GLOBALIZATION & COLD WAR: WHY NO PEACE DIVIDEND?

(Published as pages 12-13, BCRReports, Publication of the Bertha C. Reynolds Society 10(2, Fall 1998)

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“It will be a great day when our schools get all the money they need and the air force has to hold a bake sale to buy a bomber.”

This bumper sticker slogan expresses our hopes for the future but also contains an explanation of the past: namely, that military expenditures were primarily to blame for our relatively undeveloped U.S. welfare state.

As the Cold War drew to a close at the turn of the last decade, the possibility of a peace dividend captured the public imagination. But that dividend has not materialized. There have been two main explanations for this. First, we point to the continued high levels of military expenditures. Second, we blame the globalization process. Both are good partial explanations. But there is a third factor. The end of the Cold War resulted in an accelerated reduction in the already declining level of elite consent to welfare state expenditures.

For instance, Malcolm S. Forbes Sr. said in 1993: “The Cold War is over....What was tolerable in war is no longer in peacetime....The costs of the welfare state are becoming unsustainable - politically and economically.”

As Michael Reisch has pointed out, there is substantial concern about how social work and social welfare will evolve in a world without socialism. The opening of one-third of the world to capitalism has been a key element of the debate on globalization. But before we can understand the future of globalization, we need to understand what it was about a world with socialism which influenced postwar social welfare development. Did the existence of Communist-governed forms of state socialism provide a rationale for increased Western military spending, which in turn stunted the welfare state? Or did Western elites consent to demands for social welfare partially because they saw the value of a guns and butter defense against communism? If both effects can be discerned, which was predominant, and what does this tell us about the conditions for achieving a post-Cold War peace dividend?

Most theories of social welfare development make one of three assumptions about the role of elites. Theories of elite defeat have stressed the role of working class mobilization, civil disorder, and social democratic electoral victories. Theories of elite compromise stress pluralism or Theda Skocpol’s polity-oriented processes. Theories of elite control saw social welfare as social control and as fully subordinate to the rule of capital. Other theories saw social welfare as a built-in feature of industrialization.

The above theories all tend to view the nation-state in isolation from the international environment. As a result, they neglect a key structural factor influencing social welfare development.

The neglected structural factor was the bi-polar U.S.-Soviet contention. During the Cold War, U.S. military outlays to N.A.T.O. subsidized the Western European welfare state. Postwar U.S. foreign policy favored the use of a therapeutic dose of welfare state socialism in fighting more virulent strands of communism. In the U.S. in the early 1950s, massive cuts in U.S. social
expenditures proposed by N.S.C. Memorandum #68 were opposed by advocates of a guns and butter strategy. This strategy became quite blatant during the Vietnam War.

Also common to the existing theories has been a stress on the active agency of historical actors, rather than on harder to observe, more passive roles such as consent. Arguably, a more nuanced continuum of theories of elite agency in relationship to social welfare would run from elite defeat to elite enforced consent to elite compromise to elite strategic consent to elite control.

Taking into account this structural factor and the related process of elite consent, we need to re-analyze policy determination within each major policy domain as well as the overall postwar relationship between social security and national security. If the Cold War and the Western welfare state, when viewed over the entire course of the Cold War, had more of a symbiotic than a zero-sum relationship, then it is no wonder we have not achieved a peace dividend. The post-Cold War interests of the military industrial complex continue to drive military spending. Piven and Cloward point out that benefit systems produce constituencies whose influence mitigates against cuts. But absent international and domestic social movements strong enough to stimulate renewed elite consent or to impose elite defeat, the withdrawal of Cold War-motivated elite consent makes a stronger welfare state unlikely and severe cuts quite possible.

An opposing argument might contend that the welfare state was formed well before the Cold War. But this confounds welfare state origins with subsequent development. The welfare state never really “took off” in most major nations until after W.W. II ended. Also, exogenous factors such as colonialism and war influenced social welfare prior to the Cold War as well.

Richard Titmuss found that during the early 20th century, states were first concerned about the quantity and then about the quality of potential military recruits, leading to some early health and welfare measures. Later in the century, states reacted to a concern about the welfare of the entire population and finally, during the Cold War, to a concern for civilian morale. But he argued that the nature of defense needs influenced the character of social services all along, the reason being that states were constrained to prove they had something better to offer than their enemies.

Max Weber was a leading proponent of linking domestic and foreign policy. According to Karl Marx, Bismarck adopted an essentially international policy, one designed to use reforms to contain class struggles within nation-states. In the United States, both Michael Sherry and Lloyd Gardner demonstrated elite awareness of the relationship of foreign policy and militarization to the New Deal.

Early 20th Century elite consent to social welfare was motivated by a juxtaposition of international strategic concerns and domestic demands from British Fabian socialists, German social democrats and U.S. depression-era social movements. This brief account validates the role of exogenous structural effects on national social welfare. The advent of the Cold War strengthened these effects.

After mounting strong postwar social movements to strengthen social protections, it was natural for labor and left activists to take credit for social welfare achievements, and assume they were imposed on elites. The passive role of the consent of key corporate liberal elites was obscured by the active opposition of other elites. As a result, some of those gains represented Pyrrhic victories. First, they were accompanied by deplorable levels of military expenditures. Second, there may have been a hidden sunset provision, ready to be invoked when elite consent was significantly reduced at three key historical points: (1) during the early 1970's economic and welfare crisis, when reduced expenditures became essential for global competitiveness, (2) when the Cold War began to wind down, and a linked guns and butter strategy became a less essential
aspect of national security, and (3) when the Soviet Union collapsed in 1991, accentuating the earlier effects of both globalization and altered national security requirements.

Gosta Esping-Anderson has pointed out that the causal influence of wars for the welfare state remains a neglected issue in the large literature of welfare state origins. The same logic applies to the role of Cold War. But that logic may have been obscured by the inimical relationship of social welfare and bloated levels of military spending. It would have been counterintuitive to conclude that the Cold War indirectly stimulated the growth of the welfare state. After all, at any one time, advocates for military and social expenditures competed with each other for their share of national budgets. These peace and social welfare struggles shaped our historical perceptions. They made it harder to recognize that over the course of the Cold War these two budget items were both rising rather steadily as part of an effort to build strong capitalist democracies capable of fending off state socialist advances. An untold story of the Cold War may be how national security elites relied upon weapons of mass destruction but also recognized that social welfare policies helped put a human face on capitalism.

Was the welfare state as we have known it an historical anomaly? Was it a structural artifact of the Cold War? Paradoxically, was the consent of U.S. national security elites key? Did we really have a warfare-welfare state as O’Connor and Lasswell argued?

Counterfactually, what if a strong Soviet Union had not survived W.W. II? What if there was no Cold War? Would the postwar welfare state have grown as it did? If neo-liberal elites continue to withdraw their consent, how can we build an anti-racist, pro-human need and anti-nuclear weapon majority that can impose a defeat on elite opponents of social welfare? If we can begin to answer such questions, we will be better equipped to wage a struggle to link peace and social welfare once and for all.