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# Social Policy Responsiveness in Developed Democracies

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*Do mass policy preferences influence the policy output of welfare states in developed democracies? This is an important issue for welfare state theory and research, and this article presents an analysis that builds from analytical innovations developed in the emerging literature on linkages between mass opinion and public policy. The authors analyze a new dataset combining a measure of social policy preferences with data on welfare state spending, alongside controls for established causal factors behind social policy-making. The analysis provides evidence that policy preferences exert a significant influence over welfare state output. Guided also by statistical tests for endogeneity, the authors find that cross-national differences in the level of policy preferences help to account for a portion of the differences among social, Christian, and liberal welfare state regimes. The results have implications for developing fruitful connections between welfare state scholarship, comparative opinion research, and recent opinion/policy studies.*

**Do mass policy preferences influence the size and scope of social policy output in democracies?** Are cross-national differences in the level of policy preferences a factor behind comparative differences in developed welfare states? These questions are fundamental ones for empirical democratic theory, as the growth of

welfare states during the 20th century has been a defining feature of political change in democratic capitalist countries (Esping-Andersen 1990; Hicks 1999; Kenworthy 2004). **Issues concerning mass opinion have yet to be directly addressed in comparative welfare state research**, but recent theoretical statements point to the possibility of linkages to social policy-making. Innovative new work on opinion/policy linkages suggests how a suitable investigation can be developed.

The possibility that the aggregate policy preferences of citizens—**mass public opinion—might influence the policy output of welfare states is evident in recent formulations of power resources and path dependency theorizing** (e.g., Pierson 1996; Esping-Andersen 2000; Huber and Stephens 2001). For example, Huber and Stephens (2001:3) propose that mass opinion might operate as a “ratchet,” whereby “the rapid growth of support for welfare state policies...that benefit a large portion of the population...then turns these policies into the new point of reference for discussions on further welfare state development.” On the persistence of welfare states, Esping-Andersen (2000:4) contends that “[t]he ways in which welfare states have responded, so far, reflect mainly a logic

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of . . . voter allegiance to accustomed benefits.” Pierson (1996:176) has proposed that “politicians are likely to pursue strategies that will not damage their chances for reelection.”

These important statements have been presented recently. Scholarship to date has yet to test propositions concerning the social policy influence of mass opinion. Perhaps because of the absence of relevant evidence, a number of scholars have at times expressed considerable skepticism about the relevance of public opinion to the politics of welfare states (see Skocpol 1992; Orloff 1993; Steinmo 1994). Focusing especially on an earlier generation of work on “national values,” these scholars have argued that analytical vagueness renders mass opinion incapable of accounting for comparative and historical variation in welfare states. Other analysts have questioned whether an autonomous “public opinion” exists at all, or is sufficiently visible to politicians and policymakers to influence policy outcomes (e.g., Bourdieu 1979; Herbst 1998).<sup>1</sup>

We believe the time is ripe for a reexamination of questions concerning mass opinion. New theoretical approaches to the opinion-policy link suggest conceptual refinements that move beyond the earlier generation of national values scholarship. Research on policy responsiveness offers provocative new evidence of linkages between opinion and policy (for reviews, see Burstein 1998; Manza and Cook 2002; Soroka and Wlezien 2004, 2005). Further, the appearance of truly comparable cross-national survey data create new possibilities for systematic examination of whether, when, and ultimately how public opinion influences policy outputs.

The starting point of this emerging literature is the identification of *policy responsiveness* as central to the operation of national legislatures (see Page and Shapiro 1983; Wlezien 1995; Erikson, MacKuen, and Stimson 2002). The

key assumption is that within democratic polities, politicians have incentive to take into account the public policy preferences of voters so as to reduce the risk of electoral loss (for themselves or for members of their party) as well as the possibility of public reprisals in the form of civil disobedience or protests. To be sure, the assumption of policy responsiveness may fail to describe accurately opinion/policy linkages if, for example, mass opinion is either incoherent or if politicians are consistently able to deceive voters with respect to the policy output of government (e.g., Herbst 1998; Jacobs and Shapiro 2000). The relationship is also probabilistic: levels of responsiveness may vary between countries, over time, or with respect to the specific policy domain under investigation (Burstein 2003).

To date, research on policy responsiveness has focused almost entirely on the case of the United States, presenting evidence for the influence of aggregate opinion over the legislative output of Congress and the presidency (see Stimson, MacKuen, and Erikson 1995; Wlezien 1995; Erikson et al. 2002), and also at the sub-national level of state government (Hill, Leighley, and Hinton-Andersson 1995; Berry et al. 1998). Moving beyond the U.S. case and using country-specific measures of mass opinion, several innovative studies have presented evidence for linkages between mass policy preferences and the overall level of government spending within Canada (Petty 1999; Soroka and Wlezien 2004), Germany (Brooks 1990), and the United Kingdom (Soroka and Wlezien 2005).

The empirical focus of opinion/policy research has generally been on aggregated government spending as a whole (or, in the American case, aggregated legislative output), and not on social policy-making or welfare state output per se. The evidence presented in these studies, however, is quite consistent with the possibility that government officials respond to public preferences concerning the welfare state, resulting in what we will term “social policy responsiveness.”

In this article, we assess the impact of mass policy preferences on the overall output of welfare states. Our approach incorporates innovations developed in recent comparative welfare state scholarship and the new literature on opinion/policy linkages. Our empirical analyses take

<sup>1</sup> Amenta, Caren, and Olasky (2005) provide a welcome recent exception in the critical literature on public opinion, reporting evidence that public preferences and institutional arrangements, alongside Townsend movement activity, influenced state-level old age benefits in the United States during the 1930s. See Burstein (1998) for detailed discussion of the potential utility of considering mass opinion in comparative/historical scholarship on policy-making.

into account established factors behind welfare state policy output, adding measures of mass opinion. We emphasize that our goal is constructive. We seek to consider whether mass opinion may complement the established wisdom in comparative welfare state scholarship.

The article is in four parts. In the first, we discuss our theoretical approach to understanding the possible influence of mass opinion on welfare states. We take as an initial point of departure limitations in early work on national values that may have provided scholars with a disincentive to pursue further research. We next consider assumptions underlying social policy responsiveness, and related propositions about mass opinion that can be derived from power resources and path dependency theories. In part two, we describe the new dataset we have constructed from data provided by the Organization for Economic Cooperation and Development and the International Social Survey Program. We consider the measurement of variables, use of cross-sectional time-series methods, and application of statistical tests for endogeneity. Results of the analyses are presented in the third section. We discuss implications of results for welfare state theory and for opinion/policy research in the final section.

