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POLITICS, INSTITUTIONS, AND WELFARE SPENDING IN INDUSTRIALIZED DEMOCRACIES, 1960–82

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We examine the roles of democratic politics and political institutions in shaping social welfare spending in 18 contemporary capitalist democracies. We explore the social spending consequences of government partisanship, electoral competition and turnout, and the self-interested behaviors of politicians and bureaucrats, as well as such relatively durable facets of political institutions as neocorporatism, state centralization, and traditionalist policy legacies. Pooled time series analyses of welfare effort in 18 nations during the 1960–82 period show that electoral turnout, as well as left and center governments increase welfare effort; that the welfare efforts of governments led by particular types of parties show significant differences and vary notably with the strength of oppositional (and junior coalitional) parties; and that relatively neocorporatist, centralized, and traditionalistic polities are high on welfare effort. Overall, our findings suggest that contrary to many claims, both partisan and nonpartisan facets of democratic politics and political institutions shape contemporary social welfare effort.

To date, no consensus has been reached on the controversy launched by Cameron (1978), Castles and McKinlay (1979), and Stephens (1979) over how politics matters for welfare spending in industrialized democracies. Despite much quantitative empirical study, research has not determined to what extent, if any, welfare policies are shaped by government partisanship, the self-interests of government personnel, mass electoral preferences, or neocorporatist institutions.¹ Dissensus over these recurrent questions persists in large part because theoretical frameworks and empirical models of individual studies have been too narrow. Typically, quantitative studies have only focused on one or another subset of already controversial explanatory factors (e.g., left party strength), thereby courting biased findings by omitting variables that may be correlated with included variables (Johnston 1984, 259–65). Moreover, quantitative studies have frequently risked unstable findings by using coarse measures and minute samples—frequently with as few as 15 cases. In short, unreliability, as well as bias, has impaired the progressive cumulation of research findings.

Not only have individual studies been narrow. As we shall illustrate, the range of explanatory factors explored in the whole quantitative literature has been limited. This narrowness has exacerbated discensus over the political causes of welfare spending by excluding quantitative analyses of political forces often highlighted in historical and theoretical works—in particular, political institutions and democratic oppositions. For example, as regards the historical salience of political institutions, Germany's 1880s inaugurations of national social security programs; turn-of-the-century Scandinavian innovations in universalistic welfare legislation; and Britain's postwar consolidations of universalistic, flat-rate,

uniform payment social security systems all arose within highly centralized states (Baldwin 1990).² Moreover, theoretical reasoning about the relevance of political institutions to welfare spending has expanded significantly since certain seminal works (Dahl 1982, chap. 4; Evans, Reuschemeyer, and Skocpol 1985; Lijphart 1984; and Powell 1982). Yet consideration of democratic political institutions has been scarce in the burgeoning quantitative–empirical literature on welfare spending (but see Cameron 1978). Similarly, while strategic interactions of partisan governments with their oppositions figure prominently in both political history and theory (Baldwin 1990; Downs 1957), influences of democratic oppositions upon government welfare legislation have been neglected in quantitative studies of welfare spending.

We attempt to remedy these problems by simultaneously assessing social welfare impacts of government partisanship, electoral competition and turnout, bureau voting of public sector interest groups, and reelection-oriented behavior of incumbent politicians. More novelly, we test for policy influences of democratic oppositions (and “junior partners”) and greatly extend consideration of democratic political institutions. We use 23-year times series for 18 nations, significantly expanding the data base of conventional studies; and we assess social welfare impacts of democratic politics and political institutions in the context of models that account for impacts of welfare needs, economic capabilities, and economic structure.

To anticipate our major conclusions, high voter turnout, as well as center and left government leadership, augments welfare effort. Center-led governments do so even more than Left-led ones. The strength and partisanship of democratic oppositions matter for effects of partisan governments. Social welfare effort is enhanced by neocorporatist institu-

TABLE 1
Political Influences on Social Welfare Effort in Capitalist Democracies across Three Theoretical Perspectives

| TYPE OF FACTOR | PERSPECTIVE | | |
|------------------------|--|---|---|
| | SOCIAL DEMOCRATIC CORPORATIST | POLITICAL DEMOCRATIC | STATIST |
| Political agency | left and center party strength | voter turnout; electoral competition | state-sector employment; electoral cycles |
| Political institutions | working class organization and political incorporation | majoritarian and consensus aspects of political systems | political/administrative capacity; conservative policy legacies |

tions, state centralization, and traditionalistic policy legacies.

THEORY

Social Democratic corporatist, political democratic, and statist theoretical perspectives on the politics of welfare effort help structure our inquiry. Drawing on both neopluralist and neo-Marxist theories, the social democratic corporatist perspective emphasizes the importance of class-linked parties and interest organizations for welfare policy determination (e.g., Korpi 1983; Stephens 1979). The *political democratic* tradition of scholarship stresses the welfare policy impacts of such nonpartisan facets of electoral politics as electoral competition and turnout (Dye 1979; Pampel and Williamson, 1989). The *statist* perspective highlights the policymaking behavior of incumbent politicians and bureaucrats (Mueller 1979, chap. 6) while placing a special stress on state institutions (Skocpol 1985).

Upon close inspection, each of these perspectives can be said to have an explicitly *agency-centered* facet stressing the political action of voters, groups, parties, political executives, and administrators. Each perspective also has a *political-institutional* facet that highlights structural features of the state resurgent in recent “state-centered” accounts of politics, as well as many other aspects of political institutions (see also Alford and Friedland 1985). The individual political agency and political-institutional components of each perspective are summarized in Table 1.³

Political Agency

Social democratic corporatist theory stresses the mutually reinforcing roles of strong left (i.e., Socialist, Labor, and Social Democratic) parties and strong Labor movements. This is the case both for works of

Marxian origins, in which government control by left parties and the existence of strong unions are effective, albeit reformist, manifestations of working-class mobilization (Korpi 1983; Stephens 1979) and for neopluralist studies, in which these parties and unions represent consequential political forces in democratic societies (Cameron 1978; Hibbs 1987). Moreover, some scholars working in this tradition have argued that governments led by centrist secular and Christian Democratic parties have advanced income-security policy (e.g., Castles 1982; Wilensky 1981).⁴ From the social democratic corporatist perspective, the most central proposition to emerge has been that left and center (non-right) party leadership of government generates higher welfare effort than right and “indeterminate” party leadership. However, some have suggested important roles for oppositional, as well as governing, parties.

The growth of electorally consequential left parties, or “contagion from the Left,” has sometimes led conservative governments to welfare-expanding reforms (Esping-Andersen 1990; Hecló 1974). Similarly, welfare policies of Left-led governments may be moderated by strong center and right oppositions (Hecló and Madsen 1987; Przeworski 1985; Stephens 1979). Center parties may vie with left parties for “median voters” and right parties may compete with them for “Tory” workers. Furthermore, the moderation of government welfare policies by democratic oppositions may be supplemented by the presence of junior governing partners. In particular, both Left- and Right-led governments often rely on the formal and informal support of minor centrist parties. When they do, these strategically positioned actors may moderate—indeed, redirect—the welfare orientations of dominant governing parties (Baldwin 1990, chaps. 3, 5).

A few scholars have qualitatively analyzed political oppositions (Baldwin 1990; Hecló 1974). A few more, using large-sample multivariate methods, have at least skirted the topic by examining the electoral support of parties, albeit without regard for their governing or nongoverning statuses (e.g., Korpi 1989). However, no systematic, multinational evidence exists on the consequences of democratic oppositions for governmental welfare policies. Here, we fill this vacuum by hypothesizing that Right-led governments are pressured in a pro-welfare direction by electorally consequential left and center oppositions (and junior governing parties). In addition, we hypothesize that Left-led governments are pressured to moderate pro-welfare policies by oppositions (and junior governing parties) of the Center and Right. Finally, extending the logic of our argument to all major party types, we conjecture that pro-welfare policies of Center-led governments will be intensified by strong left oppositions and moderated by strong right oppositions.

Scholars within the social democratic tradition have downplayed effects of partisanship and stressed the social welfare impacts of such nonpartisan facets of electoral systems as electoral participation and com-

petition (Dye 1979; Pampel and Williamson 1989). Specifically, they suggest that parties in highly competitive electoral environments will make pro-welfare appeals (e.g., promises of more income security) to "median" voters in hopes of gaining electoral majorities (see also Key 1949). They also argue that increases in voter turnout pressure governmental incumbents to spend more on welfare because rises in turnout reflect the entry into politics of new, lower-status voters. Recently, they have stressed the acts (or agency) of individual "median" voters and other voters underlying such "systemic" effects of elections. Overall, this perspective suggests that higher levels of electoral competition and of voter turnout lead to greater welfare effort.

State institutions aside, statisticians have stressed policy consequences of the self-interested behavior of bureaucrats and (incumbent) politicians. With respect to bureaucrats, Niskanen's (1971) assumption that budget-maximizing state bureaucrats act collectively to maximize public spending has been supported by studies of the American states and the industrialized democracies (Garand 1988, 840; Korpi 1989). These considerations suggest that the relative numbers of state-sector employees in a population promotes welfare effort. With regard to politicians, the assumption of vote maximization has grounded the proposition that incumbent politicians seek to expand social spending during the year or two preceding elections (e.g., Tufte 1978). Although more often challenged than supported by empirical evidence, this proposition nonetheless continues to receive frequent attention (e.g., Keech and Pak 1989). Thus, we explore the hypothesis that preelection welfare effort tends to exceed postelection effort.

