was,

reaction to the enactment of the anticlerical ‘Siccardi Laws’. It became a buzzword for anti-liberal Catholics for the rest of the century.

¹⁴⁷ There had been a brief period after the sack of Rome during which the Liberal state tried to straighten out relations with the Vatican through concessions.

¹⁴⁸ Kelikian, A. A. (2002) p. 45.

¹⁴⁹ Kertzer, D. I. (2000) p. 194.

¹⁵⁰ The taking of Rome became feasible when Napoleon III had to withdraw the French Garrison from the Eternal City due to the French-Prussian war.

¹⁵¹ The demand to include Rome into the new Italy increased exponentially among young patriotic Italians who heralded ‘O Roma O Morte’ (Or Rome, or Death!). Pollard, J. (2008) p. 27.

compared to German, Belgium or France, a laggard with this development it still experienced a remarkably rapid extension of Catholic lay mobilization towards the end of the century. However, the same Vatican that had issued the *Non Expedit* could not now allow these movements be translated into the formation of a Catholic party. In fact, through the formation of the *Opera dei Congress* (Congress Movement) the Vatican tried to correct this mistake and to reestablish the Vatican's control over the sprawling lay movement.¹⁵² Its statute of 1883 described its purpose to

unite and reorganize Catholics and Catholic associations from all of Italy in a common and coordinated action to defend [...] all of the sacrosanct rights of the Church and of the papacy and the religious and social interests of the Italians, in conformity with the desires and the directives of the Holy Father and under the guidance of the episcopate and the clergy.¹⁵³

From unification onwards, Italy saw the formation of a Catholic subculture through associations of all kinds. The phenomenon was initially interpreted by the Vatican as a weakness of Catholicism in Italy because Catholicism should be so paramount on the peninsula that the parochial network would be sufficient to foster it. A lay associative network should not be needed. However, this changed with the election of Leo XIII who defeated his reactionary opponent in 1878 by a slim margin. Though Leo XIII did not retreat from the Vatican's hostile stand regarding the Italian state, he "saw the importance of adapting Church tactics and Church organization to the new times"¹⁵⁴ as Kertzer analyses. This was a paradigm shift: an active fostering of organizational and programmatic development of ideas on how to influence state and society was now demanded. It is interesting that this happened at the same time as the liberals, under Crispi, discovered the state as a useful tool and recommenced stripping the Church of its prerogatives. Especially Crispi's attempts on welfare were perceived as a hostile attack. The Vatican could not react with pure stoicism. It had to present alternatives. Leo XIII's new strategy did not therefore confine itself to the organizational level. With the issuing of the social encyclical *Rerum Novarum* the new pope also pushed for an ideational modernization of Church ideology.¹⁵⁵

¹⁵² This all also explains why the formation of a Catholic party in Italy never came about before the 1920s. As brilliantly laid out in Kalyvas's account. Kalyvas, S. (1996).

¹⁵³ Kertzer, D.I. (2000) p. 198. This statement differs in remarkable ways from similar German ones as, instead of progress, the defense of the papacy and Church prerogatives is central.

¹⁵⁴ Kertzer, D.I. (2000) p. 198.

¹⁵⁵ Romanelli, R. (1979) pp. 324-338.

In the view of the Vatican at the end of the 19th century, the Roman Question (how to restore the temporal power of the Pope) merged ever more into the Social Question.¹⁵⁶ Not because the social question was all of a sudden so functionally pressing (it had been so all the time) but because it was now being used as a political issue by Crispi. If the Vatican did not want to lose more and more Catholics to Socialism or to Crispi, who by now was starting to copy Bismarck's carrot and stick strategy, it had to take action. Indeed, Leo III^X instructed his priests to: " 'come forth from the sacristy and go among the people' ".¹⁵⁷ The Church launched a dense network of peasant leagues, cooperatives, Catholic rural saving and loan banks and other economic and social organizations. However, the Church was always worried that these lay organizations would escape direct Church control in the long run.

6.3.1 Conclusion

From the developments sketched out above three major points are to be kept in mind when thinking about Italy's historical development in the 19th and 20th century. The first is the direct confrontation between Church and State which raged much longer and was fiercer than in any other Continental European country (Italy 1861-1930; Germany 1871-1880). One of the biggest differences between Italy and other countries was that, for a long time, neither side seemed to gain the upper hand and so neither side wanted to give in. This resulted in a war of worldviews in which the Pope filled Catholics with mistrust and resentment towards the new state and its institutions and, on the other side, the Liberal governing elite promoted hostility vis-à-vis the Church. In the end, this resulted in the absurd situation that both parties simultaneously reduced their legitimacy. The second lesson is that, in contrast to other countries, the contest between both parties did not translate into fruitful political competition. Neither modern parties nor social movements formed. This Cold War was a programmatic stalemate in which each side – due to the perverse fit of their worldviews – could fall back to their orthodox programmatic positions of laissez faire on the liberal side and subsidiarity on the Church's. Therefore, no modern organizational vehicles evolved that could have channeled the widespread discontent in

¹⁵⁶ Brezzi, C. (1980) La 'Rerum Novarum' e il movimento cattolico. IN: Cherubini, G., Della Peruta, F., Lepore, E., Mazza, M. Mori, G. Procacci, G. & Villari, R. (eds.) *Storia della Società Italiana*, Vol. 19, La crisi di fine secolo (1880-1900), Milano, Teti, pp. 235-278.

¹⁵⁷ Cited IN: Pollard, J. (2008) p. 60.

society. Instead, in Italy both sides stayed put. Neither the Catholics nor the Liberals formed modern mass parties in 19th century Italy. The institutional setup of the polity guaranteed that constituencies remained stable for both sides. For all these reasons, a contest of ideas never developed and, as a result, Catholicism as well as liberalism were much narrower and old-school in Italy than in any other Continental European country in the last quarter of the 19th century. As we will see in the following chapter, modern Catholic Social teaching was imported to Italy, the heartland of Catholicism, from Germany.¹⁵⁸

¹⁵⁸ For a good assessment of the precise origins of Rerum Novarum see: Misner, P. (1992).

7 Italy: Social Catholicism and early modern Welfare

Legislation

The following chapter will analyze the early trajectories of Italian welfare state formation against the backdrop of the institutional, historical, economic, political and especially Church-State legacies laid out in the previous chapter. I will try to answer three interrelated questions on Italian welfare development: First, why did Italian modern welfare develop so late even though early liberal leaders like Cavour had carried strong convictions that without a modern welfare system it would be hard to form the great society that was needed for the liberal nation building project? Second, why did modern welfare still come about in the end? Third, why did the new welfare regime differ so extensively in shape from the late 19th century paramount German role model? The argument advanced in the following section is that the early truce between the two predominant political forces on the peninsula, the Catholic Church and the Liberal state elites, on welfare matters led to a situation in which a virtuous cycle of programmatic competition on welfare ideas could not unfold. Liberalism was happy to rely on laissez faire ideology while the Church was delighted to embrace subsidiarity that allowed it to hold on to its antiquated poor relief ideas. This was possible as long as the welfare apparatus of the Catholic Church remained unchallenged by the Liberals. The result was that when the Liberals under Crispi did finally attempt to strip the Church of its welfare prerogatives, none of the political forces had yet prepared any blueprints for a modern welfare regime. Therefore, the first modern Italian welfare legislation at the end of the 19th century produced only rudimentary and crippled welfare institutions.

7.1 The origins of Italian Welfare

Any account of Italian welfare provisions must start with a description of how welfare looked like before modern social security was brought about. Italian welfare consisted of a widespread system of local, usually Church run, charity institutions – the so called Operé Pie. The roughly 20 000 Operé Pie existing at the time of unification constituted a highly fragmented, opaque, inefficient and often corrupt system of welfare provision. Operé Pie were usually constituted of poor relief institutions but sometimes also hospitals and hospices. The Liberal Senator Leopoldo Franchetti wrote about Operé Pie in his famous report about state, administration and social conditions in Southern Italy in 1876:

the Operé Pie are in general considered by the class that administers them as a domain that has to strive for the personal advantage. For the honest ones they are a means of influence and favoritism, for the less honest a source of easy profits and illicit earnings.¹

The liberals that took power in the kingdom of Piedmont-Sardinia, during the mid-18th century, had therefore ample reason to reform the existing system. It was highly dysfunctional and out of sync with the Liberal modernization claims and in the hands and under the control of the Vatican, liberalism's arch-enemy.

Indeed, even before unification, liberalism had already launched various attempts to bring poor relief under state control in Piedmont-Sardinia. Cavour had studied and published extensively on the English poor relief reforms of the early 19th century.² He envisioned a modern welfare state along British lines that would help to form a great society as the pinnacle of the liberal nation- and state-building project. Italian Liberals in the 1850s were still convinced that unification could only be successful if supported by a social revolution.³ Cavour expressed this as early as 1851 in a speech to the Piedmont senate where he put forward:

¹ “le opere pie sono considerate in genere della classe che le administra come un campo che deve fruttare per proprio vantaggio. Per gli onesti sono un mezzo di influenza e di favoritismo, per i meno onesti una sorgente di facili lucri e di illeciti guadagni” Franchetti, L., Sonnino, S. (1974) *Inchiesta in Sicilia, Vol. I*, Firenze, Vallecchi, P. 110, cited IN: Fargion, V. (1986) *Welfare state e decentramento in Italia: Le politiche socio-assistenziali negli anni settanta*, Florence, European University Institute, Doctoral Thesis, SPS Department, p. 3.

² Little did Cavour know though that the English poor law reform of the 1830s would also utterly fail as a quick look at the novels of Charles Dickens reveals.

³ This indeed resembles Bismarck's ideas of an ‘Innere Reichsgründung’ – the internal consolidation of the Reich after its external consolidation through the unification wars. See chapter III.

I believe that there exists an immense prejudice against the idea of legal charity, but I predict that all societies which have arrived at a certain level of [economic] development will necessarily resort to legal charity. I also believe that experience will show in a not-so-distant future that legal charity, which is administered well and is governed by sound norms, can produce immense [economic and social] benefits [for the nation] without resulting in those devastating [financial] consequences [for the taxpayer and the state] that many [conservatives and critics] fear.⁴

Cavour's idea was to liberate Italian society from the grip of the Catholic Church by establishing a state run system of welfare, but his first attempts ended in disastrous defeat.⁵ The Vatican was able to form an alliance with Conservative Catholic deputies in the Piedmont parliament and managed to convince the Piedmontese monarchy (House of Savoy) of the merits of its cause. The social security law that was finally approved in 1859 did technically provide the possibility of temporary state supervision of Operé Pie. But it was clear that the state supervision was never put into practice. The result was drastic. Liberalism, from that point onwards, left Church welfare untouched, which meant that all previous good intentions of creating a fruitful liberal debate on welfare that went beyond a 'state hands off approach' were put on ice. In fact, Quine notes:

In the 1860s and 1870s, the governing class issued no great program of social reform under the aegis of the new nation state. Nor did Italian liberalism more generally produce its own principles of social rights or entitlements to welfare.⁶

With the abandonment of the programmatic idea of social reform, Italian liberalism distinguished social liberalism from its worldview. Italian Liberalism instead adopted laissez faire programmatic ideas. Consequently, state interventions like social security were encountered by a "fear and loathe"⁷ attitude among Italian liberals in the first three decades after unification. Pure market liberal laissez-faire programmatic ideas started to dominate between 1860 and the end of the 1880s. Italian liberals wanted to see the state in a fence position on welfare. This remarkably differs from the developments of liberalism in other European countries at the same time. While Liberalism in other European countries, like Germany or the UK, developed gradually away from pure laissez faire "Manchesterism"

⁴ Count Camillo Benso di Cavour (from a speech delivered to the Piedmontese Senate, 17 February 1851), quoted IN: Quine, M. S. (2002) *Italy's Social Revolution: Charity and Welfare from Liberalism to Fascism*, Houndsmills, Palgrave, p. 14.

⁵ Therefore, Italian liberalism seems not to have been, at least during its early stages, as void of different nuanced ideas on social security as some authors portray it.

⁶ Quine, M. S. (2002) p. 38.

⁷ Quine, M.S. (2002) p. 39.

towards more state driven approaches, Italian Liberalism seemed to take the opposite direction. Quine summarizes by putting forward that

Even when advocating individual responsibility for welfare, German liberals formulated corporatist plans for social betterment which did not preclude support for collectivism under state direction.⁸

The ideological level of Italian liberalism in the late 19th century seemed to have fallen back to that of British liberalism in the 18th century.

The first law considering welfare after unification reflected these new programmatic ideas. Law No. 753 as approved by parliament on the 3rd August 1862 provided a legal basis and framework for the operation of Operé Pie and had been layered attached onto an earlier Piedmont law from 1859. It established a potential technical supervisory role for the state over Operé Pie which was never thoroughly implemented. As so often in Liberal Italy, state supervision belonged only to the paese legale (legal world) and never became part of the paese reale (real world).

The question is why Italian Liberalism developed in a direction that had long been surpassed by the liberal movements in other countries? One explanation is that Cavour had learned from his clash with the Church in 1859 on welfare and shied away from further challenging the Church during unification. After having secularized the educational system, stripped the church of large parts of its property and encircled Rome, Cavour simply did not want to further “increase the resentment of the old elites against the new government.”⁹ Even if social security reform was deeply entrenched in the liberal worldview, at that point in time it would have endangered the Liberal state-building interest.

Fargion has a different explanation and underlines that the passivity of the state on welfare came from a deep-seated disinterest in the lower social stratus by the new liberal state elites. She comments:

However, if we analyze the nature of the legislative directives approved in the first three decades of Italian parliamentary activity, there is no doubt about the undisputed substantial disinterest of the ruling classes in a narrower sense towards the charitable bodies and in a general sense towards problems of social-assistance.¹⁰

⁸ Quine, M. S. (2002) p. 39.

⁹ “Aumentare i risentimenti delle vecchie elites verso il nuovo governo.” Fargion, V. (1986) p. 7. The first three decades after unification saw some attempts to reform the malfunctioning and corrupt system but these were usually half-hearted attempts proposed by individual deputies that had no success.

¹⁰ “Tuttavia se analizziamo la natura dei provvedimenti legislative approvati nei primi tre decenni di attività del Parlamento italiano appare indubbio un sostanziale disinteresse delle

Such disregard for the lower social classes, and the preoccupation of liberal elites with themselves, certainly existed in post-unification Italy but Fargion does not assess whether this was only a common attitude or whether it was deeper embedded in the worldview of Italian Liberalism.

Other scholars see the constraints posed by the large scale budget deficits that liberal Italy inherited from the pre-unification states as the reason for the welfarephobia of post-unification political elites in Italy. Maurizio Ferrera puts forward that the constant brinkmanship on a debt crisis, along with the fact that the whole liberal movement is premised on having a balanced budget, countered any attempt to press for an active role of the State in welfare.¹¹ It was therefore convenient for the state to leave welfare in the hands of the Church. Indeed, as the following quote shows, the liberal ministers felt a chill down the back of their necks when they thought of the possibility of opening the door to big government. Giuseppe Zanardelli, the minister of public works under Crispi put forward that:

we have no empire, no industry, no navy. If we expunge every expression of private activity, what will we have left? We will become a nation of administrators; we will create a society enmeshed in the machinery of the state; we will have *l'impiegomania*, [employee-mania] which, already being so widespread and consuming, will end up impeding the functioning of ministries and departments and blocking the vital circulatory system of government.¹²

This would not change even when the Mazzinian Republican Left took power. Fargion remarks that even after the shift towards a left liberal government (Sinistra Storica) the “activity of the left concluded having achieved nothing”.¹³ Liberal Italy did not see the emergence of a welfare state during the first three decades after unification. The “boldest social reform was the introduction of compulsory education from six to nine years of age in 1877”¹⁴ as Ferrera remarks.

classi dirigenti nei confronti sia degli enti caritativi in senso stretto che in generale delle problematiche socio-assistenziali.” Fargion, V. (1986) p. 6.

¹¹ Ferrera, M. (1984) *Il welfare state in Italia: Sviluppo e crisi in Prospettiva comparata*, Bologna, Il Mulino.

¹² Zanardelli cited IN: Quine, M. S. (2002) p. 40.

¹³ “l’attività della Sinistra storica si conclude con nulla di fatto.” Farigon, V. (1986) p. 12. There had been several reform attempts like the “utopistic” (Fargion) one of the Minister Nicotera in 1877 all went up in smoke.

¹⁴ Ferrera, M. (1986) Italy, IN: Flora, P. (ed.) *Growth to Limits: The Western European Welfare States Since World War II, Volume 2, Germany, United Kingdom, Ireland, Italy*, p. 388.

In addition, Ferrera points to another possible explanation for the non-formation of the Italian welfare in the last quarter of the 19th century that goes beyond mere structural (budget) or attitudinal (disinterest of the elite) explanations. Ferrera puts forward that post-unification liberalism was embracing “Laissez faire” as a programmatic idea of non-intervention of the state in welfare, hence as a result of the belief system of Liberals embedded in the worldview of Italian Liberalism.¹⁵ The “plebe” should be helped through teaching it the “virtue of work and saving and the development of individual responsibility.”¹⁶ However, this differed drastically from Cavour’s early welfare ideas of the 1850s in which he envisioned a great society built by the Liberal state. If the reluctance to build a welfare system was new to Italian Liberalism, the question is what triggered this shift in Italian liberal ideology, especially because it also ran counter to the experiences in most other European countries. Could it be that the liberal ideology had shifted, following the first setbacks on pre-unification welfare reform in Piedmont, from an active approach of building a social society towards a passive laissez-faire ideology?

The effects of the liberal state versus church conflict here were the same as they were in the domain of economic policy. The liberal State and Church managed to reach a truce on welfare from the 1860s onwards. This amounted to a gentlemen’s agreement between Church and liberal elites whereby neither party interfered in the realm of the other. This was possible through the perverted fit of the two sides’ worldviews that came about owing to the match between the programmatic ideas of subsidiarity and laissez faire, both of which had long been surpassed by the Catholic and Liberal movement in other European countries.¹⁷ The result was a residual role for the state in welfare in the first 30 years after unification. It was comfortable for Italian liberalism to fall back on ‘laissez faire’ because the permanent financial dilemma of the young state heavily constrained them.¹⁸

¹⁵ Ferrera, M. (1984) p. 28.

¹⁶ “A sollevare e redimere la plebe con la virtù del lavoro e del risparmio e collo svolgimento della responsabilità individuale” Depretis cited IN: Gaeta, F. & Villani, P. (1967) *Documenti e Testimonianze*, Milano, Principato, p. 794, cited IN: Fargion, V. (1986) p. 12.

¹⁷ To my surprise I found out that the neo-corporatism literature of the 1980s had already pointed out that such combinations were possible. Streeck, W. & Schmitter, P. (1985).

¹⁸ Whether though this constraint was really so significant remains questionable – Bismarck was also far from having balanced budgets when introducing welfare – though it is also true that Bismarck was not really a liberal and did not worry too much about balanced budgets in general.

7.2 Crispi: Breaking the Stalemate and opening the Virtuous Circle

Like in Germany, the 'carrot' of public welfare legislation was accompanied by the 'stick' of direct repression¹⁹

Maurizio Ferrera

The first real attempt to intrude into the Catholic's sphere of influence came by way of Crispi's provisions regarding Operé Pie in 1890. With the Law No. 6892 of the 17th of July 1890 he established full state supervision over Operé Pie. After the political and social economic agony that a long period of Laissez Faire politics had brought to Italy, Crispi was determined to grant the new state a stronger and more proactive role. The Crispi law was a milestone in social security development in Italy because it represented a first real break of the Church's virtual monopoly on poor relief. Nevertheless, it did not mark the advent of modern social security in the country as it essentially left the old system of charitable institutions intact. Fargion notes:

As one can very well see, it confirms the reluctance of the official powers to take on an active role to overcome the conditions of misery by which are caught vast parts of the urban as well as of the rural masses.²⁰

Quine points out that the state control of the Operé Pie did not change anything about the system as such. The new policy "thought to perfect the system of *carita-legale*, but not to found a social state."²¹

The content of the proposal that Crispi presented to parliament on the 18th February 1890 was characterized by "a logic of cold rationalization of the existing."²² Crispi had been inspired by Bismarck's anti-Catholic Culture War legislation. Therefore, Crispi's legislation was anticlerical rather than social-reformist. The idea was to crowd out the Church from poor relief, not to modernize it.

The Vatican answered by unleashing its press, mobilizing its followers and even lifted Non Expedite to a limited extent in order to block the proposal. Despite this strong clerical resistance the bill passed parliament.

¹⁹ "Proprio come in Germania, la 'carota' della legislazione previdenziale fu accompagnata dal 'bastone' della repressione diretta". Ferrera, M. (1993) p. 213.

²⁰ "Come si può ben vedere, si conferma dunque la riluttanza del potere pubblico ad assumere un ruolo attivo per il superamento delle condizioni di miseria in cui versano vaste sacche della popolazione sia urbana che rurale." Fargion, V. (1986) p. 21.

²¹ Quine, M. S. (2002) p. 56. Quine shows convincingly that implementation of state control of opera pie was, once enacted, a disaster in implementation and did therefore never really happen. See: Quine, M.S. (2002) pp. 56-63.

²² "una logica di fredda razionalizzazione dell'esistente" Fargion, V. (1986) p. 16.

The important outcome of Crispi's legislation was the break with the truce between the Vatican and the Liberal elites. The fallback position of subsidiarity for Catholicism and of laissez faire for Liberalism was no longer comfortable. However, the question remains why Crispi broke with the Church at exactly that point in time. One reason was certainly Crispi's fiercely anti Catholic personality as a "mangia prete", a priest eater. What might be more plausible is that, like in Germany, the equilibrium between State and Church in Italy had been upset in the 1880s by the arrival of the Socialist worldview that threatened to form a new subculture. As the number of strikes increased drastically in the 1880s (263 strikes between 1880 and 1886), the government first tried to quash the workers movement by jailing most of the Socialist Party leadership. Turatti, the socialist leader, was sentenced to 12 years after he allegedly participated in a strike in Milan. In other words, the Liberal establishment around Crispi responded to the formation of the Socialist movement by trying to copy Bismarck's carrot and stick approach – except without the carrot.

Besides mere repression, the entrenchment of the Socialist worldview in Italy also had another effect. The other forces had to react with programmatic development. In other words, Crispi had triggered a virtuous cycle of doctrinal development. Ferrera remarks that, from the end of the 1880s onwards, thinking about social security became ever more "in vogue" in Italy. Even if Catholicism, Conservatism, Liberalism and the Left had not tabled any serious social security ideas between 1860 and 1890s, from this point onwards they showed a sudden remarkable interest in the social question.²³ It seemed that the political establishment in Italy finally started to perceive modern welfare policy as a political device. The social question, which was largely a southern question in Italy, became widely debated in public. In Turin an intellectual movement similar to the "Socialists of the Chair" (Kathedersozialisten) started to emerge and discussed liberal or state induced Conservative welfare solutions.²⁴ The Left started to think in revisionist terms about state provided social security while the Catholic Church slowly began refining its ideas under the influence of the social encyclical *Rerum Novarum*. Catholics, Conservatives and Liberals had different interests in welfare. Similarly to Bismarck, the governing camp saw social security as a political means "to press for an authoritarian restoration in an anti-parliamentarian

²³"Social policy thus gained greater emphasis on the agenda of all political movements. Formerly opposed, on different grounds, to any state reform, Socialists and Catholic movements now started to favour and actually press for active intervention." Ferrera, M. (1986) p. 388.

²⁴ Ferrera, M. (1986) p. 388.

direction".²⁵ For the Liberals, modern social security was a tool that could compensate for the lack of tangible successes they had had with the modernism which they had tried to infuse into Italy.²⁶ The Catholics wanted to defend their prerogatives in poor relief.

7.3 Catholic Social ideas in Italy

Chapter IV showed how the freshly unified state clashed with the Catholic Church and how the Vatican struck back by negating the legitimacy of the new state and its institutions. As the State stripped the Church of its prerogatives in education and broke most of its temporal powers, the Church responded by excommunicating the King, issuing the Syllabus of Errors, establishing papal infallibility and forbidding any Catholic to take part in the new polity through either voting in elections or taking office. This meant that Catholicism in Italy, in contrast to in Germany, did not develop a political party that granted it power and influence in the new polity.²⁷ Instead, it limited itself to sabotaging the new state by ignoring it. In contrast to Germany, where the Catholics could influence legislation through the Center Party, Italian Catholics locked themselves out from these possibilities. Italian Catholicism did not develop a network of lay organizations before the mid-1890s nor a political party until the 1920s.²⁸

Furthermore, the Italian state did indeed challenge the Church on numerous fronts but, up to the 1890s, never on welfare. Operé Pie, the Church's massive welfare apparatus in Italy, was left untouched until 1890. Unlike in Germany, where Bismarck used social policy as a political means of eliminating his rivals, the Liberal state in Italy did not engage in any equivalent action before the 1890s. As there was no challenge to the organization of social

²⁵ "a premere per una restaurazione autoritaria in direzione anti-parlamentare" Ferrera, M. (1984) p. 30.

²⁶ In General Ferrera sees the emergence of concrete social policy as a phenomenon of the 20th rather than one of the late 19th century in Italy despite that the first laws were enacted in the 1890s. According to Ferrera interventionist social policies were expanded along with the franchise in the Giolitti era but it was only after WWI that social policy became the major topic of the day. It was then indeed in 1919 that the government introduced compulsory old age, invalidity and unemployment insurance schemes. This is the era that Ferrera labels 'social insurance from below' and is according to him marked by a spike in party and union activism with the Socialists and Catholics actively competing against one another in the field of social security. The advent of fascism then set a contemporary end to this by halting social policy expansion. Only with the introduction of the Corporatist state social policy gained again momentum from 1927 onwards and was expanded as a means of social control and in order to give selective benefits. Ferrera, M. (1986) p. 389.

²⁷ Romanelli, R. (1979) pp. 324-338.

²⁸ Brezze, C. (1980) pp. 235-278.

security on the basis of Operé Pie, the episcopate saw no reason to invest in developing new ideas on modern social security that could be compatible with the Catholic creed. Catholic ideas on welfare and social security in 1880s Italy were therefore on a level comparable to that of German Catholic thinking on welfare in the 1820s. As early as 1969, the historian Dennis Mack Smith was already very much on point when he wondered that

Perhaps the very strength of clericalism in Italy had deprived her of the stimulus which in France was to create a flourishing school of lay Catholic philosophers.²⁹

Catholic social teaching in Italy, up until the 1880s, still embraced a very 'organic' interpretation of Neo-Thomasian ideas. This basically meant that every individual had been attributed a place in society by God. If people started to change this through the introduction of potentially progressive social programs, then the whole body of society would inevitably cease to work in the way God had foreseen it. Early Italian Catholic social welfare was, therefore, confined to poor relief through the Operé Pie system. The archbishop of Milan and a prominent exponent of Italian Catholic social teaching, Cardinal Ferrari, exemplified this when instructing the lower clergy:

Should make the poor understand that everything is ordained by God, that it is God who makes some rich and some poor³⁰

The Operé Pie system worked perfectly for this purpose. Money was transferred from the rich to the poor through alms. This had the advantage that the rich would be granted ascension into heaven through the doing of good deeds while, on the other side, the poor were guaranteed not to starve. The bad news for the poor was that they would always remain poor. Rising from the lower social classes to higher rungs was not part of the logic of this system. The system also assigned the Church a monopoly role as the organizing interlocutor between all societal groups and social strata. As no credible challenger on welfare rose to rival this system in Italy, such as Bismarck or maximalist Socialism in the German case, the Vatican saw little need to develop alternatives. The election of the anti-clerical Crispi as Prime Minister changed this. Pollard notes about Crispi: "In particular, Francesco Crispi, former lieutenant of Garibaldi in the invasion of Sicily, was a fire-eating

²⁹ Mack Smith, D. (1969) p. 251.

³⁰ Cited IN: Pollard, J. (2008) p. 51.

anti-clerical, a veritable *mangia prete* ('priest eater')."³¹ In addition, during the 1890s a wave of societal discontent swept Italy that caused the Church to become ever more worried about the spread of collective organizing among peasants under exclusion of the Church. The growing workers' movement in the cities of the North, combined with the arrival of Socialism, also worried the Vatican. As a result, the focus on the "Roman Question" (how to restore the temporal power of the Pope) shifted for the Vatican at the end of the 19th century ever more into the direction of the "Social Question". The Vatican had to take action if it did not want to lose ever more Catholics to Socialism or Liberalism. Indeed, Leo XIII instructed his priests to: " 'come forth from the sacristy and go among the people' ".³² The Church started to launch a dense network of peasant leagues, cooperatives, Catholic rural saving and loan banks and other economic and social organizations.

The newly ordained Pope Leo XIII and his *Rerum Novarum* encyclical were very important in kick-starting this process, particularly as it finally allowed for collective action by not explicitly banning unions and strikes as the *Syllabus of Errors* had done. Under Pius X, the Catholic union movement finally started to grow but it was nevertheless still six times smaller than their Socialist counterparts. The Socialists, however, saw the threat that the new Catholic organizations posed to the left-ideational hegemony on unions and hence the CGL, the biggest Socialist union, accused the Catholics of "' systemic bootlegging' ".³³ Pollard, meanwhile, notes about the fundamental change in the Catholic approach to welfare that

It had managed to create nothing less than a Catholic 'sub-culture' alongside the Marxist one, thus laying the foundations for the brief period of success of the Catholic political party, the Partito Popolare Italiano, from 1919 to 1926, and more importantly, for that of the Christian Democratic Party from 1944 to 1994.³⁴

³¹ Pollard J. (2008) p. 39.

³² Cited in Pollard, J. (2008) p. 60.

³³ Cited IN: Pollard, J. (2008) p. 63.

³⁴ Pollard, J. (2008) p. 68.

Figure 7-1 Italian Union Membership 1910

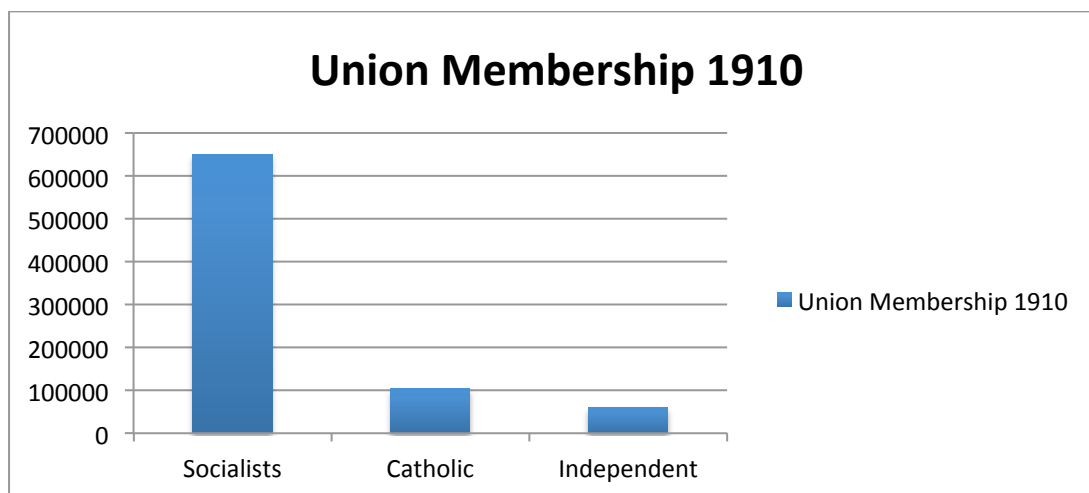


Figure by the author. Data from Pollard, J. (2008) p. 64.

7.3.1 The Socialists

The PSI (Partito Sociale Italiano) was founded in 1892 at a socialist congress in Genoa. Even though the German SPD loomed large as a role model, the PSI still differed in its ideological composition.³⁵ Italian Socialism had not only been rooted in a Marxist tradition but was also heavily influenced by republican and radical thinking of the unification and independence movements inspired by people like Mazzini and Garibaldi. Therefore, the PSI followed Bakunin's legalistic and minimalistic interpretation of Socialism rather than Marx's maximalist German Socialism. Italian Socialism was also, to some extent, a product of the middle classes which made Marx sarcastically describe it as a

a gang of drop-outs, the dregs of the bourgeoisie [...] All the so-called Sections of the International in Italy are run by lawyers without clients, by doctors without training or patients and by billiard playing students.³⁶

Indeed, at the beginning Italian Socialism lacked strong and direct connections to the workers' movement, which was itself heavily fragmented and rather small. Turati, the socialist leader, was well aware that the Italian working class was still far too small to stir a

³⁵ Spinella, M (1980) Antonio Labriola e l'origine del marxismo in Italia. IN: Cherubini, G., Della Peruta, F., Lepore, E., Mazza, M. Mori, G. Procacci, G. & Villari, R. (eds.) *Storia della Società Italiana, Vol. 19, La crisi di fine secolo (1880-1900)*, Milano, Teti, pp. 117-238.

³⁶ Marx cited IN: R, Michels (1926) *Storia Critica del Movimento Socialista Italiana*, Florence, p. 30. Cited IN: Davis, J. A. (1989) p. 185.

successful revolution. The strategy was, therefore, to express and press for socialist ideas within the existing state structures. Bartocci notes: "The party then gave itself the role of initiating true worker's legislation through political agitation and parliamentary action."³⁷ Therefore, early Italian Socialism was less revolutionary and less stuck in Marxist positivism than most of its other European counterparts.³⁸ Bartocci reminds us that as early as the third Party Congress in 1888, Andrea Costa, the former Anarchist leader who had converted to Socialism, put forward that there was an "opportunity to translate the achievements realized by the working class through the social conflict in terms of minimum wages, equality in redistribution, working hours, rest on Sundays, invalidity and old age pensions."³⁹

How could this be possible, though? As long as the franchise was restricted it did not matter that the power resources of union and party membership skyrocketed. Without parliamentary representation there could be no legislative impact. The Party therefore had the reverse problem of its German counterpart. It was minimalist revisionist but could not translate this into parliamentary action because it had no presence in parliament.⁴⁰ In contrast, the German Socialists had revolutionary ideology that was suited for the streets but had to apply it in parliament.⁴¹

³⁷ "Il partito affidava poi a se stesso il ruolo di realizzare una seria legislazione del lavoro attraverso l'agitazione politica e l'azione parlamentare." Bartocci, E. (2000) *La formazione del nucleo originario dello stato sociale*. IN: Zamagni, V. (ed.) *Povert  e innovazioni istituzionali in Italia*. Bologna, Il Mulino, p. 628.

³⁸ Romanelli, R (1979) pp. 285-306. The demand for social security was included in the new 'minimalist' party program put forward by Turati and Kulicioff. This program largely ignored the progressive developments of the Northern European socialist parties towards universalism. Social security demands were, like the Italian working class, fragmented along occupational lines. The demands differed therefore sometimes even from shop floor to shop floor and, on top of that, the vast rural proletariat remained excluded for a long time. The party was, therefore, not split on the question of whether social security should be introduced per se but rather on the question which kind of social security should be introduced. Common ground was only that a social policy regime should be state run and compulsory. Bartocci, E. (2000) p. 683.

³⁹ Bartocci, E. (2000) p. 680.

⁴⁰ Keeping in mind the extremely limited franchise and the very low turnout the Socialists still managed to climb from six seats in 1892 to 32 seats in 1900. The Socialist's success marked the first "expansion of mass politics in a political world that had previously been dominated by closed and exclusive elites of notables and landowners." In 1900 they could finally claim the position of the most important opposition party by scoring as many seats as radicals and republicans together. Nevertheless, their numeric influence was still marginal (6 seats in 1892).

⁴¹ Nevertheless, the PSI would also undergo changes in its ideological position. The influence of syndicalism, especially from France, grew constantly and peaked with the syndicalist and maximalist turnaround of the Party at its congress in 1903. The pendulum swung back again to the reformist tradition in 1907.

Figure 7-2 Socialist MPs compared to total mandates Italian parliament 1892-1900

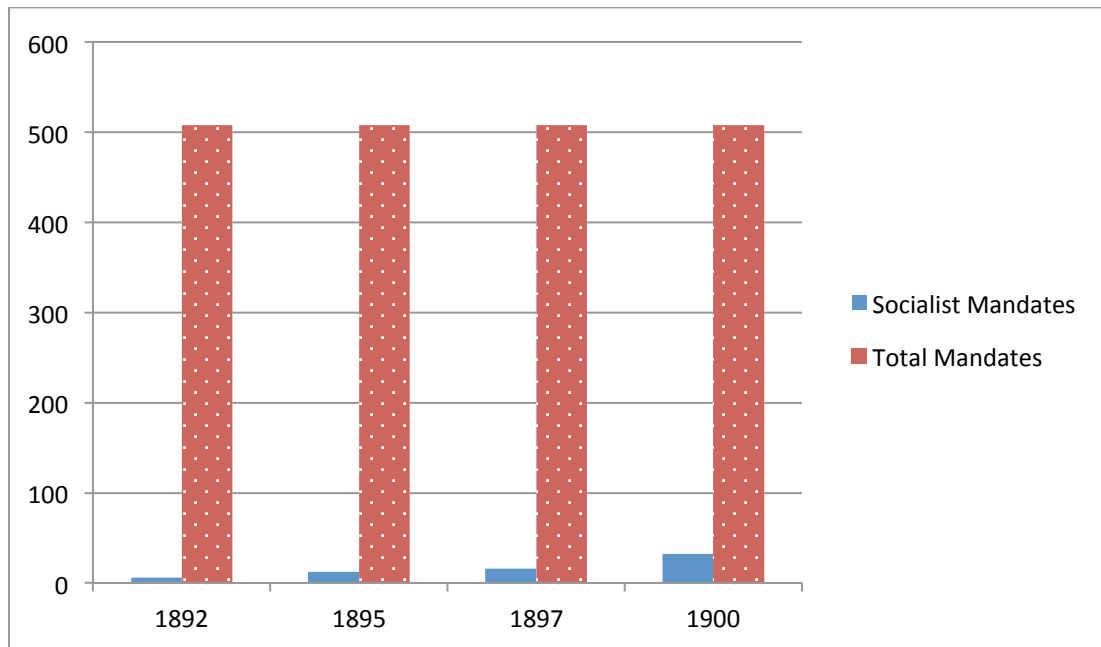


Figure by the Author. Data from Davis (1989) p. 185.

7.3.2 Giolitti

After Crispi had tried and failed to employ a Bismarckian ‘carrot and stick’ approach without the carrot against Socialists and Catholics, the Liberal Giolitti became Prime Minister. Giolitti was convinced that Italy could only advance into the exclusive club of the other European industrialized nations “ ‘not by shooting the workers, but rather by instilling in them a deep affection for our institutions so that we ourselves and not the socialists will be seen as the promoters of progress and as the ones who are trying to do everything possible in their favor’. “⁴² In line with this strategy, Giolitti did not respond to the constructive openings of the Socialists on social policy either.⁴³

The first real attempt to introduce a modern social security system was made by the new Prime Minister Giovanni Giolitti. He was deeply concerned about the rising societal discontent that spread across Italy during the last two decades of the 19th century and

⁴² Giolitti quoted from: Barbadoro, I. (1973) *Storia del Sindacalismo Italiano, Vol. 2*, p. 161, quoted IN: Davis, J. A. (1989) p. 191.

⁴³ Bartocci, E. (2000) p. 683.

wanted to pursue a 'third way' between reaction and revolution. In a speech to voters in Busca he put forward that:

Italy finds itself at the beginning of a new period in its political life. For the first time since the creation of the kingdom of Italy, public opinion is profoundly troubled, strong and audacious extremist parties have emerged, new social problems challenge us, the masses have entered into political life and parliamentary institutions have fallen into crisis. All this reveals the start of a new period of profound transformations.⁴⁴

His own special brand of social liberalism called for the state to take up a neutral mediating role between the different classes. In his opinion "Bias towards their bosses turns the working classes into 'enemies of the state'."⁴⁵ Giolitti finally wanted to implement a wholesale 'carrot and stick' approach in Italy. Quine notes that he "made it very clear that he intended to pursue a Bismarckian policy aimed at binding the workers and their leaders to the State in order to stabilize and conserve the political system."⁴⁶ However, Giolitti had one big problem: he had a strong vision on social security but only very vague programmatic ideas on how to go about it. Giolitti opined that

because there are so many social injustices to remedy, and all of them are very grave, and because we can only scrape at the surface of them, due to spending excesses and the sad conditions of our budget, the only real question is where do we begin the process of reform.⁴⁷

The deep-seated liberal convictions of Giolitti's parliamentary majority and the budgetary constraints had the result that Giolitti's first attempt to modernize Italian welfare fell far short of the achievements of the Bismarckian project in Germany. The Italian Parliament approved Accident Insurance on the 17th March 1898 as the first compulsory social insurance law. It went into force on 1 January 1899.⁴⁸ The introduction of Old Age and Invalidity schemes on a voluntary basis followed a year later.

The outcome of the Giolittian reforms was therefore rather rudimentary. The seminal Italian social policy historian Arnaldo Cherubini judges the introduction of the 'Cassa nazionale di previdenza per la vecchiaia e l'invalidità degli operai' (National Worker's Old-Age and Invalidity Insurance Fund) as "an institute, which repeats the, already proven

⁴⁴ Giovanni Giolitti at a speech to voters in Busac, 29 October 1899, cited IN: Quine, S.M. (2000) p. 67.

⁴⁵ Quine, S.M. (2002) p. 68.

⁴⁶ Quine, S.M. (2002) p. 68.

⁴⁷ Giolitti quoted IN: Valeri, N. (1952) *Discorsi extraparlamentari di Giovanni Giolitti*, Turin, pp. 238, 241 and 245, cited IN: Quine, S. M. (2002) p. 70

⁴⁸ Cherubini, A. (1977) *Storia della previdenza sociale in Italia (1860-1960)*, Editori Riuniti, Roma, p. 112.

inefficient way, of non-mandatory accountability.”⁴⁹ Even though the funds were state-backed, take up of the schemes was marginal. In fact, with only one compulsory scheme, the Italian social security system was not much more than a skeleton. By 1915, almost 20 years after its introduction, the coverage rate of the voluntary pension scheme had not exceeded two percent of the working population. In Germany in the same year the rate was 57 percent.⁵⁰ Even the compulsory Accident Insurance only covered eleven percent of all active workers. During the first two decades of the 20th century it became clear that

The mismatch between the ‘ideals’ of the reformers and the ‘sad reality’ became ever more obvious, and therefore the first decades of the new century were marked by the insight that a social reform, which limited itself for the largest part to educate the people through alleviation, incentives and bonuses to take up their own prevention, did not live up to the real social needs.⁵¹

7.3.3 Assessment

Catholicism reacted to the challenges of modernity in Italy in a much less proactive way than it had in Germany. It took it much longer to develop an intellectual fundament to tackle the worker’s question.⁵² The Italian Left, on the other hand, did not have the problem of maximalist opposition to any form of social security – as the German Socialists had experienced – but rather had to deal with a heavily fragmented proletariat and a strictly curtailed franchise that forestalled their attempts at entry into parliament. Liberalism, meanwhile, went the whole period from the 1860s to 1890s without developing any progressive or nuanced views on social security besides a rudimentary laissez faire idea of state intervention.