## WELFARE STATE THEORY AND MASS OPINION

### *FROM NATIONAL VALUES TO SOCIAL POLICY PREFERENCES*

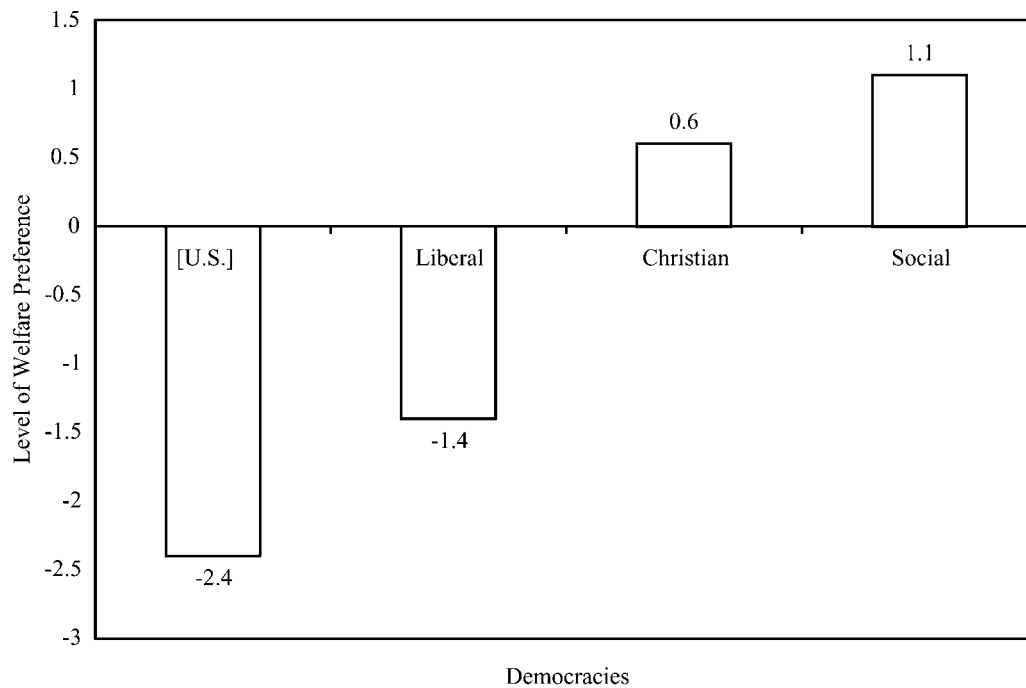
One of the earliest perspectives on the welfare state pointed to the importance of cultural values such as individualism and egalitarianism as forces behind the patterning of social policies in democratic capitalist societies (see, e.g., Lipset 1963; Rimlinger 1971; Coughlin 1980). The "national values" approach was innovative for its time, yet it lacked comparable public opinion data and was unable to specify in concrete terms the causal mechanisms behind policy responsiveness. Its limitations were noted, and they disposed some critics to doubt the validity of any welfare state explanation making reference to mass opinion (Skocpol 1992; Steinmo 1994; Immergut 1998). These critical commentaries and the limitations of the national values approach are worth exploring in greater detail, as a prelude to our reconsideration of the political relevance of mass opinion.

Critics of the national values approach argued that its static conception of values made the latter a poor device with which to understand the comparative and historical development of social insurance programs within particular national settings (Skocpol 1992; Steinmo 1994). Indeed, because such values were frequently viewed as established by national and industrial revolutions (Lipset 1963), their apparent stability appeared to render them incapable of explaining subsequent patterns of public policy change.

The values concept was also viewed by critics as analytically vague, with the precise causal mechanism at work—such as politicians' decision-making, organized interest groups, media frames, the mass public—being unclear. Liberal ideas of various sorts, for example, appeared to be influential in both the British and American contexts, yet the timing and programmatic details of pension programs varied significantly between these two countries, casting doubt on national values as a causal mechanism behind comparative welfare state variation (Weir, Orloff, and Skocpol 1988; Orloff 1993).

These limitations are important, yet it would be premature to dismiss, once and for all, the possibility that mass opinion influences welfare state output. Public opinion theory and research has developed considerably since national values scholarship, and an updated theoretical approach begins to address earlier limitations. Starting with the static character of values, contemporary theories of public opinion tend to view the policy preferences of mass publics as a product of factors embedded within specific social and historical contexts (e.g., Fuchs and Klingemann 1990; Page and Shapiro 1992; Dalton 1996).<sup>2</sup> Opinion research now

<sup>2</sup> While our focus is on the social policy influence of mass opinion, a further body of research has established that such factors as individuals' social-structural locations, political socialization, and patterns of religious affiliation shape the acquisition of policy attitudes (McClosky and Zaller 1984; Brint and Kelley 1993; Erikson and Tedin 1995; Sherkat and Ellison 1999). Of further relevance are contextual factors (Inglehart and Baker 2000; Blekesaune and Quadagno 2003), some of which (e.g., collective memories of state-making) may exert a long-term pattern of influence over policy attitudes. The latter is



**Figure 1.** Social Policy Preferences in Social, Christian, and Liberal Democracies, 1996

*Note:* Data are from the International Social Survey Program (ISSP).

documents, systematically and with truly comparable public opinion data, considerable historical and cross-national variation (e.g., Smith 1987; Svallfors 1997; Blekesaune and Quadagno 2003). The concept of **mass opinion** is analytically specific, **referring to the policy preferences of citizens within a specific country and time period**. Indeed, it is this concept that has been the focus within the emerging tradition of opinion/policy research (e.g. Page and Shapiro 1983; Stimson et al. 1995; Erikson et al. 2002).

The comparative diversity of policy preferences across countries is fairly well known and can be observed in Figure 1. The data in this figure are the level of aggregate policy preferences in **three types of “regimes” that have been central to comparative welfare state research: social democracies, Christian democracies, and liberal democracies** (additional details concerning measures are discussed later). To highlight its further distinctiveness, the United States

is shown as well. These data are from the International Social Survey Program; **higher scores reflect a greater average preference for public social provision**. In contrast to any static presuppositions, policy preferences vary widely, yet coherently, with citizens in social democracies exhibiting the highest level of welfare state preference, followed by their counterparts in Christian democracies, and finally by citizens within liberal democracies (with the United States exhibiting the lowest level of support). These data are strikingly consistent with the established portrait of welfare state diversity that has been central to contemporary theory and research.

#### POWER RESOURCES THEORY

The national values approach is not the only source of insight into how public attitudes may be related to welfare states. The influential **“power resources” approach—which highlights the relative strength of class-related forces in accounting for cross-national variation in welfare state development** (Stephens 1979; Korpi 1989; Esping-Andersen 1990)—can also be

distinct from the scenario of short-term feedback considered in our endogeneity analysis.



seen as anticipating linkages between mass opinion and social policy-making. For instance, the universal distribution of benefits and services within Scandinavian welfare states is said to generate high levels of legitimacy (Rothstein 1998: chap. 6), suggesting that the vested interests that citizens develop in social democracies lead to greater preference for public over private provision. Insofar as these preferences endure over the life course of individuals, their aggregation into mass opinion may be a significant input into social policy-making.

The implications of well-entrenched preferences for public social provision within social democracies are evident in commentary on the significance of cross-class coalitions between the middle and working classes in Scandinavia (Korpi and Palme 1998; see also Svallfors 1999 for evidence of high levels of welfare state support among the Swedish middle class). By contrast, welfare state legitimacy outside of social democratic regimes (particularly within liberal democracies), is viewed by power resources theorists (Esping-Andersen 1996; Korpi and Palme 1998) as lower because of more extensive conflict between recipients and nonrecipients, and also because the middle class has not come to prefer high levels of public services and benefits. Provided that public officials have sufficient information about the degree of public preference for welfare state provision, mass opinion may thus influence the level of government effort. In this context, it is notable that elected officials and constituents are frequently linked by social networks through which information flows (Hansen 1991; see also Fenno 1978), and social movement mobilization can also convey information about mass opinion to politicians (Burstein 1999). *Direct social policy responsiveness occurs if political officials anticipate or incorporate information about mass opinion prior to an election*, a scenario that is in keeping with findings of major opinion/research studies (e.g., Erikson et al. 2002).

