DOES POLITICS MATTER: AN ANALYSIS OF THE PUBLIC WELFARE COMMITMENT IN ADVANCED DEMOCRATIC STATES

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ABSTRACT

The overriding conclusion of the majority of recent policy studies is that political factors play an insignificant role in influencing policy outputs. We establish a number of models, comprising both economic and political variables, which are used in an attempt to indicate the relative salience of rival determinants of public welfare commitment in advanced democratic states. Though we cannot dismiss some influence of economic factors, the main findings run counter to the conventional wisdom of policy studies in indicating the greater salience of political factors as determinants of public welfare outputs.

Introduction

There has been a pronounced tendency in recent research for political scientists to be so concerned with explaining political behaviour in terms of social and cultural patterns and processes of economic development that the political mechanism has progressively emerged as a "black box" automatically transforming social forces into authoritative decisions. Politics is not considered to have major consequences, partly because the discipline has been increasingly disinclined to see consequences as its province, but more crucially, because the intellectual apparatus of explanation that has been adapted is sufficiently deterministic to leave nothing for politics to explain. In short, politics has come to appear as irrelevant. (For a general discussion of this point, see Paige, 1978).

The propensity to deemphasize the significance of politics has

been particularly prevalent in the field of policy studies. The recent cross-national policy studies have been able to draw upon a more enduring and well-established convergence theory of industrial society.

The convergence argument is basically that as societies adopt a progressively more industrial infrastructure, certain determinate processes are set in motion which make them more and more alike. Technology and economic development have their own inherent logic which has a levelling and convergent impact on diverse social structures, cultural traditions and political systems. Thus, Goldthorpe (1964, 97—98) points out:

> These factors (modern technology and an advanced economy) which make for uniformity in industrial societies are seen as largely overriding other factors which make for possible diversity, such as different national cultures or different political systems. Thus, the overall pattern of development which is suggested is one in which, once countries enter into the advanced stages of industrialization, they tend to become increasingly comparable in their major institutional arrangements and in their social systems generally. In brief a convergent pattern of development is hypothesised.

This theory of industrial society makes quite clear the importance of the controlling role of the administrative apparatus in the emergent industrial society whilst simultaneously suggesting the relative unimportance of differences in political structures and ideas. (Similar arguments can be found inter alia in Galbraith, 1967). Thus, seemingly, the new society has room for the state, but not for politics.

The end of ideology thesis is but another variation on the same theme. Lipset (1960, 406) explains that political ideas no longer matter because:

> The political problems of the industrial revolution have been solved: the workers have achieved industrial and political citizenship; the conservatives have accepted the welfare state; and the democratic left has recognised that an increase in overall state power carries with it more dangers to freedom than solutions to economic problems. The very triumph of democratic social revolution in the West ends domestic politics for those intellectuals who must have ideologies and utopias to motivate them to political action.

Whilst this formulation of the end of ideology thesis by Lipset has been much criticized for its conservative bias, its essential diagnosis of the cessation of ideological struggle in the industrialized nations of the west is accepted by those who, like Marcuse, see the working class movement becoming ever more deradicalized through the "collusion

of Business and Labour within the Strong State" (Marcuse, 1964, 11).

Naturally enough, the general acceptance of an inevitable logic of industrialism has mitigated against research into the possible input of variations in political activity on the nature of policy outcomes in advanced democratic states. The assumption has generally been "that the policy dilemmas facing decision-makers of public consumption expenditure are quite similar in all nations, regardless of system", and that, consequently, "it should not be too surprising that the decisions are roughly similar" (Pryor, 1968, 301. For a rather different explanation which nonetheless ends up with a similar conclusion, see Parkin, 1971).

Some more recent cross-national studies provide further corroboration for the general convergence thesis. Thus, Wilensky (1975, 27–28) points out:

> ... the primacy of economic level and its demographic and bureaucratic corre-
> lates is support for a convergence hypothesis; economic growth makes countries
> with contrasting cultural and political traditions more alike in their strategy
> for constructing the floor below which no one sinks.

