States, Social Knowledge, and the Origins of Modern Social Policies

Edited by Dietrich Rueschemeyer and Theda Skocpol

Laws regulating the industrial labor process, pensions for the elderly, unemployment insurance, and measures to educate and ensure the welfare of children were enacted in many industrializing capitalist nations from the 1850s to the 1920s. This same period saw the development of modern social sciences. The eight essays collected here examine the reciprocal influence of social policy and academic research in comparative context, ranging across policy areas and encompassing developments in Britain, the United States, Germany, France, Canada, Scandinavia, and Japan.

The essays are introduced by the editors and divided into three sections: Part I on the emergence of modern social knowledge by Immanuel Wallerstein, Anna Rabinbach, and Bjorn Wittrock and Peter Wagner; Part II on reformist social scientists and public policymaking by Dietrich Rueschemeyer and Ronan Van Rosen, Libby Schweber, and John R. Sutton; and Part III on state managers and the uses of social knowledge by Stein Kuhnle and Sheldon Garon. A conclusion by Rueschemeyer and Skocpol follows.

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Introduction

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The modern social sciences took shape in close interaction with early attempts by national states to deal with the social consequences of capitalist industrialization. From roughly the 1850s to the 1920s, such social policies as regulations of the industrial labor process, pensions for the elderly, unemployment insurance, and measures to educate and ensure the welfare of children were enacted into law in many industrializing capitalist nations. This was also the period in which the modern social sciences emerged, taking on intellectual and institutional characteristics still recognizable today. The emerging social sciences can be examined as social groups and as models of knowing about the social world. In both senses they influenced, and were influenced by, the making of early modern social policies.

This book uses a focus on the origins of modern social policies to explore the interrelations of states and social knowledge. The chapters examine how the social dilemmas of industrialization changed the ways in which knowledge about social and economic life was created—and how, in turn, new knowledge and newly constituted knowledge groups influenced the substance and direction of governmental policies. Looking at the emerging social sciences in relation to governmental policymaking enhances our general understanding of the cultural accompaniments and intellectual bases of state action.

We can examine in a fresh and informative way matters which, heretofore, have been deemphasized in scholarly debates about the development of national states and their social policies. Previous scholarly debates about the origins of modern social policies have focused almost exclusively on class and political conflicts, de-emphasizing the equally important contributions of ideas, of knowledge-bearing groups, and of knowledge-generating institutions. Most previous research has likewise not explored as fully as possible the impact of varying national government institutions and social policies on the outlooks, institutional arrangements, and civic impact of the emerging social sciences.

Although this book looks at its own distinct time period and set of substantive questions, its comparative-historical and institutionalist approach resembles the theoretical and methodological approaches used in
Communities of Discourse: Ideology and Social Structure in the Reformation, the Enlightenment, and European Socialism by Robert Wuthnow, and in The Political Power of Economic Ideas: Keynesianism Across Nations, edited by Peter A. Hall. Both of these works, and this collection as well, investigate intellectual transformations in the modern world—asking about the social locations of the proponents of new ideas, and about the institutional conditions that have influenced the spread, transformation, and policy success or failures of the ideas and their carriers. This book, like the other two, concludes that historically changing and cross-nationally varying institutional configurations—interrelations among states and social structures—have much to do with the development and deployment of systems of ideas, including scientific ideas as well as political or moral ideologies.

In the remainder of this brief introduction, we do two things. We first note the broad epochoal transformations that form the backdrop for all of the chapters in this volume, pointing to the special relevance of partially autonomous elites and groups making claims to new kinds of knowledge about the social world in the nineteenth and early twentieth centuries. Then we introduce the three major parts of the book, discussing how the chapters included in each part address a particular subset of issues about states, social knowledge, and the origins of modern social policies.

Social Knowledge and Modern Social Policies

Leaders of states in the modern world have concerned themselves with social order and with at least the external conditions for the smooth functioning of markets and production processes. Modern social policies of the more specific type we are considering in this volume were developed by or through the national states of industrializing capitalist countries in the later nineteenth and early twentieth centuries. These state interventions aimed at giving working people and their dependents, or members of the “respectable poor,” minimal protection against the economic hazards of injury, illness, family breakup, old age, and unemployment. In time, the earliest social policies established by industrializing nations were expanded and knitted together into what have been labeled, since World War II, “modern welfare states.” Governments became involved in social life in unforeseen and unprecedented ways.

Creators of modern social policies responded to a number of master trends set in motion by the rise and success of capitalism. Class interests, both new and old, became more openly antagonistic, and they expressed themselves with an unheard-of swiftness in collective organization and collective action. At the same time, there occurred what Karl Mannheim called the “fundamental democratization” of society—the empowerment of subordinate groups and classes formerly excluded from political influence and participation. Together these two developments raised the specter of national irreparably divided, politically and economically disruptive class conflict. As a realistic possibility, a third development gave a special urgency to these threats to social order and economic efficiency. As English dominance of the international economy gradually gave way to an increasingly harsh competition among nationally organized political economies, authorities within each nation had geopolitical as well as domestic reasons for attending to the problems raised during the course of capitalist economic development.

Who, then, defined such transformations as political challenges, and then devised ideas about how to respond to them? The obvious answer may seem to be: the political representatives of dominant class interests facing challenges from the subordinate classes. Yet this answer does not take account of major transformations at the apex of the industrializing capitalist political economies.

It does not take into account, in the first place, the rise in many places of bureaucratic states whose power was structurally separated from the economic power of landlords and of capitalist entrepreneurs. Power grounded in the ownership of land no longer, and in of itself, conferred governmental authority; and neither did power grounded in the ownership of other capital assets. Increasingly effective in their internal workings, bureaucratizing state apparatuses became—at different times and in varying degree in different countries—more important as sites for official actors who were potentially autonomous from dominant economic groups. And so did political parties devoted to mobilizing groups for (more or less democratic) elections. Thus, even in the United States, where bureaucratic agencies of government emerged only slowly and in piecemeal fashion, powerful political organizations—in this case, patronage-oriented political parties, along with state and federal courts—exercised some relatively autonomous authority in relation to social classes and class conflict.

Also obscured by a simple class analysis are the new uses of knowledge and the new roles of knowledge-generating institutions and knowledge-bearing elites. Throughout Western Europe and North America, schools, academies, universities, and scholarly societies were reconstructed or newly created on a large scale. The rise of capitalism and of modern national states created many new practical uses for social knowledge. Set off to some extent from religious leaders as well as from economic owners and established political authorities, knowledge-bearing groups and intellectual elites acquired a new authority based on their claims to effective secular knowledge. While the new knowledge-bearing elites probably never had (nor ever will have) the dominant impact on society that was ascribed to them by the eighteenth-century French philosophers—not to mention by such present-
and authority invariably left their imprint on the formation of early modern social policies. We need to understand more deeply both the ideas and the socio-institutional locations of the bearers of new knowledge about society who figured so importantly in the origins of early modern social policies.

Looking Ahead

All of the authors in this volume engage themselves in historical comparison, undertaking the difficult task of exploring policy changes and the generation and use of knowledge across national borders. Inevitably then—and we think, valuably—the chapters cut at different points into complex webs of interrelationships, some of which need to be explored if we are to better understand states, social knowledge, and the origins of modern social policies. We have chosen to cluster the essays not by country or by time but according to how each set cuts into the empirical interrelationships at issue here. In this way, the findings and arguments of these chapters can be seen to resonate with, and build upon, one another, leading toward more sophisticated and grounded generalizations than one could achieve by theoretical deduction alone.

The nature of modern social knowledge as it took historical shape in industrializing Europe is the concern of the chapters collected into Part I, "The Emergence of Modern Social Knowledge." As Ira Katznelson points out, scholars often move too quickly to asking about the instrumental purposes of intellectuals—"knowledge for what"—before adequately exploring "knowledge about what." In Katznelson’s view, there emerged in modernizing Europe a quest for knowledge about the relationships of postfeudal political authorities to citizens of more and more participatory nation-states. A "new liberal" intelligentsia, Katznelson argues, focused thought and research on the changing linkages among states, markets, and citizens. These intellectuals had faith that empirical and rational analysis would lead toward scientific solutions of ethical and policy problems. The bulk of Katznelson’s chapter discusses in detail the ideas of certain English "new liberals," chiefly John Stuart Mill, Alfred Marshall, and H. L. Beales. Variants of the same ideas, and reactions against them, have in Katznelson’s view "shaped and limited" Western social science from the nineteenth century to the present.

