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Journal of European Social Policy 1998 8: 139
DOI: 10.1177/095892879800800203

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COMPARING WELFARE STATES: SOCIAL PROTECTION AND INDUSTRIAL POLITICS IN FRANCE AND BRITAIN, 1930–1960
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Summary

In most comparative studies of welfare states, the remit of social legislation is taken as given. Little attention is paid to political convention which determines the scope and viability of specific types of state intervention. By focusing on the conventions which underpinned broader labour market policies, this article demonstrates how established parameters of state action defined contrasting spheres of social protection in these two countries in a period of welfare reform. In France, state regulation of the labour market emerged as the source of social protection and equity; in Britain, continuities rooted in a liberal political economy meant that industrial relations and social welfare remained separate spheres. Using legislative provision (such as social insurance) as a basis for comparative studies distorts academic analysis because the contextual significance of such provision varies – not only between countries, but also within different industrial and regional contexts as well as over time.

Résumé

Dans la plupart des études comparées des États providence, les attributions de la législation sociale sont considérée comme prédéterminées. On prête peu d’attention à la convention politique qui détermine l’envergure et la viabilité de types spécifiques d’intervention publique. Cet article se concentre sur les conventions sous-jacentes aux politiques générales concernant le marché de l’emploi afin de démontrer comment les paramètres d’action publique établis ont défini des domaines de protection sociale opposés dans ces deux pays en cette période de réforme de la protection sociale. En France, la réglementation par l’Etat du marché de l’emploi a émergé comme étant la source de protection sociale et d’équité; en Grande-Bretagne, les continuités enracinées dans une économie politique libérale ont fait que le domaine des relations du travail et celui de la protection sociale sont restés distincts. L'utilisation de législations (telle que l'assurance sociale) comme base pour les études comparées déforme l'analyse théorique car la signification contextuelle de ces législations varie – non seulement d'un pays à l'autre également au sein des divers contextes industriels et régionaux et au fil du temps.

Introduction

The years commonly associated with the establishment of welfare states witnessed a general extension of central government powers in order to: meet the challenge of mass unemployment; create an efficient industrial-military complex during the Second World War; and establish secure foundations for postwar reconstruction. State welfare became inscribed within broader forms of economic regulation and management. Welfare legislation was shaped by political conventions concerning potential spheres of state intervention; these determined the legitimacy – and therefore viability – of specific initiatives. The two countries studied here contrast markedly. Official regulation of the labour market was more extensive in France than in Britain; the problems of social reform were viewed in dif-
different terms. This generated a different set of priorities for policymakers and a different structure to the scope and range of welfare policies. Most comparative studies of welfare states look first at social legislation, subsequently at its wider impact. We argue that this approach is misconceived: to understand welfare states, we have to pick apart the political frameworks within which problems were identified and solutions proposed.

Much of the apparent transformation that took place between 1930 and 1960 can be attributed to new forms of state intervention and labour market regulation: through the growth of public-sector employment, the expansion of state ownership, the promotion of industrial modernization as well as the extension of welfare legislation. New modes of economic thought fostered new assumptions concerning the powers of the state as an agency for social and economic amelioration. The successful extension of state powers, however, demanded the acceptance by established interests (employers, workers, financial institutions) of the theoretical terms within which policy was now being discussed, the internalization of macroeconomic modes of labour market analysis and cooperation with new official agencies created to coordinate policy to achieve common ends. For this to happen, existing diversities in labour management, in economic coordination, in working conventions and agreements – all had to be brought to conform with the expectations established under new political and economic orthodoxies. In other words, to explore the creation of welfare states, it is necessary to focus on the state (the political context within which policies were developed and the means used to secure change). We do not analyse policy from the perspective of the state machine itself; rather, we reveal the limitations of official intervention by examining its outcomes in specific locations and industrial contexts.

The impact of difference in spheres of state intervention and frameworks of policy form the main theme of this article; in some respects, the analysis is similar to other comparative studies of economic and industrial policy (Hall, 1986). This perspective allows us to explore social policy from a different angle than the one commonly used in comparisons of welfare states, which view developments from the top down, taking the sphere of state welfare as given. The purpose of comparison is to identify those states (commonly Scandinavian) which supply the most universal, egalitarian welfare benefits and to establish variables which have caused this to be so. Alternatively, studies focus simply on comparative expenditure on specific programmes – an approach which prioritizes direct intervention over indirect regulation, national subsidies over other forms of social protection. Gosta Esping-Anderson broke the mould by demonstrating the importance of politics in the development of welfare states – and by pointing up the significant interrelationship between welfare states and labour markets (Esping-Anderson, 1990). While supporting this drive for contextualization, we argue that his approach does not go far enough. It neglects the ways in which changing relationships between government, industry and labour market – the nature of industrial politics – created different welfare agendas in different regions, industries, countries. It does not look at how collective expectations and assumptions about the realm of state intervention, as well as legislative objectives, came to define what state welfare implied in different political contexts.

