Political parties, election programmes, and welfare state policies in Europe and the United States

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1 Introduction

In advanced democracies, conflict over the welfare state has strongly shaped the nature of political competition. During the first half of the 20th century, welfare policies helped to define party systems in Western Europe. Both social democratic and christian democratic parties developed around early visions of a social safety net. Even in the United States, where the welfare state remains relatively small, welfare state issues have sometimes played a prominent role in national party competition. More recently, economic and demographic pressures on the welfare state across the industrial democracies have shaped the character of partisan conflict (Allan and Scruggs 2004; Huber and Stephens 2001; Iversen and Wren 1998).

But with the advent of new political movements focused on the environment, lifestyle, and regionalism and with structural economic changes toward a service economy, the traditional class-basis of political conflict appears to have lost salience. In turn, we might expect political parties to shift their electoral appeals and agendas away from welfare state policies toward new issues (Tavits et al. 2015). Such a transformation in party competition would have important implications for welfare policy reform, since policy is ultimately determined by the parties that contest elections and then control government. Demographic, economic, or social changes may increase the relevance of welfare state policies to particular sectors of the electorate. But if political parties fail to prioritize and compete over welfare state issues, those policy demands are likely to remain unaddressed. Indeed, following the financial crisis, several European countries ultimately relied on technocratic non-partisan governments to address fiscal problems, as the main political parties were unwilling to take responsibility for necessary reforms. Consequently, understanding when and why political parties engage welfare state issues in electoral campaigns is important to the study of the politics of the welfare state.

This chapter seeks to both describe how and explain why parties in the industrial democracies differ in their emphasis on welfare state policies in the post-war period. To that end,
we draw on several branches of political science literature to develop empirical expectations about party competition over welfare policies. We then exploit existing data on party statements at elections – their election “manifestos” – to both describe the level of emphasis that parties put on welfare state policies to examine why and when parties emphasize welfare state policies in electoral competition. We are particularly interested in assessing arguments that can account for differences in party competition between the United States and Western Europe.

First, we consider how political institutions shape party competition over welfare state policy. For example, many analysts argue that cross-national differences in the institutional context of political conflict explain the divergence of welfare state policies across countries and over time. One key institutional feature is the electoral law. Legislative elections in Western Europe follow a variety of rules, but most countries adopt a proportional representation (PR) system. PR systems assign multiple seats to geographically defined districts and then allocate these seats among the competing political parties according to their vote shares. Given that several parties can win seats, PR systems attract a broad array of parties to contest elections. The “first-past-the-post” electoral system in the U.S. differs considerably from a PR system. Legislative seats are allocated in single-member districts to the candidate that wins the largest vote share. This system deters entry of small parties and generally promotes a two-party system. It is important to note, however, that several West European systems allocate all (e.g., the United Kingdom) or some (e.g., Germany) of their legislative seats through single-member districts as well.

Another important difference between the United States and Europe is the prominence of political parties in electoral competition. While there is significant variation across parties and countries, most European parties have a substantial central organization that selects candidates, defines a policy agenda, controls membership and manages political campaigns. As a result, elections are contested between parties, not candidates, and legislators tend to vote cohesively by party. In the United States, parties are much more decentralized. Presi-
dential and legislative candidates are normally selected by voters through primary elections. Not surprisingly, this severely limits the central party’s control over candidates and helps explain the relatively low level of party discipline in the United States Congress.

In addition to political institutions, we also explore the effect of international economic factors on party competition. A large literature argues that exposure to the international economy not only creates demands for greater welfare state policies but also constrains the fiscal ability of national governments to deliver social protection (see for example, Nanou and Dorussen, 2013). With the dramatic integration of the world economy in the post-war period, we expect that parties have changed how they compete over welfare state policies in response to these economic and fiscal pressures. West European countries differ significantly from the United States in their exposure to the international economy. In most Western European nations, trade represents more than half of GDP. By contrast, in the U.S. international trade represents less than thirty per cent of the GDP. Thus, this substantial difference in national exposure to the international economy is likely to explain some of the differences in how U.S. and European parties engage welfare state issues in elections.

Further, many European countries have institutionalized their economic openness through participation in the European Union (EU). EU membership requires liberalization of national markets for goods, capital, services, and labor. More recently, the implementation of a single currency constrains members’ fiscal and monetary policies. We argue that EU membership shapes party competition over welfare policy.