Most accounts on the evolution of early modern Italian welfare see liberal laissez faire thinking as an integral element behind the retarded development of Italian welfare. However, they do little to account for why laissez-faire became the paramount ideology

⁴⁹ “un istituto il quale ripete il cammino, già dimostratosi inefficace, della libera adesione.” Cherubini, A. (1977) p. 113.

⁵⁰ Quine, S. M. (2002) p. 94.

⁵¹ “Das Missverhältnis zwischen den „Idealen“ der Reformer und der „traurigen Wirklichkeit“ wurde immer offenkundiger, und so stand das erste Jahrzehnt des neuen Jahrhunderts im Zeichen der Erkenntnis, dass eine Sozialreform, welche sich im Wesentlichen darauf beschränkte, das Volk durch Erleichterungen, Anregungen und Prämien zu eigener Vorsorge zu erziehen, dem wirklichen sozialen Bedürfnis nicht gerecht wurde.“ Sellin, V. (1971) *Die Anfänge staatlicher Sozialreform im liberalen Italien*, Stuttgart, Klett, p. 184.

⁵² Are, G. (1963) *I cattolici e la questione sociale in Italia*, Milano, Feltrinelli, pp. 9-119.

within the movement. Most authors see the prevalence of laissez faire as the result of fiscal constraints and budget pressures. It seems doubtful that budget pressures alone are enough to explain passivity in welfare policies. Bismarck did not have a balanced budget either and yet he managed to introduce welfare. Other continental examples show that there are many ways to outsource costs to employees and employers when introducing modern welfare regimes. Other authors have pointed out that liberalism was too afraid to break the Church's welfare monopoly after Cavour's failure in Piedmont in 1859. Nevertheless, the Church's prerogatives had been broken on many occasions subsequent to that episode, so why not on welfare? Lynch and Fargion see the retarded development of the Italian welfare state as a result of Italian liberalism's "lacked sense of the state".⁵³ However, they fall short in providing an answer for why such a sense should be absent.

I advocate another explanation for the puzzle of the (non-) formation of Italian welfare that fuses particular points of these analyses. My own analysis shows that the predominance of 'laissez faire' in Italian liberalism was simply the best ideational match between the two major competing forces on the peninsula, the Church and the Liberals.⁵⁴ Embracing subsidiarity (Catholicism) and laissez faire (liberalism) represented a perfect ideational armistice in which neither of the two dominant political powers lost face. The prevalence of Church-run Operé Pie could be interpreted by liberals as private welfare provision and therefore in line with their laissez faire creed. On the other hand, the Catholics could look to the prevalence of Operé Pie as a glorious defense of their subsidiarity concept. It was, in other words, the result of a silent ideational gentlemen's agreement between the two forces rather than the hegemony of barebones liberal beliefs in a self-regulating market society. This gentlemen's agreement was possible in Italy because, in contrast to Germany, no credible challenger existed to actively threaten to introduce a ideationally concurring welfare system as Bismarck did in Germany.⁵⁵ As there was no competition between different welfare alternatives, everyone retreated to their respective

⁵³ Lynch, J. (2009) Lynch, J. (2009) Italy: A Christian Democratic or Clientelistic Welfare State, IN: van Kersbergen, K. & Manow, P. (eds.) *Religion, Class Coalitions and Welfare States*, Cambridge, Cambridge University Press, p. 103.

⁵⁴ Lynch argues in a similar way in a side note that "In the liberal period, then, the Church's role in perpetuating its own dominance of the social assistance sector was indirect, operating mainly as a default option pursued only because of liberal politicians' own preferences for limited central government involvement." Lynch, J. (2009) p. 103.

⁵⁵ The Italian left could have but was not in parliament.

fallback position. The result was that neither Liberalism nor the Church developed modern welfare ideas until the 1890s.

Catholic social teaching did not play a role when it came to laying the foundations of the Italian welfare state precisely because a modern form of Catholic social teaching had not yet developed in Italy. Therefore, it is no surprise that Lynch states at the end of her account that “This chapter finds little evidence that Christian Democracy has determined the shape of the Italian welfare state through the mechanism of parties that carry and enforce a particular set of socio-religious doctrines”,⁵⁶ as neither a party nor a doctrine existed. I would push Lynch’s assessment even further and argue that the awkward strategic match between two diametrically opposed ideas made the non-development of Italian welfare possible.

The Question is then: why did modern Italian welfare eventually develop in the 1890s? The answer starts with the fiercely anti-clerical Crispi who broke the three decade long gentlemen’s agreement⁵⁷ between the Church and the State by extending state control to welfare. This upsetting of the stalemate started a competition, similar to in Germany during the 1870s, during which all political actors started to produce ideas on social security in line with their worldviews.

7.4 Conclusion

The analysis has shown that the stalemate between the liberal State and the Church led to a situation of both ideational and organizational non-competition. The result was that none of the two could produce any ideational or organizational capacities on welfare as the relative ceasefire between them guaranteed an untouchable sphere of interest for each. It is astonishing that this particular situation led to a comparatively delayed development of both Catholicism and Liberalism in Italy of all places, where both movements were stronger than anywhere else on the continent in the second half of the 19th century. Only when the Liberals broke their welfare truce with the Vatican did Italy witness a decade of accelerated ideational competition on social security at the end of the century. All of a sudden, every party was moving. Ideas about modern welfare provisions were generated not only by

⁵⁶ Lynch, J. (2009) p. 114.

⁵⁷ I use the term “gentlemen” in reference to Benedetto’s idealist description of the destra storica as “a spiritual aristocracy of upright and loyal gentlemen”, Croce cited IN: Carter, N. (2010) p. 6.

Liberals and Catholics but also by the evolving Socialist movement. As already seen in the case of Germany, Power Resources and Employer Centered Approaches fail to explain this outcome.

Interlude: The Interwar years

Italy

Italy witnessed a remarkable welfare state expansion in the 1920s. The 'red years' of 1919 and 1920 saw skyrocketing working class militancy which deeply worried the liberal political establishment that reacted with a "conscious political strategy of bourgeois stabilization",¹ as Quine notes. On 19th October 1919, Law No. 2214 was introduced which provided for a state-run and compulsory unemployment insurance scheme that would cover all regular and full-time employed male and female workers, even those employed in agriculture.² The law went into effect on the 1st June 1920. It was the first national insurance program in the world that included agricultural laborers. Copied from the German equivalent were the mandatory schemes financed through equal contributions from workers and employers. Coverage, though, was very limited and eligibility difficult to prove. Nevertheless, the groundbreaking character of the compulsory nature of the new system was mirrored in the enrollment figures. From 1915 to 1920 the percentage of people insured had risen from two to thirty six percent.³ The basis of the Italian welfare state, that had formerly been limited to workers in the northern industrial cities, had now been expanded throughout the entire peninsula. For the first time, Italy was closing the social security gap between itself and other industrialized European nations. However, it is important to keep in mind that this booming period was of very short duration given that the Fascists started to take over only four years later.

Italy's social security innovation of the 1920s was not simply brought about through a turnaround in the liberal government's policy in order to appease the raging working class. The picture is more complex. The suffrage reforms of 1913 and then 1918,⁴ plus the introduction of proportional representation, redefined the rules of the political game. Not only did the Socialists now enter parliament in great numbers but the same year also saw

¹ Quine, M. S. (2002) p. 103.

² Ferrera, M. (1993) *Modelli di Solidarietà: politica e riforme sociali nelle democrazie*, Bologna, Il Mulino, p. 217.

³ Quine, M. S. (2002) p. 107.

⁴ Clark, M. (1996) p. 212.

the formation of a new political force, the Partito Popolare Italiano (PPI), as the first Catholic party in Italy. The forceful entrance of two new political forces into the parliamentary arena severely limited the possibilities for horse-trading in parliament. The system whereby individual favoritism was granted by the government to certain liberal deputies in exchange for support, which had worked so well under the single member district system with a restricted franchise, was no longer possible. The liberal system of *transformismo* governance had come to an end. Liberal governments could not reach out to individual deputies through concessions but instead had to deal with parliamentary groups that shared worldviews and programmatic ideas.⁵ Similar to how Germany was governed around the same time by the famous Weimar Coalition of Catholics and Social Democrats, Italy saw years of “competitive expansion”⁶ of welfare after the war. Ferrera notes “The promise of welfare expansion should serve exactly this purpose: every political group counted in fact to gain something.”⁷ This expansion was further facilitated through the increased “climate of national solidarity”⁸ that the years of deprivation during World War I had produced. The war had resulted in widespread suffering. The Liberals were, all of a sudden, not governing the country on their own anymore. The Liberal Prime Minister, Francesco Saverio Nitti, formed a welfare coalition with the PPI and the Socialists which causes Setan-Watson to comment that “it became soon obvious that if the Partito Popolare could be called the legitimate wife of Nitti, the Socialist Party was his lover.”⁹

The short career of the Italian Interwar Christian Democrats

The Vatican had been against the creation of the PPI. When confronted with the steep rise of Socialism on seemingly all levels of Italian society and politics, however, the Church saw no other solution than to “reluctantly, grudgingly, give in”¹⁰ and to allow the formation of a Catholic Party. Subsequently the charismatic Sicilian priest, Don Luigi Sturzo, founded the

⁵ Clark, M. (1996) p. 213.

⁶ “competizione espansiva” Ferrera, M. (1993) p. 218.

⁷ “La rivendicazione/promessa di un estensione dei diritti sociali doveva servire proprio a questo scopo: ciascun raggruppamento politico contava infatti di guadagnarci qualcosa.” Ferrera, M. (1993) p. 218.

⁸ “il clima di <<solidarità nazionale>>” Ferrera, M. (1993) p. 225.

⁹ “<<negli ambienti politici si affermo ben presto che se il partito popolare poteva essere definite la moglie legittima di Nitti, il Partito Socialista ne era l’amante>>” Setan-Watson quoted IN: Ferrera, M. (1993) p. 229.

¹⁰ Pollard, J. (1996) p. 77.

Partito Popolar (PPI) on 18th January 1919.¹¹ The Party experienced a sweeping electoral success immediately and its involvement in the social security expansion also showed that it had considerable political influence. The 1919 elections under proportional representation saw it claim 100 out of 508 seats making it the second largest parliamentary group after the Socialists.¹² For the Vatican the PPI was too leftist. According to Mack Smith

the popolari were a mass party inclined if anything to the Left. Their official program included theoretical plans for condemning imperialism, introducing proportional representation and votes for women, and for dividing up big estates among the peasants; an extreme wing around Miglioli was almost Marxist.¹³

As the leadership was diffuse, however, Clark is also right when observing that it “was an uneasy fusion of Right, Center and Left-wing Catholics”.¹⁴ Landless Catholic agricultural laborers from the South could be found alongside large estate-holding agro-industrialists from the North. Sturzo, the party leader, therefore knew that even with his charisma it would be difficult to hold party together without the support of the ecclesiastical hierarchy. As a matter of fact, this would soon be proven right. In 1922, Benedict XV died and the new Pope Pius XI was even more hostile towards any form of political engagement of lay Catholics. For the Vatican, the PPI had only been the “least bad of all parties”.¹⁵ How true this was came to light when, within the same year, fascist black-shirt squads started to attack the Catholic peasant leagues and agricultural unions in the northern countryside – and the Pope remained remarkably silent.¹⁶ The next step was just a matter of time. As the Vatican saw that it would be easier to come to terms over the Roman Question with Mussolini directly, rather than through parliamentary battles, it quickly withdrew its support for the PPI. In 1924, fourteen Conservative PPI deputies broke ranks¹⁷ with the Party in parliament and voted for Mussolini’s Acerbo Law (Legge Acerbo) which abolished proportional representation and would guarantee the party with the most votes an automatic upgrade to two thirds of the parliamentary mandates. This was the last nail in the coffin for the PPI and Italian democracy. The Party went underground in 1926, as most other

¹¹ Kelikian, A. A. (2002) p. 56. Ferrera, M. (1993) p. 229.

¹² Pollard, J. (1996) p. 78.

¹³ Mack Smith, D. M. (1969) p. 326.

¹⁴ Clark, M. (1996) p. 211.

¹⁵ Pollard, J. (1996) Italy. IN: Conway, M. and Buchanan, T. (eds.) *Political Catholicism in Italy. 1918-1965*, Oxford, Oxford University Press, p. 77.

¹⁶ Kelikian, A. A. (2002) Church, State and Catholicism. IN: Lyttelton, A. (ed.) *Liberal and Fascist Italy*, Oxford, Oxford University Press, p. 57. See also Clark, M. (1996) p. 254.

¹⁷ Pollard, J. (1996) p. 81.

parties did, but disintegrated quickly “with hardly a murmur from the Primate of Italy”.¹⁸ Instead, Mussolini was later heralded by Pope Pius XI as “the man sent by providence.”¹⁹ The irony is that, while Catholic Church had indirectly facilitated the fascists’ taking of power in order to get a settlement of the Roman Question, it was the Church that triggered the decline of fascism a decade later. It was the growing dissatisfaction and alienation between Church and Regime that led to the withdrawal of the Vatican’s backing for Mussolini and paved the way for his subsequent demise.

Germany

In contrast to Italy, German social policy did not see such exciting expansions during the interwar years. Most parts of the social security complex had already been put into place and, therefore, Weimar years saw a process of steady expansion and consolidation in contrast to Italy’s more revolutionary institutional changes and sweeping reforms.²⁰ Nevertheless, this expansion was substantial: sickness insurance increased its coverage rate from 48% in 1919 to 61 % in 1929, whereas old age insurance also expanded its uptake from 69% to 74%. With these figures, Weimar almost reached the coverage rates of West Germany in the 1950s and 1960s, albeit with far lower replacement rates. The main drivers of this process were the Catholic Center Party, which controlled the department of social affairs without interruption from 1920 until 1928, and the Social Democrats who became promoters of social security legislation during the Weimar regime. The most important new feature legislated in Weimar was certainly the introduction of collective, mandatory and bi-partite financed unemployment insurance in 1927 as the fourth pillar of the security system.²¹ However, a more astonishing development in social security was the dismantling of the democratic regime that happened during the big retrenchment discussions of the great crisis years of the 1929/1930. The new unemployment provisions, in particular, could not cope with the huge increase in unemployment that the crisis produced. The insurance

¹⁸ Kelikian, A. A. (2002) p. 58; Ginsborg, P. (1990) p. 48.

¹⁹ Clark, M. (1996) p. 255.

²⁰ Conrad points out that the two economic and fiscal crisis situations of 1922/23 and 1929/33, which brought the social security system to the brink of collapse and bankruptcy, marked a window of opportunity for departing from the path of social security formed in the Kaiser Reich but that these opportunities were strangely enough not taken due to the Social Democrats. See: Conrad, C. (1998) Alterssicherung, IN: Hockerts, G. (ed.) *Drei Wege deutscher Sozialstaatlichkeit*, Schriftenreihe der Vierteljahreshefte für Zeitgeschichte, München, Oldenburg.

²¹ Alber, J. (1986) p. 9; Schmidt, M.G. (1988) p. 43.

scheme had been designed to cope with 600,000 unemployed persons with maximum provisions, in extreme situations, for perhaps 800,000 claimants.²² Conservative estimates put the increase in unemployment as going from 3.8% in 1928 to 17.2% in 1932. This was simply too much for the system to bear and the debate in how to row the provisions back turned into the issue over which the last democratically elected government of Weimar would ultimately dissolve.²³

What followed were numerous cut backs during the time of the presidential cabinets, moves which can now be understood as the reversal of the early welfare expansion logics. If the democratic parties of the center had expanded welfare in the early after war years during the Weimar coalition in order to buy legitimacy and loyalty, then this tactic had a boomerang effect during retrenchment times. Cutting back on welfare represented, for most citizens, a betrayal.²⁴

The German Christian Democrats in the Interwar years

During the Weimar Republic, the Center Party had therefore started to position itself as a progressive on social security and other worker's related issues. The subsequent formation of the 'Weimar Coalition', together with Social Liberals (DDP) and Social Democrats (SPD), proved that these were not empty words.²⁵ The Center Party became what the historian Morsey subsequently called a "left-democratic group".²⁶ However, in contrast to the early Kaiser Reich, the Center could no longer present itself as the sole promoter of welfare legislation. The Center Party was thus facing a dilemma: it was now far easier to enact new welfare legislation with the Social Democrats but also far more difficult to claim credit for it. Therefore, only the introduction of female suffrage could for some time halt the slide in the number of Catholic mandates.²⁷ Nevertheless, the Catholics' share of the Reichstag went

²² Schmidt, M.G. (1988) p. 45.

²³ Alber, J. (1986) p. 9.

²⁴ The Nazi's undid most of the social security cuts of the late 1920s and early 1930s. This was their Bonapartist welfare strategy that aimed at binding the working class into the new regime. The strong economic boom of the 1930s almost eradicated unemployment and made it easy to sustain these programs.

²⁵ Morsey, R. (1981) p. 137.

²⁶ "linksdemokratische Gruppierung" Morsey, R. (1981) p. 140.

²⁷ The female - male ratio of Catholic workers was 6:4.

down from 22.8% in 1912 to 13.6% in 1920 and further descended to 11.9% in 1932.²⁸ Notwithstanding this drop, the Center Party remained extremely influential owing to its pivotal position in the middle of the Weimar party center.²⁹ Four out of a total of ten Chancellors were members of the Center Party. Between 1919 and 1932, the party sent ministers into eighteen different cabinets. It was virtually impossible to ignore the Party when it came to the formation of coalition governments. Therefore, it had far more influence on policy than its nominal strength in mandates and votes might suggest. However, the turbulent political climate of the Weimar years – that saw it often more resemble a situation of permanent civil war rather than a stable democracy – meant that the permanent government position of the party caused it to be widely held responsible for many unpopular decisions. At the end of the Weimar regime, only about one third of the Catholic population still voted for the Center Party.³⁰ The rather naive idea of taming Hitler by supporting his government failed. The fascists quickly started to dismantle Weimar Democracy. Parties and their organizations were banned one after another. The last existing party in Germany, the Center Party eventually dissolved itself on 5th June 1933 in order not to be dissolved by the Regime.

Summary

Catholicism and social security during the interwar years shared many common elements but there were also several divergences in Italy and Germany. In both countries, political parties used social security provisions in order to quench the thirst for revolution after World War One. Social security was simultaneously used to buy legitimacy for the post-war states and their political regimes. In Italy, there was no formal regime change but the introduction of proportional representation and the radical expansion of the franchise was, de facto, a democratic revolution. Germany instead saw for the first time the dawn of a shaky democracy that proved hard to stabilize.

It is striking that social security expansion was brought about in both countries in similar ways. There were similar coalitions between Catholics, Social Liberals and Social

²⁸ Lönne, K. (1986) p. 222. One has to remark though that the party scored a 19.7% of all mandates in the elections for the Constitutional assembly. This can be categorized as a onetime effect due to the fears of parts of the electorate from a revolutionary take over from the left.

²⁹ Morsey, R. (1981) p. 141.

³⁰ Morsey, R. (1981) p. 148.

Democrats that propelled the expansion of social welfare schemes. Political Catholicism had become an established force in both countries, albeit this was a rather short-lived phenomenon in Italy in contrast to Germany. The commitment of Catholic parties to social policy was considerable in both countries. Given the lower level of industrialization in Italy, the PPI was more concentrated on building up peasant leagues, organizing labor in the countryside and extending social security to the agriculture sector, while the German Catholics were traditionally more interested in schemes to protect industrial workers. In both countries the parties actively tried to woo Catholic workers away from the Social Democrats. The fascists were helped to power by the support of the Center Party and PPI, but this was not the decisive step that secured their countries' fate. Instead, the Vatican abandoned the Catholic parties and opted for a bypassing of democratic institutions altogether in order to directly negotiate concordats with the fascists. From this perspective, it seems fair to conclude that it was precisely the Vatican and its conscious action of withdrawing support from political Catholicism that led to both the demise of the Catholic political movements and the advent of fascism in both countries.

8 Post War Germany: Christian Democracy as a Catholic-Protestant

mix

The lasting impression left by the moral and material devastation of twelve years of Nazi rule opened a window of opportunity for political Catholicism and Conservative Protestantism to join together in a single political movement. The programmatic position of the Christian Democratic Party that emerged after World War Two was, therefore, a very special blend of two movements that had existed in sharp opposition to one another for most of German history. The following Chapter will show how the different worldviews and programmatic ideas on society and the economy wrestled with each other during the early years of the Christian Democrats. The advent of the social market economy was a fiercely fought battle of ideas between both denominations in which the Protestant Ordoliberals, grouped around the minister of the economy Erhard, were allowed to install a market economy while the Catholics obtained the securing, and even expansion, of the pre-war welfare institutions. Of interest here is that the social market economy, as a concept, is not the result of class reconciliation within a Christian Democratic interclass party. Instead it represents an ideational compromise between the Catholics' and Protestants' different perceptions of what had gone wrong in Weimar and which version of embedded Capitalism was most acceptable thereafter. In the second part, the Chapter will show how this agreement came to be institutionalized in the overall German post-war settlement that cemented the compromise between these two worldviews for the next sixty years.

Interconfessionalism, the merging of Catholicism and Protestantism in a single political movement, was a fundamentally new experiment in the political history of Germany. Although there had been attempts to form interconfessional political organizations in Kaiser Reich and Weimar Republic, they had usually failed due to the strong divergences between each denomination's worldviews. After 1945, the moral and material devastation left by the reign of a total ideology resulted in a situation where moral healing was primarily sought through a Re-Christianization of society. The common perception was that the Nazis had played the two religions off against one another. Stronger political collaboration of both denominations was perceived as a way to forestall this in the future.

Considerations and debates for a program of a new inter confessional party started as early as 1945 when former Center Party Catholics and Protestant Conservative notables met in Cologne. The partition of Germany into different occupational zones meant that any new political formation had to be licensed by the Allies in the corresponding zone. The Christian Democrats therefore evolved bottom up from different regional initiatives. These regional entities only merged into the Christian Democratic Union (CDU) on the federal level in October 1950.¹ The fragmented early developments of the party had consequences. First, the Bavarian Christian Democrats produced their own party outlet, the Christian Social Union (CSU) that would not merge with the main party. Second, the Christian Democrats in the Soviet occupational zone in East Germany were soon drawn into the orbit of the Socialist Unity Party of Germany (SED). Third, the different evolving regional entities were not evolving inter-confessionally but developed along confessional lines depending on whether they were situated in Catholic or Protestant regions. While the CDU developed in the footsteps of the Center Party in Catholic regions, it developed out of the remnants of the National Conservative and National Liberal parties in the Protestant regions.

The formation of an interconfessional party was a great opportunity as it meant tearing down the boundaries of a denominationally segregated Conservative electorate. On the other hand, it also bore the risk of confessional and programmatic bifurcation. The foundational manifestos of the regional party entities had reflected a strong segregation along confessional lines. If the party wanted to succeed it had to develop a programmatic middle way between both. The caveat was that both the Protestant and Catholic camps had not only fundamentally different interpretations of what had led to the failure of Weimar,

¹ Zolleis, U. (2008) *Die CDU*, Baden Baden, Nomos, p. 99; Bösch, F. (2002) p. 74.

and how this was to be avoided in the future, but also different views on economic and social policy. The first decades of the Christian Democratic Party were therefore marked less by material conflicts between the representatives of workers and employers but between Ordoliberal² Protestants and Christian Socialist Catholics. The result of the meeting, merging and conflicting of the two very different worldviews of Catholicism and Protestantism in one party produced a very special blend of socioeconomic programmatic ideas which were to evolve as the constitutive element of Germany's political economy model after 1945: the social market economy.

The fact that the Christian Democrats went on to win the first four federal elections allowed them to have an extraordinary impact on the political and economic institutionalization of Germany. If one wants to fully understand the institutional impact, it is necessary to look to the complicated and fierce struggles and trade-offs between Catholics and Protestants and how they were accommodated in the construction of new programmatic ideas.

The following chapter will, in the first part, analyse how the difficult marriage of Protestant and Catholic socioeconomic ideas evolved during the first years after the war. In the second part, the chapter will show how these ideational developments affected social policy making.

8.1 If it does not fit use a bigger Hammer

The opening of Catholics and Protestants towards one another was built on the insight that their own divisions during the Weimar years had contributed to the fast rise of the Nazi Party. Neither political Catholicism nor Conservative Protestantism had been able to hinder Hitler's ascendance to power on their own.³ As many Germans thought that the "third Reich originated in the increasing alienation from God",⁴ there was a deep longing for Christian

² Ordoliberals' favoured economic system is a free market economy in which the state plays a strong role by imposing and enforcing the institutional framework under which economic competition unfolds. The state is therefore responsible for making sure that cartelization and other market- and competition-distorting phenomena do not occur. The evolution of the concept will be discussed in greater detail on the coming pages.

³ Also in this vein are the views of the first CDU party programs that describe denominational unity as the solution for preventing the re-occurrence of the devastating past. See: CDU (1945c) Kölner-Leitsätze pp. 1-2. And: CDU (1945b) Frankfurter-Leitsätze, p. 3.

⁴ "Da das dritte Reich durch die zunehmende Entfremdung von Gott entstanden ist." Bösch, F. (2001) p. 30.

Unity which was perceived as a way to safeguard against any new sliding into totalitarianism. Simultaneously, German society experienced a re-spiritualization after the war. Church attendance soared and over 65% of German Catholics and 50% of Protestants responded that they attended mass regularly in an Allied survey in March 1946.⁵ The moral and material havoc caused by the Nazi regime had produced what Schelsky called a “common disorientation” in German society.⁶

The rupture that the total defeat in the war had brought, along with the moral disgrace that the Holocaust had left, had opened a window for discontinuity that was far greater than it had been after World War One. Even the formation of an inter-confessional party seemed possible for the first time.⁷ In fact, that striving for greater Christian Unity was seen as an adequate way to overcome the shadows of the past can be found all over the early CDU manifestos. The Berlin Program was of the view that “From the chaos of guilt and disgrace, in which the deification of a criminal adventure has thrown us, an order in freedom can only evolve, if we remember the cultural, ethical and moral force of Christianity”.⁸ As the traditional political vehicles of political Protestantism (the Conservative and National Liberal parties) had been discredited by their involvement with the Nazis,⁹ interconfessionalism was a chance to bind their former voters to the Christian Democratic project. Indeed, the potential was huge. Among the regular church goers in the 1940s, 71% of Catholics and 40% of the Protestants indicated an affinity towards the Christian Democrats.¹⁰

The shift in the power balance between the two denominations in favour of Catholicism after World War One was also favourable for unity. In contrast to pre-fascist times, Catholics were no longer pinned against a hegemonic “Protestant-Prussian ‘Leitkultur’”.¹¹ The loss of Eastern Germany to the the USSR’s sphere of influence meant that

⁵ Meritt, A.J. & Meritt R.L. (1970) *Public opinion in occupied Germany: The OMGUS Surveys*, Urbana, IL, 1970, pp. 81-83.

⁶ Schulz, G. (2005) *Geschichte der Sozialpolitik in Deutschland seit 1945: Band 3*, Baden Baden, Nomos, p. 78.

⁷ Zolleis, U. (2008) p. 99.

⁸ „Aus dem Chaos von Schuld und Schande, in das uns die Vergottung eines verbrecherischen Abenteuers gestürzt hat, kann eine Ordnung in Freiheit nur erstehen, wenn wir uns auf die kulturgestaltenden sittlichen Kräfte des Christentums besinnen“, CDU (1945a) Gründungsaufwurf der CDU Berlin 26. Juni 1945, p.1.

⁹ Cary, N.D. (1996) *The Path to Christian Democracy*, Cambridge, Massachusetts, Harvard University Press, p. 149.

¹⁰ Meritt, A.J. & Meritt R.L. (1970) pp. 81-83.

¹¹ Zolleis, U. (2008) p. 97.

roughly 45% of the West German society was now Catholic and this confident group was eager to cement their power positions in the new republic. In addition, the Conservative centers of Prussian Protestantism, the large estates of the Junkers, now found themselves geographically situated in the Soviet occupational zone as most of its former political and agrarian power resources were now in Poland.¹² Furthermore, the Nazi rule had discredited Conservative Protestantism's State Socialist programmatic ideas. This opened a window of opportunity for other versions of Protestant economic thinking that had previously been suppressed, such as those inspired by the social-liberal tradition. The new post-war flagship of Protestantism's economic thinking and theorizing shifted from Bismarck's State Socialism towards Protestant Ordoliberalism. Ordoliberalism was a specific brand of neo-liberal economic theory that had been developed during the war by the Freiburg School of scholars led by Walter Eucken. After the war, Eucken soon established a close relationship with Ludwig Erhard. As Ordoliberalism developed, to large extent, as a response to the weaknesses of the Weimar socioeconomic system, it quickly became the new Protestant economic paradigm. Catholicism had also reformulated its socioeconomic concept in light of the failure of Weimar. The basis of Catholic socioeconomic thought had shifted towards Christian Socialism, a concept elaborated in the social encyclical *Quadragesimo Anno* issued by Pope Pius XI in 1931.

Thus the new Christian Democratic party was not merely a repackaging and a relabeling of Catholicism and Protestantism from the Kaiser Reich and Weimar regimes, but instead the experiences of war and totalitarianism led also to a rethinking and remodelling of socioeconomic programmatic ideas of both denominations. The crux was only that both the insights about what had gone wrong in Weimar, and hence the resulting ideas for the future socioeconomic set up, were very different between the two denominations. Bösch remarks that between Catholics and Protestants "at first very different political ideas prevailed, which hindered a concerted party formation"¹³ as there "persisted a latent mutual mistrust."¹⁴ While Catholicism advocated the neo-corporatist ideas of Christian Socialism the Protestants rallied for a market economy where the state would ensure free competition and limited welfare provision. The often-propagated tale (especially by the

¹² Cited IN: Cary, N. D. (1996) p. 149.

¹³ "zunächst äußerst unterschiedliche politische Vorstellungen vorherrschten, die eine gemeinsame Parteibildung erschwerten." Bösch, F. (2001) *Die Adenauer CDU: Gründung, Aufstieg und Krise einer Erfolgspartei 1945-1969*, Stuttgart, Deutsche Verlags Anstalt, p. 21.

¹⁴ "bestand ein latentes gegenseitiges Misstrauen" Bösch, F. (2001) p. 21.

Christian Democrats themselves) of a happy marriage between Catholicism and Protestantism through the concept of the social market economy after World War II is therefore a myth.

For some time it looked like as if the positions would be irreconcilable. Only Adenauer, with his mediating skills and his acceptability as a credible negotiating partner on both sides, could break the gridlock. The advent of the Cold War also helped. Catholics and Protestants were tremendously scared of Bolshevism and Adenauer was a master in exploiting this. In a letter to a cleric who was not convinced of the interconfessional project, Adenauer wrote “that in these times, when it comes to the big battle between Christianity and materialist Marxism, all Christian forces have to be united”.¹⁵ It helped that there were people in the party that were not overly attached to the economic doctrine of their denomination. According to Hermann Lutze, a Protestant pastor who had been very active in the Protestant resistance movement during fascism,

It would be an unutterable misfortune for our people if our common Christian outlook did not have the power to overcome antagonisms [...] Everything therefore depends on whether we can establish links with the working class. The Christian Democratic Party ought not to be simply a middle-class party, for the Christian worker must feel that his rights are just as much spoken for as any other class.¹⁶

With his tactical wisdom, Adenauer managed to force both denominations into what Frank Bösch called a “negative consensus”.¹⁷ As a consequence, “the party first aimed at the middle ground between liberal individualism and Christian Socialism”.¹⁸ How this middle ground evolved and later translated into the concept of the liberal leaning concept of the social market economy (Soziale Marktwirtschaft), despite the Catholic majority in the party, will be shown below. In the following part we scrutinize the evolution and concept of Protestant Ordoliberalism and Catholic Christian Socialism in greater detail.

¹⁵ “<<dass in dieser Zeit, in der es sich um den großen Kampf zwischen Christentum und materialistischem Marxismus handelt, alle christlichen Kräfte gesammelt werden müssen [...]>>.“ Adenauer cited IN: Bösch, F. (2001) p. 28.

¹⁶ Pastor Hermann Lutze from Wuppertal a cofounder of the regional Christian Democratic party outlet. First cited IN: Foehse, U. (1978) Entstehung und Entwicklung der Christlich-Demokratischen Union in Wuppertal, 1945-1950, p. 18, cited IN: Pridham, G. (1977) p. 28.

¹⁷ “Negativkonsens” Bösch, F. (2001) p. 28.

¹⁸ Lappenküper, U. (2004) The Christian Democratic Union in Germany, IN: Gehler & Kaiser (ed.) *Christian Democracy in Europe since 1945, Vol 2*, p. 27.

8.1.1 Ordoliberalism

Ordoliberalism has its roots in 1930s Germany and became one of the ruling economic paradigms for German economy after the Second World War. It developed as a reaction to the Weimar economic crisis of the 1930s which was not perceived primarily as an economic crisis but rather as a political one.¹⁹ Two papers of the political economists Walter Eucken²⁰ and Alexander Rüstow²¹ were central for the birth of this school of thought. The core message was that the corporatism that Weimar had inherited from the Kaiser Reich, and had subsequently expanded during the 1920s, lied at the heart of all troubles. The German state saw its political-economic leverage crippled by a dense web of organized interests represented by associations and political parties. These parties not only exerted their influence through the pluralist possibilities that the Weimar institutional and constitutional system provided but also, according to the early Ordoliberals, through Weimar's specific form of welfare corporatism. In particular, the self-administrative feature of the welfare state built in the Kaiser Reich, which granted all social partners a say in these institutions, was a thorn in the side of Protestant Ordoliberals. While political Catholicism, Social Democracy and the unions had colonized the self-administration bodies of the welfare institutions, political Protestantism had never obtained any political representation in these entities. This is an additional reason for the shift of Protestant economic programmatic ideas from State Socialism towards Ordoliberal Protestant ideas.

The prescription of early Ordoliberalism was clear-cut: the state should free itself from the corporatist web of interests in which it was caught. The first step was that "the state should retreat from its historically accumulated obligations in social policy."²² However, the state should not become a classic liberal nightwatchman state. Instead, it should take a strong supervisory role over the economy and ensure that monopolizing interests were held at bay. This would guarantee the maximum social benefit for the country. The state had primacy over economics and was to guarantee free competition on the market.²³ Walter

¹⁹ Manow, P. (2000) p. 7.

²⁰ Eucken, W. (1932) Staatliche Strukturwandlungen und die Krisis des Kapitalismus, IN: *Weltwirtschaftliches Archiv* 36, pp. 297-321.

²¹ Ruestow, A. (1932) Interessenpolitik oder Staatspolitik? IN: *Der Deutsche Volkswirt* 6, p. 169.

²² Manow, P. (2000) p. 8.

²³ Abelshauser, W. (1996) Erhard oder Bismarck? *Geschichte und Gesellschaft*, Vol. 22, No. 3, pp. 376-392, p. 380.

Eucken formulated this in his two famous postulations on the relation between state and economy:

*First principle: the policy of the state should be focused on dissolving economic power groups or at limiting their functioning. [...] Second principle: The politico-economic activity of the state should focus on the regulation of the economy, not on the guidance of the economic process.*²⁴

If this system was implemented in the right way then no corrections through a social security system would be necessary.

Manow points out that, in the 1930s, many of the positions held by early Ordoliberalism came close to Carl Schmitt's notion of the 'total state' and that in general "German Ordoliberalism thus revealed profound authoritarian dispositions."²⁵ Nevertheless, what was to come after the Nazi power grab in terms of a total state went too far even for the most committed Ordoliberal. The devastating experiences of the Nazi period led to a rethinking of Ordoliberalism in almost entirely anti-political terms after 1945. The Nazi regime had demonstrated that abolishing pluralism, interest associations and parties was really enough to reach the Ordoliberal's ideal. The central idea of post-war Ordoliberalism was that certain state entities, necessary for the regulation of the economy, should be entirely withdrawn from the realm of politics.

The central bank and the antitrust agencies should operate freely, shielded from any influences of interest groups, parties or politicians. The reestablishing of the old Bismarckian welfare corporatism should be avoided by any means. Eucken saw social policy as something that would, in the long run, kill all individual self-responsibility. He emphasized that it would "foster collectivization, create coercion and dependency that diminish self-responsibility and endanger the unfolding of the powers which strive in the individual human being for fulfillment."²⁶ Social policy was therefore "in the first place economic

²⁴ "Erster Grundsatz: Die Politik des Staates sollte darauf gerichtet sein, wirtschaftliche Machtgruppen aufzulösen oder ihre Funktionen zu begrenzen. [...] Zweiter Grundsatz: Die wirtschaftspolitische Tätigkeit des Staates sollte auf die Gestaltung der Ordnungsformen der Wirtschaft gerichtet sein, nicht auf die Lenkung des Wirtschaftsprozesses." italics in original, Eucken, W. (1952) *Grundsätze der Wirtschaftspolitik*, J. C. B. Mohr, Tübingen, pp. 334, 336.

²⁵ Manow, P. (2000) p. 8.

²⁶ "die Vermassung fördern, Zwang und Abhängigkeit schaffen, die Selbstverantwortung vermeiden und die Entfaltung der Kräfte gefährden, die im einzelnen Menschen zur Verwirklichung streben." Eucken, W. (1949) *Die Sozialpolitische Frage*, Heidelberg, Weber, p. 113, cited IN: Kaufmann, F.- X. (2003) p. 130.

regulatory policy”.²⁷ Ruestow complemented this by putting forward that “social policy has in the 80 years of its existence developed through uncontrolled growth”.²⁸ Regarding Christian Democratic post-war plans to reintroduce Bismarckian welfare, Manow judges that “in their view, with this measure German politics had stepped again on the slippery slope of pluralist interest politics which had led to Germany’s political, economic and moral ruin once again.”²⁹ Mueller Armack, who later became state secretary in the ministry of the economy and was the person who adopted Ordoliberalism for the Christian Democrats, opined as early as 1947 that, in any case, “the social policy results [...] have been quite poor”.³⁰ Kaufmann notes that for Ludwig Erhardt, later to become Finance Minister and the single most prominent Christian Democratic exponent of Ordoliberalism, “economic policy was the best social policy.”³¹ The Protestant Ordoliberal faction in the CDU was therefore heavily opposed to any reestablishing of welfare state arrangements. Their counter concept was a combination of the classic liberal creed of welfare by growth and a participatory form of property distribution through widespread distribution of company shares to the entire population. This people’s capitalism (Volkskapitalismus) should, in the long run, lead to an equalization of society and to a evening out of all social classes into the leveled middleclass society (nivellierte Mittelstandsgesellschaft).³² Thus, at the beginning Ordoliberalism did not foresee any form of social security arrangements.

While Müller-Armack was the person that would go on to translate Ordoliberal doctrine into the less politically polarizing and easier to handle concept of the Social Market Economy, Erhard was the man who had the task of making the concept popular among Germans. The “Prophet of the Market Economy” (Görtemarker) was, himself, not one of the leading Ordoliberals but rather the person that did the marketing for them.³³ Adenauer had understood early on that Erhard, who had not even had a party membership up until 1948,

²⁷ “<<Sozialpolitik in erster Linie als Wirtschaftspolitik>>“ Eucken, W., cited IN: Kaufmann, F.-X. (2003) p. 131.

²⁸ “Die Sozialpolitik hat sich in den bald 80 Jahren ihres Bestehens als Wildwuchs entwickelt.“ Ruestow, W., cited IN: Kaufmann, F.-X. (2003) p. 132.

²⁹ Manow, P. (2000) p. 16.

³⁰ „Dass die sozialpolitischen Ergebnisse eines solchen Kollektivismus in allen Ländern, die sich ihm verschreiben, recht mager waren“ Müller-Armack, A. (1947) *Wirtschaftslenkung und Marktwirtschaft*, Hamburg, p. 106, cited IN: Kaufmann, F.X. (2003) p. 130.

³¹ Kaufmann, F.-X. (2003) p. 131. This is in some way an odd statement as Erhardt should according to strict Ordoliberalims not have been for any economic policy at all.

³² Abelshauser, W. (1996) p. 379.

³³ Conze, E. (2009) *Die Suche nach Sicherheit*, Siedler Verlag, p. 164.

could be used in a formidable way to contain the left wing of the CDU and to counter demands for nationalization from the Social Democrats.³⁴ Given his Ordoliberal convictions, Bösch therefore points out that “Ludwig Erhard, who today is blessed by every toastmaster as the father of the social market economy, was instead much more the father of the market economy.”³⁵

8.1.2 Christian Socialism

Similarly to the Ordoliberals, the Catholic socioeconomic thinking after the Second World War was a synthesis of the past. The question was, as for Ordoliberals, deciding what went wrong with the socioeconomic conditions of Weimar that paved the way to the Nazi regime. A central element in shaping Catholic thinking was the second papal social encyclical *Quadragesimo Anno*. Issued in 1931, it contained a detailed criticism of the socioeconomic trends of the inter-war period. Largely developed and drafted by the German Catholic social philosopher, Oskar Nell-Breuning, *Quadragesimo Anno* marked the 40th anniversary of the first social encyclical – *Rerum Novarum* – and sought to elaborate on certain key concepts of Catholic Social doctrine and to update them for the day. It begins with a critical reflection of the socioeconomic conditions of the 1930s which seem to be largely derived from the German and Italian situation, though the countries are never explicitly mentioned. Against this background the encyclical develops its concept of Christian Socialism.

The prime target of criticism is the current “economic dictatorship”³⁶ brought about by a rampant system of free competition which had led to the “virtual degradation of the majesty of the state”.³⁷ According to *Quadragesimo Anno*, “the free market has destroyed itself”³⁸ an aspect on which the Catholic critique mirrors the Ordoliberal standpoint. However, the Catholics fundamentally differ in their prescriptions for curing this malaise. The Encyclical stresses that its socioeconomic concept is neither neo-liberal nor socialist but marks a distinct Catholic third way.