Political Institutions

Consideration of the statist perspective naturally directs attention to the policy significance of political institutions. After reviewing the treatment of institutions in each perspective, we empirically identify some dimensions of democratic political institutions and pose hypotheses about their consequences for welfare policy. *Political institutions* is broadly construed to connote a very wide range of elements that extends beyond the formal organizations of the state to encompass political parties and interest associations and, among such associations, even principally economic organizations (e.g., unions) that serve important interest group functions.

Traditions of union and left party strength ground social democratic corporatist politics. By *union strength* we mean a convergence of high levels of union density and organizational cohesiveness (see Alvarez, Garrett, and Lange 1991; Korpi 1983); by *left party strength* we mean a historical pattern of frequent left party governance (e.g., strong cabinet participation) and extensive left party voter mobilization (Korpi 1983; Powell 1982). *Social democratic corporatist politics* connotes a political context conducive to policies that concurrently pursue job and income secur-

ity and aggregate economic growth (Alvarez, Garrett, and Lange 1991; Hicks 1988a, 1988b). Traditions of strong unions and left parties also connote high probabilities of working-class incorporation into institutions of tripartite (business-labor-state) social and economic policy formation; that is, they connote working-class interest representation, as well as working class political mobilization (Przeworski 1985).

Esping-Andersen's (1990) discussion of state institutions goes beyond traditional social democratic concerns to argue that the policy legacies of the absolutist state and of associated resistance to mass enfranchisement are the sources of a (traditional) conservative configuration of policy traits and goals present in some contemporary welfare states. This configuration, termed a *conservative policy regime*, is marked by vestiges of noblesse oblige, preemptions of progressive reforms, and welfare programs that reinforce the status prerogatives of public (e.g., civil servant) and private (e.g., ethnic) groups, thereby fostering clientelism. Furthermore, we suspect (following leads in Lipset 1983) that more general historical legacies of class and status rigidities may have similar consequences for contemporary welfare states. Explicit attention to such hierarchical or traditionalist legacies may be especially important for the German, Austrian, and Japanese cases, given the Allied decentralization of these nations' state structures following World War II (see Katzenstein 1985; Wolferen 1989). Postwar Allied institutional reforms may have obscured traditionalist legacies (e.g., democratic reforms may have obscured legacies of administrative paternalism) in these nations. As Esping-Andersen (1990) suggests, such conservative policy regimes, while distinct from social democratic corporatist ones, are also likely to lead to greater social welfare effort than liberal, market-oriented regimes.

Lijphart's *Democracies* (1984) impressively maps variations in formal political institutions across stable capitalist democracies. Lijphart organizes his survey of democratic institutions around majoritarian and consensus modes of democratic politics. His term *majoritarian* refers primarily to government by "minimal winning coalitions" and to institutions tending to support such government; that is, it refers to the rule of slim majorities and to the kinds of complementary institutions best illustrated in the United Kingdom and New Zealand: one-party and bare majority cabinets, fusion of governmental branches and jurisdictional centralization, unicameralism, two-party systems, single-cleavage patterns of conflict, and flexible (even unwritten) constitutions (chap. 1). Consensus government refers to rule by more diverse, contingently negotiated coalitions and to governments much more constrained by consensus than are majoritarian ones. More specifically, it refers to Swiss-like, antimajoritarian factors that require or encourage the sharing of power between the majority and the minority (grand coalitions), the dispersal of power (among executive, two legislative chambers, and minority parties), a fair distribution of power (proportional representation), the delegation of

power (to territorially or nonterritorially organized groups), and a formal limit on power by means of the minority vote (p. 30).

Operationally, Lijphart's effort culminates in a two-dimensional factor-analytical model of the majoritarian/consensus character of political institutions. The first factor connotes a majoritarian *minimal winning coalition* dimension that emphasizes the fewness of "effective parties" and issue cleavages, disproportional representation, and executive and minimal majority dominance of government (1984, 214). The second dimension—most closely associated with unicameralism, revenue centralization, and constitutional flexibility—is singled out by Lijphart as *federalism* (p. 215). However, care is needed here: as the scale scores federal nations low, a unitary characterization is more appropriate. We shall refer to this second dimension as Lijphart's majoritarian/unitary dimension.

The welfare implications of the majoritarian/consensus dimension for welfare effort are indeterminate. On the one hand, majoritarian extremes may notably facilitate partisan enactment of distinctive policy goals (see Jackman 1986). On the other, their characteristically two-party forms promote "Downsian" platform convergence (Lijphart 1984, chaps. 1–2). Moreover, *consensus* systems may arise in political contexts that legitimize—indeed, foster—redistributive policies (Lijphart and Crepaz 1991; Masters and Robertson 1988; Powell 1982, chap. 9). Rather than offer specific hypotheses now, we shall return to this issue after our empirical assessment of dimensions of democratic political institutions.

For statist students of the welfare state, *institutions* connotes "democratic institutions," as well as policy structures, precedents, and experiences that enhance nations' policymaking capabilities—particularly those that foster effective policy ideas, cohesive legislation, and effective implementation (e.g., Skocpol 1985; Weir, Orloff, and Skocpol 1989). Reduction of all such capacities to a few measurable dimensions is infeasible, yet some dimensions stand out. One is state *centralization* in the sense of jurisdictional and administrative consolidation of policymaking and implementing authority (Orloff and Skocpol 1984). A second such dimension is *bureaucratization* itself, although the critical threshold of bureaucratization relevant to welfare effort may have been crossed in our 18 democracies by the 1960s (Weir, Orloff, and Skocpol 1989). An additional factor entails a nation's *policy precedents* and experiences. For example, a nation with a broader scope and a longer experience of major social programs will tend to have stronger grounds (precedents, advocates, etc.) for extending welfare policy (Wilensky 1975; Skocpol 1985).

Fortunately, state centralization, bureaucratization, and program precedents are all measurable (Pampel and Williamson 1989). We now analyze measures of these and other institutional variables in an effort to map some principal dimensions of cross-national variability in political institutions empirically. In order to identify some principal dimensions of political

institutions, we factor-analyzed a number of temporally invariant institutional variables for the 18 continuously democratic industrialized democracies noted in Table 2. First, we sought to identify and index a summary dimension or two of state policymaking and administrative capabilities by tapping measures of state centralization, bureaucratization, and welfare program experience and Lijphart's majoritarian/consensus dimensions. We also attempted to identify a dimension of long-term working-class mobilization by means of measures of union density and cohesion, the historical incidence of left party government, and the extent of working-class electoral mobilization. Finally, we sought evidence about the clustering of traditionalist policy legacies with other facets of state institutions. (Our index of legacies combines scales of *legacies of absolutism* and *resistance to democracy* adapted from Esping-Andersen, 1990, and a scale of *class rigidity* adapted from Lipset 1983).⁵

These measures of political institutions were analyzed by means of a principal components factor analysis of the 18 nations. After orthogonal rotation, this yielded the (structure) matrix of factor loadings displayed in Table 2. Of three sharply defined and distinguishable dimensions, one is a readily interpretable *left corporatism* dimension with strong loadings for the four social democratic corporatist items and loosely negligible loadings for all other items. A second *state centralization* dimension emerged with strong loadings for all administrative items except bureaucratization (.189) and, arguably, the *unitary/federal* dummy (.570). Interestingly, this latter item loads notably (.486) on the third, *bureaucratic traditionalism* dimension, which has strong loadings for traditionalist legacies (.802) and bureaucratization (.829). As Table 2 reveals, this coalescence of bureaucratization with traditionalism typifies non-Protestant nations (Austria, Belgium, France, Ireland, Italy, and Japan) known for their highly permeable, clientelistic administrations and is epitomized by the nationally centralized, but locally quasi-religious, quasi-private administrative apparatus of the Netherlands (Lijphart 1977). It reaches its nadir with the United Kingdom and its settler colonies. Only Denmark—a late monarchy, but Protestant and not renowned for its clientelism—mars the pattern.