Cutright (1965) has also shown that the variance in social security coverage and level of benefits could be explained by the level of energy consumption (his measure of economic development), and that the degree of political representativeness of a nation had very little impact on social security programmes. Haniff (1976) in a 125 nation study also shows that economic factors, and in particular levels of economic development, outweigh political ones in determining social policy outputs. Dye (1976, 51) in summarizing a number of studies concludes:

> Thus most comparative cross-national policy studies indicate that health and
> welfare policies, regardless of political systems, are closely associated with levels
> of economic development.

The apparent irrelevance of the influence of political factors on policy outputs now seems tantamount to conventional wisdom. While we do not wish to reject this conventional wisdom entirely, it is our contention that it has seriously underestimated the significance of politics in shaping social reality. Much research in the field of policy studies, in our opinion, has been guilty of emphasizing the processes whereby political activity is shaped to the neglect of the impact of politics on social life. What is required is a reassessment of the role

of political activity as one among a number of crucial factors deter-
mining the nature and conduct of human affairs [1]. The basic objec-
tive of this paper is to make such a reassessment. We do so by exam-
ining public welfare outputs in advanced industrial democracies. At
least as far as this area of policy studies is concerned, we shall show
that political structure and ideology are of vital consequence. Thus,
contrary to conventional wisdom, politics does matter.

Research Design

The population of this study consists of advanced democratic states.
For our purposes, such states may be operationally defined as those
which have a continuous history of universal suffrage, majority govern-
ment, free elections for at least twenty years (since 1958), and a level of
GNP per capita (in 1974) in excess of $ 2000 [2].

Our primary objective is to try to explain the different level of
commitment to public welfare in these advanced democratic states.
More precisely, we are concerned to analyze the relative utility of
two rival models for explaining the variations in public welfare com-
mitments.

We use four measures of public welfare as our dependent variables.
1. Total public educational expenditure as a percentage of gross
   domestic product [3];
2. Total general government transfer payments as a percentage of
   gross domestic product-transfer payments include items such
   as pensions, unemployment benefits, and social security [4];
3. Infant mortality per 1000 live births — this gives a measure of
   the diffusion of public health benefits [5];
4. Welfare index — this general index is constructed by standardizing
   the variables of education, transfer payments and infant mortality,
   and adding them [6].

Our analysis proceeds in three stages. In the first, we test the capac-
ity of a *"politics is irrelevant"* model to explain the variations in
public welfare commitments in advanced democratic states; in the
second stage, we test a *"politics matters"* model; and in the third stage,
we combine the two models and test this amalgamated model.

The independent variable in the *"politics is irrelevant"* model is
per capita gross domestic product, which we use as the measure of the
level of economic development. The dependent variables are the four
measures of public welfare. From this simple model we derive two
hypotheses:

Hypothesis 1: The commitment to public welfare increases with the level of economic development.

Hypothesis 2: The variation in countries' commitment to public welfare reduces with increases in economic development.

The rationale for each of these hypotheses derives unequivocally from the convergence theory of industrial society. If economic growth and technology are the overriding factors making for uniformity in industrialized societies, then we would expect hypothesis 1 to hold. Furthermore, we should also expect uniformity to be greater at higher levels of economic development, hence hypothesis 2.

We can test the first hypothesis by simply regressing each of the four welfare indicators onto per capita gross domestic product. If we are to accept this hypothesis, then we need to find significant regression equations.

In order to test the second hypothesis, we need initially to rank the population of advanced democratic states in terms of per capita gross domestic product and divide them into two groups, the higher and lower income categories. We then calculate the variance of each of the welfare variables in the higher and lower income categories. We may then use the F test for equality of variance. If we are to be able to accept the second hypothesis, we would need to find that the variance in the welfare indicators is greater in the lower income category.