This article offers an alternative approach. It exposes the different ways French and British governments intervened in labour markets to secure the common good, to promote social justice and equitable shares in prosperity. Although the contrasts demonstrated here do not come as any surprise – these two nations are widely conceded to have developed very different welfare systems – the approach can be extended to other comparative studies. For in France, as elsewhere in Southern Europe, welfare objectives were secured through channels which the British would characterize as belonging to the realm
of industrial relations. In France, the legal regulation of employment and the official creation of systems of industrial negotiation and bargaining – guaranteeing a minimum income, specifying mutual obligations between employers and employed and reinforced by law – proved a more apposite channel through which welfare objectives might be attained. This contrasts with the British experience, where repeated efforts to give government any role in industrial relations, collective bargaining or employment reform encountered persistent opposition from both sides of industry. This comparative perspective offers insights into 'possible worlds' (in the words of Storper and Salais, 1997), both of the realm of state action and the construction of state welfare, which goes beyond the more usual focus on single social issues.

The nature of employment in Britain and France

While variance in political convention helps explain one dimension of this difference in welfare development, part of any explanation must lie in structural features of the British and French economies in this period. The role of the rural economy in France – which dominated employment to the south and west of the country – is a case in point. In 1938, 87 percent of French farms were under 20 hectares and 86 percent of the active agricultural population comprised unwaged peasant owners (Pederson, 1993: 382). Traditional rural industries in the centre and south of the country remained small, frequently family concerns, sometimes workshop-based, sometimes utilizing travail à domicile – and largely reliant on female workers. Less than 50 percent of the working population was salaried in the 1930s and 30 percent of the salaried sector worked in enterprises employing less than ten people (Castels, 1995: 352). Artisan modes of production – of textiles, leather goods, clothing, foodstuffs and various consumer goods – formed a valued part of the economy. The Parisian basin and the north-east of the country were extensively industrialized; outside heavy industry, much manufacture was still small-scale and concentrated on produits de luxe which – like agriculture – were subject to seasonal variation. Heavy industry, dominated by authoritarian employers and tighter labour management, was subject to laws governing employment (rooted in the code civil and the droit du travail) which stipulated the rights and duties of employers and employed (Didry, 1994). Elsewhere, employment practices and traditions varied according to region, product, market, branch of industry – and were regulated according to local tradition. Household income depended less on a single male breadwinner than in Britain; married women's work was more common. Even workers ostensibly employed full time in heavy industry might retain a financial interest in family-owned land; the extent of seasonal employment allowed family members to follow different occupations at different times of the year – sometimes as self-employed subcontractors, sometimes as salaried workers. This variance in the nature of employment makes the impact of the 1930s Slump hard to evaluate: recession was not automatically converted into redundancy among workers in every enterprise, particularly in those small concerns where mutuality of interest between patron and worker fostered very different systems of labour management than those found in large firms:

... in France during the 1930s, fluctuations in the amount of work presented a different meaning and reality in different places (particularly industrial cities and the countryside) because of the dominant conventions ... There is no more unemployment in the modern sense, for example, if companies do not make the dismissal of redundant workers a principle of efficient economic management.

(Salais, 1994: 491–2)
Such diversity helps us understand why the introduction of social insurance, promoted since the turn of the century as the 'advanced' solution to problems of destitution, posed as many problems as it solved (Baldwin, 1990: 163–86). In many sectors, distinctions between employer and employed – essential for the collection of contributions and the establishment of benefit rights – remained incapable of effective application (Renard, 1995) thanks to the prevalence of family enterprise, the impact of seasonality and the problems of distinguishing the self-employed, the subcontractor and the waged worker in different parts of the economy and at different times of the year. The notion of unemployment remained highly idiosyncratic. Even at the height of the 1930s Slump, sources of relief remained geographically dispersed – allowing local practice to identify the 'unemployed' and the extent to which they might be helped. Hence, while 864,000 were registered as 'unemployed' in 1936 (the height of the crisis), the proportion of the working population recorded as economically active had fallen by 1.423m over the previous five years (Salais et al., 1986: 77).

In Britain, as several commentators have noted (e.g. Gospel, 1992), the mid-20th century witnessed greater continuity of employment – less mobility of workers between different firms and their concentration in larger units. Even so, compared to Germany and the USA (its main industrial rivals), British manufacturing firms were small, undercapitalized and heavily reliant on a skilled workforce to produce high-quality products for export. Interwar growth in firm size signified the acquisition of financial control over small units, with relatively little rationalization or modernization of traditional systems of production. The nature of employment varied according to the nature of the product, regional tradition, forms of labour management. Short-time working was widespread during periods of slack demand in footwear, pottery, hosiery, coal mining, textile production and textile engineering. In bicycles, automobiles, furniture, clothing, extensive subcontracting allowed manufacturers to externalize risk during the slack season, forcing outsiders to absorb the cost of recession. Such structures fostered irregular employment, particularly as unemployment levels remained high throughout the interwar years (Whiteside and Gillespie, 1991). Falling labour mobility between firms did not translate into greater regularity of work or greater job security; employers reverted to traditional strategies designed to shed surplus unskilled labour at the earliest opportunity (it would still be available if needed because opportunities for alternative employment were scarce) while retaining the services of experienced or skilled employees (whose services were vital for business revival) by sharing available work. In the 1930s, as the Slump bit, the principle of work sharing still influenced industrial practice. On the employers' side, trade associations in coal, textiles, iron and steel and other export sectors extended mutual protection by apportioning output, sharing markets and fixing prices among member firms: establishing cartels which, in the first two sectors at least, were strengthened by tariff protection, part of an unsuccessful government initiative to promote rationalization in those industries. State policy during the interwar recession reinforced traditional diversities in labour management and perpetuated employment variation between different sectors and in different regions.