Overall, we expect nations that rank relatively highly on each of these dimensions to have relatively high levels of welfare effort. We expect "left corporatism" to affect welfare effort positively because it denotes the facets of working-class political economic mobilization and incorporation most likely to intensify pressures for more welfare effort. We expect state centralization to augment welfare spending because centralized/unitary government reduces veto points for the obstruction of pro-welfare reforms and streamlines political instruments for the enactment of such reforms (see Cameron 1978). On the assumption that national political organizations can exert more pro-welfare pressure on national policy than dispersed actors in subnational arenas, these aspects of centralization should augment welfare effort. Moreover, the

TABLE 2**Dimensions of Political Institutions: Orthogonally Rotated Principal Components circa. 1960**

| ITEMS | FACTOR 1: "LEFT CORPORATISM" | FACTOR 2: "STATE CENTRALIZATION" | FACTOR 3: "BUREAUCRATIC PATRIMONIALISM" |
|---|------------------------------------|--|---|
| Variables | | | |
| Union strength | .897 | .005 | .200 |
| Union centralization | .819 | .041 | .350 |
| Class mobilization | .765 | .318 | -.003 |
| Left rule, 1946-60 | .906 | .342 | -.117 |
| Revenue centralization | -.065 | .880 | .185 |
| Unitary/federal | .299 | .570 | .486 |
| State centralization | .329 | .828 | -.031 |
| Early program consolidation | .144 | .642 | .590 |
| Majoritarian—unitary | .224 | .759 | -.422 |
| Majoritarian—minimal winning coalition | .270 | .085 | -.484 |
| Welfare bureaucratization | .222 | .189 | .829 |
| Traditionalist legacies | .141 | -.018 | .802 |
| Nations | | | |
| Australia | -.335 | .027 | -1.259 |
| Austria | .994 | -.802 | .855 |
| Belgium | .581 | .515 | .582 |
| Canada | -.731 | -1.191 | -1.326 |
| Denmark | .885 | .139 | .955 |
| Finland | 1.088 | -.274 | -.234 |
| France | -.293 | .808 | .414 |
| West Germany | -.566 | -1.176 | .687 |
| Ireland | -1.338 | 1.306 | .599 |
| Italy | -1.016 | .801 | 1.142 |
| Japan | -.846 | -.608 | .589 |
| Netherlands | .030 | .474 | 1.458 |
| New Zealand | -.113 | 1.236 | -2.361 |
| Norway | 1.803 | -.147 | -.136 |
| Sweden | 1.983 | -.063 | -.667 |
| Switzerland | -.591 | -1.626 | -.038 |
| United Kingdom | -.325 | 1.908 | -.553 |
| United States | -1.210 | -1.328 | -.706 |

Note: Three factors, specifically three orthogonal, varimax-rotated principal components, specify the dimensions. The factors are described by two matrices, one of variable loadings per nation, a second of factor scores per variable (or factor item). See Appendix on measurement of items in these factors.

relatively long-standing consolidation of major programs associated with centralization connotes statutory and administrative bases for the expansion of social welfare budgets. Finally, we expect bureaucratic traditionalism to affect welfare spending positively because it denotes tendencies toward noblesse oblige, patronage politics, and high-status bureaucrats (with specialized pension programs and the like). As noted, these tendencies should be more conducive to welfare spending than free market liberalism (imagine Italy versus Canada), yet they might congenially complement socialist politics (as in post-war Austria).

Welfare Needs, Economic Capacity, Economic Structure

With regard to environmental influences on welfare spending, each of our perspectives acknowledges the welfare impacts of economic needs, resources, and

structures. Because the operation of these forces, although political, falls short of the manifestly political ones that we are highlighting in this paper, we treat them as supplementary explanatory factors and statistical controls.

First, rates of old age, unemployment, and other forms of need (or "dependence") that denote program eligibility are typically regarded as major sources of automatic (and occasionally discretionary) variations in social spending. In addition, studies indicate that inflation, by pressuring the legislation of upward adjustments of benefit levels, triggering in-place cost-of-living allowances, and augmenting revenue availability via bracket creep (all in excess of increases in real income), may augment welfare effort (e.g., Pampel and Williamson 1989; see also our earlier work, Hicks, Swank, and Ambuhl 1989). Moreover, numerous authors have hypothesized that economic development devolves new welfare functions on to the nation-state while concurrently gen-

erating the collective attitudes (altruism) and resources (tax bases) that facilitate "welfare expansion" (Wilensky 1975). Thus, we expect that the relative size of the aged population, the unemployment rate, price levels, and economic development will all increase social welfare spending.

Students of the welfare state often underscore the welfare impacts of international economic structure, particularly openness to the international economy. Such openness is a source of direct pressure on welfare effort, as well as of neocorporatist arrangements that promote it (Cameron 1978; Katzenstein 1985). The mechanisms grounding direct effects of openness consist of pressures for income security outlays (e.g., social wages and subsidies) that buffer individuals and firms from international volatility. Accordingly, we expect that the greater economic openness, the higher welfare spending.

Finally, the 1973 OPEC oil shock is widely regarded as a watershed between two macroeconomic eras (Hicks, Swank, and Ambuhl 1989; Swank 1988). The post-1973 unraveling of the Keynesian reconciliation of interventionist government and economic growth, as well as the post-1973 ascendance of antistatist movements and governments, arguably restrained welfare spending (Hicks, Swank, and Ambuhl 1989). However, stagflation, by extending the duration and experience of unemployment (and underemployment) increased the need and demand for welfare effort beyond what can be captured by our standard measure of the unemployment rate (Roubini and Sachs 1989). Hence, we control for a possible post-1973 shift in welfare effort without predicting its direction.

EMPIRICAL MEASURES, METHODS, AND ANALYSES

Measurement and Operationalization

The present work analyzes welfare effort in the 18 largest, most affluent and continuously democratic post-World War II nations (see Table 2). It does so for 1960–82, years for which complete and comparable data are available. Operationalized variables are detailed in the Appendix. However, a few immediate comments may help to clarify our measures.

The welfare effort ratio of welfare spending to gross domestic product is computed with the International Labor Organization (ILO) expenditure data and gross domestic product resource data. The gross domestic product's lesser vulnerability to distorting trade and exchange rate fluctuations makes it preferable to gross national product data. Total expenditure data on social welfare spending from the ILO's *Cost of Social Security* improve on the comprehensiveness and comparability of analogous Organization for Economic Cooperation and Development (OECD) data by including health spending and some in-kind benefits. Welfare spending is defined here, (as by the ILO) as governmental spending relating to schemes,

transfers, and services that (1) grant curative or preventive medical care, maintain income in case of involuntary diminution of earnings, or grant supplementary income to persons with family responsibilities; (2) are legislatively sanctioned; and (3) are publicly or quasi-publicly administered (see ILO 1988, 1). A focus on total spending is chosen, first, so that we might maintain continuity with a large literature stressing such aggregates (see Castles 1982; Hicks, Swank, and Ambuhl 1989; Pampel and Williamson 1989; Swank 1988). A summary focus is used, second, because top-down theorists stress the causal priority of large aggregates over their components—which are decided on as shares of more-encompassing aggregates (Kamlet and Fischer 1984). Also, expenditures on subcategories of social welfare policy may function as alternate, functionally equivalent means to collective welfare. Finally, the analysis of aggregate spending is parsimonious, as well as important, while that of specific programs, although imperative, must lie beyond the present, already complex, effort.

To avoid simultaneity bias and curtail "specification searching" for optimal lags, explanatory variables were generally lagged one year except where theory or substance demanded otherwise. One occurred for age, which was measured so as to adjust empirically to cross-national differences in early retirement and pensioning practices and thus to minimize any underestimation of "automatic" age effects.⁶ A second exception, the unemployment rate, is specified as a two-year moving average of unemployment at t and $t - 1$ because unemployment clearly has prompt "automatic" effects via unemployment compensation spending yet may elicit more discretionary policymaker responses after a year or so. Election periods, which may be targets for enhanced program benefits at t , as well as for economic stimulation by means of spending increases a year before, are for t and $t + 1$.⁷

The party strength measures reflect the potentially ample range in governments' lags in responding to environmental stimuli.⁸ To take account of this, both governmental and oppositional party strength measures were cumulated over the range of years that proved consequential in exploratory distributed lag analyses of effects of partisan measures on welfare effort for years $t - 6$ through t .⁹ Specifically, party strength measures were cumulated (i.e., averaged) for lags of one through four years ($t - 1$ through $t - 4$).

Turning to yearly operational definitions of party strength, parties were designated as left, center, or right using Castles and Mair's (1984) typology. More originally, strength itself was measured in terms of (1) party leadership of government and (2) party electoral and legislative strength in opposition (see Appendix). For each type of party, government leadership was measured as the proportion of years $t - 4$ through $t - 1$ during which a party led government in the sense of having a decisive majority of its cabinet positions. A type of party was judged to lead a government if it had at least 120% of the number of

cabinet portfolios of each other type; the present criterion yields a reasonable 26 (out of 414) nation-years of "indeterminate" government.¹⁰

With governmental leadership measured, we can turn to measuring governmental opposition and junior partnership. This combination of party statuses is measured as the four-year average (years $t - 1$ through $t - 4$) of two annual measures of the strength of parties *not* leading governments: the year's average of the party type's proportion of legislative seats and proportion of the popular vote in the last major election when the given party type did not govern.¹¹ Our measurement of opposition allows for effects of nongoverning parties (i.e., ones not leading governments) upon *effects* of governing ones to be gauged directly by means of the addition of a set of opposition-government product, or interaction, terms. For example, we operationalize classical "left contagion" as the interaction of left opposition and right governmental leadership by means of a term defined as the product of these two variables (i.e., left opposition \times right governmental leadership, or *left-right*). The slope estimate for this term is interpretable as the effect of left party oppositional strength upon the (Left-contingent) effects of right party government upon welfare effort. Here, symmetry and thoroughness mandate three pairs of opposition-government interactions implying that left government effects on social welfare effort vary inversely with the strength of center and right oppositions, that right government effects vary directly with (i.e., are pressured in a positive direction by) the strength of center and left oppositions, and that center government effects vary directly with left opposition and inversely with right opposition.

