



## The Cambridge History of Twentieth Century Political Thought

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### Take-Aways

- The welfare state sought to control the economy and politics to redistribute income from the rich to the poor.
- The welfare state provided pensions for the elderly and assistance for workers who unexpectedly became sick, hurt or unemployed.
- John Maynard Keynes is the economist most associated with the welfare state's rise.
- Keynes believed that economics should be a moral science that protected the masses from the vagaries of the free market.
- The welfare state and Keynes' theories receded after the 1970s economic setbacks.
- As women and all adult men won the right to vote, the twentieth century saw the rise of mass politics.
- Soviet-style Marxism sought to eliminate monopolistic capitalism from society.
- Soviet communism collapsed in large part because individuals held too little power, while the government held too much.
- The pro-Aryan, anti-Semitic racism embraced by Adolf Hitler had mystical elements.
- Identity politics arose as oppressed groups tried to redefine themselves politically.

### Rating (10 is best)

Overall	Applicability	Innovation	Style
<b>8</b>	<b>2</b>	<b>7</b>	<b>9</b>

## Relevance

### What You Will Learn

In this Abstract, you will learn: 1) The factors that led to the rise and retreat of the welfare state; 2) How Keynesian economic theories affected political thought; and 3) The historical context of the rise of Marxism, racism and identity politics.

### Recommendation

If you skipped those economic or political lectures in your History of the Twentieth Century class, or if you simply need a refresher course, this hefty tome will walk you through the “isms” of the past 100 years. Editors Terence Ball and Richard Bellamy offer a remarkably thorough history that runs the gamut from fascism to Keynes, from feminism to environmentalism, from surrealism to mystical racism, and in a way that makes you realize that they’re all intertwined. Be forewarned, though, this isn’t light reading. It’s a dense, academic work by major political thinkers. *getAbstract.com* suggests this book to anyone interested in putting today’s political climate into historical context. If you are involved in the financial life of Europe or the United States, this is your back story.

## Abstract

### The Rise of the Welfare State

The twentieth century was a cauldron that brewed a stew of political theories. Totalitarianism, fascism and communism rose and fell amid devastating wars. Feminism and other types of identity politics followed. Less dramatic but, perhaps, just as significant was the advance and partial retreat of the welfare state during the twentieth century.

The welfare state, a concept that reached its peak in the mid-1900s, used its power to control the economy and politics to redistribute income from the rich to the poor. In practice, this meant state pensions for the elderly and assistance for workers who unexpectedly became sick, hurt or unemployed. This idea of a safety net for the masses arose from the inequalities of the industrial revolution in the nineteenth century. European governments led the way in forming a new type of state paternalism. As early as the 1880s, Bismarck’s Germany set up systems to care for injured workers and the poor. Britain, France and Sweden also sought to create systems to aid the masses. The United States was much more reluctant, although it eventually followed on the heels of those European nations where the governments tried to combine the tenets of individual freedom with social equality.

The welfare state arose from a number of complicated factors. For one thing, in the early twentieth century political leaders began to think differently about the grinding, abject poverty that afflicted many Europeans. Poverty morphed from merely a sign of shiftlessness or moral weakness into a treatable social ill. The industrial revolution’s upheaval also brought change. While the rise of large-scale capitalism produced prosperity for some, it led to mass layoffs for others. With the rise of mass production, the job market suddenly became less personal and less stable. This development brought the ideology of capitalists — who advocated a *laissez faire* system where some prospered and others were thrown out of work — into stark contrast with the philosophy of the socialists. Socialists believed in work as a fundamental right, and wanted to regulate

“At its zenith in the mid-twentieth century, the welfare state was frequently defined as one in which the power of a democratic state is deliberately used to regulate and modify the free play of economic and political forces in order to effect a redistribution of income.”

“The partial de-personalization of employer-employee relationships and the growing fluidity of the labor market loosened the tie between workers and work: mass production created mass unemployment.”

“Keynes’ case against *laissez-faire* was as much a moral and aesthetic argument as it was an economic or political one.”

“The twentieth century witnessed the birth of the first global order the world has known.”

“Identity politics is about the democratic freedom of diverse people and peoples to modify the norms of public recognition of their political associations as they modify themselves.”

national economies in a way that prioritized the right to work. This conflict raged throughout the century, with welfare’s opponents labeling the right to work approach as a socialist plot.

This new system of welfare included pensions for the elderly, but that was the least controversial development. Government’s new role of protecting individuals from risk — the risk of injury, illness or unemployment — was more contentious. Proponents of this new type of social insurance included Pierre Laroque of France and Britain’s Winston Churchill, who touted the “magic of averages” as a way the state could afford to compensate citizens for unexpected calamities. Churchill advocated setting the minimum wage at a level that would provide for a worker’s basic needs.

