

Explaining Peasant-Farmer Hegemony in Redistributive Politics: Class-, Trade-, and Asset-Based Approaches

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What are the most important cleavages created by political struggles over redistributive economic policies? What are the likely policy outcomes of these struggles? The classic answer to the first question is that the most important cleavage is that of class, dividing rich and poor. The class-based model is usually not taken to yield clear predictions about outcomes, because rich and poor would be expected to engage in an inconclusive bidding war for the support of the median voter or pivotal middle stratum. A more recent answer is that the most important cleavages will reflect the position of a given country in the international economy, pitting those benefiting from international trade against those hurt by it. This trade-based model yields stronger predictions about outcomes, since there is usually a clear majority that either does or does not benefit from international trade. Finally, there is a long, though loose, tradition that largely grows out of empirical observation. This emphasizes the pivotal role that the agricultural population appears to play in the more important political battles concerning institutional development and economic policy.

This paper has two main objectives. First, it seeks to provide a more explicit theoretical foundation for the tradition that emphasizes the pivotal role of agriculture. It is argued here that agriculture's typically pivotal role derives from special characteristics of the primary capital asset employed in agriculture—land. This “asset-based” foundation generates a more specific set of predictions about both cleavages and outcomes than is found in the heterogeneous “pivotal agriculture” literature. It is predicted that urban-rural cleavages should initially predominate, to be followed by intra-urban cleavages. In both stages, smallholding agriculture would be expected to be the primary beneficiary of redistributive economic policies. These predictions are quite different from those of the class-based and trade-based models.

Second, the paper provides a preliminary test of the relative power of the three approaches in predicting the most important economic policy cleavages.

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TABLE 1
Traditional Class Cleavage Model

| | |
|----------------------|--|
| <i>Urban Society</i> | Urban Upper and Middle Classes (along with Rural Elites and Small Holders) vs. Urban Labor (along with Marginal Small Holders and Rural Proletariat) |
| <i>Rural Society</i> | Rural Elites and Small Holders (along with Urban Upper and Middle Classes) vs. Marginal Small Holders and Rural Proletariat (along with Urban Labor) |

In order to concentrate on the basic logic of the three approaches, all are tested under the assumptions of at least manhood suffrage, competitive political systems, homogeneous political identity, and sizeable agricultural sectors. The approaches are tested on the sample of the Organization for Economic Cooperation and Development (OECD) democracies, and the findings are then illustrated through case studies of Australia, Sweden, and Italy.

It is helpful to begin with a review of the class-based and trade-based approaches. The basic model of class cleavage is the main point of departure and pole of contrast for other types of approach. Here the rich part of society is pitted against the poor part. In mostly rural societies, the main divide is between landowners and/or farmers on the one hand, and dwarf smallholders and landless rural labor on the other. The former group is reinforced by the urban upper and middle classes, and the latter by urban labor. The division is the same in mostly urban societies, but with the primary division in numerical terms being intra-urban rather than intra-rural. See Table 1.

Distinguishing three factors of production—land, labor and capital—Rogowski (1989) uses the neo-classical factor proportions model to derive predictions of international trade-related cleavages. The relatively scarce factor or factors of production prefer protection, and the relatively abundant factor or factors prefer free trade, leading to the predictions in Table 2. However, one technical modification should be made to Rogowski's model to improve its explanatory power. In cases of abundant capital, countries do not typically have abundant labor for purposes of international comparative advantage, even if labor is highly abundant compared to land. Thus, countries that are labor-abundant when they are capital-scarce, will lose their labor-abundance when they become capital-abundant in the process of economic development.¹ This implies that the correct cleavage prediction for land-scarce, capital-abundant countries is capital vs. labor and land—not, as in the original statement of Rogowski's model, capital and labor vs. land.

In addition to the class- and trade-based theories, there is a looser tradition of a third approach. This emphasizes the pivotal coalition-forming role of the agricultural sector, particularly smallholding peasants or farmers. The most in-

TABLE 2
*Relative Abundance of Factors of Production and International
 Trade-Related Cleavages in the Factor Proportions Model
 with Three Factors of Production*

| | <i>Land-Abundant (High Land-Labor Ratio)</i> | <i>Land-Scarce (Low Land-Labor Ratio)</i> |
|-------------------------|---|--|
| <i>Capital-Abundant</i> | Capital and Land (Free Trade) vs. Labor (Protection) | Capital and Labor (Free Trade) vs. Land (Protection) [Correction: Capital (Free Trade) vs. Labor and Land (Protection)] |
| <i>Capital-Scarce</i> | Capital and Labor (Protection) vs. Land (Free Trade) | Capital and Land (Protection) vs. Labor (Free Trade) |

fluent early statement is Gerschenkron's (1989 [1943]) analysis of the failure of democracy in Imperial and interwar Germany. Gerschenkron argued that a necessary condition for democratization was for either the urban middle classes or urban labor to form a coalition with the smallholding peasantry, thereby undermining the mass base sustaining the power of the Junker land-owning gentry. This argument was applied to a number of large countries by Moore (1967). Essentially, Moore argued that a peasant alliance with the urban middle classes produced liberal democracy, that a peasant alliance with urban labor produced communism, and that a peasant alliance with large landowners (into which urban capital was also co-opted) produced fascism. According to Esping-Andersen (1985), stable coalitions of urban labor with the smallholding peasantry are the key to Scandinavia's stable Social Democratic hegemony from the Depression of the 1930s through the 1970s. Gourevitch (1986) found that, in times of economic crisis such as the agricultural depression of the late nineteenth century and the Depression of the 1930s, the policy response depends on whether smallholding peasants and farmers ally with urban labor or with the urban middle classes. Writing at the same time as Moore, however, Lipset and Rokkan (1967) found that the period of peasants pivoting across an intra-urban cleavage is typically preceded by an earlier period of urban-rural cleavage. These works do not offer general explanations for why some coalitional outcomes are more likely than others. More recently, Luebbert (1991) offered such an explanation for interwar Europe. He argued that smallholding peasants allied with the urban middle classes either in early-developing countries with larger middle classes (producing "liberal" democracies), or in late-developing countries where rural labor was organized first by urban labor unions and parties (producing fascism). By contrast, Luebbert said, smallholding peasants allied with urban labor in situations where rural labor was organized first by agrarian parties (producing "social" democracies).