Note that one of the four government leadership measures (left, center, right, or indeterminate) must be excluded from our regressions. More specifically, because government leadership measures are averaged from a mutually inclusive and exhaustive set of categories (i.e., left, center, right, indeterminate) whose scores sum to a constant 1.0 (across categories for each nation-year), estimates of partisan government effects are contrasts from a benchmark category. Moreover, in order to avert perfect multicollinearity among regressors, estimation of these contrasts requires that we omit one category of government leadership from our equations. We select the indeterminate category of government leadership as our benchmark and omitted category for two reasons. First, we expect left and center government effects on welfare effort similarly to exceed right and indeterminate ones, so that either the right or indeterminate category might serve. Second, the indeterminate category, unlike the right one, does not figure in our interaction hypotheses and, as a result, does not require specification among our regressors. Thus, omission of the indeterminate category is preferred to omission of the right one.¹²

Note that all three measures of opposition strength may be included together in our regressions. These measures are not constrained to sum to any particular

total. Thus, values of one category are not fixed by values of the other two: degrees of freedom are sufficient for estimation of all three.

Specification

The general specification of our baseline model (or noninteractive) model, including signs for hypotheses, is as follows:

$$\begin{aligned} \text{Welfare effort} = & a + B(1)\text{turnout} + B(2)\text{competition} \\ & + B(3)\text{state employee} + B(4)\text{election period} \\ & + B(5)\text{left gov't} + B(6)\text{center gov't} \\ & +/ - B(7)\text{right gov't} + B(8)\text{left opposition} \\ & + B(9)\text{center opposition} \\ & +/ - B(10)\text{right opposition} + B(11)\text{left corporatism} \\ & + B(12)\text{state centralization} \\ & + B(13)\text{bureaucratic traditionalism} \\ & + B(14)\text{Ln gross domestic product} \\ & + B(15)\text{price levels} + B(16)\text{unemployment rate} \\ & + B(17)\text{aged} + B(18)\text{openness} \\ & +/ - B(19)\text{post-OPEC} \end{aligned} \quad (1)$$

We have no favored hypotheses for right governments or oppositions.

Our opposition-government interaction model is more elaborate. To Equation 1 it adds product or interaction terms for pairs of interacting variables. Interpretations of estimates for them, as well as for variables multiplied to construct them, are complicated. In particular, estimates that come attached to government and government-opposition terms now serve to describe equations expressing *variable* welfare effects of partisan government strength as functions of oppositional strength. Most crucially, estimates for interaction terms are now slopes linking variable effects of governments led by particular parties in these functions to levels of oppositional strength for particular parties. Government estimates are now intercepts in these functions, *not* the so-called "main" effect that might be suggested by an analogy to interactions in analysis of variance tables.¹³

Estimation

The pooling of time series ($T = 23$ years) and cross-sections ($N = 18$ nations) permits large-sample analyses that draw on temporal and cross-national variation. However, equation errors will typically be heteroscedastic and autocorrelated within units, as well as autocorrelated across units, thereby degrading estimator precision (Kmenta 1988, chap. 12; Stimson 1985). To correct for these maladies, analyses are

performed using Park's generalized least squares model with corrections for (AR1) autoregressive, heteroscedastic, and contemporaneously/cross-sectionally correlated errors (see Kmenta 1988). Intercepts may also differ across units, yielding biased estimates. However, addition of the three political-institutional dimensions to this model should amply adjust for strictly cross-national differences in welfare effort, since these dimensions alone explain 60% of such variance. Finally, with regard to R-squareds, those in the tables are Buse R-squareds, which approximate the real R-squared conception of squared correlations between observed and predicted values of untransformed Y-values (White 1988). The Durbin-Watson *ds* are adjusted for gaps in our data—in this case for transitions between successive, “stacked” national times series.

Analytically, we first estimate a basic additive model and then estimate one that includes opposition-government interactions.¹⁴ As a check on robustness, we next apply Tukey's (1958) “jackknife” to a key equation. The jackknife procedure tabulates destabilizations of estimates by excessively influential cases and provides alternative coefficient estimates that are robust in the face of such cases. To highlight robust findings, we reestimate the key equation after deletion of variables revealed unstable by jackknifing.

FINDINGS

Results support expectations, strongly rejecting most null hypotheses. Equations fit the data well, explaining over 90% of the variance in welfare effort; and they yield satisfactory Durbin-Watson *ds* (around 1.90).

In the additive equation of Table 3, column 1, nearly all hypotheses are supported at the .05 test level. Exceptions are provided by the unexpectedly negative (but insignificant) estimates for left opposition, state employees, and elections periods. Among variables for which we posed no hypotheses, the estimate for Right-led governments is close to zero and thus consistent with our discussion of government effects. The OPEC estimate is consistent with Roubini and Sachs' (1989) view that post-OPEC conditions exacerbated citizen wants. The right opposition estimate is positive.

With respect to the relative strength of effects, standardized slope estimates (betas) help clarify the relative magnitudes of effects of additive coefficients within an equation. This is especially the case in equations uncomplicated by interactions (Cohen and Cohen 1975). Thus, a ranking of the column 1 variables in terms of these betas may be instructive: aged population (.262), center government leadership (.237), state centralization and left corporatism (.238 and .221, respectively), price levels (.192), turnout (.131), state traditionalism and center party opposition (both .114), post-OPEC (.105), and left government (.104). The finding that the welfare impact of center governments exceeds that of left governments

poses the one notable surprise. However, this ordering is consistent with findings and arguments in several studies (e.g., Wilensky 1981). Christian democratic and progressive liberal commitment to social amelioration (without a commensurate commitment to high-employment policies) goes far toward explaining this center government finding.

Turning to opposition-government interactions, we find five notable ones, four of them statistically significant interactions (see Table 3, col. 2). Specifically, we find negative *embourgeoisment* effects on left governments exerted by right, as well as center, oppositional strength. As center or right oppositional strength rises, left government expansion of welfare effort ebbs. In addition, we find positive “contagion from the Left” effects upon Center-, as well as Right-led governments, and marginally significant pro-welfare pressures upon Right-led governments from center oppositions. With this strong evidence of the opposition-government interactions (which cause opposition estimates to denote effects of oppositions on indistinctly led, or “nonpartisan,” governments) the left opposition estimate turns, somewhat anomalously, significantly *negative* while right, as well as center, opposition estimates remain significantly positive. However, the pattern is plausible: net of their impacts upon governments with distinct partisan leaderships and, in particular, governments of indeterminate leadership, left and right oppositions appear to make a “run for the middle” (Center): left parties retrench, while right ones reform (see Quinn and Shapiro 1991, on such “runs”).¹⁵

Nonparty findings for interactive equations remain much like those for the additive equation (compare Table 3, cols. 1, 2). State employee and election period variables are insignificantly negative in both equations, calling into question the roles of reelectoral motivation and bureau voting heavily emphasized in some statist accounts of welfare state expansion. Otherwise, results are much as theory and the column 1 findings suggest. Voter turnout, electoral competition, and our dimensions of political institutions bolster welfare effort, as do affluence, price levels, unemployment, aged populations, and economic openness. Further discussion of findings, especially of the rather complex partisan ones, is in order. However, before proceeding, some diagnosis of estimate stability is wise.

First, we use the jackknife procedure to gauge stability across important subsets of cases (i.e., nations). A second procedure involves a reestimation of Table 3, column 2 after deletion of variables revealed unstable by jackknifing (Miller 1974; Tukey 1958). Consideration of estimate robustness, although tedious, will help us boil findings down to a relatively robust set.

Diagnoses

The jackknife reestimations entail (1) new estimates of slopes and t-statistics for each regressor in each of the 18 possible 17-nation subsets of the original