In Britain and France, postwar policies creating full employment and extending social protection were set within different agendas and were inscribed onto varied conditions and conventions governing questions of work. In France, following a third German invasion in less than a century, postwar reconstruction focused on industrial modernization and the strengthening of large enterprise; this implied an extension of permanent employment, involving the formal subordination of each worker to a single employer. State-sponsored social protection extended compensation for this shift towards formal employment; here,
the significance of full employment rested in the second word. In Britain, by contrast, full employment represented a reaction to unemployment: the extension of job security and the permanent eradication of the social deprivation and economic waste associated with the Slump years. Hence labour market and social welfare policies in these two countries served different objectives, disguised under similar terms of reference. The preferred avenues through which French and British governments sought to introduce efficiency and promote modernization were themselves quite different and it is to this aspect of the issue that we now turn.

Modernization and the sphere of industrial politics

The impact of the Slump set the postwar agenda for labour market reform – although these agendas were not identical. In the mid-1940s, the issue became inextricably entangled with reconstruction, industrial modernization and the question of productivity – all central to the re-establishment of postwar economic growth. Anglo-Saxon historiography suggests that, in these areas, American influence became paramount. The largest, most powerful economy in the world offered a paradigm to other Western democracies – in terms of industrial standardization and systems of mass production, technological innovation, high productivity, professional labour management. The adaptation of American methods and know-how to aid European recovery became one of the principal objectives of American foreign policy. Under the Marshall Plan and the subsequent technical assistance programmes, French and British managers and trade unionists visited American plant to explore the relevance of American best practice for industrial reconstruction on the other side of the Atlantic. Postwar governments on both sides of the Channel issued reports on the advantages of American production systems and provided industry with a variety of incentives to adopt them. The American Way became a template of modernity; this – by and large – required the extension of salaried employment and standardized work-weeks, the rational grading and remuneration of workers within establishments, the extension of training in the most up-to-date technologies and the professionalization of manpower managements. The apparent similarity between the objectives of British and French industrial policy seems to justify assumptions about a growing convergence of employment practices during the 1950s and 1960s. However, for modernization to be successful, its aims and methods had to be internalized by all agents involved in industrial operations, not least manufacturers and the industrial workforce.

New strategies were not, however, transcribed onto a blank page. Closer examination reveals that American examples were not automatically preferred to indigenous forms of industrial production. Policy was superimposed on very different and diverse established systems; it was put in place within opposing conventions concerning the role of government in regulating economic and social affairs. On this last point, established political convention within both countries proved salient in determining the ability of postwar governments to achieve their goals. In France, as is commonly acknowledged, the tradition of state intervention in the economy dates back to the 17th century and legal regulation of relations between employers and employed was rooted in the Napoleonic code civil. Official involvement in industrial manufacturing – including state monopolies in tobacco and ownership of porcelain factories – was further extended during the Second Empire with state sponsorship of industrialization. This involvement of state and law contrasts strongly with the British neo-liberal tradition of minimal state intervention in industrial affairs. Both historical traditions influenced responses to postwar reconstruction and the growth of government in regulating economic activity.
On the French side, American equipment and systems were adapted to re-equip the nationalized basic industries, but the political environment within which these were established bore little resemblance to the liberal economy advocated by the Americans. The Popular Front government of the mid-1930s had established a framework for (and a programme of) central economic planning, involving nationalizations in armaments, communications, transport. The postwar years witnessed the extension and realization of this approach, also extending public ownership to sectors of finance and banking. The German occupation and the Vichy government had both forced French heavy industry to supply the Nazi war machine. The taint of collaboration discredited industrial opposition to any extension of postwar government regulation; the experience also exposed industry to centralized direction – reinforcing systems of manufacturing coordination which served the postwar economy well. The prewar trend towards the detailed organization, grading and remuneration of manpower was strengthened. This experience of working to a centralized plan shaped industrial reconstruction. Further, the association of the Resistance with the Communist Party – and the resurgence of the latter in the postwar years – helped promote the merits of central planning among workers and their leaders. This convergence of political opinion from both Left and Right provided the foundations for the Monnet Plan and the extension of official economic controls.

The application of Marshall Plan finance reflects the differences of approach which characterized the two countries. Chronic dollar shortages in postwar Europe delayed industrial re-equipment and threatened economic reconstruction, a deadlock which was only resolved by American aid. While 8 percent of Marshall Aid to the UK was used to purchase iron, steel, vehicles and machinery (the bulk being used to buy food and raw materials), the corresponding figure for France was 23 percent. France, Germany and Austria dedicated the greater part of their counterpart funds to public investment in industrial modernization. The British government used this money to retire debt (Milward, 1984: 101–8). In France, American aid formed 93 percent of public investment in 1948; the funds were isolated in an account for modernization and equipment (FME) which, under the direction of the Treasury, concentrated on four major, largely nationalized sectors – electricity and gas, coal, railways, iron and steel. The concentration on large enterprise was overwhelming; iron and steel absorbed between one-third and one-fifth of public investment in 1949–50 in the construction of two large strip steel mills based on capital equipment imported from the USA (Margairaz, 1990: chs 29–30). Public-sector investment provided enterprise with efficient power and communication systems. By the mid-1950s, central direction shifted towards the greater use of financial inducements. The application of public loans through state-owned banks and investment agencies helped modernize smaller businesses from the late 1950s, becoming the principle avenue for the implementation of industrial policy in the later postwar years (Adams, 1989: 72–4; Hall, 1986: ch. 6).

