
Introduction: Social Contracts Under Stress

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When the British philosopher R. G. Collingwood set out in the midst of World War II to define a postwar “social contract” of “free participation in a joint enterprise,” he stressed first his cherished ideas of political consent. Calling his 1942 book *The New Leviathan*, he juxtaposed Hobbes’s consciousness of freedom against the imminent threat of German “barbarism.” Collingwood’s purpose was to reinvigorate the ideas of popular sovereignty and freedom inherited from the Enlightenment and combine them with the more recent commitments to social welfare and the reduction of inequality. After reestablishing a postwar order based on political consent, one had to reduce “gross disparities in the riches of individual members” of society. Thus, a new “social contract” would finally synthesize liberty and equality, the two great, but almost defeated, overlapping trends of modern history, and restore their viability.¹

Collingwood’s ideals were echoed by policymakers throughout the Allied world. In the British policy circles of these war years, concern about want stimulated William Beveridge and others to outline the contours of the welfare state.² In Washington, Franklin Roosevelt and his advisers, although they had abandoned their early New Deal attempt to repair the structural flaws of capitalism, placed the power of the state behind market-based redistributive mechanisms as a way to ensure the widespread diffusion of postwar prosperity throughout American society. Many voices in other Allied quarters contributed to imagining the postwar social contract. When the young French philosopher Simone Weil joined General de Gaulle in London, her reflections on the French national defeat led her to define a new postwar

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social “doctrine” that emphasized individual obligations toward the community rather than universal rights.³

What was important in these numerous and often conflicting blueprints was their emphasis on a shared will that would create and maintain new institutionalized patterns of social cohesion. Restore freedom first, then foster the democratization of wealth by facilitating access to the market, as most liberal American policymakers saw it, or by institutionalizing social protection, a course advocated by most Europeans. Regardless of policy, institutional arrangements were to be balanced with renewed individual commitments to the communal well-being.

Restoring and strengthening democracy required proactive policies that promoted social advancement. The social contracts of the postwar years stimulated middle-class expansion in the advanced industrialized nations, dramatically accelerating the American prewar trend of merging the working and middle classes into a huge, albeit differentiated middle class. Through a great variety of mechanisms of wealth redistribution and market expansion, the middle class of the United States, Europe, and Japan grew significantly larger, absorbing a large part of the working class by blurring the collar line. The challenge of this book is to recognize this large historical transformation as it took place in these regions, understand the social change it generated, identify its fault lines, assess its limits, and determine the extent to which postwar social contracts have come under pressure in recent decades.

Social contracts are works in progress and reflect the prevailing goals of the era in which they were formulated. In the first half of the twentieth century, they were merely ameliorative or “progressive.” They were designed to ease the excesses of *laissez-faire* and to bring the working class more fully into the mainstream. They raised the standard of living of some groups and pushed social policies to serve individual freedom, but their influence was uneven. They did not lead to a political consensus or a global class redefinition, nor were they intended to. By contrast, postwar social contracts, however flawed, were meant to be universalist. Although they were not implemented everywhere at once and some people remained excluded, postwar social contracts were designed with sweeping goals, in victorious nations as well as in nations that had lost the war. Despite their limitations, they were largely effective. In the span of one postwar generation in Japan and other parts of Asia, in Western Europe, and in North America, people of widely different cultural and national traditions, as well as of different wealth, status, and power, including

workers, came to see themselves as belonging to a broad middle class in a society that was predominantly middle-class.

The phenomenon has been not only widespread but in some cases extreme. From the mid-1960s on, about 90 percent of the citizens of Japan have categorized themselves as middle class.⁴ If there is a similarity among advanced societies today, it is that most of their citizens identify themselves as members of the middle class. Even large numbers of British workers, who have held out the longest, no longer hesitate to think of themselves as middle class. How did the various social contracts encourage this change of identity? How many diverse trajectories and prescriptions did it take? And why has this self-identification been so widespread? As this volume makes clear in its first part, the policies and emphases have varied significantly among nations and national blocs. But when national policies are laid out side by side, as they are here, their cumulative effect is inescapable.