TABLE 3

Multiple Regression (GLS) of Welfare Effort on Hypothesized Determinants

| VARIABLE (NAME) | WELFARE EFFORT WITHOUT PARTY INTERACTIONS (1) | | WELFARE EFFORT WITH PARTY INTERACTIONS | | POSTJACKKNIFE WITH PARTY INTERACTIONS ("SHORT EQUATION") (4) |
|-----------------------------|--|------------------------------|---|------------------|---|
| | EST. COEF. | STAND. COEF. ^a | EST. COEF. (2) | JACKKNIFE (3) | |
| Turnout | .0765* (.008) | .131 | .0717* (.008) | 0 6.977 | .0567* (.007) |
| Electoral competition | 1.4101* (.825) | .014 | 1.4590* (.833) | 1 -5.841 | — |
| State employees | -.0256 (-.018) | -.010 | -.0192 (-.018) | 7 -4.090 | — |
| Election period | -.0001 (-.000) | -.001 | -.0003 (-.000) | 11 2.472 | — |
| Left government | .0154* (.006) | .104 | .0301* (.008) | 1 4.400 | .0038 (.007) |
| Center government | .0324* (.004) | .237 | .0080 (.007) | 9 .022 | .0300* (.007) |
| Right government | .0264 (.119) | .063 | -.0055 (-.008) | 11 -3.919 | .0135* (.006) |
| Left opposition | -.0016 (-.012) | -.004 | -.0591* (-.018) | 0 -1.585 | -.0657* (-.016) |
| Center opposition | .0475* (.009) | .114 | .0523* (.012) | 0 8.723 | .0706* (.012) |
| Right opposition | .0335* (.013) | .082 | .0356* (.014) | 2 3.380 | -.0303* (-.012) |
| Left corporatism | .0132* (.003) | .221 | .0138* (.003) | 0 .243 | .0176* (.003) |
| State centralization | .0142* (.002) | .238 | .0133* (.002) | 0 3.630 | .0182* (.002) |
| Bureaucratic traditionalism | .0068* (.002) | .114 | .0076* (.002) | 0 -3.815 | .0095* (.002) |
| Center-Left | — | — | -.0900* (-.020) | 1 -5.855 | -.0537* (-.012) |
| Right-Left | — | — | -.0585* (-.018) | 3 -8.836 | — |
| Left-Center | — | — | .0634* (.015) | 1 8.044 | .0294* (.009) |
| Left-Right | — | — | .0934* (.017) | 0 79.616 | .0492* (.009) |
| Center-Right | — | — | .0151 (.011) | 4 2.191 | — |
| lnGDP | .0118* (.003) | .062 | .0130* (.003) | 0 -2.401 | .0103* (.003) |
| Price level | .0004* (.000) | .192 | .0004* (.000) | 0 1.001 | .0005* (.000) |
| Unemployment rate | .1091* (.027) | .046 | .1183* (.029) | 0 6.234 | — |
| Aged share of population | .6643* (.058) | .262 | .6907* (.058) | 0 10.611 | .7159* (.061) |

TABLE 3

Multiple Regression (GLS) of Welfare Effort on Hypothesized Determinants *continued*

| VARIABLE (NAME) | WELFARE EFFORT WITHOUT PARTY INTERACTIONS (1) | | WELFARE EFFORT WITH PARTY INTERACTIONS | | POSTJACKKNIFE WITH PARTY INTERACTIONS ("SHORT EQUATION") |
|---------------------|--|------------------------------|---|------------------|--|
| | EST. COEF. | STAND. COEF. ^a | EST. COEF. (2) | JACKKNIFE (3) | (4) |
| Openness | .0206* (.004) | .090 | .0205* (.004) | 0 8.790 | — |
| Post-OPEC | .0127* (.001) | .105 | .0137* (.001) | 0 6.551 | .0153* (.000) |
| Constant | -.0690* (-.014) | .000 | -.0049* (-.001) | 0 -1.517 | -.0232* (-.011) |
| Degrees of freedom | | 394 | | 389 | 394 |
| R ^{2c} | | .908 | | .923 | .912 |
| Adj. R ² | | .904 | | .921 | .908 |
| DW d | | 1.884 | | 1.890 | 1.921 |

^aStandardized coefficients, which vary largely between -1.0 and +1.0.

^bJackknife information consists, first, of the number of times that slope estimates for a variable fail to yield absolute t-values of 1.0 or more. It secondly includes (below these counts in parentheses) signed t-values computed by means of jackknife procedure (Tukey 1958, 135-48). All jackknifing is done here with nations as observations.

^cR-squareds are Buse estimates of "real" R-squared (see Kmenta 1986, 616-85); Adjusted R-squareds are computed from these; and Durbin-Watson d is computed on corrected residuals and adjusted for "gaps" (or international variation) in stacked time series.

* $p \leq .05$, one-tailed test.

sample and (2) unique new jackknifed estimates of slopes and t-statistics for each variable for the complete population of cases (computed from the new estimates described in point 1).¹⁶ We display information of type 1 in terms of counts of the number of times that t-statistics for given variables fall below 1.0 in absolute value. We display information of type 2 in terms of signed t-statistics for regressors, for these illuminate both the direction and statistical significance (and robustness) of coefficients. (See Table 3, col. 3 for jackknife results.)

The jackknife procedure suggests that several variables may have cross-nationally unstable estimates. First, electoral competition has an anomalously negative t-value of -5.841, while state employee and election period variables have numerous t-values less than 1.0 in absolute value. In addition, bureaucratic traditionalism and economic product both have anomalously negative jackknifed t-statistics (despite 18 correctly signed ones in each of the 18 subpopulations).¹⁷ Left and center opposition terms and the Left-Right product terms show slight signs of instability (one or two "small" t-values each). The center and right government, right opposition and the Right-Left and Center-Right interactions show more troublesome signs of instability; that is, they display several "small" t-values and/or anomalously signed jackknifed statistics.¹⁸

Table 3, column 2 probably represents the most informative of our equations.¹⁹ Nonetheless, examination of an equation from which cross-nationally unstable regressors have been removed has the possible advantage of deleting arguably extraneous

variables and the certain advantage of highlighting ones on which evidence is robust. To identify such an equation, jackknife computations (some reported in col. 3) were used to specify the cross-nationally robust equation of column 4.²⁰

This equation retains four of the previously six "environmental" variables: affluence, prices, aged population, and post-OPEC (but not unemployment or openness). It bears 13 of our 18 manifestly political variables: voter turnout, the three political-institutional dimensions, all six governmental and oppositional measures of party strength and three opposition-government interactions [Center-Left, Left-Center and Left-Right]). By omitting variables that are conventionally "relevant" to the prediction of welfare effort (despite their reliance on particular cases for relevance), the "short" equation does court specification bias. Yet, the short equation has heuristic value for highlighting the variables that withstood jackknife diagnoses even though it does not supplant the column 2 equation as our best-specified, least-biased, best-fitting, and, indeed, most informative equation. Although we must discount the estimates that do not make it past the jackknifing procedure into the column 4 equation, the column 2 equation has the best estimates.

Final patterns

Two forms of "contagion from the Left" are evident across all equations. In one, the strength of left parties excluded from governmental leadership pressures Right-led governments to augment welfare

effort (see Figure 1, upper left-hand quadrant). Right government effects on welfare effort are negative ($-.0055$) in the absence of all left opposition (e.g., in the United States) in the preferred equation of column 2. However, they become positive with increases in left opposition (see Figure 1, upper left). Principal examples of strong pro-welfare effects of right governments facing strong left oppositions occur for Australia and New Zealand in the 1960s (when left oppositional strength figures at times approached 49%) and Japan during late 1960s and 1970s when left oppositional strength peaked. In the second form of "contagion from the Left," left opposition effects on center governments' welfare effort roughly parallel those on right government welfare effort (see Figure 1, upper right). Principal examples of upward boosts in center welfare effort under the influence of strong left oppositions are Finland in the 1960s and, more fleetingly, Norway in 1970–72 and Sweden in 1981–82. (The most salient *lapses* of center party welfare effort where left oppositions are absent occur in the United States during the Carter and (late) Johnson administrations.)

Two forms of left *embourgeoisment* effects are present. Moderations of the pro-welfare effects of Left-led governments by centrist oppositions and junior partners are present in all equations. In the equation of Table 3, column 2, left government effects, strongly positive ($.0301$) when center oppositions are null, decline quickly with increases in the strength of center oppositions, approaching zero as center "oppositions" reach high shares of seats and votes (i.e., 45%; see Figure 1, lower left-hand quadrant). The greatest moderations (and possible reversals) of left welfare effort under centrist pressures occur in Austria and Sweden. The second form of left *embourgeoisment* effects reinforces this picture of substantial, but readily compromised, left government support for welfare effort. As the lower right quadrant of Figure 1 indicates, our findings include a Right-Left interaction indicating that pro-welfare effects of left governments are strong at the outset but decline toward zero (and beyond) as right "opposition" shares of votes and seats approach 45%. The greatest such attenuations of left welfare effort arise for the German Social Democratic party governments of the 1970s and Danish left governments of the early 1960s.

Overall, strong evidence emerges for strategic interactions among parties. In these interactions, dominant governing parties accommodate their policymaking orientations to those of parties in opposition—and subordinate governmental—roles. Some interesting surprises emerge from these interactions. Left parties appear to submit to strong anti-welfare pressures from *all* oppositions. Despite typically clear left rule effects on welfare effort and favorable centrist orientations toward welfare effort when in office, center oppositions appear to dampen the welfare effort of left parties. Perhaps this occurs because the strong, longer-run welfare-spending legacies captured by our left corporatism variables can be effec-

tively evoked by the center to claim middle-of-the-road swing voters. On the other hand, centrist welfare orientations are reinforced, rather than undercut, by left oppositional pressures.