The chapter is organized in four sections. In section 2, we review the relevant literature on how political institutions and international economic factors shape party competition. We draw empirical implications from this literature about the conditions under which parties will stress or de--emphasize welfare state policies in their electoral campaigns. In section 3, we present descriptive statistical inferences about the salience of welfare state policies to party electoral competition in the United States and in most West European nations in the post-war period. We use data from the Manifestos Research Group (MRG) to generate
comparable measures of the emphasis political parties place on welfare state issues. We then test whether the constraints of political institutions and the international economy identified in the second section account for the observed variation in the importance of welfare state policies to party competition over time and across countries. In section 4, we conclude and reflect on what our analysis has to say about how party competition over welfare policies may play out in the next decade in the face of continued pressure for welfare state reform.

2 Parties, Party Systems and Welfare-State Policies in the Post-War Period

Party Families and the Policy Priorities

Coming out of the power resource theory tradition, a large body of literature claims that the existence and strength of a social democratic party explains the size of welfare states in advanced industrialized democracies (Stephens, 1979; Esping-Andersen, 1985). In this vein, Huber and Stephens (2001) provide perhaps the most exclusively partisan story for welfare state development and decline in the post-war period. They depict conflict over the welfare state as a fight over redistribution. The working and middle classes are the primary beneficiaries of welfare policies and business owners and the bourgeoisie foot the bill. But, in contrast to others, Huber and Stephens argue that a large working class or high union membership is not, in and of itself, a politically powerful resource. Parties provide essential organizational infrastructure for the expression and achievement of class interests.

Huber and Stephens consider the partisanship of the government as the critical factor in determining which class interests dominate the decision over welfare state policy. They expect parties to respond to the economic interests of their electoral constituencies in adopting positions on the welfare state. Parties of Social democratic family, which traditionally represent working class manual employees, pursue the most expansive welfare policies. Conservative parties, in contrast, show little enthusiasm for such expansive policies. Expectations
regarding Christian Democratic parties are more complicated. Although not a class-based party, they often attract significant working and lower-middle class votes based on their conservative social appeals. As a result, they generally advocate social welfare policies that provide social insurance and protection to the working class.

However, more recently, some scholars have shown that party politics often shape welfare policies in ways that differ from the hypotheses and mechanisms implied by the traditional partisanship theory. Specifically, the newer literature questions the underlying assumption of most partisanship studies, including Huber and Stephens (2001) study, that electoral patterns have remained stable, i.e. social Democratic parties continue to represent working-class interests that are primarily driven by the expansion of the welfare state. There are two problems with this assumption: whether parties’ electoral constituencies remain the same and whether constituencies have stable preferences.

On one hand, Häusermann (2010) argues that, driven by cultural factors, left-wing parties have been mobilizing a new crop of voters that tend to be younger, highly educated, female and strongly libertarian. This type of voters has less interest in traditional redistributive schemes, which has profound implications for welfare partisan politics. On the other hand, a growing literature shows that the working class is divided into at least two groups, insiders and outsiders, that differ significantly with regard to their welfare preferences (Rueda, 2005). King and Rueda (2008) argue that the shrinking, largely male core of secure and privileged employees continue voting for social democratic parties, while a large mass of more or less chronically unemployed and marginalized outsiders either abstain from voting or vote for radical right parties. Whether or not it is party’s constituency itself that changes or constituency’s preferences shift, it should be directly reflected in how parties respond to electoral pressure and what kind of issues gain saliency.

If the partisan theory literature is correct, then welfare state policies ought to be the most salient for electoral competition when the party system includes social democratic

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1 Several studies indicate that the working-class voters have been abandoning social democratic parties in favor of the radical right parties (Evans, 2005; Ivarsflaten, 2005; Mudde, 2007).
and Christian democratic parties and when these parties are electorally competitive. For example, this would explain differences in the salience of welfare state policies at elections across countries, particularly between West European nations and the United States. In the United States, both the Democratic and Republican Parties consist of broad and (relative to European parties) heterogeneous coalitions of political interests. Although the Democratic Party has a longstanding close relationship to labour unions, it is not primarily organized to represent working class interests. However, if we question partisan theory’s assumption about the interests parties actually represent, then the conclusions become less clear. The most recent literature on partisanship suggests that we might find the saliency for welfare policies decreasing over time among the social democratic parties due to shifts in constituencies or their preferences.

