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### Jennifer KLEIN. *For All These Rights. Business, Labor, and the Shaping of America's Public-Private Welfare State.*

Princeton : Princeton University Press, 2003.

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- 1 At the 1939 World Fair in New York, Thomas Parkinson, the president of Equitable Life Assurance Society, proclaimed: "Security! The modern world is in constant search of security." During the fair, Equitable policyholders could relax and find security in a garden and reflecting pool, which stood at the foot of the Equitable statue, aptly named *Protection*. Such a symbolic exhibit embodied the will of employers and insurers to adopt the language of security, which came to dominate political discourse in the thirties. Moreover, it reflected the battle to influence the very meaning of security from the 1910s to the 1950s. Jennifer Klein's *For all These Rights* is a piece of work that moves us farther in the direction of understanding the battle for security that involved social reformers, welfare capitalists, unionists and liberals. In the course of the twentieth century, as Klein argues, the private welfare system competed with the public welfare system. Interestingly, the author broadens traditional insights of the American welfare state scholarship in focusing not only on state structures but also on social movements and economic institutions. She departs from the institutionalist analysis of the state and offers a brilliant demonstration of the vitality of institutional relationships between business, labor and the state. Her chronological perspective challenges the traditional chasm separating welfare capitalism in the twenties from the New Deal's welfare state and collective bargaining. Indeed, the story of the book revolves around the continuity in social benefits provision from the 1920s into the post-New Deal period.
- 2 At the beginning of her demonstration, Klein uncovers the origins of the modern private benefits system, that is insurance companies, which promoted social and economic innovation. As no social insurance legislation existed, the companies pushed for the idea that American employers could and should meet the social welfare needs of their workers. Focusing on life insurance companies such as Equitable Life Assurance Society

and Metropolitan Life Company, Klein links their strategy with the political strategy of social reform groups such as the American Association for Labor Legislation (AALL). At their incipient stage, insurance companies attracted large and high profile welfare capitalist firms. Indeed, Equitable remained a firm primarily oriented toward upper-middle class and wealthy individual policyholders. The Metropolitan Life departed from this strategy and became the “working man’s firm.” Yet, the big breakthrough in group insurance came after World War One, when the insurance firms’ strategy met the will of new managers such as GE’s Gerald Swope or Kodak’s Marion Folsom, who wanted to promote a social philosophy. According to them, corporate management could remedy the problem that neither the political system nor the free market could solve. Therefore, Met began developing a wide range of policies for employees to provide for their work. During the Twenties, this insurance company had to compete against the AALL’s proposals for public health insurance, women social welfare activists and the policies of the “new unionism.” Interestingly, Klein focuses on the Met’s social experiment hold in Kingsport, Tennessee. The insurance company designed a program for employees who had to view companies as “their family rather their enemy.” Indeed, workers often resented employers’ insurance policies. While they faced frequent layoffs, they preferred to invest for their family’s welfare in local ethnic societies or mutual benefit fund. To face such a challenge, Met created a new division, called the Policyholder’s Service Bureau (PSB).

- 3 This bureau was trusted with the responsibility of marketing man-based industrial security. Under the leadership of Henry Bruere, PSB gathered a base of information and data that promoted the idea that social well-being was part of the human engineering project. In her brilliant analysis, Klein demonstrates that PSB’s experts shared the view that social instability resulted from a mismanagement of material and social instability rather than from any intractable conflict between social classes. Paradoxically, experts focused on macroeconomic problems that could only be resolved at the microeconomic level. It is no coincidence that PSB should be asked for management expertise after the major strike that took place in 1922 in the railroad industry. PSB sought to depoliticize the operation of the railways. In the fierce labor context of the postwar years, experts claimed that employees’ welfare program could appease workers’ resentment. Importantly, this marriage between employers and management experts of insurance companies gave birth to the idea that social issues could be treated privately. Indeed, during the Twenties, insurance companies helped to reinforce what Klein calls the “insulated managerial authority” (p. 49) of American industry. Moreover, this decade also foreshadows the development of group insurance after the Depression.
- 4 At that time, insurance companies kept aloof from industrial pensions. Most American workers were enrolled in pensions plans provided by fraternal societies, labor unions and self-insured employers. The Depression put the industrial pensions at the forefront of the political debate as popular movements such as Upton Sinclair’s End Poverty in California pushed for old-age pensions. Interestingly, Klein shows that in response to the social politics of the Depression era, many employers and insurers launched an effort to preserve private welfare. Most of them thought that government solutions could be avoided if business made private options more dependable and realistic. At the beginning of the Thirties, PSB was asked to advise firms that sought to maintain welfare capitalist schemes, even as they scaled them back. Yet, workers and unions remained sceptical. Organized labor did not abandon its suspicion that employer-provided pensions

undermined workers' agency and autonomy. Indeed, this fear explained the rising role of the Federal Government in the social insurance field. For welfare capitalists, it was an even more profound challenge.