Arnon Rabinbach also writes about the substance of social knowledge in modernizing Europe, about the emergence of the general belief that society develops in lawlike ways and that behavior and public policies can rationally be made to conform to social laws. Specifically, Rabinbach examines ideas embodied in late nineteenth-century French and German discus-
sions about industrial accidents. Two “novel ideas” gained currency and
prestige at the end of the nineteenth century, he tells us. Society came to be
seen as having an obligation to reduce risks and inequities for individuals.
And the notion developed that “social responsibility can be grounded scien-
tifically and demonstrated by statistical laws.” Because of the emergence
of such ways of thinking, issues about industrial accidents that were once
centered directly in immediate employer-employee relationships were “dis-
placed” into realms of jurisprudence and statistical and medical expertise.
Industrial “work” became subject to social-scientific investigation, as did
other aspects of economic and social life. This did not, however, end class
conflict. Rather, it led to the “politicization” of knowledge, as conflicts
based in class and other interests came to be carried out in the guise of
disputes among scientific experts, situated within new institutional locales,
and using new forms of discourse.

Neither Katzenelson nor Rabinbach pay great attention to the causes of
cross-national variations in ideas or public policymaking. To be sure, Katz-
enelson notes the limits of his focus on English intellectuals; and Rabinbach
discusses in considerable detail the contrasting sorts of industrial accident
policies and political coalitions that held center stage in France versus Ger-
many at the end of the 1800s. But both Katzenelson and Rabinbach are
chiefly interested in similar trends in the contents of modern social knowl-
edge as it emerged in nineteenth-century Europe. In contrast, the third
chapter in Part II, by Björn Wittrock and Peter Wagner, stresses the need
for, and analytical advantages of, comparative studies of variations across
the nations of industrializing Europe.

Wittrock and Wagner have written a synthetic “think piece” that reflects
findings in all of the chapters in this book. The origins of modern social
policies in Western nations coincided, these authors point out, with the
emergence of modern universities and professions as the institutional set-
tings for the production and deployment of new kinds of social knowl-
dge. Yet no single master evolutionary path of change was followed, and
scholars cannot understand these intertwined changes either in terms of
socioeconomic reductionism or simply the internal logic of ideas as such.
They must, instead, explore and seek to explain cross-national variations,
with a focus on the diverse institutional configurations that tied together
political institutions and knowledge-producing institutions.

Wittrock and Wagner argue that key differences are to be found be-
tween “statist” European nations that had bureaucratic-absolutist political
systems prior to industrialization, and “non-statist” nations, such as En-
gland, that lacked such pre-modern institutional arrangements. Yet Wit-
trock and Wagner do not rely on this as the only comparative-historical
distinction that matters. They go on to show that differences among gov-
ernmental institutions within the “statist” and “non-statist” categories also

matter for the purpose of making sense of cross-national variations in ideas
and politics.

Wittrock and Wagner’s chapter marks an appropriate transition to
Parts II and III of this book, where their call for careful cross-national
analysis of actors within varying institutional configurations is put into
practice. Each chapter in Part II, “Reformist Social Scientists and Public
Policymaking,” features a close comparison of analogous groups of policy-
oriented reformist intellectuals in two nations. Actors with ideas and re-
formist policy goals thus become the entering point of discussion, rather
than the content of idea systems as such. Likewise in Part III, “State Man-
gagers and the Uses of Social Knowledge,” actors remain at the center;
these chapters look at groups of officials in parallel governmental agencies
of two or more national states. The authors of each of the chapters in Parts
II and III move “outward” from the groups of actors they have chosen to
juxtapose, toward an analysis of the cultural, social, and institutional con-
ditions that explain cross-national similarities and differences in intel-
cultural and policy developments.

Germany and Great Britain were among the first Western nations to use
national social policies to address the insecurities of the industrial working
class during industrialization; and the German Verein für Sozialpolitik and
the English Fabian Society were groups of reformist intellectuals centrally
involved in the social investigations and policy debates that shaped these
pioneering welfare states. In the first chapter of Part II, Dietrich Ruesch-
emeyer and Roman Van Rossem compare the sociopolitical contexts within
which these two knowledge-wielding nations emerged, operated, and
changed over time. Both the content of authoritative social knowledge and
the nature of knowledge-bearing groups are shown to depend on larger
so-socio-institutional patterns.

The authority and effectiveness on public policymaking of the German
Verein was originally grounded in the status and bureaucratic structures of
the Imperial German “Kulturstaat,” Rueschemeyer and Van Rossem ar-
gue. As Germany partially democratized, the Verein’s distinctive fusion of
cognitive and moral-political authority dissolved, putting the emerging
German social sciences on a new academic trajectory. Meanwhile in Brit-
ain, the nature and modes of operations of the Fabian Society depended
equally on the porosity of the British state, social status structure, and
emerging moderate labor movement. As the liberal British oligarchy of the
nineteenth century gradually democratized, the Fabian “amateur” empir-
icist style of social research persisted through its incorporation into a wing
of the Labour Party.

Reform-minded British social investigators also figure in Libby Schwei-
ber’s chapter which seeks to compare them to their counterparts in the late
nineteenth- and early twentieth-century United States. Schieber analyt-
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ically, explicit differences across groups and policy areas as well as nations and epochs. This point is especially well driven home for the nations that appear in more than one chapter in Part II: Britain, which figures in similar yet slightly different ways in the findings of Reuschemeyer and Van Roosbroek versus Schweben, and the United States, about which clearly different aspects are highlighted in the respective arguments of Schweben and Sutton.

In Part III, governmental agencies and officials who create and mobilize social knowledge for policy purposes come to the fore. The chapters by Stein Kuhne and Sheldon Garon also expand the comparative and theoretical scope of this volume by focusing on nations beyond the core European and North American "great powers." The state and intellectuals tied to it emerge in these essays as pivotal, not only to the management of international social conflicts, but also in the handling of international relations, including the spread of models of social policymaking from one country to another.

Stein Kuhne builds his analysis around a pair of precise questions about Scandinavian social policy innovations in the 1890s. Why, he asks, did Denmark, Norway, and Sweden all enact new social insurance or income maintenance programs in that decade; and why were there significant variations in the kinds of programs first established? Neither sheer levels of industrialization nor the simple imitation of policy models from Bismarck's Germany can explain the Scandinavian patterns, Kuhne argues. He shows that the prior development of state agencies with certain capacities to collect and analyze official social statistics was a key variable contributing to the timing and forms of Scandinavian social programs. The point is not only that governmental leaders were themselves influenced by the problem definitions and data offered by agencies that had collected statistics. They were. Yet Kuhne also points to other influences. Two had been established between official statistical agencies and societal actors, including emerging economics professions and politically active groups and social movements.

Official statistical capacities afforded technical support for certain kinds of legislation and administration, and they also helped to make extra-state actors comfortable with the idea that government should actively address social problems. Thus, as Kuhne puts it, the prestigious foreign model of German social insurance became available at a juncture when officials and groups in Scandinavian countries were politically and intellectually "prepared" for "state social action," albeit of different particular types in each country. The German model helped to stimulate social policy innovations in Scandinavia, but the contents of those innovations depended on prior governmental capacities and varying social needs and political alliances in each nation.
A concern with international policy modeling mediated by active and partially autonomous governmental officials also figures in Sheldon Garon's essay, comparing the role of official experts in shaping and reshaping the industrial relations of Japan and Great Britain. Despite their many differences—in social structure, political institutions, and the timing of industrialization—Garon points to certain similarities of official involvement in social policy innovations in these two nations. He highlights the roles of the Labour Department of the Board of Trade in Britain, and of the "social bureaucrats" of various Japanese national ministries, particularly the Home Ministry. Officials in both countries were concerned with handling labor unrest and, initially, both sought to incorporate organized labor into public policymaking. But Garon also underlines the different ultimate outcomes: pro-labor social policies were enacted in Britain, and the labor movement was incorporated into a democratizing national polity, but in Japan, social bureaucrats eventually abandoned incorporative efforts, turned toward authoritarian foreign models, and played a central role in the 1930s dissolution of the Japanese labor unions.

To elucidate "how bureaucratic innovation and the application of social knowledge could produce such contrasting results," Garon explores the different kinds of social knowledge—including shifting foreign models in the Japanese case—to which civil servants had access. Even more, he underlines the need to examine the overall contexts within which partially autonomous state interventions emerge and play out, including relations between employers and employees, the political relations of national state authorities to labor and employers, and societal attitudes toward state intervention. These contextual factors differed greatly between Britain and Japan, and over time in Japan. "In the Japan of the 1980s," Garon concludes, "we witness a case of what can happen when relatively autonomous bureaucrats deal with crises by relying on social knowledge that is divorced from actual conditions in civil society."

Sheldon Garon's chapter is an excellent concluding piece for this volume. Because of the cross-cultural and temporal boldness of his comparative analysis, he is able to underline the need to avoid "whiggishness" in historical understandings of the intertwined development of states and social knowledge. From a European historical perspective it may look as if state-building, the growth of modern social knowledge, and socially ameliorative public policymaking all go together. But, as Garon points out, the history of modern Japan highlights the darker possibilities of state controls over the development and mobilization of social knowledge, as well as the danger of hyper-bureaucratic autonomy married to "runaway social knowledge."