As a descriptive statement of modern history, this assertion of great middle-class expansion is true, yet it has certainly not affected everyone equally or at the same pace. Much has been achieved, as we recognize, but the touted universalism has remained elusive. Cold war politics has complicated social policies at every turn in Germany and Japan. Moreover, middle-class expansion and social inclusiveness are not the same. As it has often been said, much of the old working-class life has been repackaged into middle-class identities. Racial inequality has proved incredibly resilient, especially in the United States, even after the "Second Reconstruction" of the civil rights movement. New gender relations have been formulated but have affected middle-class mores only partly.

We examine these problems in part II as we address the limits of the postwar social contracts in Asian and European countries as well as in the United States. This is where we note that postwar middle-class social contracts are not merely under stress but have also generated large social fractures of their own. In the United States, the middle class gave only reluctant support to minority rights in the 1960s. In fact, the exclusion of minorities from postwar prosperity motivated John Rawls to revive the debate on the social contract in *A Theory of Justice* (1971). As a philosopher, Rawls stayed above the fray, constructing his dialogue mostly with other philosophers as he sought to update Hobbes, Locke, Rousseau, and Kant for the 1960s and 1970s. But Rawls went further. In the midst of the civil rights movement, he saw civic disobedience as a social good to obtain justice.⁵ Other nations experienced the limits of middle-class expansion and inclusiveness. Everywhere in the 1960s, middle-class values were questioned.

Grassroots challenges to postwar social contracts climaxed in 1968 as the new fault lines became highly visible.

If the middle classes of advanced nations have been complacent toward those excluded from their social bargain, they have felt the pinch of slowing growth themselves, beginning with the oil shock of 1973 and continuing into the early 1990s. Moreover, while economic growth was slowing, the rules of the economic game were changing. International trading regimes and regional economic pacts have disrupted social contracts at both national and local levels. Even as economic growth returned in the 1990s, competition among the advanced economies under the new condition of globalization and regionalization continued to transform the terms of social bargains everywhere. This is the problem we take up in the third and most speculative and forward-looking part of the book. Here we seek to understand how new institutions and practices, which are encroaching on national sovereignty, are redefining the options that policymakers and grassroots movements exercise in defining the social contracts.

National Paths to Middle-class Formation

Such factors as greater access to education, higher levels of intergenerational upward mobility, a significant rise in the standard of living of workers through rising wages and collective bargaining, wide access to consumption, and the sharing by all of a new “middlebrow” culture helped make the postwar social contract a middle-class contract. At a different pace and under different conditions, all these mechanisms materialized in the countries studied here. The social distance separating the old independent entrepreneurs or the new professionals and upper managerial ranks from the huge working classes persisted, but the distinction between manual and nonmanual labor lost much of its significance for determining class identity. New class identities were renegotiated at the collar line, with the result that beginning in the 1950s, the collar line loosened dramatically, setting in motion a complex process of class redefinition.

Individual countries, each retaining distinct lessons from its own past, created their own variety of this postwar middle-class contract. To highlight national trends, the authors in part I analyze the factors favorable to middle-class expansion as well as the factors that deterred it in Germany, the United Kingdom, France, Japan, and the United States. They pay special attention to the surviving influences of older political cultures, to class conflicts, and to recurrent threats to middle-class social contracts by radical alternatives from both the

left and the right. While making no attempt to be comprehensive, they take up one or more of these problems within a larger national history. The result is a description of the diversity and contradictions in middle-class social contracts over three continents.

We begin with Germany, the country where building an inclusive postwar middle class in response to Collingwood's call for a return to political consent was most urgent. In his chapter, Hannes Siegrist gives us a comprehensive analysis of middle-class re-formation in Germany. He examines the re-creation of the idea of the middle class in the immense "social flux" of the postwar years. He looks at its redefinition as an inclusive "imagined community" in the context of the abandonment of old ideas of status (which traditionally used a multiplicity of terms to represent a more hierarchical society). Siegrist describes this phenomenon in both postwar Germanys. Under the supervision of the Allies, the West German middle classes became "a republican and democratic class," with the clear project of preventing the emergence of a Communist regime. At the same time, East Germany turned its middle class into a service class to serve the general interest of the working class and the socialist state. Siegrist then describes the difficult encounter of the West German middle class with the vestiges of the East German "upper service class" after the surprise reunification in 1990. As a result, while the middle classes of other countries are currently worrying about their future in the global economy, the middle classes in Germany are concerned about the extension of their postwar social contract to the former East Germany. They are, in effect, the first to work out the terms of the social integration of the former Soviet Union into Western Europe.