**Electoral and Executive Institutions**

Electoral institutions define the rules by which parties or candidates compete for elected office. We are particularly interested in those aspects of electoral laws that affect the number of parties contesting elections. Electoral laws that permit a large number of parties are more likely to generate party systems featuring parties with close and exclusive links to particular social or economic groups, such as those with a stake in welfare state policy. But where electoral laws promote a small number of parties, each party must represent multiple, perhaps conflicting, social and economic interests and will, therefore, need to divide its policy focus across a variety of issues. As a result, we expect the demands of any one economic or social group (e.g., labour unions) to be less salient in the electoral arena as the number of electoral parties decreases.

For the purposes of this study, we focus on two aspects of electoral institutions that affect the number of parties contesting elections. First, we can distinguish electoral laws by the number of legislative seats allocated by electoral districts – i.e., the district magnitude. In the Netherlands, for example, all 150 seats in the lower legislative house are allocated based
on the per cent of the national vote earned by each party. This system has one electoral district (the nation) and a district magnitude of 150. The United States, in contrast, is divided into 435 geographically defined single-member districts which each determine one member in the House of Representatives. Between these extremes we find other systems that have multiple districts, each allocating multiple seats based on the vote shares for each party.\footnote{Typically, these seats are distributed among parties based on their share of first-place votes. Ireland, however, uses a single transferable vote system where seats are allocated in response to voters’ preference orderings across all candidates.}

The single-member district system deters parties with small electorates from contesting elections. Unless small parties have geographically-concentrated support, they stand little chance of winning legislative seats. As a result, social groups that would otherwise support a party tailored exclusively to their interests join broader political parties. But as district magnitude increases, smaller parties have a greater chance of winning legislative seats and possibly joining the government. Consequently, the number of parties contesting elections tends to increase with the district magnitude, increasing the possibility that various social groups with a stake in welfare state policies will have a party to advocate on their behalf (Cox 1990; Lijphart 1994; Ordeshook and Shvetsova 1994; Neto and Cox 1997). Consequently, we expect the salience of welfare state policies at elections to increase with the district magnitude used for legislative elections.

Iversen and Soskice (2006) propose a different mechanism for how district magnitude matters for welfare politics by combining arguments about partisanship and district magnitude. They argue that the electoral formula affects coalition behavior and leads to systematic differences in the partisan composition of governments and, hence, different welfare policies. Specifically, in countries that employ districts with large number of seats, center-left governments dominate compared to the single-member district systems where we observe more center-right governments. In a similar vein, Rodden examines the interaction of electoral rules and the geographical distribution of low-income voters (Rodden 2010). He argues that
this interaction can condition electoral mobilization strategies and the power of left wing parties. Thus, we should expect to see left governments more often in countries that have multi member districts, and, similarly to the partisan literature arguments, the salience of welfare issues highlighted.

Second, we can distinguish electoral institutions by how they treat votes that do not contribute to the allocation of seats at the district level. In any one district, the share of the votes and the share of the seats will usually fail to match. In single-member districts, the votes for the losing candidate are discarded and have no effect on the composition of the legislature. In PR systems, parties often have a “remainder” of votes in each district that was insufficient to earn a seat. Some electoral laws provide a means to ensure that these remainder votes count toward a legislative seat. Generally, this is accomplished through what is called an “upper tier” allocation.

In an upper tier system, the remainder votes for each party in each electoral district are summed across the country and then a set of legislative seats are distributed among parties based on their total vote remainder. As the number of seats allocated at this upper tier increases, the more closely the electoral system can match the national vote shares of parties with their shares of legislative seats. This typically induces small parties to contest elections and therefore produces a larger party system. By promoting a larger number of parties to contest elections, upper tier systems increase the chance that economic and social interests associated with welfare policy will have a party advocating their interests. Consequently, we expect the salience of welfare state policies at elections to increase with the share of legislative seats allocated through the upper tier.