These analyses all involve calculations of what it takes to form a majority coalition in disputes over redistributive economic policies. In the cases and times with which most analysts are concerned, a majority of the population lives in the cities, working in industry or services rather than agriculture. But neither the urban middle classes nor urban labor themselves form a majority, so both must seek support among the most important rural group—small-holders—in order to construct a majority coalition. Lipset and Rokkan point out that, during earlier stages of economic development, it is more common for agriculture to face an alliance of the urban middle classes and urban labor. The logic underlying the other works can be extended to cover this earlier phase. During the earlier phase, the agricultural labor force may still have formed a majority. If this is the case, then it would be possible for the agricultural sector to form a majority coalition without the help of either the urban middle classes or urban labor.

However, there remain at least two significant questions that are not answered by calculations of what it takes to form majority coalitions. First, why exactly are first urban-rural cleavages, and later intra-urban cleavages, those most likely to advance the economic interests of the main groups? For example, why don't we always see a combination of intra-urban and intra-rural cleavages, as predicted by the class-based theory? To ask this in another way, if intra-urban cleavages dominate urban societies, why don't intra-rural cleavages dominate agrarian societies? To take another approach, why doesn't it more often pay to form intra-urban cleavages in the earlier period, or rural-urban cleavages in the later period? Answers to these questions are not fully articulated in the "pivotal agriculture" literature. Second, in the later period of intra-urban cleavages, why is it that the "red-green" variant of an alliance of urban labor and smallholders is so rare—apparently limited mostly to periods of economic crisis (Gourevitch) and to Scandinavia (Esping-Andersen)?

These two questions can be answered by explaining why sharper intra-rural cleavages do not develop, and by examining the longer-term coalition-building implications of a large and relatively homogeneous bloc of smallholding peasants. Here I will argue that the unusual characteristics of land as a capital asset explain why sharp intra-rural cleavages can be either avoided or sharply reduced. Land is the most important rural asset, and its productivity is not highly specific to the human capital of its owners. By contrast, urban assets are more heavily in the form of human capital, and the productivity of urban physical capital is more dependent on the human capital of its specific owners. This makes it feasible to use the political system to ensure or to create relatively equal rural land ownership without significant negative effects on productivity. Since this is not possible for urban assets, urban inequalities remain more pronounced, and intra-urban redistributive policies focus more exclusively on taxing the income of urban assets.

In agrarian societies, this implies an urban-rural cleavage and a political

hegemony of smallholding peasants. In urbanized societies, urban labor and the urban middle classes are locked in competition for the support of a relatively homogeneous smallholding sector. In order to win the more important intra-urban conflict, both are better off offering subsidies to agriculture. The smallholders usually choose to ally with the urban middle classes, because this avoids large transfers to urban labor that also threaten overall economic performance.

The following two sections explain in more detail the differences between rural and urban assets, and their implications for economic policy cleavages and outcomes in developing democracies. I then offer a preliminary test of the asset-based synthesis of the “pivotal agriculture” approach against the class-based and trade-based approaches. In particular, the focus is on which of the three approaches best predicts primary economic policy cleavages within the sample of OECD democracies. The resulting patterns of predictive success and failure are then illustrated with more detailed discussions of three cases—Australia, Sweden, and Italy. The conclusion reviews the argument and evidence. The evidence strongly supports the asset-based theory over the class-based and trade-based theories. However, it also highlights some common failures of the asset-based approach.

LAND AS AN ASSET

Agricultural land—the most important store of wealth in rural economies—has often been redistributed on a large scale. Where land was redistributed to create smallholdings, it has typically been possible to do so without significant disruption of agricultural production. In contrast, large-scale redistribution of urban economic assets has been much more rare, and has been followed by dramatically reduced productivity in the urban economy. Large-scale redistribution of urban assets has usually been confined to large-scale, physical capital-intensive plants, which are then typically controlled by the state. How can this difference be explained?

Land as an input in agriculture appears to have unusual characteristics as a capital asset. It is used in a relatively homogeneous manner in agriculture, and rural societies are consequently filled with non-owners that have acquired the skills to use it with productivity comparable to that of its existing owners. Hence, redistribution of land can be accomplished decisively, moving in one fell swoop from relatively unequal to relatively equal land ownership. After this has been accomplished, the large numbers of small farmers typically make it difficult politically to restore highly unequal land ownership.

The situation with urban capital assets is quite different. Human capital is much more important relative to physical capital, and the uses of both human and physical capital are far more heterogeneous. Efficient use of physical capital is highly dependent on the specialized human capital of existing owners and managers. Hence confiscation of urban capital assets typically results in significant productivity losses. As a result, redistribution of urban wealth typical-

ly occurs more exclusively through the use of taxes on income or on consumption. Such tax-based redistribution of income is inherently more unsettled politically, shifting back and forth on the margin in response to short-term political and economic changes.

This special character of land is evident in practice when one compares common modes of redistributive economic policies between different groups in the population. Within rural economies with highly unequal land ownership, it is most common for the primary economic policy cleavage to be over land reform. If there is relatively equal land ownership to begin with, or if a thorough land reform is completed, then rural redistributive demands tend to shift towards policies that redistribute income from the cities to the countryside. On the other hand, redistributive policies to benefit urban groups do not have this dualistic character. They almost invariably involve income and consumption taxes redistributing income from rural or other urban groups. Intra-urban and rural-urban redistributive policy cleavages hence tend to be more marginal and unsettled. By contrast, intra-rural cleavages due to highly uneven land ownership tend to be more fundamental, but then to largely evaporate following significant land reform.

REDISTRIBUTIVE POLICY CLEAVAGES IN DEVELOPING DEMOCRACIES

The distinctive properties of land as an asset and the associated special character of intra-rural redistributive cleavages can be used to construct a series of predictions about primary redistributive policy cleavages and outcomes over the course of economic development. In order to generate clear predictions about such cleavages, the following strong assumptions will be made about political regime type, political identity, and economic structure. (1) *Competitive democracy*: There is at least universal manhood suffrage, and, along with free and fair elections per se, broad political freedoms of the press and association allow a fully competitive political process. (2) *Homogeneous political identity*: All citizens are perceived as members of the same political community by all other citizens. In particular, there are no ethnic, religious, regional-historical, or other distinctions that render large groups of citizens unworthy of equal status and treatment in the eyes of other large groups of citizens. (3) *Significant rural population*: The population employed in agriculture has not fallen below approximately ten percent of the overall population.

The first assumption is meant to rule out the possibility that traditional patron-client networks, combined with restrictions on political speech and association, can prevent voters from finding and supporting parties that best advance their economic interests. The second assumption rules out the possibility that some portions of the electorate will refuse to build advantageous political coalitions with other groups. This might occur because the other groups are regarded as a threat to the political, cultural, or territorial integrity of the "rightful" national group, or merely out of generic alienation deriving from histori-

cal or contemporary conflicts. The third assumption assures that the rural population remains a group of potentially pivotal size. Once the rural population falls much below 10 percent, it becomes much easier to cobble together various urban interest groups that can function as substitutes in building majority coalitions.