³⁴ Conze, E. (2009) p. 164.

³⁵ „Ludwig Erhard, der heute in allen Festreden als Vater der sozialen Marktwirtschaft gepriesen wird, war eher der Vater der Marktwirtschaft.“ Bösch, F. (2002) *Macht und Machtverlust: Die Geschichte der CDU*, Stuttgart, München, Deutsche Verlags Anstalt, p. 20.

³⁶ *Quadragesimo Anno*, p. 109.

³⁷ *Quadragesimo Anno*, p. 109.

³⁸ *Quadragesimo Anno*, p. 109.

In contrast to Socialism, private property remains central but, unlike neo-liberal conceptions, any private property has to be subject to the increase of the common good. *Quadragesimo Anno* is of the view that “the right order of economic life cannot be left to a free competition of forces”.³⁹ The judgment is harsh: “free competition [...] clearly cannot direct economic life” as “it cannot curb and rule itself”.⁴⁰ Unrestricted free market competition would be directed by the “evil individualistic spirit”⁴¹ spread by “the errors of individualist economic teaching” stemming from a “poisoned spring”.⁴² Instead, the papal letter puts forward that economic life must again be “subject to and governed by a true and effective directing principle.”⁴³ The moral restraints under which such order should evolve has to be guarded by state and government.⁴⁴ *Quadragesimo Anno* therefore grants the state a far greater role than the preceding encyclical *Rerum Novarum*. It reflects an easing of Catholic state skepticism through decades of collaboration by Catholic parties in governments. Nevertheless, according to the principle of subsidiarity the state should only intervene where the social partners cannot organize themselves.

The encyclical promotes a specific type of neo-corporatism in which the state only intervenes as a last resort. At first glance this seems to come close to Ordoliberalism but the differences are huge. While Ordoliberalism sees the free market as the most important regulator of socioeconomic life and affairs and believes that it would only be harmed and distorted by the presence of collective organizations, Christian Socialism emphasizes the importance of collective organization for the common good.⁴⁵ Employers and employees should be organized in mutual associations depending on the sector of activity. These mutual associations should grant a stable and smooth running of the economy which would avoid strikes on one side and wage deprivation on the other. The encyclical notes that “both workers and employers with united strength and counsel can overcome the difficulties and obstacles and let a wise provision on the part of the public authority aid them”.⁴⁶ Wages should be negotiated fairly in bi-partite negotiations and, in case of stalemate or

³⁹ *Quadragesimo Anno*, p. 87.

⁴⁰ *Quadragesimo Anno*, p. 88.

⁴¹ *Quadragesimo Anno*, p. 88.

⁴² *Quadragesimo Anno*, p. 88.

⁴³ *Quadragesimo Anno*, p. 88.

⁴⁴ *Quadragesimo Anno*, p. 132.

⁴⁵ *Quadragesimo Anno*, p. 85.

⁴⁶ *Quadragesimo Anno*, p. 73.

dissatisfaction, the state should intervene. Workers should be protected by ample work protection legislation that would regulate maximum work hours as well as female and child labor. Co-determination should reduce industrial conflict and give the employed a say in the administration of the firm.

In general, “the riches that economic-social developments constantly increase ought to be so distributed among individual persons and classes that the common advantage of all, which Leo XIII had praised, will be safeguarded”.⁴⁷ The prime aim of the economy is to increase the aggregate wealth instead of individual riches. This shared wealth should be generated not only through the payment of a “just wage” and the regulation of working hours and conditions but also through a system of redistribution. Therefore, “we must strive that at least in the future the abundant fruits of production will accrue equitably to those who are rich and will be distributed in ample sufficiency among the workers.”⁴⁸ This was a clear call for a redistribution system that went far beyond the traditional “almsgiving, beneficence and munificence”⁴⁹ that the earlier encyclical *Rerum Novarum* had postulated and which was certainly much more positive towards welfare than the Ordoliberal postulations.

Nevertheless, despite proclaiming that “loftier and nobler principles – social justice and social charity – must, therefore be sought”⁵⁰ the encyclical does not give concrete answers on how redistribution should be organized. It therefore does not provide any description of its preferred welfare system. It only emphasizes that it should occupy a middle ground between Socialist collectivism and liberal individualism. What is certain, though, is that the encyclical diverged tremendously from Ordoliberal principles by advocating a detailed blueprint for a quasi-corporatist/private-corporatist (quasi- because of the absence of the state as a active corporatist partner) economy in which “the associations, or corporations, are composed of delegates from the two syndicates (that is of workers and employers) respectively of the same industry and profession, and as true and proper organs and

⁴⁷ *Quadragesimo Anno*, p. 75.

⁴⁸ *Quadragesimo Anno*, p. 61.

⁴⁹ *Quadragesimo Anno*, p. 50.

⁵⁰ *Quadragesimo Anno*, p. 88.

institutions of the state, they direct the syndicates and coordinate their activities in matters of common interest towards one and the same end.”⁵¹

The provisions of *Quadragesimo Anno* are the main reference point for post-war Catholic social thinking as the doctrine was neither significantly changed nor put into practice during the 1930s and 1940s. The way that the writings of the 1930s were still contemporary for Catholics even in the 1960s shows an angry reply to early Ordoliberal versions of the social market economy by Oswald Nell-Breuning, the German ghostwriter of *Quadragesimo Anno*. He highlights that “the programmatic idea of a so called total competition is, according to Catholic Social teaching, not a useful role model.”⁵² The frequent use of the term Christian Socialism in the CDU manifestos in the Catholic occupational zone is a further indicator of the importance of *Quadragesimo Anno* for German post-war Catholicism. It was almost entirely confined to the Catholic regions where “on the programmatic, personal as well as on the organizational level the CDU evolved out of political Catholicism.”⁵³ As Bösch remarks, “in almost none of the majoritarian Protestant foundation circles the Catholic demand for a ‘Christian Socialism’ could be found”.⁵⁴ The Protestant manifestos advocated the centralization of institutions in contrast to the Catholics’ demands for federalization.⁵⁵ The social structure of the party members was also different. Protestant regional party entities often saw themselves explicitly as representatives of the Conservative bourgeoisie.⁵⁶ In fact, there were almost no workers or union functionaries among the founding members, who were usually recruited from the local community members with academic backgrounds and the self-employed middle classes.⁵⁷ Religion also played less a role for the Protestant as opposed to the Catholic Christian Democrats.

⁵¹ *Quadragesimo Anno*, p. 93.

⁵² „Das Denkmodell des sogenannten vollständigen Wettbewerbs ist nach der katholischer Soziallehre kein brauchbares Vorbild.“ Nell-Breuning, O. (1960) IN: Rütger, G. (1986) p. 254.

⁵³ Bösch, F. (2001) p. 29.

⁵⁴ “fand sich in so gut wie keinem der mehrheitlich protestantischen Gründerkreise die Katholische Forderung nach einem << Christlichem Sozialismus>>“ Bösch, F. (2001) p. 35.

⁵⁵ Bösch, F. (2001) p. 43.

⁵⁶ Bösch, F. (2001) p. 44.

⁵⁷ Bösch, F. (2001) p. 44.

Therefore, it is likely that the “third way” of the German post-war economy was not the exclusive result of Catholic Social teaching.⁵⁸ If the provisions of *Quadragesimo Anno* and Christian Socialism had been institutionalized fully in the after war period then the German political economy would look very much different today. *Quadragesimo Anno* prescribes a strict corporatist order under Christian ideals in which state intervention is regulated and limited by the subsidiarity principle. Instead, we have to investigate to what extent the German post-war economy based its “motivation in the social and economic ethics of both great confessions.”⁵⁹

8.1.3 The Programmatic development

The strongly divergent positions of Protestant Ordoliberals and Catholic Christian Socialists did not make for an easy fusion of the two worldviews into a new programmatic idea. Adenauer, though, was convinced that one could not just lump both worldviews together to form a new programmatic idea as “No new party can be built on “gathering” because “gathering” does not indicate any particular pathway into the future.”⁶⁰ As Bösch puts it “Adenauer himself had the advantage, to be acceptable for both sides, as he shared many views about the economy with the Protestants, but was at the same time a believing Catholic.”⁶¹ It was personalities like him who “were to provide the new party with its most important single integrating force.”⁶² Nevertheless, even though Adenauer was a master in manipulating both sides, it was far from easy to appease both sides and to fuse the incongruent worldviews into a single program. The following section will portray the early struggles over the Christian Democratic socioeconomic programmatic ideas.

⁵⁸ Kaufmann, F.-X. (2003) p. 137.

⁵⁹ „Begründung in der Wirtschafts und Sozialethik beider großer Konfessionen.“ Kaufmann, F.-X. (2003) p. 137.

⁶⁰ Cary, N. D. (1996) p. 180.

⁶¹ Bösch, F. (2002) p. 76.

⁶² Pridham, G. (1977) *Christian Democracy in Western Europe*, London, Croon Helm, p. 52.

8.1.4 Programmatic ideas in the CDU

During the 1940s, the CDU produced six major party manifestos.⁶³ The Gründungsaufwurf (1945),⁶⁴ the Frankfurter Leitsätze (1945),⁶⁵ the Kölner Leitsätze (1945),⁶⁶ the party program from Neheim-Hüsten (1946),⁶⁷ the Ahlen program (1948)⁶⁸ and the Düsseldorfer Leitsätze (1949).⁶⁹ They nicely exemplify the limbo the party went through on its programmatic ideas and beliefs in the early years. The Frankfurter Leitsätze continued to reflect the strong position of Christian Socialists that demanded the nationalization of key industries, though these are completely eradicated four years later in the Düsseldorfer Leitsätze where the final turn towards the CDU's market liberalism is cemented. The first official party platform, the Hamburg Program from 1953, was not amended until 1968 and incorporates and reconfirms the positions from Düsseldorf. It marked, therefore, the end of Christian Socialist attempts to install a neo-corporatist regulation of post-war Germany socioeconomics and embodies the self-confinement of the Catholic Christian Socialist wing to welfare policy.

The Kölner Leitsätze from June 1945 is the first official programmatic communication of the CDU. On eight pages the manifesto promotes strong Christian Socialist positions but, at the same time, also leaves room and acknowledges the importance of individual entrepreneurship. This Janus-headedness carries on throughout the text which states that "The dominance of Big Capital, private monopolies and enterprises will be broken"⁷⁰ and that "banking and insurance will be state controlled".⁷¹ It also puts forward, meanwhile, that "Private initiatives and individual responsibility will be conserved. Small and medium-sized businesses will be assisted and proliferated."⁷² The Frankfurter Leitsätze, a second party

⁶³ These six manifestos are the more prominent ones. There are though actually many more as each regional party entity published its own founding manifesto.

⁶⁴ CDU (1945a) Gründungsaufwurf der CDU Berlin 26. Juni 1945.

⁶⁵ CDU (1945b) Frankfurter Leitsätze, Politische Leitsätze der Christlich Demokratischen Union Stadtkreis Frankfurt am Main, September 1945.

⁶⁶ CDU (1945c) Kölner Leitsätze, Juni 1945.

⁶⁷ CDU (1946) CDU Parteiprogramm von Neheim-Hüsten vom 1.3.1946

⁶⁸ CDU (1947) CDU überwindet Kapitalismus und Marxismus: Das Ahlener Wirtschafts und Sozialprogramm der CDU.

⁶⁹ CDU (1949) Düsseldorfer Leitsätze. 15.7.1949.

⁷⁰ „Die Vorherrschaft des Großkapitals, der privaten Monopole und Konzerne wird gebrochen.“, CDU (1945c) p. 4.

⁷¹ „Das Banken und Versicherungswesen unterliegt der staatlichen Kontrolle.“, CDU (1945c) p. 4.

⁷² „Privatinitiative und Eigenverantwortlichkeit werden erhalten. Mittel und Kleinbetriebe werden gefördert und vermehrt.“ CDU (1945c) p. 4.

manifesto that was put forward a couple of months later in September 1945, tips the balance in favour of the Catholic Christian Socialists.

The Frankfurter Leitsätze propagates an “economic Socialism on a democratic fundament”.⁷³ The program demands nationalization of heavy industry and major banks as well as other key sectors central to reconstruction. However, this call is eased at the end of the manifesto where the central role of individual economic action is highlighted. Regarding social security the manifesto makes a clear reference to the pre-fascist system. “The conservation of the German Social Insurance is despite the given financial difficulties an exigency, however it has to be simplified and liberated from exaggerated bureaucratic burdens.”⁷⁴ This was a clear call for the re-establishing of the social security system whose formation the Catholic Center Party had heavily influenced in the Kaiser Reich and later expanded with the Social Democrats during the Weimar Republic. In particular, it should be cleansed from the clientelist add-ons and program fragmentation that the Nazis had enacted. Regarding industrial relations the program followed a similar line. Central to the Frankfurter Leitsätze was the reintroduction of a system of codetermination and collective wage bargaining that had been created by the Catholic Center Party and the Social Democrats in Weimar. The text incorporates a pledge to ensure an “equal participation of the employees in the guidance of the economy” in the future.⁷⁵

Konrad Adenauer, who had started to emerge as the future strong man of the CDU, feared that too much Christian Socialism would alienate the Ordoliberal Protestants from the inter-confessional project. He was therefore eager to roll back the Catholic Christian Socialist influence. The strategy was to call for a party congregation in Neheim-Hüsten in March 1946 that produced the third CDU manifesto within less than a year. It dropped all previous promises to socialize industries by stating that the “pressing question for

⁷³ “Wir bekennen uns zu einem wirtschaftlichem Sozialismus auf Demokratischer Grundlage, und zwar in folgender Form: Wir erstreben die Überführung gewisser großer Urproduktionen, Großindustrien und Großbanken in Gemeineigentum. Wir wollen ferner dass die Wirtschaft im Großen einheitlich gelenkt werde. Aber dennoch soll Platz für individuellen Wettbewerb sein.“ CDU (1945b) p. 6.

⁷⁴ “Die Erhaltung der deutschen Sozialversicherung ist trotz der gegebenen finanziellen Schwierigkeiten eine Notwendigkeit, sie muss jedoch vereinfacht und von übermäßiger bürokratischer Belastung befreit werden.“ CDU (1945b) p. 7.

⁷⁵ “und wünschen eine Weiterentwicklung dieser sozialen Grundrechte in Richtung auf eine gleichberechtigte Teilnahme der Arbeitnehmerschaft an der Führung der Wirtschaft.“ CDU (1945b) p. 7.

socialization of parts of the economy is at this point in time not convenient".⁷⁶ That said, the program is still far from being purely neoliberal as social insurance was kept and codetermination procedures between employers and employees was also advocated.⁷⁷

The tug-of-war over the future economic policy position entered its next round with the Ahlen party program in March 1946 which saw the CDU pulled once again in the direction of Christian Socialism. Under the telling title "CDU overcomes Marxism and Capitalism" the program opens with the assessment that "The capitalist economic system did not live up to the state and social interests of the German people."⁷⁸ The manifesto positions itself strongly against any capitalist profit- and power-accumulation and is dominated by the three central claims for socialization of heavy industries, codetermination in industry between employers and employees and of rigid state control of money, bank and insurance systems. The Ahlen program therefore goes further, and is more concrete in its claims, than what had gone before. It reverses the positions of the Neheim-Huesten program stating that "Also in the iron manufacturing heavy industry the path of socialization should be followed."⁷⁹

Even though the term Christian Socialism has vanished from the program it now embraces aspects of neo-corporatism by advocating a triangle in which the economic order should be structured between equal representatives of state, economy and consumers.⁸⁰ In this much, the Ahlen program is congruent with the papal social encyclical *Quadragesimo Anno* which had markedly positioned itself against liberal market capitalism fifteen years earlier.⁸¹ Ahlen marked the highpoint of Christian Socialist tendencies.⁸² The Ahlen program has achieved enormous prominence amongst the long line of Christian Democratic party programs. Bösch points out that the "Huge myth of the small program" that the manifesto contains for the union and workers' wing of the CDU is largely due to the fact that it up until now (mistakenly) has been taken as the founding manifesto of a party in which its decisively

⁷⁶ "Die sich aufdrängende Frage der Vergesellschaftung von Teilen der Wirtschaft ist zur Zeit nicht praktisch" CDU (1946) p. 6.

⁷⁷ CDU (1946) p. 5.

⁷⁸ "Das kapitalistische Wirtschaftssystem ist den staatlichen und sozialen Lebensinteressen des deutschen Volkes nicht gerecht geworden." CDU (1947) p. 3.

⁷⁹ „Auch bei der eisenschaffenden Großindustrie ist der Weg der Vergesellschaftung zu beschreiten.“ CDU (1947) p. 6.

⁸⁰ CDU (1947) p. 13.

⁸¹ Rauscher, A. (1980) p. 16.

⁸² Pridham, G. (1977) p. 31.

capitalist-critical attitude was enshrined.⁸³ The left party wing of the CDU still thinks today that the Ahlen manifesto was a forceful reply of the Christian Socialist wing to Adenauer's attempt to corral the party into a more liberal position.⁸⁴ In reality it was Adenauer himself who had developed the draft party program almost single-handedly. Adenauer pursued three aims in doing so: first, he wanted to appease but also influence the workers' wing of the party by adopting some of the positions of Christian Socialism and thereby quenching their thirst. Second, he wanted to crush his internal left leaning party rival – Jacob Kaiser – and, third, he wanted to secure the support of workers in the upcoming elections in North Rhine Westphalia.⁸⁵ By drafting both programs, Adenauer did not demonstrate schizophrenia but, rather, his excellence in tactical manoeuvres. Both wings of the party could sell both programs as successes to their own followers. With the Ahlen program Adenauer had achieved his aims regarding the left wing of the party. That the Ahlen program was more of a concession, rather than an embracement of the Catholic left wing of the party, can also be derived from the fact that Adenauer's suspicion saw him insist on erasing the term Christian Socialism from the party program. He was now willing to give the Ordoliberal protestant wing of the party more leverage. Pridham notes that "the trend in the party from 1948 was in an economically Conservative direction, which ensured the success of Erhard's plans in 1949."⁸⁶

The Düsseldorfer Leitsätze, only three years later, pointed in the completely opposite direction. It saw the Soziale Marktwirtschaft etched in the stone of the CDU party program. The document opens with the telling statement that "he who wants to be free has to subordinate himself to competition".⁸⁷ The manifesto provides a sophisticated framework for an Ordoliberal market economy. The program claims to be a market economic supplement to the Ahlen program but is, in reality, a fundamental break from its propositions.⁸⁸ Any sign of corporatism that the Ahlen program still contained is eradicated and replaced with a strong call for a market economy in which 'true' competition is

⁸³ Bösch, F. (2002) p. 18.

⁸⁴ Rauscher notes that „war das Ahlener Programm in erster Linie die Devise der Linkskatholiken“, Rauscher, A. (1980) Die Katholische Soziallehre im gesellschaftlichen Entwicklungsprozess der Nachkriegszeit, IN: Langer, A. (ed.) *Katholizismus. Wirtschaftsordnung und Sozialpolitik 1945-1963*, Paderborn, Schöningh, p. 19.

⁸⁵ Bösch, F. (2002) p. 18.

⁸⁶ Pridham, G. (1977) p. 31.

⁸⁷ CDU (1949) p. 20.

⁸⁸ CDU (1949), p. 2.

guaranteed through a tough monopoly and cartel controls backed by an independent central bank to guard against inflation. Social policy only features to a limited extent in the program.

To summarize, the early party programs wanted to find a solution to the dilemma that the “regulating socialist and state socialist tendencies were rejected as paving the way for baleful collectivism. But also the liberal organization of the economy without any reference to the common good was rejected.”⁸⁹ Nevertheless, it seemed that with the introduction of the social market economy principles at the party rally in Düsseldorf, market liberalism had successfully out-manoeuvred the Christian socialist currents at the end of the 1940s.⁹⁰ In Düsseldorf the CDU had opted for a “socially responsible version of the market economy” but, as Lappenkühner notes, with the Düsseldorf program “socialization tendencies and the plea for a corporatist economic order were largely abandoned.”⁹¹ In a similar vein, Lönne states that the Düsseldorf program was essentially sold as “market economic complement to the Ahlen program but represented in the end a strong and final dislocation of the CDU politics from societal and economic reform policy towards capitalist market politics”.⁹² The analysis presented above arrives at a similar conclusion. The Düsseldorf manifesto is especially important in this respect because it put an end, for the time being at least, to the discussion between Catholic left- and Protestant market-liberals. What had found its way into the Düsseldorf manifesto was to remain there throughout the next decade and was reaffirmed in the two party manifestos of the 1950s.

The fundamental and final nature of the Düsseldorfer Leitsätze’s message for the Christian Democratic platform shows up in the party manifestos of the 1950s. With great self-confidence they boast that the introduction of the Christian Democratic social market economy had stabilized the country and helped it to embark on an unprecedented path of growth. The Hamburg Program of 1953 once again emphasizes that “nationalization and socialist state ownership is no solution for the social question”⁹³ and that instead “Social

⁸⁹ “Reglementierende sozialistische und staatssozialistische Tendenzen wurden als Wegbereiter eines unheilvollen Kollektivismus abgelehnt. Aber auch eine liberale Wirtschaftsführung ohne Bindung an das Gemeinwohl wurde zurückgewiesen.“ Lönne, K.-E. (1986) p. 267.

⁹⁰ Schulz, M. (2005) p. 141.

⁹¹ Lappenkühner, U. (2004) p. 27.

⁹² Lönne, K.-E. (1986) p. 273.

⁹³ CDU (1953) Hamburger Programm CDU: Das Programm der Christlich Demokratischen Union für den zweiten Bundestag, 22.4.1953, p. 17.

insurance is a solid part of our social system.”⁹⁴ Furthermore, it contains a pledge to “keep the well-proven version of the categorized social insurance.”⁹⁵

The German Christian Democrats’ route regarding economic and social structure seems to have been fairly well settled in the early 1950s. Christian Democracy settled for a system that allowed for a maximum of economic competition and liberalization with any negative outcomes being corrected a posteriori through social insurance. In other words, the Catholic worldview, with its programmatic ideas of Christian Socialism and the neo-corporatism of *Quadragesimo Anno*, had been defeated when it came to the structuring of the economy but were compensated for with welfare. Indeed, Hockerts notes that the Catholic employee wing “went into the offensive in the field of social policy, and achieved here some substantial achievements against the neo liberals.”⁹⁶ The interconfessional trade off on programmatic ideas meant that Protestantism could fortify the free market economy while the Catholics had to scrap their plans for (neo-)corporatism. As compensation, the Catholics were had the expansion of the social security regime of the pre-fascist period enshrined into the CDU program. Thus, parts of the Ordoliberal concept of free market competition became integral part of German Christian Democratic-Catholic social teaching. Even on the yearly rally of the German Catholics in 1949 the social market economy received a very positive reception.⁹⁷

According to Manow this programmatic compromise between two denominations was institutionalized when the Catholics were granted the reintroduction of the pre-war welfare regime while the Protestants introduced the Ordoliberal institutions of an independent central bank and a cartel agency.⁹⁸ However, this does not explain why the German Post-War economic order became much more neo-corporatist than Ordoliberalism would have ordinarily allowed it to be. This indicates that the inner party compromise between Ordoliberalism and Christian Socialism was not as stable and eternal as is often assumed. The next section will analyze how a series of external constraints and interests such as

⁹⁴ CDU (1953) p. 16.

⁹⁵ CDU (1953) p. 16.

⁹⁶ „ging sie auf dem Feld der Sozialpolitik in die Offensive, und sie erreichte hier beträchtliche Durchsetzungserfolge gegenüber Neoliberalen“ Hockerts, H. G. (1988) p. 45.

⁹⁷ Langer, A. (1980) p. 54.

⁹⁸ Manow, P. (2000) *Modell Deutschland as an Interdenominational Compromise*. Minda De Gunzburg Center for European Studies working paper. Cambridge. Harvard University.

demands from the Allies, employers and the Korea crisis again shifted the programmatic ideas of the Christian Democrats in the direction of the Catholics during the 1950s.

8.2 The (re-)transformation of the Social Market Economy

The question to be tackled here is how Protestant Ordoliberalism were able to have such a strong initial impact, despite that an unfavourable shift in the denominational balance in West Germany and the closer links between Protestantism and Nazism, and how this influence could later be quickly reversed. Catholics, and the proponents of Catholic social teaching, were in a majority position within the party. Zolleis remains vague when stressing that “The development of the CDU as the party of the social market economy was dependent to a large extent on party external factors, such as the influence of the Western Allies, the currency reform and the long standing successes of the Frankfurt Economic Council under the guidance of Ludwig Erhard.”⁹⁹ We shall now take a closer look and unravel these different explanations.

8.2.1 The Ordoliberal Dominance

Adenauer was obsessed with the creation of a new political movement rather than assembling the leftovers of previous political players. Cary notes that “For Adenauer, then, the SPD was an old and shop worn party that was in danger of becoming an appendage of the communists, while the CDU was a new, tolerant, moderate, coherent, and genuinely interdenominational movement.”¹⁰⁰ In fact, Adenauer wanted to emphasize the break with the old Center Party whenever he could. Cary notes that “When he did mention the old Center, his purpose was to deny its tradition to the new Center”.¹⁰¹ Adenauer repeatedly emphasized that the party should be “a new party, not a combination of an old party from an era that is dead and gone.”¹⁰² It was therefore also in Adenauer’s interest to foster an

⁹⁹ “Die Entwicklung der CDU als Partei der Sozialen Marktwirtschaft hing aber in großem Masse von parteiexternen Entwicklungen, wie dem Einfluss der Westalliierten, der Währungsreform und den langjährigen Erfolgen des Frankfurter Wirtschaftsdirektoriums unter der Leitung von Ludwig Erhard tab.“ Zolleis, U. (2008) p. 100.

¹⁰⁰ Cary, N. D. (1996) p. 182.

¹⁰¹ Cary, N. D. (1996) p. 182.

¹⁰² Cary, N. D. (1996) p. 181.

economic policy line for the CDU that diverged from the Center Party's focus on Catholic social teaching. This served his interests of making the CDU more distinguishable from the Social Democrats (SPD). Furthermore, international considerations also played a role. Adenauer was much more interested tactical and pragmatic thinking than abstract theoretical debates. The onset of the Cold War and the need for the Marshall Plan aid convinced him that, in order not to upset the Western allies, pledges for nationalization in the programmatic ideas of his party should be kept to a minimum.¹⁰³ Moreover, the shift of political Catholicism from the Left towards the Center was also a reaction to the short economic boom at the end of the 1940s. Rauscher points out that "The more the employees were in favour of the social market economy, the less they thought about nationalization."¹⁰⁴

Thus, although the Adenauer factor certainly plays a role it cannot alone explain the shifts. Abelshauser points out that the exogenous effects of the onset of the Korean War were of immense importance in influencing the power balance between supporters of Christian Socialism and market liberalism. Abelshauser also remarks that the currency reform of the 20th June 1948, which Erhard coupled with stringent market liberalizing reforms, was a de facto implementation of a neo-liberal agenda in the German political economy long before the resolution of the programmatic war of words in the Christian Democratic party manifestos.¹⁰⁵ With this move, Erhard and the Ordoliberalists had gained considerable ground vis-à-vis the supporters of state interventionist politics in the realm of real politics while Catholic Christian Socialists were still discussing programs.¹⁰⁶ The currency reform and the move to a free market economy immediately ignited an enormous economic spurt. The success of the move towards a fully-fledged market economy seemed therefore to have decided the debate between market and planning. However, the Korea crisis would soon render all programmatic Ordoliberal statements useless and degrade Ludwig Erhard to what Schofield called a "paper tiger of German industry".

¹⁰³ Langer, A. (1980) p. 65.

¹⁰⁴ Rauscher, A. (1980) pp. 20-21.

¹⁰⁵ Abelshauser, W. (1987) pp. 17-18; Conze, E. (2009) p. 156.

¹⁰⁶ Abelshauser, W. (1987) p. 19.

8.2.2 Exogenous Factors and the Catholic backlash - The Korea Crisis

The early boost in growth turned soon out to be little more than a firework. The economy began to fizzle out from 1950 onwards and stumbled into its first crisis. The unemployment rate soared to 11% in 1950. By 1951 two million people were already out of work.¹⁰⁷ The premises of the free market promised by Erhard crumbled. The Allied forces and the Allied High Commission became especially worried about the potential destabilizing effect of structural unemployment. At first the Anglo-Saxon allies had been convinced of the merits of Ordoliberalism's break with the traditions of German corporatism. Shonfield remarks that the Anglo Saxon allies felt that "Whatever the view of the German central government, business would in future be kept small, divided, and competitive."¹⁰⁸ Nevertheless, owing to the economic downturn and the onset of the Cold War, the Allies changed their approach to German economic reconstruction. Henceforth, they prioritized the creation of a stable German economy and their concerns increasingly targeted the "philosophy"¹⁰⁹ in which Ludwig Erhard's neo-liberal approach was grounded. The fear was that Erhard's neo liberal policy would not be sufficient to overcome the problem of unemployment, especially since active labor market policies did not feature in the policy repertoire of the Ordoliberals. The increasing competition between two systems, in light of the onset of the Cold War, was deemed to be dangerous by the allies. Events started to accelerate with the outbreak of the Korean War on the 25th June 1950 which triggered a worldwide economic crisis. The Western Allies demanded active labor market programs and an end to the restricted monetary policy. Erhard and the predecessor institution of the central bank strongly opposed this. The US High Commissioner General Mc Cloy increased the pressure on Erhard by threatening to halt the Marshall Plan aid. When half of the Christian Democratic parliamentary group in the Bundestag crossed the aisle to vote for a Social Democratic proposal on active labor measures, Erhard knew he had to move. While still calling it a "General attack on the German market economy", he did order the development of active labor market programs.¹¹⁰

Surprisingly the Korea crisis soon developed counterintuitive and unexpected positive economic effects for West Germany as it was the only western country with industrial

¹⁰⁷ Conze, E. (2009) p. 161.

¹⁰⁸ Shonfield, A. (1969) *Modern Capitalism*, Oxford, Oxford University Press, p. 240.

¹⁰⁹ Abelshauser, W. (1987) p. 20.

¹¹⁰ Conze, E. (2009) p. 162.

overcapacities. Furthermore, the war led to a heavy worldwide increase in demand for raw materials. Heavy industry based on the availability of raw materials soon ran into supply problems. Even Erhard agreed now that some state coordination of these industries was necessary. His speech in the German Bundestag on the 14th March 1951 used the word 'planning' numerous times. It was ridiculed by some as "funeral address of the free market economy".¹¹¹ In addition, the Allied demand for planning increased with the evolution of the war in Korea. On the 6th March 1951 they asked "a considerable modification"¹¹² of the free market economy as they needed supplies of armory goods and started to demand a German contribution to their own defense. German industry seized this opportunity. Employers had never been happy with the Ordoliberal and Anglo-Saxon provisions for the German economy. Shoenfield notes that "the last thing the German industrialists contemplated was to establish a free economy of small producers in the Anglo-Saxon spirit."¹¹³

The employer associations were long since sour about being excluded from all decisionmaking regarding the political economy under Erhard's Ordoliberal worldviews. The Korea crisis gave their complaints more girth. Erhard gave the employers' association the task of coordinating raw materials and heavy industry, but did not allow the state to play an active role in this. This new role for the Federation of German Industries (BDI) during the Korea crisis laid the foundations for the restoration of Germany's prewar (neo-) corporatist structure. Abelshauser comments that "Cooperative self-administration and interest politics, originating in the Kaiser Reich, became fully fledged in the Weimar Republic and were authoritatively deformed during the NS Regimes, also left their imprint on the market economy of the fifties."¹¹⁴ Therefore, Rhine Capitalism (Rheinischer Kapitalismus), with its corporatism that was constitutive for the German post-WWII economy, was not a product of the concept of the social market economy (at least not of its Ordoliberal part). In fact, only through the events of the Korea crisis did corporatist elements come to be introduced into the concept of the social market economy.

¹¹¹ „Leichenrede der freien Marktwirtschaft“ Abelshauser, W. (1987) p. 23.

¹¹² Abelshauser, W. (1987) p. 23.

¹¹³ Shoenfield, A. (1969) p. 240.

¹¹⁴ „Korporative Selbstverwaltung und Interessenpolitik, im Kaiserreich entstanden, in der Weimarer Republik voll ausgebildet und während des NS-Regimes autoritär verformt, gaben auch der Marktwirtschaft der fünfziger Jahre ihr Gepräge.“ Abelshauser, W. (1987) p. 24.

The Ordoliberal aim of a clean break with the corporatist German past could not be fulfilled. “German industry thought otherwise”¹¹⁵ and used all its leverage to reinstall the corporatist pre-war system. Shonfield therefore eloquently assesses that “The defeat, division, and chaos which Germany suffered in the 1940s did not wipe out the legacy of the past”.¹¹⁶

That parts of the German economy fell back into partial corporatism during the 1950s seems to be the outcome of crude interest politics on behalf capital that did not want to be shackled by Ordoliberal constraints. Employers seemed to have seized the window of opportunity that the Korea War presented in order to suppress Ordoliberal demands within the ruling Christian Democrats. Yet, this is only one part of the story, as capital only succeeded in doing so because it had found allies in the Catholic part of the Christian Democrats – people for whom corporatism remained deeply entrenched in their worldview. This economic model shared many affinities with the Christian Socialist provisions of *Quadragesimo Anno* that allowed it to capitalize on the Korea crisis by garnering support from the Allies and employers against their Ordoliberal opponents inside their own party. The interests of the employers and Allies, therefore, were neatly matched with the worldview and the programmatic ideas of Catholic Christian Socialists. This match secured the stability of Rhine Capitalism in post-war Germany.

8.2.3 Social Democracy caught in Ideational competition

Social Democracy had a difficult start after the war. Against most internal expectations the SPD lost the two first elections to the Christian Democrats.¹¹⁷ In particular, the party was not able to make inroads among the middle classes and Catholic workers.¹¹⁸ The Social Democrat’s traditional programmatic beliefs were a burden against the backdrop of large scale nationalizations in East Germany. The party started to change its programmatic ideas as a reaction to the events in East Germany, which were perceived as the advent of yet

¹¹⁵ Shonfield, A. (1969) p. 240.

¹¹⁶ Shonfield, A. (1969) p. 240.

¹¹⁷ The first elections were lost on a rather slim margin. In 1949 the CDU got 31% of the vote while the SPD reached 29.2%. In the second federal elections in 1953 the CDU dramatically increased its share to 50.2% while the Social Democrats stagnated at 31,8%.

¹¹⁸ Schulz, G. (2005) *Sozialpolitische Denk und Handlungsfelder*, IN: Schulz, G. (ed.) *Geschichte der Sozialpolitik in Deutschland seit 1945, Band 3*, Baden Baden, Nomos, p. 85.

another authoritarian regime in Germany, and the early electoral defeats. During the 1950s the party increasingly aimed at developing a “third way” between a market and a planned economy. As the concept of the social market economy was incredibly popular during the 1950s, some of its provisions were adopted by the Social Democrats.¹¹⁹ The transformation of the SPD from a Socialist to a Social Democratic party took a decade. In the end came the Godesberg program, adopted by the Social Democrats in 1959, which had scrapped any call for nationalization from its content. The 1950s were therefore marked by a rapprochement, rather than harsh confrontation, between the Social and Christian Democrats. The party now emphasized a “regulated market economy”¹²⁰ with aspects such as an independent cartel agency that were borrowed from the Ordoliberal economic toolkit.¹²¹ Confrontation between Christian and Social Democrats existed in foreign, European and defense policies but less so on socioeconomic issues.

Even before the big shift of the Godesberg program, the positions of Christian and Social Democrats were closer to one another than one might expect. The “Politische Leitsätze der SPD” which was developed in May 1946 shortly after the fusion of Communists and Social Democrats in East Germany, had more stringent calls for socialization than the early Christian Democratic programs. Nevertheless, they still advocate “as much self-administration as possible” in the economy. Only the heavy, raw-material based industries should be nationalized – something which was congruent with position taken by the Christian Democrats in the Ahlen program. The early Social Democratic position was more radical than the Christian Democratic view, but only to a small extent. Where the Christian Democrats demanded that “banking and insurance is state controlled”¹²² the Social Democrats put that “money and credit supply and the insurance system are subject to socialist planning”.¹²³ Nevertheless, on social security there was a clear-cut difference. In the

¹¹⁹ Schulz, G. (2005) p. 86.

¹²⁰ Schulz, G. (2005) p. 140.

¹²¹ „setzte in der SPD parallel zur Weiterentwicklung sozialistischer Vorstellungen eine zunehmende Annäherung an Vorstellungen der Sozialen Marktwirtschaft ein.“ Schulz, M. (2005) p. 140.

¹²² „das Banken und Versicherungswesen unterliegt der staatlichen Kontrolle.“ CDU (1945c) Kölner Leitsätze Juni 1945, p. 4.

¹²³ “Geld und Kreditversorgung und das Versicherungswesen sind Gegenstand sozialistischer Planung.“ SPD (1946) Politische Leitsätze der SPD, Mai 1946, p. 3.

early programs the Social Democrats explicitly demanded a “unitary social insurance”¹²⁴ against the risks of old age and sickness whereas the early CDU manifestos advocated the reinstalling of the pre-fascist social insurance complex. Indeed, the Hamburg program of the Christian Democrats argued that “we will keep the well-proven version of the categorized social insurance.”¹²⁵

In the run up to the Godesberg Program the differences between Christian and Social Democratic positions on the economy and welfare almost entirely evaporated. The Social Democrats adopted the core positions of the social market economy stating, in the Godesberg program itself, that “therefore, the Social Democratic party approves the free market, wherever reigns real competition”.¹²⁶ Even Ordoliberal key postulations about the damaging effects of cartels and monopolies are well reflected in the Godesberg program which puts forward that “Where markets come under the dominance of individuals or groups, manifold measures are needed in order to conserve the freedom in the economy.”¹²⁷ The paragraph ends with the famous quote “Competition as far as possible – planning as far as necessary”.¹²⁸

Also the call for the unitary approach to social security cannot be found anymore in the manifesto.¹²⁹ Instead, latest after the pension reform of 1957 the Social Democrats moved “ever more towards the concept of the divided social insurance”¹³⁰ as advocated by the Christian Democrats.

The programmatic change of the Social Democrats at Godesberg is often attributed to the dramatic electoral disaster of the 1957 elections and a process of “Westernization” or

¹²⁴ „zur Vorsorge von wirtschaftlichen Folgen von Alter und Unfällen soll eine einheitliche Sozialversicherung geschaffen werden“ SPD (1946), p. 6.

¹²⁵ CDU (1953) p. 16.

¹²⁶ „deshalb bejaht die Sozialdemokratische Partei den freien Markt, wo immer wirklich Wettbewerb herrscht.“ SPD (1959) Grundsatzprogramm der Sozialdemokratischen Partei Deutschlands, Beschlossen vom außerordentlichen Parteitag der sozialdemokratischen Partei Deutschlands in Bad Godesberg vom 13. bis 15. November 1959, p. 14.

¹²⁷ „Wo aber Märkte unter die Vorherrschaft von einzelnen oder von Gruppen geraten, bedarf es vielfältiger Maßnahmen, um die Freiheit in der Wirtschaft zu erhalten.“ SPD (1959) p. 14.

¹²⁸ „Wettbewerb soweit wie möglich – Planung soweit wie nötig“ SPD (1959) p. 14.

¹²⁹ SPD (1959) pp. 9-10.

¹³⁰ „In der Folge bewegten sich die Sozialdemokraten immer mehr auf das Konzept der gegliederten Sozialversicherung zu.“ Boldorf, M. (2001) Sozialpolitische Denk und Handlungsfelder, IN: Ruck, M. & Boldorf, M. (eds.) *Geschichte der Deutschen Sozialpolitik in Deutschland seit 1945, Band IV*, Nomos, p. 105.

“Americanization” of German Social Democracy. I advocate here that the convergence of the Social Democrats towards Christian Democratic key positions flows from ideational competition. The “additive compromise”¹³¹ between Christian Democrats and Social Democrats resulted in the formation of the Grand Coalition in 1966.

8.2.4 The Liberals

From the very outset, the German post-war Liberal party, Freie Demokratische Partei (Free Democratic Party, FDP), was a hybrid that incorporated the prewar schism between left and right liberals which had been an integral part of the pre-war party systems.¹³² While culture and educational politics was the domain of the left-liberals, economic and social policy were firmly in the hands of the right wing of the party. Dittberner describes the social policy position of the early FDP as that of a “social-reactionary, class conscious bourgeoisie interest party.”¹³³ The 1946 manifesto states that “Personal initiative and free competition increase the economic output and personal property is a constitutive basis of a healthy economy.”¹³⁴ This made the Liberals an excellent collaborator for the Ordoliberalists in the Christian Democratic Union and a strong ally for Erhard’s ideas on a free market economy.

The social policy concept of the Liberals stood in the social-liberal tradition. This meant that the party was not completely against welfare but only against welfare provision through the state. For the FDP, welfare should instead come from civil society. Consequently, the party voted against the Lastenausgleichsgesetz from 1948, the codetermination law for the steel and steel industries in 1951 and the pension reform of 1957 despite sitting in the government that announced them. A trademark was that the

¹³¹ Boldorf, M. (2001) p. 106.

¹³² The FDP obtained 11.9 % of the vote in the first federal elections in 1949 and 9.5% in 1953. Even though this was a considerable share for the FDP, back then it could not exercise as much influence in the governmental coalition as it did in later years after the Party system had become heavily concentrated thereby putting them in a very pivotal position between both big parties.

¹³³ „sozialreaktionäre, klassenbewusste bürgerliche Interessenpartei“ Cited IN: Schulz, G. (2001) p. 87.

¹³⁴ „Persönliche Initiative und freier Wettbewerb steigern die wirtschaftliche Leistung, und persönliches Eigentum ist eine wesentliche Grundlage gesunder Wirtschaft.“ FDP (1946) Programmatische Richtlinien der Freien Demokratischen Partei, 4. Februar 1946, p. 12.

party fiercely opposed any move towards an egalitarianisation and unitarianisation of German social security in the direction of a Beveridge plan.¹³⁵

8.3 Social Security

Social policy development unfolded in three different phases after the war. The first phase constituted the consolidation of the immediate war damages. The second phase is marked by the reintroduction of pre-war social security. Phase three saw the expansion of the reestablished schemes in the late 1950s, which reached its peak with Adenauer's big pension reform of 1957. The following section will especially focus on phases two and three in which the structural decision to reestablish the traditional German social security was made.