The British, Mike Savage argues, although citizens of the oldest parliamentary democracy, never thought of themselves as creating a large middle class until very recently. Savage explains the paradox of this old democracy holding on to a low level of middle-class identification and a high level of working-class pride. In the United Kingdom, a widely acknowledged and distinctive middle-class practice of emulating the gentry has kept the more prosperous members of the working class from aspiring to the middle class. Because the British aristocracy and the new "middle classes" refused for so long to carry the banner for democratic rights, it was the working class that took on this role and thereby forged an enduring cultural association between itself and the democratic tradition. As many as 64 percent of British citizens considered themselves members of the working class in 1991 and asserted that they were proud of its democratic heritage. A comparatively low level of middle-class identity has persisted despite the loss of industrial jobs that England has experienced along

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with other advanced economies in the last decade. Still, with fewer workers to integrate into its ranks, the middle class is finally opening up, resulting in considerable class and political ambiguity. As a result, England is considering the possibilities of a middle-class contract under the unexpected leadership of a “labour party,” which is awkwardly assuming a new middle-class identity under an old name.

France represents something of a distinct case: the middle classes have remained fragmented and refused to adopt a group identity. Christophe Charle tells the intriguing story of French political labels masking rather than revealing social identities. As he explains, the values of the nineteenth-century middle classes—work, economy, and the cult of individual entrepreneurship—were not fully consolidated into the Republican model of instruction, solidarity, and promotion. Class identities continued to be fought over in the political arena, where they split between right and left. In the Third Republic, the idea of a middle-class party was even so strange that it became known as the “radical” party, but it could never arbitrate for very long between political extremes. There were temporary alliances of smaller groups and moments of national unity, but a strong political center did not materialize. When some French leaders sought a national *rassemblement*, as successfully inspired by de Gaulle, they adopted a populist rhetoric, not one of middle-class identity.⁶ A social center could survive only if it was made up of many different political groups and thought of itself in “semantic ambiguity.” Hence the French habit of spelling “middle classes” in the plural; this was not a matter of linguistic preference but the result of a misfit between class and politics. As Charle puts it, “the middle classes, lacking distinct social boundaries and in search of social mobility,” have adopted a rhetoric of extremes, only occasionally leaving space for inclusiveness.

This history makes the ultimate convergence of the French social structure toward a broader middle class all the more remarkable. One way to understand it is to recognize its peculiar French makeup, fractured by the many sociological and organizational barriers that Patrick Fridenson describes as persisting to some extent even within the new middle class. Thus, a large number of public servants (over 5 million in 1999) have retained something of the corporate order of the old regime in the face of Europeanization. They prefer to perpetuate their own privileged arrangements rather than allow the creation of a market-based, middle-class society of the American model. Subcategories of civil servants have even worked out their own institutional arrangements within the larger French social safety net. This is but one of the many obstacles to the formation of a broad middle

class that Fridenson points to, yet both Fridenson and Charle see a larger middle class emerging in France, one freer from the ideology and allegiances of left and right and more willing to face the challenges of globalization and Europeanization, to which we turn in closing the volume.

Middle-class social contracts were clearly a postwar innovation in Japan even if there too we find some prewar antecedents. As in Germany, the old Japanese middle classes were tainted for having failed democracy. But unlike in Germany, only a marginal Japanese middle class existed before the war, and its members, dubbed “Western clothes paupers,” were often in a precarious position.