In the Conclusion, we offer reflections on generalizations that may be drawn from all of the studies assembled here, considered against the back-
Notes To Introduction

1. Robert Wuthnow, Communities of Discourse. Cambridge, MA: Harvard University Press, 1989; and Peter A. Hall, ed., The Political Power of Economic Ideas. Princeton, NJ: Princeton University Press, 1989. Hall’s collection, like this one, was sponsored by the Committee on States and Social Structures, which was originally based at the Social Science Research Council and moved in the early 1990s to become the Working Group on States and Social Structures of the Russell Sage Foundation.


4. Quite plausibly, August Bebel claimed that without the socialists’ political presence, Germany’s social insurance legislation would not have come about. At the same time, the SPD (German Social Democratic Party) was both hostile to an enterprise designed to undercut its appeal and participated in parliamentary revisions of the legislation. See Gerhard A. Ritter, Sozialversicherung in Deutschland und England: Entstehung und Grundlagen im Vergleich. Munich: Beck, 1988, pp. 49–52, esp. p. 50.

Knowledge about What? Policy Intellectuals and the New Liberalism

IRA KATZNELSON

From roughly the middle of the nineteenth century through the early decades of the twentieth, scholars, in tandem with activists, state officials, and politicians, developed fresh ways to talk about public affairs and the role of the state in Western Europe and North America. They also helped create new institutional forums to initiate, debate, and refine such ideas. As key actors, these intellectuals were not just traditional wise thinkers. They composed a new type whose claims to professionalism and recondite understanding about public policy demarcated them as a group from broadly comparable predecessors. The knowledge they produced—organized in disciplines and based on claims to rationality and science—become a leading feature of public life. Concurrently, public reasoning about complex social problems became a hallmark of both democratic and authoritarian policies and a defining influence on social science scholarship.

To help think about these entwined developments, I propose a reorientation of perspective. Studies that inquire after the instrumental purposes of intellectuals (that is, those that ask the question Robert Lynd made famous, “knowledge for what?”) too often take for granted the content of policy-relevant knowledge. A stress on “for what?” at the expense of “about what?” moreover, has characterized the two dominant approaches to social knowledge within the social sciences: the Marxian sociology of knowledge, associated with such seminal thinkers as Karl Mannheim and Alvin Gouldner, which locates producers of ideas either within, or outside, the capitalist stratification system, and the Weberian alternative, which identifies the growth of social knowledge with a hunger for usable information by states with enlarged managerial capacities and ambitions. Whether scholars who work in these traditions deem expertise, ideas, and policy advice to be mere rationalizations of conduct or a primary impetus for action (issues I believe to be situational and contingent), they tend to treat the macroscopic environment and the subject matter of social knowledge in terms of bulky and seemingly self-evident categories like the industrial revolution, modernization, and capitalist development. These
background assumptions are unfortunate. The purposes of social knowledge necessarily remain underspecified in the absence of a finely targeted identification of the substantive objects of social knowledge.

With these considerations in mind, I should like to inquire after the central elements of the macroscopic context which both summoned and shaped the emergence of the new social knowledge. What, precisely, was this body of thought about? Which aspects of large-scale processes did its producers and practitioners concern themselves with? In pursuit of these puzzles, I treat policy intellectuals in terms of their relationship to the ties that bind states, markets, and citizens in capitalist and democratic societies. In so doing, I claim the period's social knowledge can best be understood as a constitutive aspect of revisions to liberalism's doctrines, institutions, and policies. These innovations sought to make liberalism capable of apprehending and managing the social and political tensions inherent in societies premised simultaneously on commodification and mass political participation. This "New Liberalism" (labeled as such in late Victorian Britain), including its American Progressive variant, grappled with the analytical and political space between pre-modern conservatism and Spencian laissez-faire. On one side, and the wholesale rejection of liberal markets and citizenship, on the other. We know, of course, that since the Second World War it has been just this political zone that has come to define the location and legitimate limits of public policy in the European and North American democracies. Conservatives and socialists alike have been co-opted into a politics based on liberal institutional foundations.

I address these subjects by looking primarily at nineteenth- and twentieth-century Britain (principally England). In so doing, I run the risk of distortion. Certainly the ties between social knowledge and state institutions were less developed there than in Germany or France. The British knowledge community was more humdrum and pragmatic in cast than, say, the Austrian, where a militantly conservative stand within neoclassical economics confronted a creative Marxism. By contrast, it also was more expansively ideological than the American. There, after a flirtation with socialism by leading figures of the academic generation of the 1870s and 1880s (including Richard Ely, Henry Carter Adams, and John Bates Clark, who played a leadership role in the founding of the American Economics Association), this tendency petered out and what became the Progressive impulse remained contained within the new social liberalism. Quite unlike Britain, socialism in America was left "without a respectable intellectual base."¹²

The British case also is distinctive in what it meant to speak of the state as compared to countries on the continent and in North America, and in such features of its state as parliamentarism and the utilization of expertise

Knowlede about what? 

lodged in civil society (especially in the ancient universities of Oxford and Cambridge). Nonetheless, the British example exhibits some of the principal tendencies that have characterized the relationship joining knowledge and policy in settings where politics has been concerned more with defining the character of liberalism than with securing its presence. For all its particularities, the development of social knowledge in Britain proved exemplary of the archetypal role taken by policy intellectuals in the marking of the "new liberal" welfare state and of the substantive objects of their work. During the period covered in this book, Britain and other broadly liberal settings confronted immensely significant practical and normative choices concerned with how the state should transact with markets and citizens. For more than four generations, these concerns have defined the main axis of democratic political conflict in the West, and so they remain at the center of the public sphere.

Property and Sovereignty

Neither of the great macrostructures of modernity, those of national states and capitalism, was new to the nineteenth century. They were grounded in the postfeudal separation of property from sovereignty. Even before the age of constitutionalism, states in early modern Europe that centralized sovereignty and shattered the power of autonomous authorities (who, under feudalism, had controlled property rights as well as political authority), simultaneously at a local level, constructed new relationships with the governed. These ties were not just instrumental and strategic; they nested within conceptions of the public interest and the general welfare. These embraced not only specific roles and obligations, "but also the residue of the traditional ethical mission which performed the limits of state activity and called for loyalty transcending the appeal of interests." Therefore, the national states that were shaped between the thirteenth and sixteenth centuries had both an instrumental and a moral dimension. Each possessed sovereignty, based on law, and with it legitimate force within a distinctive territory; an ensemble of institutions; and a vision and articulation of the common good. With these attributes, the state emerged as a calculating actor, vis-à-vis other states, the newly separated economic sphere, and a newly distinguishable civil society.¹³

Modern capitalism, like the modern state, also was the product of the postfeudal division of property and power. In his 1814 article on stages in the history of capitalism, Henri Pirenne drew our attention to the towns of medieval Europe, especially the Italian city republics of Venice, Florence, and Genoa, to argue that "capitalism is much older than we have ordinarily
thought it. Such may be the case, but the key break point in the development of capitalism as the dominant framework for economic development in the West came only with the concentration of sovereignty, the liberation of the political order from direct control of production relations, and the establishment of an authoritative framework for property rights and economic transactions on a large scale. Capitalism prospered and urbanization (as well as rural proto-industrialization) accelerated once capitalist development began to move in tandem with the new national states that centralized sovereignty. As Douglass North and Barry Weingast have argued in the case of England, this political development of capitalism as a consequence of the dissociation of property and political power and their less arbitrary enforcement. The result was a more entrenched capitalism, blessed by a reduction in the burdens of specifying and enforcing contracts and in realizing the gains from these exchanges.

These reductions in transaction costs proved a prod to dramatic gains in investment and productivity, and with these advances the various national states enhanced their capacities to raise revenues for their own purposes through tax collections.

What was fundamentally new about the postfeudal relation of polity and economy was the emergence of a state that was not merely extortive, but which shared an interest in creating the conditions required to organize independent market transactions. Whereas early medieval face-to-face exchanges had taken place in towns whose existence depended on grants of autonomy from local lords, thus creating insecurity outside this tight embrace, by the sixteenth century, kings, in exchange for revenue-protected towns and traveling merchants on a much larger scale. Within the framework of law and enforcement mechanisms that developed in some of these states, "sophisticated firms of organization, efficient capital markets and trading systems evolved with the encouragement and support of the State."

With states providing a framework for capitalist development and not acting merely as rent-seekers, as in the public choice vision, the linkage between the economy and the polity was utterly transformed into a new kind of strategic game. States will not ensure just any structures of property rights, but only those consistent with state interests; capital will not give obedience to any state, but only to those that secure its economic activities. The terms of this relationship thus became the first of two fundamental pivots of modern domestic politics in the West.