In Britain, the sterling balances ruled out any automatic conversion of Marshall Aid into imported American technologies and equipment. British war debts to other sterling countries had created reserves in London which were effectively pooled foreign exchange earnings, whose conversion into dollars required collective agreement among colonial and British leaders. International confidence in sterling remained central to British economic policy. This undercut the option of an extensive re-equipment programme and explains the high political priority given to the postwar export drive. Scarce supplies of steel were dedicated to the manufacture of capital goods for export, not for domestic reconstruction. Hence, in Britain, industrial modernization was not given the high political priority it won in France. While 49 British teams cov-
ering 17 specialist subjects visited the USA, the French sent over 300 missions in the same period (Kuisal, 1993: 80). As Britain was virtually the only exporting industrialized Western democracy that did not require payment in dollars, order books remained full and industrialists looked askance at official proposals to rationalize production and close down 'excess' capacity. As industrial re-equipment was initially restricted, so attempts to raise production focused on productivity, working hours, manning levels and questions of restrictive practices — areas widely held responsible for Britain's postwar industrial decline (Crafts, 1995).

The contrast, however, cannot solely be interpreted in terms of Britain's postwar financial position and its effect on industrial investment. If the French experience illustrates the fragility of collective faith in the merits of liberalism and free-market economics, that of Britain demonstrates the precise opposite. In Britain, the convention of minimal state intervention in industrial affairs survived the Slump; the acceptance of wartime controls remained conditional on their removal once hostilities ceased. Unlike France, where industrial opinion was discredited thanks to its record of wartime collaboration with the enemy, British industrialists emerged triumphant from the conflict which appeared to demonstrate the superiority of British economic liberalism over the state-directed economies of the fascist dictators. This faith in voluntarism — the freedom of both sides of industry to order their affairs as they saw fit — was shared by the majority of the industrial labour movement. Communism was much weaker in Britain than in France. British trade unionists — with the exception of some branches of the engineering industry — had less faith in the merits of economic planning, particularly when this might infringe on free collective bargaining (the traditional right to negotiate hours and wages).

During the Slump, state intervention in Britain had remained confined to official promotion of rationalization, requiring closures in return for tariff protection and help with overseas markets — policies which fostered cartelization (and market sharing), but little elimination of unprofitable plant. Unlike the Popular Front government in France, there was no attempt at national planning. The war witnessed the extension of state controls, on an emergency basis; the experience reinforced Labour's faith in central planning, but — even so — the party's postwar economic strategy was far less dirigiste than its French counterpart's. The new government remained committed to four basic tenets of policy (the 'iron quadrilateral' according to Tomlinson, 1991): the sovereignty of Parliament, economic management through consensual tripartite negotiation, the promotion of industrial efficiency through the reform of corporate structures (more technocratic management in larger industrial units) and the continuation of voluntarism in industrial relations. Dollar shortages, the birth of raw materials and the opposition of industry and Whitehall — all combined to defeat the 'planners' in the Labour Party and the postwar government eventually resorted to a series of pragmatic policy responses, more reliant on indirect incentives than state direction. Ultimately, political opposition undermined Labour's efforts to promote American methods, higher productivity, the standardization of manufacture. Such official initiatives were regarded by most industrialists with hostility, as an initial step on the road to nationalization. Political organization among industrialists helped discredit Labour's policies which, as the Cold War deepened, could easily be associated with communist-inspired collectivism and the demise of democratic freedoms; this ultimately helped secure the return of a Conservative administration in 1951, committed to the merits of free enterprise (Tiratsoo, 1998).

This is not to argue that the politics of a united labour movement were frustrated by the machinations of self-interested capitalists backed by a servile press. Industrial opposition to the official promotion of standardization and mass production along American lines...
also reflected very real differences in the nature of British and American enterprise, in part the consequence of the markets they served. British engineering required flexibility of productive capacity to meet orders from varied overseas markets. The economies of scale achieved by mass production – competing on price rather than product variety or quality – made sense in the context of a large homogeneous domestic market; they were less attractive to exporters needing to adapt the manufacturing process to short-run orders, particularly as chronic steel shortages constrained re-equipment (Zeitlin, 1998). Further, while government policy had the unequivocal support of the TUC, grassroot members viewed the prospect of industrial rationalization with misgiving. For individual industrialists and shopfloor workers alike, interwar rationalization policies had spelt an increased workload for some at the price of redundancy for others. Memories of mass unemployment remained fresh; new working practices designed to raise productivity threatened to undermine carefully constructed systems of job protection. Both sides of British industry remained suspicious of state intervention – a hostility that ultimately proved fatal.