We have focused on electoral laws, but other political institutions may also affect the number of parties. In particular, political scientists have shown that presidential elections affect the size of the party system (e.g. Neto and Cox 1997). Presidential elections have a district magnitude of one and, thus, generally depress the number of parties. However, since our sample includes only three countries with popular elections for a president with
executive powers and two of them (the U.S. and France) have single-member legislative districts, we cannot meaningfully distinguish the effects of presidential systems from those of district magnitude.

These political institutions are a common explanation for the substantially smaller welfare state in the U.S. compared to Western Europe. If a strong social democratic party is necessary for the development of a generous welfare state, then U.S. exceptionalism is, at least in part, a question of why a distinctive party representing the working class is absent in the United States but present in almost every other advanced industrial economy. One of the common explanations is the configuration of U.S. electoral institutions (see Lipset and Marks, 2001). The U.S. legislative and presidential electoral systems favor geographically concentrated political groups, which the U.S. working class is not. In contrast, the PR and parliamentary systems of Western Europe provided a more receptive electoral setting for the success of social democratic parties.

In sum, extant analyses indicate that welfare state policies to be the most salient for electoral competition in party systems that include political parties with strong and unambiguous ties to social groups with economic interests related to the welfare state. This leads to three general hypotheses regarding party competition. Where they exist, Social Democratic parties and Christian democratic parties should place greater emphasis on welfare state policies than other parties. Second, if the more recent research is correct, the emphasis on welfare policies among Social Democratic parties should have decreased over time. Third, district magnitude and the extent of upper tier seat distribution should be positively related to salience of welfare state policies in election manifestos.

3 See Golder (2005) on the classification of presidential systems.
4 Of course, as Lipset and Marks (2001) argue, electoral laws are not necessarily decisive in explaining American exceptionalism. Social democratic parties also arose in some countries with single member districts.
Party Organization

A second literature relevant to understanding party competition over welfare policy is the study of how parties organize themselves. The power resource tradition assumed that political parties have distinct and stable electoral bases and respond to these electoral bases in pursuing policy. However, since at least the 1960s, parties in Europe have moved away from this organizational model toward a new arrangement that, some argue, dramatically weakens the impact of class-based economic interests on party behavior.

Katz and Mair (1995), among others, argue that the original economic and social cleavages that structured party competition before and immediately after World War II began to lose importance in party competition by the 1960s. To meet the changed social and demographic environment, parties shifted their internal organization from mass parties to catch-all parties and, increasingly, to cartel parties.

A mass party is connected to a well-defined social group, such as a labor union, and defines its policy program around the social group’s interests. Socialist parties were among the original mass parties, with strong membership activity by the working class. Electoral competition among mass parties mainly involved mobilizing each party’s electorate, not campaigning to convert or attract new voters (Mair 1997, p. 102). Power resource models of electoral competition, discussed earlier, essentially assume parties possess this organizational form.

The ties between social groups and parties weakened in the 1960s. The declining salience of traditional social and economic cleavages meant parties needed to reorganize to contest elections by appealing to the entire electorate. This was facilitated by the advent of mass media, particularly television. The resulting party organization, known as the catch-all party, was less programmatic and ideological than mass parties (Katz and Mair 1995).

More recently, parties in Western Europe appear to have colluded to limit competition for votes so as to capture resources from the state (Katz and Mair 1995). Over the past two or three decades, parties in Europe have become increasingly dependent on state sub-
ventions to finance their activities during elections, in legislatures, and in society. These state subventions are normally tied to a party’s past electoral performance, with the level of financing increasing with a party’s electoral fortunes. Katz and Mair (1993) and Blyth and Katz (2005) argue this setting creates incentives for parties to form a cartel. “Cartel” parties want to retain sufficient electoral support to receive state subventions and will therefore collude with other parties to avoid competition over policies that would disrupt the existing allocation of state subventions. It is important to emphasize that state subventions are generally distributed in proportion to parties’ past electoral performance. Consequently, the incentives to collude are greatest for parties that attract a large number of votes, but relatively weak for small parties who may not routinely win legislative seats Blyth and Katz (2005); Mair (1997).