The experience of war and defeat, Andrew Gordon argues, had “a powerful homogenizing effect” as all Japanese strove to achieve a new life. Yet not until the late 1950s and the 1960s did “middle-class life” as both a mass experience and the self-identified status of the vast majority of people come to characterize Japanese society. By the late 1950s, a significant weakening of the collar line was well under way as the effects of mass education, the nuclear family structure, suburbanization, and the weight of new large-scale, bureaucratic, and commercial institutions were felt everywhere. By the 1960s, it hardly seemed possible to identify a separate Japanese working class. National issues had become, by definition, middle-class issues.

The Japanese constructing their own version of a middle-class contract could be seen as the ultimate victory of the Americans, if only the American middle-class consensus had been as solid as it seemed. Already in the 1830s, Tocqueville had posited the United States as the quintessential middle-class country of the future, but the large-scale industrialization of the late nineteenth century had been a serious obstacle.⁷

It took a long time for a modern mass middle class to form. To late-nineteenth-century adherents of *laissez-faire*, “social contract” still sounded like an oxymoron; Herbert Spencer denounced it as “baseless,” and his American disciple William Graham Sumner exposed “the absurd effort to make the world over.”⁸ Yet the trend was clearly toward the blending of the collar line. High industrial incomes, as Werner Sombart observed in his 1906 comparative analyses of workers’ wages, eventually helped support a widely shared American standard of living.⁹ Hard-earned collective contractual agreements and social legislation increasingly contributed to a higher family wage. As these factors combined with high levels of consumption and intensified in the postwar era in the United States, a class structure bulging at the center and with an income distribution resembling a bell-shaped curve struck analysts as an important and desirable

American phenomenon. David Potter recorded the moment in his famous 1954 essay *People of Plenty*.¹⁰ The American working class had finally made the notion of collective contract acceptable. New Deal guarantees had become the norm, and consensus scholars were celebrating a new era of conservative unionism and labor-management comprehensive agreements, which greatly fostered middle-class expansion.

But the consensus rested on a fragile alliance, as Meg Jacobs explains in chapter 6 of this volume. A large part of the middle class comprised those industrial workers supported by presumably inflationary wages earned at the bargaining tables. High wages for some brought the fear of rising prices and declining purchasing power for others. By examining “middle-class” class strife when conservative unionism was at its apex at the height of postwar economic expansion—two factors otherwise favorable to a relaxing of the collar line—Jacobs teaches us how little it took for the American middle class to feel insecure about its status and to turn on the institutions that had eased the entry of the working class into the middle class. A few wage-price maladjustments were enough to pit the middle and working classes against one another. In the midst of the so-called consensus of abundance, the language of politics prevailed over that of class (not unlike in France) as Republicans denounced union demands as inflationary. Jacobs shows that the politics of the bargaining table, under the right circumstances, retained the potential to obstruct class inclusion.

Constituencies in Conflict

After having documented the ways in which large middle classes have increasingly come to define new social contracts in the postwar years, we then turn more systematically in part II to the problem of inclusion in the middle classes. The institutions of mass society, which promoted the rise of the middle class, also promoted a form of middle-class homogeneity that was shaped by gender and racial biases.

This middle-class conformity of the postwar years has been thoroughly discussed by the social critics of the 1950s and 1960s, who denounced the stifling homogenizing effects of a new “mass society.”¹¹ These critics exposed the pressures that markets and politics applied to make people conform to average expectations. Although, retrospectively, they overestimated the agency of institutions and underestimated the agency of individuals, they were clearly correct in showing how difficult it was to make a mass society democratic. Even though

it may not be surprising that the drive to create a large, uniform middle class would incorporate—or at least leave unchallenged—popular and ingrained prejudices, the authors in part II show how long-standing prejudices, whether toward women or minorities, became reinforced and perpetuated by the middle-class social contracts. The presence of these older discriminatory practices in a sense strengthened social contracts for a while by making it easier for the mass of people to adjust to the new dominant norms—a need felt by new middle-class people on an unprecedented scale.

The hegemonic effects of this posture were clearly visible: the male-dominated nuclear family structure was built into the welfare states, and ethnic minorities had to assimilate to share in the distribution of resources. Many excluded groups would attack the social contracts and turn them into battlegrounds. We therefore examine the ways in which policies that in theory at least were meant to ensure the universalist nature of social contracts were biased against women and minorities. All of the contributors to the book address this important issue, but the authors in this part give it special attention.