The successful promotion of industrial modernization in France when compared to Britain also reflected a general willingness to invest more extensively in training. This permitted newly imported technologies to be judged on their own merits, while in Britain – where industrial training remained outside the purview of state education (Burgess, 1998) – government intervention had been viewed as an intrusive and unnecessary encroachment on the right of business to manage its own affairs. The consequences were reflected in the proliferation of dubious investment decisions and poor coordination, notably in the public sector, which reflected mistrust of state-of-the-art technologies and bureaucratic structures which kept technical expertise ‘on tap, but not on top’. In France, by contrast, the grandes écoles in Paris had long provided a technologically trained bureaucracy which headed industry and worked (as grands ingénieurs de l’état) on a range of public projects. In the postwar years, the creation of a national agency for collecting and analysing economic data (INSEE), the foundation of the École Nationale d’Administration, the genesis of the Commissariat General du Plan – all reflected and reinforced collective faith in the twin merits of a well trained bureaucracy and state planning. Technological and intellectual expertise were rewarded with the highest positions – thus forming an arguably overcentralized meritocratic elite (whose influence ultimately forced major confrontations over the protection of republican ideals). This trend was further developed in the course of the 20th century as industry, local and central government cooperated to fund training programmes pertinent to specific sectors (Birck, 1998). This had repercussions for investment. To take the example of postwar electricity generation: in France, university-trained engineers adapted the latest American technology to install power-generating plant with both higher output and lower labour costs than its British equivalent, which had been developed by engineers trained through traditional apprenticeship methods of learning ‘on the job’. By the mid-1950s, having started from a much lower base, electricity generated in France provided more reliable supply at lower cost than its British equivalent (Hannah, 1982: ch. 8).

Industrial relations and social welfare

The contrasts visible in the nature of industrial politics were also reflected in the involvement of government in industrial relations, shaping the remit of state welfare in the postwar years. In France, the establishment of legally enforceable collective industrial agreements from the mid-1930s permitted the extension of the official regulation of work practices, which had long defined the employment contract and the obligations between employer and
employed in major establishments. The extension of the rule of law to the adjudication of disputes, first witnessed during the First World War, was revived in the 1930s, when the Popular Front government made the convention collective legally enforceable in large enterprises, offered official recognition to workers' elected delegates, reinforced industrial arbitration, while introducing statutory paid holidays and a 40-hour week. This response to a mass strike by 2m workers in the Paris region in June 1936, which had threatened the Republic, provided the foundations for subsequent state intervention (Didry, 1998), bringing industrial welfare systems within the purview of official regulation. Collectively negotiated and legally ratified agreements could be extended by statutory fiat to other firms in the same sector or within the same region. During subsequent years, local and regional systems for determining wages and working conditions began to cohere, to produce eventually a grid of remunerative scales based on certificated skills, productivity, seniority (Salais et al., 1986: 142–8).

In the immediate prewar years, the new system was adapted as an instrument of deflationary policy. Compulsory arbitration tended to support a minimum wage, squeezing differentials to compensate employers and fostering the use of other benefits – such as long-service bonuses and allocations familiales – to supplement the incomes of specific groups meriting extra protection. Official surveillance of collective agreements sought to reconcile economic necessity with social justice. State intervention was popular among industrial workers because it strengthened union organization, forcing employers to recognize workers' rights to representation in negotiating new agreements. Initially confined to large enterprise, this system was extended in the 1940s to small and medium-sized firms.

Official arbitration (which lasted from 1936 to 1939, when the state took over the determination of wages for the duration of hostilities) allowed government to influence levels of unemployment, to tackle wage inflation and to maintain industrial peace. As arbitration and the nature of collective agreements varied, the dispensation of justice reinforced variation in working practices, systems of production, regional economies – generating highly contextualized legal precedent which permitted political tactics to influence the adjudication of disputes. The process of grading and classifying particular types of employment within associated enterprises helped standardize remuneration and relativities in pay. These processes involved negotiation between male trade unionists, employers and official representatives, they promoted the gendering of work, grading male work on a higher scale than female work and reserving specific (commonly lower graded) jobs for women workers (Zancarini Fournel, 1998). Arguably, therefore, the rationalization of employment and the promotion of rationalized wages and conditions also served to define the structure of female employment, even in smaller establishments.

The collective negotiation of working agreements under the regulation of the law came to characterize the whole realm of social protection. The institutional origins of social welfare in France can be organized into three typologies, each founded on specific principles. Until the 1920s, this diversity had been sustained politically by widespread support for liberal ideals, both in Parliament and outside it. Freedom of choice continued to be widely promoted during discussions on social insurance during the 1930s and after 1945, as new legislation extended compulsory social insurance to an ever wider section of the working population. This principle allowed the insured to choose between funds (caisses) founded on obligatory membership (with the possibility of belonging to one or more) and voluntary schemes created under the new collective agreements, such as the pension scheme set up for white-collar workers (cadres) after 1945. State intervention took the form of financial support more than legislative regulation. Even so, it stimulated opposition throughout this period from both employers and mutual aid
societies, each determined to retain and extend their administrative autonomy over their own systems (Pollet and Renard, 1996).