For party leaders to execute this collusion, they need independence from their membership. Candidate selection for office is therefore a critical factor in determining whether or not a party participates in a cartel (Mair, 1997, p. 113). Where candidate selection is largely in the hands of intermediate and district-level party officials, the party will continue to compete on policy. But where the central party organization selects candidates, party leaders can collude with other parties to de-emphasize party policy differences in electoral competition. Similarly, Schumacher (2015) argues that party organization is a crucial mediating variable in explaining which issues parties put emphasis on. He shows that parties with a leadership dominated organization adapt issue saliences to shifts in the median voter position while parties where district-level activists take reigns respond more to shifts in the median party voter position. Like the cartel party argument, this implies parties with centralized candidate selection will be less likely to emphasize policies that reflect core party constituents—e.g., labor unions—and more likely to adopt similar policies to other moderate parties.

Although the discussion so far has focused on party systems in Western Europe, we can draw some clear parallels to the history of parties in the U.S. First, U. S. parties are essentially catch-all parties (Aldrich, 1995). Indeed, Katz and Mair (1995) p. 8) refer to the
development of catch-all parties in Europe as “Americanization.” As in Europe, this does not mean that U.S. parties lack a clear connection to particular social segments. Economic class and welfare state policies have been an important component of U.S. politics in the post-war period. This was particularly true of the “New Deal” and the fundamental transformation of national political conflict in the United States after the Great Depression (Miller and Schofield, 2003). Second, the U.S. has not undergone the cartelization of party politics. In legislative elections, candidate selection is decentralized and there are no state subventions.

This review of developments in the study of party organization has several clear implications for how parties engage welfare state policies in their electoral campaigns. First, the rise of catch-all and cartel forms of party organization and competition cast serious doubt on the validity of the power resource theory described in the previous section. Contrary to the conclusion of the previous section, we would not expect strong distinctions by party family – e.g., social democratic vs. conservative parties – in their emphasis on welfare state policy from at least from 1960s on. More specifically, we expect the provision of state subventions and the centralization of candidate selection in a party to promote cartelization and, as a result, to reduce its emphasis on welfare state issue. Furthermore, the effects of centralization and state subventions should be more prominent among large parties who stand to gain the most from cartelization.

International Economic Factors and the European Union

The international environment presents both opportunities and constraints for national governments. Therefore, the international environment may prevent parties from achieving certain policy outcomes when in office. To the degree that parties are held accountable for their campaign promises, party leaders may avoid making promises in the issue areas potentially affected by external shocks and international policy commitments. Instead, party leaders may either tout issues that compensate constituents for the party’s commitment to international

\[5\text{However, Blyth and Katz (2005) argue that recent U.S. partisan politics do have cartel features.}\]
openness or emphasize policy that are insulated from the international environment—issues areas where national leaders presumably have more control over outcomes. Other parties will bundle hostility to international openness with an emphasis on the issue areas negatively affected by the international environment. Even if international issues do not become highly politicized, therefore, they may still alter the nature of campaigns and the choices available to voters (Beazer and Woo, 2015; Bernhard, 2004; Epp, Lovett and Baumgartner, 2014; Hellwig, 2014; Nanou and Dorussen, 2013).

For instance, political economists have long noted an association between economic openness and extensive welfare states (Cameron, 1978; Katzenstein, 1985; Rodrik, 1998). Economic openness exposes domestic citizens to international economic volatility and external shocks, potentially threatening employment and standards of living. Governments, therefore, provide welfare policies to guarantee employment and standards of living. Insulating constituents from the negative consequences of economic openness helps head off demands for protection and autarky, which could be ruinous for small states. We therefore expect parties in economically open countries to focus more attention on welfare issues than parties in relative closed economies. In addition, parties that support international economic openness are also likely to promote welfare state expansion. Parties opposed to increased economic openness, in contrast, will bundle protectionism and demands for domestic economic autonomy with opposition to (or de-emphasis of) the welfare state.

The European Union is a case in point. In the early years of the EU (then the European Community), the main purpose of the international commitment was to establish a customs union and ensure trade openness between the member states. As these early agreements sought to integrate markets, it became increasingly likely that macroeconomic shocks would spread more quickly across member states. Parties who backed increased economic integration had to promise their constituents more welfare state protections in order to win their support for (or, perhaps more accurately, their acquiescence to) the European project. As a result, in the early years of the EU, supporting integration went hand-in-hand with support
for the welfare state. And, given the broad party consensus in support for integration in most member states, this meant EU membership should have promoted greater welfare state policy commitments at elections.