Two questions lie at the heart of the following section. The first one asks why the old social security system was chosen even though the Beveridge solution would have been cheaper, was backed by the Allies and was the most modern solution of that time. The second addresses the issue of how, in the late 1950s, it was possible to introduce – despite the Ordoliberal programmatic hegemony within the Christian Democrats – a welfare expansion of such size that it saw Germany catapulted once again into the group of big welfare spending nations.

The advent of the German post-war social security system is neither the product of Catholic Christian Socialism nor of Ordoliberalism but rather the result of both worldviews. Furthermore, the reestablishing of the pre-war social policy institutions would not have been possible if the Social Democrats had not have programmatically evolved towards the Christian Democrats' position during the 1950s. Decisive for the failure of Beveridge in Germany is, therefore, that the SPD was tempted towards the concept of the social market economy through the ideational competition posed by the Christian Democrats.

¹³⁵ Beveridge was a English social reformer who prepared the UK's most encompassing welfare reform in the 1940s. His plan foresaw universalization of benefits and a financing through flatrate taxation. It inspired the post-war Scandinavian reforms as well as many other countries' plans.

8.3.1 Destruction

German politicians found the conditions in the immediate post-war phase very challenging. Some 7.9 million refugees were fleeing from the former eastern German territories into West Germany. They were joined by 1.5 million Germans that had fled the Soviet occupational zone. This represented roughly one fifth of the total German population.¹³⁶ In addition there were six million “displaced” persons, mostly forced laborers and prisoners of war. On top of this came the 4.1 million war victims such as invalids, widows and orphans that had to be compensated and the 1.6 million German prisoners of war that returned between 1947 and 1955. Added to these figures are the circa 3.4 million war-damaged persons (Kriegsgeschädigte) on whom the war had inflicted severe property losses. In fact the Allied bombing raids are estimated to have eradicated one third of all housing in Germany. Politicians were aware of this and recognized the importance of dealing with the issue. Adenauer’s speeches are a rich source for post-war social policy statistics. In 1951 he boosted on a party rally in Bielefeld:

I want to mention two facts here: we have 4 million war-damaged and surviving dependents in the Republic. In the year 1949 the states had to take care of them, which spent in each year a total of 1.9 billion Marks on this. In the fiscal year 1950/1951 the federal state required 3.3 billion for the same task. I may also point to housing construction. The number of flats which are to be constructed in this fiscal year is 330 to 350,000, which represents an extraordinary achievement, a record number.¹³⁷

Indeed, if one did not want to risk a long term pauperization of this massive amount of people, social measures had to be taken quickly as the political consequences were already visible. The influx of so many diverse and deprived groups reflected heavily in the first two elections after the War. The party system became fragmented and fears of Weimar’s “polarized pluralism”¹³⁸ were sparked again. The first German Bundestag featured eight different parties and the potential for the emergence of further protest or single issue parties was huge. If these cleavages were not quickly accommodated through social

¹³⁶ Hockerts, H. G. (1988) *Integration der Gesellschaft*, IN: Funke, M. (ed.) *Entscheidung für den Westen*, Bonn, Bouvier, p. 41.

¹³⁷ „Ich will hier noch zwei Tatsachen erwähnen. Wir haben in der Bundesrepublik 4 Millionen Kriegsgeschädigte und Hinterbliebene. Im Jahr 1949 lag die Sorge für sie bei den Ländern, die in jedem Jahre hierfür insgesamt 1,9 Milliarden aufgewendet haben. Der Bund wendet im selben Haushaltsjahr 1950/51 für denselben Zweck 3,3 Milliarden auf. Ich darf auch Hinweisen auf den Wohnungsbau. Die Zahl von 330 bis 350.000 Wohnungen, die in diesem Haushaltsjahr erstellt werden, stellt eine ganz große Leistung dar, eine Rekordziffer.“ Rede des Vorsitzenden der CDU, Konrad Adenauer, auf dem Parteitag der CDU Westfalen in Bielefeld, 14. Januar 1951.

¹³⁸ Satori, G. (1982) *Teoria dei Partiti e caso Italiano*, Milano, Sugar Co.

compensation the stability of the emerging Republic would be in jeopardy also because the climate between the main federal union (Deutscher Gewerkschaftsbund, DGB) and the increasingly neo-liberal economic policy of Erhard started to pick up salience.¹³⁹

The partial restauration of the social security system by the Allies did not help much. It had only been marginally upgraded since Bismarck's day. Pensions were roughly on the same benefit levels as seventy years before. They had been developed on the premises that life expectancy was fairly low and only a restricted number of people would ever reach pension age. Neither condition held any longer. The Minister of Labor and Social Affairs, Anton Storch, emphasized in the pension reform debate of 1956 that "the current system of social security has to be assessed on whether it still sufficiently reflects the societal and economic changes that happened during the past seventy years."¹⁴⁰

The pressure for social reform in post-war Germany was therefore coming from two sides. Not only did the immediate consequences of the War demand quick reaction in terms of social security but, on top of this, the old social security system was antiquated. The immediate reaction to this was a number of laws during the 1940s¹⁴¹ that dealt with the acute hardship that the War had left. Part of this legislative package was the solidarity law for war victims (Lastenausgleichsgesetz), the compensation law for Nazi victims (Wiedergutmachung für Opfer Nationalsozialistischer Verfolgung), the war victims' welfare fund (Kriegsopferfürsorge) and the legal framework for the large scale housing reconstruction projects (Wohnungsbau). Even though authors like Skocpol have shown that post-war social security had drastic long term effects in the US, this was not the case in Germany.¹⁴² We can therefore move directly on to scrutinizing the reestablishing of the old Bismarckian social security.

¹³⁹ Hockerts, H. G. (1988) p. 43.

¹⁴⁰ „das geltende System der sozialen Sicherheit daraufhin zu prüfen, ob es auf alle diese gesellschaftlichen Wandlungen, die sich in den vergangenen 70 Jahren vollzogen haben, noch ausreichend Rücksicht nimmt.“ Anton Storch in the debate on the Pension reform, 1956, cited IN: Abelshauser, W. (1987) *Die langen fünfziger Jahre*, Düsseldorf, Schwann, p. 141.

¹⁴¹ Nevertheless, the consequences of some of the laws are still felt today as for example is the case in widows' pensions.

¹⁴² Skocpol, T. (1992) *Protecting Soldiers and mothers: The political origins of social policy in the United States*, Cambridge, Harvard University Press.

8.3.2 Beveridge comes to Germany

By 1949 West Germany was already paying out more – measured as a percentage of GDP – on social security than any other Western country despite the fact that the system, which had been provisionally restored by the Allied control council, was hugely deficient. Reform was necessary but it was by no means a given that such reform would lead to the reestablishing of the old social security system. Beveridge’s ideas had become a highly fashionable alternative and were being pushed by both domestic and international actors at that time. There is a misleading common perception that a powerful bourgeoisie-liberal-Conservative block was pitted against a Left made up of unions and Social Democrats after the war and that it was this that led to the reintroduction of Bismarckian social security. Instead, social security saw the rapid evolution of what some German scholars call the “krypto-grand coalition” of social security.¹⁴³ This was an extensive and strong collaboration between the Christian and Social Democrats on welfare issues during the 1940s and 1950s. During the pension reform debate the Social Democrats even extensively thanked the Christian Democrats for their smooth collaboration. A Beveridge solution seemed also likely because Adenauer’s position regarding social security was far from dogmatic. Adenauer only wanted a balanced outcome between a ‘welfare state’ (Sozialstaat) and a ‘providing state’ (Versorgungsstaat) but “where the borders between the two were, he did not know. It was also alien to him to think himself dizzy on such issues”.¹⁴⁴ That Beveridge failed in the end was due to the opposition from within the governing camp.

Indeed, the main friction on welfare issues came from within the government camp where a “(largely protestant) bourgeoisie-neoliberal economic wing in the government coalition”¹⁴⁵ competed against a “Christian Social (largely Catholic employee) wing within the government coalition”.¹⁴⁶ Fierce opposition to the reform proposal came from the liberals (FDP) who showed an almost panicking fear that the expansion of welfare would quell any type of individual responsibility in the German citizens. A liberal member of

¹⁴³ Hockerts, H. G. (1988) p. 44.

¹⁴⁴ „wo da die Grenzzlinien verlaufen, wusste er nicht. Es lag ihm auch fern, sich über so etwas schwindlig zu denken.“ Hockerts, H. G. (1988) p. 52.

¹⁴⁵ „den (vornehmlich protestantischen) bürgerlich-neoliberalen Wirtschaftsflügel in der Regierungskoalition, den christlich-sozialen (vorwiegend katholischen Arbeitnehmer-) Flügel innerhalb der Regierungskoalition mit Präsenz auch im DGB“ Hockerts, H. G. (1988) p. 45.

¹⁴⁶ Hockerts, H. G. (1988) p. 45.

parliament, Dr. Dehler, specifically warned against the “suspected economic consequences.”¹⁴⁷ He also proclaimed a deep-seated fear that “especially the government gives in with its proposal to the troubling tendency of our times towards collective risk hedging at any price and is ready to sacrifice the individual self-responsibility, this huge social stimulant.”¹⁴⁸

8.3.3 Beveridge leaves Germany

After 1945 the Allies, and especially the British, pressed for a remodeling of social security along the lines of the Beveridge report. William Beveridge was a British economist and social reformer who chaired an inter-party commission of the British House of Commons charged with the task of developing a post-war social policy reform agenda in 1942.¹⁴⁹ The Beveridge plan was institutionalized by the post-war Labor government in 1948 and is regarded as the foundation of the modern British welfare state. The plan provided for flat rate social security and health care for every citizen, regardless of occupational status, to be financed through taxation. It created the famous British national insurance and health service. The Beveridge proposals fundamentally differed from traditional German social security as it attached social rights to citizenship.

The modern ideas found in the report also had a huge impact beyond Britain as most Social Democratic parties in Scandinavia adopted its egalitarian provisions while parties on Continent were similarly inspired by it. Beveridge’s approaches to social security reform became heatedly discussed in post-war France, Switzerland and the Netherlands. Not only were Beveridge’s the most prominent, fresh and modern ideas of 1940s Europe but they were also actively promoted by the French and the British in their occupational zones.¹⁵⁰

¹⁴⁷ „zu befürchtende wirtschaftliche Folgen“ Dr. Dehler (FDP). 2. Deutscher Bundestag-154. Sitzung am 27. Juni 1956, 8335-39, 8362, cited IN: Abeslhauser, W. (1987) p. 142.

¹⁴⁸ “gerade auch die Regierung in ihrer Vorlage der besorgniserregenden Neigung unserer Zeit zu kollektiven Sicherung um jeden Preis nachgibt und die individuelle Selbstverantwortung, diese Große soziale Stimulans, preiszugeben bereit ist.“ Dr. Dehler (FDP). 2. Deutscher Bundestag-154. Sitzung am 27. Juni 1956, 8335-39, 8362, cited IN: Abeslhauser, W. (1987) p. 142.

¹⁴⁹ Beveridge is often labeled as “the translation of Keynes into social policy” due to his emphasizing of the interaction effects between regulation efforts in the economy and society. Schulz, G. (2005) p. 145.

¹⁵⁰ Schulz, G. (2005) p. 146.

The plan had left a deep impression on the German Social Democrats and the union movement as Beveridge himself also extensively toured Germany at that time in order to promote his project.¹⁵¹

The chances for a reform in this direction also seemed good because the rationalization of social security into a single big scheme came with the promise of improved cost containment, which was a core issue for Allies and Germans.¹⁵² There was only one caveat. The Beveridge plan showed surprising similarities to the Nazi social security reform plans of the early 1940s. The notorious head of the German Labor Front, Robert Ley, had developed plans for the centralization and unitarisation of German social security (along racist ideological lines) in 1940 that were heavily advertised but never materialized. Indeed, Hockerts goes even so far as to call Ley the German Beveridge.¹⁵³

The reform proposed by the Allies foresaw a fusion of sickness, accident, invalidity and pension insurance. The traditional German separation between blue and white collar workers would fall by the wayside. Furthermore, the plan called for the unification of all health insurance providers and schemes. Regarding these provisions, the proposal came very close to a Beveridge solution but differed in the financing. The throwback to the German insurance tradition was that the financing remained contribution- and not tax-based.¹⁵⁴ The consequence was that the contributions were to be higher than during Weimar times and led to fewer benefits. The proposal saw a downgrading of white collar workers to the level of blue collar workers.¹⁵⁵ This seemed odd as the working class had fought for decades for an upgrade to white collar status. The provisions of the Allied reform plans turned this upside down.

The plans therefore quickly spawned an impressive alliance of domestic adversaries. The opposition coalition encompassed such diverse social groups as the employers, white collar employees, the self-employed, physicians, the private insurance companies¹⁵⁶ and, to a

¹⁵¹ Which both had discussed similar plans already since 1902.

¹⁵² Hockerts, H.-G. (1980) *Sozialpolitische Entscheidungen im Nachkriegsdeutschland: alliierte und deutsche Sozialversicherungspolitik 1945-1957*, Stuttgart, Klett-Cotta, p. 31.

¹⁵³ Schulz, G. (2005) p. 148.

¹⁵⁴ Hentschel, V. (1983) *Geschichte der Deutschen Sozialpolitik: 1880-1980*, Frankfurt am Main. Suhrkamp, p. 147.

¹⁵⁵ Hockerts, H.-G. (1980) pp. 32-33.

¹⁵⁶ Hockerts, H.-G. (1980) pp. 40-42.

certain extent, even the unions and the Social Democrats which wanted the egalitarian effects of the reform but not if it meant such a heavy decrease of benefits.¹⁵⁷ Hockerts notes that the “Luncktim between (long aspired) universal insurance and (hard to justify) benefit reduction had led the party into a decision dilemma.”¹⁵⁸ White collar workers, especially, feared a benefit downgrading and mobilized their political representatives in the Liberal and Christian Democratic parties. Further opponents were found in the social security bureaucracy who had opposed and diluted the Nazi plans in the 1940s. They took great pride in the fact that ‘their’ social security system had survived the Nazi onslaughts and were very much unwilling to see the system dismantled.¹⁵⁹

Despite the domestic opposition, the British and French continued to press for the implementation of the reform. Only the Americans were becoming skeptical and preferred to give the issue back to the Germans. What tipped the balance in the end was the increasing friction between the Soviets and the Allies with the onset of the Cold War. The more the Soviets pushed for implementation of the reform, the less the Allies were willing to give in. The escalation of the Cold War also gave the domestic opponents of the plan new ammunition as the Russians implemented their own plan in the Soviet occupational zone on 1 February 1947.¹⁶⁰

From fall of 1947 onwards, the Allied control council that was to guarantee the joint administration of occupied Germany existed only on paper. In one of the last substantial meetings of the Council, a Soviet “Beveridge style” reform proposal was put on hold by the Allies. The London conference in March 1948 reestablished West Germany as a sovereign political entity. This was decided during the period of Soviet exclusion and represented the final nail in the coffin for any social security overhaul led by the occupational forces.

The idea of an introduction of a Beveridge system by the Allies had been delegitimized. The Western members of the control council subsequently agreed to hand the social

¹⁵⁷ Hentschel, V. (1983) p. 148. See also Hockerts who points out that egalitarian Social Security solutions were discussed by the German Social Democrats since as early as 1902. Hockerts, H.-G. (1980) p. 31.

¹⁵⁸ “Das Junctim zwischen (langerstrebten) Einheitsversicherung und (schwer verantwortbarer) Leistungsver schlechterung hatte sie in ein Entscheidungsdilemma geführt.” Hockerts, H.-G. (1980) p. 61.

¹⁵⁹ Hockerts, H. G. (1980) pp. 47-49.

¹⁶⁰ Hockerts, H.-G. (1980) p. 66.

security issue back to the Germans. The Law and Ordinance Gazette of the British occupational zone in 1948 states that: “The remodeling of social security is subject to the German lawmaking bodies.”¹⁶¹

The restructuring of post-war German social security lay therefore with the Frankfurt Economic Council. The first law on the reformation of German social security was passed on the 17th December of 1948. It foresaw the reestablishing of the pre-war social security system and was surprisingly voted for by the 27 Social Democratic as well as the 27 Christian Democratic members of the Council. The Liberals abstained from voting. The puzzling decision by the German Social Democrats can be explained by two factors. The first was that they did not want to be perceived as blocking the reestablishing of welfare especially in the lead up to the first federal elections in 1949. The second reason was that the SPD was convinced that they could win these elections by a landslide victory. This would then have allowed them to implement a fully-fledged Beveridge social security system without having to compromise with the Christian Democrats and with far higher benefit levels than the former Allied plans had foreseen. The Social Democrats had miscalculated their luck. They lost the 1949 elections by a very slim margin.

The Frankfurt Council produced the “Law for the adaption of the social insurance benefits to the changed salary and price level and its financial safeguarding”¹⁶² which was in many ways as monstrous as its title. It restored the pre-fascist German social insurance system that had evolved from the Kaiser Reich through Weimar and moderately updated its benefit levels to the socioeconomic situation of the late 1940s. White and blue collar schemes remained separate, the organizational fragmentation of the numerous health insurances was retained and the principle of self-administration reintroduced.¹⁶³ A structural reform and modernizing overhaul of the social security system was, for the moment, off the table. Nevertheless, the reestablishing of social security along the old occupational lines also meant that a historical – and not a systematic – evolution of the

¹⁶¹ “Die Neuordnung der Sozialversicherung obliegt den deutschen gesetzgebenden Körperschaften.” Drittes Gesetz zur Neuordnung des Geldwesens, Teil II. 4. Abschnitt, Paragraph 23, Verordnungsblatt für die Britische Zone, 30. 1948, p. 154, cited IN: Abeslhauser, W. (1996) p. 385.

¹⁶² “Gesetz über die Anpassung von Leistungen der Sozialversicherung an das veränderte Preisgefüge und ihre finanzielle Sicherstellung.” Hentschel, V. (1983) p. 153.

¹⁶³ Schmidt, M.-G. (1988) p. 68.

institutions was reestablished. The new system did not distribute benefits according to need, but on the basis of acquired social security rights. In particular, the benefit levels of pensions were extraordinary low. At the same time, Germany's social security expenditure was comparably high. In 1953, Germany had spent 19.4% of its GDP on welfare while in the same year Great Britain only spent 12.5% and Sweden 13.5%. Indeed, spending had almost doubled compared to the Weimar Republic's outlay of 11.8% in the economic boom year of 1928, though benefits were only moderate. It would only be a matter of time before these pathologies would lead to calls for a new reform.

8.3.4 Pensions

During the second half of the 1950s, in particular, it became ever more obvious that the gap between rich and poor was widening instead of closing – contrary to what had been predicted by the Ordoliberals. Ludwig Erhard's promise that a social market economy would lead to welfare for all ("Wohlstand für alle") did not seem to include social groups, such as pensioners, with comparatively weak market positions. The after war period again saw the spread of a deep fear of becoming old, with the reestablished social security system coming in for increasing criticism. The public debate was littered with expressions such as "Pension-chaos" or "Social legislation jungle".¹⁶⁴ A total of 52 laws on the adaption and reconstruction of social security were produced in the early years of the Republic, a figure that was never reached before or after.¹⁶⁵ The insurance now also covered more people than ever before. In fact, social security spending in relation to GDP climbed higher in the early 1950s than it had been in the pre-war boom period between 1934 and 1939.¹⁶⁶ The calls for an overhauling of the German social security system therefore became louder during the 1950s.

On the 21st February 1952 the Social Democrats made their first move by demanding a parliamentary commission be set up to look at social reform.¹⁶⁷ The Christian Democrats tried to block its formation at any price because they feared a similar popular impact as

¹⁶⁴ Schulz, G. (2005) p. 149.

¹⁶⁵ Schmidt, M.G. (1988) p. 70.

¹⁶⁶ Schmidt, M.G. (1988) p. 71.

¹⁶⁷ „Soziale Studienkommission“ Hockerts, H.-G. (1980) p. 216.

followed the Beveridge Commission in the UK. In particular, the Christian Democrat-controlled Labor Ministry “mobilized all levers in order to capsize the Social Democratic motion”.¹⁶⁸ Faced with fierce parliamentary resistance from the governmental camp the Social Democrats established their own internal party commission in September 1952 which produced the “Basic Principles of the Social overall plan of the Social Democratic Party”.¹⁶⁹ This was a German Beveridge plan whose provisions mirrored the British and Scandinavian reform trajectories.¹⁷⁰ The plan advocated a state guarantee to work towards full employment, the introduction of an exchequer-financed flat rate social security system based on citizenship and the introduction of a national health system.

The provisions of the Social Democrat’s reform plan were more of a sketch than a blueprint, but it was enough to put the Christian Democratic government under pressure to move. Adenauer tactically captured the term “Social Reform” by inserting it into his government declaration in 1953.¹⁷¹ Initially, the task of coming up with an answer to the Social Democrats’ plans was handed to the Labor Minister, Anton Storch, and his department. Storch also announced a broad social reform in 1952 but not much happened thereafter. The Hamburg Party congregation of 1953 states that the “‘established and proven form of the compounded social insurance’ was not at disposition for any of the governing parties.”¹⁷² It was the univocal opinion “especially the left wing of the [Christian Democratic] Union emphasized that the necessary reforms could be done without changing the traditional organizational structure which had been restored in the first legislative period.”¹⁷³ The existing system should therefore be rationalized and organized in a better way but not changed completely. As the Christian Democratic deputy Blank emphasized in

¹⁶⁸ Hockerts, H.-G. (1980) p. 219.

¹⁶⁹ „Grundlagen des Sozialgesamtplans der SPD“ Schulz, G. (2001) p. 149.

¹⁷⁰ Boldorf, M. (2005) p. 124.

¹⁷¹ Schulz, G. (2005) p. 124.

¹⁷² „Demgegenüber stand die „bewährte Form der gegliederten Sozialversicherung“ für keine der Regierungsparteien zur Disposition.“ Hockerts, H.-G. (1980) p. 224.

¹⁷³ „Gerade auch der linke Unionsflügel betonte, dass alle notwendigen Reformen ohne Veränderung des in der ersten Legislaturperiode wiederhergestellten traditionellen Organisationsgefüges möglich seien.“ Hockerts, H.-G. (1980) p. 224.

parliament, "We demand in all social security branches the reestablishing of the insurance principle."¹⁷⁴

Nevertheless, Adenauer was still not pleased with the programmatic results of his interventions. In August 1955, he met with Winfried Schreiber, a political economist and president of the Federation of Catholic Employers. Adenauer was greatly impressed by Schreiber's ideas on a broad pension reform and asked him to present a reform proposal. He presented his plans on the 5th December 1955 and elaborated on his propositions on the "adaptation and dynamization of pensions".¹⁷⁵ The core of the pension reform of adaptation and dynamization was that pensions would be automatically adapted to contemporary wage increases.

Despite the strong backing of the Chancellor, Schreiber's plan met extreme resistance from most of the cabinet. The Ministers of the Economy and Finance, Erhard and Schaeffer, rallied especially frenetically against the alleged "poison of dynamization" (Erhard). Erhard would have liked to see pensions cut down to a minimum supplement¹⁷⁶ as he thought the reform would lead to a "soulless mechanized society".¹⁷⁷ Furthermore, Vocke the head of the Central Bank's predecessor, the federation of state banks, warned strongly that the planned indexation of the pensions would undermine the future central bank's credibility in guarding against inflation. For Wilhelm Röpke, one of the most prominent Ordoliberal economists, the reform would lead to an "artificial limp of a society crippled by proletarianisation and crumbled through collectivization."¹⁷⁸ Furthermore, the employer associations were absolutely opposed to any such social security expansion. The problem was that the "government proposal was in reality not really a government proposal".¹⁷⁹ Not only the Ordoliberals in the cabinet opposed it but also the Ordoliberal parts of the Christian Democrat's parliamentary group were seen to be revolting. The tactic of the antagonists was to slow down reform discussion in the cabinet until it would eventually fall from the

¹⁷⁴ "Wir verlangen in allen Sozialversicherungszweigen Wiederherstellung des Versicherungsprinzips" CDU deputy Blank in the German Bundestag on the 23. September 1949, cited IN: Höckerts, H. G. (1980) p. 228.

¹⁷⁵ Schmähl, E. (2005) IN: Schulz M. (ed.) p. 400.

¹⁷⁶ Hentschel, V. (1983) p. 165.

¹⁷⁷ "seelenlos mechanisierte Gesellschaft" Abels Hauser, W. (1996) p. 387.

¹⁷⁸ "die Prothese einer durch Proletarismus verkrüppelten und durch Vermassung zerkrümelten Gesellschaft", Röpke cited IN: Abels Hauser, W. (1996) p. 388.

¹⁷⁹ "dass der Regierungsentwurf eigentlich kein Regierungsentwurf war." Hentschel, V. (1983) p. 165.

agenda. This strategy seemed to work, but then the Social Democrats presented their own cohesive pension reform proposal.

The records of the parliamentary pension reform debate from 1957 confirm the positions and developments outlined above. The FDP parliamentarian Jentsch emphasized in his speech that there was too much affinity between the Social Democratic and the Christian Democratic reform proposal.¹⁸⁰ Especially the dynamic character of the Pension law proposal seemed unbearable and too Social Democratic for the Liberals. The Liberal parliamentarian Jentsch also put forward that “This is the problem of the dynamic pension, [...] The law proposed by the Social Democratic parliamentary group, which is deliberated in parallel, also features the dynamic pension.”¹⁸¹ The Social Democrat speaker Preller was, on the other hand, very happy about the overlaps between the Christian Democrat and Social Democratic reform proposals. He emphasizes that “with great pleasure I have taken from the elaborations of colleague Stingl this afternoon that this position is also shared by this wing of the Christian Democrats”¹⁸² but also criticized that the “union wing within the largest government party, [...], had evidently not been able to push its position against the other parts of the largest government party.”¹⁸³ After the shock of the launch of the Social Democratic reform proposal four days earlier,¹⁸⁴ the Christian Democratic government had little choice than to agree to the revised Schreiber proposal on the 18th January 1956.

¹⁸⁰ „Die Gemeinsamkeiten mit dem SPD-entwurf waren grösser als die Unterschiede.“ Hentschel, V. (1983) p. 165.

¹⁸¹ “Das ist die Problematik der dynamischen Rente, die nach den ersten sehr scharfen Kritiken eine Abschwächung in dem Begriff der Produktivitätsrente gefunden hat. Der parallel beratene Gesetzentwurf der sozialdemokratischen Fraktion beinhaltet ebenfalls die dynamische Rente.“ Abg. Jentsch (FDP). Verhandlungen des Deutschen Bundestages, 2. Wahlperiode 1953, Stenographische Berichte Bd.34, Bonn 1957, 185. Sitzung vom 17.1.1957. S. 10354 f. Printed IN: Rütger, G. (1986) pp. 266-267.

¹⁸² „Ich habe mit großer Freude den Ausführungen des Kollegen Stingl heute Nachmittag entnommen, dass diese Auffassung von diesem Flügel der CDU ebenfalls geteilt wird.“ P. 269. Abg. Preller (SPD) Debattenbeitrag. Verhandlungen des Deutschen Bundestages, 2. Wahlperiode 1953, Stenographische Berichte Bd.34, Bonn 1957, 185. Sitzung vom 17.1.1957. S. 10354f. Printed IN: Rütger, G. (1986) p. 269.

¹⁸³ “Gewerkschaftsflügel innerhalb der größten Regierungspartei offensichtlich mit seinen auch in den Sozialausschüssen im einzelnen dargelegten Auffassungen gegenüber den anderen Teilen der größten Regierungspartei hat durchsetzen können.“ Abg. Preller (SPD) Debattenbeitrag. Verhandlungen des Deutschen Bundestages, 2. Wahlperiode 1953, Stenographische Berichte Bd.34, Bonn 1957, 185. Sitzung vom 17.1.1957. S. 10354f. Printed IN: Rütger, G. (1986) p. 269.

¹⁸⁴ Schmähl, E. (2005) in Schulz M. (ed.) pp. 406-407.

The results of the reform were “one of the most important social-political reforms of German history”.¹⁸⁵ Pensions were increased to 65% of the last salary of workers and 72% for white collar employees. They were now status upholding beyond retirement. The dynamization of the pension saw them automatically adapt to the changes in the levels of prices, wages and the inflation rate. The pension was no longer a mere old age supplement, but rather was a substitute for the worker’s former salary. The calculation based on the previous income also guaranteed that the living standard did not decrease when retiring. It also narrowed the gap between blue collar workers and white collar employees and therefore had equalizing effects, to a certain extent at least.

Adenauer’s frenetic support had been crucial for the bill. Adenauer was in favor of the bill, less due to his Catholic world views but rather because he, like Bismarck, saw welfare as a formidable instrument to bind the electorate to him and the Christian Democrats. Without him, the proposal would never have gotten beyond the resistance of the cabinet. The enormous economic growth rates in the Federal Republic during the 1950s was also helpful in the implementation of the reforms.¹⁸⁶ Between 1951 and 1960 the West German economy grew by approximately 6% annually and the country went from mass unemployment to full employment. Still though, it seems surprising that such a heavily expansionist reform, that saw Germany’s relative spend on social security become one of the highest in the world, was done by a Christian Democratic and liberal governmental coalition. The argument advanced here is that the pressures that the Social Democrats, with their continuous issuing of attractive reform proposals, inflicted on the Christian Democrats had opened a window of opportunity for the left Catholic wing of the party to implement their policy preferences which had previously been forestalled by the Protestant Ordoliberals in the party.

The pension reform of 1957 was an enormous popular success. A public opinion survey from the Allensbach Institute found that Germans ranked it as the “Most popular event in the eight year long history of the Federal Republic.”¹⁸⁷ Even social policy experts gave a positive reception to the reform – something which contributed immensely to Adenauer’s

¹⁸⁵ Schmidt, M. G. (1988) p. 73.

¹⁸⁶ Stipulated largely through the enormous influx of human capital from the former eastern parts of Germany and East Germany as well as the Korea boom.

¹⁸⁷ „das populärste Ereignis der achtjährigen Geschichte der Bundesrepublik“ Schmidt, M. G. (1983) p. 75.

landslide victory. In 1957, the Chancellor announced further reforms – including a reform of health and accident insurance which never materialized. With the ascendance of the Ordoliberal Protestant Ludwig Erhard into the position of Adenauer's successor as Chancellor in 1963, any further progressive welfare reform ambition was forestalled. Erhard had already proclaimed in 1957 that "already now one can no longer speak of the immunity of social security to crisis: one third of the GDP is used for taxation and social contributions. If this rate increases any further, one has to fear a decrease of the national economic potential."¹⁸⁸

8.3.5 Conclusion

This episode also featured a fierce battle between Ordoliberalism and Catholicism. The compromise was found in the cartel and central bank laws. Therefore, 1957 was not only the year of Adenauer's big pension reform but at the same time also the "Conceptual final stroke of the social market economy".¹⁸⁹ The core Ordoliberal projects of an independent federal central bank (Bundesbank) and the Cartel Law, which led to the formation of an independent Cartel Agency, were finally enacted. Both laws legalized the former interim institutions that had been set up by the occupational forces.

The employer and industry federations rallied fiercely against the two laws and threatened to mobilize all their power against Adenauer's pension plans if the Ordoliberal legislation was enacted. Adenauer's way out of this dilemma was to compromise both sides by making sure that the cartel legislation passed parliament with a number of exemptions that appeased the employers' organizations.

Once again, in terms of the Employer Centered Approaches (ECAs), employers were certainly not in the driving seat when it came to social security legislation in the after war period. Furthermore, employers were neither liberal or monetarists as they heavily opposed

¹⁸⁸ „Schon jetzt könne von einer Krisenfestigkeit des System der sozialen Leistungen nicht mehr gesprochen werden: ein Drittel des Sozialprodukts werde für Steuern und Sozialabgaben verwandt. Steige dieser Satz weiter, müsse man allen Ernstes eine Minderung der volkswirtschaftlichen Leistungskraft befürchten.“ Ludwig Erhard on the 2.11.1959 in a letter from the Ministry of the economy to the ministry of finance. Cited IN: Boldorf, M. (2001) p. 131.

¹⁸⁹ Werner Schulz cited IN: Conze, E. (2009) p. 169.

any neo-liberal legislative framework that would have circumscribed their economic room for maneuver. This does not mean that employers had no influence on the after war socioeconomic constitution of West Germany, but only that this influence was not direct. Instead, they accepted welfare in order to avoid a total Ordoliberal framework. Power Resource Approaches (PRAs), which emphasize the influence of labor in bringing about social security legislation, face a similar problem in explaining West German welfare legislation in the 1950s. The Social Democrats certainly accelerated the drive towards social security by pressing the Christian Democrats into action through their numerous legislative proposals. However, these proposals did not propose an egalitarian decommodifying welfare state as PRA would predict. Instead, they looked surprisingly similar to Christian Democratic proposals. Furthermore, cross class coalitions on risk sharing as advocated by second generation PRA advocates could also not be detected. It is, therefore, not surprising that Baldwin's seminal contribution on risk sharing only includes the German case from the 1970s onwards. Instead, a good explanation for the specific outcome of Post-World War II German welfare is provided by the analysis of the denominational compromise between Protestant Ordoliberals and Social Catholics. The battle of ideas, and subsequent compromise, between the two subcultures within the Christian Democratic party yields a much more convincing explanation of the socioeconomic post-war order than the mainstream traditional welfare state theories.

9 Post War Italy: Christian Democratic Attempts and a

Clientelist Disaster

Abstract

Despite substantial ideational developments and the diffusion of Christian Socialist ideas after fascism, Italy did not witness a general welfare overhaul. This is puzzling as, since the release of the second papal social encyclical *Quadragesimo Anno* in 1931, Christian Socialist thinking had made vast inroads into Italian political Catholicism. During the late 1940s more than one third of Christian Democratic Party members came from the Catholic left. Similarly, the Catholic left did not face any strong ideologically organized intraparty opposition along the lines of the Ordoliberals within the German Christian Democrats. Nevertheless, we cannot observe any substantial welfare reform in Italy after the war. Instead, the existing system was further expanded, fragmented and, in the end, remodelled as a clientelist tool. During the De Gasperi era the Christian Democrats relied heavily on the Church and the employer association Confindustria to gather votes. Neither group had any interest in welfare reform. During the 1950s the Christian Democrats constantly tried to emancipate themselves from them so they had to build their own electoral ties. These ties were so diverse in the different parts of Italy that they counteracted any comprehensive welfare reform attempt. This led to the subsequent drift of the Italian welfare system into an oversized clientelist exchange machinery, especially in the South of the country.

This chapter will start by analysing how the Catholic Church managed to rise once again as one of the dominant political players on the Italian peninsula. In a second step, it will show how this development impacted on the formation of the Italian Christian Democratic party and how this latter struggled throughout the late 1950s to emancipate itself from the Vatican's influence. The third part of the chapter will show how all this impacted on the evolving of a clientelist welfare state in post-war Italy.

9.1 Mussolini's fall

The way that Mussolini was ousted from power led to the emergence of a specific constellation of actors on the Italian peninsula that was decisive for the socioeconomic and political remodelling of Italian Institutions after the Second World War. The actors that emerged would be central for Italy's post-war development. These were the Allies, the Church and the Resistance.

An early landmark was the July Plot of 1943. In Italy it was already becoming clear that the war was being lost. Facing the surrender of the Axis in Northern Africa, Mussolini knew that the next step had to be an Allied landing in Sicily. In a desperate attempt, he met with Hitler in order to persuade him to come to a separate peace agreement with Stalin and deploy the German eastern-front armies for the defence of Italy. At home, civil unrest was growing with strikes in Turin factories and food riots. Hitler's refusal to close the eastern front, the first Allied bombing raids on Rome and the Allied landing in Sicily signalled that the war was slipping away from Italy and that the regime was on the brink of collapse. Mussolini's sacking of half of his cabinet on the 5th February 1943 certainly did not make the leading Fascist party notables happier. Nevertheless, even in spite of this situation, nobody in the higher fascist circles wanted to make the first move against the Duce. Nobody describes the situation better than Clark who is of the view that

a vast Renaissance drama, with plots and counterplots around the Court, with passionate loyalties and final betrayals. The leading actors wore impressive costumes and bore resplendent titles – King, Pope, Marshal, *Duce*, Grand Council – but they all improvised their parts, and they all covered their tracks.¹

¹ Clark, M. (1996) p. 296.

In the end, Mussolini was overthrown by his own Fascist Grand Council. Vatican diplomacy, with its excellent contacts, had already ensured that an authoritarian governmental solution with the King as head of state was acceptable to Washington. Indeed, this was one of the first steps in the Vatican becoming one of the most powerful political players in post-war Italy. In the meantime, most of the army and the security forces had signalled their loyalty to the King should Mussolini be overthrown. Given this situation the fall of the Duce was not very spectacular. By a majority of 19 to 7, the fascist Grand Council voted to effectively transfer all important powers from Mussolini to the King. When Mussolini met with the King the following day he was arrested. Concerning the reactions of the population Clark notes: "Hardly a fascist stirred. In Rome, it was as if Fascism had never been."²

The political crisis was perceived as a crisis of Mussolini the man instead of one of the Italian state or the Italian's people engagement and fascination with fascism. The problem was that Mussolini's fall did not automatically mean the end of war for Italy. Instead, the Germans started to massively deploy troops over the Alps once they saw that the new head of government, General Badoglio, had dissolved the Fascist Party and begun (secret) peace negotiations with the Allies.³ The King and Badoglio had to flee south for Allied protection which put them into a weak political position vis-à-vis the Pope who had stayed in Rome throughout the Allied bombings and had even established a legacy as a true Roman citizen by visiting the Roman population in bomb shelters and ordering the ecclesiastical apparatus to engage in large scale relief actions.⁴ German airborne troops liberated Mussolini only two month later from his mountain prison on the Gran Sasso in Abruzzo and installed him in the North as the head of the Nazi puppet regime of the Repubblica di Salò. The Italian political caste had therefore been liberated from Mussolini but not from the war, and so had to witness the quick reintroduction of Mussolini in the North combined with a brutal German military occupation. The subsequent civil war between a fascist North, effectively controlled by the Germans, and the Kingdom of the South, effectively controlled by the western Allies, would last from 13 September 1943 until

² Clark, M. (1996) p. 299.

³ Gentile, E. (2002) *The Totalitarian Experiment*, IN: Lyttelton, A. (ed.) *Liberal and Fascist Italy*, Oxford, Oxford University Press, p. 173.

⁴ Giovagnoli, A. (1996) *Il Partito Italiano*, Bari, Laterza, p. 28.

the 25 April 1945.⁵ What is important is that it was the Allies and the Vatican that prevailed and emerged from the conflict as the two dominant forces.

9.1.1 The Vatican

After the war, the Vatican managed to position itself once again as one of the central political brokers on the peninsula. The fall of Mussolini was an opportunity to retake power over the Italian peninsula that had, at least in its temporal element, been diminished since the Risorgimento. Giovagnoli remarks “In reality, having been in a weak position up until 1929, in the second after war period the Church passes from the position of fearing something from Italy to one of being able to do something for Italy.”⁶ However, the Church’s interest was not so much one of doing something “for” but rather something “with” Italy. The fact that it had established early contacts with the Allies, and especially its excellent contacts with Washington, gave it a position as one (if not the) key player in Italian after war politics. The positive relationship between Pius XII and Roosevelt proved fruitful for the Church, while both sides shared the absolute priority of forestalling Soviet influence. Therefore, “Already at the exit of the war, antisovietism represented a dominant component in the internal debates of the world of Italian Catholics.”⁷ Historians as different as Pollard and Chabod agree that the power of the papacy after World War Two had reached a point that had not been witnessed since the fall of the Roman Empire.⁸ Towards the end of the war, Pius XII even managed to establish a personal cult that almost outstripped Mussolini’s. It helped that he was the first pope born in Rome for 200 years. To this day, Pius XII is still often referred to as “the last real Pope”.⁹ His powers over the ecclesial hierarchy are legendary. Not a single Italian Bishops conference was held up until 1956 which is an indication of the centralization of power in his office.

⁵ Gentile, E. (2002) p. 173.

⁶ « In realtà, dopo essere stata in una posizione di debolezza fino al 1929, nel secondo dopoguerra la Chiesa passo dalla situazione di temere qualcosa dell’Italia a quella di poter fare qualcosa per l’Italia” Giovagnoli, A. (1996) p. 29.

⁷ “Già alla furi della Guerra, l’antisovietismo rappresento una componente dominante nel dibattito interno al mondo cattolico italiano.” Giovagnoli, A. (1996) p. 29.

⁸ Pollard J. (2008) p. 108.

⁹ Pollard, J. (2008) p. 109.

The German Catholic revival came from the moral disorientation that followed the widespread indoctrination through a total ideology. In contrast, the resurgence of the Church in Italy was carefully orchestrated through Vatican politics, the influencing of public opinion and a bold institutional strategy. Italian Catholicism and its institutions had been protected through the Lateran Treaties which provided for a type of cohabitation with fascism so survived it rather undamaged. The Catholic subculture, which had strived to emerge from the turn of the century onwards, was still intact while the Vatican had – under the smokescreen of the Lateran Pacts – established a small but influential economic empire in the finance and media sectors. The revival of religion as a political force was therefore fundamentally different in the two countries after the war. In Germany, it was a grassroots spiritual quest for orientation and absolution on which Christian Democratic politicians could cleverly build their party. In Italy, the Church had never fully given up its political leverage. Its strategy was, therefore, not one of building a new democratic Christian movement but rather to position itself so that it could replace the fascist regime. Pius XII's strategy was one of power accumulation and centralization. Intermediary actors, such as a Christian Democratic movement, had no place in his strategy. The papacy had little faith in Democracy and would have favored an Iberian solution (an autocratic regime backed by the Catholic Church like in Franco's Spain or Salazar's Portugal).¹⁰ Pierelli writes that "In the dominant reflection of the ecclesiastical hierarchy the hypothesis of a 'encompassing reconquitation' of society remained solidly anchored."¹¹ The idea was to make a transition from fascism to post-fascism "through a Salazarian type of institutional exit".¹² This Catholic takeover was also to be organized with the help of Catholic lay organizations such as Catholic Action. Its leader, Luigi Gedda, wrote in a letter to General Badoglio in 1943 that he was willing to offer some of his 2.5 million member organization to substitute the fascists' functionaries in state and administration.¹³ Italy was thus to become an "authoritarian, semi-dictatorial regime, with solid Catholic support."¹⁴ If this was not possible, then at least the provisions of the Lateran Pacts (enacted between the Catholic Church and Mussolini)

¹⁰ The Iberian solution refers to an authoritarian regime with the strong backing of the Catholic Church as was seen in Spain and Portugal.