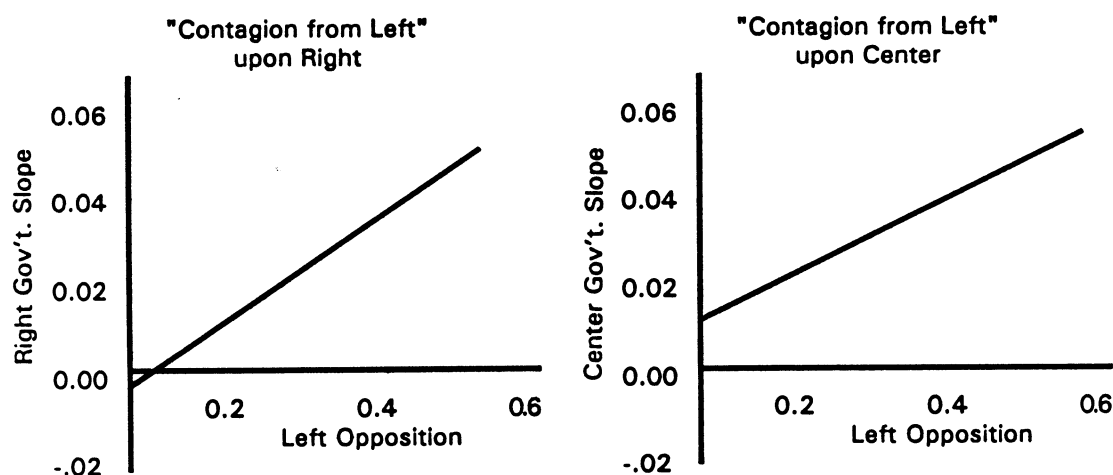
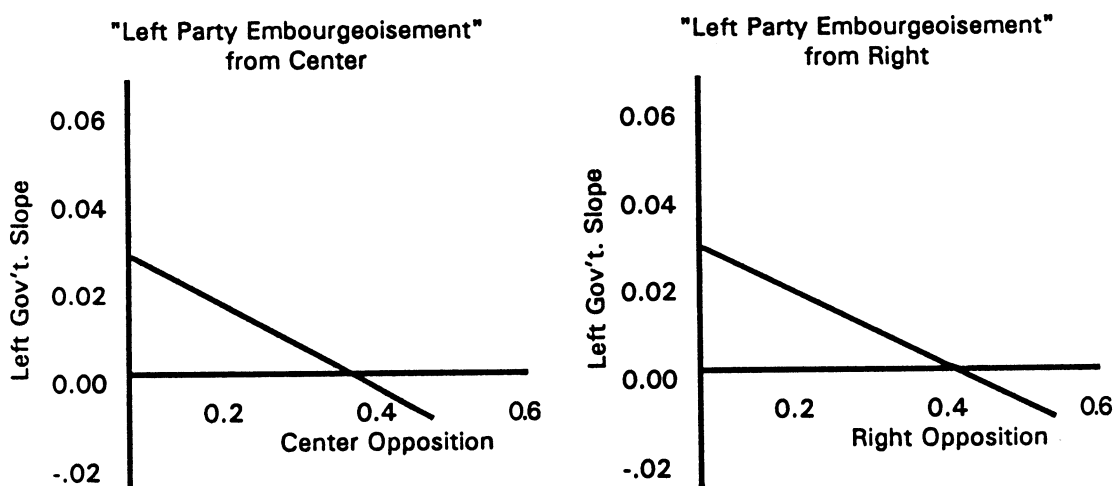
Returning to nonpartisan variables, evidence for positive voter turnout effects is pervasive and robust. Evidence for pro-welfare effects of political institutions is also strong. Significant positive estimates for social democratic corporatism, state administrative/political capabilities, and traditional policy legacies is everywhere strong and robust. Finally, evidence for the roles of socioeconomic forces is strong: affluence, the sizes of aged and unemployed populations, inflation, openness, and the increased material needs of the first post-OPEC decade all exert upward pressure on welfare effort.

CONCLUSION

Both electoral turnout and differences in the strengths and ideologies of parties matter for the share of national incomes spent by democracies on social welfare programs. Moreover, not only does the strength of governing parties matter, but the strength of oppositional parties and parties at the margins of ruling coalitions plays an important role in determining welfare effort. Dimensions of political institutions that include traditions of left party electoral success and working-class mobilization and interest representation, state administrative and political capacities for cohesive policymaking, and heavily bureaucratic and traditionally hierarchical state institutions also matter, along with a host of socioeconomic environmental conditions. However, neither the preelectoral budgetary machinations of incumbent politicians nor the bureau voting of public sector interest groups (each a focal activity in public choice theory) seems to matter for welfare effort. Similarly, party electoral competition, a centerpiece of much "democratic pluralist" theorizing, does not seem to matter for welfare effort.²¹ These conclusions appear to hold, at least for the 18 largest affluent democracies between 1960 and 1982.

Consistent with recent claims by Pampel and Williamson (1989), voter turnout appears to have exerted an upward pressure on welfare effort. Even net of ample controls for political and environmental factors, the political democratic stress on turnout as a source of demands for social amelioration is vindicated.

Consistent with partisan theory stressing center party delivery of income security outlays, our simple additive models indicate that Center-led governments on average generate higher levels of welfare effort than do other governments, left ones included (Wilensky 1981). However, consistent with the social democratic authors who acknowledge centrist as well as leftist advocacy of income security spending, our additive findings encompass clear left party effects on welfare effort (see Castles 1982; Stephens 1979; see also our earlier work, Hicks and Swank

FIGURE 1**Selected Conditional Slope Estimates for Types of Governments Plotted Against Contingencies****"Contagion from the Left" Plot^a****Left Party Embourgeoisement Plot^b**

Note: "Estimates of opposition-contingent effects of partisan governments when oppositional conditions for them equal .0 (e.g., of right government effects when left opposition = 0) are the slope estimates attached to the relevant partisan government term (e.g., right government) in the estimation equation. Estimates for slopes of lines in our plots (e.g., for effects of right government by left opposition) are the slope estimates for the product terms (like Left-Right) for the pair. Further elaboration of interactions are available on request; see also Friedrich 1982; Lange and Garrett 1985.

^bPartial plots of left governments' effects conditional on center opposition controlling for right opposition (on left of panel) and of left effects conditional on right opposition controlling for center opposition (on right).

1984). The finding that center effects not only complement left ones but actually exceed them should be no great surprise. Lack of consistent center (as opposed to left) full-employment policies has made centrist governments dependent upon income transfer programs for their pursuit of income security (Alvarez, Garrett, and Lange 1991; Janoski 1990). Furthermore, centrist welfare effort appears to be intensified by left oppositions and impervious to right ones, while left welfare effort appears to be

dampened by center, as well as right, oppositions. In short, oppositional dynamics appear to buoy center party welfare effort but to depress left party welfare effort. Moreover, inclusion of left corporatism, a broad-ranging measure of left political strength, into our models slightly moderates estimates for short-run effects of left governments. Whether this moderation should be regarded as suppressing or sharpening the short-term effect of left government is unclear. What is clear is that our present introduction of left

corporatism extends—and thus augments, rather than limits—overall evidence for the policy relevance of social democracy.²²

In interactive models, Left-led governments appear to affect welfare effort in inverse proportion to the strength of center and, perhaps, right oppositions, augmenting it when and where these oppositions are relatively weak and reducing it insofar as they are strong. Patterns of left government accommodation to oppositional strength pervade these analyses. (Whether left governments compensate victims of welfare retrenchment with alternative benefits we cannot say.) Complementing the patterns of left accommodation to center and right oppositions are patterns of “contagion from the Left.” To the extent that left oppositions are electorally and legislatively strong, they pressure parties to their *right* to enhance welfare effort. As left opposition strengthens, otherwise weak or negative social spending impacts of right governments are lifted to substantially positive levels. Notable center party contributions to welfare effort are substantially multiplied when the Left is strong. Interestingly, governments without clear left, conservative, or centrist leadership appear to be as supportive of welfare effort as conservative governments. In addition, left and right oppositions appear to affect welfare policy in additional ways. Net of our evidence for oppositional pressures, we find indications that left and right parties also may sometimes woo voters and, when governments lack distinct partisan leadership, court inclusion in ruling coalitions by reversing characteristic welfare stands. Consistent with Quinn and Shapiro’s (1991) “run for the middle,” left oppositions sometimes facilitate welfare retrenchments, while right parties sometimes foster welfare expansion.

In short, the partisan character of governments, oppositions, and interactions between the two matter for welfare effort. Overall, the importance of left and center governments for the extent of welfare effort revealed by our simpler, additive findings reaffirms earlier findings (Castles 1982; Hicks and Swank 1984; Stephens 1979).²³ With regard to the interaction of governments and oppositions, our findings suggest a mix of party distinctiveness and interparty convergence in the policy enactments of party governments that resembles claims by recent Downsian theorists (e.g., Austen-Smith and Banks 1990). However, interparty convergences in our models of welfare effort are functions of specific differences of ideology and strength between governments and oppositions, such as are not highlighted in Downsian theory. True, our discussion of convergence is formulated in terms of a set of loosely coupled propositions (e.g., “contagion from the Left”) that might benefit from, as well as inform, formal theorizing within the Downsian tradition. However, our treatment of these questions implies that extension of the Downsian tradition to the comparative study of policy determination may require some reformulation of conventional Downsian models.

Finally, our analyses suggest that political institu-

tions matter a great deal for welfare effort. Cross-national differences in the three dimensions of political institutions identified here substantially differentiate states’ social welfare effort provision. Social democratic corporatism, conceived in terms of the degree to which left parties and unions mobilize and incorporate industrial workers into national policy-making networks, appears, net of short-run partisan politics, to be a strong source of national differences in welfare effort. In addition, structurally centralized states with histories of early consolidation of major social security programs do, indeed, appear to capacitate national welfare effort, as many have suggested (Orloff and Skocpol 1984; Wilensky 1975). Lastly, bureaucratic traditionalism—a combination of a highly bureaucratized welfare administrations plus hierarchical, antidemocratic legacies, that apparently undergirds welfare state clientelism (Esping-Andersen 1990; Rokkan 1970)—enriches our conception of political institutions and further differentiates the welfare efforts of contemporary industrialized democracies.