Distinguish now rural-majority and urban-majority societies. In the course of economic development, population and wealth accumulates more rapidly in the cities. Almost invariably, it is the majority of wealth rather than the majority of population that first resides in the cities.² The more highly specialized and productive urban economy generates relatively attractive economic opportunities, which attract a large net flow of rural migrants to the cities. Thus, in the stage of rural population majority, the majority of wealth is first rural (primarily in the form of land), and only at a later stage of development urban. In the later stage of urban population majority, wealth is always mostly urban.

Consider first rural-majority societies. Suppose that there is relatively equal distribution of land, i.e. that rural society consists primarily of small peasant farmers, with few landless laborers. In this case, the primary redistributive gains available to all smallholders are to be had through redistribution from the urban population. This is best accomplished through consumption or income taxes. Agricultural trade barriers and home market agricultural price supports are the most obvious consumption tax mechanisms that discriminate against the urban population. Income taxes can also be used to finance rural infrastructure, and to subsidize rural credit and agricultural inputs. This will be so regardless of whether the majority of the wealth resides in the cities or in the countryside. Thus the theoretical prediction is for a primarily urban-rural cleavage, resulting in tax-based income transfers from the cities to the countryside.

Suppose that initial land ownership is relatively unequal, and that there are large numbers of rural landless laborers. In this case, there will be a rural majority that will support land reform, in which large landholdings are broken up for distribution to their landless and marginal land-owning labor forces. Following this, the now-homogenized group of smallholders will turn to emphasize tax policies that redistribute urban incomes to the countryside. Why won't existing smallholders try to take the large landholdings for themselves and shut out the landless rural laborers? There are two answers to this question: First, most smallholders reside in smallholding regions, and cannot easily operate landholdings in other regions dominated by large estates.³ Second, to the extent there are large landholdings in proximity to smallholders, the latter will hesitate to monopolize access to the land if there are large numbers of landless laborers working the estates. The landless laborers would resist such a process both directly and through the political process, imperiling the capacity of smallholders to defend any gains and to win political battles with urban groups. It is safer to incorporate the mass of landless laborers working the estates as small farmers, in order to create a united political front. For the same reason, it is po-

lity risky to support the maintenance of large estates and attempt to tax them for exclusive redistribution to smallholders. Again, these calculations apply regardless of whether the majority of wealth is rural or urban. To summarize, with highly unequal land ownership, the primary economic cleavage should be over land reform; and with relatively equal land ownership, the primary cleavage should be over consumption and income taxes that redistribute income from the cities to the countryside. The expected outcome is land reform, followed by tax-based redistribution of urban incomes to the countryside.

Consider now majority-urban societies, where most of the wealth is concentrated in the cities. Here incomes generated by urban assets—human as well as physical capital—offer the most valuable target for redistribution. Both urban labor—the urban population lacking significant physical assets or skills—and the rural population will seek access to urban capital income. As discussed, the rural population by this time would be expected to consist predominantly of smallholders. If the urban middle class is sufficiently large, then it will constitute a majority in coalition with rural smallholders. In this case, it will always be feasible and desirable for the urban middle classes to offer rural smallholders at least as much as they would receive from a coalition with urban labor. This coalition allows the urban middle classes to avoid potentially large transfers to urban labor, and to subsidize the rural smallholders largely through consumption taxes that are equally born by urban labor. (See the Appendix for a simple game-theoretic representation of this political situation.) If the urban middle class is so small that urban labor forms an outright majority,⁴ then the expected outcome is income transfers from urban capital to urban labor, as well as income transfers from wealthier farmers to urban labor. In both cases, the primary economic policy cleavage is expected to be intra-urban, and over the extent of income taxes falling mostly on urban capital. With a larger middle class, the expected outcome is redistributive subsidies going disproportionately to small farmers. With an urban labor majority, the expected outcome is redistributive subsidies going disproportionately to urban labor.

EVIDENCE FROM THE OECD DEMOCRACIES

The asset-based framework emphasizing the difference between urban and rural assets will be tested against the class-based and trade-based models in two different ways. First, the sample of the OECD democracies will be used to test their predictive power,⁵ and to suggest broad conclusions about their explanatory strengths and weaknesses. Second, the frameworks will be applied to three case studies—Australia, Italy, and Sweden—to provide a more detailed, complementary sense of the strengths and weaknesses of the three approaches. These tests are not advanced as conclusive. While they offer suggestive preliminary evidence, it is important to broaden the sample to cover democracies in other regions and to conduct more case studies.

First, the OECD democracies are classified according to which of the three

theories correctly predicts their primary economic policy cleavages. Primary economic policy cleavages are determined based upon the combination of which economic policy issues were most salient in party platforms and election campaigns, and how electoral support for the main political parties was distributed. Table 3 shows which cases, in which time periods, were correctly predicted by one or more of the three theories, and which were not correctly predicted by any of the three theories.⁶ The top row is reserved for cases with rural-majority populations, and the bottom row for urban-majority cases.

Recall that the class-based theory always predicts a cleavage of rich vs. poor, in which the poorer rural and urban voters are divided vis-à-vis the richer rural and urban voters. If there is relatively equal land distribution, the asset-based theory predicts an urban-rural cleavage when there is a rural majority, and an intra-urban cleavage across which farmers pivot when there is an urban majority. If land is distributed relatively unequally, the asset-based theory predicts that a class-based cleavage will persist until it is transcended through a land reform. The trade-based theory predicts that land-abundant countries will have a rural-urban cleavage while they are capital-scarce, followed by a division of capital and land vs. labor when they become capital-abundant. And it predicts that land-scarce countries will have a cleavage of labor vs. capital and land while they are capital-scarce, followed by a division of capital vs. labor and land when they become capital-abundant. Note that, in all but the earliest-developing countries, the majority of the population becomes urban some time *before* the country becomes capital-abundant relative to the rest of the world.

Table 3 shows that, at least for the OECD democracies, the asset-based theory is a much stronger predictor of primary economic policy cleavages than either the class-based or the trade-based theory. As discussed, the asset-based theory can be interpreted as a class-based theory modified to take account of the special characteristics and numerical size of the agricultural sector. Thus, with the exception of interwar Finland,⁷ the cases correctly predicted by the class-based theory are ones where land distribution was relatively unequal and land reform failed to occur, thus long preserving an intra-rural cleavage alongside the intra-urban cleavage.