¹¹ "Nella riflessione dominante della gerarchia ecclesiastica rimaneva solidamente ancorata l'ipotesi constantiana di <<riconquista integrale>> della società" Pieretti, M. (1989) p. 79.

¹² "verso un sbocco istituzionale di tipo salazariano." Pieretti, M. (1989) p. 79.

¹³ Pieretti, M. (1989) p. 79.

¹⁴ Pollard, J. (2008) p. 112.

should be rescued from the ruins of the fascist regime.¹⁵ During the 1940s the Vatican adopted modern techniques of political mobilization. Throughout the 1940s, Catholicism started to resemble “more and more the characteristics of a mass political movement with a charismatic leader - the Pope.”¹⁶ Carefully choreographed and orchestrated mass rallies on St Peter's Square became common. Older cults, like the Marian Cult, were newly codified by the Vatican and re-launched on a massive scale in order to ignite Catholic spirituality.¹⁷ Despite being keen on authoritarian solutions, the Vatican was also one of the few institutions that managed to distance early enough from the doomed regime. Even though there was a huge amount of cohabitation and even cooperation,¹⁸ the Pope was still one of the first persons to abandon regime and Duce. This paid off in post-war Italy as the Church could present itself as the being only institution that could make a credible claim to continue the work of pre-fascist Italy that was not morally entangled with it.

That said, Pope Benedict XV had still called Mussolini in the run up to the Lateran Treaties ‘man of providence’.¹⁹ The twenty years of fascism had produced a strong antiliberal and antidemocratic right wing in the Church hierarchy that had welcomed fascism as a transitional period towards the “restoration of the antique order”.²⁰ After the fall of Mussolini, however, the vast majority of lay Catholics had quite a different opinion and contributed to bringing the regime down. This made the big pool of Italian mainstream Catholicism from which De Gasperi would build the DC (Democrazia Christiana).²¹ Furthermore, there was a growing clerical Catholic left which adhered to Christian Socialist ideas. To sum up, Catholicism became a very powerful and central political player in the immediate post-war period. However, Catholicism itself was also home to numerous different political and doctrinal leanings that were often at odds with each other in terms of their programmatic ideas. Catholicism in the 1940s and 1950s consisted of a broad,

¹⁵ Only after the Christian Democrats had secured the entry of the Lateran treaties into Article seven of the constitution the Vatican entered into symbiosis with the DC.

¹⁶ Pollard, J. (2008) p. 124.

¹⁷ Blackburn, D. (1991) The Catholic Church in Europe since the French Revolution: A Review Article. *Comparative Studies in Society and History*. Vol. 33. No 4.

¹⁸ Webster, R. A. (1960) *The Cross and the Fasces. Christian Democracy and Fascism in Italy*. Stanford. Stanford University Press. See especially; pp. 119-128.

¹⁹ Colarizi, S. (1994) *Storia dei partiti nell'Italia repubblicana*, Roma, Laterza, p. 37.

²⁰ “Restaurazione dell'ordine antico che clerico-fascisti e conservativi auspicano.” Colarizi, S. (1994) *Storia dei partiti nell'Italia repubblicana*, Bari, Laterza, p. 41.

²¹ Colarizi, S. (1994) p. 38.

moderately liberal, lay movement, which was flanked by the Conservative Vatican hierarchy on one the right side and a Christian Socialist movement to the Left.

9.1.2 The Allies: the marginalization of the resistance

Britain regarded the Mediterranean and Italy as its traditional sphere of influence. Ginsburg notes that “Churchill’s main preoccupation was to preserve what he called ‘traditional property relations’ from the threat of rampant Communism.”²² In fact, the British were in favour of the restoration of the King and a, not necessarily de-fascistized but certainly anti-communist, post-liberation Italy. This aim seemed to become increasingly difficult to realise with the rapidly growing armed resistance in the North dominated by the Socialists and Communists. Since the British did not seem to have a sustainable recipe for coping with this situation and, as events in Greece and Tito’s moves in Yugoslavia became ever more alarming, the US started to increasingly take control of events. The Americans understood that the rise of Communism could best be cushioned through food supplies and economic help for the devastated Italian society. For Ginsborg the difference was that: “The British proclaimed their intention to ‘prevent epidemics and disorders’ the Americans to ‘create stability and prosperity.’”²³

In order to antagonize the leftist forces in the resistance and to cut them off from any say in the institutional, political and economic re-launch of post-War Italy, the Allies actively tried to marginalize the role of the CLN (Comitato di Liberazione Nazionale). The CLN was the high council of all partisan groups and consisted mostly of representatives from the Communist Party (PCI), the Italian Socialist Party (PSI), the Republican (liberal) party (Partito d’Azione), and the Christian Democrats (DC). However, the actual fighting resistance consisted only of the Garibaldi Brigades from the Communist Party, the Matteotti Brigades from the Socialists and the Gustizia e Liberta Brigades from the Liberal Action Party and thus it lacked a larger Christian Democratic component. Nevertheless, the Christian Democrats became the preferred partner for the Western Allies who feared the heavily left-

²² Ginsborg, P. (1990) *A History of Contemporary Italy*, London, Penguin Books, p. 40.

²³ Ginsborg, P. (1990) p. 41.

leaning politics of the resistance. As the Christian Democrats had only a “token”²⁴ presence and no vested interests in the CLN, they could quickly present themselves as a clear-cut alternative, independent of the left-dominated CLN, for Allied cooperation.²⁵

To conclude, Christian Democrats evolved quickly as a central political player in post-war Italy despite having only marginally contributed to the resistance. They could do so because they were able to perfectly play the role of interlocutor for the US. This is in contrast to the other remnants of the Italian state, personified by the King and Prime Minister Badoglio,²⁶ which had been severely discredited due to their earlier collaboration with Mussolini.

9.1.3 Christian Democracy: the beginnings

The strong presence and influence of the Allies and Church inhibited the Vatican in pushing through its preference for the “Iberian solution”. The Americans and British that had fought a war in the name of Democracy and could simply not allow the reintroduction of an autocracy – especially given the rising tensions between East and West. The Vatican had no other choice than to swallow the bitter pill of Christian Democracy as an interlocutor in the democratic system. The following section will analyse the early evolution of the party under De Gasperi. It will also assess the mark it left on the constitutional referendum and national elections of the 2nd June 1946 and the first parliamentary elections of 18th April 1948.

The DC developed out of former cadres of the Catholic party of the interwar years, the Partito Popolare Italiano (PPI). This gave De Gasperi, as the last secretary of the PPI, a central role. Despite the personal continuity the two projects were fundamentally different

²⁴ Ginsborg, P. (1990) p. 48.

²⁵ The role of the CLN, and the internal consociational mechanisms that it was built on, became the central focus of a revisionist nationalist and increasingly nasty debate among Italian historians after the fall of Communism in Eastern Europe. Their argument is that the guaranteed seats for the Communists and Social Democrats in the CLN led, in the long run, to a degeneration of the Italian post war political system. De Felice, R. (1995) *Rosso e Nero*, Milano, Baldini and Castoli. These accounts are heavily contested by Anglo Saxon scholars on contemporary Italian political history. See: Carter, N. (2010), Ginsborg, P. (2010)

²⁶ Pietro Badoglio, member of the Fascist party, was named Prime Minister by King Victor Emmanuel III after he had dismissed Mussolini. Badoglio remained Prime Minister from July 1943 till 18 June 1944.

from one another. Don Luigi Sturzo had founded the PPI as a Christian Democratic party independent from the Vatican hierarchy. His aim had been to liberate political Catholicism from the influences of the Bishops and to create a party that was more than merely a political arm of the Vatican.²⁷ Indeed, “The unity of the Partito Popolare should, according to Sturzo, not be fostered through a common reference to the Christian faith but rather through the honest support of the program.”²⁸ In contrast, the founders of the DC knew that without support from the Vatican they would fade away as quickly as the PPI had done two decades earlier.²⁹

9.1.4 De Gasperi and the DC

De Gasperi’s ideas about the party, the State and the Church were essential for the early setup of the DC. Indeed, his interpretations were already somewhat controversial during his active career. While the Left, and especially the Catholic left, accused him of being radically market liberal, at the same time the clerical Conservatives and Catholic right crucified him for his democratic stance and his initial rhetorical distancing from the Vatican.³⁰ In fact, De Gasperi had affinities to classic liberalism and a “vision of the State as a liberal-democratic type”.³¹ His ideal vision of the DC was one of a pluralist “national party” rather than a clerical one. Nevertheless, against the backdrop of the disappointing experience with the PPI, De Gasperi was also keen not to distance himself too much from the Vatican. The result was a permanent balancing act, an “equilibrio instabile”³² (unstable equilibrium) as Pieretti calls it.

²⁷ Vecchio, G. (1988) p. 238.

²⁸ „Die Einheit des Partito Popolare sollte nach Sturzo’s Meinung nicht durch den gemeinsamen Bezug auf den christlichen Glauben, sondern durch die ehrliche Unterstützung des Programmes gesichert werden.“ Vecchio, G. (1988) Der Beitrag der Christlichen Demokraten zum politischen Wiederaufbau Italiens (1945-1954), IN: Becker, U. & Morsey, R. (eds.) *Christliche Demokratie in Europa*, Köln/Wien, Böhlau Verlag, p. 238.

²⁹ Vecchio, G. (1988) p. 239.

³⁰ Giovagnoli, A. (1996) p. 38. These accusations were also often evoked as De Gasperi had also wintered through the Fascist times as a refugee in the Vatican library.

³¹ Pieretti, M. (1989) p. 77.

³² Pieretti, M. (1989) p. 81.

This “doppiezza”³³ of De Gasperi’s relationship with the Church exposed him to criticism from the Catholic left but, on the other side, opened the possibility to rely on the vast electoral resources of the Vatican in the form of its numerous grass roots level, civil society organizations. Especially in the run up to the 1948 elections, De Gasperi urged the DC in the clerical direction.

De Gasperi’s thinking also had a substantial impact on the early organizational set up of the DC. According to his organic conception of society every group had its own God-given place. The role of the State, and therefore the party, was to mediate between these different groups rather than to alter their respective statuses. In other words, according to De Gasperi, Christian Democracy should not provide the means for alleviating the social status of certain classes. The State should preserve the relative position of each group. Galli remarks that “De Gasperi saw, in the concept of a people, in reality a hierarchically differentiated society.”³⁴ Interclassism was needed in order to connect the different hierarchical levels. It “was thought to be a methodology of bridging and shortening the distances between the poorest and the richest”³⁵ rather than abolishing them. Interclassism should therefore be a fundamental cornerstone of the new Italian post-war Christian Democratic project. What came with this organic view of societal organization was a central patriarchal belief in the superiority, but also in the commitment to the common good, of certain groups of society over others. This theory of the leading class (*classe dirigente*) was central to his understanding of society. Thus, for De Gasperi the Christian Democratic party should therefore also be organized along the lines of an elite party. Intermediary or auxiliary organizations on the ground were unnecessary, as were deliberative tools for internal party democracy. According to De Gasperi’s concept of “organic patriarchy”, this elite party was bound to do well. Galli notes that, for the DC leader of the 1940s, “the party was always a sum of persons of good will.”³⁶ As regards social policy, this liberal-patriarchic Catholic view meant that social consciousness should come about through education and faith rather than through policy measures. De Gasperi’s conviction was that “the party has to dedicate itself

³³ “Doubleness” Pieretti, M. (1989) p. 81.

³⁴ Galli, G. (1978) “De Gasperi vedeva nell’idea di popolo in realtà, era riferita ad una società differenziata gerarchicamente.”, p. 164.

³⁵ Galli, G. (1978) „L’Interclassismo veniva indicato come metodologia di accostamento di accorciamento delle distanze tra i più poveri e i più ricchi.”, p. 165.

³⁶ Galli, G. (1978) „Il partito era sempre una sommatoria di persone di buona volontà.”, p. 167.

with persistence to the task of convincing and diffuse among the entrepreneurs a social consciousness".³⁷

9.2 The DC

As already mentioned, De Gasperi was central in launching the Christian Democratic Italian project as soon as the fall of fascism became predictable. De Gasperi recruited his early collaborators from three different pools.³⁸ The central group consisted of former PPI politicians, amongst which figures such as Scelba, Gronchi and Pella were central. The second group came from the Catholic student organization, FUCI, which had survived fascism by being protected by the Lateran Treaties. It included many later prominent Christian Democratic leaders such as Andreotti and Moro. The third group was made up of the "small professors" or "dossetians" who were recruited from a circle of young university researchers around Giuseppe Dossetti – a professor and social philosopher who would later become the leader of the Christian Democratic left and one of De Gasperi's strongest internal party rival.

This heterogeneous group drafted the first programmatic party manifesto during a series of clandestine meetings that rotated around the homes of several of its founding members during 1942 and the first months of 1943. Copies were secretly diffused throughout Italy during the German occupation. The manifesto is signed by a pseudonym of De Gasperi but was, in fact, the result of an extensive collaboration of all party wings.³⁹ De Gasperi's reluctance to fix a clear cut programmatic line is evident throughout the program which encompasses the whole spectre of political positions within Italian Catholicism instead of emphasizing one single approach. The document was also to be the last of its kind during the De Gasperi era. After this, the party released short summaries of the debates at the party congresses that mirrored the heated disputes between right and left, but no

³⁷ "Il partito pero deve dedicarsi con tenacia a tale opera di suasion, suscitando fra gli imprenditori una coscienza sociale voluta e appoggiando lo sforzo dei sindacati liberi che vogliono essere liberi anche da pregiudiziosi politiche e marxiste." De Gasperi, A., cited IN: Vecchio, G. (1979) p. 179.

³⁸ Masala, C. (2004) Born for Government: The Democrazia Cristiana in Italy. IN: Gehler, M. & Kaiser, W. (eds.) *Christian Democracy in Europe Since 1945, Volume 2*, London, Routledge, p. 101.

³⁹ Masala, C. (2004) p. 106.

comprehensive party program. As Masala remarks, during De Gasperi's time the DC was in fact more a party of "hefty debate"⁴⁰ than of program.

The manifesto demonstrates that, at the very beginning, all of the different party wings were still able to work out a common programmatic proposal. Like Adenauer in Germany, De Gasperi had the unique talent for bringing all the different facades of the Italian Catholic worldview together. The program incorporated a detailed plan for the future institutional framework of the new Italian state, and also featured prescriptions for industrial relations and a detailed social policy agenda. All in all, the program was archetypical for Christian Democracy in the post-war era as it tried to walk the typical Christian Democratic line between calls for nationalization of key industries and the importance of private entrepreneurship. The most remarkable prescription of the program is for the establishment of two parliamentary chambers, of which one would be elected while the other would serve as a forum for corporatist interest representation. This "National Assembly of the Organized Interests"⁴¹ should be "founded foremost on the elected representatives of the organized professions."⁴² This represented an almost word for word incorporation of the provisions of the social encyclical *Quadragesimo Anno* into the Christian Democratic program. The concept was one of a "liberal Christian idea of a free organic collaboration of all means of production".⁴³ In line with the provisions of *Quadragesimo Anno*, the State should be confined to a role of "vigilance"⁴⁴ that guarantees the functioning of the neo-corporatist model. Regarding the issue of Social Security, the program spelled out that "social insurance should be extended, simplified, their organization decentralized and their management put into the hands of the people that it concerned".⁴⁵ This meant that the old social security system should be cleansed of the characteristics of fascism, but that the basic subsidiarity aspect should remain in place.

⁴⁰ Masala, C. (2004) p. 101.

⁴¹ "Assemblea Nazionale degli interessi organizzati" DC (1943) *Le Idee Ricostruttive della Democrazia Cristiana*, Rome, p. 1.

⁴² "fondata prevalente sulla rappresentanza eletta dalle organizzazioni professionali." DC (1943), p. 1.

⁴³ "l'idea democratica-cristiana della libera collaborazione organica di tutti i fattori della produzione" DC (1943) p. 2.

⁴⁴ "vigilanza dello stato" DC (1943) p. 2.

⁴⁵ "estese le assicurazioni sociali, semplificato il loro organismo e decentrata la loro gestione che va affidata alle categorie interessate" DC (1943) p. 2.

One striking aspect of this early manifesto is that it does not include a synthetic recapitulation of the fascist havoc and the carnage of the War. Such reflections on fascism and how to avoid it in the future are central to most early German Christian Democratic manifestos but are absent in the case of the Italian DC. Nor is there any overarching reference to spiritual matters as there was in Germany. On the other hand, the Italian manifesto has some points that the German manifestos do not have. There is a stronger emphasis on the importance of the family and, therefore, also the promotion of family home ownership and the call for a large scale land reform. Furthermore, the DC manifesto takes the corporatist and Christian Socialist claims further than the CDU as it explicitly demands the enshrining of corporatist institutions into the institutional and constitutional setup of the new Italian State.⁴⁶

Nevertheless, despite the strong emphasis on Christian Socialist ideas in the program, De Gasperi followed a largely liberal economic policy during his first years as Prime Minister. His policy was very market-orientated and the liberal “Linea Einaudi”⁴⁷ almost led to a split in the Christian Democrats in the late 1940s.

9.2.1 The first elections

The 2nd June 1946 was the day on which a referendum was held to decide on the future institutions and power balances of post-war Italy. The Italian people faced a double task: first, they had to decide whether they wanted to stick with a monarchy or have a republic. Secondly, they were asked to elect a constitutional assembly. The election results for the constitutional assembly were not only a first political manifestation of the post-war Italian

⁴⁶ However this second ‘corporate’ chamber of parliament was never to materialize.

⁴⁷ Einaudi was a liberal economist, Budget Minister in the early De Gasperi cabinets and later Italian president. De Gasperi’s market liberal “Linea Einaudi” in economic policy was not a good alternative to the socialization ideas of Socialists and Social Democrats against the background of the souring economic conditions. In line with his classic liberal economic beliefs, De Gasperi had delegated the post war economic reconstruction tasks to the Liberals. First it was Corbino, whom he made Minister of Finance, and later by appointing Luigi Einaudi, the former head of the Bank of Italy, into the cabinet. Pieretti, M. (1989) *De Gasperi e la Democrazia Cristiana*, IN: Cherubini, G.; Della Peruta, F.; Lepore, E.; Mori, G.; Procacci, G.; Villardi, R. (eds.) *Storia Della Società Italiana 23: La Società italiana della resistenza alla guerra fredda*, Milano, Teti Editore. See also: Vecchio, G. (1979) *La democrazia Christiana in Europa (1891-1963)*, Milano, Mursia, p. 126.

political power balance but also opened a window of opportunity for the first institutional lock ins of worldviews and programmatic ideas.

Through the abdication of King Victor Emmanuel in favor of Crown Prince Umberto, the Savoyans tried to save their monarchy but the involvement and cohabitation of the House of Savoy with Fascism weighed too heavily. The Monarchists lost the referendum in 1946 by a slim margin (45.7% to 54.3%) and Italy became a republic. This marks the starting point of the first republic. The referendum result was geographically split, with the South overwhelmingly voting Monarchist while the North was Republican.⁴⁸ As for the elections to the constitutional assembly, the left had been forecast as the big winner. Instead, the Christian Democrats got the most votes (35.2% - 207 seats) while the Socialists became the second largest parliamentary group (20.7% - 115 seats) and the Communists came in only third (19% - 104 seats). This meant that together Communists and Socialists were still far from having the majority of 279 seats in the 556 member assembly. Apart from the three key players – Christian Democrats, Socialists and Communists – a vast number of minuscule party groups also entered the assembly. Worth mentioning is the Party of the Common Man (Il uomo qualunque), a populist and fascist party based in the South that got 30 seats and the Liberals (PRI – Partito Repubblicano Italiano) who took 23 seats.⁴⁹ Liberalism, which had been dominating Italian politics since unification until the advent of fascism, was all of a sudden degraded to a small minority position.

There were three important post-war trends manifested during the 18 month term of the constitutional assembly that would prove constitutive for the Italian political system until the 1990s. The Christian Democrats had become the dominant force, the Left was confined to the position of “the eternal second” and there was an extreme fragmentation of the rest of the constitutional assembly into small splinter groups. In total, sixteen parties were elected, many of which had no more than one deputy. The constitutional assembly therefore already represented what Giovanni Sartori later described as polarized pluralism.⁵⁰ Nevertheless, one aspect was still different from later post-war politics. Under the fresh impressions of fascism and war, Christian Democrats, Communists and Socialists formed an “anti-fascist” alliance that would draft the constitution together. Such an open,

⁴⁸ Clark, M. (1996) p. 319.

⁴⁹ Clark M. (1996) p. 319.

⁵⁰ Sartori, G. (1982)

direct and encompassing collaboration between Christian Democracy and Communists would not happen again for the rest of the First Republic.⁵¹

9.2.2 Christian Democratic influence on the Constitution

The Constitutional Assembly hammered out a constitution that has been held responsible for many of the defects and pathologies that the Italian political system suffers to this day. Similar to the construction of the German constitution, it was meant to be a reaction to the ascendance of fascism in the interwar period. The constitution certainly tried to diffuse and not centralize power. Therefore Ginsborg is not quite right when he writes that: “The Italian Constitution embodies a fairly standard system of representative democracy”.⁵² Instead, it is more adequate what Clark notes: “Here was a charter for weak government, unable to dominate parliament or people, a charter for liberty.”⁵³ The idea to settle for weak and decentralized governmental institutions was not only a reaction to the fascist past but also due to the fact that the Vatican wanted to see key Catholic concepts such as subsidiarity at the forefront.⁵⁴ The fact that the draft was mainly produced by liberal constitutional lawyers contributed further to the limited power of the executive.⁵⁵ The assembly agreed on two different election systems for the two Chambers. The Chamber of Representatives (Camera dei Deputati) was elected via Proportional Representation in multi member districts for five years. The Senate, on the other hand, was elected for seven years on a regional basis through a mix of Proportional Representation and single member constituencies. This election system was potentially dangerous as it offered the possibility to attribute preferential votes. It was one of the prime mechanisms through which the Christian Democrats later ran their clientelist party machine.

All in all, the constitution was largely a collaboration project enacted by Christian Democrats, Social Democrats, Communists and Liberals together. Nevertheless, there were

⁵¹ The term ‘First Republic’ is usually used to describe post war Italian politics up to the point when the Christian Democratic party implodes in the early 1990s.

⁵² Ginsborg P. (1990) p. 100.

⁵³ Clark, M. (1996) p. 320.

⁵⁴ Maybe in the articles 41 and 42 of the Constitution the Christian Democratic influence becomes most evident. Article 41 limits private enterprise to social utility and Art 42. Defines the right to private property according to social function. See: Van Kersbergen, K. (1991) p. 264.

⁵⁵ Clark, M. (1996) p. 320.

conflicts. One of the fiercest clashes during the Constitutional Assembly revolved around the wording of Article 7 which foresaw the embedding of the Concordat (Lateran Pacts) into the constitution. The Communists and all lay parties were fiercely opposed to it, while the DC thought it essential to give the Concordat constitutional status – not least in order to secure the Vatican’s future electoral support for their own party. Surprisingly the Communist leader Togliatti concluded that it was too much a risk to offend the Vatican in a country like Italy. Therefore, the Communists also voted in favor Article 7 in the end.

The sealing of this top priority for the Church secured the Vatican’s support for the DC and was the first step towards the DC’s landslide electoral success of 1948. However, the DC not only pleased the Vatican on this issue. Clark writes that “Even so, article seven was a real victory for the Church. And many of the Constitution’s other clauses reflected traditional ‘social-Catholic’ ideals of a weak State, political liberties and small-scale property.”⁵⁶ Therefore, even if the Constitution was hammered out by a coalition between Christian Democrats, Socialists, Communists and Liberals, De Gaspari still seemed to get the most out of it. The provisions that he managed to put into the text were partly Christian Democratic but also, to a large extent, provisions that would secure the Vatican’s support in the upcoming elections.

9.3 Between Constitutional Assembly and first elections

The run up to the 1948 elections entailed a series of problems for the DC. Even though Christian Democracy had distanced itself from the two other major parties in the elections to the Constitutional Assembly, the electoral outlook for the 1948 election was bleak. The economic situation had worsened since the referendum and it was forecast to deteriorate further. Defeat in a series of municipal and local elections pointed towards a potential national electoral fall-off for the DC. De Gasperi knew that the Left would do everything to blame the deteriorating economic situation on the Christian Democrats and his own liberal economic policies. The fact that he had signed the peace treaty made the DC even more electorally vulnerable. The provisions of the Treaty provided for Italy to lose all of its

⁵⁶ Clark, M. (1996) p. 321.

colonies plus vital parts of its European territory such as Trieste and most other territories that had been assigned to it after World War One.

The “ideological feebleness of the nascent DC”⁵⁷ as Vecchio calls it was becoming a major problem. A rapid buildup of auxiliary organizations that could canvass for and bind the electorate to a Christian Democratic lifestyle was proving difficult. During fascism the Vatican had intensified its efforts to build Catholic civil society organizations and had tightened its grip on the existing ones. It was impossible for the DC to rival these organizational legacies. With the Lateran Treaties the Vatican had effectively tightened its grip on all Catholic lay organizations, and especially on Catholic Action (Azione Cattolica). In fact, the Vatican’s grip on Italian society in general was very strong during the 1950s. In 1956, 69% of all Italians attended mass at least once a week and Catholic Action (Azzione Cattolica) had 2,655,578 members in 1954.⁵⁸ Vecchio remarks that the “Catholic world was totally administered”⁵⁹ by the Church which left little room for the DC.

If De Gasperi wanted to win the elections, he needed the Vatican and the Vatican used this to put a squeeze on him. It was under these conditions that a high ranking Vatican official went to De Gasperi and told him that:

any kind of collaboration with the anticlerical parties, not only in the municipality of Rome but in government, is no longer admissible. If the Christian Democrats were to continue with such collaboration, they would be considered a party favoring the enemy. The Christian Democrats would no longer have our support or our sympathy.⁶⁰

In exchange the DC could completely rely on the Catholic subculture, a “formidable instrument of social and political control”,⁶¹ for its electoral success in the “white regions”. The result was that the “DC had become ‘party of the Church’”.⁶² The Vatican provided votes while the DC enacted legislation for the Church. Pollard notes that under De Gasperi, “the Italian state seemed to have truly become the long arm of the Church.”⁶³ De Gasperi subsequently quelled all substantial critical debate within the DC on the relationship with

⁵⁷ “debolezza ideologica della nascente DC” Vecchio, G. (1979) p. 123.

⁵⁸ Ginsborg, P. (1990) p. 169.

⁵⁹ “<<mondo cattolico totalmente amministrato>>” Vecchio, G. (1979) p. 125.

⁶⁰ Andreotti G., Intervista su De Gasperi, Bari 1977; pp.72-73, cited IN: Clark, M. (1996) p. 324.

⁶¹ Pollard, J. (2008) p. 117.

⁶² “dal ’45 che la DC diventa semmai il <<partito della Chiesa>>.” Vecchio, G. (1979) p. 124.

⁶³ Pollard, J. (2008) p. 117.

the Church.⁶⁴ By the end of 1947 the formerly liberal Catholic De Gasperi had “left the task of creating and organizing the party consensus to the Church.”⁶⁵

Through catering to the Church, De Gasperi had secured the Catholic electorate of the white regions in the North. Nevertheless, in the South the Christian Democratic position was in jeopardy. The referendum had proven that monarchists and the far right (*l'uomo qualunque*) were strong there and had frightening future potential.⁶⁶ In the South the ecclesiastical hierarchy was traditionally weaker. Here, De Gasperi needed the support of the Allies. US aid could help to alter this and De Gasperi had good contacts with the Allies. The intensification of the Cold War helped and De Gasperi was a master in instrumentalizing the unfolding competition between systems. The US gave its backing to the Christian Democrats. Washington started to flood the peninsula with Western aid. Special propaganda celebrations were orchestrated for each relief ship that arrived in an Italian port. Meanwhile, Marshall warned that all US aid would be frozen instantly in case of a Communist victory in the elections.⁶⁷ Western relief was used by the DC to bind voters, especially in the South. This distribution was the prototype for the later evolving Christian Democratic clientelist party machine in Southern Italy. It was essential for the Christian Democrats that they make inroads in the North and South as the ‘red-belt’ of central upper Italy was basically impenetrable due to the strong Communist subculture. Nevertheless, both regions needed very different mechanisms of vote aggregation. While one was based on programmatic appeals, the other was fostered through the provision of club goods.

9.3.1 The elections of 1948

the elections were conducted in a tense, turbulent, almost hysterical atmosphere because to the Church they represented a cosmic struggle between Catholicism and atheistic Communism, Good and Evil.

J. Pollard⁶⁸

Getting the support of the Vatican and Allies in the elections required concessions and was only possible by transforming the anti-fascist coalition into an anti-communist coalition. De

⁶⁴ Vecchio, G. (1979) p. 123.

⁶⁵ “De Gasperi ha finito per lasciare in delega alla stessa Azione Cattolica e, in definitiva, alla Chiesa il compito di creare ed organizzare il consenso al politico.” Vecchio, G. (1979) p. 133.

⁶⁶ Clark, M. (1996).

⁶⁷ Ginsborg P. (1990) p. 115. See also Clark M. (1996) p. 324.

⁶⁸ Pollard, J. (2008) p. 116.

Gasperi and the DC distanced themselves as quickly and as clearly as possible from the Communists with whom they had collaborated peacefully on the Constitution only a year earlier. The climate of the unfolding election campaign was extremely polarized. The Vatican topped all of its previous efforts and announced that it would excommunicate anyone who voted for the Communists.⁶⁹ Cardinal Siri even proclaimed it a mortal sin not to vote Christian Democrat.⁷⁰ Ginsborg notes that “To provide further support, Luigi Gelda, president of Catholic Action, founded the civic committees, local action groups whose principal task was to convince Catholics to turn out en masse on polling day and to instruct the illiterate and aged amongst them on what to do once inside the polling booth.”⁷¹

The strategy of getting votes through cooperation with the Vatican and the Allies paid off. The result was a landslide victory for the DC that saw them poll 48.5% and obtain an absolute majority of 305 of the 574 seats. The popular front formed by an alliance of Socialists and Communists was bitterly defeated and together obtained only 31% of the vote compared to the 39.7% that they had received in the Constitutional Assembly in 1946. The real losers were the Socialists, who crashed from 115 to 41 deputies. The Communists, on the other hand, surprisingly increased their seats from 106 to 140.⁷² The 1948 elections cemented Communist hegemony on the Left for decades to come.

The 1948 elections had major implications. First, “The Church had, unexpectedly, provided mass backing for democracy.”⁷³ This was the Vatican’s final consent to having the Christian Democrats as the official interlocutor for the Church in the new political system. Furthermore, this signaled that the Vatican had accepted the new democracy and no longer wanted to achieve an authoritarian Iberian solution. Secondly, due to the highly pitched anti-communist election campaign, “Virtually overnight the party became the defender of western Civilization”⁷⁴ (at least in the eyes of the US). Third, with the exclusion of the Communists, the phase of imperfect bipartisanship (*bipartismo imperfetto*)⁷⁵ had started.

⁶⁹ Ginsborg P. (1990) p. 115.

⁷⁰ Ginsborg P. (1990) p. 117.

⁷¹ Ginsborg P. (1996) p. 117.

⁷² This result was also less surprising as is often portrayed because De Gasperi and Togliatti had actively sparked conflict in the Socialist party from the right as well as from the left, which eventually led to its split in 1947.

⁷³ Clark, M. (1996) p. 328.

⁷⁴ Clark, M. (1996) p. 325.

⁷⁵ Galli, G. (1967) *Il Bipartismo Imperfetto*, Bologna, Il Mulino.

From now on, the Italian political system was one in which two large parties (Christian Democrats and Communists) dominated the political scene though only one of which could accede to power.

Nevertheless, the reliance of the DC on the help of the Vatican and the Allies had come at a price. This was the total stagnation of the party when it came to the development of programmatic Christian Democratic ideas. Ginsborg notes that “Especially in the South, the party was viewed as an instrument to be used than as representing a set of values in which to believe.”⁷⁶ This fueled dissatisfaction. The left wing around Dossetti and Gronchi were furious: not only about De Gasperi’s liberal economic policies but also about the electoral arrangements with Catholic Action, which they perceived as a sell out to the Vatican. Demands for a split started to openly surface after the 1948 elections under slogans such as “unity at what price” (“unita per quale prezzo”).

De Gasperi’s system faced a dilemma. It was able to win elections but only with the help of Vatican and Allies and essentially against a large part of the party membership. De Gasperi’s universal claim of a party that represented all Italian Catholics seemed ever more misplaced.

⁷⁶ Ginsborg, P. (1990) p. 185. On the development of the program of familialism: Though there was one important exception to this which was the Christian Democrats embracing of familialism. While anti-communism was mainly a rhetoric device, ‘familialism’ was nurtured and fostered by the DC. ‘Familia Cristiana’ the ‘family magazine’ of the Christian Democrats circulated one million copies in 1961.⁷⁶ As women obtained the right to vote for the first time in 1945, familialism was used to secure the female vote for the DC. Women were actively mobilized by the Catholic women’s organizations ‘Gioventu Femminile di Azione Cattolica’, ‘Centro Italiano Femminile’ and ‘Unione Donne di Azione Cattolica’ to vote for the DC. The general perception of the Catholic apparatus regarding the new possibilities of the female vote are described nicely by Van Kersbergen: “Pope Pius XII had given the Women’s organization of Catholic Action their ‘magna carta della donna’ by urging them to become active in public life, but warning too zealous women not to enter the male domain of power and politics.” This bore considerable fruits for the DC whose average female vote share hovered around 64 percent between 1947 and 1960.

9.3.2 Fractionalism

The advent of Imperfect Bipartisanship and the absence of programmatic development within the DC meant that governance in Italy quickly relapsed into its worst 19th century modes. After 1948, transformism made its way forcefully back into the Italian parliament.⁷⁷

De Gasperi's neglected to actively foster party unity as the help of the Vatican and the Allies in election times was such that it meant he could win elections even without a coherent party. This made the DC the largest political group in parliament but at the same time the most incohesive, loose and fragmented one. The scission between the right and began to exacerbate from 1948 onwards. This is where the legendary fractionalization of the Italian Christian Democrats has its roots. While the Christian Democratic left was frenetically demanding a broad programmatic and organizational overhaul, the right was occupied with particularistic interest politics. Against this background, a disillusioned Left started to challenge the idea of Catholic unity by pushing the slogan "Unity of Catholics but united for what?"⁷⁸ In order not to risk a fracture of the party, in 1949 the Left was finally granted permission to form its own party subsections. From that point onwards, the party started to split along the lines of powerful factions (*correnti*). This made common ideological development even more difficult. However, ideological development within the *correnti* did happen. De Gasperi's election strategy of 1948 had reduced the DC to a bundle of party factions, each building up its own organizational micro cosmos in order to achieve maximum influence on the government. Each one of the factions had its own financing (and spoils) system, its own representatives with the ecclesiastical hierarchy, its own auxiliary organizations and even its own newspapers. They were indeed small micro parties within the main party and also differed in their mode of political representation. Although this system was less fragmented than the atomized Italian parliaments of 19th century Italy, it still impacted on the way of governance. Mamarella notes that the DC "represented during the years of the quadripartito a vast bracket of political positions that ranged from a Left that was open to the most advanced social petitions to a right that was Conservative and

⁷⁷ For a nice description of the continuity and functioning of Transformismo in Italy See: La Palombara, J. (1987) *Democracy, Italian Style*, New Haven, Yale University Press, pp. 12-13.

⁷⁸ "Unita dei Cattolici ma unita per cosa?" Giovagnoli, M. (1996) pp. 48-49.

monarchist.”⁷⁹ While the right wing of the DC was interest, constituency and notable based, the Left had ideological and programmatic foundations. De Gasperi’s followers had the support of the industrial bourgeoisie and the mainstream positions within the Vatican. They obtained a majority at the first four party congresses in 1946, 1947, 1949 and 1952. Further to the right was the corrente di destra, later labeled as dorotei. They were close to the monarchy and the radical and authoritarian exponents of the Vatican that were connected to Catholic Action (Azione Cattolica). A different and smaller group on the right were the vespisti (named after a Roman motorcycle club) which represented the interests of southern large estate holders. On the left, there were two important groups and both feverishly opposed De Gasperi’s liberal social policy line. The dossetians were formed around the professor and social philosopher Giuseppe Dossetti. They were the most vivid advocates of Christian Socialism and their journal “Cronache Sociali” was a forum for modern social and economic policy. Mamarella writes about the Christian socialist character of the Dossetian’s that “Beyond a political program analagous to the other party groups on the Left, [...] the dossetian fraction affirmed a need for close collaboration between political action and the social doctrine of the Church and between Catholic moral and political action”.⁸⁰ The second group on the Left was the Gronchians who represented the Catholic union wing in the party. The Left made up around 30 % of all party delegates of the DC.

To sum up, the DC under De Gasperi could rely on the Vatican and the Allies to canvass the vote. Furthermore, it had successfully excluded its strongest rival, the Communists, from party competition but this caused a complete standstill of the programmatic development of the DC. After the founding manifesto, the DC did not issue a party manifesto for many years. Instead, what happened were small micro developments of programmatic ideas within each fraction of the DC that developed parallel to each other. A large scale initial struggle and compromise between different programmatic ideas in search

⁷⁹ “la DC presentava negli anni del quadripartito una vasta gamma di posizioni politiche che andavano da una sinistra aperta alle istanze sociali più avanzate a una destra conservatrice e monarchica.” Mamarella, G. (1978) p. 221.

⁸⁰ “Oltre ad un programma politico analogo a quello delle altre correnti di sinistra , [...], la corrente dossettiana affermava l’esigenza di una stretta colleganza fra l’attività politica e la dottrina sociale della chiesa e fra morale cattolica e azione politica..” Mamarella, G. (1978) p. 224.

for a common party platform as in Germany did not happen. De Gasperi's strategy had made the DC a "heterogeneous, ramshackle party".⁸¹

9.3.3 The return of Transformismo

Mammarella notes that "under certain aspects this heterogeneity of positions was even advantageous for the DC, as it confirmed a certain interclassism, allowing it to present itself to the electorate as a progressive and Conservative party at the same time."⁸² But the dissatisfaction of the Catholic left increased. In 1950, Giorgio La Pira wrote in a letter to De Gasperi "it is not possible to drag any longer on with the methods that we are using."⁸³ Furthermore he emphasized that the party needed a "hard" programmatic development: "hard in the sense that it will be possible to elaborate a broad national programmatic platform that will have the force to realize it quickly."⁸⁴

The problem was not only that the party was internally split but, as the DC was the main governing entity, its fractionalization started to degenerate the whole parliamentary system. Though a large and fragmented block, the DC occupied the middle of parliament. As it could not obtain a governing majority on its own, it formed various and ever alternating coalitions with the smaller parties in parliament. These governments fell, not because a coalition partner did not consent with the political direction of the government, but rather because a faction inside of the DC was not satisfied with the amount of spoils it was receiving. Indeed, "in the last years of the quadripartito it reduced increasingly to a perpetual technique in order to keep the technical unity of the DC and to consolidate its electoral success."⁸⁵ In the South, "The voter, in his view, did not express an ideological

⁸¹ Clark, M. (1996) p. 329.

⁸² "sotto un certo aspetto quell'eterogeneità di posizioni era anzi vantaggiosa per la DC, poché le conferma una caratterizzazione interclassista, permettendo di presentarsi di fronte al elettorato come partito progressista e conservatore ad un tempo." Mammarella, G. (1978) p. 221.

⁸³ "non è possibile tirare avanti coi metodi che noi attualmente usiamo." Letter from Giorgio La Pira to De Gasperi in 1950, printed IN: Vecchio, G. (1979) p. 180.

⁸⁴ "duro nel senso che sia capace di elaborare una programmazione vasta, nazionale, e che abbia l'energia per attuarla rapidamente." Letter from Giorgio La Pira to De Gasperi in 1950, printed IN: Vecchio, G. (1979) p. 180.

⁸⁵ "negli ultimi anni del quadripartite, si ridusse sempre più ad una tecnica permanente per mantenere l'unità della tecnica per mantenere l'unità della DC e consolidarne il successo elettorale." Mammarella, G. (1978) p. 222.

commitment when he went to the polls. He simply engaged in trade.”⁸⁶ Clark puts an even finer point on it:

It was a regime of ‘Low Politics’, like that of parliament and local government in the nineteenth century: it practiced the politics of compromise and patronage, of temporary deals and temporary governments, of granting favors and buying support, and of political ‘interference’ in administration. Many Italians, therefore, regarded it as inherently corrupt, just as their nineteenth-century predecessors had done.⁸⁷

and describes the DC after the 1950s as a “complex, ill-disciplined body with many different local bases, some of them of dubious origins and talents.”⁸⁸

9.3.4 The fall of De Gasperi

The tensions in the party did not go unnoticed by the electorate. After the landslide victory in 1948, the situation quickly started to deteriorate for the DC. It witnessed a series of humiliating regional and local election defeats in the early 1950s. De Gasperi’s response was in line with his previous ones. Instead of trying to modernize or unite the party he chose to enact a new election law that would give the electoral coalition that reached more than 50 percent of the vote a boost to two thirds of seats in parliament.⁸⁹ This law was called *legge truffa* (swindle law) by the opposition parties and also triggered a substantial backlash from many parts of society because it resembled Mussolini’s Acerbo Law with which the Duce had seized power in 1923.⁹⁰ Not even such institutional foul-play helped, however. In the 1953 elections the DC and its coalition partners only garnered a 49.85% of the vote and therefore missed the quorum of the swindle law by a very low margin. De Gasperi took the blame for this electoral defeat and stepped down as Prime Minister and party leader causing the Degasperiani to lose their majority in the party. He died a year later at the age of seventy three. The “swindle law” was quickly abolished in the same year.

The disaster of the *legge truffa* showed that during the last years of his leadership De Gasperi had increasingly abandoned his own worldviews in favor of his interest in creating an electorally successful DC. Mammarella notes that “The moderatism of De

⁸⁶ Clark, M. (1996) p. 329.

⁸⁷ Clark, M. (1996) p. 327.

⁸⁸ Clark, M. (1996) p. 329.

⁸⁹ Mammarella, G. (1978) *L'Italia dalla Caduta del fascismo a oggi*, Bologna, Il Mulino, pp. 263-267.

⁹⁰ Ginsborg, P. (1990) p. 142.