The second was the hinge between the state and civil society. Separated from property, and concentrated in authority, the states of postfeudal Europe had to forge new, and uncertain, ties to civil society. If the hallmark of the possession and the centralization of sovereignty is "the final assertion of authority within a territory," one of the problematic correlates is a set of contestable questions both about the range of activities over which the state will have such authority—that is, the extent of its "libre in penetrating and regulating civil society—and about the ways in which members of civil society will be able to affect the activities of the state. From one vantage point, this pivotal issue of modern politics appears as that of the autonomy of the state: the extent to which it will be capable of imposing its will by ignoring other actors, but this is an entirely misleading perspective. With the breakup of the tightly knit juridical, economic, and social units characteristic of feudalism, states could not simply impose their will by despotist imposition. Instead, it was a condition of their effectiveness that they interact with society and coordinate aims with other "private" power holders, to develop what Michael Mann has called infrastructural capacity. Building on this insight, John Hall and John Ikenberry note that it was the curbing of despotism, and the emergence of a politics based on a widening sphere of consent that made the growth of infrastructural state capacity possible. Taking the example of eighteenth century England, they observe that "the presence of the state was accepted because it was recognized that the state could be trusted, not least because its actions were subject to control. The state had the capacity, in other words, because it represented society." State-society relations become reciprocal; over time, the very ability of the state to utilize its authority to intervene in society "may eventually lead to commitments and obligations that bind the state in subseuent periods of decision."

Both of the pivots of post-sixteenth-century domestic politics—transactions between states and economies and between states and societies—thus were marked by a reduction in arbitrariness. The terms of these transactions became the objects of political struggle and the subjects of expert consideration by political theorists and by political economists. Hobbes, Locke, Montesquieu, Rousseau, Millar, Stuwart, the Physiocrats, and Adam Smith, amongst a host of many, mostly lesser, others, theorized these relationships and sought to find rules of interested engagement between the relevant parties. At stake was both the scope of responsibility of states for economic and social situations and the ways in which the actions of states could be shaped by people, interests, and values outside the state itself.

To speak of transactions between the state and the economy and the state and society is not, of course, to imply equal exchange or a stable set of abilities. It is to suggest bargaining relationships in which all the actors possess resources the others require. At critical moments, the rule-governed and institutional terms of these transactions become the subjects of the most fundamental kind of political struggle.11
Liberal Markets and Citizenship

The period with which this book is concerned was just such a formative moment. Coming at the juncture of the decline of mercantilism and the ascent of a new kind of interventionist state, state-economy and state-society transactions experienced a fundamental restructuring.

Mercantilism had produced a powerful recipe for state-building and for rules to govern the transactions between the state and the economy and between the state and civil society. Its main aspects included "regulation of the economically strong, support and direction for the economically weak, and the state's own enterprise where private initiative is wanting." As Perry Anderson, among others, has stressed, at its early moments mercantilism was put to use for the conservative purposes of buttressing a social order in crisis; later, under the initiatives of Charles Colbert, mercantilism went hand in hand with the protection of property rights and the reduction of transaction costs to provide a dynamic basis for capitalist economic development. Both facets were integral to the process of state-building from the fifteenth to eighteenth centuries in which regional rules utilized provisions for welfare as well as force to extend their control over all the inhabitants of their realm. Indeed, it was precisely the need for such a politics of welfare over a larger area when the old local welfare arrangements were being broken down that went far to establish the ruler as the head of the state.

During the first half of the nineteenth century, the mercantilist formulas for state-economy and state-society transactions could not withstand "The Great Transformation." Karl Polanyi has stressed the ways in which independent labor markets with more than local and regional scope came to be a pivotal institution of industrial capitalism. With the introduction of market mechanisms to allocate people to jobs and set-wage levels, capitalism entered a new "liberal" phase. Now, as labor markets joined markets in capital and land, the conventions and moral impulses of economic markets became so powerful that the governing rationalities of capitalist societies that they no longer seemed to be objects of human action. Yet, Polanyi stressed, at the very moment when markets prevailed over mercantile regulation, they "imploded a start utopia" because they "could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness." For just this reason, it was inevitable that "society took measures to protect itself" by invoking the state both to organize the new markets and to mitigate their distributional effects. This linking of state and market quickly proved disorienting: "Whatever mea-

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their policies aimed at organizing markets and mitigating their distributional inequities.

This moment of passage from the mercantile state to a state seeking to manage a liberal capitalist order with citizenship rights often is described as an age of laissez-faire. This depiction is misleading. In empirical terms, laissez-faire never actually existed, much because of the inherent im-
possibility of sustaining a market system entirely on its own terms in an age of

citizenship. Even though it certainly is correct to see the early nineteenth
century in the archetypical case of England as the moment of the achieve-
ment of a free labor market and the erosion of mercantilist practices with the
scaling down of tariffs and the freeing up of food trades, even at this
heyday point when the state moved to deregulate commerce, laissez-faire
was compromised by the remaining statutes of the mercantile era and by
the beginning of the regulation of industry, initiated by the Factory Act of
1833 and extended by a host of legislative initiatives. “Throughout this
period,” Collin Holmes notes, “the trend was towards more rather than less
central government intervention in economic and social matters.”

In terms of political theory, moreover, laissez-faire never achieved more than a
partial influence. Even in the hands of Adam Smith, the state was given a
considerable role in the organization of capitalist markets, and there is
clear evidence that laissez-faire as a doctrine seeking to leave self-seeking
individuals and firms alone to pursue their interests was only one of many
influences on policymaking.

If not an age of laissez-faire, the middle of the nineteenth century was a
moment when the conjoining of large-scale economic and political develop-
ments led to the search for mutual and tolerable limits between the state
and the post-mercantile economy, on the one side, and the state and civil
society, on the other. This pursuit, by numerous actors both within and
outside the state, was characterized by new sets of substantive and strategic
transactions between the states of Europe and North America and their

capitalist economies and civil societies (now constituted not only by states
and groups but by individuals with rights). In forging these relationships,
the organization of states and their institutions changed, as did forms and
mechanisms of representation and the substance of economic and social
policy. At the phenomenal level, the new relationships between these altered
states and key others appeared as exchanges between the state and the

marketplace and between the state and its citizenry, reflecting new cir-


cuits of interaction between these newly constituted sets of actors that had
come into being.

We have seen how in the seventeenth and eighteenth centuries the por-
to-feudal division between property and sovereignty had convened new
forms of thinking about how to orient and guide a modern civilization
divided into components of economy, policy, and civil society. In the nine-

teenth century, the transformations that produced an economy of markets
and a policy of citizenship among the struggles of groups and movements
such as the Chartists, who responded to these changes and opportunities, pro-
vided sharp alterations to the questions, methods, and organization of
social knowledge. Subject matter, style, and institutions reformed and
were remade. A modernist policy intelligentsia, nourished by Enlighten-
ment conceptions of reason, considered citizenship, markets, and their
interwoven with the confidence that they could find scientific solutions to

economic problems. Their methods specialized, and the professionals over-
took the state.

How did this happen? What were the characteristic features of this pro-
cess? The restructuring of the forms and rules of transaction linking
states and markets within capitalist economies as well as those connecting
states and citizens in civil society constituted the provinces of the new
social knowledge. Rather than speak, as we commonly do, of these emerg-
ent ideas addressing problems of industrialization, modernization, or cap-
italism, a focus on these strategic domains of transaction invites more
exact considerations of the location of the problems and the problems them-
selves, addressed by producers of knowledge: how should the state under-
write and confirm property rights, organize markets, and mitigate their
distributional consequences; how should political and interest representa-
tion be organized and the relevant actors made to be defined? By focusing
on the transactions between state and market and state and citizen, we can
better understand how it was that these particular problem sets helped
stimulate the reorganization of institutions and ideas, and why it was that
a distinctive repertoire of options became available to scholars and policy
intellectuals as they crafted solutions to the problems they perceived under
these new conditions.

Thinking about policy-relevant knowledge this way restores a place for
intentionality without giving up considerations of enabling and pressuring
structural conditions. It also helps us treat policy thinkers as actors con-
cerned about specific realms of transaction and their constituent tensions
within two sets of limits: those defined by the material situation on the
ground and those imposed by the limited range of ideas and visions which
possess an affinity for the challenges posed by the liberal duality of markets
and citizenship.

In situations characterized by the crystallization of these new institu-
tions, practitioners of social knowledge, perforce, had two very broad
options: to accept or to repudiate these foundations of liberal social forma-
tions. Throughout the nineteenth and early twentieth centuries, deep reac-
tionary currents of refusal and restoration, radical renunciations of the
new moral economy, and forward-looking blueprints, the most important
of which was a powerful Marxist critique and teleology, assertively rejected
the new institutional and normative framework of liberalism. By contrast, the great majority of social analysts accommodated with varying degrees of enthusiasm to the new order and to its emergent power relations, and sought to solve problems within the boundaries of the liberal premise. Thus, the new social knowledge was inherently and inescapably liberal.