Appendix:

Y Welfare Effort. Total social welfare expenditures as proportions of gross domestic product, from the ILO’s *Cost of Social Security*.

X₁ Turnout. Valid voters as proportions of persons eligible for voting, from Mackie and Rose (1974); *European Journal of Political Research*, (selected years). Measurement at *t* – 1 in analyses.

X₂ Party Competition. Measures of competition among parties computed from data on mass voting for parties, as in Pampel and Williamson 1989, chap. 3 and Swank 1983. Sources are the same as those for *X₁* and *X₅* through *X₁₀*. Measured at *t* – 1 in analyses with the formula

$$1 - \sum_{i=1}^N (P_i - 1/N)^2$$

where *N* is number of parties and *P_i* is proportional vote for party *i*.

X₃ State Employees. All government civilian employees as proportions of population with data from OECD 1982, OECD’s *Labor Force Statistics*, and various national statistical yearbooks. Measured at *t* – 1 in analyses.

X₄ Election Period. Equal to 1 if a year is an election year (in which presidential or general parliamentary elections occur) or a preelection year; otherwise 0. Election times from *Keesings Contemporary Archives* (selected years), and Mackie and Rose 1974; *European Journal of Political Research* (selected years).

X₅ Left Party Government Leadership. Four-year average (*t* – 4 through *t* – 1) of left party leadership of government, coded 1 for each year in which left party cabinet participation (portfolios as percentage of total cabinet portfolios) is more than 120% of center party participation and more than 120% of right party participation, otherwise 0.²⁴ Party classifications generally correspond to Castles and Mair 1984, although some minor divergences exist. On these differences see Swank 1988, 1992. Cabinet participation data come from Browne and Dreijmanis 1982 and *Keesings Contemporary Archives*.

X₆ Center Party Government Leadership. Strictly analogous to left party government leadership.

X₇ Right Party Government Leadership. Strictly analogous to left party government leadership.

X₈ Left Opposition. Electoral and legislative strength of left

parties (as categorized by Castles and Mair 1984) when not leading government and measured as an average of left party proportion of vote in last election and proportion of seats in lower house of legislature as ascertained from Mackie and Rose (1974), *European Journal of Political Research* (selected years). Averaged $t - 4$ through $t - 1$. Equal to 0 when left government leadership equal to 1.

X_9 *Center Opposition*. Strictly analogous to left opposition.

X_{10} *Right Opposition*. Strictly analogous to left opposition.²⁵

X_{11} *Left Corporatism* (Factor 1). Factor-score scale measuring strength of long-term working-class mobilization and political economic integration (see Table 2). Union strength is measured using a modification of Cameron's index of union strength (1984, 165). This consists of the product of union density (in 1960) times the average of three scales of union centralization: organizational unity of labor, confederation power in central bargaining, and scope of collective bargaining. In order to stress the importance of union centralization and compensate for possible exaggeration of union centralization by Cameron in Denmark and the low countries, union centralization is measured a second time by means of a three-point (one-, two-, or three-level) scale devised by Wallerstein (1989). Left party strength is measured following Stephens's (1979) index of cumulative rule, as the number of years, 1946–60, marked by left party-led government. Left voter mobilization is measured as an index of left voting weighted by voter turnout, specifically as $[(LPV + LCV)/2] \times TO$, where LPV is left party votes as a proportion of all votes (1957–60), LCV is Korpi's (1983) index of class voting around 1970 (assumed adequately to approximate cross-national variations in 1960 class voting), and TO is the average, proportional voter turnout for 1957–60.

X_{12} *State Centralization* (Factor 2). Factor-score scale measuring state centralization, central state prominence, and legacies of welfare program consolidation (see Table 2). In brief, state centralization is measured in three ways: (1) as a unitary/federal (UF) dichotomy (unitary = 1.00, otherwise .00) (see Lijphart 1984, Table 10.2 for categorization); (2) in terms of revenue centralization (RC) as the ratio of central governmental to all governmental revenues extracted in 1960 (see Lijphart 1984 and Pampel and Stryker 1988 for precedents and OECD's *National Accounts of OECD Nations* for data); (3) as a composite index of state centralization weighted by the size of the state centralized. Specifically, it is measured as $[(UF + RC)/2] \times GE$, where GE is the government employee share in total employment, UF and RC are as defined, and all three elements of the index vary between .0 and 1.0 (see Table 2 on state centralization). Following Pampel and Stryker 1988, state bureaucratization is measured by stressing administrative costs of welfare spending as proportions of all welfare spending. Welfare program consolidation measures the legacy of a diversified welfare state by the number of years up to 1960 that a nation has had all of the following four major welfare programs: (1) social security retirement pensions; (2) unemployment compensation, (3) workman's compensation and (4) sickness and maternity care. Family allowances were dropped because they had still not been adopted by all affluent democracies by 1960. Of course, health programs were not universally adopted at the minimal level recorded by Social Security Administration (1981) data sources until the mid 1960s; but the number of post-1960 "years-to-adoption" is small and makes for minor measurement error. The pluralist concern with formal political institutions and their majoritarian/consensus interpretation is operationalized using the factor scores for Lijphart's majoritarian minimal winning coalition and majoritarian unitary factor-analytical dimensions (1984, chap. 13).

X_{13} *Bureaucratic Traditionalism* (Factor 3). Factor-score scale measuring extent of state traditionalism, bureaucratization, and majoritarian unitary government. State traditionalist legacy is measured as an additive index of three (standardized) items: (1) a five-point scale of the extent of state absolutism in the eighteenth and nineteenth centuries (Rokkan 1970, chap. 3, Table 1); (2) a five-point scale of resistance to mass enfranchise-

ment (ibid., Table 2); and (3) a three-point scale of the extent of class rigidity (class systems as systems of status division; Lipset 1983). Although a straightforward, unweighted additive index was used, a principal components analysis indicated unidimensionality by yielding the following pattern of loadings: absolutism (.81); obstructed enfranchisement (.84), class rigidity (.80). Bureaucratization is measured as for X_{12} , and majoritarian unitary government as in Table 2 and Lijphart 1984.

X_{14} *Natural Logarithm of Real Gross Domestic Product/Population* ($\ln GDP$). Through 1980, from Summers and Heston 1982. Thereafter computed as extrapolation of 1980 figures from growth rates from OECD 1986. Measured at $t - 1$.

X_{15} *Price Level*. Consumer price index from International Monetary Fund. Measured at $t - 1$ in analyses.

X_{16} *Unemployment Rate*. Unemployed as proportion of economically active population at t and $t - 1$, from OECD's *Main Economic Indicators*.

X_{17} *Aged Share of Population*. Proportion of population over 65 years of age, from United Nations' *Demographic Yearbook*. Measured at year ($t - 5$ through $t - 1$) with highest correlation with welfare effort in "aged" regression model.²⁶

X_{18} *Openness*. Imports plus exports as proportions of gross domestic product, from OECD's *Main Economic Indicators*. Measured at $t - 1$ in the analyses.

X_{19} *Post-OPEC*. Equal to 1 for 1975 and later, otherwise 0.

Notes

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1. See Hicks, Swank, and Ambuhl 1989 and Pampel and Williamson 1989 for conflicting views on partisanship; see Garand 1988 and Korpi 1989 for conflicting views on state administrators; see Dye 1979 and Hicks and Swank 1984 for conflicting views on electoral factors.

2. As for Bismarckian "federalism," Taylor debunks it best: "Bismarck's constitution was supposed to be federal, but its federalism was fraudulent, window dressing to make the dictatorship of Prussia more respectable" (1946, 117).

3. Each of these perspectives acknowledges the welfare relevance of social welfare needs, economic capacities for welfare provision, and economic structure. Note that we attempt in our models to specify only *direct* (or "structural") influences upon policy. For example, party-channeled effects of openness suggested by Cameron (1978) are ignored.

4. There is a strong theoretical and empirical basis for ascribing center parties pro-welfare policy goals. Baldwin's (1990) study of Scandinavian and British "welfare" politics highlights the middle-class appeal and secular center advocacy of social insurance policies as anodynes for middle-class risk while Stephens (1979) and Wilensky (1981) analyze and document similar consequences of the Christian (democratic) center.

5. For a detailed description of the items used to measure left corporatism, state capabilities, and traditionalist policy legacies, see X_{11} – X_{13} in the Appendix. Although these institutional measures are temporally invariant, they are not exempt from causally legible associations with welfare effort. We confine measurement to circa 1960, where strong temporal invariance can be assumed; and we extend it back earlier to wherever temporal variability or historical depth mandates

(e.g., to 1946 for left rule; to the eighteenth century for absolutism) and wherever data permit.