In the second stage of the analysis, we evaluate the utility of a *"politics matters"* model. Instead of modelling variations in public welfare in terms of economic development, we attempt to model welfare using a set of political variables. Three political variables are used:

1. Type of political structure — we measure the formal distribution of power embodied in constitutional procedures in a dichotomous or dummy variable of unitary or federal structure;

2. Type of political leadership — we use Lijphart's (1968) distinction between competitive and coalescent leadership styles, which again constitutes a dummy variable [7];

3. Dominant political ideology — we again use a dichotomous or dummy variable to measure the presence or absence of an ideological dominance of the Right in terms of whether a secular or religious party of the Right was in office for more than half the period, 1950–74 [8].

From the *"politics matters"* model we can derive three hypotheses by relating the four dependent welfare variables to each of the three

independent political variables:

Hypothesis 3: Federal states will be characterized by lower levels of welfare state provision than unitary states.

Hypothesis 4: States with competitive leadership styles will have lower levels of welfare state provision than those with coalescent styles.

Hypothesis 5: States, characterized by dominance of parties of the Right, will have lower levels of welfare than those where this is not the case.

The rationale for hypothesis 3 derives from the different policy potential of federal and unitary structures. The crucial difference between federal and unitary states lies not so much in the devolution of power to local territorial units (all democratic states have some form of local government), but rather in the existence within federal states of institutional guarantees that the division of powers will not be arbitrarily changed without the consent of territorial sub-units. For a variety of reasons, federal states impose serious constraints on policy outcomes which involve a major alteration in the distribution of scarce values. First, federal states tend to have greater inbuilt stipulated majority requirements than unitary states, which are expressly devised to make structural change extremely difficult. Second, the various structures and procedures which are inherent in federal systems — State governments, legislative chambers representing State interests at the national level, and constitutional courts — create a proliferation of political levers which can be used to defeat proposals for policy changes. Third, the restricted political competence of the central government makes it impossible for a truly national policy to emerge in these areas where States have independent powers.

The rationale for hypothesis 4 stems from the different nature of the utilization of power in systems with competitive and coalescent leadership styles. A coalescent leadership exists when leaders of opposing groups perceive that there are advantages to be derived from mutual accommodation and can create formal or informal coalitions to achieve that goal. In contrast, opposing elites are competitive when their only goal is to maximize the advantage of their own constituents at the expense of others. Thus, coalescent leadership is premised on a variable-sum conception of power, in which common advantages are a major determinant of policy-making; competitive leadership is premised on a zero-sum conception of power in which advantages are only to be won at the expense of others. To the degree that such leadership attitudes are general attributes of given types of political system, this will have important implications for policies designed

to implement welfare state objectives. Greater welfare is generally advocated in order to enhance the common advantage of the vast mass of the population, and necessarily involves certain groups foregoing advantages in order to promote the common good. Where leadership is competitive, those groups which stand to lose by greater welfare provision will resist such social reforms more strenuously than is likely to be the case where a coalescent leadership's most important considerations are the common advantage.

The rationale for hypothesis 5 starts from the proposition that the political ideologies espoused by political parties are likely to be reflected in the policies they adopt when in office. In general, the Left is associated with a set of political beliefs which favour greater economic and social equality, see welfare state reforms as a crucial element in achieving social justice, and regard state interference as a means of procuring these goals. The Right is associated with opposition to such beliefs, generally premised on the arguments that carried too far they must be detrimental to individual freedom and destructive to social harmony. Moreover, these differences in the nature of political beliefs are firmly grounded in the material interests (i.e. class and occupational interests) of different groups within a society. The rationale for hypothesis 5 is the perfectly simple and old-fashioned notion that parties, whose programmes are less favourably inclined to welfare state provision and a substantial proportion of whose voters may lose from the redistribution of resources effected by such provision, are less likely to implement welfare policies than parties for which this is not the case.

The test procedures for hypothesis 3, 4, and 5 are identical. In each case the political variable is dichotomized and the hypothesis asserts that the level of public welfare provision is higher in one category (for example, unitary systems). The appropriate test statistic is of course the one-tailed t test. We can achieve exactly the same result and at the same time provide a measure of the level of explained variation by using a simple, dummy-variable regression [9]. Consequently, we shall regress each of the welfare variables onto each of the political variables.