Every case correctly predicted by the trade-based theory is also correctly predicted by the asset-based theory.⁸ These are cases of urban-rural cleavages (land-abundant Australia, New Zealand, United States) in majority rural countries; labor and land vs. capital cleavages (capital-abundant Scandinavia) in majority-urban countries; and of labor vs. capital and land cleavages (land- and capital-scarce Greece, Japan, South Korea, Poland; labor-scarce Australia, New Zealand, United States) in majority-urban countries.

Note that the trade-based theory typically does not correctly predict cleavages for the full time period in which they remain in force. Thus, for land-abundant Australia and New Zealand, the trade-based theory incorrectly predicts that the developmental “crossover”—from an urban-rural cleavage to one

TABLE 3
 Correct Prediction of Primary Economic Policy Cleavages in Organization for Economic Cooperation
 and Development (OECD) Democracies

| | <i>Class-Based Theory</i> | <i>Trade-Based Theory</i> | <i>Asset-Based Theory</i> | <i>Not Correctly Predicted</i> |
|----------------------------------|---|--|---|---|
| <i>Rural-Majority Population</i> | Interwar Finland; Italy 1919–1923; Spain 1931–1936 | Australia in mid-to-late nineteenth century; New Zealand in mid- to-late nineteenth century; U.S. 1776–1880 | Australia in mid-to-late nineteenth century; Canada in mid-to-late nineteenth century; France's democratic interludes from 1789–1848; South Korea 1945–1964; New Zealand in mid-to-late nineteenth-century; Turkey since World War II; U.S. 1776–1880 | Greece 1882–1936; Interwar Ireland; Poland in 1920s; Switzerland 1848–1880 |
| <i>Urban-Majority Population</i> | Denmark 1907–1933; Germany from Empire through Weimar; Spain 1975–1990; Portugal 1975–1990s | Australia 1918–1970; Denmark 1933–early 1970s; France 1945–1958; Japan 1945–1960s; Greece 1945– 1970s; New Zealand 1920s– early 1970s (excepting Depression Era); Norway | Australia from late nineteenth century to 1970s; Austria 1919–1970s; Belgium 1894–1950s; Interwar Czechoslovakia; Denmark 1933–1970s; Finland 1945–1980; France | Canada late nineteenth century to 1970; Ireland 1900–18; Sweden 1918–1932 |

1933–1960; Poland 1988–;
 South Korea 1987–; Sweden
 1932–1960s; U.S. 1880–1950s
 (excepting Depression Era)

1871–1980; Greece 1945–
 1980s; Germany 1945–1960s;
 Italy 1945–1980; Japan
 1945–1980s; Netherlands
 1918–1960s; New
 Zealand from late
 nineteenth century to 1970;
 Norway 1918–1960;
 Norway 1918–1960;
 Poland 1988–, South Korea
 1987–; Sweden 1932–1960s;
 Switzerland 1880s–early
 1960s; U.S. 1918–1950s

SOURCE: For cleavages and outcomes by country, the sources are as follows. Australia, Italy, and Sweden: see references in text below. Austria: Engelmann 1966. Belgium: Kossman 1978; Lorwin 1966. Canada: Finlay and Sprague 1984; Winn and McMenemy 1976. Czechoslovakia: Rothschild 1974. Denmark: Esping-Andersen 1985; Oakley 1972. Finland: Allardt and Pesonen 1967. France: Cobban 1961, 1965; Wright 1964. Germany: Edinger 1986; Eyck 1970; Gerschenkron 1989. Greece: Clogg 1979; Mavrogordatos 1983. Ireland: Gallagher 1976; Rumpf and Hepburn 1977. Japan: Storry 1960. South Korea: Oh 1999. Netherlands: Daalder 1966; Kossman 1978. New Zealand: Condliffe and Airey 1960; Denoon 1983. Norway: Esping-Andersen 1985; Rokkan 1966. Poland: Raciborski 1996; Rothschild 1974. Portugal: Opello 1991. Spain: Arango 1995; Linz 1967; Maravall and Santamaría 1986. Switzerland: Bonjour et al. 1952; Kerr 1987. Turkey: Özbudun 1972. United States: Benedict 1953; Sundquist 1973. Dates for onset of manhood suffrage were also taken from Flora et al. 1983. Data on agricultural workforces were taken from Mitchell 1992, 1993, and 1995.

of capital and land vs. labor—should occur after World War I. The asset-based theory correctly predicts that the crossover to an intra-urban cleavage should occur earlier, in the late nineteenth century, as the majority of the population became urban. For land- and capital-scarce Greece, Japan, and South Korea, the trade-based theory incorrectly predicts the duration of the cleavages of capital and land vs. labor. For Greece, the cleavage is expected to go back to 1882–1936, and to last into the 1980s. For Japan, the cleavage is incorrectly predicted to last only until the 1960s, when it should have given way to one of labor and land vs. capital. Except in the case of Greece in 1882–1936, the duration of these intra-urban cleavages is correctly predicted by the asset-based theory. In the Scandinavian cases, the trade-based theory incorrectly predicts that the cleavages of labor and land vs. capital will extend back before the Depression to World War I or before. The asset-based theory also does not correctly predict Denmark's pre-Depression class cleavage, or Sweden's pre-Depression and Norway's pre-World War I urban-rural cleavages. But it does correctly predict that coalitions of capital and land vs. labor frequently occurred prior to the depression in Denmark and Norway.

Thus, the trade-based theory only predicts a subset of the cases predicted by the asset-based theory. Moreover, even the trade-based theory's correct predictions usually do not hold for the predicted durations. The asset-based theory correctly predicts that land-abundant countries will make earlier crossovers from urban-rural to intra-urban cleavages; that labor-abundant countries will have urban-rural cleavages *before* they develop intra-urban cleavages, i.e. before the crossover to an urban majority; and that labor-abundant countries with urban majorities will more commonly see cleavages of capital and land vs. labor than of labor and land vs. capital. These points indicate that the apparent strength of the trade-based theory is due to the partial overlap of its predictions with those of the asset-based theory.

Consider now the cases that none of the three theories correctly predicts. Two of these cases, Greece from 1882 to 1936, and interwar Ireland, are not correctly predicted because there is an intra-rural cleavage between import-competing and exporting agriculture. However, this can be regarded as a special case of the asset-based prediction. This is because there was political consensus that redistribution should benefit agriculture, but the lack of comparable subsidies for the exporting farmers led them to oppose the extent of the subsidies for the import-competing farmers. In both cases, this division was later eliminated by increasing subsidies to the exporting farmers. In Switzerland in 1848–1880, in Canada, and in 1920s Poland, religious and ethnic cleavages led to intra-rural and intra-urban divisions that cannot be explained in terms of economic interests. Similar issues of national identity appear to account for the unusually broad urban appeal of Ireland's Fianna Fail party. None of the theories explains why urban-rural cleavages occurred in Norway from 1900–1918 and in Sweden from 1918–1932. However, as will be discussed in more detail be-

low for Sweden, the asset-based theory at least has the merit of predicting urban-rural cleavages in these cases in slightly earlier periods, prior to the crossover to an urban majority. The issue thus becomes why the crossover to an intra-urban cleavage was delayed by approximately fifteen years in Norway and Sweden.