Until the turn of the century, the dominant model of social protection was found in the private welfare schemes run by employers, rooted in paternalism (patronage). Mostly found in heavy industry, these embodied moral and intellectual ideals of more general relevance (cf. the ideas of Leplay). Strongly associated with control and management of the labour force, such schemes subordinated social protection to the demands of industrial production. Membership was conditional on employment in the firm; benefits were rarely provided as of right and all claims were forfeit if the worker left the enterprise. Among certain Catholic employers, the approach extended to the use of jointly administered charitable societies, which sought to promote the close association of employer and employed. The Vichy government followed this model when establishing social committees in firms during the Second World War; these were transformed into joint works committees (comités d'entreprises) in 1945.

The second type of social protection embraced union-based schemes, managed by workers themselves, which helped promote popular support for social insurance. Funded by the state, or solely by employers' contributions, or with complementary contributions from wage earners, the chief requirement was that they be managed by the members themselves. Here, social insurance helped create an autonomous, organized workers' movement. Under the social security legislation of 1945, workers elected three-quarters of the administrators of the caisses, the employers elected the remaining quarter. The demand for administrative parity, using appointed representatives, was promoted by the employers' organization (CNPF), in opposition to the demand for working-class liberty, supported by the CGT, whose position in some ways reflected the liberal republicanism characteristic of the Third Republic, noted above. Mutual aid societies formed the final group. Mutuality sought to advance saving and individual foresight on a mass basis; it operated through voluntary subscription to local funds or societies. During the 20th century, the success of voluntary protection appeared strictly limited, particularly in the area of unemployment insurance, bringing the question of compulsion onto the political agenda. As a result, state action to establish social protection in France became unavoidable; official intervention, however, could only succeed if it compromised with existing schemes, as other forces fought to protect their own systems, uniting behind the principle of liberty of choice.

The joint participation of the beneficiaries, their employers and the state compensated for the introduction of compulsion. Government itself was divided over which type of obligatory scheme to support, social insurance or social assistance, as well as over the administrative structure of each. The ensuing debates set the Ministry of the Interior (responsible for locally administered public assistance, as well as the police and public health policy) against the department responsible for questions of work – the Ministry of Labour and/or Social Affairs – which favoured social insurance. This last approach eventually became the main focus of state policy, because it could incorporate the principles of free choice and administrative variation, which remained strongly supported by trade unions, employers and other political groups. This allowed the establishment of autonomous social insurance schemes, founded on collective agreements (conventions collectives), which might be broadly based or confined to specific trades or occupational sectors. Collective agreements ratified as early as 1937 had provided the foundations for retirement schemes for engineers and white-collar workers. This approach can be traced back to the legislation on retirement pensions for peasants and workers (1910), through the legislation governing social insurance (1928–35) to the introduction of social security in 1945.

Throughout this period, state intervention in the development of social protection seems
to have been strictly limited. Extensive – and contradictory – public debates appear retrospectively to have been shaped by popular attachment to individual and collective freedoms as central to Republican politics; this undermined official initiatives which would have given government a larger role. Beveridge's principles of uniformity and universalism under central state direction were discussed, but rejected (Baldwin, 1990: 163–6). Public assistance was advanced as a universal right – not as charity, nor as a punitive poor law – and thus did not detract from the general orientation of discussion. It seems, but this is an agenda for research on the period 1970–90, that the growing role of government in the funding and management of social protection in France has sprung less from the development of universalism than from the desire of employers' organizations to re-establish their control over the management of social insurance funds – which they had once enjoyed – and to exclude the possibility of pluralism.

In Britain, permanent official regulation of collective bargaining was effectively outlawed. The tradition of voluntarism proved unbreachable (Maguire, 1996). In older industrial sectors such as steel and shipbuilding, both structures of collective bargaining and systems of arbitration dated back to the 19th century, reflecting traditional (but strongly defended) forms of work organization which determined pay, seniority, job security (Wilkinson and Mankelow, 1998). Here as elsewhere, low investment in the period 1930–60 perpetuated industrial structures which preserved established labour hierarchies and working practices. Lack of professional management fostered divisions between owners and the shop-floor, reflected in poor industrial relations. The period of full employment after the war witnessed the return of traditional defences of established trade agreements. Higher productivity was only acceptable in the context of higher pay for extra effort. The period of full employment after the war stimulated the reconstruction of traditional systems of shop-floor control, which served as the foundations for pay bargaining based on established workplace hierarchies. The introduction of new technologies and new processes tended to stimulate demarcation disputes which impeded job rationalization. Official efforts to restructure industry, raise productivity and regulate employment met with only partial success – not least because national agreements did not determine terms and conditions at local level, serving only as a basis for informal negotiations, a second tier of bargaining which proved much harder to control.