Complementing this first possibility, the power resource theorists' focus on partisan control over national legislatures is also suggestive (e.g. Korpi 1989; Hicks 1999; Huber and Stephens 2001). In particular, evidence that mass policy preferences routinely influence the behavior of voters in developed democracies (e.g., Knutsen 1995; Alvarez, Bowler, and

Nagler 2000; Brooks forthcoming) implies an *indirect influence of policy attitudes over welfare states*. Social policy preferences may thus indirectly shape welfare state output by influencing which party or coalition controls national government in the first place.

#### PATH DEPENDENCY THEORY

Path dependency theory incorporates a significant portion of the power resources account of the historical development of welfare states and its subsequent classification into regime types (Pierson 1996, 2001; Rothstein and Steinmo 2001). Path dependency scholarship further identifies the operation of *evolutionary dynamics within contemporary welfare states, in which the institutionalization of social programs at one point in time sets in motion processes of development and feedback that propel countries along different trajectories*. It is this feature of path dependency that suggests the possibility that factors relating to mass opinion are associated with policy-making dynamics.

As developed in the work of Pierson (e.g., 1996, 2001), recent patterns of welfare state development are said to be characterized by a "new politics" involving novel constituencies and expansion pressures in public benefits and services. A key proposition is that government officials have greater incentive to maintain (or expand) entitlement programs in comparison to the option of scaling back (or eliminating) programs. Fearing reprisals from organized interest groups (and, more implicitly, voters), politicians are disposed to view welfare state downsizing unfavorably, preferring to advance their popularity through the introduction of new initiatives or the vigorous maintenance of existing programs.

Path dependency theory has typically focused on interest groups as key mechanisms behind the "locking in" of welfare state development (e.g. Pierson 1994, 1996), yet there is also room within this view for mass policy preferences to exert influence. Indeed, the path-dependency *assertion that government officials have greater incentive to expand rather than cut entitlement programs may be strengthened if interest groups operating in tandem with the policy preferences of voters exert pressure on politicians*. In this way, then, mass opinion may be a significant (if currently implicit) mechanism that helps to

explain the operation of path dependency in welfare state development.

## SOCIAL POLICY RESPONSIVENESS

Propositions about the influence of mass policy preferences on social policy-making presuppose that in democratic polities, elected officials have an incentive to incorporate the policy preferences of voters so as to reduce the risk of electoral losses for themselves (or for members of their party), and also the possibility of public reprisals in the form of civil disobedience or protests. Explicit articulation of this assumption of *policy responsiveness* has been a key analytical innovation within the emerging tradition of opinion/policy research (Wlezien 1995; Burstein 1998; Erikson et al. 2002; see also Page and Shapiro 1983). Like any theoretical premise, the assumption of policy responsiveness may, of course, fail to describe policy dynamics accurately within specific historical and comparative settings. The opinion/policy literature presents provocative evidence concerning legislative output in the United States (e.g., Stimson et al. 1995; Berry et al. 1998; Burstein 1998), with further results for government spending in several other polities (e.g., Brooks 1990; Petry 1999; Soroka and Wlezien 2004). Its applicability to the policy domains of the welfare state is in need of empirical examination.

In bringing the policy responsiveness assumption to welfare state research, we focus on the dimension of mass opinion of greatest initial relevance, namely the *social policy preferences of voters*. In this context, we emphasize that accumulating evidence regarding attitudes toward the welfare state is quite consistent with this hypothesis (see Smith 1987, 1990; Taylor-Gooby 1993; Kluegel and Miyano 1995). Preferences for public social provision are, for instance, generally higher in Western European societies in comparison to the United States, and highest in Scandinavia (see also Martinussen 1993; Svallfors 1997; Andersen et al. 1999).

Cross-national differences in policy attitudes across capitalist democracies are thus established by comparative opinion research. Yet opinion data is by itself insufficient to obtain evidence of a pattern of influence over welfare states, insofar as policy outputs are not themselves directly measured. To establish evidence

that social policy preferences influence the policy output of welfare states, we must develop a statistical model that connects observations of policy preferences to measures of welfare state output.

Three key methodological challenges confront our investigation. First, potentially confounding, theoretically relevant factors such as age composition and political institutions must be taken into account. Second, analysis of country-level data should use appropriate cross-sectional time-series methods. Finally, evidence should be offered that *mass policy preferences are not subject to endogeneity bias*, where preferences are affected by the error term, *as when preferences are influenced by the current output of welfare states*.

This study addresses these challenges in the course of evaluating evidence for social policy preferences as a possible factor behind welfare states. In the case of the first challenge, we have developed a new dataset that merges high-quality data on welfare state spending with mass opinion data. The dataset includes measures of established factors behind welfare state policy output, allowing us to incorporate these as controls in the analysis. For the second and third challenges, our analyses make use of cross-sectional time-series techniques, and we apply tests for endogeneity to establish further evidence of the status of policy preferences in relation to welfare state spending output.

## ENDOGENEITY AND CONTEMPORANEOUS VERSUS LONGER-TERM POLICY FEEDBACK

The analysis of country-level data is subject to potential estimation biases stemming from *endogeneity*, whereby a right-hand side variable is correlated with an unobserved error term. Endogeneity has several potential sources (Wooldridge 2002: chap. 4): the omission of a relevant variable; measurement error; or *simultaneity bias*, in which an explanatory variable is itself influenced by the dependent variable. Because one or more of these processes may conceivably be at work, it is essential to rule out this source of potential concern, or, if necessary, employ an alternative estimator *such as two-stage least squares*. Forms of endogeneity involving welfare state influence over a right-hand side variable could apply, we note, to virtually any source of social policy output, though

we are aware of no previous attempts to test for endogeneity in comparative welfare state research (cf. Paxton and Kunovich 2003). By testing for endogeneity, we seek to evaluate further the causal status of mass policy preferences with respect to welfare state policy output. To this end, we apply a test for endogeneity developed by Hausman (1978; Davidson and MacKinnon 1993:237–39).

Endogeneity bias is implied by claims regarding the existence of short-term policy feedback, in which welfare states contemporaneously influence mass opinion. Claims of this sort appear at times to have been used to reject, a priori, the possibility that mass opinion influences social policy-making (e.g., Steinmo 1994; Immergut 1998). These claims, however, are best understood as hypotheses, insofar as no attempts have been made to generate evidence for (or against) such assumptions.

The distinction between short-term/contemporaneous feedback versus longer-term feedback is a useful one to clarify. Long-term feedback processes, while difficult to measure directly, are at once important and largely uncontroversial. All welfare state theories of which we are aware are compatible with their existence. Paradigmatic examples include Huber and Stephens' (2000) establishment of women's labor force participation as a proximate source of welfare output that itself is influenced by earlier levels of social provision, and also by scholarship on the interrelationship of welfare state institutions and economic development (e.g., Garrett 1998; Hall and Soskice 2001). We emphasize that it is short-term/contemporaneous feedback that is potentially incompatible with mass policy preferences (and any right-hand side variable) exerting influence over welfare state output. In the current study, our concern centers on short-term feedback as a subset of endogeneity bias.