While the asset-based theory has a quite strong record in predicting cleavages, its record in predicting policy outcomes is weaker. It has two main failures in predicting outcomes: (1) cases where urban-rural cleavages in mostly rural societies resulted in net subsidies for the cities, rather than for the countryside (mid-to-late nineteenth-century Australia; mid-to-late nineteenth-century Canada; Turkey since World War II; United States 1776–1880); and (2) cases where intra-urban cleavages in mostly urban societies resulted in “red-green” coalitions and significant net subsidies to *both* urban labor and farmers, rather than in capital-land coalitions subsidizing farmers (Denmark 1907–1970s; France 1945–1958; Greece in the 1980s; Depression-era New Zealand; Norway 1933–1960; Sweden 1932–1960s; Depression-era United States).

There are a number of factors that repeatedly loomed large in these predictive failures. In cases of urban-rural cleavages benefiting the smaller urban population, superior urban political organization, and, in Turkey, also patron-client-based rural organization, facilitated logrolling subsidies for the cities that exceeded those for the countryside. Farmers tended to mobilize more episodically, during periods of falling agricultural prices.

In the red-green coalition cases, the question is why parties with large urban capital constituencies did not outbid urban labor parties for coalitional support from agriculture. There appear to be a number of factors involved, which often reinforced one another. One barrier was liberal ideology, in which agricultural subsidies violated free market principles. Another contributing factor was proportional representation, which tended to divide the center-right and make it necessary for a number of parties to agree to agricultural subsidies. Proportional representation tended to interact with liberal ideology in some cases. Where liberal parties' primary rivals for urban votes were secular conservative parties (as in Scandinavia), rather than religious conservative parties (as in Austria, Belgium, the Netherlands, and Switzerland), there was much greater liberal resistance to agricultural subsidies. This is presumably because blurring of ideological differences would much more predictably lead to organizational extinction of liberal parties where their main rivals were both urban and secular. Such ideologically and institutionally based opposition was invariably temporary. After it led to political defeat and periods of rule by red-green coalitions, urban center-right parties soon dropped their opposition to agricultural subsidies.

Finally, another barrier to offering agricultural subsidies was more technical in character. Agricultural sectors that relied on export markets could only be effectively subsidized by complementing trade protection with internal market price supports. Even this would not have a big impact on agricultural sectors

that were particularly reliant on foreign markets, such as Australia, Canada, Denmark, and New Zealand. In the latter cases, in the event of a collapse of international export prices, even domestic price supports are not sufficient to shelter agricultural incomes from precipitous falls. Here it becomes necessary to use direct government transfers financed out of general taxation. Although there was typically greater resistance to adding domestic price supports to protection, these measures were eventually adopted. However, it proved much more difficult to extract large transfers out of general taxation, particularly since the interwar episodes of collapsing export prices corresponded to times of depression for the overall economy. In such desperate times, agricultural populations became unusually radicalized and willing to experiment politically. This helps to account for why the Depression was the high-water mark of red-green coalitions. After World War II, in more stable economic times, red-green coalitions survived only in Scandinavia. Again, though, a complementary factor was that parties of urban capital had either learned from their earlier mistakes, or in the case of some liberal parties, had become insignificant political forces.

CASE STUDIES

It is useful to illustrate the general discussion of OECD democracies with three case studies. Australia is chosen to illustrate the cases of countries heavily dependent on agricultural exports. Sweden is chosen to illustrate cases of urban-majority countries developing red-green coalitions, as opposed to the more common coalitions of urban capital and smallholding agriculture. Lastly, Italy is chosen to illustrate the cases of countries where land ownership was relatively unequal and thorough land reform failed to occur.

Australia

Under democracy, the asset-based theory predicts that property rights in Australia would be established to facilitate development of a predominantly smallholding agriculture. Australia's agricultural workforce fell below half the total population during the 1880s, and below ten percent around 1960. During the 1880s, then, the asset-based theory predicts a crossover from an urban-rural to an intra-urban cleavage, with policy outcomes continuing to benefit agriculture most in both periods. Australia's comparative advantage did not shift to producing capital-intensive manufactured goods until after World War I. The trade-based theory thus predicts an initial cleavage of abundant land vs. scarce capital and labor, followed some time after World War I by one of abundant capital and land vs. scarce labor. Policy outcomes would be expected to benefit land in the first period, and capital and land in the second.

Though independence was much longer in coming, manhood suffrage in the lower houses of the territorial parliaments prevailed from the 1850s. The primary early conflict was intra-rural, pitting large-scale sheep graziers against smallholders. Sheep graziers sought unrestricted pasturage over large areas, and

employed significant agricultural labor forces. Through their numerical preponderance, smallholders were able to establish property rights. From the early 1860s, Selection Acts were used to distribute smallholdings. This forced the graziers and their agents to buy small-holds and fence them off. The number of small farmers exploded over the following decades. Smallholder influence also produced massive state-financed infrastructure investments and agricultural research. Along with a ban on indentured native labor, a similar investment scheme later transformed the sugar industry—which initially used indentured labor from the Pacific Islands—into a preserve of smallholders. At the same time, in a Liberal-Conservative party system, the predominant cleavage became rural-urban, with smallholders fighting urbanites over trade policy. Urban protectionists often won this battle (Crowley 1974:124–216; Denoon 1983:52–54, 82–85, 100–4; Macintyre 1999:92–108).

Politics began to change around 1890. Falling commodity prices in the 1880s and 1890s produced not only hardship in agriculture, but wage disputes and strikes among the shearers, miners, dockworkers, and seamen. The strikes were defeated through the unified opposition of both Conservative and Liberal parties, leading to the formation of the first labor parties. Denoon (1983:84) explains that “the pattern of Australian politics had begun a decisive shift towards a persistent contest between Labor and non-Labor parties.” A unified Commonwealth existed from 1901, by which time a number of Labor governments had been elected in the various territories with the help of desperate rural votes.