In the third and final stage of the analysis, we combine the *"politics is irrelevant"* and the *"politics matters"* models. In this combined model the dependent variable is the composite welfare index and the independent variables are per capita gross domestic product and the three political variables. The hypothesis derived from this model states:

Hypothesis 6: The level of public welfare commitment in advanced democratic states is a positive function of economic development, a unitary political structure, the absence of an ideological dominance of the Right, and coalescent political leadership.

The rationale for this hypothesis is simply an amalgam of the preceding individual rationales. The test procedure is to make a multiple regression of the composite welfare variable onto the economic and political variables. We will already know by this stage of the analysis which of the two basic models is the more useful in isolation. By using the combined, additive model, we may examine whether we can better explain levels of public welfare commitment using both economic and political variables.

Findings

STAGE 1: THE "POLITICS IS IRRELEVANT" MODEL

We can find virtually no support for the first hypothesis. The regressions of three of the welfare variables — education, transfer payments, and the general welfare index — onto per capita gross domestic product do not produce significant regression equations. The regression for infant mortality does produce a significant result (at the 0.05 level), but the level of explained variation is low (15 percent) [10]. We are obliged to conclude, therefore, that the level of commitment to public welfare in advanced democratic states is unrelated to economic development [11].

We can also find no support for the second hypothesis. The variance in transfer payments and infant mortality is lower in the higher income group of countries, but the variance in education and in the composite

TABLE I

Variance in Public Welfare Indicators in the Higher and Lower Income Categories of Advanced Democratic States

	Variance in the higher income group	Variance in the lower income group
Educational expenditure	2.25	0.92
Transfer payments	18.57	33.75
Infant mortality	14.75	22.46
General welfare	5.13	4.35

welfare index is greater in the higher income group. None of the differences, however, is significant.

Since we can find no support for either hypothesis, we must conclude that the *"politics is irrelevant"* model cannot provide an adequate explanation of the behaviour of public welfare in advanced democratic states. Applied to the commitment to public welfare in these countries, the convergence theory in isolation is invalid [12].

STAGE 2: THE "POLITICS MATTERS" MODEL

There is a strong support for our third hypothesis. Though political structure appears to have no significant impact on levels of educational expenditure, unitary systems have significantly higher levels of transfer payments, general welfare, and significantly lower levels of infant mortality.

There is also strong support for the fourth hypothesis. Although leadership style has no significant impact on the level of transfer payments, countries with coalescent leadership styles have significantly higher levels of educational expenditure, general welfare, and significantly lower levels of infant mortality.

There is even stronger confirmation for the fifth hypothesis. States characterized by an ideological dominance of the Right, have significantly lower levels of performance on each of the four public welfare attributes.

The simple regressions, though not producing particularly high levels of explained variation, indicate unequivocally that the commitment to public welfare in advanced democratic states is influenced by political considerations.

We can generally improve the level of explained variation by regress-

TABLE II

Mean Levels of Public Welfare Indicators by Political Structure

Political structure	Public welfare indicators			
	Educational expenditure	Transfer payments	Infant mortality	General welfare
Unitary systems	6.02	17.46	13.43	0.77
Federal systems	5.60	12.65	17.98	−1.68
	(NS) *	(21) *	(25) *	(30) *
	(NS) **	(05) **	(01) **	(01) **

* This is the R² derived from the simple dummy-variable regression.
** This is the significance level for the one-tailed *t* test.