That the mass middle-class contracts have not been universalist is all too clear in the politics of race, especially in the United States, where the term “mass society” first rose to prominence. But the United States was also the first country to discredit the term, which fell out of favor in the 1970s, precisely because racial politics exposed the segregationist underside of a benign pluralism of white males. At best, the American middle class stood aloof, leaving policy elites and the disadvantaged to haggle over the fragile terms of integration. At worst, middle-class expansion and minority rights clashed head-on.

Two studies of the politics of race in the United States ably develop these points. Ira Katznelson uncovers the political mechanisms through which the racial politics of the Democratic South, in the New Deal and postwar years, systematically undercut the universal pretensions of the middle-class social contracts. As Katznelson looks at the exclusionary tactics used by southern politicians, he finds that they tinkered with presumably universalistic policies (like the GI Bill) in such a way as to deepen rather than mitigate the racial divide. Katznelson's theme is the missed opportunity of these postwar years; he describes “the former Confederacy” using the federal political system to exclude blacks from citizenship and full access to civil society. As he puts it, a Democratic Party partnership of “strange bedfellows” obviously produced a series of “strange deals” that, together, constituted a program of affirmative action not for blacks but instead for whites “granted privileged access to state-sponsored economic mobility.”

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If there is one endeavor ideologically at the heart of a universal middle-class contract of inclusion, it is education. To borrow John Dewey's expression, education is the "democratic password" and the key to upward mobility for all.¹² If there were to be racial inclusion, it would happen as a result of education, which at least in theory was a central element of the social contract. Education has not, however, been an effective means of furthering racial inclusion in the postwar years, as Margaret Weir shows in chapter 8. The problem has partly been one of historical circumstances. In these postwar years, inclusion in the productive forces of large-scale industry rather than education was the principal means of attaining middle-class status through social mobility. African Americans, like other Americans, therefore improved their situation by taking well-paid blue-collar jobs that required little formal training. But the situation has changed. Now that the number of well-paid blue-collar jobs is rapidly declining in the United States, education has taken on added importance while African Americans' access to quality education has remained limited. Washington's general retrenchment has left the states, traditionally responsible for the education budgets, with seemingly too many other responsibilities to allow them to expand their educational programs. States have abandoned their great investment in schooling, and racial integration, which depends largely on the fragile politics of affirmative action, is again in danger.

Equality for women is also a divisive issue. In the United States, where women have made significant headway in redefining the social contract, there have been major contradictions and setbacks: the effort to pass an Equal Rights Amendment was abandoned, and old-fashioned tests of moral rectitude have been kept in welfare legislation longer and more fully than in other nations.¹³ Women throughout much of Europe, especially when employed outside the home, have also gained significant recognition of their needs, but not uniformly. As Chiara Saraceno details here, the Scandinavian countries, France, and Belgium have put the power of the state behind support for working mothers. But Germany, Austria, the Netherlands, and Luxembourg have been significantly more timid. In the United Kingdom, retrenchment has superseded the more generous spirit that characterized the Beveridge plan of the war years. The lowest level of benefits persists in the Mediterranean countries, which continue to insist on an established division of labor between men and women.

Instead of treating women uniformly as dependent on a man to gain access to the benefits of the welfare state, European countries have recognized, in varying degrees, the right of women to be independent participants in social contracts. The purpose remains that of balancing, as Saraceno puts it pithily, "the need and right to be cared

for, the need and right to care for, and the need and right not to be crushed by caring obligations.”