## DATA, MEASURES, AND MODELS

Analysis of the effects of social policy preferences on welfare states requires truly comparable data on welfare state spending and policy preferences in cross-national perspective. Such data should be of high quality: welfare state data must be derived using the same definitions of policy output, and mass opinion data should derive from items that employ identical

question-wording across surveys. A fully cross-national design is also important. Evidence from single-country studies is insufficient to evaluate whether mass policy preferences are a factor behind cross-national differences among welfare states. Moreover, estimates derived from analysis of data that are *specific* to individual countries cannot be directly compared. For instance, analyses of the effects of policy preferences on welfare state spending in the United States and Sweden that are based on operational definitions or item wordings that vary between countries introduce methodological artifacts. Absent cross-nationally standardized data, there are no means of ruling out such biases.

## OECD/ISSP DATA

In this study we analyze a new dataset that combines economic, demographic, and government spending data from the Organization for Economic Cooperation and Development (OECD) with country-level summaries of survey data from the International Social Survey Program (ISSP). The OECD's use of consistent definitions and measures has made it a primary source of government spending data in quantitative welfare state research. We use data from the *Historical Statistics* (OECD 2003a), *Labour Force Statistics* (OECD 2003b), *Main Economic Indicators* (OECD 2003c), *National Accounts* (OECD 2003d) and from the *Social Expenditures Database* (OECD 2005). Data from the ISSP's *Religion I* and *II* and *Role of Government I, II, and III* surveys (ISSP 1988, 1993, 1994, 1999, 2001) enable measurement of the country-specific level of social policy preferences.

We merge these data into a country-level dataset that contains measures of theoretically relevant control variables. The unit of analysis is the country-year. This country-level design is essential in conceptualizing *aggregate* opinion as the input into national policy-making within specific countries and time periods (Page and Shapiro 1983; Stimson et al. 1995).

We analyze two dependent variables. Our primary dependent variable is overall welfare state spending on benefits and services; our supplemental dependent variable is a more narrowly focused measure of benefits spending on welfare state transfers. The data for our pri-



mary dependent variable contain observations for 15 developed democracies. The historical era covered by these data is the period between 1986 and 2000, and, in all, there are 43 country-observations. In the course of the analyses, we make use of a common classification of welfare states into ideal-typical regimes.<sup>3</sup> We have relatively plentiful information on liberal democracies: Australia, Canada, Ireland, New Zealand, the United Kingdom, and the United States. Christian democracies in the analysis are represented by Austria, France, Germany, Italy, the Netherlands, and Switzerland. Norway and Sweden are the social democracies in the analysis. Data is also available for Japan, and while the Japanese welfare state has occasionally been classified as a conservative/Christian Democratic regime, the absence of a Christian Democratic or successful religious party in postwar Japan provides little analytical basis for such a classification. The limited use of universalistic entitlements in the Japanese welfare state places it in closer proximity to liberal democracies (in 1997, Japanese welfare state effort was 13.8 percent, well below the Christian Democratic average of 26.1 percent, and also below the 18.2 percent average for liberal democracies). In the analyses that follow, we classify Japan as a liberal democracy, noting that its exclusion from the liberal-democratic type yields indistinguishable results.

For purposes of corroboration, we also consider a more narrowly focused measure of welfare state transfers, which excludes much services-related spending. Data for this second dependent variable cover the same country-years, with the following exceptions: no obser-

vations are available for New Zealand in 1992 and 1998, Switzerland in 2000, and the United States in 1999; and a single year's worth of data is available for Austria in 1997. Similarity in results of analysis for both dependent variables lends confidence to findings.

## MEASURES OF WELFARE STATE EFFORT

Our measure of welfare state policy output is the **ratio of spending on benefits and services relative to gross domestic product. This measure of welfare state effort** was first introduced in early studies of the welfare state (e.g., Wilensky 1975; Pampel and Williamson 1985), and it remains central to contemporary work (e.g., Pierson 1994; Huber and Stephens 2001; Swank 2002). Effort-related measures have a critical property, as it is social spending relative to GDP that has been found to capture the policy dimension of welfare states that affect patterns of inequality and poverty within democracies (e.g., Kenworthy 1999; Brady 2003; Moller et al. 2003).

Furthermore, measures of aggregated social policy output are useful as summary devices insofar as specific domains such as pension spending or family services provision can provide a selective portrait of overall welfare state size and output. In recent years, one innovation has been to analyze measures of replacement income as key dimensions of welfare state output (Korpi and Palme 2003). Our analysis of replacement-income measures that have been made publicly available (Allan and Scruggs 2004) shows a pattern of variability in the magnitude of domain-specific policy responsiveness. Notably, however, opinion/policy linkages are stronger for the aggregated domain of welfare state spending effort, suggesting the existence of greater information and incentive among politicians with respect to the overall size of welfare states. There is clearly room for future investigations using alternative or more specific measures of welfare state outputs, but an initial focus on the aggregated output of welfare states is a useful starting point.

As shown in Table 1, our primary dependent variable summarizes overall welfare state effort across nine categories of cash and in-kind benefits and services. This measure is from the *Social Expenditures Database* (OECD 2005),

<sup>3</sup> In making use of the regime concept, it is important to acknowledge the existence of debates concerning the number and boundaries of such categories (see, e.g., Esping-Andersen 2003). Notwithstanding such controversies, there are reasons to utilize the regime concept (Arts and Gelissen 2002), including parsimony as well as consistency with past theorizing. Variants of the three-fold typology developed by Esping-Andersen (1990; see also 2003) remain the most common analytical device in the literature, and in this study we seek to maintain a degree of consistency with past theory and research. This focus does not preclude further consideration of alternative typologies (e.g., Korpi and Palme 1998) or dimensional measures (e.g., Hicks and Kenworthy 2003).

**Table 1.** Dependent Variables in the Analysis

Variables	Description/Mean (SD)	Data Source
Primary Welfare State Measure Overall welfare state effort <sup>a</sup>	Government expenditures on cash and in-kind benefits and services (9 categories) <sup>b</sup> as a percentage of GDP/21.53 (5.23)	OECD Social Expenditures Database
Supplemental Welfare State Measure Welfare state transfers	Government expenditures on social security transfers as a percentage of GDP/14.74 (4.10)	OECD Historical Statistics, various year

Note: SD = standard deviation; GDP = gross domestic product; OECD = Organization for Economic Cooperation and Development.

<sup>a</sup> Country-years in the analysis: Australia (1987, 1991, 1997, 1999), Austria (1994, 2000), Canada (1997), France (1998, 1999), Germany (1986, 1991, 1992, 1997, 1999), Ireland (1992, 1997, 1999), Italy (1991, 1997, 2000), Japan (1997, 1999), Netherlands (1992, 1999), New Zealand (1992, 1998, 1999), Norway (1991, 1997, 1999), Sweden (1997, 1999), Switzerland (2000), United Kingdom (1986, 1991, 1992, 1997, 1999), United States (1986, 1991, 1992, 1997, 1999).

<sup>b</sup> Old age benefits, survivor benefits, disability and sickness benefits, health services, family benefits and services, active labor market programs, unemployment benefits, housing, and residual provisions (including immigration policies).

and it provides a more comprehensive index of welfare state benefits and services than was available in the 1990s. In Table 1, the welfare state transfer spending measure is our supplemental dependent variable. Analysis of this second dependent variable provides a point of comparison and corroboration.

### **SOCIAL POLICY PREFERENCES**

To measure mass policy preferences in cross-national and historical perspective, we use data from five ISSP surveys (1988, 1993, 1994, 1999, 2001) conducted between 1985 and 2000. While surveys of specific countries for a given ISSP module were not always fielded in the same calendar year, our coding of country-years reflects the actual date of the surveys. Care was taken by ISSP planners and principal investigators to field questions in a standardized way across countries, and the two items from which our social policy preferences measure are derived employ identical question wording and response formats. As summarized in Table 2, these items ask respondents about their preferred degree of government responsibility for providing employment opportunities and reducing income inequality, issues that are central to ideological conflict over welfare states (Taylor-Gooby 1993; Garrett 1998).