TABLE III

Mean Levels of Public Welfare Indicators by Political Leadership Style

Leadership styles	Public welfare indicators			
	Educational expenditure	Transfer payments	Infant mortality	General welfare
Coalescent	6.40	17.16	13.25	0.97
Competitive	5.28	14.26	16.68	−1.35
	(20) *	(NS) *	(17) *	(30) *
	(05) **	(NS) **	(05) **	(01) **

* This is the R^2 derived from the simple dummy-variable regression.
** This is the significance level for the one-tailed t test.

ing each of the welfare variables onto all of the political variables, i.e. by using multiple rather than simple regression. The sole exception is educational expenditure. The multiple regression in this case shows that we cannot improve on the simple regression of educational expenditure on ideology alone [13]. In the case of transfer payments, we find that both type of political structure and ideology appear as significant influences (with the type of political structure being the more important influence), and the level of explained variation increases to 29 percent [14]. In the case of infant mortality, type of political structure and type of political leadership appear as significant influences (with type of political structure once again being the more important influence), and the level of explained variation increases

TABLE IV

Mean Levels of Public Welfare Indicators by Dominant Political Ideology

Dominant ideology	Public welfare indicators			
	Educational expenditure	Transfer payments	Infant mortality	General welfare
Absence dominant right	6.58	17.70	13.05	1.17
Presence dominant right	5.22	13.98	16.55	−1.31
	(30) *	(15) *	(18) *	(37) *
	(01) **	(05) **	(05) **	(01) **

* This is the R^2 derived from the simple dummy-variable regression.
** This is the significance level for the one-tailed t test.

to 39 percent [15]. The most impressive result appears in the case of the general welfare index, where, with ideology and type of political structure as significant influences, the level of explained variation increases to 53 percent [16].

Though we are still somewhat removed from a complete explanation of the commitment to public welfare, it is quite clear that our second basic model makes a useful contribution to such an explanation. Thus, the answer to the question of whether politics is relevant for an understanding of the public welfare commitment in advanced democratic states is unequivocally that politics does matter.

STAGE 3: THE COMBINED MODEL

We have shown beyond reasonable doubt that there is substantial support for the "politics matters" position and little support for the "politics is irrelevant" position. We can still inquire, however, whether economic development has any impact once we have taken account of political differences.

To answer this question we need to make a multiple regression of the general welfare index onto the three political variables and per capita gross domestic product. This regression produces a very satisfactory level of explained variation (64 percent), indicating thereby that hypothesis 6 is our strongest hypothesis. The significant estimators are types of political structure, ideology, and per capita gross domestic product. The successful equation is:

$W = -1.63 - 1.43I - 2.79S + 0.000601G$, where W is the general welfare index;

I is type of ideology (ideological dominance of the Right is scored 1 and no such dominance is scored 0);

S is type of political structure (federal systems are scored 1 and unitary systems are scored 0);

G is per capita gross domestic product.

We can see from this equation that if we hold constant ideology and per capita gross domestic product, unitary systems will have higher levels of public welfare than federal ones — in fact the difference is 2.79. Also, holding constant type of political structure and per capita gross domestic product, states without a dominant Right have higher levels of public welfare than those where there is such a dominant ideology — in fact the difference is 1.43. Finally, holding constant type of political structure and ideology, countries with higher levels of economic development will have higher levels of public welfare — a differential in gross domestic product per capita of $ 1000 between two

countries will result in a differential in general welfare of 0.601.