Over time, membership in the EU changed to include commitments that limited the range of economic policies available to member states \cite{Hooghe2003, Nanou2013}. Specifically, membership in the exchange mechanism of the European Monetary System (EMS), founded in 1979, forced governments to mimic the monetary policy (i.e., interest rate policy) of the anchor currency – in this case, the German mark. \footnote{Additionally, the abolition of capital controls within the EU helped to “harden” the EMS into a quasi-fixed exchange rate regime, further limiting member state discretion in monetary policy.} With the Maastricht Treaty, member states committed themselves to fiscal and monetary discipline in preparation for the single currency. And, Euro membership itself also requires fiscal discipline as part of the stability and growth pact. Thus, participation in the EU’s monetary arrangements severely curtailed the discretion of member governments in monetary policy and in fiscal policy.

This created a strategic puzzle for the national parties who sought to govern under these new arrangements, which limited national fiscal and monetary policy latitude. How can the parties maintain their nation’s international commitments and still compete on policy? One strategy is to reduce the emphasis on welfare and economic policies constrained by EMS membership \cite{Nanou2013, Tavits2015}. Instead, they can emphasize other quality of life issues unrelated to the welfare state, such as environment, law and order, cultural autonomy \cite{Tavits2015}.

Of course, not all parties will develop positions that are consistent across policy areas. For one, small parties, which are rarely held accountable for policy statements, feel very little pressure to articulate consistent positions because they care less about winning office and are less sensitive to electoral defeat. Moreover, some smaller parties survive as protest organizations by appealing to voters’ discontent with mainstream parties and elites—including bureaucrats and politicians in Brussels. Thus, small parties have relatively weak incentives
to adapt their party manifestos to conform to the commitments of EU membership (Nanou and Dorussen, 2013). In contrast, large mainstream parties face incentives to adopt positions that they can implement if in office, which would preclude positions that are not credible, mutually exclusive or contradictory. The critical incentive is re-election. A party in office can be held accountable by voters for policy outcomes and for honoring campaign promises. Party electoral strength is generally associated positively with the likelihood of participating in government. And, we have evidence that large parties, when in office, are more likely to be held accountable for outcomes by voters than small parties (Anderson, 1995). Thus, we expect the aforementioned connection between manifesto statements regarding welfare state policies and the character of EU economic commitments to be most pronounced among large parties.

In sum, international economic factors have systematic effects on how parties compete over welfare state policies. First, we predict the salience of welfare policies in electoral competition to increase with the importance of trade to the national economy. Second, we expect parties in EU member states to discuss welfare state policies more than parties in non-EU member states. Third, among EU members, participation in monetary arrangements (beginning with EMS membership) should reduce the salience of welfare state issues in their electoral campaigns. Fourth, these effects of EU economic commitments on welfare state policy emphasis should be greater for large than small parties.

3 Analysis of Party Competition over Welfare Policies

Data and Variable Construction

Our review of the three literatures discussed above generates several testable implications about variation in the emphases that political parties place on welfare policies in their electoral campaigns. We test these hypotheses by examining party competition in elections in
This set of countries and years includes elections that vary in the characteristics we highlighted in the previous section. The elections were conducted under varying electoral laws and rules governing state subventions to parties. The parties contesting the elections varied in size, position on EU membership, and the centralization of candidate selection.

We employ the MRG data for information about electoral appeals (Budge et al., 2001). At each election, parties issue manifestos that outline policy priorities and set the tone for the campaign. In the United States, these are referred to as party platforms. These data categorizes the content of each party’s manifesto according to the proportion of sentences (or quasi-sentences) devoted to a particular issue in six sets of policy domains: external relations, freedom and democracy, political system, economy, welfare and quality of life, fabric of society, and social groups. Within these policy domains, the manifestos are coded for more specific topics. In particular, the policy domain “Welfare and Quality of Life” includes several categories referring to the welfare state: “welfare state expansion,” “welfare state limitation,” “education expansion,” “educational limitation,” and “equality: positive.”

We use the frequency of statements in these categories to measure the extent of the manifesto dedicated to welfare state policy for each party in each election. Specifically, our measure, Welfare Emphasis, indicates the per cent of a manifesto’s statements that are in these categories. The coding of the variables is further described in the appendix.