As summarized in note a, the two ISSP items scale with a high degree of reliability. These

items are drawn from a larger battery of ISSP questions about attitudes toward social policy. Initial analysis of this battery revealed that the pair of items in Table 2 account for just over 50 percent of the total variance; the eigenvalue for the next largest component drops considerably, providing evidence that the two items we analyze in this study capture the common factor underlying the larger set of ISSP items.

Factor scores are for country-years, and following Page and Shapiro (1983) and Stimson et al. (1995), we lag country-specific index scores by a year in keeping with the assumption that mass opinion influences the budgetary cycle of policy-making during the following year. In the multivariate analyses, country-specific observations of social policy preferences at  $time_{t-1}$  are thus paired with the two dependent variables measured at  $time_t$ .

Using our main dependent and independent variables, what does a first look tell us about the relationship between mass policy preferences and welfare states? Figure 2 provides an initial glimpse. The figure's scattergram suggests the existence of a strong linkage between social policy preferences and welfare state effort. Indeed, a regression line from a bivariate model would fit well the cluster of observed data points.

Evidence of this sort, however, is only preliminary: it does not yet consider the possibility that the relationship is confounded by other

**Table 2.** Independent Variables in the Analysis

Variables	Description	Mean (SD)	Data Source
Mass Opinion			
Social policy preferences	Scale <sup>a</sup> constructed from two survey items below (coded with 1-year lag) <i>On the whole, do you think it should be or should not be the government's responsibility to: Provide a job for everyone who wants one? On the whole, do you think it should be or should not be the government's responsibility to: Reduce income differences between the rich and poor?</i> 1. definitely should not be; 2. probably should not be; 3. probably should be; 4. definitely should be	-.01 (1.88)	<i>International Social Survey Program Surveys</i> 1985–1986, 1990, 1991, 1996, and 1998. <i>Role of Government I, II, and III; Religion I and II.</i>
Economic Factors			
Per capita GDP	Per capita gross domestic product in thousands 1995 US\$, purchasing power parity-adjusted	21.98 (3.59)	OECD <i>National Accounts</i> , various years.
Standardized unemployment rate	Unemployed persons as a percentage of the civilian labor force	7.33 (2.91)	OECD <i>Main Economic Indicators</i> , various years.
Demographic Factors			
Aged population	Percentage of population age 65 and over	14.16 (2.11)	HRS, <sup>b</sup> OECD <i>Labour Force Statistics</i> , various years.
Women's labor force participation	Female labor force participation as a percentage of female population age 15–64 years (coded with 1-year lag)	62.50 (8.32)	HRS, <sup>b</sup> OECD <i>National Accounts</i> , various years.
Political Institutions			
Veto points	Scale of four measures of federalism (0–2), parliamentary vs. presidential system (0–1), strength of bicameralism (0–2), and use of judicial review (0–1)	.03 (1.52)	HRS <sup>b</sup> .
Partisan Control of Government			
Right party government control	Percentage of seats held by government parties controlled by secular conservative parties	32.37 (43.09)	HRS, <sup>b</sup> election statistics agencies, various years.
Religious party government control	Percentage of seats held by government parties controlled by Christian-Democratic and Catholic parties	16.00 (28.48)	HRS, <sup>b</sup> election statistics agencies, various years.
Left party government control	Percentage of seats held by government parties controlled by labor, social-democratic, socialist, and communist parties	34.56 (41.17)	HRS, <sup>b</sup> election statistics agencies, various years.

Note: SD = standard deviation; GDP = gross domestic product; OECD = Organization for Economic Cooperation and Development.

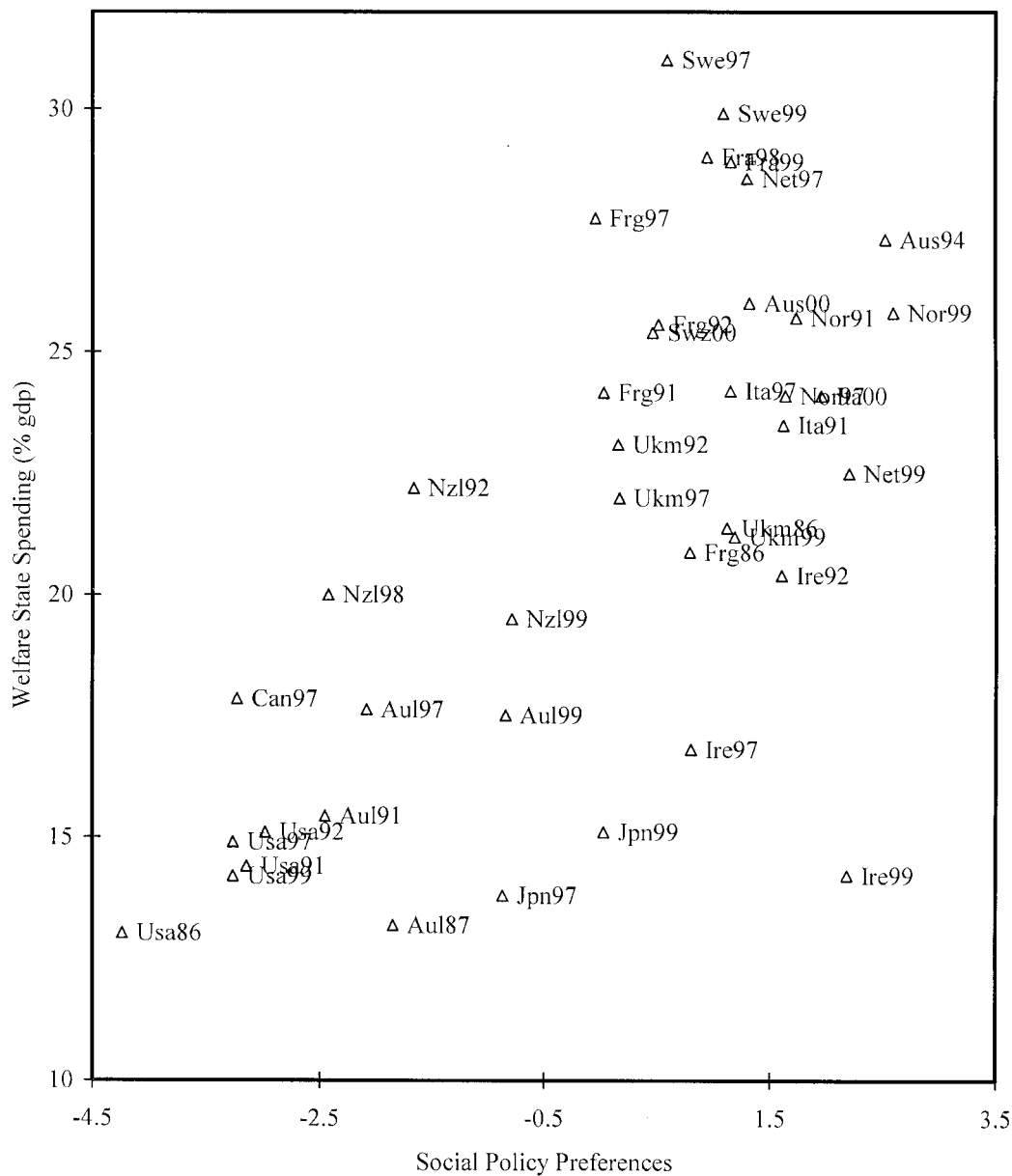
<sup>a</sup>  $\alpha_{\text{reliability}} = .92$ .