- 5 Importantly, the politics of the New Deal put *security* at the center of American political and economic life. For liberals, security was grounded in the notion of rights. Grass-roots movements such as the Townsend movement reinforced this ideology of security by emphasizing the communitarian norms of solidarity. In such a political climate, Roosevelt launched a new economy of welfare in which the ideology of security proved a powerful construct. The Social Security Act and the 1939 amendments transformed the extent of institutional relationships between state, business and labor. As far as employers were concerned, they viewed the fledgling welfare state as a minimal base, which had to be supplemented by private institutions. They sought exemptions from a public social insurance program and tried to adapt welfare capitalism to the newly welfare State. The author blames New Deal liberals who inadvertently encouraged the development of a privatized social security system, either through tax laws (in 1938 and 1942) and the 1939 amendments to the Social Security act, or by accepting the ideological arguments for private supplementation of the public welfare state. During this chapter, Klein perfectly links the fledgling of the welfare state with the continuous struggle of welfare capitalists. While employers accepted the idea of providing economic security, they intended to do so on their own terms. Indeed, the permanence and rejuvenation of welfare capitalism shaped the boundaries of the American welfare state and reinforced the legitimacy of welfare capitalism. Conversely, as employers shaped a new policy of security in the late 1930s, many health care projects developed at the local level. As Klein brilliantly argues, it was an innovative period, largely neglected by current scholarship. Indeed, social workers, child welfare advocates, consumers' unions, women's groups and labor began developing health care programs in locations ranging from Midwestern cities to southern towns. This period of health security activism made health-security a two-tiered project: a federal government subsidy for insurance at the national level and group practice plans at the community level. Yet, these local experiments failed to gain national visibility. Instead, during World War Two, the federal government expanded its involvement in health care: the Social Security Board (SSB) solidified its position as the premier federal agency responsible for social welfare and promoted, according to Klein, private social welfare arrangements. It was the consequence of managers' success in resurrecting welfare capitalism, even in an era of union power. Klein gives compelling evidence of such a revival in focusing for instance on the Permanente Health Plan of the Kaiser Industries.
- 6 In the postwar years, despite a presumptive "labor-management accord" and due to a peculiar political climate, management often implemented welfare plans without consulting a union or labor representative. Indeed, they tried to circumvent union plans for employees and to implement their own programs based on group insurance. Very interestingly, Klein points out that the management offered insurance coverage that met the imperatives of industrial relations more than the security needs of American individuals and their families. Such coverage put the emphasis on medical insurance and eclipsed the orientation toward community public health and occupational health that had characterized earlier group health centers' approaches. This orientation in favor of cash-indemnity insurance and private pensions influenced the increasing fragmentation of the American welfare state. In the fifties and the sixties, the author demonstrates that

private benefits programs were inefficient, inflationary and unreliable from their inception. Klein calls historians to rethink the consensus of the period regarding collective bargaining and social welfare. Unions fought for programs that would have been much better at delivering more equitably priced and distributed services to entire communities. According to her, “collective bargaining did not even the balance of power; it reflected the balance of power” (p. 254). This failure has been compounded by the limits of liberals’ reform in the Sixties, which allowed private insecurity to endure even during Lyndon Johnson’s Great Society. The end of the story is a disenchanting one: the public policies of the past twenty-five years have been aimed at propping up the leaky private welfare system. Indeed, it is no coincidence that neither the private nor the public system should provide universal coverage. Therefore, at the beginning of the twenty-first century, the American welfare state remained fragmented.

- 7 This book is a major accomplishment. It reflects the specificity of America’s mixed welfare state in which social provision is dispensed through public and private institutions. To understand this unique mix of private and public social welfare, business and government cannot be thought of as inversely proportional levers. Brilliantly, Klein pushes our attention away from institutionalist analysis but avoids the trap of claiming that state reformers were innocuous. Yet, Klein still views liberals’ reforms as a delusion. From time to time, she could have been much more appreciative of liberals, notably during the sixties and the Johnson’s Great Society. Nevertheless, this book remains a brilliant and political demonstration. Contrary to the presupposed idea that if we reduce or eliminate the role of the state in social provision, business will fill the gap, Klein demonstrates that employers increased their commitment to corporate welfare program when government itself expanded its social welfare role. Moreover, another lesson gives readers food for thought: business enterprises are not stable foundations for long-term social security. The recent bankruptcies of Enron, Polaroid or Lucent Technologies sustain Klein’s analysis in so far as they embodied both the failure of corporate responsibility and the limits of privatized social welfare support. Indeed, this book is a must-read for historians but also citizens in quest of reformulation of the ideology of security.

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