For caring obligations can indeed be crushing for Japanese women—to the point that, as William Kelly shows in chapter 10, their weight may very well be too heavy for the postwar idea of a “mainstream” to survive much longer. Few groups have experienced a greater transformation since the war than Japanese women, who were especially targeted for equality in the new constitution. Yet old gender hierarchies die hard. As Kelly retraces its history, “New Middle-class” Japan emerged after the war and benefited a generation not responsible for the war. With accomplishment returned pride, wide recognition, and a huge increase in the national standard of living. But with time and aging, more Japanese question mutually exclusive gender roles and no longer believe in the supposed “fairness of educational outcomes.” Two key ideological tenets of the mainstream are collapsing. Nowadays, Kelly concludes, the cultural and institutional web that has created “unifying frames for people’s experiences” is not equal to the domestic and international challenges of a post-catch-up, post-bubble era. Not only is demand for greater individual self-expression being felt more, but an aging population is less able to participate in the national project while increasing global competition makes the educational system more elitist, hence less consensual.

Moreover, as both Osawa Mari and Kelly show, gender inequality is being increasingly challenged. Osawa, who retraces the legislative measures affecting gender through carefully constructed social statistics, shows that reforms undertaken during the 1980s, whether by big companies or the state, have failed to reverse the gendered division of labor in Japan or provide adequate benefits that would free working women. Persisting structural inequality, in a society that prides itself on equality, makes Japanese women less willing participants in a social contract not adapted to their aspirations. Kelly concurs by pointing out that Japanese women, by questioning their status, may be putting an end, if not to male domination, at least to the old mainstream consensus. More Japanese women are postponing marriage and devoting themselves to moving ahead with their own careers. They are no longer willing to be caught between a work environment biased against them and home responsibilities that include both child raising and care for the elderly.

Vanishing Borders and the Social Contract

How effectively each country tinkers with its own social contracts has been increasingly dependent on events in the larger world. The much freer movement of capital across borders during the last two

decades is transforming labor markets in the United States, Japan, and Europe. Moreover, the European Economic Union (EEU), a generation in the making, is affecting national sovereignty in countless ways, with consequences for social contracts. At the same time, the slow but unmistakable integration of Eastern Europe into the Western orbit is changing European society. We examine the social consequences of globalization in the third and concluding part. With shifting economic relationships vastly reshaping the middle-class contracts that have characterized the last fifty years, we are entering the most speculative part of our book.

First among global problems is the obvious difficulty that national governments have in preserving the more generous promises of their postwar social contracts. A major reason for this failure is the need to keep inflation in check, the topic of Hiwatari Nobuhiro's important study on the comparative monetary policies of the United Kingdom, the United States, France, Italy, Germany, and Japan. Hiwatari's point of departure is simple: since "high inflation cannot be tolerated in a world of global mobile capital," the increasing volume of capital flow has "forced" governments with inflation rates higher than those of their trading partners to carry out disinflationary policies. To survive in the global economy, it has become imperative to reduce expenditures that cause inflationary deficits, even at the cost of unemployment. The ability to do this depends on political systems. Hiwatari sets up an elaborate model of the interaction between electoral systems and economic policy and shows how distinct political traditions have shaped the responses to the inflationary crisis of the 1970s and 1980s. He explains that the British and U.S. governments, operating within the context of high-inflation, majoritarian democracies, have fought inflation with adversarial measures. They have "mobilized pro-market forces by making them beneficiaries of tax cuts, privatization, and deregulation, while confronting the unions and targeting public assistance and employment programs to reduce the budget deficit." Moreover, the United States, facing persistent trade deficits, pressured trade-surplus partners like Germany and Japan (as well as Taiwan and Korea in the mid-1980s) to "appreciate their currencies and enact fiscal stimulus packages to increase domestic consumption." In Hiwatari's scheme, conservative politics takes on a new meaning in the context of anti-inflation policies. We also understand better why the determination of Ronald Reagan and Margaret Thatcher to cut welfare and regulation survived their administrations and found a second wind in Bill Clinton's welfare reforms and Tony Blair's "welfare-to-work" policies.

France and Italy, also high-inflation countries, have sought cooper-

ation rather than take adversarial measures. They have worked on agreements on deflation across party lines and between capital and labor. But they too have had to put a significant brake on employment security and cut back on welfare. Germany and Japan, low-inflation “consensus democracies,” have retrenched less because they had less inflation. But on the whole, Hiwatari maintains, the “inability” of all these governments to “guarantee employment and social protection” in the face of the necessities of global economic relationships has put the postwar social contract under stress and weakened the sense of security and entitlement among the middle classes.