<sup>b</sup> Huber, Evelyne, Charles Ragin, John D. Stephens, David Brady, and Jason Beckfield. 2004. *Comparative Welfare States Dataset*. Chapel Hill, NC: Department of Political Science, University of North Carolina.

factors. In developing a strategy for causal inference, it is necessary to conjoin multivariate results with a plausible and parsimonious theoretical argument that, in the current context, is provided by the social policy responsiveness proposition. Further, we need to consider evidence for simultaneity/endogeneity bias.

#### OTHER INDEPENDENT VARIABLES

Guided by past research, our analyses incorporate factors associated with established welfare state scholarship. We include controls for key economic and demographic factors. Per capita GDP and unemployment rate take into account



**Figure 2.** Interrelationship of Policy Preferences and Welfare State Output

*Note:* Scattergram shows data for policy preferences and welfare state spending in 15 OECD democracies. Data are from the ISSP/OECD (International Social Survey Program/Organization for Economic Cooperation and Development).

economic factors, while aged population composition and women's labor force participation are important demographic factors. Following the work of Huber and Stephens (2000), women's labor force participation is coded with a one-year lag.

From the standpoint of institutional theorizing, the constitutional design of political institutions is a central factor behind social policy output (Swank 2002), particularly the degree to which the structure of institutions creates opportunities for social policy reforms to be blocked

by organized interest groups. We follow Huber and Stephens (2001: chap. 3) by including a measure of the quantity of “veto points” within a polity. As summarized in Table 2, this results in a scale of four separate dimensions of institutions (federalism, parliamentary vs. presidential system, the strength of bicameralism, and use of judicial review), where higher scores indicate the existence of more extensive veto points within a polity.

Partisan control over policy-making by political parties represents a third set of established causal factors, one associated with the power resources tradition (e.g., Esping-Andersen 1990; Huber, Ragin, and Stephens 1993; Hicks 1999). Control of government by left parties is thought to facilitate the development and maintenance of comprehensive entitlement programs, with social democratic and labor parties figuring as major architects of Scandinavian welfare states (Korpi 1989; Huber and Stephens 2000). Christian Democratic control of government represents a distinct source of input into welfare state expenditure (Misra and Hicks 1994), insofar as religious parties within Western Europe generally mix high levels of cash benefits with lower levels of public service delivery. The policy-making activities of secular conservative parties provide a further contrast, as right wing parties have typically given greater priority to private forms of social provision (Hicks 1999; Huber and Stephens 2001). In the analyses that follow, we drop the variable for right party governance from the models, noting that its exclusion has little effect on subsequent results.

We are not able to include a measure of union density in this investigation. High-quality data on comparative unionization rates are sparse for recent years (see Ebbinghaus and Visser 2000), and inclusion would require dropping over half of the current observations. Given high levels of association between left party strength and union density (Huber and Stephens 2001), the unmeasured influence of the latter is captured by the measures of partisan control over government.

#### ***INTERACTION EFFECTS INVOLVING SOCIAL POLICY PREFERENCES***

In addition to estimating the main effects of all independent variables, we evaluate evidence for interaction effects involving policy prefer-

ences over time, across national or regime context, and with respect to political institutions. Regarding temporal context, we consider the possibility that the influence of mass policy preferences over welfare states may depend upon the historical context, following a pattern of increasing or declining influence (e.g., Jacobs and Shapiro 2000). Regarding the second type of interaction, we evaluate evidence that the effects of policy preferences may differ in the United States versus other democracies, a scenario broadly consistent with the thesis of American exceptionalism (Lipset 1996). Welfare state regimes may vary in their degree of incorporation of mass opinion into policy-making, particularly in light of different patterns of social group-related influence, and with respect to different types of democracies (e.g., Esping-Andersen 1990; see also Powell 2000), and our analyses evaluate evidence for interactions involving regime types. Finally, we test for interactions involving policy preferences and the degree of centralization in government institutions (Lijphart 1999), considering the possibility that the influence of policy preferences is shaped by the extent of veto points within a polity.

#### ***CROSS-SECTIONAL TIME-SERIES METHODS***

The data in this study are cross-sectional time-series data in which the unit of analysis is the country-year. Cross-sectional time-series data are frequently characterized by the presence of correlated errors, violating classical assumptions regarding the independence of errors across observations. Such errors may also be heteroskedastic, possessing a nonconstant variance across observations. These conditions pose nontrivial challenges to statistical inference, for they can lead to biased estimates and misleading significance tests.

We use a robust-cluster OLS approach to address correlated and nonidentically distributed errors in the analysis. The robust-cluster approach has some advantages in comparison to several past approaches in the quantitative analysis of welfare states. The Parks method, for instance, involves estimation of country-specific error correlation parameters. Yet as demonstrated by Beck and Katz (1995), this approach (under the conditions most frequently applying to country-level datasets) tends to underes-



timate standard errors by approximately 50 to 200 percent, resulting in overly optimistic significance tests. Prais-Winsten regression with a correction for serial correlation represents a second approach, but estimation of the serial correlation parameter requires data that are evenly spaced with respect to time intervals; and our OECD/ISSP data, like many other welfare state datasets, is characterized by countries contributing different numbers of observations that are spaced over unequal temporal intervals.

The robust-cluster approach is useful under these conditions (see Moller et al. 2003), delivering correct standard errors in the presence of unequal variance among the error terms. Unlike the Huber-White estimator, however, the robust-cluster approach remains valid in the presence of errors that are correlated within units, including serially correlated errors (Rogers 1993). In the course of the analysis, we also compare the robust-cluster approach with random-effects and fixed-effects estimators (Hsiao 1986). This analysis favors the robust-cluster approach, using Raftery's Bayesian Information Criterion (1995; see also Beck and Katz 2001) to compare non-nested models and the decision rule of preferring models with lower scores.<sup>4</sup>

## RESULTS

Are social policy preferences exogenous or endogenous with respect to our dependent variable measuring welfare state spending effort? As a first step in the analyses, we test for endogeneity with respect to the interrelationship of social policy preferences and welfare state effort using Davidson and MacKinnon's (1993) extension of the Hausman (1978) test for endogeneity. In Table 3, a significant coefficient would indicate the presence of endogeneity, whereas

a nonsignificant coefficient suggests no grounds for endogeneity. In the table's first row, the coefficient (using robust-cluster estimation) is not close to achieving statistical significance, including with respect to a generous  $p < .10$  threshold. As summarized in the second row of Table 3, a further application of the endogeneity test using the random-effects estimator yields very similar results and an identical conclusion.

These results are in close keeping with the exogeneity of social policy preferences, suggesting that the effects of this variable on welfare state effort can be estimated using single-equation methods.<sup>5</sup> These results are theoretically informative as well, casting doubt on the existence of short-term policy feedback from welfare state spending to the covariate for social policy preferences. This is because feedback processes of this sort, and simultaneity bias more generally, would involve a correlation between social policy preferences and the unobserved error term, leading to a positive endogeneity test result.