Within this framework, there existed a wide array of alternative conceptualizations, ways of organizing knowledge, and contestations about policies, from right to left (at both poles straddling the liberal/non-liberal divide); but these debates, no matter how hotly contested, remained circumscribed within a distinctive family of possibilities and they focused on a shared subject matter: the field of tension created by the simultaneous development of transactions between states and markets, especially as they concerned labor, and between states and citizens. The harsh realities of unequal and exploitative relations between economic actors helped create contentious class representations that intersected the radical impulses of citizenship to produce incendiary political possibilities, making both the modern state and modern capitalism precarious.

In these circumstances where inequalities of power and plenty undermined the naturalized status of the state and capitalism, the producers of social knowledge—individual scholars and theorists, and in organized settings, such as universities, learned societies, political parties, organizations devoted to policy goals, and governmental bureaucracies—struggled with how to interpret and manage the new transactions linking state and market and state and citizen with very mixed and often confused motives: to preserve the social order and to reform it, and frequently both. These questions of "for what?" cannot be answered in ways that definitively resolve whether knowledge-holders were independent or subservient to dominant interests; at a self-conscious level, policy intellectuals have ranged from those positioned at the pole of radical criticism to those who wished to serve privilege without making independent assessments. What joined them together across this variety of structural and normative positions was their shared "about what?" subject matter; the commonality defined the dominant, distinguishing characteristics of the new social knowledge that began to be elaborated in the middle decades of the nineteenth century.

Overall, this process of a shared agenda leading to an elaboration of policy-relevant social knowledge is best understood as a key element in the making of a revised liberalism, at home with the period's new separations and transactions yet deeply apprehensive about the stresses inherent in their development. Sometimes cast in a language of socialist transformation, sometimes in a conservative discourse, and sometimes in a vocabulary of individual rights, the center of gravity of the new social knowledge was located in the New Liberal attempt to find reference points and tools of administration for social policy which could integrate conceptions of individual and collective goods. The policy intellectuals who undertook this quest were not utopians. They saw no way to go back to a moment before citizenship and (labor) markets (indeed, in Britain, neither progressives nor conservatives in the late nineteenth century sought to return to the pre-1834 epoch, when social policy and economics were treated autonomously), and no way forward to a post-liberal era within the ambit of practical norms. "New Liberal" social knowledge sought to secure a role for the state within this region of the possible, as Giovanni Procacci has put it, by finding a way to administer the "social problem." It did this both by freeing itself from non-interventionist liberal dogma that precluded a role for the state in organizing markets and in mitigating their distributional outcomes and by interpreting the tensions inherent in the relationship between liberalism and democracy. As a consequence, liberalism thickened, as it integrated the citizenship values of fairness and fraternity within its social philosophy and political economy.

The rise of a social policy and social science intelligentsia concerned on an increasingly specialized basis with the new transactions of the nineteenth century has been distinguished from literary responses to the same social condition by Wolf Lepke. Both sets of intellectuals sought to make sense of experience, the one in a more hermeneutical mode, the other in an interpretive mode based on science and engineering. Recent concern with feeling progress with the counter-Enlightenment. In France, the new sociology closely articulated with the Third Republic. The optmistic anti-clerical and republican program of the pupils of Comte and then of Durkheim sought to contend with the field of tension established by markets and citizenship while guarding against the predations of those who wished the Republic ill. In Britain, even those like the Webbs who sought to transform the country by replacing the institutions of capitalism with the framework of objective scrutiny of existing patterns of transaction. There, New Liberalism conquered the field, displacing and reshaping virtually all its competitors; so too in the United States, within the framework of Progressivism. In Germany, the new social knowledge also partook of this character, but like so much else eventually suffered the fate of the country's precarious liberalism. Not surprisingly, in light of this fragility, German social science developed especially skittish and self reflexive qualities.

The broadly common development of a quest for knowledge about state-market and state-citizen relations in the major countries of the West proved both a diagnostic and an institutional matter. Scholars and intellectuals began to talk and write in innovative ways within increasingly intensive networks organized by new institutions. By late century, the people, the ideas, and the organizations of the knowledge community had begun
to take on an enabling role in the policy process. Even in their more critical
collectivist aspects, such as Fabianism in Britain or institutionalist la-
bor economics in the United States, knowledge professionals became poli-
icy intellectuals; in this sense, insiders. Although the twentieth-century
welfare state hardly can be said to have been "caused" by these policy
intellectuals, it owes its architecture to their assumptions, deliberations,
and influence.

"New Liberal" Social Science and Policy Analysis

The place of pride in social analysis in the age of the "New Liberal" belongs to
the moral sciences. Classical political economy had been elaborated within
its embrace. Over the course of the nineteenth century, into the twen-
tieth, this integrated social knowledge was replaced by professionalized,
discipline-based attempts to grapple with the specific tensions inherent in
the elaboration of markets and citizenship in liberal societies. At state was
the character of the extended responsibilities and jurisdiction of the state
with respect to both markets and citizens. From the vantage point of the
transactions between the state and markets, the central issue was how to
shape the state's interventions to make markets function effectively and to
make their distributive effects tolerable. From the perspective of transac-
tions between states and citizens, the issue was the balance between freedom
and domination. Together, these questions elaborated the themes of moral
philosophy under radically revised conditions.

This transformation in subject matter, style of work, and institutional
organization was no simple linear development. At the risk of being far
schemed, we can distinguish two overlapping moments, each charac-
terized by an important pair. In the first, spanning the 1850s through
the second decade of the twentieth century, the knowledge community,
divided into specialists concerned with one or the other of the transac-
tions of state-market and state-citizen. Integrated knowledge separated into dis-
tinctive zones for the study of economics, politics, and society, ultimately
devolving into wholly separate professional disciplines, each with distinct-
tive intellectual tendencies. 24 The founders of sociology in the last third
of the nineteenth century and the beginning of the twentieth, a period of
intense professionalization and crystallization of disciplines, considered
market mechanization inadequate to secure the social order, and in this way
distinguished themselves from the economists, who, in turn, were coming,
with the neoclassical marginalist revolution, to derive the main justifica-
tion for markets from general equilibrium theory. Political science, too,
found a distinctive voice, concerned mainly with constitutional matters of
citizenship and the representation of interests. The second moment, from

...
legislation." Political economy was not a separate part of this effort, but integral to it because the organization of markets appeared as one of the central political problems of the age. The meshing between political economy and theoretical and practical work on the role of the state—a joining for which John Stuart Mill may be considered the archetypical figure—had been presaged by the role Adam Smith saw for political economy as "a branch of science of the statesman or legislator," and had been concretized by such acts as the application by Ricardo to Mill's father, James Mill, for guidance about the "science of legislation."

Though closely related, classical political economy that searched for capitalists' "laws of motion" and this new science of politics that sought to manage the tensions inherent in the new transactions between state, market, and citizen, became distinctive crafts. Writing as early as 1825, J. R. McCulloch made this argument in his Principles of Political Economy by distinguishing broadly common economic imperatives across national boundaries from the political variations which distinguish one country from another:

The science of Political Economy was long confounded with that of Politics; and that it is frequently impossible to treat those questions which strictly belong to the one without referring more or less to the principles and conclusions of the other. But, in their leading features, they are sufficiently distinct. The laws which regulate the production and distribution of wealth are the same in every country and stage of society.

What is striking in this passage is McCulloch's belief that what varies in political affairs is not capitalism as such, understood at a rather high level of abstraction, but the rules governing its relations with the state and society.

When John Stuart Mill deductively worked out the consequences of people acting on the single imputed rational motive of desire for the enhancement of wealth, he deliberately abstracted from the multiplicity of human motivations. As a result, his Political Economy was a very spare work that reads as a transitional period piece in its exclusion of specific policy recommendations and in its insistence that "the explanation of any actual sequence of events will always involve the findings of a combination of sciences." Mill's project thus joined the ambition of discovering a coherent political economy to an acknowledgement of its limited practical significance:

I confess that I regard the purely abstract speculations of political economy (beyond those elementary ones which are necessary for the correction of mischievous prejudices) as of very minor importance compared with the great prac-

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For Mill, the most important theorist of nineteenth-century liberalism, the reason to focus on political economy was to better be able to guide a "science" of politics and legislation with regard to the organization and regulation of the economy. Equally, but separately, he also focused on the new transactions linking the state and its citizens, not only in his famous considerations of liberty and representative government but in other works, such as the Logic of the Moral Sciences, where he mingles the vocabulary of citizens and states with that of individuals and societies.