The conflict over protection continued. Most agriculture, with its high dependence on exports, could not benefit as significantly from a protected domestic market. This in turn led smallholders, who felt left out in a struggle between parties of urban labor and urban capital, to form “country” parties. The Country Party emerged as a major political force after World War I. The main base of the Labor Party was urban labor, and that of the Liberals the urban middle class. The farmer vote, on the other hand, was typically divided between the Liberals and the Country Party. Nevertheless, the Country Party vote was almost invariably large enough to be necessary in forming a majority coalition. Ruling in coalition with the Liberals (then for a time called the Nationalists) during the 1920s, the Country Party shifted its strategy from attacking manufactures tariffs to obtaining home-market agricultural price supports and more rural infrastructure investment. The Depression caused desperate hardship among export-dependent small farmers, and as elsewhere opened up an opportunity to form a red-green coalition. Labor efforts to match increased protection with home-market price supports for wheat—the most important smallholder crop—were defeated by Liberal opposition in the upper house. But after Labor lost the 1931 election, subsidies and price supports for wheat and other crops were phased in over the following years with Liberal support.

Apart from the late 1940s, the subsequent period through to 1983 was one of almost unbroken Liberal-Country coalition governments. This remained the

case despite the continuous decline of the rural population, because the Country vote share remained remarkably stable. One man, Liberal leader Robert Menzies, led Liberal-Country governments continuously from 1949 to 1965. Redistributive transfers to urban labor remained limited, while industry benefited from protection and agriculture from protection and price supports (Crowley 1974:216–551; Denoon 1983:152–54, 188–91; Jaensch 1997:199–311, 422–28; Macintyre 1999:122–30, 150–51, 165–83, 197–204).

As predicted by the asset-based theory, democracy made possible the Selection Acts, which built a predominantly smallholding agriculture. The timing of the shift from an urban-rural to an intra-urban cleavage supports the asset-based theory rather than the trade-based theory. The later period outcome of Liberal-Country hegemony, with subsidies disproportionately benefiting agriculture, is correctly predicted. But the early period outcomes were *both* large rural infrastructure investments and manufactures protection, and the latter is not predicted. Weak rural political mobilization appears to have played a role, as did the plurality, single-member district system that prevailed until 1918–1919. Farmers mobilized primarily during periods of falling agricultural prices, and, until the formation of the separate Country Party, they were somewhat neglected by the Liberal Party. This was also made easier by the strong union basis of the Labor Party, which typically meant that Labor did not reach out to the farmers except during times of crisis.

Sweden

Outside of a limited number of areas, land ownership here was relatively equal. Sweden made the transition to an urban majority between 1900 and 1910, and the agricultural population fell below ten percent during the 1960s. So, for the entire democratic period beginning in 1918, the asset-based theory predicts an intra-urban cleavage and outcomes primarily benefiting agriculture. Since Sweden can be considered capital-abundant following World War I, the trade-based theory predicts a cleavage of abundant capital against scarce labor and land, and outcomes benefiting labor and land.

At the end of World War I, the Social Democrats governed in coalition with the Liberals, obtaining the eight-hour workday and final crucial suffrage advances as part of a consumerist common front against industrial and agricultural protectionism. The protectionist Conservatives were soon joined in opposition by the new Agrarian party, which made increasingly strong inroads into the rural votes of both Conservatives and Liberals. The Liberal vote in particular declined dramatically, but throughout the 1920s the Liberals operated as a pivotal group able to prevent both significant increases in protection and significant concessions to urban labor. With relative agricultural prices falling steeply in the late 1920s, a new grain subsidy was finally passed by a minority government of the prohibitionist splinter of the Liberals (responding to Agrarian and Conservative pressure). Faced with the prospect of being frozen out

by a center-right coalition, the Social Democrats finally dropped their traditional hostility to agricultural subsidies. After the 1932 elections, the Social Democratic-Agrarian “cow trade” increased agricultural price supports in exchange for a modest public works program. Notably, the Liberals rebuffed an Agrarian offer of a center-right coalition focusing more exclusively on protecting agriculture. Conservatives complained loudly that the “cow trade” needlessly made concessions to the Social Democrats (Esping-Andersen 1985:82–88; Lewin 1988:123–58; Söderpalm 1975).

Beginning in the 1930s, the Social Democrats’ ideological moderation, combined with Sweden’s successful economic recovery, brought electoral rewards. With Communist support, the Social Democrats were close to being able to govern without any center-right coalition partners. In the mid-1940s, the Social Democrats talked of deepening state intervention through what they called “economic planning.” This was not to be a planned economy in the Soviet sense, but rather a market economy with various kinds of “rationalizing” state intervention. This was to go beyond demand management, to include selective control of management and investment in poorly functioning sectors. However, inflationary effects of demand management, along with widespread concern that “planning” would mean intensifying rather than dismantling unpopular wartime-style controls, led to a significant electoral setback in 1948. The Social Democrats duly moderated their policy goals, and for a while fell back on the old coalition with the Agrarians. During most of the 1950s, economic policy again combined agricultural price supports with moderate wage and social welfarist policies.⁹ Social Democratic policies only moved noticeably leftward in pursuit of more significant transfers to urban labor in the 1960s. This occurred once the Social Democrats succeeded in using a plan to broaden the pension system to attract significantly greater middle class support, particularly among white-collar workers. This was sufficient to hold power because the agricultural sector had declined enough to construct exclusively urban center-left majorities (Esping-Andersen 1985:106–13; Lewin 1988:159–237, 274–304).

Beginning with the “cow trade,” the asset-based theory correctly predicts an intra-urban cleavage, and the trade-based theory correctly predicts a cleavage of capital vs. labor and land. However, the latter “success” is misleading, because the Social Democrats were free-trading rather than protectionist. That is, the coalition was one of free-trading labor and protectionist land vs. protectionist and later free-trading capital, not, as predicted by the trade-based theory, one of protectionist labor and land vs. free-trading capital. Moreover, once urban labor was fully enfranchised after World War I, the primary economic policy cleavage shifted from trade policy to intra-urban redistributive policies (income taxation, social welfare policies, and labor market regulations). On the other hand, the asset-based theory incorrectly predicts an outcome of urban capital and land triumphing over urban labor. This did not happen following the “cow trade” because Social Democratic moderation and strong economic per-

formance earned significant middle-class and rural support, and kept open the option of an enduring coalition with the Agrarians.