## MAIN AND INTERACTION EFFECTS OF SOCIAL POLICY PREFERENCES

Our next step is to evaluate the possibility that the effect of social policy preferences varies across historical era, country or regime type, or political-institutional context. At 2.14 (s.e. = .59), the coefficient for the main effect of social policy preferences is significant, suggesting a sizable influence over welfare state spending effort in OECD democracies. Regarding interaction effects, neither the  $-.05$  (s.e. = .03) coefficient for the interaction between policy preferences and time nor the  $-.27$  (s.e. = .93) coefficient for an interaction with the U.S. context suggests significant effects.

Turning, however, to the interrelationship between policy preferences and liberal democracies, the estimate of  $-2.35$  (s.e. = .93) is clearly non-negligible, and the coefficient's negative

<sup>4</sup> BIC for the fixed-effects model is 79, and this positive score indicates an unacceptable fit to data (relative to a baseline model with no independent variables, and thus a BIC score of 0). In contrast, the negative BIC score for the random-effects model ( $-35$ ) indicates an acceptable fit relative to the baseline model, though the further,  $-12$  improvement using the robust-cluster model ( $-47$ ) favors that model. Though coefficients from random-effects models are not perfectly identical to those obtained using the robust-cluster approach, both sets of estimates lead to a comparable set of findings.

<sup>5</sup> Hausman endogeneity test results for our second dependent variable of welfare state transfers lead to the same conclusion: the coefficient for the effect of the residuals is again not significant using both robust-cluster ( $\beta = .76$  [s.e. = 1.47];  $p = .62$ ) and random-effects estimators ( $\beta = .83$  [s.e. = 1.37];  $p = .55$ ).

**Table 3.** Endogeneity Test for Social Policy Preferences

Estimator	Coefficient	Standard Error	<i>p</i> value	Number	Decision
1. Robust-Cluster OLS	-.81	.73	.24	43	Fail to reject $H_0$
2. Random-Effects	-.54	.90	.55	43	Fail to reject $H_0$

Note: Coefficient is for effect of the residuals from the first-stage regression. OLS = ordinary least squares regression.

sign indicates that the effect of social policy preferences on welfare state spending effort is smaller within liberal democracies in comparison to social and Christian democracies. This provides evidence that social policy responsiveness varies substantially across polities. None of the other interactions involving Christian democracies, social democracies, or political institutions appears close to significance: for Christian democracies, the coefficient is .68 (s.e. = 1.28); for social democracies, the coefficient is -.68 (s.e. = 1.28); and for political institutions, the coefficient is .21 (s.e. = .17). Results for our supplemental dependent variable of welfare state transfers lead to congruent findings (see Table S1, Online Supplement on the *ASR* Web site: <http://www2.asanet.org/journals/asr/2006/toc051.html>), including the significant interaction between social policy preferences and liberal democracies.

We incorporate results of tests for interactions in the next stage of the analysis, estimating two models of welfare state effort. Model 1's coef-

ficients are the main effects of all variables *except* the partisan control over government measures (but including the significant interaction between social policy preferences and liberal democracies). Model 2 adds coefficients for the main effects of the partisan control variables. By comparing coefficients across Models 1 versus 2, we can infer the extent to which the total effects of policy preferences on welfare state spending effort are mediated by factors relating to partisan control over government.

In Table 4, coefficients for established causal factors are generally in keeping with past research. Economic development, as measured by per capita GDP, negatively affects welfare state effort in developed democracies, though the magnitude of this effect should not be overstated, particularly because the conventional standardization of welfare state output places GDP in the denominator of the dependent variable. Unemployment has a significant positive effect in Model 2 (but not in Model 1), while the effect of elderly population composition is positive and not significant in either model. In con-

**Table 4.** Models of Overall Welfare State Effort

Independent Variables	Model 1		Model 2	
	Coefficient	Standard Error	Coefficient	Standard Error
Constant	16.42*	(7.73)	2.58	(8.59)
Year	.36*	(.12)	.36*	(.08)
Per Capita GDP	-1.04*	(.18)	-.66*	(.20)
Unemployment	.18	(.23)	.55*	(.24)
Aged Population	.50	(.35)	.31	(.33)
Women's LFP	.24*	(.09)	.30*	(.08)
Political Institutions	1.84*	(.48)	.77	(.59)
Religious Party Control	—	—	.08*	(.02)
Left Party Control	—	—	.02	(.02)
Social Policy Preferences	3.70*	(.90)	2.65*	(.69)
Social Policy Prefs $\times$ Liberal Democracy	-2.35*	(.92)	-1.77*	(.71)
$R^2$	.78		.86	

Note: Entries are unstandardized coefficients (robust-cluster standard errors in parentheses).  $N = 43$ .

\*  $p < .05$  (two-tailed tests).

trast, women's labor force participation has consistently significant effects, and the slightly larger coefficient in Model 2 indicates that factors relating to elections act to suppress some of the influence of women's labor force participation on welfare states.<sup>6</sup>

Our primary interest is with coefficients for the novel factor of social policy preferences. In Model 1, higher levels of policy preferences are associated with greater welfare state effort. The magnitude of this effect is substantial, especially when compared to the parallel effects of better-established factors. For instance, Model 1's coefficients show that a single unit increase in social policy preferences is predicted as raising by nearly 4 percent the subsequent level of spending relative to GDP. In both absolute and relative terms,<sup>7</sup> the influence of mass policy preferences over contemporary welfare states appears considerable. Note that negatively signed coefficients for the interaction of social policy preferences and liberal democracies indicate that policy preferences have a much smaller but nevertheless positive influence ( $\beta = 1.35$ ) over welfare state spending within liberal democracies in comparison to other polities.

By comparing the coefficients in Models 1 versus 2, we can investigate whether the influence of social policy preferences is mediated by the pattern of partisan control over government. The 2.65 coefficient in Model 2 is substantial, and it retains the majority (72 percent) of its magnitude from Model 1. This indicates that

approximately 28 percent of the effects of social policy preferences operate *indirectly*, with higher levels of policy preferences leading to leftist or religious party control over political institutions, which in turn stimulates welfare state spending.

#### DECOMPOSING DIFFERENCES BETWEEN WELFARE STATE REGIMES

To this point in the analysis, the results provide evidence that social policy preferences exert a significant influence over welfare state effort within OECD democracies. Turning to our second question regarding the explanation of cross-national differences among welfare state regimes, we use Model 1 and 2's coefficients to decompose the contribution of all independent variables to explaining these differences. These decompositions (presented in Table 5) enable us to gauge of the contribution of the novel factor of policy preferences to explaining the large cross-national differences in spending effort among social, liberal, and Christian Democratic welfare state regimes.

Entries in Table 5 are the predicted percentage of the total difference between social versus liberal democratic welfare states attributable to a row-specific factor using first Model 1's and then Model 2's coefficients. By way of example, Model 1's estimate of the role of women's labor force participation for the first dependent variable indicates that 35 percent of the overall difference between social and liberal regimes is explained by higher levels of female labor force participation within social democracies.<sup>8</sup> Consistent with recent work (e.g., Orloff 1993; Huber and Stephens 2000), the pressure on welfare states exerted by women's growing presence in the paid labor force is thus substantial, while nevertheless leaving much of the difference between social and liberal welfare states to be explained by other factors.