Although the TUC and its member unions strongly supported the productivity drive and the extension of collective bargaining (56 Joint Industrial Councils were formed – or re-established – during the 1940s), the participation of government in the creation of such systems was welcomed, but the state's continued involvement in their operation was not. The newly revitalized Wages Councils failed to rationalize the structure and operation of workshop trades – as promoted by official policy (Gillespie, 1998). The newly created National Dock Labour Board failed to rationalize employment on the waterfront (Wilkinson and Mankelow, 1998). State-sponsored modernization in the cotton textile industry came unstuck partly because the workforce resisted new shift systems in the absence of re-equipment. War emergency regulations failed to make any permanent impact on traditional structures of free collective bargaining, which was resolutely defended against the possibility of state interference. Even in the newly extended public sector, progress was very uneven (Whiteside, 1998). The expanding civil service was rationalized and reformed, promoting economies of scale in non-productive employment and releasing manpower for jobs in manufacturing. In both nationalized industries and the newly created NHS, however, employment remained highly idiosyncratic. In the public sector as in the private, the regeneration of national pay bargaining systems did not signal a rationaliz-
ation of work. While in 1950s France the presence of official arbitrators was welcomed as the means to achieve a just settlement, in Britain it was regarded by both sides as an unwanted interference in private business which would probably benefit the other side. As Alec Cairncross has rightly concluded, postwar Britain decided to 'return to normal' - regarding the experience of the wartime manpower controls as a temporary departure from established systems of labour market operations. Further, even as wage structures and pay bargaining systems remained outside the sphere of state influence, so private welfare schemes, offering better protection to the better paid and key sectors of the workforce, flourished in the postwar decades (Reid, 1965), effectively countering the redistributive effects of the statutory welfare state and operating outside any official regulation.

For, at this time, postwar legislation had established the British welfare state - involving a universal, comprehensive scheme of social insurance, based broadly on the Beveridge Report (1942), and a National Health Service which was, initially at least, free at the point of delivery. State-sponsored social protection offered cover for all citizens 'from the cradle to the grave'. This achievement of the postwar Labour government has commanded much attention, both at the time and since. However, as we have argued elsewhere (Whiteside, 1996), the original scope for the Labour government's promotion of welfare involved a more complex and extensive series of economic interventions than is commonly assumed; these aimed well beyond the collective management of social risk to mechanisms - chiefly in the form of price subsidies and a regulated framework for collective bargaining - designed to secure 'fair shares for all' within the context of an efficiently restructured economy. The failure to implement this agenda allowed the sphere of state welfare to be redefined in the course of the 1950s by Conservative governments committed to restoring market mechanisms and restricting the role of the state in economic management.

As a result, divisions between the spheres of social welfare and industrial relations in Britain were reinforced in a manner that was not found in France. Further, manpower policies in Britain remained sadly underdeveloped in contrast to other European countries, which managed to locate their welfare systems more firmly within the realm of employment policy and labour relations. Any comparative analysis of welfare states which relies solely on the genesis of social legislation is liable to bypass this conundrum in British policy, which rendered social protection and social justice less comprehensive in Britain than it might initially appear.

Conclusions

This brief account of the changing relations between state and labour markets in Britain and France has focused more on the influence of state intervention on the shaping of labour market operations than it has on the nature of welfare legislation. In so doing, it has placed developments in state welfare in the broadest political context. The extension of social protection involved a far wider complex of official initiatives and range of policies than is commonly considered in accounts of welfare development. In the two countries examined here, very different trajectories emerge. In France, policies to establish social protection sprang from a template founded on the official regulation of collective work agreements. Government guaranteed the rights of workers in the determination of pay and working conditions and underwrote the enforcement of these agreements, which commonly covered the payment of family allowances, seniority payments, occasionally retirement pensions. This approach provided the administrative model on which the extension of social insurance was based; the introduction of unemployment benefits in 1958 also took the form of the *convention collective* and involved trade unions in the administration of benefits. This
prioritizing of processes over outcomes - the latter being adapted to accommodate variations in employment status - was not part of the debate in Britain. Here, government influence on the collective bargaining process remained minimal. The widely praised scheme of universal social insurance had no influence on the structure of the labour market, being confined to providing support for its casualties. The experience of mass unemployment proved a salutary influence in Britain, generating welfare support designed to cater for those who, for one reason or another, were excluded from the world of work. As government could make little headway in establishing any official framework for collective bargaining, working agreements on wages, hours and private welfare schemes all operated outside the purview of the state. Private welfare swiftly outstripped its public counterpart in the course of the 1950s - contributing to the decline of public social insurance in Britain in ensuing years, which ceased to have much relevance for anyone but the very poor.

Another consequence of separating social welfare from labour market regulation has been to encourage academic analyses which understand the provision of state welfare as somehow antithetical to market operations. Within such accounts, state welfare is perceived as a drag on economic performance, as undermining growth through the diversion of funding for industrial investment to other, unprofitable ends (Barnett, 1986, 1995). We would beg to differ; we find this juxtapositioning of the state and the market in opposition to each other is the product of an Anglo-Saxon perspective which takes a restricted view of social and economic relations and the role of government in regulating them. First, much analysis of the market mechanism assumes a uniformity about market operations which is hard to sustain. All markets operate within complex systems of social convention and expectation, some of which are reinforced by law. These define acceptable forms of behaviour, the construction of fraud, how agreements should be reached or payments made, whether a gift to a potential buyer – or a subsidy to an agent – should be considered a bribe and so on. Conventions differ according to the nature of the product, the type of transaction, established precedent, regional or national tradition as well as over time. Their roots are commonly buried in custom and common practice. Every market is socially constructed and politically regulated – even those which profess to operate outside the remit of state intervention. In this way, at least, we can observe how states generate markets which are acceptable because they promote and sustain prevailing concepts of the just exchange in the distribution of goods and services.