The Great Depression opened the way for the arrival of the welfare state in the U.S. The minimum wage and workers’ compensation for those injured on the job both grew out of this school of thought. While such policies were startlingly progressive at the beginning of the twentieth century, they were commonly accepted by the mid-1900s. However, after the oil price shocks of the 1970s, a backlash grew against the welfare state. Economists questioned the financial viability of social insurance as President Ronald Reagan and Prime Minister Margaret Thatcher pushed for less economic regulation and more individual responsibility.

### Keynes and Full Employment

John Maynard Keynes was rare among economists because his theories had wide-reaching influence on politics and policy. Keynesian thought, with its emphasis on full employment and its management of the demand side of the economy, reached its zenith in the mid-twentieth century as the welfare state held full sway. Economists’ faith in Keynes’ tenets, widely interpreted to instruct governments to “spend their way out of a recession,” faded in the 1970s and 1980s as the combination of high inflation and intractable unemployment, or “stagflation,” wreaked economic havoc. The British economist, born in 1883, thought of the dismal science first as a moral pursuit. Keynes was deeply moved by the real human suffering that he believed was caused by *laissez-faire* economic policies. He famously wrote that economists’ oft-cited “long run” was meaningless to people who were being squeezed by soaring inflation. Under the old order, such instability eventually would reach equilibrium. “But the long run is a misleading guide to current affairs,” Keynes wrote in his *Tract on Monetary Reform*. “In the long run we are all dead.” He went on to urge central bankers to abandon *laissez-faire* policies and instead adopt active management of prices.

While Keynes’ theories have become synonymous with the welfare state, his thoughts in fact were quite nuanced. Keynes’ writings have been read as both liberal and conservative. He worried about social inequality, yet he did not advocate using public policy to redistribute wealth. While Keynes sought to temper the free market in favor of societal good, he also recognized that money and the promise of individual prosperity drive a healthy economy. In other words, Keynes believed greed was good, at least to a point. Yet he didn’t trust the common man or even run-of-the-mill politicians to solve national economic problems. Instead, Keynes thought such questions should be answered by an educated elite. In spite of his elitism, however, Keynes blamed the inefficiencies of British capitalism on the troubling degree of laziness he detected among Britain’s upper classes.

Keynes was a clear proponent of full employment and of a kinder, gentler economy that narrowed the gap between rich and poor. His revolutionary *General Theory of*

“Within a mass society political power could only be exercised with mass support.”

“The two major categories of Hitler’s thought were race and space.”

“Racial thinking became ever more elaborate, intolerant and invidious, with an increasing tendency to seek to define distinctions and hierarchies.”

“There is a strong case to be made that Marxism impoverished political discourse throughout the Soviet period and, arguably, still impedes the emergence of a healthy relationship between state and civil society in Russia.”

*Employment, Interest and Money*, published in the 1930s, espoused full employment as a policy. The arrival of World War II made that recommendation reality. The next problem was that full employment inexorably would lead to inflation. Keynes’ unusual solution was a savings plan that would set aside part of British workers’ earnings until after the war, in effect reducing consumption and keeping inflation in check. Keynes became a leading architect of the post-war Bretton Woods agreement.

Yet even as Keynesian thought became the dominant school of economics, a backlash developed. Austrian economist Friedrich von Hayek was Keynes’ leading critic. Where Keynes saw a benevolent bureaucracy, Hayek saw big government. While Keynes believed in controlling market forces for the greater good, Hayek declared such efforts to be ultimately harmful to national economies. Milton Friedman, another prominent critic of Keynes, blamed Keynesian concepts for the economic woes of the 1970s. Friedman believed that Keynes overlooked the importance of the money supply, and focused too much on fiscal policy while ignoring monetary policy. In contrast to Keynes, Friedman believed that markets were inherently stable, and that the welfare state overstepped its bounds. British Prime Minister Margaret Thatcher, who blamed Keynes for England’s ills, embraced Friedman’s theories.

### The Russian Revolution and Devolution

While Keynes hoped to temper the free market, and Friedman and Hayek aimed to unleash it, Vladimir Lenin succeeded at eliminating the free market altogether. His Marxist revolution in 1917 promised to hand power to the working classes. Lenin agreed with Marx’s view that capitalism was an inherently corrupt system that exploited the many for the gain of the few. Lenin also subscribed to the Marxist tenet that capitalism was doomed without competition, and that the concentration of capital in the hands of bankers and industrialists in the 1890s portended the end of capitalism. Lenin couldn’t explain why, during the next 20 years, capitalism continued to thrive despite Marx’s dire warnings.