In Table 5, Model 1's decomposition results indicate that 64 percent of the difference in welfare effort in social versus liberal democracies is accounted for by differences in social policy

<sup>6</sup> The coefficient for the effect on welfare state effort of left party control over government is small and not significant, and it is worth noting that this result is consistent with past studies finding much smaller effects of left party incumbency on welfare state spending during recent decades in comparison to earlier historical eras (see Huber and Stephens 2001: chap. 6). We note that dropping covariates whose coefficients are clearly nonsignificant yields coefficients for mass policy preferences that are slightly larger in Model 2; we retain all covariates in this model so as to err on the side of conservative estimates.

<sup>7</sup> Using *x*-standardized coefficients for further comparisons between covariates, a standard unit increase in social policy preferences is predicted as raising overall welfare state spending by 7 percent, while a standard unit increase in women's labor force participation raises spending by 2 percent.

<sup>8</sup> Note that *observed* differences in each dependent variable for regime comparisons are presented in italics to differentiate these quantities from the decomposition estimates.

**Table 5.** Decomposition of Between-Regime Differences in Overall Welfare State Effort within Social, Christian, and Liberal Democracies, 1997

Independent Variables	Social vs. Liberal Democracies		Christian vs. Liberal Democracies	
	Model 1	Model 2	Model 1	Model 2
Economic and Demographic Factors				
Per capita GDP	7%	4%	38%	18%
Unemployment	0%	-1%	10%	23%
Aged population	22%	13%	17%	8%
Women's LFP <sub>t-1</sub>	35%	33%	-40%	-37%
Political Institutions				
Veto points	-28%	-11%	14%	4%
Partisan Control				
Partisan control of government	—	11%	—	54%
Ideological Resources				
Policy preferences <sub>t-1</sub>	64%	51%	60%	30%
Σ Estimates <sup>a</sup>	100%	100%	99%	100%
Observed difference in welfare effort	+10%		+9%	

Note: GDP = gross domestic product; LFP = labor force participation.

<sup>a</sup> Decomposition estimates do not all sum to 100 percent due to rounding error.

preferences. While better-established factors such as elderly population composition also figure significantly (accounting for 22 percent of between-regime differences), policy preferences appear to represent the single most important explanatory factor in Model 1's results. In the decompositions in Model 2, which add partisan control of government, the 51 percent estimate for policy preferences implies, as before, that much of the pattern of influence is *direct*, affecting welfare state spending effort independently of the specific political parties that control national legislatures.

Table 5's second set of decompositions is for explaining differences in welfare effort in Christian versus liberal democracies. Several points of contrast distinguish these results from the analysis of social versus liberal democracies. First, partisan control over government plays a larger role in translating mass policy preferences into differences in Christian versus liberal welfare states. Indeed, the 54 percent decomposition estimate for partisan control over government indicates that party-related factors are of very central relevance for understanding differences between the Christian versus liberal regime type. Third, as indicated by their negative signs, decomposition estimates for women's labor force participation anticipate *higher* levels of welfare state effort within liberal democ-

racies. This is due to comparatively low female labor force participation rates within Christian Democratic polities.

Notwithstanding these differences, the key programmatic finding is that factors relating to mass opinion are again an important factor behind differences in spending effort between Christian versus liberal democracies. Using Model 2's results, the 30 percent decomposition estimate provides evidence for the bearing of cross-national differences in social policy preferences on variation in welfare state output. **Taken together, then, the decomposition results provide evidence that in comparison to liberal democracies, welfare states within social and Christian democracies have higher levels of spending effort in significant part because citizens within these polities have a comparatively greater preference for public social provision.**<sup>9</sup>

<sup>9</sup> Comparable results are obtained using our supplemental (and more restricted) dependent variable of welfare state transfers. Social policy preferences remain a key factor behind differences in welfare state effort within social versus liberal democracies, and also within Christian versus liberal democracies (see Table S2, Online Supplement on the ASR Web site: <http://www2.asanet.org/journals/asr/2006/toc051.html>).

## DISCUSSION

Scholarly progress in understanding mechanisms behind comparative and historical variation in developed welfare states has been considerable during the past thirty years (Esping-Andersen 1996; Amenta, Bonastia, and Caren 2001; Huber and Stephens 2001). Theoretical arguments concerning the importance of political institutions (e.g., Pierson 1996; Swank 2002) and political parties and their policy legacies (e.g., Korpi 1989; Esping-Andersen 1990; Hicks 1999), and gender-related factors (e.g., Orloff 1993; Huber and Stephens 2000) are buttressed by increasingly sophisticated evidence.

The literatures on welfare states have yet, however, to develop empirical analyses of questions concerning the possible influence of mass policy preferences on social policy-making. Recent commentary within the power resources and path dependency traditions suggests the importance of such questions. The emerging literature on public policy responsiveness adds key analytical insights with which to develop suitable empirical investigations (Wlezien 1995; Erikson et al. 2002; Burstein 1998, 2003).

Building upon this scholarship, we advance the *social policy responsiveness* proposition: in democratic polities, political officials have incentives to incorporate voters' preferences into welfare policies to reduce the risk of electoral loss (for themselves or for members of their party), and also the risk of public reprisal in the form of civil disobedience or protests. This proposition, when linked with expectations concerning direct and indirect effects of policy preferences that we derive from power resources and path dependency theorizing, yields clear predictions and testable hypotheses.

The theoretical approach and research design we offer seeks to avoid charges of analytical vagueness that a number of scholars have identified in early work on national values. Our estimates of the effects of mass policy preferences take into account economic, demographic, partisan, and institutional factors established in past theory and research. Parallel analysis of our supplemental dependent variable helps to corroborate results based on analysis of our primary dependent variable.

We have sought to address the challenge of causal inference further by applying statistical tests for endogeneity, and our results provide no

evidence for the operation of simultaneity bias or related processes in which social policy preferences are contemporaneously influenced by welfare state output. Within welfare state research, tests for endogeneity may place a higher standard for causal inference (in studies of which we are aware), and we would characterize our inferences in the usual probabilistic fashion. We emphasize that *longer-term* processes of policy feedback from welfare states to mass opinion (or any right-hand side variable) are compatible with our own argument and with established theoretical perspectives. Given the novelty of this initial attempt to address systematically such questions, more research is in order. We believe the current results and analytical propositions may provide a baseline for subsequent work.

We conclude that there is initial evidence that mass policy preferences exert a significant influence over welfare state spending, particularly within European social and Christian democracies. The effects of social policy preferences appear substantial in magnitude, comparing favorably to such other important sources of welfare state output as the percentage of women in the paid labor force. Our analyses also examine the contribution of cross-national differences in levels of policy preferences to understanding welfare state variability. Here, our decompositions suggest that cross-national differences in social policy preferences help to explain a portion of the widely noted differences that characterize social, Christian Democratic, and liberal welfare state regimes.<sup>10</sup>

By providing evidence, then, for the centrality of social policy preferences to understanding cross-national variation in welfare state spending output, the analyses suggest further benefits of bringing into clearer perspective factors relating to mass opinion. In doing so, they signal the possibility of developing a further focus on other dimensions of welfare states, including specific social policy domains and

<sup>10</sup> Given the ideal-typical nature of the regime concept, we calculated further decompositions for comparing specific pairs of countries both within and across welfare state regime types. These results present a very similar picture of the importance of social policy preferences for explaining finer-grained cross-national differences in overall spending effort.



legislative outputs. It may be beneficial for welfare state research to incorporate mass policy preferences into welfare state theory, alongside better-established factors, considering how and when mass policy preferences may influence social spending and other policy activities of national governments.

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