In the account of French government interventions provided in this article, we can observe how the French state created the market through the interventions of nationalized industries, the investments by publicly owned banks, the legal regulation of industrial agreements and the promotion of social insurance - all of which became integrated into a form of planning which employed market incentives to reconcile economic prosperity and social justice. By underwriting specific areas of market performance with official controls, postwar French governments sought to reinforce public expectation about the performance of the economy, to draw an increasing proportion of the population into salaried employment through the extension of social protection, to reward skill and to establish the security of the Republic from its enemies, external and internal. This construction of a market economy differed radically from American experience and provoked extensive US criticism of French policy; it broadly accepted the desirability of government’s responsibility for ‘modernizing’ production and distribution within France itself. This particular mode of governance was not automatically universally acceptable. Much popular insistence on worker representation and worker control reflected anxiety at the extension of oligarchic rule. Tight central controls provoked strikes, particularly in the later
1950s, and the growth of a meritocratic bureaucracy stimulated criticism and political tension concerning threats to democracy. However, the performance of the French economy in the 1950s (as contrasted to the liberal regime of the late 1920s) indicates that the greater involvement of the state improved ‘market’ performance rather than marring it. And here the reasonably peaceful transformation of work into salaried employment relied strongly on the rule of law in promoting social security, equity and justice through the close integration of industrial bargaining, economic planning and social welfare.

In Britain, unlike France, state welfare was inscribed on an agenda designed to mediate market effects rather than secure their more efficient operation. This had not been the original intention. In the wartime writings of Beveridge and his acolytes, which focused on the interwar depression, one of the main purposes of full employment was to utilize productive capacity lost by idle labour, which wasted resources and threatened collective prosperity. Such idle time was principally manifest among the unemployed, but could also be found in the agreed working practices in British industry designed to protect jobs and spread work. Such defensive strategies damaged industrial growth; a drive to higher productivity could only be secured if decent levels of public support as of right could be supplied to all who lost work in the process. Beveridge believed that trade unions would change their bargaining strategies, would accept the rationalization of work and promote higher productivity once official mechanisms to protect the whole population and to guarantee full employment were in place. In the event such expectations were not realized: union members’ faith in the merits of state protection remained mixed and their defence of recruitment systems, manning levels, working hours and their right to determine them continued to characterize industrial relations in the postwar world. Past experience of mass unemployment formed the keystone around which trade unionists rallied to reinforce the legitimacy of shop-floor bargaining and to re-establish traditional systems of job control.

The French case was different; social insurance emerged from a context of industrial management shaped to the practices of specific forms of employment and the state itself played a smaller part in the construction of state welfare than it did in the UK. In France, state welfare remained at the heart of labour markets and their regulation – which had long been subject to legal definition of mutual obligation between employers and employed. This meant that the objectives of policy were different: that social protection was promoted through the adjustment of income according to family size, that greater significance was attached to the establishment of a legally defined minimum wage than to the provision of universal, uniform systems of welfare benefits. The postwar extension of social security remained vested in the hands of trade unions and mutuelles, allowing the provision of social support to reflect acquired skills and status and to vary in accordance with established working conventions in different trades and districts. It aimed to attract the ‘independent’ worker (still 20 percent of the working population in 1945) into salaried employment, with the promise of a decent pension at the end of a working life. Such provision, however, remained of secondary importance during this period within the broader context of state policies dominated by measures to secure reconstruction and modernization through the medium of direct planning – including intervention in training. In France, unlike Britain, state welfare was located within a range of initiatives which served to create the market and secure its efficient operation – rather than simply provide help for its victims.

These contrasts point up the difficulties involved in making direct comparisons between welfare states in different countries, for the conventions determining the spheres open to state action do not allow similar significance to be attached to specific areas of

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policy. In the broader context, we can perceive how specific welfare policy instruments—social insurance provides a good example here—were designed to serve different purposes and formed a different component within the broader range of official initiatives. From this we conclude that direct comparison of social legislation in different countries begs the question as to how such legislation is to be identified. Such an approach tells us relatively little about the degree of social protection provided by different states. The range of official initiatives and regulations designed to promote social justice and equity, to prevent poverty and to foster prosperity, are secured through a wide variety of interventions and to isolate those apparently held in common for comparative assessment is to assume, unjustifiably, a common degree of significance being attached to them in each case. The richness of comparative studies lies in the way they allow us to explore sources of diversity—which, we would argue, is a more fruitful objective than the search for elusive points of similarity on which to rest conclusions about comparative developments in state welfare.

Acknowledgements

This article draws on a research project, funded by the CNRS and ESRC, involving the collaborative research of a team of British and French academics whose contributions we acknowledge. (Whiteside and Salais, 1998.)

Notes

1 This gives a detailed account of the French debates on social insurance after the Second World War.
2 Counterpart funds were that part of American aid provided in each country’s own currency, whose expenditure was conditional on US approval.
3 See, for example, Stafford Cripps (Chancellor of the Exchequer) in The Economist (22 Jan. 1949).
4 The literature documenting discussions within postwar British governments on the possible regulation of industrial relations is very large; the issue was extensively reviewed by the Donovan Commission in 1968. (See Report of the Royal Commission on Trade Unions and Employers’ Associations Cmd 3623.)

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