The period from 1918 to 1933 is even more interesting theoretically. Institutional factors appear fundamental to the Liberal-Social Democratic free-trading coalition of this period. Proportional representation facilitated formation of multiple center-right parties. The Liberals were hemorrhaging voters to the new Agrarians on the one hand and the Conservatives on the other, and so would not for long be able to dictate terms to the rising Social Democrats. It was predictable that, if the Liberals would continue to frustrate protection for agriculture, the Social Democrats would eventually overcome their ideological scruples and offer to exchange agricultural protection for transfers to urban labor. Also, the Liberals could not follow the defecting voters. They could never represent small farmers better than the Agrarian Party, and adopting protectionism would eliminate their most significant difference vis-à-vis the Conservatives in appealing to the urban middle class. Thus, the 1918–1933 free-trading coalition was an anomaly based on a temporary confluence of institutional and ideological factors: a proportional representation electoral system, early Social Democratic ideology, and the existence of both agrarian and secular conservative competition for the traditional Liberal vote.

Italy

Italy traditionally had highly unequal land ownership in many regions, particularly in central and southern Italy and on Sicily and Sardinia. Hence, under democracy, the asset-based theory predicts land reform in these regions. The agricultural workforce fell to below half of the population in the late 1920s, and below ten percent around 1980. So the asset-based theory predicts an urban-rural cleavage in the brief early period of democracy in 1919–1923, and an intra-urban cleavage after World War II. The trade-based theory predicts an early cleavage of abundant labor vs. scarce capital and land, followed by one of abundant capital vs. scarce labor and land.

The 1919 elections were the first under manhood suffrage to be largely untainted by patron-client vote manipulation in the south. In the late nineteenth and early twentieth centuries, the ruling Liberal party was alienated from both Catholics and Socialists. Liberal rule was maintained with the support of southern landed elites. These elites delivered rural votes in exchange for Liberal support against any land reform that would threaten the large landholdings dominating much of the south. In 1919 the Liberals lost their majority, with both the Socialists and the Catholic Popular Party (PPI) making huge advances. The Liberals were pushed back into their southern and island clientelistic strongholds. The Socialists' main support came from urban labor, and from rural labor in the south and sharecroppers in large-estate regions of the center. The PPI's main bases were the urban middle class and the northern smallholding peasantry. The Socialists had adopted a revolutionary program in 1912, and were further rad-

icalized by the war and the Bolshevik Revolution. Hence they would not cooperate in any "bourgeois" government that might forestall the inevitable revolution. The Liberals, meanwhile, refused to accommodate PPI demands for land reform, female suffrage, proportional representation in local elections, and state recognition of Catholic schools. Mainly, this opposition was driven by a desire to prevent Catholic inroads into the Liberals' clientelistic southern stronghold.

At the same time, the Liberals failed to act decisively in response to the creeping revolution conducted by the Socialists, which included seizure of factories and large estates. This provided an opening for the local Fascist squads, which gradually reversed Socialist actions in small towns and rural areas of the center and north. The Fascists also opposed land reform, since large landowners were important patrons. After the 1921 elections the Liberals governed with Fascist support, with both the PPI and the Socialists remaining aloof. This legitimized the Fascist squads, leading to heightened cooperation with local administrations and police. Fascist control spread across the north and center. No alternative developed. The Socialists refused to cooperate against the Fascists, believing that disorder would bring forward the day of revolution. The PPI withdrew support from the government, but feared the Socialists more than the Fascists. In the end, the mere threat of a Fascist coup attempt was enough to deliver power to Mussolini in October 1922 (Morgan 1995:3–59).

The postwar map of Italian politics was quite familiar. The two largest blocs were formed by the Christian Democrats and by the Socialists and Communists. Outside of the south, the main bases of their support remained largely unchanged. The Christian Democrats relied on smallholders (especially in the north) and the urban middle classes. The Socialists and Communists were also strongest in the same prewar areas, with the Socialists relatively stronger among northern urban labor and the Communists among rural workers and sharecroppers.

The large Christian Democratic victory in 1948 depended on support from southern landless laborers, who were responding to Alcide de Gasperi's public endorsement of large-scale land reform. Immediately following the Liberation, communist operatives helped to organize land seizures and efforts to control terms of employment for rural laborers. The Christian Democrats initially dragged their feet, afraid that their large southern landowner contingent and its clientele would bolt the party. Land seizures began again in late 1949, and were followed by a number of shootings of peasant activists that were sensationalized in the national press. The Christian Democratic left wing and urban business exerted countervailing pressure against the landowners. Finally, in 1950, three land reform bills were passed, covering the main regions dominated by large estates. Only parts of the large estates were expropriated (with compensation), and a large proportion of the eligible landless and marginal rural population received no land. Nevertheless, 120,000 peasant families did benefit, and a similar number were helped by a state-subsidized land purchase program.

This amounted to creating or solidifying almost a quarter of a million smallholding families. The effort was complemented by a huge program of public works, rural infrastructure, farm input, credit, and price-support subsidies controlled by Christian Democratic reform boards and administrative agencies, which effectively supplanted the large landowners as the dominant providers of local patronage. A large proportion of the old landowning class defected to fascist and monarchist parties.

On the one hand, this was a great political success. The Christian Democrats made large inroads into the southern landless and marginal peasantry once controlled by the old Liberals. But a large proportion of these peasants were left out, and most of these increasingly gravitated to the Communists. But the Christian Democrats made large enough inroads to replace the Liberals as the pivotal party for majority coalition formation. In 1948–1962, the Christian Democrats governed in coalition with small center and right parties. Thereafter, the moderate Socialists were frequently in the governing coalition. With the Communists permanently on the outside, the main issue was the division of subsidies between constituencies of the center-right parties (particularly agriculture, but also industry and government workers) and social welfare programs disproportionately benefiting urban labor. Subsidies to agriculture were the most consistently generous (Clark 1998:302–60; Dogan 1967; Ginsborg 1990:60–63, 106–10, 121–40, 161–62; Zariski 1972:141–217).

The asset-based theory incorrectly predicts a land reform in 1919. The failure to implement any land reform before 1950, and the incomplete character of the 1950 land reform, maintained the intra-rural split alongside the intra-urban split—as predicted by the class-based theory. This occurred for a combination of institutional and ideological reasons. The Liberals faced near extinction if they allowed a thorough land reform, and the prewar Socialists were opposed out of Marxist ideological orthodoxy. After World War II, it seems that landowner influence in the Christian Democratic Party was primarily responsible for delaying and then watering down land reform. Nevertheless, the small peasant base was enlarged and consolidated enough to make possible a lasting majority based on a coalition of the urban middle class and smallholding peasants. This predictably limited transfers to urban labor and made for heavy transfers to smallholding agriculture. The trade-based theory predicts a cleavage of abundant labor vs. scarce capital and land in 1919–1923 and in the decade or so after World War II, followed by one of abundant capital vs. scarce labor and land. This does not capture the intra-rural cleavages of the early period, and erroneously predicts a red-green coalition in the later period. Trade policy was not the most hotly contested economic policy issue in either period.