Mill's discrete focus on each of the two new transaction sets found important resonance in his country's first significant social science institution, the Social Science Association, founded in 1857. Created to consider the problems of social economics and to promote legislative reforms in the House of Commons with regard to education, law, penal policy, public health, and the regulation of markets, the Association self-consciously viewed itself as a conduit between politicians and an expanding citizenry with political rights, and it came to play an important intersitital role in the Victorian state by proposing ways to manage the "social problem" attendant upon the simultaneous existence of labor markets and an expanded citizenry. The Association flourished as an intellectual and political center for three decades. Officially, it was nonpartisan, but there is no doubt it was a quintessentially liberal institution. The Association was guided by the conviction that the central matters of political life were constituted by the liberal institutions of markets and citizenship, and led by key members of the Liberal Party. In July 1868, just a few months before he became prime minister, Gladstone presided over an Association meeting on wage rates, labor relations, and labor markets that led to the formation of an Association Committee on Labour and Capital, which engaged in the mediation of labor disputes for a five-year period.

Like Germany's Verein für Socialpolitik, the Association fused reform and social science in its attempt to provide expert knowledge on behalf of a project its members conceived of as an endeavor of social integration. Working before the development of separate social science disciplines and before the creation of an autonomous and politically ambitious labor movement, the Association succeeded in joining under liberal auspices a wide array of intellectuals as well as Liberal Members of Parliament, trade union and cooperative movement leaders, and other reformers in a quest
to bring expertise to bear on the project of creating a new liberalism capable of surmounting the now manifest inadequacies of traditional political economy.

As late as 1870, near the close of this transitional period, political science yet could be defined by John Seely as "political economy and history together." In the next fifty years, political science secured a disciplinary status divorced in large measure from both. It came to focus in a specialized way on constitutionalism, law, political parties, interest groups, voting, and other mechanized aspects of representation—"that is, on the rules of state-citizen transactions. During the same period, political economics shed its adjective and its claim to be an aspect, in its science, of moral philosophy. Recast as a scholarly craft in the mathematical language of post-Jevons marginalism, it was not so much that economics no longer wished to concern itself with larger questions of human nature and social organization. Rather, the economists of the period sought to elaborate a science of markets on the basis of an elegant simplification about just these issues, but not for the sake of science alone. This new economics, for whom the key figure certainly was Alfred Marshall, was created in the service of the ethical goals of the period's New Liberalism. Under his remarkable influence, deductive work within economics replaced historical scholarship. This narrowing of focus was accompanied by a sharpening of theoretical ambition to create an economics as a timeless and institutionless body of knowledge. Only in the peripheralized field of economic history did time and place persist as legitimate facts of inquiry. Yet, as Reba Soffer has stressed, at no time did Marshall lose sight of social obligation grounded in the progressive and rational liberal impulse. Introducing a distinction between explanation and improvement, he sought to found a science capable of pragmatically informing public life.

Indeed, Marshall was an exceptionally important figure at two juncture points: between classical political economy and disciplinary social science; and between the latter and the world of public policy. His Principles of Economics, published in 1890, explicitly sought to place pioneering analytical techniques at the service of human improvement. While Marshall's economics was neoclassical in the sense that all its aspects concerned the fluctuating equilibrium of supply and demand, this equilibrium depended for him on the subjective decisions of producers and consumers in pursuit of qualitative time-bound goals in pursuit of a better life. Thus, although he was at odds with radical liberals and socialists like J. A. Hobson and R. H. Tawney, who lacked a grounding in solid economics, Marshall tried to establish an empirically sound economics in the service of social concerns both through his activities (such as the Economics Club he founded in 1899 that brought together economists, businessmen, and proto-Fabians, and was a precursor of the Fabian Society) and especially through his work, which sought to make economics a science of welfare. "He did this," Soffer writes, "by developing flexible tools of economic analysis that served the rational and moral progress of human nature in society, and by setting the professional standards of social responsibility that would later characterize the economics of A. C. Pigou, John Maynard Keynes, and Joan Robinson." Although Marshall became more aloof from policy concerns in his later years, this, in her judgment, "does not vitiate the genuinely liberal impulse that made him the remarkable founder of an economics with social welfare and self-respect as its ends."

Marshall, in fact, proved to be a transitional figure in at least one important sense: he neither sought nor anticipated. Once his new mathematical tools became central to economics, the discipline developed in ways that elaborated technique at the expense of its value-laden preferences. The new Marshallian economics deepened its scientific capacities at the expense of its practical effects on policy issues of the day and on its ability to analyze, or even take an interest in, the rules of transaction governing the relations of state and market in particular historical settings. The increasing ambitions of marginalist economics in its own sphere, and its self-confidence divorce from the traditional moorings of political economy in moral philosophy, historical studies, and political theory, soon had the somewhat paradoxical effect of distorting economics as a "science" from the problems in society its founders sought to understand and effect. Just at the moment when, in the late nineteenth and early twentieth centuries, the social tensions of markets and citizenship intensified under the impact of economic depressions, the radical transformations in industrial size and class structure entailed in the second industrial revolution, international rivalries for markets, a new geopolitics characterized by imperial ventures and, ultimately, by total war, the academic discipline of economics lost a good deal of its capacity to function as a practical policy science. In part this was a matter of a distancing from practical affairs, in part a flight to abstraction, in part a deliberate decision in favor of the ambitions of science at the expense of the ambitions of moral discourse.

Throughout most of the nineteenth century, the language of political economy had shaped debate about the role of the state (as alongside both history and law, which also commanded a great deal of prestige). By the end of the century, classical political economy virtually had disappeared, and the gentlemen generalist historians and lawyers had become archaic figures. These "all-rounders" were steadily replaced, on the one side, by academic scholars in specialized social sciences and, on the other side, by a growing body of policy specialists who claimed knowledge that both drew upon and crossed over the boundaries that divided the social sciences.

Labor experts, social workers, organizers of social surveys, public administration specialists, reformers concerned with social policy, and intellectuals
within social movements and political parties—both inside and outside the administrative apparatus of states—tried to come to grips with the intensification of the "social problem" inherent in interactions between states, citizens, and markets. These policy intellectuals were a novel and distinctive breed. Their main orientation was not to the social science disciplines as such, nor were they amateur seekers after a science of legislation in the manner of their mid-nineteenth-century predecessors. Generalists continued to lead the civil service and go for careers in politics and journalism; but increasingly, the choices they had to make were defined for them by the specialist policy intellectuals.

In spite of its abstraction and distancing from practical affairs, economics—and economists—were not left without influence. To the contrary, the new scientific economics achieved something of an encompassing contextual role with regard to the development in this epoch of a new kind of policy-relevant social knowledge that coexisted with, and drew upon, university-based social science disciplines.44 Economics set limits to common sense, by putting on a "scientific" basis the assumption that market outcomes are likely to be the most optimal, at least in the sense of the most efficient.45 This presumption in favor of competitive markets derived its legitimacy from general equilibrium theory; its effect on policy was to shift responsibility for disproof to believers, a turn that continues to prevail to the present day. The new social knowledge—even when produced by socialists—had to take care not to disturb market mechanisms more than necessary for specified, targeted, justifiable social purposes. The supersession of the market required the use of demonstration, one that could be achieved only in dire economic circumstances and during wartime, and with a staying power that did not easily outlast the instigating emergency.

But if economics emerged secure in this role, policy analysis (unlike the policy studies of today grounded primarily in microeconomics) principally adopted the language of public administration and social engineering.46 This language, nestled within the assumptions of Marshallian economics, facilitated a self-image for policy intellectuals much like that of the earlier liberals of the Social Science Association, which stressed the role of social knowledge in helping to transcend class conflict within a framework that accepted, at least implicitly, the divisions between state, economy, and civil society. The central concern of these policy intellectuals was how to build a state capable of dealing with the challenges of increasingly assertive working classes both as economic actors and as poorly integrated citizens. They sought to provide the state with institutional preconditions, but also with instrumental tools such as labor statistics to contribute to the management of these tensions and demands. The focus of these efforts pivoted on what only later, in the 1940s, came to be called the welfare state—the charter of policies and institutions concerned both with the mitigation of market distributions and with the substantive content of citizenship.

The May 1945 Hobhouse Memorial Lecture by economic historian H. L. Beale wonderfully captured this central tendency of the knowledge produced and instigated by the intellectual and administrative elites. In an essay written at the height of confidence assertion for the New Liberalism, with the tools provided by Keynes and William Beveridge, it presented the case for civil society and its role in guiding and mediating between the individual and the state. In a policy for the postwar years it is in the spirit of the Social Liberalism that Beale’s lecture was written. It presented the welfare state as a policy for the postwar years in spite of the collapse of the Liberal Party as an electoral force of any consequence (the social liberalism of postwar Britain was legislated by the first majority socialist government of the West and codified by successor Conservative governments in the 1950s). Beale’s subject was “The Making of Social Policy,” which he understood in terms of the establishment of “the conditions of rational co-operation in creative citizenship.” Unlike mercantilist interventions by the state with regard to markets and citizens, the new welfare state, he argued, is not based on rigid social stratification—it is becoming, or is, classless.” Social policy thus has James-like facings: it is “a collective term for the public provisions through which we attack insecurity and correct the debilitating tendencies of our capitalist inheritance,” and it has also made the positive declaration of civic minimas” to preclude a return to the primitive simplicities of economic liberalism.” In Beale’s optimistic reading, the welfare state joined the new social knowledge, solutions to social problems, and a classless professionalism in a successful institutional elaboration of the New Liberalism, and it provided the key instruments for mastering the charged transactions between state and market and state and citizen by its “policy of freedom through organization.”47 Within this matrix of people, organizations, and ideas, the socialist impulse in favor of greater distributive justice could be accommodated without the sacrifice of core liberal principles.