At any one level of per capita gross domestic product, since the gap between the unitary and federal systems is greater than that between the non-right and right-wing systems, we will always find the following hierarchy: unitary non-right, followed by unitary right, followed by federal non-right, followed by federal right. However, we can see from Fig. 1 that this hierarchy can be upset once we allow per capita gross domestic product to vary (for example, a federal, right-wing system can have a higher level of general welfare than a federal, non-right system). We can see from Table V, however, that there has to be a pronounced difference in per capita gross domestic product before any one type of political system attains the same level of commitment to public welfare as a country with a type of political system which is higher up the hierarchy.
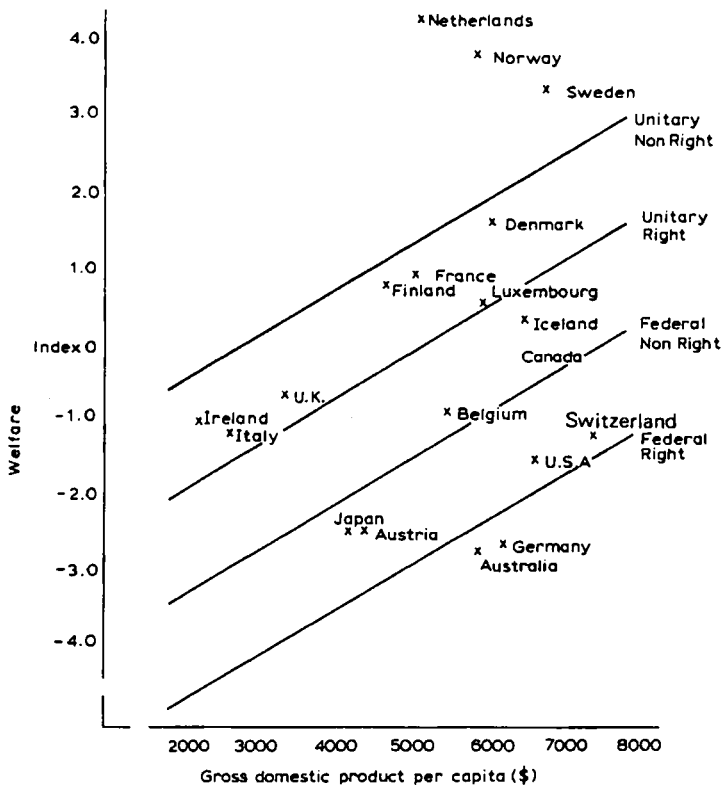

Fig. 1. Welfare index by political organization and per capita gross domestic product.

TABLE V

Size of Per Capita Gross Domestic Product Differential Required to Equalize General Welfare Differentials Between Different Types of Political Organization

Types of political organization	Per capita GDP
Federal/right to federal/non-right	2383
Federal/right to unitary/right	4647
Federal/right to unitary/non-right	7030
Federal/non-right to unitary/right	2264
Federal/non-right to unitary/non-right	4647
Unitary/right to unitary/non-right	2383

Conclusion

We have shown that the explanation of policy outputs, in at least one major area of policy-making in advanced democratic states, based solely on the logic of the convergence theory is invalid. A much more adequate explanation can, however, be derived from the antithesis of the convergence theory, which states that politics does matter. Though this conclusion is at odds with a fairly general perspective in much contemporary political science research and in some of the recent approaches to policy studies in particular, it will be of no surprise to politicians or to the more "traditional" students of politics.

However, we find our most satisfactory conclusion not in arbitrating between the relative merits of political versus non-political explanations, but in combining these two sets of explanatory factors. Thus, it is clear that differences in political organization, defined in terms of political structure and ideology, play a critical role in explaining differentials in commitment to public welfare in advanced democratic states. However, once we have taken account of such differences, economic development also contributes to public welfare.

Since in the short-term the political factors do not vary, we can suggest that economic development provides the dynamic for public welfare. This dynamic is a positive one, and it is working in a uniform manner across all of our four types of political system. It must be emphasized, however, that the dynamic role of economic development only becomes apparent once we have taken political factors into consideration. Were we to ignore the influence of variations in political organization on public welfare commitment, we would even be unable to identify the dynamic role of economic development.

Thus, while economic development does encourage higher levels

of public welfare within advanced democratic states, the dynamic of economic development is only manifested within quite pronounced differentials in public welfare provision, which are dictated by political considerations. Although, economic development can erode differentials in public welfare among the different types of political organization found in advanced democratic states, the differences in levels of economic development in those countries have to be quite pronounced before the basic differentials, set by variations in political organization, are undermined.

In the context of the public welfare commitment in advanced democratic states, therefore, politics is both relevant and irrelevant. However, not only is politics more relevant than irrelevant, but also its irrelevance is only manifested once its relevance has been taken into account.

In short, politics does matter.