Moreover, income inequality has been rising again in all advanced societies, undermining one of the goals of the postwar social contract of removing causes of friction between groups. In his famous 1955 presidential address to the American Economics Association, Simon Kuznets demonstrated that income inequality in the industrialized nations had been significantly reduced since 1929, despite widening during the early years of industrial capitalism.¹⁴ The leveling in Kuznets’s curve became almost a law of economics for advanced middle-class societies and a basic tenet of the social contract. But as workers are being “substituted for each other” across national boundaries, and the old Fordist model of production becomes a vestige of the past, a significant wave of inequality is overtaking advanced societies. Leonard Schoppa addresses this problem in detail. He documents the extent to which well-paid, low-skilled workers in the different rich countries are losing work to low-wage workers in the developing world. In essence, global inequality is now more likely to be seen on a national level. Taking this perspective, Schoppa compares the current wave of globalization with the preceding one (1870 to 1913) and analyzes several data sets, including one assembled especially for this volume by Derek Hoff (see appendix). Schoppa concludes that, although globalization is driving “a wedge through the middle classes of the advanced economies, pushing less-skilled workers down and more-skilled workers up out of a middle class that had for a few decades been home to both,” European countries have proven more efficient than the United States and Japan in stemming the tide of greater inequality. The mix of activist state policies at the heart of European postwar social contracts has proven more effective at holding out against the effects of globalization. In contrast, “the rapid increases in inequality in the United States, Britain, and Japan suggest that approaches that rely on consumption-led growth and convoy capitalism have *not* proven sufficient to maintain previous levels of equality.”

But Europe may not be ahead much longer. Pressures to create a

regional and probably less generous system of social benefits are increasingly felt. Opening economic borders and adopting a single currency may well be a prelude to a larger but less generous European social contract. Bo Öhngren, who takes up this question, argues that European welfare states cannot shield themselves in a fortress Europe. In fact, as Öhngren sees it, the forces for change lie within Europe itself. The countries of northern Europe, which provide the most copious benefits, have been reluctant European partners precisely for fear of having to reduce the level of their services to citizens, especially middle-class citizens, if they are forced to adopt a pan-European mean. In Sweden, the middle class stands behind transfers of income to government, which amount to about 40 percent of disposable household income. There is no middle-class consensus on social policy in the other welfare systems that Öhngren describes. "Compared with the broad Scandinavian notion of social policy as redistributive policies based on social rights irrespective of one's position in the labor market, the European debate taking place under the rubric of social policy is more concerned with industrial relations than with the making of a European social citizenship."

Moreover, as both Maurice Aymard and Hannes Siegrist powerfully show, if a new European social contract is to emerge, it will also have to make room for the countries of the former Soviet Union now joining an enlarged Europe. Hannes Siegrist opens this question in chapter 1 with his reflection on the effects of German reunification on the middle classes in both halves of the country. Reunification left large segments of the East German middle classes with little opportunity to participate in the privatization process. In chapter 15, Maurice Aymard enlarges the discussion to encompass the entire Eastern bloc in the midst of "an apparently peaceful but deeply revolutionary context" of social change. Aymard argues that the former Communist regimes generated genuine middle classes, even though they never bore that name. Their members had "education, qualification, and skills" even if they enjoyed less professional autonomy and personal freedom than their Western counterparts and were subject to severe restrictions on consumption. They too must be included in the new social contracts.

We are not attempting to predict how these issues will be resolved within new social contracts. But there are already limited models that suggest new departures. Arnaldo Bagnasco tells in chapter 16 the remarkable story of the resurgence of individual entrepreneurship in northern Italy. He describes an old provincial middle class regaining control of its political and economic destiny. In the last twenty-five