Liberal Knowledge and Social Power

Beale’s lecture defined the normative and practical location of the new social knowledge. To one side lay the pre-liberal conservatism of a Bismarck, who had sought to make workers a new estate subordinated to and dependent on the state; to the other lay the strong socialist assertion that only the transcension of markets and the integration of the domain of state, market, and citizen could resolve the contradictions of modern capitalist societies. The new social knowledge decisively rejected these alternatives. Based on what Michael Freedman has called a "mutual beneficence of science and ethics," liberals from T. H. Green to Keynes, and from L. T. Hobhouse and J. A. Holstein to Beveridge, modified the individualist
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and utilitarian bases of an earlier liberalism to make it speak to the tensions inherent in the new institutions, separations, transactions, and societal contradictions they observed and sought to master. Utilitarianism was made social. Individuals were treated as socially rooted. The welfare of the whole community was substituted for that of its parts. The state, the backbone of an earlier liberalism, now was seen as the only available instrument for capitalism and mass politics in the service of social utility. ("We have come to recognize, with Aristotle, the moral function of the State," D. G. Ritchie wrote in 1891, in his Principles of State Interference.) The new liberalism retained from the old the ideas of rationality, human progress, and a concern with law, representation, and constraints on state power. But it did not endorse the most unfettered ideas about economic freedom. It was not the market that the centerpiece of attention, but the relationship of the state and the market; and it was not the rights and status of individual citizens on which it focused, but the patterning of interactions between the state and its citizens. What came to be called New Liberalism developed in a complicated dialogue with socialist currents of politics and thought that produced not so much a convergence but a homology in which the new liberalism came to establish the basic terms of the relationship. In facing the "social question," liberals confronted the same issues of practical reform as socialists. Even though liberals differed from socialists about intellectual premises and long-term goals (there were innumerable public debates at the turn of the century in Britain between individualism and socialism), once liberals adopted the view that people are social beings and once they began to focus on how the state should regulate markets and mitigate market distributions in the name of citizenship values, their proposals for social reform and legislation came to resemble the blueprints of Fabians and Labourites very closely. Indeed, John Stuart Mill's posthumously published Chapters on Socialism, which appeared in 1879, had presaged this development in its call for attention to basic issues of distributive justice. Where liberals differed from socialists was in their wager that a social liberalism would prevent the emergence of a collectivist society, while socialists bet on just the reverse.

The socialists, from their side, by deciding to participate in normal democratic politics and to accept, at least for the short run, the liberal institutional premises of markets and citizenship based on a division of property and sovereignty, developed sets of ideas and proposals that differed very little from those of the liberals. Writing in 1910, Sidney Webb acknowledged this correspondence: "... much of what is claimed as the progress of socialism," he wrote, "might be equally well described as a merely empirical development from the principles of Charles John Canning, Robert Peel, Jeremy Bentham, and Gladstone." Liberals and socialists borrowed generously from each other, but in a manner of unequal exchange; socialist ideas were made to fit within liberal ground rules, not the other way around. In this process, social democracy became a left-liberalism. Fascism (and, to a lesser extent, communism) asked, what is striking is just how encompassing the new liberalism has proved to be, and how dominant the policies promoted by practitioners of liberal-social knowledge had become by the end of the Second World War. With fascism defeated and communism the new enemy, this expanded liberalism faced no serious contention in the normal politics of the Western democracies. This is not to say that consensus replaced conflict; rather, conflicts about the contours of domestic issues took the form of debates about this or that essentially social liberal alternative even in situations where some of the most important contestants for power presented more radical alternatives for the long haul. From quite far left to quite far right, political competitors accommodated to liberal principles and institutions. Political contests became no less vigorous, but certainly less fundamental: not capitalism versus socialism or democracy versus totalitarianism (though this antimony defined the discourse of competition between the Soviet and American blocs), but a politics about rules of transaction between spheres within capitalism and democracy. Coherent repertoires of positions about these questions, pivoting on the degree to which the state should be assertive in organizing markets and in utilizing social policy for distributive goals, and on how the institutions of political participation and the representation of interests should be organized distinguished left from right formulas about state-market and state-citizen transactions. Each position was given voice by its own identifiable policy intellectuals, but together they constituted a single, inherently liberal, knowledge community.

The benefits secured for liberal societies by the robust development of social knowledge by this kind of policy intelligentsia ought not to be gainsaid, especially in light of this century's cruel alternatives. But we should also be aware that by conceptualizing their "about what" problems at the level of economic and political market exchanges, most policy intellectuals have left unexamined a host of issues about class and state, inequality and power. By working at the level of transactions between states and markets and states and citizens and by focusing on the welfare state as the target and culmination of their efforts, they tacitly have pushed the macrostructures of capitalism and states into the background of their work. In so doing, they have underscored the great normative achievements of liberalism, but also have become complicit in the silences inherent in the liberal project.

Today, well after the heyday of the New Liberalism and soon after the collapse of anti-liberal communism, it is pressing to think once again about the title question of this chapter. Inescapably, those of us in the West
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who earn our keep in the social science and policy communities are stamped by the ways our predecessors defined the objects of their attention. We are marked, therefore, not only by their liberal virtues but also by their complacencies.

I have profited from comments by Richard Benet, Tod Perlmutzer, Uzi Ram, Dietrich Rueschmeyer, Margaret Weir, and Aristide Zolberg, as well as the members of the Yale University Seminar in American Politics and Institutional Development, and the anonymous reviewers for Princeton University Press.

Notes To Chapter 1

1. I have found a recent paper by Donald Winch to be particularly instructive in thinking about influence and the causal status of social knowledge which would have to be assessed in relationship to such other factors of agency in the history of social and economic policy as class-based pressures and demands, the role of state officials, and the preferences of the clergy and others concerned with ethical and moral stances, to such structural determinants as shifts in the character of markets, the organization of the state, demographic changes, and the impact of modern warfare. In his contribution to the conference, “The State and Economic Knowledge,” held at the Smithsonian Institution in September 1988, Winch reflected on the emergence of economic intelligence as a central feature of twentieth-century states, and on how to situate ideas and their production within a larger causal perspective:

in seeking an alternative to mechanical and mono-causal analyses and conclusions, observers need not limit their scope to opaque holistic notions of zeitgeist or to pure pragmatism, on the one hand, or circumstantial determinism, on the other. Nor do they need to employ functionalist interpretations of ideology which leave little scope for the free-spirited advocacy of change based on new knowledge of how society actually works or ought to work. Ideas do not have to be treated instrumentally. Ideas, theories, and professed principles are the only way people can confer meaning on action; they can be fruitfully yet straightforwardly treated as the reasons that make best sense of our actions and recommendations for action by others. In societies that regularly require reasons to be given for public actions; in societies that have inherited a rich vocabulary of principles that can be invoked when discussing public affairs; in societies that possess elaborate forums and procedures for examining the adequacy of the reasons supplied by public actors, the history of ideas in relation to practice requires no special commitment or prior act of faith. It becomes no more (or less) than an extension of the rules of everyday conduct to the study of past beliefs, actions and debates. Differences of opinion between historians are not, therefore, about whether ideas have played a large or negligible role in history, but about what kinds of ideas—elaborate, conventional, explicit or otherwise—have to be invoked to make sense of which past actions.