Notes

1 For some attempts at such a reassessment, see for example: Heidenheimer et al., 1976; King, 1973; Peters et al., 1977. Dryzek (1978) has recently made a study which complements this present one in an interesting manner. Analyzing determinants of social inequality in developed western countries, Dryzek shows that homogeneity-class politics explain a considerable proportion of the cross-national variation in social equality, but that levels of economic development have little impact upon the degree of equality.

2 The countries making up the population are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States. We have been obliged to exclude Israel because of missing data. New Zealand is excluded from part of the analysis (transfer payments and general welfare) for the same reason.

3 The data points for all the variables, unless stated otherwise is 1974 or the last year of available data closest to 1974. The data for educational expenditure which are from 1973 are taken from UNESCO (1975).

4 The data for transfer payments is taken from OECD (1977).

5 The data for infant mortality is taken from OECD (1977). Infant mortality operationalizes a slightly different feature of public welfare than education and transfer payments. While the former profiles impact, the latter two profile commitments to welfare. We use infant mortality to measure public health, as it is impossible to obtain comparable health expenditure figures. We choose infant mortality rather than the number of doctors, a common measure of health standards, because it is in our opinion a more valid measure of public health. The variable of number of doctors includes doctors employed in both the public and private sectors, and therefore confounds public and private aspects of welfare. Infant mortality also reflects private aspects of welfare, but

to a lesser degree. If access to public health facilities is low, even though the number of doctors may be high, then infant mortality will be high. In other words, infant mortality is a better measure of the diffusion of public health benefits. This argument is supported by an examination of the correlation between infant mortality and the number of doctors, which is a highly significant one of 0.56. (The superficial moral of this story may be that if you have a sick infant, do not send it to the doctor.) The explanation, of course, derives from socialized medicine. Several advanced, democratic states have relatively high numbers of doctors, but in the absence of socialized medicine access to these doctors is severely restricted. Hence we can find relatively high levels of infant mortality, despite a relatively high number of doctors.

6 Since the direction of infant mortality is opposite to education and transfer payments (i.e. high infant mortality indicates low welfare), we have standardized the reciprocal of infant mortality.

7 Lijphart in fact uses two criteria of distinction: that between homogeneous and fragmented political cultures, and between coalescent and competitive leadership behaviour. This leads to four types of democratic system, which Lijphart describes as "centripetal" (homogeneous and competitive), "centrifugal" (fragmented and competitive), "consociational" (fragmented and coalescent), and "depoliticized" (homogeneous and coalescent). We omit the classification based on political culture, as taken in isolation it points to the social mechanisms by which conflict can be reconciled within groups, but ignores the political mechanisms which may exist to reconcile differences between groups. Lijphart himself in attempting to explain political stability accords priority to the leadership distinction. For an attempt to investigate the policy consequences of each of the four types of political system, see Peters et al. (1977).

8 All attempts to compare countries along an ideological dimension involve complex operational problems. Here we shall not try to place nations on a common ideological spectrum, but simply locate countries according to whether the major parliamentary party of the Right has been in office for more than a stipulated period. We concede that such a measure is crude and only taps one aspect of cross-national ideological differences, but would suggest that it does at least avoid many of the insuperable difficulties that are inherent in the attempt to locate nation-specific beliefs on a single cross-national spectrum. We require that parties of the Right be in office for more than half the stipulated period in order that they can have a significant impact on policy. If the party of the Right was in office in coalition with other parties, we require that the party of the Right must hold more parliamentary seats than the other parties combined. In the case of Christian Democratic parties, a distinction is made between countries in which a secular party of the Right has consistently polled more than ten percent of the vote and those in which they have not. In the former (Belgium, Luxembourg, and the Netherlands), the secular party is classified as the party of the Right, and in the latter (Austria, Germany, Italy, and Switzerland), the Christian Democratic Party is so classified.

9 In a dummy-variable regression of the form: $y = a + bx$, the "a" term corresponds to the mean of one group, and the term "$a + b$" corresponds to the mean of the other group. Consequently, the test of significance for the "b" term is exactly analogous to a test of the difference of means ($m_1 - m_2 =$

$(a + b) - a = b)$. The test of the significance of the "b" is analogous to a two-tailed t test, and so we divide the significance value by two to get the one-tailed test.