years, the northern Italian middle class has created numerous small firms, as well as a new kind of civil society, by aligning social, political, and economic ends. Small northern Italian entrepreneurs have drawn strength from a powerful mix of creative organizational capabilities and reliance on intense social relations. As a result, there are sixty-eight industrial enterprises in Italy today for every one thousand inhabitants, against thirty-five in France, forty-six in the United Kingdom, and thirty-seven in Germany. The new entrepreneurial middle classes have pushed Italy to the rank of fourth industrial producer in the world. Although Bagnasco sees difficulties in translating this model to a national scale, it nonetheless shows that under the right circumstances, a dynamic mix of economic efficiency, social cohesion, and political liberty can revitalize entire regions. The northern Italian revival came as a “post-Fordist surprise” and stands in sharp contrast with the economy of the politically regulated south. Bagnasco sees the Italian middle class, otherwise aloof between government action and the market, as capable of building institutions that generate efficiency and also guarantee democratic freedom.

Such is the range of our contributions. In gathering our multinational working group, we never intended to provide rigorously systematic comparisons or prescriptions, but to show, on the basis of a wide range of existing expertise, that the great postwar expansion of middle classes has been both an agent and an outcome of social contracts in the countries under study. By retracing competing trajectories to these social contracts and highlighting similarities and differences, we have documented the ways in which these countries have experimented with partnerships between business, labor, and government to improve the standard of living, create safety nets, guarantee social peace, and ensure political stability. As a result, they have expanded their middle classes and sustained the democratization of wealth for almost half a century. Despite these impressive results, however, many forms of income, gender, and race gaps have tenaciously persisted and are made all the more objectionable by the universalist claims of middle-class social contracts. But in taking stock of these broken promises and articulating the need for solutions, we are well aware that the richer countries’ ability to improve, or simply maintain, their existing social contracts is being challenged by the shifting boundaries of our political economy, as the chapters on globalization show. As it turns out, these new global economic relationships may be limiting social policy options in the countries studied in this volume while expanding them, at least partly, in less developed countries,

including the new European partners. Altogether, keeping the middle classes open and inclusive will require a renewed level of cross-national collective will. This book's ambition is to frame the issues for such an effort.

Notes

1. R. G. Collingwood, *The New Leviathan, or Man, Society, Civilization, and Barbarism*, edited by David Boucher (1942; rev. ed., Oxford: Clarendon, 1992), 133, 238–39, 258.
2. Jose Harris, *William Beveridge: A Biography* (Oxford: Clarendon, 1997).
3. Simone Weil, *L'enracinement* [1943], in *Œuvres* (Quarto), edited by Florence de Lussy (Paris: Gallimard, 1999), 1025–1218. Simone Weil died in London at age thirty-four. Although she would never meet de Gaulle and opposed some of his proposals, her views of postwar France had come to resemble spiritually those of the general. See Simone Pétrement, *La vie de Simone Weil* (Paris: Fayard, 1973), 654; and André-A. Devaux, "Une certaine idée de la France . . .": Simone Weil and Charles de Gaulle," *Cahiers Simone Weil* 21(December 1988): 301–27.
4. See Kelly (this volume).
5. John Rawls, *A Theory of Justice* (Cambridge: Belknap Press of Harvard University Press, 1971). Although Rawls makes only a passing reference to Martin Luther King Jr. (364n), civil disobedience plays an important part in his attempt to resolve the tension between justice and goodness.
6. See Annie Kriegel, "De Gaulle, populiste et tragique," *Tocqueville Review* 13(1, 1992): 63–71.
7. Alexis de Tocqueville, *Democracy in America*, vols. 1 [1835] and 2 [1840], translated by Henry Reeve, revised by Francis Bowen, and further revised by Phillips Bradley, with an introduction by Daniel J. Boorstin (New York: Vintage Books, 1990), especially 1: 177–78, 213.
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10. David Morris Potter, *People of Plenty: Economic Abundance and the American Character* (Chicago: University of Chicago Press, 1954).
11. See, for example, David Riesman, in collaboration with Reuel Denney and Nathan Glazer, *The Lonely Crowd: A Study of the Changing American Character* (New Haven: Yale University Press, 1950), and Dwight MacDonal, *Against the American Grain* (New York: Random House, 1962); see also *The Essential Frankfurt School Reader*, edited by Andrew Arato and Eike Gebhardt (New York: Urizen Books, 1978).

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