When Lenin took power, his first goal was to dismantle the political structure of monopoly capitalism. But he spared the economic architecture of finance, envisioning a state bank as a way to establish a national system of accounting. Yet Lenin’s lofty theory quickly turned disastrous. Authority figures and educated people became the enemies of the citizenry, and society devolved into chaos. When the peasants took their land away from the landlords, they lacked any incentive to grow more than subsistence crops. Their only motivation for producing was to earn money to buy consumer goods, but no goods were available, so the peasants had no incentive to work. Agricultural production and industrial output plummeted. This chaos led Lenin to abandon plans for democracy in favor of dictatorship, and to return small and medium-sized businesses to private control.

Russia’s planned economy did not take hold until Lenin died and Josef Stalin assumed control. This unfolded at the cost of millions of lives, in stark contrast to Keynes’ view of the motivational power of the profit motive. In the Russian system, individuals had no control over their labor. Work collectives determined pay and doled out housing and scarce consumer goods such as cars and household appliances. Soviet citizens became adept at ingratiating themselves with those who controlled hard-to-find products. Laborers found they could get ahead by working hard, dressing appropriately and attending meetings. The Soviet system attempted to wrest power from the masses and place it in the hands of a few by centralizing economic clout. Political power knew no limits; issues were not debated openly. Lenin envisioned his policies as revolutionary methods for erasing capitalist inefficiency and spurring technical advances. Instead, they became obstacles to those goals.

“Talk of a looming ‘affordability crisis’ in the welfare state, long in the background, has suddenly gained new credence.”

### Imperialism, Racism and Fascism

Separate from the rise of the masses was the rise of the world’s first global order. The imperialism of the nineteenth century — and before — set the stage. Long before identity politics fostered new issues of public concern, the French Revolution foretold the rise of a mass society. Conservative political thinkers led such efforts, from the American domination of North America to Russia’s expansion in Europe and China. Imperialists sought to impose the will of the few on the many. Imperialism led to the rise of nationalism, a liberal political school that defeated imperialism on many fronts. The British were forced out of India in 1947, the Dutch left Indonesia in 1949 and the French lost in Vietnam in 1954. Racism, which envisioned Europeans as inherently superior to others, helped fuel imperialist policies.

Adolf Hitler exploited this twin rise of mass political power and formalized racism to bring his fascist regime to Germany. Hitler perfected the management of the masses, toning down his extreme racist views and touting economic and social programs geared to appeal to the German populace. Yet his real agenda was exerting the supremacy of the Aryan race and defeating “lesser” races. Hitler’s racism traces its roots to the 1850s, when white Europeans and Americans began to coat their racist beliefs with the patina of pseudoscientific classifications. These beliefs became known as “mystical racism,” purporting that European supremacy was not only visible in skin color or facial structure, but was genetically inherent.

Germany and Austria were the centers of this sort of thought. Racists believed that blond, blue-eyed Nordics were superior to all other races, particularly Jews and the Slavs of Eastern Europe. While anti-Semitism had existed for centuries, the form of anti-Semitism embraced by Hitler had a different slant. It posited Jews as parasitic members of an evil race. Hitler’s virulent hatred stemmed from a time when the dominant European culture was free to espouse its views on racial and other minority groups.

### The Mass Society

As political power spread after World War II, traditional members of the elite, such as aristocrats, clergy and intellectuals, were usurped by bureaucrats and demagogues. While political theorists hoped for centuries that an enlightened elite would lead society, the twentieth century saw the rise of the crowd as the political decision maker.

The idea of voting rights for all preceded the rise of the welfare state. As everyone gradually gained the right to vote, political power came to require mass support. Later, this mandate for broad support splintered into a variety of smaller movements. Even before the concept of identity politics took hold, interest groups such as gays, feminists, environmentalists and members of oppressed religions began to seek recognition of issues that mattered to them. Eventually, supporters of identity politics sought to redefine themselves on their own terms.

## About The Authors

Terence Ball is professor of political science at Arizona State University. A longtime academic, he has edited the political writings of James Mill and others. He wrote *Rousseau’s Ghost: A Novel* and other works. Richard Bellamy is professor of government at the University of Essex. He has edited a number of books and is the author of *Modern Italian Social Theory*, *Liberalism and Pluralism* and other books. This book is the chronological conclusion of the *Cambridge History of Political Thought* series.