10 These results are from simple linear regressions. It could be argued by convergence theorists that with increasing economic growth there will be a change in the marginal utility of public and private goods. This could lead either to a relative reduction in the level of welfare (i.e. welfare would continue to increase with economic development but at a slower rate) or an absolute reduction in welfare (i.e. welfare would continue to increase with economic development but after a certain point begin to decline). In both cases welfare is a function of economic development, but we would be hypothesising respectively logarithmic and quadratic relationships between welfare and economic development instead of the linear relationship. We have tested for these relationships, but the logarithmic and quadratic regressions still yield insignificant results.

11 These results are in marked contrast to the findings of Cutright, Haniff, and Wilensky. The superficial explanation for the divergence lies in the composition of the population. While we use only high-income countries, Cutright, Haniff and Wilensky combine both high- and low-income countries. In so doing, they perpetrate, in our opinion, a major methodological mistake. The problem derives from the huge gap in per capita incomes between the high- and low-income countries. This gap results in a major discontinuity in the distributions of per capita GDP. The distribution of countries along the variable of per capita GDP is in fact bimodal. The majority of low-income countries ranging in per capita GDP from $ 100 to $ 1000, are separated by a huge gap from the majority of high-income countries, ranging in per capita GDP from $ 4000 to $ 7000. The problem in regressing any variable onto per capita GDP for a population, containing both high- and low-income countries, is essentially a variant of the outlier problem. We are dealing in this situation basically with two groups of outliers. Essentially all that Wilensky, Haniff and Cutright have discovered is that public welfare is higher in the high-income countries. Given that there is a difference, then it is very easy to find a significant regression equation, because the huge gap in per capita GDP between the high- and low-income countries cancels out any variation that may exist in each of these two groups. We would be quite happy to accept the conclusions of Wilensky, Haniff, and Cutright if in addition to finding a difference in welfare between high- and low-income countries, they had also shown a systematic relationship between welfare and per capita GDP in each of these distinct populations. However, as our results demonstrate very clearly such a relationship does not hold in the population of high-income countries.'

12 One possible salvation of the convergence theory still remains in the argument that a relationship between welfare and economic development in the high-income countries would not be expected. Thus, it could be argued that, since convergence has by and large already taken place, the most salient characteristics of the variance in welfare among the advanced democratic states is that it is extremely small. Any remaining variance is likely to be due to idiosyncratic features rather than levels of economic development. Since convergence theorists have never argued that societies are becoming identical, this is a perfectly plausible and consistent position. This argument hinges on the claim that the variance in welfare among the advanced states is very

small. This, however, is not the case. The coefficients of variation of education, infant mortality, and transfer payments are respectively 0.21, 0.29, and 0.31. These coefficients are unequivocally not small. (Put another rather less precise way, variations in levels of education of 4.1 to 7.8, in infant mortality of 9.6 to 22.6, and in transfer payments from 9.1 to 22.6 can hardly be construed as extremely small.) Thus, even this final salvation for the convergence theory is invalid.

13 The R^2 remains at 30. Leadership style, which in simple terms does have a significant relationship with education, does not enter into the equation because of its relatively high correlation (0.70) with ideology. Thus, the aspects of education which can be explained by leadership are contained within the aspects explained by ideology. (The relatively high correlation between ideology and leadership style is no great surprise. It will be recalled that the rationales for each of these variables, which were developed in the research design, were tolerably similar.)

14 Since both of the independent variables are measured on the same scale, we can use the regression coefficients to gain a precise indication of the relative importance of each variable. The regression coefficients for political structure and ideology are respectively 4.04 and 2.72.

15 The regression coefficients for political structure and political leadership are 4.32 and 3.17. The reason for the failure of ideology to appear, even though it has a significant simple relationship with infant mortality, is once again due to its correlation with leadership style (see note 13).

16 The regression coefficients for ideology and political structure are 2.02 and 1.88 respectively.

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