Gasperi distanced himself gradually from ideological motivations that had originally inspired him, especially in the last years of the quadripartite it reduced itself evermore to a technique to maintain the unity of the DC and to consolidate the electoral success.”⁹¹ The crude institutional strategy of the *legge truffa* is the best example of this.⁹² Ginsborg notes about the late De Gasperi that “To hold power in the face of the enemy became almost an end in itself, to which essential reforms were to be subordinated.”⁹³

To conclude, it did not help that a large part of the DC were adherents of Christian Socialism. As the party had to rely on the Vatican’s votes under De Gasperi, it also depended on the consent and the attitude of the Vatican on welfare. These were far from positive. Pius XII had drifted away from the Christian Socialist provisions of the last social encyclical *Quadragesimo Anno*. Pius XII essentially regarded the Dossetian wing of the Christian Democrats as a bunch of untrustworthy utopian socialists. The influence of the Vatican brought a restoration of the liberal and fascist legacies of the Italian welfare system, but no innovation. The Christian Democratic–Communist alliance from the Constitutional Assembly had been a window of opportunity for change but the advent of the Cold War and the fierce opposition of the Vatican put paid to any reform plans the Christian Democratic left might have had.

Welfare reform was given a second chance after De Gasperi’s dismissal and the DC’s left wing takeover under Amintore Fanfani. Fanfani’s zeal was to liberate the Christian Democratic Party from the influence of the Vatican, business and the Allies, as well as to correct De Gasperi’s liberal economic policies. The next section will scrutinize why the organizational reforms that Fanfani enacted within the party unintentionally undermined and destroyed his deeply held zeal for welfare reform.

⁹¹ “Il moderatismo di De Gasperi si allontanò gradualmente dai motivi ideologici che lo avevano originariamente ispirato e, specie negli ultimi anni del quadripartite, si ridusse sempre più ad una tecnica per mantenere l’unità della DC e consolidarne il successo elettorale.” Mammarella, G. (1978) p. 222.

⁹² The ‘*legge truffa*’ was part of a larger package of authoritarian measures under the late De Gasperi usually summarized by the term ‘protected democracy’.

⁹³ Ginsborg, P. (1990) p. 144.

9.3.5 Fanfani and the opening to the Left

The 1950s were in fact the crucial period in which the Christian Democrats laid the foundations of their state system, and by this and other means created a new consensus in Italian society.

Ginsborg, P.⁹⁴

De Gasperi's fall was a victory for the Christian Democratic left. The Christian Socialist Amintore Fanfani became the leading figure of the party. Fanfani's strategy to cope with the electoral problems of the DC differed strongly from De Gasperi's. He was convinced that the party had to liberate itself from the Vatican and Confindustria in the long run. This diverged fundamentally from De Gasperi's idea of an elite party. Fanfani's vision was a modern mass party firmly anchored on the territory and all-encompassing in its aspirations to the electorate. Two elements were fundamental to this strategy: First, the reliance on the Church as a vote provider in the North should be substituted through the creation of a dense local network of Christian Democratic grass roots organizations. Second, Fanfani wanted the DC to become independent of the external money transfers which were first done by the Allies and later by the employer's organization Confindustria. Fanfani did this by following a corporatist strategy that went beyond Christian Socialist provisions. His strategy was to have the large state enterprises withdraw from Confindustria and to create yet more nationalized oligopolies under the close control of the Christian Democrats. This was highly successful. The move from elite to a mass based party under Fanfani was not only a rational modernization strategy. Rather, it also reflected the differences between Fanfani's and De Gasperi's overall ideas on society. De Gasperi represented centrist and mediating positions in the DC and he was a strong believer in the power of private business and pluralism of interests in an organic and hierarchically organized society. Furthermore, he was a leftist dossetian for whom the fascist past had inspired great excitement for a society structured along the lines of corporatism. Fanfani was a Christian Socialist who favored corporatism. With him at the helm, encompassing social reform seemed possible for the first time.

Indeed, Fanfani was a leftist reformer for whom, in the words of the leader of the Catholic union wing in the party in 1952, "the battle of the DC has to be fought, [...], on the territory of social justice, on the recognition of the new rights and the new status of

⁹⁴ Ginsborg P. (1990) p. 145.

work”.⁹⁵ Gronchi demanded a comprehensive social policy program and the integration of the lower classes as the “resistance to Bolshevism, as doctrine as well as social political regime, does not equal blocking the working classes from their aspirations for more justice.”⁹⁶ These thoughts were not mere lip service. Under the leadership of Fanfani the party’s left wing, with its connections to farm leagues and Catholic unions, gained considerable strength within the party. Fanfani wanted to compensate for the organizational agony of the DC under De Gasperi. As a contemporary fellow party member observed, they were convinced “if the absolute majority had not been reached in the country, it was partly the fault of the DC, due to its organizational insufficiencies, the scarce comprehensive penetration of the various social classes, [...], its complicated and tired apparatus”.⁹⁷

The only downside was that, in the long run, it fueled existing pathologies in the country. The grass roots organizations that flourished in the North were turned into party machines in the South. In the same way, some of the large state holdings became synonymous with the rampant favoritism and clientelism of the DC. The special blend of corporatism that Fanfani had elaborated in his 1948 book “Economia”⁹⁸ was too vulnerable to corruption and clientelism. The transformation of the DC under Fanfani into a corporatist party was, especially in the South, coupled with a drifting towards a clientelist party. The South was therefore the dark side of Fanfani’s attempt to build a strong party that penetrated state and society – an aspect which would eventually forestall modern welfare reform in Italy and lead to the degeneration of social security into a transmission belt that facilitated clientelist and corrupt exchanges between the DC and its electorate.

⁹⁵ “Perciò la battaglia della DC va combattuta, [...], sul terreno della giustizia sociale, del riconoscimento concreto dei nuovi diritti e della nuova posizione del lavoro” Gronchi in 1952 presenting his alternative to De Gasperi’s line. Gronchi, G. 14. Feb 1952. ‘Torniamo alle origini’, IN: *Politica Sociale*, Cited IN: Vecchio, G. (1979) p. 182.

⁹⁶ “resistenza al bolscevismo, come dottrina e come regime politico-sociale, non equivale a sbarrare il passo alle classi lavoratrici nelle loro aspirazioni ad una migliore giustizia.” Gronchi in 1952 presenting his alternative to De Gasperi’s line. Gronchi, G. 14. Feb 1952. ‘Torniamo alle origini’ IN: *Politica Sociale*, cited IN: Vecchio, G. (1979) p. 181.

⁹⁷ “se non era stata raggiunta la maggioranza assoluta nel paese, ciò era dovuto in parte alla DC, per le sue insufficienze organizzative, la scarsa penetrazione capillare nei vari ceti sociali, ... il suo macchinoso e stanco apparato, ...>>” Boiardi, F., cited IN: Galli, G. (1978) p. 161.

⁹⁸ Fanfani, A. (1948) *Economia*, Brescia, Morcelliana.

9.4 Doctrine

Fanfani foresaw for the DC a much more active role in the penetration of society than under the liberal Catholic De Gasperi. Fanfani's view was that the party should not only be a pure transmission belt and interlocutor between state and society but actively influence and model both institutions. Fanfani was a fervent exponent of the Catholic left but, at the same time, he had sympathized with fascism and held some minor offices during fascist times. His interpretation of Catholic social teaching came close to the fascist's corporatist organization of society. While German Catholicism was pulled in a liberal direction by the Ordoliberals and Protestants after World War Two, and therefore away from stronger corporative thinking, no such counter weight existed in Italy. Catholic social teaching, as executed by Fanfani and his DC in the 1950s, effectively relied on pre-war modes of socioeconomic organization. This was facilitated by the fact that Italian fascism had not become totalitarian so a clear cut distancing from the past was not regarded as necessary.

The new corporatist strategy entailed that the DC aimed at tightening its grip over the existing state entities and creating yet more new ones. The party also had to simultaneously distance itself from the liberal employer's association, Confindustria, in order to increase its financial autonomy.⁹⁹ The prime means for this were the creation of the Ministry of State Holdings (Ministro delle partecipazioni statali) which was approved by parliament after prolonged and fierce debate on 22nd December 1956. One year later, on 11th January 1957, followed the law on fossils (legge idrocarburi) which gave the state company ENI (Ente Nazionale Idrocarburi) a monopoly on research and exploitation in that sector. The strategy to curb the power of business over the party, and society in general, was completed by the withdrawal of all IRI (Istituto per la Ricostruzione Italiana) companies from Confindustria only a year later on 1st of January 1958. Galli notes that, from this point on, "the party that used to be the prince of the industrial complex controlled progressively the means of production, which are the source of true power."¹⁰⁰ The huge oil and gas company founded in 1953, ENI (Ente Nazionale Idrocarburi), is exemplary of this

⁹⁹ Galli, G. (1978) *Storia Della Democrazia Cristiana*, Bari, Editori Laterza, p. 164. See also: Giovagnoli, A. (1996) *Il Partito Italiano: La Democrazia Cristiana dal 1942 al 1994*, Bari, Editori Laterza, p. 72.

¹⁰⁰ Galli, G. (1978) p. 180.

process.¹⁰¹ The Christian Democrat Enrico Mattei “a man of few principles and great entrepreneurial skill” (Ginsborg) became its restless president. Starting with the state petrol company AGIP, Mattei built up an industrial empire in the state sector that within a few years encompassed business as diverse as petrochemicals, highway construction, synthetic rubber production, contract engineering, construction and nuclear research.¹⁰² Despite the rampant clientelism and often corrupt practices within ENI, it contributed – together with IRI, the second large state holding – as a key driver of Italy’s after war economic miracle. The flipside of this success was that it tightened the State’s, and therefore the party’s, grip on society and created a class of politico-economic Christian Democratic barons.

9.4.1 Three Worlds of building a party

To ease the DC’s often burdensome symbiosis with the Vatican, Fanfani planned to transform the DC into a modern mass party. The setting up of auxiliary organizations was difficult as there was a constant danger of overlap with the Church’s grass roots organization in the North. In the South, the persistent strong client-patron relations were also an obstacle. Furthermore, the party had to make inroads into the urban electorate and create some leeway for itself against the left among Catholic workers. These different scenarios required different strategies and, in fact, Fanfani’s DC deployed three contrasting approaches for each of them.

Fanfani started with the countryside by ordering Paolo Bononi to build up a dense network of rural savings banks and peasant leagues, the so called Coldiretti. They did not only give out loans to farmers but became also an increasingly strong interest group within the DC.¹⁰³ In order to anchor in the urban areas, Fanfani promoted the expansion of a huge network of Christian Democratic circoli (social organizations) which usually consisted of a venue with an alcohol license in the center of the town or neighborhood in which Catholic workers could gather. At the end of the 1950s, these ACLI (Associazioni Cristiane dei Lavoratori Italiani) circoli boasted over one million members. Many of them still exist to this

¹⁰¹ ENI is today still one of the largest industrial companies of Italy with a state share of 30% and 79 000 employees in 2007.

¹⁰² Ginsborg, P. (1990) pp. 164-165.

¹⁰³ Ginsborg, P. (1990) p. 171.

day, even though the DC is long gone. In order to acquire more members, Fanfani initiated large scale membership subscription campaigns that were held in festival-like atmospheres where prizes were handed out for inscription. These yearly canvassing campaigns increased the membership of the DC from 1,341,000 in 1955 to 1,377,286 in 1956 and boosted it to 1,400,179 in 1958. This went hand in hand with a decisive shift of the socioeconomic background of the DC members in favor of working class members. Between 1955 and 1959, the proportion of members emanating from the working and lower middle classes increased from 52.2% to 56.7%.¹⁰⁴ The figures added up in the following way: the presence of workers increased from 19% to 21% while landless farm laborers accounted for 6,8% as opposed to 6%. This saw the share of working class members rise from one quarter to 28%.¹⁰⁵ Though these figures do not display a substantial increase on their own, they do when one takes into account the family dimension of Italian society. During the same time the number of housewives (casalinge) went up from 24% to 25.4% while pensioners went from 2.9% to 3.7%. Galli notes that “the DC of Fanfani started to gain control over the electorate independent from the institutions of the bourgeoisie.”¹⁰⁶

Things were different in the South. There, the DC built a party machine that secured and facilitated votes through clientelism and patronage. On the local level, the DC did this through the domination of local government entities that controlled public utilities such as public transport, distribution of gas and local savings banks. During the 1950s and 1960s the Christian Democrats installed themselves on the boards of all such entities in the South. The party had thirty-three directors and thirteen presidents on such public entities in 1955. By 1965 it had expanded the quota to seventy-nine directors and twenty-three presidents. This allowed the party to acquire a superb mechanism to influence the distribution of public positions (which they inflated), the access to public credit and the number of public works. Beyond the capturing of state and municipality administration, other obscure and rather quaint practices also persisted. In the Vittorio Emmanuele hospital in Catania, Sicily, healthy persons were moved from other constituencies into hospital beds during election times in order to secure the victory of the contested DC candidate in the constituency where the

¹⁰⁴ Galli, G. (1978) p. 178.

¹⁰⁵ Galli, G. (1978) p. 178.

¹⁰⁶ “la DC di Fanfani cominciava ad avere un controllo sul corpo elettorale indipendente dalle istituzioni della borghesia.” Galli, G. (1978) p. 178.

hospital was situated.¹⁰⁷ Ginsborg notes that during election times “many jobs were deliberately left unfilled so that the maximum number of aspirants could be drawn into the net for as long as possible.”¹⁰⁸ At the national level, the big public entities IRI, ENI and the Cassa del Mezzogiorno were also used for clientelist exchanges with voters.

This multifaceted system of aggregating the vote had consequences for the internal party organization. Each mode of aggregation was more or less affiliated to one of the dominant party factions.¹⁰⁹ Even though Fanfani’s declared zeal was to overcome the disunity in the party, he cemented and exacerbated it. After De Gasperi the deep fragmentation of the party was no longer just one of ideological belief but started to become a function of the different ways of Christian Democratic vote aggregation.

A true strategic problem arose for Fanfani on the matter of cross-class incorporation into the DC electorate. The differences in collecting votes between North and South, as well as between rural and urban areas, overlapped with the different ways of aggregating the vote of different societal strata. The problem was that most of the left corporatist policies frightened the upper middle class in the DC electorate. De Gasperi’s had firmly believed in interclassism and set up the party accordingly: “We cannot make the party of the wage earners or of the salary earners, of the burghers, the small farmers or of the union members, it is necessary instead that we represent the entire nation”.¹¹⁰ Ginsborg also assesses that “The interclassism of the DC was no illusion.”¹¹¹ In fact the first reliable Italian election surveys from 1968 and 1972 show that, even then, the DC electorate was much less class distinct than in any other Italian party.¹¹² De Gasperi’s interclassism was founded on a specific “politics of mediation”.¹¹³ De Gasperi himself elaborated that “Our interclassism is not static ambivalence, but means cooperation of the firm, a responsible handling of the

¹⁰⁷ Ginsborg, P. (1990) p. 179-180.

¹⁰⁸ Ginsborg, P. (1990) p. 179.

¹⁰⁹ Giovagnoli, A. (1996) *Il Partito Italiano, La Democrazia Cristiana dal 1942 al 1994*, Bari, Editori Laterza, p. 73. Giovagnoli analyses on the same page rightly that the leadership of Fanfani was the decisive point when the DC turned away from a “parliamentary system to a partyocratic system.” – “il passaggio da un sistema parlamentare a un sistema partitocratico.”

¹¹⁰ “Non possiamo fare il Partito dei salariati o degli stipendiati, dei cittadini o dei piccolo agricoltori o dei sindacati, bisogna che rappresentiamo tutta la Nazione” De Gasperi, A. (1974) *Idee sulla Democrazia Cristiana*. A cura di Guiso, N. (1974) Roma, cited IN: Vecchio, G. (1979) p. 178.

¹¹¹ Ginsborg, P. (1990) p. 183.

¹¹² Van Kersbergen, K. (1991) pp. 261-262.

¹¹³ Van Kersbergen, K. (1994).

right to strike (and in the distribution of profits), and a special focus on the unemployed and most miserable.”¹¹⁴ This interclassism was endangered through Fanfani’s organizational reforms that seemed to exclusively target the lower social stratus. The potential loss of the middle classes that were skeptical – and particularly disliked most of Fanfani’s Christian Socialist and corporatist party reforms – was especially perceived as a problem. De Gasperi’s had seen the DC core constituency as being in these *ceti medie*¹¹⁵ (artisans, self-employed, merchants, shop keepers, state officials and small business men).¹¹⁶ In fact, De Gasperi himself reasoned that the DC “has to intervene with actions that do not worsen the conditions of the middle classes, who represent the most useful part of the private initiative and are the frame of liberal democracy which is tied to the development of human personality.”¹¹⁷ The boosting of auxiliary organizations and the nationalization of industry did certainly not contribute to secure their long-term support. Fanfani’s response to this problem was twofold: taxation and clientelism. There existed basically no taxation for small bars and family shops and, due to these exemptions, those sectors flourished. Other levers were used too. Ginsborg writes that “shopkeepers found that it was easy to obtain licenses and keep them, while chain stores and supermarkets were obstructed at every turn.”¹¹⁸ Public infrastructure projects brought an endless supply of contracts and jobs for self-employed professionals such as engineers, architects and accountants. Meanwhile, cohorts of law graduates from the southern universities found jobs in the hugely inflated central bureaucracy in Rome. The real new lever and tool to secure middle-class support was, however, welfare. The fact that voting was regarded by the *ceti medie* as a technical trade, rather than a deep seated pact between the citizens and the party, had devastating long-

¹¹⁴ “Il nostro interclassismo non e ambivalenza statica, significa cooperazione dell’azienda, esercizio responsabile del diritto di sciopero (e nella distribuzione del reddito), riguardo preferenziale ai disoccupati e ai più miseri.” De Gasperi, A., IN: Vecchio G. (1979) p. 178.

¹¹⁵ Galli, G. (1978) *Storia Della Democrazia Cristiana*, Bari, Editori Laterza, p.165.

¹¹⁶ Van Kersbergen, K. (1991) *Social Capitalism. A Study of Christian Democracy and the Post-War settlement of the Welfare State*. Doctoral Thesis European University Institute, Florence, p. 259. Van Kersbergen points out on the same page that these ‘*ceti medie*’ were essentially the former core supporters of Mussolini.

¹¹⁷ “bisogna intervenire con provvedimenti che non peggiorano le condizioni dei ceti medi, I quale rappresentano la parte più proficua dell’iniziativa privata e una intelaiatura della democrazia libera legata allo sviluppo della personalità umana.” De Gasperi, A., cited IN: Vecchio, G. (1978) p. 179.

¹¹⁸ Ginsborg, P. (1990) p. 183.

term effects. As Ginsborg writes “the Christian Democrats could not be said to have imported an effective moral, intellectual and political leadership to society as a whole.”¹¹⁹

To sum up, Fanfani had intended to build a party with electoral ties independent of the Vatican, the Allies or Confindustria. He wanted to do this with a strong left corporatist program. But, owing to Italy’s regional disparities, this played out in different ways in different parts of the country. While the North saw the construction of a strong Christian Democratic subculture based on a Christian Democratic worldview, the South witnessed the establishing of a gigantic clientelist party machine. The party was Catholic-Christian Democratic in the North and clientelist-corrupt in the South. As Fanfani’s concept foresaw the takeover of the State by the Christian Democrats, this meant that not only the party but also the State became again the “bastard” as which Gramsci had already described the Italian state of the 19th century.

9.5 Social Security under De Gasperi

The welfare regime that the DC put into place after the war was not the result of an implementation of Christian Democratic ideas on social security but rather the reestablishment of institutions inherited from its liberal and fascist predecessors. This is rather surprising as the period directly after war opened a window of opportunity that could have allowed the party to depart from the particularist welfare arrangements of the past.¹²⁰ The international trend was very much in favor of Universalist arrangements and, as late as with the ascendance to power of Fanfani and the DC’s shift to the Left, there was also a strong political motivation to revise the pathologies of the Italian welfare system. The foundational manifesto of the DC in 1943 explicitly called for “the extension of social security, a simplification of its organization and the decentralization of its administration.”¹²¹ The Beveridge plan had just been implemented in Britain and other North European countries soon followed suit. In fact, as early as the second Christian Democratic party congress of 1947, the party demanded “a substantial reform of social welfare which

¹¹⁹ Ginsborg P. (1990) p. 184.

¹²⁰ Van Kerbergen, K. (1991) p. 277.

¹²¹ “estese le assicurazioni sociali, semplificato il loro organismo e decentrata la loro gestione” DC (1943) p. 2.

confirms the solidarity principle and extends it to everyone”.¹²² This pointed into the direction of a universalizing Beveridge-style reform. A detailed plan for a similar welfare renewal in Italy was proposed by the D’Aragona Commission but never realized. The old institutions were never purged of their clientelist and particularistic bias inherited from fascism. Instead, these pathologies were greatly enforced during the 1950s and 1960s. At the end of this process Italy ended up with one of the most fragmented social security systems of the world.

Many scholars attribute this fragmentation to the particularistic characteristics of Catholic Social teaching.¹²³ It is true that Christian Democracy is responsible for the developments of the after war period, but not because it followed its worldviews or programmatic ideas. In his doctoral thesis Van Kersbergen observes that “The social capitalist ingredients of Italian welfare statism has been more an effect of an incapacity to act rather than the result of intentional sociopolitical intervention.”¹²⁴ Lynch follows suit almost twenty years later and states that “Social Catholic ideology is perhaps the force least plausibly responsible”.¹²⁵ The question thus is why Christian Democracy did not mold welfare in line with its own worldview. As indicated in the previous section, it was due to the partly unintended consequences of Fanfani’s organizational overhaul of the DC. Lynch echoes Van Kersbergen when putting forward that

This policy interpretation has often been interpreted as a result of Christian Democratic subsidiarity doctrine, but is better understood as the by-product of the original choice for occupationalism taken during the liberal period, reinforced by the DC’s clientelism during the postwar period.¹²⁶

Path dependent development is certainly central in the Italian case, but it has to be highlighted that Christian Democrats actively used social security schemes to fuel their own power resources.¹²⁷

¹²² “una sostanziale riforma della previdenza sociale che sia affermazione del principio di solidarietà estesa a tutti” II Congresso Nazionale della DC: Mozione Sindacale (Napoli, 15-19 novembre 1947) p. 1.

¹²³ Esping-Andersen, G. (1990).

¹²⁴ Van Kersbergen, K. (1991) p. 288.

¹²⁵ Lynch, J. (2009) p. 111.

¹²⁶ Lynch, J. (2009) p. 111.

¹²⁷ Van Kersbergen, K. (1991) p. 279.

9.5.1 Why Universalism failed in Italy

The late 1940s had opened a window of opportunity that would have allowed for a break with the preceding twenty years of “particularistic-fascist legacies”.¹²⁸ In fact, two non-partisan commissions¹²⁹ were set up in the late 1940s to investigate possibilities for structural reforms in the Italian welfare state sector. “The heavy crisis of public policy triggered by the war in fact opened vast opportunities for institutional change and encouraged a broad reformist mobilization.”¹³⁰ The first commission, the so called Commissione Pesanti, was set up during the Constitutional Assembly to investigate questions connected to work and labor. The second one, the famous Commissione D’Aragona, was established in 1947 by Amintore Fanfani, who headed the department of labor at that time. The D’Aragona Commission is certainly the one that triggered the broader historical echo. Its report proposed path breaking changes for the Italian welfare regime in favor of a Beveridge style system of universal coverage.¹³¹ Even if the propositions were “not a Beveridge plan, nevertheless, their approach was markedly innovative and inspired by principles of equity and efficiency.”¹³² For the 1940s it was a very modern and progressive policy proposal which could count on the support of the left part of the Christian Democrats as well as the Social Democratic wing of the Communists. Nevertheless, “not only did the D’Aragona plan not have any successive legislative follow up but it also stipulated only the policy debate to a very limited extent.”¹³³

Ferrera provides three explanations for this. The first is procedural and points out that the D’Aragona Commission did not have enough time to have a substantial policy impact. In the six months in which the Commission had to draft a report it was not possible to formulate a fully-fledged legislative proposal. A second consequence of the time constraint was that the report did not contain a detailed calculation of the cost of the reform plans. Nevertheless, these two aspects were, according to Ferrera, only minor

¹²⁸ Ferrera, M. (1993) p. 233.

¹²⁹ Lynch, J. (2009) p. 104.

¹³⁰ “La grave crisi di politica pubblica originata della guerra aprì infatti vaste opportunità di cambiamento istituzionale e sollecitò un’ampia mobilitazione riformista.” Ferrera, M. (1993) p. 233.

¹³¹ See Ferrera, M. (1993) pp. 238-239 for more details on the plan.

¹³² Ferrera, M. (1986) p. 390. For a detailed summary of the content of the D’Aragona plan see Cherubini, A. (1977) pp. 363-372.

¹³³ “Non solo il piano D’Aragona non ebbe alcun seguito legislativo, ma suscitò anche un interesse relativamente scarso nel dibattito di policy.” Ferrera, M. (1993) p. 239.

reasons for the failure of the plan. Instead, Ferrera argues that the true reason for the failure of universalism was the lack of leverage for compensating the upper classes in the after war years. Such a compensation for potential losers of the reform had been available in Holland or Sweden and, indeed, was key in making universalism possible there. Based on Baldwin's¹³⁴ seminal account on class coalitions and welfare regimes, he argues that no group in society in the 1940s and 1950s wanted a vertical or horizontal risk pool.¹³⁵ His argument is based on his observation that "The Confindustria and the representatives of the self-employed were amongst the fiercest critics".¹³⁶ This is in contrast to his claim that the plan was not really discussed in public and that it therefore essentially remained a "ballon d'essai".¹³⁷ Carrying much more substantial weight for the non-realization of the D'Argona proposals, therefore, is Ferrera's third explanation. Ferrera points out that the D'Aragona Commission was put in place by the Christian Democratic-Socialist alliance of the Constitutional Assembly. This coalition dissolved due to De Gasperi's election pact with the Allies and the Vatican. It was therefore not enough that the "nominating minister was Amintore Fanfani, an exponent of this Christian Democratic left that was devoting very much attention to the social questions and disposable for reforms."¹³⁸ In particular, the polarization of the 1948 elections, that saw the competition between Christian Democrats and Communists characterized as an eternal struggle between good and evil, resulted in the blocking of any welfare reform proposal that had been elaborated in collaboration with the Left.

9.5.2 The failure of Christian Socialism

As we have seen, the surprising fact that not even the massive left-shift of the DC under Fanfani did produce a coherent social policy reform can be put down to Fanfani's strategy of party reform. Fanfani had led the Left to internal party hegemony. However, his aim to liberate the party from external electoral support came at the price of establishing a

¹³⁴ Baldwin, P. (1990).

¹³⁵ Ferrera, M. (1993) p. 243.

¹³⁶ "La confindustria e i rappresentanti delle libere professioni furono tra i critici più severi" Ferrera, M. (1993) p. 244.

¹³⁷ Ferrera, M. (1993) p. 245.

¹³⁸ Ferrera, M. (1993) p. 245.

clientelist party machine in the South. This structural choice constantly counteracted any attempts at a comprehensive policy reform on the basis of a Christian Democratic worldview and programmatic ideas. Instead, in order to support the clientelist ties in the South, the party needed targeted benefits for single vote segments which could signal their clientelist commitment to target groups. A closer look at the proliferation of individual pension schemes for different occupational categories, especially for the self-employed middle classes, supports this. After all, "Occupational pensions that provide different levels and types of benefits for different groups of workers are, clearly, a gold mine for politicians who use particularistic strategies to compete for votes and win elections".¹³⁹ New schemes were introduced basically on a yearly basis. Directors of small firms (*dirigenti*) were granted their own pension scheme in 1953. Farmers, farmworkers and sharecroppers (*coltivatori diretti, mezzadri e coloni*) followed in 1957. In 1958, fishermen (*pescatori*) were included and then artisans (*artigiani*) in 1959. A separate pension scheme for midwives (*ostertriche*) was created in 1962 and commercial doctors (*dottori commercialisti*) followed a year later in 1963. Accountants (*ragionerie e periti commercialisti*) were granted their own scheme the very same year as were lawyers and attorneys (*avvocati e procuratori*) as well as housewives (*casalinghe*).¹⁴⁰ This is only a small sample of what happened overall but it is clear that a universalist remodelling of Italian welfare, or at least a pooling of risk along class lines instead of occupational segmentation, would have strongly decreased the DC's ability to maintain its spoils system. Lynch therefore highlights that "Christian Democratic politicians advocated extending pension benefits to the self-employed on very generous terms during the 1950s and 1960s as part of a strategy to purchase loyalty from these groups."¹⁴¹

9.5.3 Fanfani's fall

Fanfani's slide from power started in 1957 with the party congress in the abbey of Vallombrosa near Florence in Tuscany. The *Dorotei* – an increasingly strong party faction centered on the recognition of and adherence to ecclesial power, strict anticommunism and

¹³⁹ Lynch, J. (2009) p. 109.

¹⁴⁰ This list is a transcription of a table in Ferrera, M. (1993) p. 247.

¹⁴¹ Lynch, J. (2009) p. 109.

close ties with business – rallied forcefully against Fanfani's plans of opening the DC towards a coalition with the parliamentary left. They posed especially fierce resistance to Fanfani's collaboration plans with the Socialist party (PSI). Despite this, Fanfani still managed to get reelected as Prime Minister in 1958 and subsequently also took over the position of Foreign Minister. Fanfani now held three of the most powerful offices in the republic. Being Prime Minister, Foreign Minister and Christian Democratic Party Leader at the same time meant an overstretching of his leverage, especially with his fascistophile past. The Dorotei tried to harm their own government whenever they could. After failing to obtain a majority on numerous occasions, Fanfani stepped down as Prime Minister and resigned as party secretary on 26th January of 1959.

9.5.4 Conclusion

The non-development of Italian welfare after World War Two can be described as an incompatibility between interests and programmatic ideas within the Christian Democratic Party. Indeed, it was a battle between interests and ideas where the interests won. The reluctance to build a coherent programmatic basis after fascism proved to be very much a burden on any future attempt to do so. It also inhibited a sounder re-launch of Italian welfare after the war and a break with the particularist connotations of the system inherited from the fascist past. A window of opportunity, not only for welfare but also for a more coherent stance on welfare, would have been the implementation of the D'Aragona plan. The advent of the Cold War and pressure from the Vatican quickly put an end to such aspirations and led to the DC's break with the Communists. This subsequently triggered the slide into Imperfect Bipartisanship which meant that the Communists were to be excluded from any future government coalition. With this, any further incentive for programmatic party competition was gone. Competition had been corrupted. The rather clear cut boundaries of electoral competition led to a diverse set of vote aggregation mechanisms within the DC, which were furthermore all attributable to different party factions. The correnti system brought about a new version of transformism governance. This exacerbated the problem of programmatic development even further. The last real chance to stop these developments that had been kicked off during the De Gasperi era was when Fanfani and the

Left took over the DC. However, this strategy, which provided the party with new systems of vote aggregation, backfired in the field of welfare reform. Combined with the pathologies of trasformism governance, it sealed Italy's – as well as the DC's – descension into a highly clientelist and corrupt socioeconomic and political system.

10 Conclusion

I am well aware of the traditions of our welfare system born of religious voluntary organizations and our “social saints” like Don Bosco. On this story layers a Nordic dream, one of a rich welfare that could accompany us throughout our whole lifetime in situations of need. Today the final nail in the coffin of this idea has been provided by the debt”

Elsa Fornero, Minister of Welfare (2012–Present), Monti Government²⁶

This concluding chapter will bring together and analyze the main comparative empirical dimensions along which this study has been carried out. After an analytic summary of the main findings of the thesis, the first part of this conclusion will close with an assessment of how much of the findings of this study can travel in the historical dimension of other cases. In the second part, it will summarize and evaluate the theoretical implications of the thesis. I will discuss the extent to which an embedding of the framework of vicious and virtuous cycles of competition within the broader framework of an evolutionary theory of ideas might be plausible or not, as well as looking at what should be done about it in the future. In the last part, the chapter will show how the argument on virtuous and vicious cycles of religious influence on welfare state formation can be applied to contemporary welfare politics.

²⁶ “Io conosco bene la tradizione del nostro Welfare nato dal volontariato religioso, i nostri "santi sociali" come Don Bosco. Su quella storia s'innestò un sogno nordico, di un Welfare ricco capace di accompagnarci per tutta la vita nelle situazioni di bisogno. Oggi il colpo di grazia a quel Welfare gliel'ha dato il debito, che trasferisce oneri sulle future generazioni e quindi è il contrario dell'equità. La crisi finanziaria ha frantumato quel sogno importato dal modello nordeuropeo.” Fornero, E. (2012) IN: La Repubblica, interview with Federico Rampini of the Ministro del Welfare Elsa Fornero, Governo Monti, 27.02.2012.

10.1 Framework and Empirics

The first part of this conclusion brings together the empirical results and discusses the implications of their comparative dimensions. It comes to the conclusion that none of the traditional welfare state theories can sufficiently explain the origins of modern welfare at the end of the 19th century in Italy and Germany, and can only partially account for their development after WWII. In particular, the mono-causal material, rational or ideational explanations have had trouble in grasping the surfacing of 19th century and post-World War II welfare. Furthermore, the classic coalition-centered approaches also have trouble in accounting for the welfare outcomes in Germany and Italy. Instead, welfare emerged twice in the German case as a result of a virtuous cycle of competition on welfare that emerged first in the German Empire and later in the post-WWII period. The virtuous cycles of ideational competition and compromise, which determined welfare, unfolded twice between Protestant Conservatism and political Catholicism. In Italy, the 19th century saw the unfolding of a vicious cycle of competition, a stalemate, between the Vatican and the liberal political elites whereby, through a 'perverted match' between Catholic subsidiarity principle and liberal anti-state laissez faire, neither of the two sides developed any new welfare ideas or policies. After WWII the situation in Italy was slightly different. The exclusion of the second largest party, the Italian Communists, caused a de facto sabotaging of any virtuous cycle of competition on welfare. However, the result was not a 'perverted match' between the two major political forces of Communism (PCI) and Catholicism (DC) and a resulting vicious cycle of competition as in the 19th century. Instead, the DC used its hegemony to implement new Catholic welfare ideas that had been largely developed in the interwar period. However, the absence of pressure from a virtuous cycle of ideational competition soon led to a drifting²⁷ and degeneration of the Catholic welfare ideas and institutions. The result was a fragmented and clientelist system of welfare provision that emerged during the 1960s in Italy.

²⁷ For a framework of institutional drift see Streeck, W. & Thelen, K. (2005) Introduction: Institutional Change in Advanced Political Economies, IN: Streeck, W. & Thelen, K. (eds.) *Beyond Continuity: Institutional Change in Advanced Political Economies*, Oxford, Oxford University Press.

10.1.1 Concurring Frameworks of Welfare

The main empirical task of this thesis was to assess the influence of Catholic social teaching on the formation of the Continental European welfare states. It found mixed evidence. The influence of Catholic social teaching existed but was not as linear and straightforward as is assumed by the literature that analyzes Catholicism or Christian Democracy as an influential variable on welfare state formation.²⁸ Instead, Catholicism exerted its influence on modern welfare formation in competition against, and together with, other worldviews.

Furthermore, the thesis found that the institutionalization of the first early modern social security in Italy and Germany, both at the end of the 19th century as well as after World War II, could not be explained by any of the classic welfare state theories alone.²⁹ This does not mean that the classic welfare state theories may be rejected outright. However, the influential forces to which they attribute welfare formulation did seem to play a role – surprisingly often, in fact – but in ways other than how they postulate and almost never in the monolithic fashion that they propose.

Functional interpretations,³⁰ that see the welfare state as an automatic result of the degree of industrialization, argue that modern welfare came about as a response to the deterioration of older forms of social protection and new challenges. However, they cannot explain why it came about in the form and the way that it did. In other words, accounts following the Logic of Industrialism struggle to explain variation between different welfare states. By excluding all motives of actors besides mere functionalist logics, this approach also fails to account for the political purpose and the targeted impact of social legislation. In the late 19th century, functional pressures were certainly responsible for putting a grand welfare reformation onto the political agenda in both countries. The problems the old welfare system had in coping with the social dislocation brought about by rapid urbanization and industrialization were not the only ones it faced. In addition, it had been partly undermined through the liberalization policies enacted in Prussia and Piedmont which, though they made industrialization and urbanization of the scale of the late 19th century possible, also triggered a strong de-corporation of society that can be observed throughout the century. Hence, from the very beginning industrialization itself was therefore a

²⁸ Kahl, S. (2004); Manow, P. (2004); van Kersbergen, K. (1995); van Kersbergen, K. & Manow, P. (2009)

²⁹ Wilensky, H. (1975); Korpi, W. (1983); Esping-Andersen, G. (1990); Swenson, P. (1991).

³⁰ Wilensky, H. (1975); Flora, P. & Albers, J. (19XXX).

phenomenon that was stipulated and reinforced through political will and not a process that just 'naturally' or 'mechanically' unfolded. Industrialization arrived in Italy only one or two decades later than in Germany. Furthermore, the regional confinement of the industrialization process to a few industrial cities in the North made the impact of urbanization there even more drastic than in Germany. The impact of industrialization and its side effects on the existing social fabric in Italy was therefore arguably stronger than, or at the least similar to, those felt by the Kaiser Reich. Long standing grief and societal dislocation in the South were further accelerated through the failed land reforms of the Liberal governments. Societal discontent and revolts (all signs of a widespread functional demand for welfare) became ever more frequent towards the end of the century. The differences between Germany and Italy were, therefore, not so much grounded in diverging functional demands in both countries but rather in the absence of any response to these problems from the liberal governments in Italy. The divergent cases of Italy's (rudimentary) and Germany's (comprehensive) welfare state formation at the end of the 19th century therefore remain a puzzle for the Logic of Industrialization that attributed differences in modern welfare to differences in timing of functional pressures. A similar picture arises from the study of the reintroduction of welfare after World War II in both countries. The functionalist Logic of Industrialization (LoI) can only point out demands that lead to welfare formation, such as the large scale destruction of housing or the demand for invalidity compensations after World War II, but it cannot explain the political purpose of the resulting legislation and why it took on such diverging forms in Germany and Italy from the 1960s onwards. However, functional theory has a strong appeal and purpose as it reminds the researcher to take changes and impacts of the socioeconomic environment seriously.

Class based frameworks, like Power Resource Approaches (PRAs),³¹ also only offer limited help in explaining the empirics of early modern social security formation. Socialism expanded in numbers and followers as a subculture but was, up until the 1890s, blocked from making viable inroads into parliament. This is true for Italy, where the franchise was heavily restricted, as well as for Imperial Germany where Bismarck's repressive measures of the Socialist Laws prevented them from acceding to parliament. During the 1880s, the decade when all major social security laws were enacted, the Social Democrats never received more than 24 mandates (1884) out of a total of 397 in the Reichstag. Furthermore,

³¹ Korpi, W. (1983).

the Socialists never managed to entirely exploit the class cleavage and while in Italy large parts of the working class also found a home in the Catholic movement.³² Even at the height of the Socialist movement during the Kaiser Reich, the party did not manage to attract the votes of more than 50 % of the total working class.³³ The other half of the working class (if it voted) gave their vote to other subcultures. Furthermore, the empirical investigation has shown that Socialists did not once vote for any of Bismarck's major social security projects. They did this for two reasons. First, German Social Democracy was embracing ever more maximalist positions of scientific Marxism after Marx's death.³⁴ Second, German Social Democrats were much more interested in legislation that yielded emancipating political potential for them. Their focus lay on work protection that would enable them to dispatch Social Democratic factory inspectors while they repeatedly emphasized the introduction of collective wage bargaining institutions, minimum wage provisions or limitations of working hours. In Italy, meanwhile, the socialist movement was much more revisionist towards the end of the 19th century. However, even with their programmatic ideas on welfare they were not able to find suitable coalition partners nor could they push them through parliament because in Italy the Catholics were not seen as a potential coalition partner due to the Non Expedit of Pope Pius IX until the inter war period.

However, the threat of Socialist revolution has always been perceived as a major driver for social security expansion. That said, this was not so much due to the threat of a violent overthrow but more because of the virtuous cycle that it unfolded through its presence and the new ideas it put on the agenda. It is certainly true that Bismarck's original Social policy ideas were heavily influenced by Lorenz von Stein and other conservative thinkers that believed in a cushioning of revolutionary aspirations through the installation of social shock absorbers. This thesis has, to a certain extent, dismantled the "Bismarck Myth" on social security. In line with more recent historiography, it could be taken as showing that, although Bismarck wanted welfare, he did not get the one he wanted. The possibility for the other subcultures to influence legislation in parliament was too strong. This is also the conclusion that has to be drawn for the case of Italian social security legislation after WWII. After 1945, Italy became the home of the largest European Left party, the Communist PCI. Nevertheless, it could not exert any influence on social policy legislation after the

³² Esping-Andersen, G. (1999b).

³³ See Chapter 4 of this thesis.

³⁴ Berman, S. (2006).

Constitutional Assembly because the Communists were soon excluded from any parliamentary collaboration. In contrast, in Germany, the early social security proposals of the SPD after the war stipulated a virtuous cycle of ideational competition that pushed Adenauer into welfare and helped him to overcome the ordoliberal welfare blockade in his own party. The Social Democratic impact was therefore indirect and can also only be analyzed in combination with the other political forces that were in play for Post WWII welfare legislation.

Rational Choice grounded Employer Centered Approaches (ECAs)³⁵ also have trouble in explaining the emergence of early modern state-driven social security. There were some employers in both countries that had visions of a harmonious production regime within their firms that was centered around a reconciliation of employers and employees, a model most notably embodied in the mills of some spinning entrepreneurs in the Veneto or in Krupp's worker's villages. Nevertheless, overall employers tended to strongly oppose welfare legislation in both countries. It was surprising that their power to do so was rather limited, especially as this runs contrary to the intuition of the legacy left by the Rye and Iron coalition. That is why Bismarck could bluntly put forward that "the objections of the Industrialists should no longer be considered".³⁶ Employers in both countries opposed all social security projects from the very beginning. The general pattern was that, as soon as employers saw that they could no longer prevent or postpone the introduction of welfare provisions, they tried to influence lawmakers into choosing non-mandatory and private market-based social security solutions. Employer Centered Approaches on welfare are also problematic in the case of Italian post-war social security formation. When the employers' association Confindustria was still influential in the DC, during the De Gasperi era, it opposed welfare legislation that went beyond liberal market-based approaches. In order to implement his (neo-) corporatist regime and his welfare vision, Fanfani had to actively distance himself from Confindustria and push the employers' association out of politics. In Germany, a similar solution emerged during the Korea crisis in the 1950s. Employers used the crisis to re-implement their traditional ways of interwoven neo-corporatist finance models and industrial relations that had been so severely attacked and damaged by the

³⁵ Swenson, P. (1991), Mares, I. (2003).