2. Dorothy Ross, “Socialism and American Liberalism: Academic Social Thought in the 1890s,” Perspectives in American History XX (1977–1978), p. 79. For a fuller discussion, see her The Origins of American Social Science. Cambridge: Cambridge, University Press, 1991. Ross argues it is a mistake to see this outcome as having been preordained. Various religious and classical currents in American political culture provided potential crossovers to socialism and bridges between socialism and
liberalism. During the moment of the late nineteenth century when a generation of scholars in American universities transformed liberal thought from classic laissez-faire to the new social liberalism of Progresivismo, socialism appeared as a possible alternative. The divide between socialism and liberalism, we will see, is not always easy to discern; nevertheless, it is clear that Americans, far more than their British counterparts, emerged virtually exclusively on the liberal side of the line. Why so? Ross argues mainly in terms of the instrumental incentives and disincentives provided for the intellectuals, particularly the power of the business classes to deny employment to left-wingers within American universities. While I would not want to put aside these micro-policies as not relevant, if we were to pursue an explanation, it likely would be along other institutional lines that would focus, as Schweber does in this volume, on why the academic social science outside universities was relatively more successful in Britain than the United States. In Britain, knowledge professionals in institutions like the Social Science Association and the Fabian Society developed close affiliations with progressive political parties. By contrast, the failure of analogous American figures to be influential in the same way helped promote the more academic, university-oriented, bent of social science in the United States. There is a neat irony here. A great deal of historiographical effort has been expended on explaining the relative weakness of British sociology as compared to American. The attainments of sociology in the United States may be due to the relative political failures of its practitioners on the left; British sociology, scholarly weakness, by contrast, was the product of political success. A suggestive comparative discussion, see Lawrence Goldman, "A Peculiarity of the English? The Social Science Association and the Absence of Sociology in Nineteenth Century Britain." *Past and Present* 114 (February 1987). On the relatively vigorous growth of American universities as a more important venue for the new social sciences than their British and other European equivalents, see Ronald H. Jurasch, "Higher Education and Social Change: Some Comparative Perspectives." In Jurasch, ed., *The Transformation of Higher Learning, 1860–1960: Expansion, Diversification, Social Opening, and Professionalization in England, Germany, Russia, and the United States.* Chicago: University of Chicago Press, 1983. The American essay in the volume is by Colin B. Burke, "The Expansion of American Higher Education." As in Britain, the American knowledge community developed a split between more academic, disciplinary, university-based social scientists and intellectuals who sought to make a direct difference to public policy. But in the United States, the policy-oriented producers of social knowledge did so within more technocratic, "value-neutral," and social science-based institutions like the National Bureau of Economic Research and the Brookings Institution than their British counterparts. For fine discussions, see Guy Alchon, *The Invisible Hand of Planning: Capitalism, Social Science, and the State in the 1920s.* Princeton: Princeton University Press, 1988; and William J. Barbet, *From New Era to New Deal: Herbert Hoover, the Economics, and American Economic Policy, 1921–1933.* Cambridge: Cambridge University Press, 1988. A parallel comparison could be drawn between the role of intellectuals in British municipal socialism and American knowledge producers in Progressive municipal reform. A most useful and suggestive work is the comparative study by James T. Kloppenberg, *Uncertain Victory: Social Democracy and Progressivism in European and American Thought, 1870–1920.* New York: Oxford University Press, 1986, which can usefully be read in
states than there were cities with populations larger than 10,000 at the beginning of this era, reaching rough parity at the end, with a dramatic inversion of the early medieval nation by the nineteenth century as the number of cities grew while the number of states contracted. Charles Tilly, *Corporation, Capital, and European States, AD 900–1990*. Oxford: Basil Blackwell, 1990, Chap. 2. The best study of urbanization in Europe is Jan de Vries, *European Urbanization, 1500–1800*. Cambridge: Harvard University Press, 1984.

It is important to be cautious about the relationship of the development of towns after 1000 and the rise of capitalism. Towns were embedded within agrarian feudal social, political, and economic relations. As Paul Bairoch observes in a section of his work devoted to the city and economic development in Europe from 1000 to 1500, "the surge of urban growth" in early feudal Europe "received its fundamental impetus from economic progress, especially from progress in agriculture." Paul Bairoch, *Cities and Economic Development: From the Dawn of History to the Present.* Chicago: University of Chicago Press, 1988.


8. Capitalism is unique in history in having not one but two centers of authority, one built around the "economic" prerogatives of the business system, the other around the "political" prerogatives of the governmental system. In all other societies, from primitive to socialist, a single source of authority—village council, king, priesthood, party—makes both the determinations of war, law, and public ceremony, which we recognize as political, and the decisions on what shall be produced and how it shall be distributed, which we call economic. . . . Under capitalism, [the] cloak is torn in two, and the realm of activities having to do with material life is removed from the reach of political authority.


10. John G. Hall and John Ikenberry, "The State." Unpublished book manuscript, 1988, pp. 34, 35. If we understand representation, as Hannah Arendt does, "as standing for something absent," and as "authority, the right to make legitimate the occurrence of a certain action," then it is clear that a strict separation of functions between representation and government is impossible. The problem then is not one of achieving a role of separation of powers, but of finding a way to make the two functions compatible.


20. On this point, I have profited from reading Jose Harris, "Economic Knowledge and British Social Policy." In Turner and Supple, eds., *The State and Economic Knowledge*. For a remarkably sensible discussion of the 1834 watershed, see Peter Mantle, *The Making of the New Poor Law Revisited*. *Past and Present* 117 (November 1989). Commenting on the two dominant historiographical readings of the New Poor Law—one seeing it in terms of the triumph of laissez-faire, the other as a reassertion of paternalism—Mantle views the law as shifting the burden with regard to poverty to the pauper while, simultaneously, enhancing the responsibilities of the governors of the system within the county, the close that emerged as
the dominant governing class. The New Poor Law, in this reading, thus encapsulated some of the main tensions in the new emergent relationship between the state and society and the state and economy.


23. For a discussion, see Thomas and Meyer, "The Expansion of the States," pp. 470-77, who see state-building in terms of a moral, secularized, cultural project. It is striking how little these terms of reference have changed in the twentieth century. I think W. G. Runciman is quite right to insist that with respect to questions of equality and liberty concerning the role of the state in capitalist democracies, academics, journalists, and political leaders are still acting within the set of ideological constraints and assumptions that are very much like those of the New Liberalism of the late nineteenth and early twentieth centuries, and that the terms of debate between Left and Right have altered very little in the interim. All the more reason to focus on the emergence of new kinds of social knowledge at that time. W. G. Runciman, "Diary," *London Review of Books* (4 August 1988).

24. Social knowledge about economics, politics, and civil society initially developed without institutionalized supports and legitimization. There was little independent existence or organization of the disciplines until the 1870s. In the last third of the century, the development of separate disciplines were in hand with the substantial growth of universities. The solidification of both the universities and the separate social sciences took place only after World War One. For a fine discussion of the American case in these terms, see Dorothy Ross, "The Development of the Social Sciences." In *Alexandra Olson and John Voss, eds., The Organisation of Knowledge in Modern America: 1860-1920*. Baltimore: Johns Hopkins University Press, 1979. A complementary essay is Edward Shils, "The Order of Learning in the United States: The Ascendancy of the University," also in Olson and Voss.


29. Letter from Mill to Karl Heinrich Rau, cited in ibid., p. 141. For a stimulating discussion of Mill and social knowledge, as well as a broader consideration of the changing role of intellectuals, universities, and professions, see Stefan Collini,
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34. This formulation to some extent exaggerates the departure of economics from the field of practical social reform. After all, individual economists—think of John Commons and Richard Ely as examples—continued to try to be influential and remained engaged as advisors to policymakers and reformers. Nonetheless, the intellectualization of economics as an abstract, scientific discipline, this older style became much harder to sustain. A useful discussion can be found in Robert L. Church, "Economists as Experts: The Rise of an Academic Profession in the United States," in Lawrence Stone, ed., The University in Society, Volume 2: Europe, Scotland, and the United States from the 16th to the 20th Century. Princeton: Princeton University Press, 1974. For an overview from the Progressive Era forward in the United States that also stresses the wish of economists to be influential in public policy, see Robert N. Nelson, "The Economics Profession and the Making of Public Policy," Journal of Economic Literature XXV (March 1987).

35. In her contribution to the Smithsonian conference, Jose Harris, who argues that the impact of economic knowledge on modern social policy has been more episodic, diffuse, and informal than most historians of policymaking have allowed, nonetheless sees clearly that the new economic knowledge was intrinsic to the new social policy knowledge by virtue of its ability to penetrate the thinking of policymakers as common sense. This new generation's economic literacy set limits to policy thinking, and provided a framework of economic laws that were understood to be beyond question in the making of state policy. See Harris, "Economic Knowledge and British Social Policy," in Turner and Harris, eds., The State and Economic Knowledge.

36. In the United States, the gap between these kinds of discourse can be read on the pages of two landmark studies: Recent Economic Changes in the United States, published by the National Bureau of Economic Research in May 1929, which embodied state-of-the-art advances to analyze developments within American capitalism, and Recent Social Trends in the United States, which appeared in 1933 under the auspices of President Hoover's Research Committee on Social Trends, an enterprise that provided a Progressive grand application of social engineering to concrete social problems.

37. H. L. Beales, The Making of Social Policy. L. T. Hobhouse Memorial Lecture, London: Oxford University Press, 1946. The citations are from pp. 5, 7, 8, 9, 25. On the importance of Green and other key liberal figures such as Hobhouse and Hobson, see the discussion by Briggs, pp. 245–46. The impetus to reinvent liberalism to make it appropriate to the management of state-market and state-citizen linkages at a distinctive historical moment was also the project of Beveridge and Keynes in the 1930s and 1940s. Like earlier liberals, they sought to demarcate an appropriate sphere of state intervention delineated by the goal of making freedom and social equity compatible in a regime characterized simultaneously by a democratic politics and a capitalist economy. See the fine discussion in Karel Williams,