6. Age was measured for each nation at the year $t - 5$ through $t - 1$ for which the population share over 65 years of age most strongly affected welfare effort. Almon distributed-lag regression of effort upon population share at $t - 5$ through $t - 1$ was used to identify key years (Johnston 1984). Census use of interpolated values for annual population may, alas, offset our effort at precision. Also, economic product was measured as the natural logarithm of per capita gross domestic product because this defines slopes per unit of percentage change in "product," rather than per raw dollar changes in it and such changes are more likely to be linearly related to welfare effort (a proportion) than are changes in raw dollars: a change from \$4,000 to \$5,000 should matter more than one from \$14,000 to \$15,000.

7. For OPEC, an arguable fourth exception, years were coded "post-OPEC" starting in 1976 because simultaneous deterioration of income growth, inflation, and unemployment did not occur until 1975, and one-year response lags seemed apt.

8. Our measurement of party strength diverges from common single-year measures (e.g., Swank 1992). It particularly diverges from the "1946-to-present" cumulative measures in Pampel and Williamson (1989), which overreact to the limitations of "immediate" party effects with 35-plus year measures and equate the policy influences of recent, with those of decade-old, governments.

9. A regression was run with the regressors of the "basic" model and the Almon distributed lags for $t - 6$ through t for government and opposition items.

10. This seemingly permissive criterion was adopted after a more stringent one (e.g., greater than 50% of all cabinet portfolios) yielded more periods of indeterminate governmental leadership than was plausible. See also n. 24.

11. This measure combines strictly oppositional parties entirely excluded from governmental participation with junior partners in coalition governments, distinguishing for the first time the strengths of clearly governing parties and other parties. Note that for the typical two-house legislature, the lower house was used to focus measures for both votes and seats.

12. We have a further reason for excluding indeterminate governments: it allows for simultaneous tests of interactions for all three major types of parties. Also, interpretive focus, statistical tractability and numerical relevance ground our grouping of oppositional and junior partner parties in the measure of oppositional strength. Separate specifications of oppositional, junior partner, and leadership variables across left, center, and right parties (for nine terms) would exacerbate multicollinearity and complicate interpretation very seriously—prohibitively once interactions (as many as 12) were introduced. Grouping of governmental junior partners with governmental leaders would blur our focus on dominant partisan directions of governments. Finally, the legislative and electoral strength of junior partners relative to strictly oppositional ones is small (on average .02 as opposed to .17 per party type); and the variance explained by partner strength as opposed to strictly oppositional strength in the current oppositional measure is small as well (on average, 10%, as opposed to 90%). Note that omission of (any) one of the three ostensibly redundant oppositional variables does not notably alter findings.

13. Detailed elaboration of the interaction model is available on request. See also Friedrich 1982.

14. We do so by excluding the measure for the benchmark category from the equations. We enter all six of the possible opposition–government interactions, then drop the one (with the lowest t -statistic) that does not have an (absolute) t -value greater than 1.0 (see Johnston 1984, 504–6). Then we repeat this procedure until only interaction terms with (absolute) t -values greater than 1.0 are retained. As a check on estimate stability, we also proceed with a forward, stepwise treatment on the interactions for both equations. This yields identical results. Yet we must caution that multicollinearity levels for

these variables measured in terms of R-squared deletes (or "1-tolerance") are never less than .90. Hence, we cannot confidently assert that t -tests have the power for exclusions of opposition–government interactions to be compelling, only that retentions override serious loss of power due to multicollinearity and evince indications that multicollinearity has really taken a bite. As for eventually excluded variables, we cannot be certain that they do not result from multicollinearity.

15. Opposition findings are unaltered by deletion of any single opposition term, despite resulting reductions in multicollinearity (see n. 12, 14).

16. This procedure is executed as follows for the equation of Table 3, column 2. The equation is reestimated with each of its 18 nations removed in one of the 18 reestimations. Reestimations are examined qualitatively for departures from the estimates obtained in the original estimations with all 18 cases. Reestimations are also used to compute new jackknifed values of coefficient estimates (BJ) plus new test statistics for each new jackknifed coefficient. A given jackknifed coefficient estimate BJ equals the mean of the "pseudovalues" B_i^* . $B_i^* = 18(B) - 17(B_i')$, where B is the 18-case estimate of the coefficient in question and the B_i' are the 18 separate 17-case estimates (and $i = 1, 2, \dots, 18$). The standard error for each of the BJ estimates is just the standard error of the B_i^* that are averaged to define BJ. From the values of the BJ and their standard errors, t -statistics are computed.

17. As pseudovalues equal $B_i^* = 18(B) - 17(B_i')$, where B is the 18-case estimate of the coefficient in question and the B_i' are the 18 separate 17-case estimates (and $i = 1, 2, \dots, 18$), they may be distinctly signed from both the initial sample-wide and subsample estimates where the absolute values of $17(B_i')$ exceed those of $18(B)$. Since the jackknifed slopes (standard errors and t -values) are computed from the pseudovalues, jackknifed estimates may be marked by reversals of signs from full-sample and subsample estimates.

18. However, it merits noting that some of these variables were already insignificant in Table 3, column 2, and that no new instability is revealed for these. Moreover, although statistically insignificant estimates may be viewed skeptically, significant interactions are dubiously interpreted in the absence of additive estimates for their component parts (Friedrich 1982). These estimates anchor conditional effects of partisan governments to intercepts, as well as to levels of oppositions. For example, where left government and right oppositions interact, slope estimates for the left government term anchor the variation of left government effects (across levels of right opposition) by specifying these effects when right opposition is .0.

19. A variant of the column 2 equation that substituted the OECD measure of social welfare transfer expenditures for the ILO measure of social security spending (including in-kind benefits and services) yielded few new indications of instability. A dummy variable–generalized least squares variant was also run. This controls for 0–1 dummy variable regressors for 17 of our 18 nations, leaving strictly longitudinal, within-nation variance for other regressors to explain. It provides some immunization against any exclusions of causally relevant, cross-national differences from the matrix of regressors; but it also downwardly biases (in absolute value) all regressors with cross-national components to their variation, because it monopolizes all cross-national variation (Judge et al. 1985). This variant reinforces evidence of estimator stability.

20. To jackknife, all nonparty variables with t -statistics below 1.0 in absolute value in the jackknifed result of Table 3, column 3, were deleted; and jackknife computations were performed on the resulting specification. Then, using results of these jackknives, nonparty and party product (or interaction) term variables with absolute t -values below 1.0 were deleted, and jackknife computations performed again. As above, we refrained from removing additive "party" specifications with t -values below the 1.0 criterion level because of their integral part in the interpretation of interactions (see nn. 13, 18). Pertinent left government, right government, and

right opposition variables have significant jackknifed slopes and may well be "stable."

21. An anonymous reviewer suggested that the median voters for whom parties compete sometimes favor welfare retrenchment and that center parties represent broad middle-class constituencies (cf. "risk-class?". Baldwin 1990). This pair of insights offers a good puzzle for future study.

22. For a few years, findings from Pampel and Williamson (1989) have clouded "partisan-welfare" relations. They coded their party variables so that first center, and later nonright, governments serve as benchmarks. Their analyses reveal that left welfare effort is less than center effort (chap. 3, Table 3) and center less than nonright (chap. 3, Table 6); but their analyses do not reveal whether or not left welfare effort exceeds right effort (as in, e.g., Hicks and Swank 1984; Stephens 1979). Moreover, that study suffers from an unnecessarily small and arbitrary sample of 126 observation (18 every five years, 1950–80) and a rather thin specification of equations. Certainly, ours are the first *clear* findings of distinct yet "less-than-center" effects. As for left corporatism's impact on year-to-year left rule effects, optimal precision may call for a less governmentally centered specification of left corporatism. On the other hand, precision might warrant a yet fuller specification of nonleft traditions of political economic strength. Present specifications of policy-relevant institutions should not be regarded as definitive.

23. See note 21.

24. *Party Leadership*. Australia conservative 1960–72 and 1976–82, left 1973–75; Austria center 1966–69, left 1970–82, none 1960–65; Belgium center 1960–71, 1974–80, none 1972 and 1981–82, left 1973; Canada right 1960–63 and 1979–82, center 1963–78; Denmark left 1960–67 and 1972–82, right 1968–71; Finland left 1967–72, 1973–75, none 1964 and 1971, center 1960–63, 1965–66, and 1976–77; France right 1960–80, left 1981–82; West Germany right 1960–66 and 1982, none 1967–69, left 1970–81; Ireland right 1960–82; Italy: center 1960–82; Japan: right 1960–82; Netherlands center 1965–66 and 1978–82, left 1974–77, none 1961–64, 1967–72, and 1973; New Zealand right 1960–72, 1976–82, left 1973–75; Norway center 1966–82, right 1982, left 1960–65, 1971–72, and 1974–81; Sweden left 1960–75, center 1977–82; Switzerland center 1960–82; United Kingdom left 1965–69 and 1974–78, none 1970, right 1960–64, 1971–73, and 1979–82; United States center 1960–68 and 1977–80, right 1969–76 and 1981–82. For rationales and summary of leadership periods, see n. 11.

25. The product terms for opposition–government interactions are center opposition \times left party government leadership (Center–Left), right opposition \times left party government leadership (Right–Left), right opposition \times center party government leadership (Right–Center), left opposition \times center party government leadership (Left–Center), left opposition \times right party government leadership (Left–Right), and center opposition \times right party government leadership (Center–Right).

26. See n. 6 for operational details.

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