³⁶ "daß die Einwände der Industriellen nicht weiter zu berücksichtigen seien" Bismarck cited IN: Ayaß, W., Tennstedt, F. & Winter, H. (2003a) p. XXXIII.

ordoliberals immediately after the war, but they did not want welfare. This thesis therefore corroborates Paster's³⁷ findings on the hostility of German employers to social security.

To sum up, most second-generation (revisionist) approaches³⁸ to welfare also have to be taken with a grain of salt. In the Italian case, no explicit cross-class or risk-coalition discourse could be detected within the machine of the hegemonic Christian Democratic party. The clientelist and hyper-fragmented welfare outcome is more a reflection of an individual group rather than coalition logic. The same goes for Germany where welfare was a denominational rather than a class compromise (A Rye and Rome coalition instead of the classic Rye and Iron coalition).³⁹ I am also puzzled as to how some revisionist welfare accounts can speak of a class compromise when the political representations of both classes are politically so heavily fragmented, as in the case of Imperial Germany. During the late 19th century, the Left in Germany never managed to mobilize more than 50% of the workers in elections. The political representation of the capitalist class was fragmented in a similar way between the national-Protestant conservative, national liberal, left liberal and even the Catholic parties. Hence, the split between capital and labor even ran through their own parties and subcultures (except for the Socialists). The thesis has also found no evidence for political coalitions between groups that share similar risks (the same goes for coalitions between capital and labor that are situated within the same productive sector) as newer revisionist accounts argue.⁴⁰ Besides finding no empirical evidence for such coalitions, I am also puzzled by the way that most supporters of these 'revisionist' welfare approaches assume that people that share similar risks automatically act as coherent collective actors that form coalitions and enact welfare legislation that falls within their own interests.

However, if not the 'usual suspects' that the classic welfare state theory identifies as the founders of welfare and, if the literature on Catholic influences got it right but in the wrong way (as I put it at the beginning of this chapter), what then were the drivers for welfare state formation in Italy and Germany, and did universal patterns emerge from the empirical analysis across the cases and the time slots studied that allow for one conclusive argument with which this thesis can close?

³⁷ Paster, T. (2011).

³⁸ Baldwin, P. (1990); Iversen, T. (2005), Rehm, P., Hacker, J. & Schlesinger, S. (2012b).

³⁹ Cross class coalition approaches might have a contribution to make as regards the welfare generation in the interwar and the post-World War II era.

⁴⁰ Rehm, P., Hacker, J. & Schlesinger, M. (2012b).

10.1.2 Ideas compete in Cycles

The question raised by the above discussion of the classic welfare state theories against the backdrop of the empirical findings of this thesis is: if they cannot explain welfare state formation in Italy and Germany, what can explain welfare state development in both countries?

To give credit to the classics, it is undeniable that functionalist and material pressures existed but these did not translate into policy in a linear way. Instead, these functional and material pressures triggered a series of social and political repercussions that led to welfare. The most important of these was certainly the emergence of a new type of occupational class, the industrial worker, whose members were not embedded in or part of any of the pre-industrial social protection mechanisms such as the guild, feudal relations or the family. This group of people, often also called the new fourth estate, grew ever more rapidly once industrialization gathered pace. By itself this was not a big problem, neither for employers nor the state. The endless supply of cheap labor through accelerated urbanization and the absence of any regulation provided the raw materials necessary attaining great power status and profits. This changed once these workers obtained some principles, in other words became conscious, through the ideas that Marx provided from the mid-19th century onwards. Together with a new institutional model of politics that started to emerge in Western Europe towards the end of the century, through the introduction of universal male suffrage, the game changed. The reason was not only that an ideologized and revolutionary working class would be dangerous for the state and the existing property and production regime, but much more important (as this thesis has found in the empirics) was that workers became a positive asset for each organized political sub-fraction of the polity. Whichever party had the loyalty of the workers, or at least parts of them, could increase its numerical strength in parliament. Social security ideas, as they developed in the late 19th century on all sides of the political spectrum, were not only something to appease the workers with “false consciousness” but much more a tool to woo the workers into one’s camp.

Nevertheless, this process did not unfold in a linear or automatic fashion. Instead, it was a highly dynamic and contingent process dependent on several factors. Both cases showed that it is possible that, out of the above told narrative, social security can evolve – but that it could also be that it does not evolve. The key to this, the thesis found, is the

absence or presence of virtuous or vicious cycles of competition. In a virtuous cycle there is an update of social security ideas, while in a vicious cycle no new ideas are generated. The clue is that these cycles seem to unfold largely independently from functional or material stimulus. Hence, the welfare regime that one gets is largely dependent on the ideational configuration and the dynamics that come with the cycle. Functional or material stimuli are certainly needed (for example, a cycle on modern state driven welfare would not emerge in the Stone Age) but only insofar as it brings the problem on to the political agenda.⁴¹

In the German Empire, the growth of the working class was perceived by the four major subcultures of the Kaiser Reich as a political asset that had to be captured as quickly as possible. Bismarck and his Protestant Conservatives recognized the potential political advantages of successfully wooing the workers to their side. Very much following Gramsci, Bismarck perceived hegemony as being achievable only through the imposition of the hegemony of his worldview in the Kaiser Reich. However, in Germany the Catholics, the Liberals and of course the Socialists all had the same thought as well. Together with the introduction of full male suffrage, the incorporation of the workers into their respective subcultures became a question of political survival for each subculture. As soon as Bismarck had started to develop explicit plans on social security the others had to react.⁴² Either they developed own programmatic ideas on welfare in line with the overarching postulations of their worldviews or they risked losing the workers to the Bismarckian Protestant Conservative camp. The reactions of the other subcultures were highly visible. During the last third of the 19th century, the Liberals started to launch the Hirsch Dunckersche Gewerkvereine, the so called yellow unions, and their politicians increasingly pronounced liberal and market based anti etatist social security ideas in parliament. The Catholics experienced a similar development. Sparked by the 'worker's bishop' Ketteler, Catholic unions and associations like Arbeiterwohl were formed and the Center party based its platform explicitly on social security demands. Bismarck was so concerned that he called

⁴¹ The Left is prominent in such processes as it is usually the political force that spins off such cycles. However, this is not necessarily true in every instance as the Left can also be too orthodox to indulge in revisionary social security action. In the German case it was also Bismarck who made the first step on social security.

⁴² The process had already started earlier. Bismarck only kicked off the virtuous cycle for concrete legislative proposals and action. The first impulse on how to integrate the working class through the development of new ideas into one's own worldview came through Marx, first with the Communist Manifesto in 1847/48 and then reinforced through the issuing of *Das Kapital* in 1867. In the end one could also argue that Adam Smith had triggered the cycle by stimulating Marx in his replies.

them the 'black international' in reference to the socialist international. Only the Socialists remained mute. They organized the workers but did not develop social security ideas as they were seen as an anachronism to the class struggle.

Bismarck's Bonapartist social security plans therefore sparked a virtuous cycle of ideational competition in which each of the subcultures developed and updated its ideas on modern social security in congruence with their own worldviews. In a comparatively short time frame, Germany had seen the formation of Catholic, Liberal and Conservative welfare ideas and unions.⁴³ This set the stage for the implementation of the social security laws and the formation of modern German welfare state legislation. It was guided not only by the relative strength of the political outlets of the subcultures in parliament, as Power Resource Theory would assume, but also by the degree of ideational and interest compatibility of their programmatic ideas on social security.

The situation in Italy at the end of the 19th century was different. In contrast to Imperial Germany, the specific political stalemate that arose between the Liberals and the Vatican did not lead to a virtuous cycle of ideational competition but, rather, resulted in a vicious standoff. The existence of only two powerful subcultures, the Liberals and the Catholics, and the 'perverted match' between their main programmatic ideas of subsidiarity and laissez faire anti statism led to a stalemate that inhibited the development of modern programmatic ideas on social security on both sides. After a fierce initial battle between the liberal state elites and the Vatican in the unification process, both sides retreated to the orthodox fallback positions of their worldviews on social security. The embracing of laissez faire ideology by liberalism and the resurfacing of the subsidiarity concept in Catholicism resulted in a residual role for the state that suited both subcultures. Liberalism was happy not to see the state engage in welfare while the Catholic Church could hold on to its century-old monopoly of poor relief institutions (*Operé Pie*). This vicious cycle of non-development delayed the development of modern welfare ideas on both sides for the first three decades after unification. It was only broken in the 1890s but by then the effects of the vicious cycle were already so great that a modern welfare regime in Italy could take but a rudimentary form and would only fully develop in the 20th century.

Even though Italy and Germany exhibited some dissimilarities at the end of the 19th century, the comparative analysis suggests that the single factor that contributed most to

⁴³ Here the typical continental split of unions along *Weltanschauungen* (worldviews) originates.

the real difference in the outcomes between the two countries was the dynamic that arose from the ideological and ideational figuration of the different political actors in both countries. Industrialization was different in each country but overall did not diverge drastically. The institutional set up differed (universal male suffrage vs. suffrage restrictions, authoritarian vs. constitutional monarchy, party system) but this was not the main reason for the divergences in welfare policy. The main difference was the difference in state-church relations which was represented by the antagonism between Catholic and Liberal ideas. The blockade on state driven welfare in Italy was down to the fact that the two found a perverted match between one another. The counterfactual to this are the social ideas on a state provided welfare system that Italian Liberalism had developed at the beginning of the 19th century – ideas which were abandoned towards the end of the century after the clash with the Vatican.

The conclusion is that situations in which virtuous cycles of ideational competition unfold are fruitful for the generation of new ideas. In contrast, situations of vicious cycles of competition tend to lead to stalemates and have a deteriorating effect on the generation and adaptation of new ideas. While the one situation sees political actors striving to adapt the ideas of their worldviews to match new surrounding circumstances, the other situation leads to an ideational monoculture that does not reply to changes in the environment.⁴⁴ While one system comes closer to the people, the other becomes more distant as it is incapable of integrating changes emanating from the people.

The second part of the thesis examined the re-cementing of social security institutions in the post-1945 period after the disasters of fascism and World War II in both countries. Again, events unfolded quite differently, despite starting from relatively similar points in both cases. Both countries had to overcome fascist legacies, war defeat, intensive destruction and occupation. Furthermore, in both countries, Christian Democracy soon emerged as the dominant political force in the newly founded parliamentary democracies. However, developments on welfare soon started to diverge again and the key can again be

⁴⁴ The fact that the religious, and especially the Catholic, component was still the most influential element in each of these battles of ideas on welfare provides the counterfactual. If Bismarck had succeeded with his state socialist Protestant Conservative ideas, Germany's socioeconomic structure would indeed look today much more like an authoritarian version of Social Democratic Scandinavia. If in Italy, meanwhile, the Liberals had stuck to their initially liberal-progressive ideas and implemented them despite the hostilities of the Catholic Church, than Italian welfare would greatly resemble that of pre-Beveridgian or even Beverigian Britain.

found less in structural, material, power resource or institutional differences, but rather in the different cycles of ideational competition that emerged.

In Germany, the experiences of totalitarianism and the Holocaust led to a denominational compromise being struck between Conservative Protestants and Catholic's subculture. These two joined forces in the newly founded Christian Democratic Party (CDU) which entailed a series of compromises and battles over the party's programmatic ideas on welfare and the regulative framework of the economy. A virtuous cycle of ideas was once again stipulated by the Social Democrats that pushed for social security legislation and proposed a comprehensive reform in September 1952.⁴⁵ Adenauer had to react to this and pushed for welfare against the will of the ordoliberals in his party.⁴⁶ In Italy, a Christian Democratic party also formed but the absence of Protestantism, the smoother relations between Catholicism and the former fascist regime and the non-totalitarian nature of Italian fascism allowed for a path that diverged less from the past. In the De Gasperi era the Christian Democratic party was beholden to the Vatican and Confindustria as a result of benefitting from their electoral linkages and resources, and so found themselves squeezed between the Catholic conservatism of the former and the liberalism of the latter. The situation was therefore initially not too different from that in Germany, also because the liberal finance minister Einaudi was a strong admirer of ordoliberal ideas.⁴⁷ However, in contrast to Germany, no virtuous cycle of ideational competition unfolded in Italy. The reason behind this was the artificial blockade of party competition through the exclusion of the second largest Italian party, the Communist PCI (then labeled as antidemocratic), from any government coalition. The consensus among all the other "democratic" parties to exclude the Communists from all law making blocked any pressure that might have been stimulated by Communist social security ideas. The threat that the PCI might implement their social security was precluded through the cartelization of the system by the DC. Despite this "artificial" stalemate, and the resulting vicious cycle of competition, welfare

⁴⁵ See chapter 7.3.4 of this thesis on page 263-264.

⁴⁶ This was possible because he could appease the ordoliberals later with the introduction of the independent central bank. Electoral considerations also played a strong role for Adenauer when he introduced his big pension reform in 1957.

⁴⁷ He was also the first director of the Institute of Economic and Social Sciences at Milan's Bocconi University which would become a stronghold of Ordoliberal ideas in Italy. Famous Ordoliberal economists and austerity promoters such as Alberto Alesina or Mario Monti (who used to be president of Bocconi) all graduated from Bocconi. See : Blyth, M. (2012) Unpublished manuscript.

was nevertheless constructed in post WWII Italy. The reason can be found partly in the social doctrine of the Christian Democrats and Catholics, but also strategic party considerations. During the 1940s and 1950s the DC had no auxiliary organizations that linked it to the Catholic subculture and its voters. The party therefore relied on the Liberal employers' association Confindustria and the conservative Vatican to gather its votes which severely limited its policy autonomy. After De Gasperi's fall, the DC consciously tried to emancipate itself from both institutions during the Fanfani period. The price for electoral autonomy was high. Although the DC managed to partly build its own subculture, large parts of the system had to be maintained through clientelist welfare ties with the electorate. While it developed a strong Christian Democratic subculture based on the nurturing of an encompassing worldview in the North, which also included the implementation of Catholic social ideas, the legacy of this phase was the practice of *transformismo* and the welfare clientelism that was needed to achieve electoral cohesion in the South. This echoed once again Gramsci's famous judgment about the nation building effort of the Italian Liberal elites in the 19th century, that had created a "Bastard".⁴⁸ It was, therefore, not simply the predominance of Catholic religion that conditioned the welfare politics of the peninsula, as most static and linear religion-centered approaches would suggest. Instead, it was the contextual interaction of sub-entities of this religion that formed the specific clientelist welfare outcome in Italy that made it a "Southern Welfare State".⁴⁹ The path towards a more efficient and less fragmented and clientelist welfare regime had been blocked because political competition that could have pressured the DC to adopt such ideas was absent.

The synthesis of the parallel developments in both countries after WWII shows that virtuous and vicious cycles of competition were once again crucial for the development of social security legislation. At first glance it seems that, even though scope conditions were largely the same, ideational configuration of the newly founded Christian Democratic parties in both countries was very much different in both cases. While conservative Protestantism with its ordoliberal ideas and Social Catholicism joined together in one and the same Christian Democratic movement after the war, no such convergence occurred in Catholic Italy. However, Ordoliberal ideas had also settled in Italy and found strong

⁴⁸ Carter, N. (2010).

⁴⁹ Ferrera, M. (1996).

promoters in the Liberal movement around the first president of Italy's central bank, finance minister and later state president Luigi Einaudi.⁵⁰ Nevertheless, the decisive influence between the two was not the fact that in the German case Ordoliberals and Catholics were bound together within the same party while in the Italian case they were not. Instead, the decisive difference was the presence of vicious cycles of competition through the locking out of the Left from political competition in Italy, while the legislative proposals of the Left in Germany had prompted a virtuous cycle of competition.

From all this follows that an analysis of welfare and public policy can and must look at more than just structural, functional material or institutional constraints. Instead, much more attention should be paid to the configuration of programmatic ideas of the various political actors and how these interact and reconfigure with one another. However, such processes cannot be analyzed as static snapshots but should rather be seen as constituting moving targets as they are, by definition, composed through a dynamic process. Hence, this suggests the development of new analytical frameworks that can better capture the entire situation than the usual approaches that build on the logic of comparative statics.⁵¹

10.2 Evolution

This thesis has frequently used the terminology that ideas and ideational cycles evolve. Indeed, the empirics showed that ideas evolve and are, to a certain degree, exposed to mechanics that are similar to the ones that drive biological evolution. The advantage of applying evolutionary theory to the level of programmatic ideas and worldviews is that it escapes "biological reductionism".⁵² As Streeck rightly observes, "in the real historical world, it is this socially and culturally generated diversity that matters, not its biological substructure."⁵³ Furthermore, applying evolutionary theory to ideas and not to organisms

⁵⁰ Ginsborg, P. (2000).

⁵¹ We also need a much more fine-grained framework for the assessment of programmatic ideas of political actors that goes way beyond left right or material-post material classifications.

⁵² For a very good overview and discussion of the Pros and Cons of an import of Evolutionary Theory to the Social Sciences see Streeck, W. (2009) and Steinmo, S. (2010) *The Evolution of Modern States*, Cambridge, Cambridge University Press.

⁵³ Streeck, W. (2009) p. 17.

helps to rescue the theory from Spencer's social Darwinist "survival of the fittest"⁵⁴ and from linear forms of "adaptive functionalism".⁵⁵

If evolutionary theory is interested in "understanding how and why populations adapt, prosper and die out"⁵⁶ then ideational scholars should be interested in how "programmable ideas and worldviews adapt, prosper and die out". However, this is not a social Darwinism of ideas. As this thesis has discovered, ideas and worldviews, unlike biological species, do not die out. Their carriers and political vehicles can die, and they themselves can be relegated to ephemeral positions for extended periods, but they cannot die (see for example, the numerous reincarnations of various neo-liberalisms, the survival of Nazism as Neo Nazism, or the return of corporatism as neo-corporatism). Hence, an evolutionary approach to ideas or culture must not necessarily lead to cultural Darwinism in which the best culture and idea survives by wiping out other cultures and ideas.

Concepts of cultural evolution have existed since the 18th century and were especially popular in Victorian England. Early accounts of cultural evolution imply that every society was situated on a unilinear continuum of cultural evolution. Exposed to pressures of evolution, societies evolved from simple to complex societies. Where you were situated on this continuum was dependent on your evolutionary status but, in the end, every society would inevitably finish at the complex endpoint of this continuum (which was not very surprisingly perceived to be industrializing Victorian England). This concept shared many similarities with the modernization theory so popular in political science of the 1960s. The Victorian legacy of the concept that emerged at a time when Britain was indisputably the most modern country on earth might also be the reason why still today the Anglo-Saxon model of liberalism and capitalism are often implicitly seen as the end stage of human evolution.⁵⁷ Only during the last two decades has the view of the Anglo-Saxon model as a paramount end stage been increasingly challenged in political economy. Esping-Andersen⁵⁸ did so by simply inverting the modernization continuum and putting the Scandinavian model

⁵⁴ Streeck, W. (2009) p. 18.

⁵⁵ Streeck, W. (2009) p. 18.

⁵⁶ Lewis, O. & Steinmo, S. (2007) p. 10

⁵⁷ The World Bank and the International Monetary Fund seemed to think the same for most of the 1990s and the early 2000s. Also most work of historians obsessed with the question why many continental European countries diverged from the liberal-democratic role-model of development, which is implicitly always the British one. For them the divergence from the 'normal' path is found in an absent liberal revolution and the consequence was fascism and genocide.

⁵⁸ Esping-Andersen, G. (1990).

on top. Hall and Soskice followed up with the slightly less normative implications of their VoC approach.⁵⁹ Streeck and Yamamura⁶⁰ explored differences and communalities in non-Anglo-Saxon, non-liberal Capitalism while Steinmo⁶¹ put forward an approach that pointed out that states that can be found on a comparable position of the modernization continuum can have evolved and taken fundamentally different forms and shapes.

However, other fields that work with the concept of cultural evolution had abandoned the concept much earlier. By the 1930s and 1940s archeology and anthropology had already reached a consensus that unilinearity was not empirically sustainable and that, instead, many multilinear developmental pathways of cultural evolution exist.⁶² The question that this begs is how the evolution of ideas that this thesis scrutinizes differs from the multilinear evolutionary concepts of anthropologists and archeologists from the 1930s? The difference is the focus of analysis. While neo-evolutionary anthropologists are occupied with the evolution of societies, populations or cultures as a whole, I am only interested in the evolution of ideas within a society or culture. The empirics of this thesis imply that the way ideas evolve is often very congruent to the evolution of biological species.

Three mechanisms are central to classic Darwinian evolutionary theory: selection, variation and retention. All three find expression in the concept of evolving vicious and virtuous cycles of ideas that this thesis has put forward. First, as we have seen, virtuous cycles are provoked and stipulated by functional pressures. These functional pressures rise from a changing environment. In other words, the unfolding of a virtuous cycle of competition is a process of adaptation of older ideas to a new environment. The virtuous cycle of ideational competition is the selection mechanism through which this cycle works. If old ideas caught up in a cycle do not renew and update themselves, they are extracted, relegated to the background and become ephemeral in the political process. Second, at the same time the cycles are the explanation for the empirical fact that no two countries are alike and yet one can still categorize countries, welfare systems and polities into groups that share similar traits. This is equivalent to the Darwinian concepts of variation and population thinking. Just as there are no human clones, nor can there be two political entities that are

⁵⁹ Hall, P. & Soskice, D. (2001).

⁶⁰ Streeck, W. & Yamamura, K. (2001).

⁶¹ Steinmo, S. (2010).

⁶² One of the most convincing rejections of unilinear cultural development came from the writings of the neo-evolutionist anthropologist Franz Boas. Technical innovations and diffusion of technical knowledge became a major aspect of cultural development

totally congruent. Third, as this thesis has shown, there is also the possibility of a vicious cycle which leads to a stalemate and non-development of ideas. This is similar to the concept of retention in Evolutionary Theory, which essentially describes biological path dependency.

Yet, there are also of course several divergences and problems that arise from such an analogy. First, if, as this thesis has shown, ideas do not die in the selection process, like biological subentities of species (only their political carriers can die) but are merely relegated to the background, how can then a true selection pressure unfold? Or, in other words, what is the level and unit of selection that applies to programmatic ideas? Is the programmatic idea itself the target or its political carrier? However, the level of selection is a problem that has not even been fully resolved by biological evolutionists. There is fierce controversy over whether the unit of selection is the gene (Richard Dawkins)⁶³ or the whole organism (Charles Mayr).⁶⁴ In any case, this requires further empirical and theoretical investigation. A second problem is posed by gradualism in biological evolution and the lack of agency. If “Evolution is best understood as the genetic turnover of the individuals of every population from generation to generation”⁶⁵ as Ernst Mayr puts it, then this indicates that it is a very long lasting and only gradually unfolding process. Yet, from the empirical material in this thesis we can see that especially virtuous cycles of ideational competition can unfold very fast. However, it is by now common ground that “saltations” (spurts) are not possible in biological evolution. Nevertheless, “saltations” are possible in ideational evolution (arguably because ideas can cross-fertilize to a certain extent). This is why ideational evolution unfolds much faster than biological evolution.⁶⁶ This brings me to the last point of divergence, which is the seeming absence of agency in the Darwinian model of natural selection. In politics, and especially in the politics of ideas, agency is everywhere. If a political carrier chooses to update his ideas in light of the pressures of a virtuous cycle of competition, it is often a conscious and even deliberated decision that can also lead to a vicious cycle and the non-adaptation of the programmatic idea or worldview. Recent advances in evolutionary psychology point even to the importance of agency in biological

⁶³ Dawkins, R. (1976) *The Selfish Gene*, Oxford, Oxford University Press.

⁶⁴ Mayr, E. (2001).

⁶⁵ Mayr, E. (2001) p. 76.

⁶⁶ Cultural evolution also evolves in spurts as, for example, the move from the stone, to the bronze and later to the iron age through the invention of new tools.

evolutionary processes for mate choice and courtship behavior.⁶⁷ However, the problem with this is that, unlike the reminders of natural selection, “behaviors do not fossilize”.⁶⁸ This might be a problem for the research of behavior in the biological evolution of animals but not for human evolution as our ability to communicate and preserve communication leaves us cultural artifacts or historical material with which we can explore such processes.

To conclude, to think about ideas and their development in evolutionary terms seems to be a plausible and fruitful way of thinking. However, much more time and research is needed to draw up a comprehensive framework. The biggest nut to crack is, in my opinion, the ‘level of selection’ question. This thesis might have shed light on how the selection and transformation of ideas works but the findings offer no watertight conclusion about the level that guides the actual selection impulse (e.g. does the survival impulse come from the idea, the worldview, the carrier?). The thesis has also not come to a final verdict about the level on which the consequences of the selection manifest themselves (Catholic social teaching, political Catholicism, Christian Democracy, the Vatican or the conservative German welfare state?).⁶⁹

A stronger focus of evolutionary theory on cultural solutions, hence ideas and worldviews, could lead to an enrichment of comparative politics as it is a nice way to solve the variation of systems question. It has decisive advantages relative to most contemporary comparative research, which remains firmly rooted in a Newtonian physical and material perception of social structure that is studied according to the logic of comparative statics.

Let me close the empirical and theoretical assessment of this thesis with a short note on the normative implications of this thesis. This thesis implicitly suggests that pluralism is a good thing. More political players, worldviews and ideas not only lead to more choice for the citizen but also yield a higher probability of sparking a virtuous cycle of competition. The advantage therefore lies in the quality of the ideational updating that can be expected in an ideational multiculturalism in contrast to an ideational mono- or bi-culture. Ideational monocultures lead to monocultures of thought and, hence, bring about

⁶⁷ Miller, G. (1998).

⁶⁸ Miller, G. (1998) p. 16 of the manuscript.

⁶⁹ Ideas could be genes and states or societies organisms but this would take us back to a certain type of biological reductionism. I also doubt that there is a DNA like code inscribed in every Ideas but there are certainly compatibilities and incompatibilities between certain ideas that mirror some compatibilities and incompatibilities in biology. If one confines the feed-back effect of an adaptation of an idea to a changing environment then one has also come much closer to unraveling the real unit of selection.

ideational stasis that remains unresponsive to changes in the environment – and so evolution comes to a halt. This is what makes plural settings advantageous. Note that this is very different from the implications of classic pluralist theory formulated by scholars like Dahl⁷⁰ and Polsby⁷¹ as the implications of this thesis center around group ideas instead of group interest.⁷²

10.3 Worldviews and Programmatic Ideas Today

One last question arises: can such a pluralist model of group ideas still work in a 21st century society that is ever more individualized and where the classic subcultures that structure politics in the 19th and 20th century have lost grip, appeal and cohesion? In the last section I will briefly explore whether the frameworks outlined can help in the study of contemporary 21st century welfare politics against the background of recent family policy reforms in Germany. The tentative comparison to Italy at the end of the section unveils a number of empirical hunches on the level of selection question that was discussed before.

10.3.1 Christian Democracy in a new Cultural Environment

The Lipset-Rokkanian model of Western European politics has become almost universally accepted in political science. The European electorates were stable and segmented along cleavage lines that translated into party systems. The dominant class cleavage, that emerged during industrialization, produced “parties of organized labor” which were supplemented by “historic religious, and to a lesser extent, ethnic and regional divisions”⁷³ that also translated into the party systems. These systems and their electorates remained frozen from the 1920s up to the mid-1960s. The heightened volatility that Bartolini and Mair

⁷⁰ Dahl, R. (1961) *Who Governs? Democracy and Power in an American City*, Yale, Yale University Press.

⁷¹ Polsby, N. (1963[1980]) *Community, Power and Political Theory*, Institute of Governmental Studies Press.

⁷² However, I agree with most neo-marxist or elite-theory critics of pluralism that a pluralism of ideas would still be a struggle about the hegemony of the ideas of one group over the ideas of another group. Therefore, ideational competition should be embedded in an institutional framework that inhibits such dominance.

⁷³ Kitschelt, H., Lange, P., Marks, G. & Stephens, J. D. (1999) Introduction, IN: Kitschelt, H., Lange, P., Marks, G. & Stephens, J. D. (eds.) *Continuity and Change in Contemporary Capitalism*, Cambridge, Cambridge University Press, pp. 2-3.

observed in the European electorate from the mid-1960s onwards pointed out that politics in Western Europe was increasingly confronted with what Kitschelt calls a “new cultural environment”.⁷⁴ Society seemed, from the 1970s onwards, less and less frozen into different subcultures – a process that was stipulated by the diffusion and transformation of the former main cleavages. For this thesis, three such developments are of utmost importance. First, the process of deindustrialization and the shift towards a post-industrial economy in many European countries weakened and diffused the class cleavage. As Esping-Andersen projected, “postindustrial politics will mirror a society of highly differentiated working lives and families”.⁷⁵ The second major aspect is the continuous emancipation of women. From the late 1960s onwards, more and more women entered higher education and the labor market. Today the percentage of women in higher education has surpassed that of men in most OECD countries. At the same time women are heavily discriminated against on the job market in terms of pay and position. The third change is a process of accelerated secularization from the late 1960s onwards.⁷⁶ Church membership and church attendance diminished significantly, which substantially decreased the potential for parochial control through the religious authorities.

At first glance, these processes should have dried out the vote reservoir of Christian Democratic parties.⁷⁷ However, as van Kersbergen notes, despite the strong decline in religiosity, “no linear association with Christian Democratic success”⁷⁸ seems to exist. Van Kersbergen’s explanation for this is that Christian Democratic politics might have completely emancipated itself from its religious roots and instead already bases its success entirely on politics of mediation – a system that allows for the reconciliation of different groups in society through elaborated transfer systems incorporated in continental European welfare regimes. Nevertheless, in the late 1990s van Kersbergen argued that the changes in the

⁷⁴ Kitschelt, H. (1994) p. 1.

⁷⁵ Esping-Andersen, G. (1999) p. 294.

⁷⁶ Norris, P. & Inglehart, R. (2004) *Sacred and Secular: Religion and Politics Worldwide*, Cambridge, Cambridge University Press, pp. 83-95; Van Kersbergen, K. (1999) *Contemporary Christian Democracy and the Demise of the Politics of Mediation*, IN: *Continuity and Change in Contemporary Capitalism*, Cambridge, Cambridge University Press, p. 351.

⁷⁷ Christian Democratic parties up into the 1970s enjoyed large female vote surpluses. Wilarty, S. (2010). The reasons for this ‘female Christian Democratic affinity’ is often seen in the male breadwinner economies of Christian Democratic countries in which women were to a certain extent shielded from the class cleavage by their role as housewives. Other explanations point to the higher religiosity of women in the 1950s and 1960s and the resulting stronger appeal of confessional parties for them.

⁷⁸ Van Kersbergen, K. (1999) p. 354.

production regimes that most European countries undergo during post-industrialization would make the old systems of mediation inadequate and unaffordable in the long run. For him “the golden age of the politics of mediation has come to an end”.⁷⁹ However at the end of the 1990s, Esping-Andersen proclaimed that

On hindsight, the amazing durability of the Social Democratic and Christian Democratic mass parties lay in their capacity to secure working-class welfare in the era of high industrialism. Their fate, today, is closely related to how they simultaneously manage working-class decline and the rise of new strata.⁸⁰

What one can derive from Esping-Andersen’s statement is that neither Christian Democracy nor Social Democracy were doomed to cease to exist (as van Kersbergen argued) when confronted with the value and class changes from the 1970s onwards. Instead, their rise or fall depended on their potential to adapt to their new social environment. I argue that the success or failure of Christian Democracy in the 1990s and 2000s depended largely on their ability to incorporate new values and cleavages into their worldviews and develop programmatic ideas that spoke to these new segments of the electorate. This ability was not solely determined endogenously but also exogenously as it once again depended on the unfolding of virtuous and vicious cycles of competition. In other words, a process of adaptation by Christian Democratic parties was more likely and successful wherever virtuous cycles of competition unfolded. As the Christian Democratic system of mediation is not exclusively built on transfer payments and the welfare state, as van Kersbergen puts forward, but also features an internal party mechanism that, as Wilarty has emphasized,⁸¹ helps to appease and incorporate different programmatic ideas and worldviews, Christian Democracy should in principle at least have the chance to escape the negative outlook of a deterioration of religion and class. However, not every Christian Democratic party managed to adapt to and survive the changes in the environment. While the German Christian Democrats did manage to adapt and survive, the Italian Christian Democrats were selected out. Once again, the difference is made by virtuous vs. vicious cycles of competition.

The argument is that the blocking of the party system through the exclusion of the Communists from government in Italy led to an ideational monoculture. This was not even broken through the social shifts of the 1960s and 1970s. The situation was stabilized

⁷⁹ Van Kersbergen, K. (1999) p. 365.

⁸⁰ Esping-Andersen, G. (1999) p. 294.

⁸¹ Wilarty, S. (2010).

through the clientelist vote exchange mechanisms that the party increasingly built up in the 1960s. In Germany, the situation was different. German Christian Democrats also experienced harsh problems through the demise of the Catholic subculture as well as the emergence of new post-material cleavages, especially the gender question. However, pressure for change became inescapable when the Green party slowly established itself as an alternative first on the state and later on the federal level, especially for highly educated middle class women.

10.4 Germany

Much like the Italian DC, German Christian Democracy faced some challenging conditions in the 1980s. Religiosity had plummeted since the 1960s and the churches had redefined their relations with Social Democracy in a much more positive way since the Second Vatican Council. Furthermore, the party struggled to adapt to the new post-materialist and post-industrialist cleavage that had emerged in German society and had to witness, through the rise of the Green Party, the surfacing of a new challenger in the party system. The highly visible threat that the Green party posed through the altering of the coalition potential for the Social Democrats (they could now align with either the Liberals or the Greens) was supplemented by a “stealthier” less visible trend that challenged the Christian Democrats from the 1970s onwards. This was the constant erosion of the advantage that the party had enjoyed in female votes since the end of the Second World War. The party tried to react through a series of internal party reforms in order to bring about a better gender awareness during the 1980s but they all failed. Especially virulent were the controversies around the male breadwinner model. This concept has been central to Christian Democratic politics and transmitted into many policy fields such as industrial relations, family policy, tax policy and social insurance. The following will scrutinize how difficult it was to extract the male breadwinner model from the Christian Democratic worldview and how it led to a recapturing of some of the female vote bonus that the party had lost since the 1970s.

10.4.1 The male breadwinner model and Christian Democracy

The male breadwinner model was not a traditional model of German society but largely a creation of the first half of the 20th century and especially of the post-WWII period. Up until

the turn of the 20th century Germany was based on a society of dual income households.⁸² The male breadwinner model was made a fashionable social norm by the upcoming bourgeoisie at the end of the 19th century. Furthermore, the Catholic Church incorporated the male breadwinner model into its worldview early on. Rerum Novarum stated that "Paternal authority can neither be abolished nor be absorbed by the State"⁸³ and added that "mothers on account of the father's low wage to be forced to engage in gainful occupations outside the home to the neglect of their proper cares and duties, especially the training of children."⁸⁴

Bourgeoisie standards and Catholic worldviews caused the male breadwinner model to spread as an ideal but it only became a predominant social reality in the post-WWII period. After 1945 the Christian Democrats seized the male breadwinner model and enacted policies that made "the housewife model of the male breadwinner family [...] the basis of West German family culture."⁸⁵ In the early Christian Democratic party manifestos the family "is the foundation of social life"⁸⁶ and "is holy".⁸⁷ The manifestos promote that every "adult and working human has the right to a salary that will make it possible for him to found and sustain a family".⁸⁸ These are provisions that come very close to the papal encyclical of 1891. The Frankfurter Leitsätze,⁸⁹ issued by the Christian Democrats in 1945, set out that "men must [...] be the head of the family" and that the "state must, by its economic and social policy, give him the opportunity to nurture his family in honor".⁹⁰

These were not mere Catholic catch phrases. The Christian Democrats also implemented them. The male breadwinner concept not only became the core of Christian Democratic worldviews and entered in its ideas but also formed a cornerstone of the continental European welfare model. In order to further secure the support of the Catholic Church, the Christian Democrats built these provisions into the early family policy

⁸² Gerlach, U. (2010)

⁸³ Rerum Novarum, p. 14.

⁸⁴ Rerum Novarum, p. 71.

⁸⁵ Pfau-Effinger, B. (2004), p. 384.

⁸⁶ CDU (1945c).

⁸⁷ "Die Familie ist die Grundlage der sozialen Lebensordnung, Ihr Lebensraum ist heilig." CDU (1945c) p. 10.

⁸⁸ "Der Erwachsene, arbeitende Mensch hat Anspruch auf einen Lohn, der ihm die Gründung und Erhaltung einer Familie ermöglicht." CDU (1985c) p. 12.

⁸⁹ CDU (1945b).

⁹⁰ "Der Mann muss in vollem Sinne das Haupt der Familie sein [...] dass ihm der Staat durch seine Wirtschafts- und Sozialpolitik- die Möglichkeit gibt, seine Familie in Ehren zu ernähren" CDU (1945b) p. 4-5.

arrangements of the Federal Republic. Adenauer founded the first Family Ministry in 1953 and made the Catholic Josef Würmeling the responsible minister in exchange for the Catholic Church's support during the election campaign.

Würmeling opened his first parliamentary speech with the claim that "the Church was his best and most important comrade-in-arms".⁹¹ His policy was built on the confinement of women to the household and on the promotion of marriage in order to counter the increasing divorce rates in the 1950s that, according to Würmeling, would create moral havoc and increase the number of "stray kids".⁹² The second family minister, a Catholic by the name of Bruno Heck, was also a concession to the Church. Both ministers engineered the first institutions of the Federal Republic in a way that made male breadwinner families the overwhelmingly dominant social reality. Christian Democrats manipulated the incentive structure for women so that they could benefit only if they stayed at home. The tax break for married couples with children from 1949 (Kinderfreibetrag), the house ownership promotion laws and the family allowance law from 1954 were part of this strategy. Under the favorable economic conditions of the West German economic miracle, this was possible and, even in light of the labor shortage of the early 1960s, the Christian Democrats did not alter their strategy. Industry demanded the entry of women into the job market but the Christian Democrats opted for wooing foreign 'Gastarbeiter' instead of putting women into jobs.⁹³ Daycare and the dual earner model was essentially a moral taboo. This stance was not only appreciated by Conservative men but also by Christian Democratic women. In fact the party had an advantage amongst women voters. Wilarty analyzes that "Until 1972, the CDU regularly received 8 percent to 10 percent more from female voters than from male voters".⁹⁴

⁹¹ "die Kirche für...(...) (seinen) besten und wichtigsten Mitstreiter in (...) seinem aufgabengebiet", Cited IN: Gerlach, I. (2010) p. 179.

⁹² Würmeling cited IN: Gerlach, I. (2010), p. 180.

⁹³ This speaks against the currently popular interpretations by some scholars that attribute the turn in German family policy to the demand of employers for higher educated women.

⁹⁴ Wilarty, S. E. (2010) *The CDU and the Politics of Gender in Germany: Bringing Women to the Party*, Cambridge, Cambridge University Press, p. 20.

Figure 10-1 Female vote Bonus Christian Demcorats Germany Post WWII

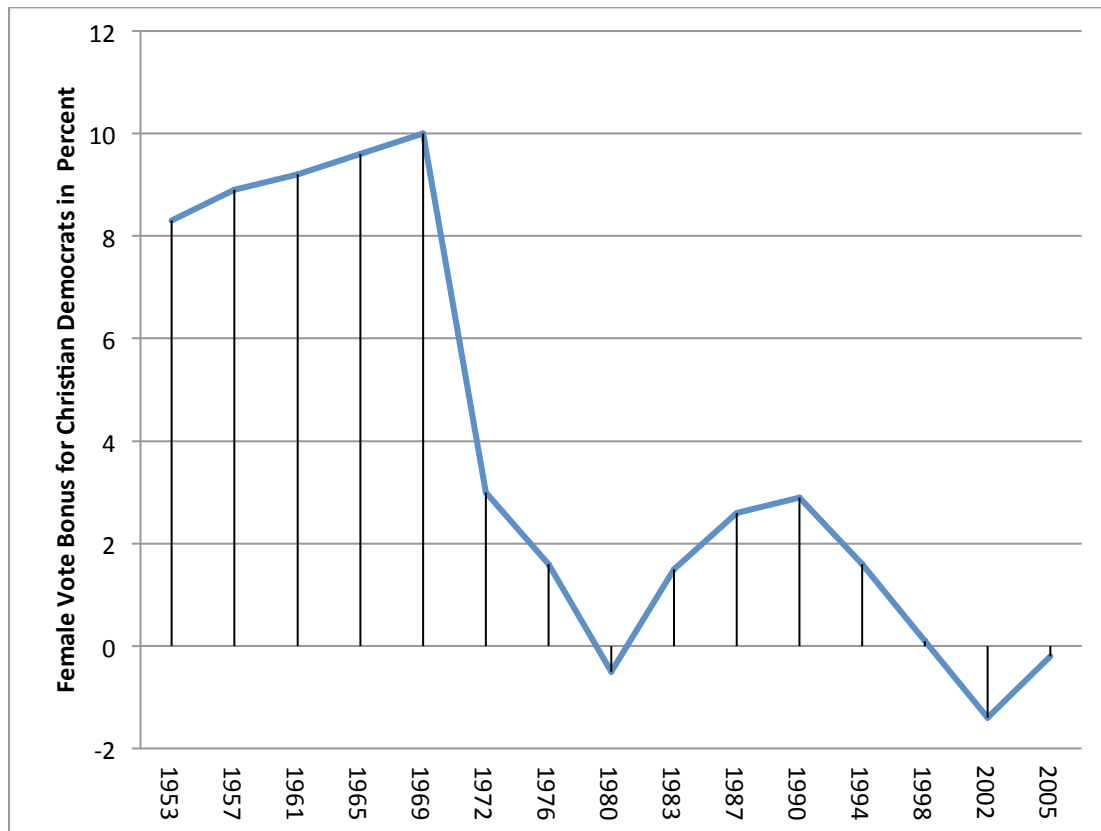


Figure by the author. Data from Wilarty, S. E. (2010) p.21. The 0-Line represents the male vote.

As the above graph shows, Conservative female voters started to massively defect from the party from the late 1960s onwards. Women started to demand societal, political and economic participation during the 1960s. Furthermore, the numbers of females enrolling in tertiary education increased steeply and Germany's transition towards a service economy started.⁹⁵ The late 1960s led to what Jane Lewis calls "the erosion of the male breadwinner model at the behavioral level".