CONCLUSIONS

This paper has sought to provide a more explicit “asset-based” theoretical foundation for the looser, “pivotal agriculture” tradition. This foundation generates

more specific predictions about economic policy cleavages and outcomes. Preliminary empirical tests provide stronger support for the urban-rural, then intra-urban sequence of cleavages predicted by the asset-based model, as against the class-based or trade-based cleavages predicted by its primary competitors. The class-based theory correctly predicts cleavages when land ownership develops in a highly unequal manner, and when democracy fails to result in land reform to create a more equitable distribution. The trade-based theory correctly predicts cleavages almost exclusively where its predictions happen to overlap with those of the asset-based theory. The asset-based model's predictions about *outcomes*—that smallholding agriculture will always be the primary beneficiary of redistributive economic policy—are more weakly supported. However, even this limited success in predicting outcomes is still much stronger in relative terms than that of the trade-based theories. (Recall that the class-based theory does not make definite predictions about outcomes, and in particular does not predict the privileged position of specifically rural swing voters.)

Moreover, the main predictive failures of the asset-based model appear to correspond to a limited set of ways in which the assumptions of the model failed to hold. Among the OECD democracies examined, the most important such failed assumptions involve political competition and political identity. Failures of political competition, as would be expected, were typically temporary as long as democratic rules persisted. These failures of political competition typically involved some combination of: (1) party ideologies insufficiently representing the interests of agriculture, (2) competitive disincentives against reform of these party ideologies, and (3) organizational cost-based delays in forming new parties accountable to agriculture. The most common variant saw Liberal parties holding out against agricultural protection and price supports, and thus preventing the formation of a stable majority coalition of the urban middle classes and smallholding agriculture. In every case, such Liberal parties either eventually overcame their ideological scruples, or lost almost all of their voters either to existing urban conservative parties or to rising agrarian parties. In a number of cases, this occurred only after small-holding voters or parties made clear the alternative: that they would if necessary support greater transfers to urban labor in order to obtain the agricultural protection and price supports. The second main failure involved ethnic, religious, and regional cleavages, which sometimes corresponded to deep divisions in political identity. This could cause more persistent and recurring divisions among different segments of each of the main economic interest groups. Depending on the pattern of such identity differences, there were often corresponding changes in cleavages and outcomes.

These results are only meant to suggest the potential promise of the “asset-based” approach. Future work should attempt to test the three approaches on a broader sample of democracies. It would also be desirable to extend the theories and tests to cover authoritarian regimes. Of course, this is easiest where the authoritarian regimes are based on clear rules concerning representation, and

when the character of the representation is relatively clear. Where it is possible to map out authoritarian institutions in a relatively transparent manner, and where the primary cleavages are economic in character, the three frameworks also offer rival predictions about cleavages and outcomes in struggles over transitions to democracy.

APPENDIX: AGRICULTURAL SUBSIDY GAME

In simplified game-theoretic terms, urban capital and urban labor in majority-urban societies are playing the game shown in Table 4. The payoff ordering is $a(i) > b(i) > c(i) > d(i)$, where $i = c$ for the urban middle classes and $i = l$ for urban labor. If either the urban middle classes or urban labor support agricultural subsidies, such subsidies are implemented. If urban labor supports agricultural subsidies and the urban middle classes do not, then income transfers to urban labor are implemented alongside agricultural subsidies.

To explain the payoff orderings briefly, the urban middle classes are best off if neither they nor urban labor support agricultural subsidies, and worst off if they do not support agricultural subsidies and urban labor does. In the intermediate cases where they support agricultural subsidies, they are better off if urban labor does not, because this makes for a more solid alliance against urban labor. Urban labor is best off if it supports agricultural subsidies and the urban middle classes do not, and second best off if neither it nor the urban middle classes support agricultural subsidies. In the cases where urban capital supports agricultural subsidies, urban labor is better off if it also supports agricultural subsidies, because this earns some political goodwill that may facilitate more limited transfers to urban labor.

In this game, the unique one-shot Nash Equilibrium is for both the urban mid-

TABLE 4
Agricultural Subsidy Game

| | | <i>Urban Labor</i> | |
|-----------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| | | <i>Support Agricultural Subsidies</i> | <i>Oppose Agricultural Subsidies</i> |
| <i>Urban Middle Classes</i> | <i>Support Agricultural Subsidies</i> | $c(l)$ | $d(l)$ |
| | <i>Oppose Agricultural Subsidies</i> | $a(l)$ | $b(l)$ |
| | | $c(c)$ | $b(c)$ |
| | | $d(c)$ | $a(c)$ |

dle classes and urban labor to support agricultural subsidies. (A Nash Equilibrium exists where neither the urban middle classes nor urban labor are better off changing their strategy, given the strategy chosen by the other side.) In all variations that might be constructed on this game, the key point is that, if the urban middle classes do not support agricultural subsidies, they are providing an opening for urban labor to trade agricultural subsidies for more extensive intra-urban transfers.

NOTES

1. To take some contemporary examples, Germany and Japan, even though densely populated, have long ceased to have comparative advantages in producing labor-intensive manufactured goods.

2. This is true for almost every country for which data exists. See Mitchell 1992, 1993, 1995.

3. It is unusual to have large numbers of landless laborers in regions dominated by small-holders. This is because there is little regular agriculture work available for rural laborers under this mode of agricultural organization. Surplus labor in such rural economies will tend to migrate, either to the cities or to regions with larger numbers of large estates.

4. I thank an anonymous referee for emphasizing this contingency.

5. The OECD democracies are only examined until their agricultural workforces fall below ten percent of the total. Thus, Britain is excluded because she did not become fully democratic until her agricultural share of the workforce fell below ten percent. Mexico is excluded because democratization was only achieved there in the last few years. Finally, Iceland and Luxembourg are also excluded.

6. The main sources for these classifications can be found below Table 1.

7. The relatively strong peasant support for the Finnish Social Democrats is sometimes explained in terms of regional divisions deriving from the bloody Civil War of 1918 (Allardt and Pesonen 1967).

8. The one partial exception is the United States from the 1880s until World War I. Here the trade-based theory correctly predicts a continued urban-rural cleavage, while the asset-based theory prematurely predicts a crossover to an intra-urban cleavage. The asset-based theory thus reiterates the famous question of why urban labor mobilized so late in the United States.

9. Beginning in the late 1930s, collaborative agreements with business linked wage increases to advances in productivity. This collaboration was renewed in the 1950s.

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