The deterioration of the women bonus in the Christian Democratic votes from the 1960s onwards is the effect of a lack of adaptation in Christian Democracy to the changes in the female lifestyle and attitudes since the mid-1960s. With the decline of religiosity beginning in the 1960s, the programmatic idea of the male breadwinner increasingly lost its appeal amongst the female electorate. Furthermore, the shift to a service economy from

⁹⁵ Bertram, H. (2009) Familienforschung und Familienpolitik: Themen, Felder und familiale Lebenslagen, IN: Mertens, G., Frost, U. & Böhm, W. V. (eds.) *Handbuch der Erziehungswissenschaft Band III*, Paderborn, Verlag Ferdinand Schöningh, pp. 35-37.

the 1970s saw more and more women joining the active working population and further deteriorated the societal base of the model. Nevertheless, the male breadwinner concept stayed strongly entrenched in the Christian Democratic worldview and its programmatic ideas.

Similar to the situation that Bismarck faced with the surfacing of the male working class in the 19th century, the Christian Democrats found themselves confronted with the emergence of a new socio-economic active segment of society: women that had undergone a strong value shift in the late 1960s and 1970s and who increasingly entered higher education or the job market no longer saw their situation reflected in the Christian Democratic worldview and programmatic ideas.

In itself this was not problematic for the Christian Democrats and not even the deteriorating number of female votes seemed to bother them. The situation only became serious once a viable political alternative emerged that offered an ideational response to the demands of these women. This came in the shape of the Green party which made its presence felt first on the municipal level, later on the state level and finally, with its great breakthrough of 1983, on the federal level. Women that had voted Christian Democratic could now vote for the Green party.⁹⁶

The Christian Democrats were unwilling and unable to adapt their party platform to the new situation. Hence, Germany saw at first a vicious cycle of competition unfolding which made any policy that catered to the new needs of women, especially reconciliatory regimes for work and family, impossible. However, this vicious cycle did not freeze into a stalemate like the one in 19th century Italy between the Vatican and the Liberal state. Instead, the pressures of competition increased. These pressures would not only unfold in the Christian Democrats but also hit the second big welfare and male breadwinner promoting party, the Social Democrats. However, for the time being both parties were deaf to the new demands.

During the 1970s and 1980s, the Christian Democrats tried to reform their party platform but the outcome was often embarrassing or at least ambiguous. The “women party congregation” of 1985 should have been a watershed moment. Only one year previously though the party had, under instructions from its general secretary Heiner Geißler, flown in an entire bare breasted Parisian dance ensemble to entertain the male

⁹⁶ The author’s mother was one of these women.

delegates at the party congregation in Kiel.⁹⁷ The ambiguity of Christian Democratic men towards a modernization of their party considering gender can be derived from the 1985 program. At one point it states that “The CDU rejects a policy that confines women or men to certain roles or which does not want to recognize the differences between men and women.”⁹⁸ At another stage, however, it puts forward that “It is a mistake of radical feminism to withdraw into a male free shelter and to dream of the matriarchy.”⁹⁹

10.4.2 Getting rid of the male breadwinner

The adaptive pressures on the Christian Democrats regarding gender issues received a new spin in the 1990s.

Unification further accelerated the decline of female votes. East German women, in general, worked more and longer than their West German counterparts.¹⁰⁰ They were more secularized and socialized in a dual-earner/career society.¹⁰¹ Furthermore, the percentage of female members of the Christian Democrats was, at 40% in 1991, twice as high as that in the West. That the Christian Democrats did not cater to these members during the 1990s is indicated by the fact that this membership had decreased to 30% by 2000.¹⁰² Despite the increased pressures for a change of Christian Democratic family policy brought on by unification, the party did not alter its core family positions. Throughout the 1990s, the West German-Catholic-traditional party establishment remained hegemonic and colonized the bulk of the former East German Christian Democratic block-party¹⁰³ despite the fact that

⁹⁷ Bonn reizt die Frauen, *Der Spiegel*, 1985, No. 3, pp. 24-30.

⁹⁸ „Die CDU lehnt eine Politik ab, die Frauen oder Männer auf bestimmte Rollen festlegt oder die Unterschiede zwischen Mann und Frau nicht wahrhaben will.“ CDU (1985) Leitsätze der CDU für eine neue Partnerschaft zwischen Mann und Frau, 33. Bundesparteitag, 20-22 März, Essen, p. 2.

⁹⁹ “Es ist ein Fehler von radikalen Feministinnen, sich in einen Männerfreien Schonraum zurückzuziehen und vom Matriarchat zu träumen.“ CDU (1985) p. 3.

¹⁰⁰ Bösch, F. (2002) p. 259.

¹⁰¹ Nickel, M. H. (2009) Paternalistische Gleichberechtigungspolitik und weibliche Emanzipation: Geschlechterpolitik in der DDR, IN: Lorenz, A. & Reutter, W. (eds.) *Ordnung und Wandel als Herausforderungen für Staat und Gesellschaft*, Opladen, VS Verlag, pp. 167-183.

¹⁰² Bösch, F. (2002), p. 255.

¹⁰³ This becomes obvious when one considers the long list of Christian Democratic Prime Ministers of East German states that were Catholic West German imports.

unification had tipped the denominational balance in Germany in favor of Protestantism.¹⁰⁴ The family and gender policy platform of the party remained unchanged. Kohl's unmatched popularity as the "unification chancellor" which led him to win two subsequent elections in the 1990s is one reason; the other reason is that the pressure for a virtuous cycle of competition eased when the Green party did not make it into the first unified Bundestag.

This all changed after the breakthrough electoral victory of the Social Democrat Gerhard Schröder in 1998 that ended 16 years of Christian Democratic chancellorship. Schröder had substantially altered the platform of the Social Democrats prior to the elections. Similar to Tony Blair in Britain, he had re-launched the SPD as a third way alternative to the Christian Democrats. The third way was a belated response to the post-material value changes of the 1970s and included also many vows for more gender balanced politics. This stipulated a virtuous cycle of ideational competition that did not remain unattended by the Christian Democrats.

The electoral defeat of Kohl in 1998 finally opened up a wider opportunity not only for the overhauling of the family positions of the CDU, but also for a takeover by groups that had been marginalized during the 1990s, such as Protestants, East Germans and women.¹⁰⁵ Angela Merkel became party secretary and declared her intention to make the CDU "one of the most modern parties of Europe"¹⁰⁶ in the run up to the 2002 elections. The East German Protestant Merkel,¹⁰⁷ was less than enthusiastic about the (West German) Conservative male breadwinner family policy. The new credo of the Christian Democrats was to "stop ordering people how they should lead their lives".¹⁰⁸ The result was the manifesto "Lust for family" from 1999. As in 1985, it was designed to ignite a fundamental Christian Democratic reform process.¹⁰⁹ The Berlin congregation from which it originated was portrayed as a Christian Democratic "cultural revolution".¹¹⁰ Female commentators were astonished and

¹⁰⁴ After the territorial losses following WWII and partition, the balance in West Germany was roughly a 50/50 Catholic/Protestant. This changed again in favor of Protestantism after reunification.

¹⁰⁵ Wilarty, S. (2010).

¹⁰⁶ Lust auf Familie - Lust auf Verantwortung. Beschluss des "kleinen Parteitages" der CDU Deutschlands. Berlin, 13. Dezember 1999, p. 3.

¹⁰⁷ Merkel was Protestant and had been married twice.

¹⁰⁸ "aufhören den Menschen vorzuschreiben wie sie leben sollen" Süddeutsche Zeitung, 19. 8. 1999, p. 6.

¹⁰⁹ Lust auf Familie - Lust auf Verantwortung. Beschluss des "kleinen Parteitages" der CDU Deutschlands. Berlin, 13. Dezember 1999.

¹¹⁰ "Es handelt sich um eine Christdemokratische Kulturrevolution" Süddeutsche Zeitung, Die Kulturrevolution der CDU, 21.10.1999, p. 4.

the *Süddeutsche Zeitung* remarked that "the proposal is almost too good to be true".¹¹¹ In fact, the proposal marked the final departure from the male breadwinner postulation of the CDU by proposing a system that would make work and family life reconcilable. The program opens with an assessment of the socioeconomic gender realities in Germany that puts forward that "Men can and want less and less to be the sole male breadwinner of the family".¹¹² Furthermore, it recognizes "that the simultaneous occupation of both partners is nowadays a broadly desired lifestyle model choice."¹¹³ Furthermore, the manifesto postulates that "A modern family policy cannot lead to a state supported institutionalization of one sided gender patterns that lead to a work division between men and women."¹¹⁴ By dismissing the male breadwinner model as outdated, it opened itself to a state driven approach to daycare provision. The political competitors were irritated and frightened. Like Marx complaining about the Catholics in 1886¹¹⁵, the Green Party accused the Christian Democrats in 1999 of stealing from their programs.¹¹⁶ However, this was not the end point of the reformation of Christian Democratic family and male-breadwinner policy.

¹¹¹ "das Papier ist fast zu schön um wahr zu sein" *Süddeutsche Zeitung*, 'Abschied vom Heimchen am Herd', 11.12.1999, p. 10.

¹¹² „Männer können und wollen immer seltener die alleinigen Ernährer der Familie sein.“ *Lust auf Familie. Lust auf Verantwortung. Beschluss des Bundesausschusses der CDU Deutschlands.* Berlin, 13. Dezember 1999, p. 3.

¹¹³ „Die gleichzeitige Berufstätigkeit beider Partner ist das heute mehrheitlich gewünschte Lebensentwurf-Modell.“ *Lust auf Familie. Lust auf Verantwortung. Beschluss des Bundesausschusses der CDU Deutschlands.* Berlin, 13. Dezember 1999, p. 3.

¹¹⁴ „Eine moderne Familienpolitik darf nicht zu einer staatlich geförderten Verfestigung einseitiger Rollenmuster der Aufgabenteilung zwischen Mann und Frau führen.“ *Lust auf Familie. Lust auf Verantwortung. Beschluss des Bundesausschusses der CDU Deutschlands.* Berlin, 13. Dezember 1999, p. 13.

¹¹⁵ see Chapter 4 of this thesis.

¹¹⁶ "Lust auf Familie" *Der Spiegel* 12.10.1999. This paradigmatic change in policy position was not solely Angela Merkel's personal contribution, but was rather the result of a specific power constellation that had emerged in the party after the electoral defeat of 1998. The reform was actively pushed for, and engineered by, Conservative women. In particular, it was actively supported by the Frauen Union, headed by Rita Süßmuth, and the Junge Union youth organization of the party, at that time also headed by a women (Hildegart Müller) (*Süddeutsche Zeitung* 18.10.1999, p. 6). Rita Süßmuth, who had been at the helm of progressive family policies in the late 1980s (the promotion of Rita Süßmuth from the position of family minister to become president of the Bundestag was sold as a promotion but was de facto a sidelining strategy), was brought back into the fold by Merkel. (Personal Interview, 07.01.2011, with Hans Bertram, Professor of Sociology, Humboldt University Berlin and member of the expert committee on the development of family policy from the federal government.) The women's and youth organizations of the CDU were actively embraced by Merkel and supported by other young upcoming reformers such as Jüger Rüttgers. Similarly, the East could also now come to the forefront. Former party activists of the East German Christian Democratic block party, who had been sidelined by Kohl during the 1990s, were reinvigorated by Merkel's approach. The male Catholic Conservatives who opposed a deviation from the traditional family policy position were

10.4.3 Family Policy as a Denominational Battle

In the 2002 elections, the Bavarian Edmund Stoiber from the CSU was filed as a joint candidate for CDU and CSU. Surprisingly, the Conservative hardliner continued the progressive family policy line of the 1999 manifesto. Stoiber declared that family policy should become a major topic in his 2002 campaign.¹¹⁷ In line with the prescriptions of the 1999 manifesto, day-care was to be expanded in order to make work and family reconcilable.¹¹⁸ A further progressive signal was the nomination of Katherina Reiche, a young Protestant and unmarried mother from East Germany, as the designated family policy expert in his cabinet.¹¹⁹

The Catholic Church reacted with bitter hostility towards the progressive family policy ideas of Stoiber's shadow cabinet. Cardinal Meisner from Cologne advised the Christian Democrats to scrap the "C" from their name.¹²⁰ Many Catholics read Meisner's reaction to the nomination of Reiche as "one of the nails in the coffin of the electoral victory of the Christian Democrats".¹²¹ Furthermore, the Catholic Church blackmailed the Christian Democrats by releasing an unfavorable letter from the pulpit (Hirtenbrief).¹²² Such letters are traditionally read from every German Catholic pulpit in the sermon on the last Sunday before the elections. They usually amount to advice on how Catholics should cast their vote. Pollsters subsequently predicted losses in the Catholic core vote for the party.¹²³ Cardinal Ratzinger, then the chief of the Catholic congregation in Rome and today known as Pope

weakened by the party financing scandal of the late 1990s. Even if not personally involved, the scandal made it difficult for Conservatives to position themselves as beacons of morality. (Süddeutsche Zeitung 7.Dezember 1999, p. 6.)

¹¹⁷ "Die Familie als Thema entdeckt" Süddeutsche Zeitung 25. March 2002, p. 6. See also: Höll, S.: „Familien Treffen auf der Edel Alm“, IN: Süddeutsche Zeitung. 12.10.2002, p. 8.

¹¹⁸ Leistung und Sicherheit - Zeit für Taten - Regierungsprogramm 2002/2006 von CDU und CSU.

¹¹⁹ „Die doppelte Frau“ Kahlweit, C., Süddeutsche Zeitung, 23.7.2002

¹²⁰ „legte der Kardinal der Partei nahe, das Christliche C aus dem Namen zu streichen.“ Daenzer-Vanotti, I. „Wider die Normabweichung“ in Süddeutsche Zeitung, 21.12.2002, NRW Issue, p. 50. See also: „Weiße Kaninchen“ Augstein, F. Süddeutsche Zeitung, 17.7.2002, p. 13.

¹²¹ "Im Bistum sahen manche in diesen Worten einen der Sargnagel für den Wahlsieg der CDU" Daenzer-Vanotti, I. „Wider die Normabweichung“ in Süddeutsche Zeitung, 21.12.2002, NRW Issue, p. 50.

¹²² „Katholische Bischöfe drohen Stoiber mit Hirtenbrief“ Schwilk, H. in Die Welt. 14.7.2002, See also: Ein Hirtenbrief gegen Katherina Reiche, wie es ein Gerücht besagte?“ Dobrinski, M. Süddeutsche Zeitung 5.10.2002, p. 1.

¹²³ „Katholische Bischöfe drohen Stoiber mit Hirtenbrief“ Schwilk, H., Die Welt, 14.7.2002.

Benedict XVI, was cited as having “great concern regarding the developments of German Christian Democracy”.¹²⁴ The pressure was so high that Ms Reiche had to get married, publicly announce it and renounce her liberal views on partnership outside wedlock and her progressive stance on homosexual partnership.¹²⁵ Stoiber was forced to considerably tone down his progressive family policy stance after being confronted with this massive criticism and resistance. Pulled back to this orthodox family policy position, the party went into the 2002 elections - and lost.¹²⁶

Most newspaper editorials pointed to the negative effect of the neo-orthodox family position for the 2002 election for the Christian Democrats. Susanne Höll commented in the *Süddeutsche Zeitung* that “The Union claims to stand in the middle of life. That’s right. It stands in the middle of life, however of a past century.”¹²⁷ Rita Süßmuth analyzed after the 2002 election defeat that “The party gives itself a new perception of women but, when it comes down to it, it retracts.”¹²⁸ As a matter of fact, the party lost heavily in East Germany and among young female voters.

The difference in how the electoral defeat was interpreted by Christian Democratic progressives and Conservatives was depicted nicely in the programmatic discussion that followed the electoral defeat in 2002. The Conservative Catholics, like Teufel and Vogel, argued that changing the stance in family policy had boiled down “to hawking the Conservative silverware”¹²⁹ and to “driving the Union into oblivion”.¹³⁰ The traditionalists in the party were deeply afraid of losing the Conservative core vote of their party.¹³¹ In other words, they were afraid of the instabilities that a change in the worldview might trigger towards the remainders of the Catholic subculture. Meanwhile, the reformers around

¹²⁴ „Kardinal Joseph Ratzinger der mit den Worten zitiert wird, er sei in „großer Sorge um die Entwicklung der deutschen Christdemokratie.“ Cited IN: ‚Katholische Bischöfe drohen Stoiber mit Hirtenbrief‘ Schwilk, H. in *Die Welt*. 14.7.2002

¹²⁵ ‚Reiche will Segen der Kirche‘ Kahlweit, C. *Süddeutsche Zeitung*, 17.6.2002, p. 5. See also: ‚Reiche ist nun doch Familienexpertin Stoibers‘ Höll, S. *Süddeutsche Zeitung*, 4.7.2002, p. 6.

¹²⁶ Against the Red-Green coalition headed by Schröder who had promised a new family policy and harvested a considerable bonus in women’s votes.

¹²⁷ „Die Union behauptet, sie stünde mitten im Leben. Das stimmt. Sie steht mitten im Leben, allerdings eines vergangenen Jahrhunderts.“ Höll, S. ‚Familienbild von Anno Dunnemals‘, IN: *Süddeutsche Zeitung*, 3.7.2002, p. 3.

¹²⁸ Rita Süßmuth cited by Franziska Augstein, *Süddeutsche Zeitung*, 17. 7.2002.

¹²⁹ Heuwagen, M. ‚Union über Richtige Strategie zerstritten‘ *Süddeutsche Zeitung* 7.10. 2002, p. 5.

¹³⁰ “warfen der Vorsitzenden vor das Familiensilber der Partei zu verscherbeln, sprich die Union in den Untergang zu treiben.“ Höll, S.: ‚Familien Treffen auf der Edel Alm‘, IN: *Süddeutsche Zeitung*. 12.10.2002, p. 8.

¹³¹ *Süddeutsche Zeitung*, 24.10.2006, ‚Abschied von Gestern‘, p. 4.

Merkel argued that a new family policy cannot pay mere lip service if elections were to be won.¹³² The *Süddeutsche Zeitung* commented: “After the electoral defeat, Schäuble, Merkel and some others started to guide the party into the contemporary. There, however, it seemed that many Christian Democrats did not want to arrive.”¹³³

The lost election of 2002 and the efforts of the Red-Green coalition on family policy intensified the virtuous cycle for a new progressive family policy in 2005. It became obvious that, if the party did not adapt its gender stance to the social environment, it could lose again. As a result, the progressive camp around candidate Merkel was able to push its position into the joint election manifest of CDU and CSU.

Angela Merkel did not leave many doubts about her ambitions to reform family policy when she announced the appointment of Ursula von der Leyen as family affairs spokesperson in her shadow cabinet. The nomination of the young career oriented von der Leyen, who was also a mother of seven, was a sting for the Conservative Catholic establishment.¹³⁴ Nevertheless, the topic did not gain salience during the election campaign nor during the subsequent coalition negotiations between the Christian and Social Democrats.¹³⁵ The quarrels began when the technical details of minister von der Leyen's family policy reform plans became public. Von der Leyen had organized an intra-party commission to elaborate the new family paradigm of the Christian Democrats. Commenting on the presentation of the results, the *Süddeutsche Zeitung* assessed that “It is striking that the traditional family picture is no longer granted a central place”.¹³⁶ Protests were again driven by the Catholic Church and the Conservative Catholic party establishment. Bishop Reinhardt Marx commented, in an interview with *Der Spiegel*, that “Politics is erring if it wants to make people believe that they can have everything at once: career, high income

¹³² „Zwar allerdings hatte Merkel verlangt, die CDU müsse in ihrer Forderung nach Vereinbarkeit von Familie und Beruf und nach der Wahlfreiheit junger Frauen zwischen verschiedenen Lebensentwürfen glaubwürdiger werden.“ Marianne Heuwagen, 'Union über Richtige Strategie zerstritten', *Süddeutsche Zeitung* 7.10. 2002, p. 5.

¹³³ „Nach der Wahlniederlage hatten sich Schäuble, Merkel und einige andere daran gemacht, die Parteien in die Jetzt-Zeit zu führen. Dort so jedenfalls scheint es, wollen viele Christdemokraten aber gar nicht ankommen.“ Höll, Susanne: 'Familien Treffen auf der Edel Alm', IN: *Süddeutsche Zeitung*. 12.10.2002, p. 8.

¹³⁴ 'Die Rabenmutter' Pölchau, N. *Süddeutsche Zeitung*, 27.1.2006, p. 8.

¹³⁵The Christian Democrats advocated a major tax deduction of 8,000 Euros per child whereas the Social Democrats wanted to introduce 'Elterngeld' a parental leave scheme paid for one year modeled on the Swedish system. *Süddeutsche Zeitung* 9. August 2005, p. 8.

¹³⁶ “Auffallend ist, dass dem traditionellen Familienbild kein zentraler Platz mehr eingeräumt wird.“ Schneider, J., *Süddeutsche Zeitung*, 26.10.2006, 'CDU soll ihr Familienbild modernisieren'.

and children.”¹³⁷ Cardinal Meisner criticized the Christian Democratic family policy plans as “Pay-Check Politics” and put forward that the equation of “The more day care facilities, the more children” was wrong.¹³⁸ Bishop Walter Mixa called von der Leyen’s family policy “ideologically fatuous” and argued that “her concept was reducing women to baby machines”.¹³⁹ The idea of giving two extra months of leave to each couple where the father also went out on parental leave came particularly under fire. All older Conservative state prime ministers expressed concerns.¹⁴⁰ Peter Ramsauer from the Bavarian Christian Democrats sarcastically called the new arrangement “Diaper Volunteering”. Similarly, the centrality of marriage was highlighted by the Christian Democratic Prime Minister of Hessen, Roland Koch, who declared to ample applause that he was “no expert on patchwork”.¹⁴¹

The fact that the harshest criticism was mostly voiced by the Catholic Church and the Catholic parts of the Christian Democratic party indicated that the positional change on family policy bothered mostly the Catholic parts of the party. In fact, the Protestant Bishop and later head of the main congregation of the German Protestant Bishops, Margot Käßmann, stated that she “could not understand the [Catholic] critique at all”.¹⁴² The Catholic Bishop Marx commented, in an interview with *Der Spiegel*, that “Through East Germany and through Angela Merkel the Union has become more Protestant” and criticized the “strong position of the Protestants in the Christian Democratic leadership”.¹⁴³ The changes in Christian Democratic family policy were therefore not only an intra-party clash but also a denominational showdown. Protestants and Catholics were struggling over their influence in party, state and society.

¹³⁷ “Die Politik geht in die Irre wenn sie den Menschen vorgaukelt, man könne alles zugleich haben: Karriere, hohes Einkommen und Kinder.“, interview by Rene Pfister, Bishop Reinhardt Marx, *Der Spiegel*. 11.01.2010, p. 22.

¹³⁸ “Scheckbuchpolitik”, “Je mehr Krippen, desto mehr Kinder sei falsch“ Kardinal Meisner commenting on the Christian Democratic family policy in an editorial for the *Frankfurter Allgemeine Zeitung*. For a summary see ‘Kardinal Meisner zur Familienpolitik’, *Frankfurter Allgemeine Zeitung*, 24.3.2007.

¹³⁹ “Ideologisch verblendet”, “sie würdige mit ihrem Konzept Frauen zu „Gebaermaschinen“ herab“, Bischof Walter Mixa cited in ‘Bischof Mixa lässt nicht locker’, *Frankfurter Allgemeine Zeitung*, 23.2.2007.

¹⁴⁰ *Süddeutsche Zeitung* 21.4. 2006, p. 1.

¹⁴¹ “Ich bin kein Experte für Patchwork“ Roland Koch cited IN: *Süddeutsche Zeitung*, 24.10.2006, ‘Abschied von Gestern’, p. 4.

¹⁴² “Ich kann die Kritik in keiner Weise nachvollziehen“, Käßmann cited IN: ‘Bischof Mixa lässt nicht locker’, *Frankfurter Allgemeine Zeitung*, 23.2.2007.

¹⁴³ “Durch Ostdeutschland und durch Angela Merkel ist die Union protestantischer geworden.“ interview, Bishop Reinhardt Marx, by Rene Pfister, *Der Spiegel*. 11.01.2010, p. 22.

This begs the question of why, in contrast to 2002, the Christian Democrats succeeded in keeping their progressive family policy intact as part of their party platform, and even managed to execute it later. The key might well be that in 2002 Stoiber from Catholic Bavaria could not confront the Catholic Church in the same way that the Protestant Merkel did in 2005. It is also true that during the 2000s the party had become more Protestant and East German, especially regarding the party executive. Nevertheless, the question still remains as to why could the Catholic Church in 2002 still position the party against the forces of the vicious cycle of competition that had been unfolding. However, the most important factor that pushed the Catholic Church into compromise was that this time its economic interests were threatened.¹⁴⁴

10.4.4 The economic interest of the Catholic Church

Figure 10-2 Employees of the Catholic Church in Germany

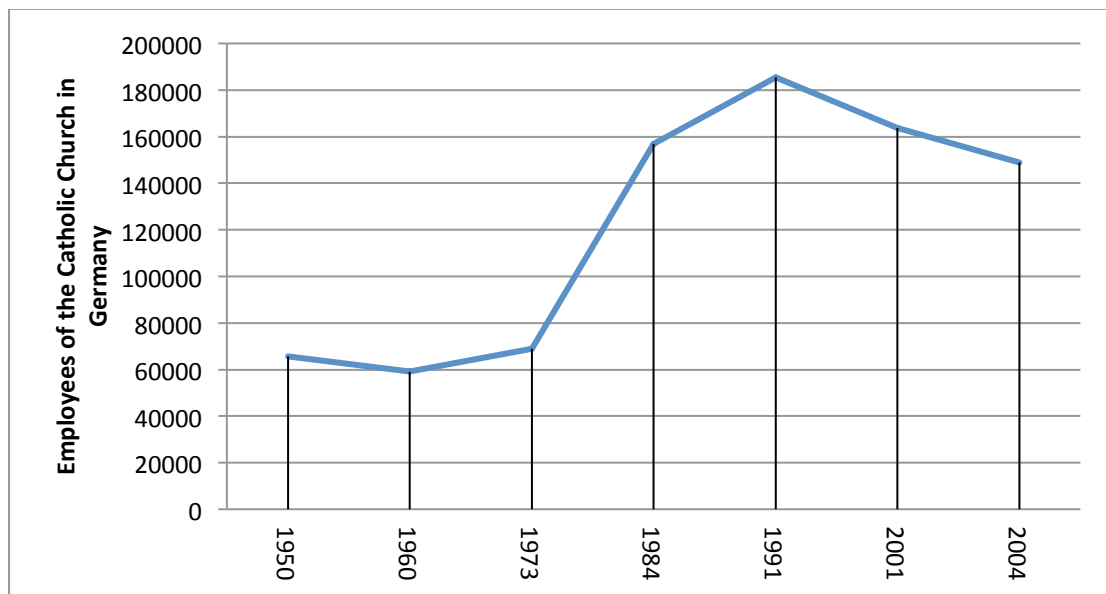


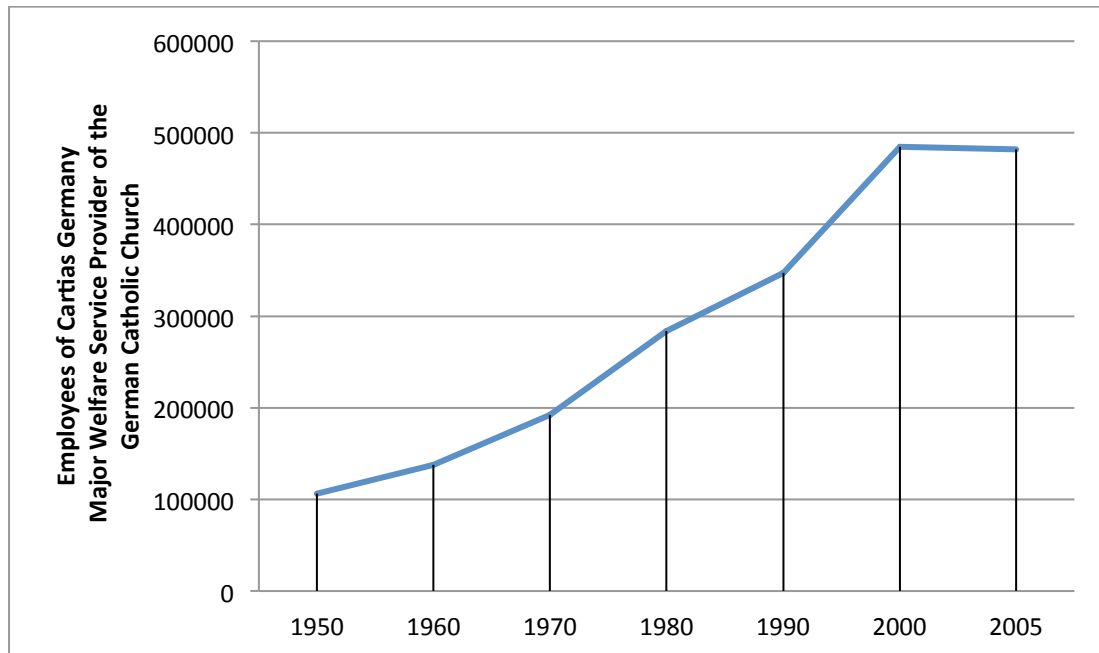
Table by the Author. Figures from: Lührs, H. (2006) *Kirchliche Arbeitsbeziehungen. Die Entwicklung der Beschäftigungsverhältnisse in den beiden großen Kirchen und ihren Wohlfahrtsverbänden*, *WiP Working Paper*, No. 33, p. 38.

The table above shows the development of the number of employees engaged by the Catholic Church in Germany. The table below, meanwhile, charts the development of the employees of the German Caritas, the biggest welfare provider of the Catholic Church in

¹⁴⁴ Once again it seems that interests and worldviews are heavily intertwined.

Germany. The tables indicate that the Catholic Church employs roughly 600,000 people in Germany. Together with the employees of the Protestant Church organizations, this makes the German churches the second largest overall employer in Germany. Note that roughly one third of the funding of Caritas Germany comes directly from the German federal budget and that the budget for the personnel of the Catholic Church is entirely state-funded.

Figure 10-3 Employees of Caritas Germany



Data from: Lührs, H. (2006) p. 38.

Capitalizing on this, in 2006 von der Leyen held a position of leverage over the Catholic Church. A senior female member of the Christian Democrats, and long term member of the committee on family affairs and board member of the Catholic women's organization, described this situation as the following to me:

We knew that if we wanted to get this thing through, we had to get to terms with the Churches. The Protestants were easy. When von der Leyen sent me instead for the first time to present our new plans to the Catholic Bishops it seemed to me as if I was speaking to a brick wall. The thirteen Bishops sat in front of me and unanimously told me that what we wanted to do was witches brew. When I met them the second time and confronted them with the possibility of losing the four billion euros of federal funding for their daycare facilities the situation changed. The hardliners did of course not change their mind but it was enough to get a majority with the moderates in favor of the reform.¹⁴⁵

¹⁴⁵ Personal Interview in the Bundestag, 10.2.2011.

What helped furthermore was that, in contrast to 2002, the 2005 elections had already been won. The Catholic Bishops could no longer threaten the Christian Democrats with the withdrawal of their election support.¹⁴⁶ Von der Leyen could, in her position as family minister, threaten the churches with serious cuts to their funding. It was no longer possible for the Catholic Church to press the Christian Democrats towards a vicious cycle of competition as had still been the case in 2002.

The enactment of the new policy regime paid off for the Christian Democrats. Not only did they win the next federal elections and could exit the grand coalition but they also recovered some of the women bonus that they had been losing continuously since the 1960s.¹⁴⁷ In other words, the party managed to recover a substantial part of the votes that it had lost since the 1960s. The Christian Democratic worldview had shown once again its ability to adapt to a changing environment. The denominational plurality of the party, even though it can be uncomfortable at times, seems to be a major resource for programmatic reinvention and innovation. The two different worldviews of Protestants and Catholics made the party approach structural change in different ways and advocate different solutions to it. This is a constant source of debate and adaptation within the party – a comparative advantage that the Italian Christian Democrats, based on a single denomination, did not have.

10.5 Italy

The remodeling of the electoral ties of Fanfani in the 1960s through the special model of socioeconomic relations between state-economy, party, and citizens – backed by a heavily clientelist welfare state – were the ultimate power resource for the hegemony of the Italian Christian Democrats up until the 1980s. The dominance of the DC (Democrazia Christiana) in the Italian polity was all-encompassing. It spanned the party system, the cabinets, the prime

¹⁴⁶ It is likely that the Bishops this time had to remain silent during the election campaign due to the peaking of the paedophilia scandal that hit the Catholic Church.

¹⁴⁷ On the effects of the Christian Democratic family policy reforms on the female vote the Christian Democratic opinion poll analyst Viola Neu comments in a report “Ob diese auf die Frauen und Familienpolitik der Bundesregierung zurückzuführen ist, kann nicht geprüft werden ist jedoch nicht unplausibel.” The link between the increase of the female bonus of the Christian Democrats and their family policies is made through the fact that the increase in female votes was especially strong in the 30-44 age cohorts, those that benefit most from the enacted policies. Neu, V. (2009) *Bundestagswahl Deutschland am 27.September 2009: Wahlanalyse*, Berlin, Konrad Adenauer Stiftung, pp. 72; 82.

ministers, the state apparatus and the state-driven economic sector. Considering this dominance, the abrupt implosion of the party in the early 1990s is surprising. However, if one considers that the party had, since the 1990s (when the communists were still banned from party competition), never been exposed to any virtuous cycle of competition that would have triggered its adaptation to an evolving environment, these developments become less astonishing.

In the 1960s the DC had liberated itself from the electoral ties of the Vatican and the employers' association Confindustria and had instead coupled its electoral machine to the state resources whose provision the party controlled.¹⁴⁸ Nevertheless, this was not the sole mode of vote aggregation. Clientelist ties and favoritism were mainly used by the southern Christian Democrats. In other parts of Italy the party relied on a mix of programmatic and anti-Communist programmatic ideas. Anti-Communism spoke, in particular, to the worldviews of the Catholic subculture. Meanwhile, Christian Democratic policies also catered to the interests of the middle classes of shopkeepers and small businesses through targeted legislation (tax exemptions for bars, stationers, newspaper shops, etc.). Together with the exclusion of the second largest party, the Communist PCI, from any government coalition or legislation formation this generated a highly stable and continuous vote share for the party without any electoral competition. The downside of this was that it shut out the possibility for any virtuous cycle of programmatic competition to unfold.

The societal changes of the late 1960s led to a "crisis of the Catholic subculture"¹⁴⁹ which led to a loosening of the electoral ties of the DC in the North. At the same time the gender revolution eroded the male breadwinner model at the behavioral level. As in Germany, the DC started to lose its draw among women. As the Italian socioeconomic model came under severe pressure due to globalization in the 1980s, the welfare clientelism of the DC in the South ran into trouble as "the DC was symbiotically tied to the state run economy and bureaucracy."¹⁵⁰ The huge public deficit created during the 1980s turned the "systematic colonization of the state machine"¹⁵¹ into a burden for the DC¹⁵² and "the expropriation of the state by political parties began to meet its physical limits".¹⁵³

¹⁴⁸ Ginsborg, P. (1990, 2000).

¹⁴⁹ Carter, N. (2010) p. 172.

¹⁵⁰ Carter, N. (2010) p. 172.

¹⁵¹ Bull, M. J. & Rhodes, M. (1994) p. 3.

One consequence of being protected from political competition for so long was that it was hard for the party to resume programmatic party competition once the stability of their system started to crumble. Furthermore, the DC did not respond in any adequate way to emancipation and the rising gender question.¹⁵⁴ In 1983, for the first time, a Socialist (Craxi) became Prime Minister.¹⁵⁵ However, this did not ignite any virtuous cycle of programmatic competition. Developments gathered pace with the end of Communism in the Soviet block and the subsequent realignment of the Italian Communists (PCI), under Achille Occhetto, towards a Social Democratic party platform (PDS). This tended to nullify the menace associated with the threat of a Communist society that had previously seen the small shop keepers and private business entrepreneurs driven into the arms of the Christian Democrats. Political competition was no longer blocked and the DC was, all of a sudden, exposed. When the new functional pressures of a changing environment started to hit, the party found no adequate response. The evolutionary consequence was that the DC was selected out, it died so to speak. The final blow came when the widespread corruption of Italian politicians was revealed by Italian magistrates' Mani Pulite (clean hands)¹⁵⁶ operation at the beginning of the 1990s. The outcome was "a crisis of parties, political class, institutions and the state."¹⁵⁷ As Ferrera points out, in the early 1990s the Italian model had descended into a "systemic crisis".¹⁵⁸ As the DC was, along with the Social Democrats, the group most implicated in the prosecutions, it promptly dissolved. The Social Democrats soon followed suit, while the former anti-system parties – the Communists and Neo-fascists – embarked on the long march inwards from the edges of the political spectrum.¹⁵⁹

¹⁵² Bull, M. J. & Rhodes, M. (1994) p. 3.

¹⁵³ Bull, M. J. & Rhodes, M. (1994) p. 7.

¹⁵⁴ Ginsborg, P. (2000) p. 70-72.

¹⁵⁵ Carter, N. (2010) p. 172.

¹⁵⁶ Carter, N. (2010) p.174; Bull, M. J. & Rhodes, D. (1994) p. 5. For a good discussion of why the corrupt practices were investigated at this moment in time and not before, see: Carter, N. (2010) pp. 175-176.

¹⁵⁷ D'Alimonte, R. & Bartolini, S. (1994) 'Electoral Transition' and Party System Change in Italy, IN: Bull, M. J. & Rhodes, M. (eds.) *Crisis and Transition in Italian Politics*, London, Frank Cass, p. 110.

¹⁵⁸ Ferrera, M. (1994) The Uncertain Future of the Italian Welfare State, IN: Bull, M. J. & Rhodes, M. (eds.) *Crisis and Transition in Italian Politics*, London, Frank Cass, p. 234.

¹⁵⁹ For a detailed account on how the DC disintegrated: Di Virgilio, A. (2008) From proportional representation to plurality and back: Post Christian-Democratic parties compared, *Modern Italy*, Vol. 13, No. 4, pp. 429-449.

10.5.1 Still no competition for ideas

The “vacuum”¹⁶⁰ that the demise of the DC left was soon filled by new political players. Berlusconi entered politics as the perceived (incorruptible) tycoon that did not care about money but rather about the country. Berlusconi’s new party, Forza Italia, became a key player in Italian politics. Nevertheless, the fall of the First Republic through clientelism and corruption did not mark an evolution from an ideational monoculture to multipolar programmatic party competition in Italy. Instead, Berlusconi and his electoral vehicle, the “virtual party”,¹⁶¹ Forza Italia skipped the stage of programmatic party competition and entered right into a stage of predominantly mediatic party competition. Due to his media hegemony and the vast resources of his business empire, Berlusconi could win elections without offering programmatic ideas. Under Berlusconi, Italy moved quickly towards an excessive form of “audience democracy”¹⁶² (Indeed, by now it has arguably moved towards what Trechsel calls “paparazzi democracy”¹⁶³). Ideational programmatic competition in the form of virtuous cycles seems ever more difficult.¹⁶⁴

10.6 The evolutionary end of Social Catholicism?

To wrap up, the functional pressures that unfolded since the 1970s in both countries were roughly the same. However, one case saw the fall of Christian Democracy while the other witnessed its reincarnation as a neo-Protestant party. What is surprising is that in both cases social Catholicism seems to have been selected out or at least been relegated to the background. It seems therefore plausible to draw the conclusion that the fate of Christian Democracy in both countries (and indeed the empirics have shown this) is not only a function of Christian Democracy itself but is also strongly intertwined with the development

¹⁶⁰ Bull, M. & Rhodes, M. (1994) *Between Crisis and Transition: Italian Politics in the 1990s*, IN: Bull, M. J. & Rhodes, M. (eds.) *Crisis and Transition in Italian Politics*, London, Frank Cass, p. 6.

¹⁶¹ Bull, M. J. & Rhodes, M. (1994) p. 6.

¹⁶² Manin, B. (1997) *The principle of Representative Government*, Cambridge, Cambridge University Press.

¹⁶³ Trechsel, A. (2012) *Towards Paparazzi Democracy*, Paper Presented at the 19th Conference of Europeanists, Boston, March 22.-24.2012. In an “audience democracy” politics is largely staged and modeled towards media appeals to the electorate that leave little room for real politics that imply a cost for the audience. Politicians are under constant threat of becoming caught up in perpetual mediatic scandals. Politicians, therefore, have to be careful and this leaves little room for governance.

¹⁶⁴ The mediatic party competition that Berlusconi foisted onto Italian politics renders a cycle of ideational competition impossible.

of Catholicism as such. Indeed, in Germany as well as in Italy, Catholicism has not adapted or found any constructive reply to the changes from the 1970s and especially failed to respond to the neo liberal challenge that rose in the 1990s. Protestantism was much better in incorporating and molding this new ideological stream into its programmatic ideas. However, the reactions of social Catholicism to the family reforms in Germany showed that it could not come up with any constructive counterproposal. Its reactions were, instead, those of retention and stasis which led in the end to its demise in the internal party architecture of the Christian Democrats. This is strange as there were various aspects of the German social policy reforms that could be easily criticized from the standpoint of social Catholicism (the creation of a large precarious section of society through Hartz IV that is partly excluded from public healthcare, or the middle and upper class focus of the family policy reforms). However, Social Catholicism missed the opportunity to reinvent itself. In the end, the German Christian Democrats survived because of its Janus-like qualities, not because of Social Catholicism. Its double identity of Catholicism and Protestantism allows the party to adapt and stay credible by simply shifting the balance within the party from one worldview to the other. The exclusively Catholic DC did not have this possibility and hence died.

However, the brief section about the German family policy has shown that such adaptation processes are far from linear and easy. What instead emerged was a certain sub-level to the evolutionary adaptation process of programmatic ideas within the party. This leaves the question of whether social Catholicism was in both cases been selected out and has subsequently died. The answer is no - as argued before, ideas cannot die, only their carriers can. In Italy Catholicism has simply abandoned the Christian Democratic experiment and shifted its political power center back to the Vatican. However, only the distant future can tell if it will come to a broader adaptation and an update of Catholic Social teaching, as the Vatican operates with timeframes and ideational cycles that go far beyond usual timespans of politics. Considering that it is an institution that has been in politics for roughly 2000 years and has not yet been selected out through competition might very well point out that it has adopted a much more 'relaxed' approach to functional pressures of 'normal' life.

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