On average, parties focus about 16 per cent of their party manifestos on welfare state issues. In comparison, foreign and military affairs garnered about 8 per cent of space in the manifestos, economic policies accounted for 26 per cent, law and order averaged 6 per cent, and the environment garnered 15 per cent. Based on how often parties mention issues surrounding the welfare state, it appears to be important for party competition. Of course,

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7The full sample includes Austria, Belgium, Denmark, Finland, France, Germany, Greece (after 1974), Ireland, Italy, Netherlands, Norway, Portugal (after 1975), Spain (after 1975), Sweden, Switzerland, the United Kingdom, and the United States.

8While one could justify including discussion of fiscal policy, particularly taxes, no such category is available in the dataset.
Table 1: Emphasis of Party Manifestos on Welfare State Policies, by country and decade (average % of total manifesto space, weighted by vote share for each party)

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<td>22.38</td>
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<td>15.94</td>
<td>14.74</td>
<td>10.66</td>
<td>17.21</td>
<td>15.62</td>
<td>19.88</td>
<td>14.77</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>12.26</td>
<td>15.27</td>
<td>13.57</td>
<td>11.15</td>
<td>16.74</td>
<td>15.92</td>
<td>11.97</td>
<td>13.73</td>
</tr>
<tr>
<td>United States</td>
<td>8.73</td>
<td>7.90</td>
<td>8.20</td>
<td>12.27</td>
<td>11.26</td>
<td>12.41</td>
<td>12.63</td>
<td>10.42</td>
</tr>
<tr>
<td>Decade average</td>
<td>13.72</td>
<td>15.87</td>
<td>15.35</td>
<td>14.53</td>
<td>15.67</td>
<td>19.59</td>
<td>19.70</td>
<td></td>
</tr>
</tbody>
</table>

* When data is available.

these averages mask some major differences across countries and parties and over time.

Table 1 summarizes the emphasis on welfare for parties in country across the five decades of our data. Unsurprisingly, three Scandanavian countries – Finland, Norway, and Sweden –top the charts in terms of emphasizing welfare issues. On average, parties in these countries devote 20-25 per cent of their manifestos to expansion of the welfare state. At the other end of the scale, parties in the United States and Italy tend to place the least emphasis on welfare issues, allocating about 10 per cent of their manifestos directly to welfare issues.

Over time, some interesting trends emerge. First, for most countries, we see a substantial increase in welfare policy emphasis in the 2000s, continuing into recent elections. Second,

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The relevance of a party’s manifesto to defining the substantive policy debates in an election depends on its electoral strength. Therefore, in order to capture the impact of welfare policies on an election, this measure is weighted by vote share for each party.
we see a longer-term increase in welfare issue emphasis for parties in two sets. The first
group includes the new democracies in southern Europe: Greece, Portugal, and Spain. In
each of these countries, the emphasis on welfare issues has increased significantly from the
1980s, perhaps reflecting a “normalization” of party competition in those countries. The
second group includes countries that had not emphasized welfare issues in the early part of
the sample: the United States, Belgium, and Ireland.

In contrast, the emphasis on welfare issues dropped in a number of northern European
countries during the later decades: Germany, Netherlands, Norway, and Sweden. These de-
clines occurred primarily in the 1990s, suggesting that the pressures of economic convergence
and the Maastricht Treaty may have turned parties away from making promises to expand
welfare protections.

The remainder of this paper attempts to account for this variation across national party
systems and time presented in Table 1. We will also examine variation in welfare emphasis
across individual parties at national elections and over time. For that analysis, we disag-
gregate the national election-level measure of party manifestos, focusing on the manifesto
as the unit of analysis. In addition to the coding of variables, the appendix explains our
methodology and provides descriptive statistics.

We employ Ordinary Least Squares (OLS) regression analysis of models that often include
fairly complicated interaction terms and their component parts. The marginal effect and
standard error associated with any one component of the interaction term is often conditional
on the values and coefficients associated with the other constituent part. Consequently,
accurate interpretation of the marginal effects of the variables of interest is difficult if not
impossible to accomplish based simply on an inspection of the parameter estimates and their
standard errors. To aid this interpretation we therefore also report in the combined marginal
effects and their standard errors.
Analysis of National Elections

The literature review generated several hypotheses for the national-level variation in welfare state emphases. First, we hypothesized that a nation’s exposure to the international economy is positively related to the level of discussion by parties of welfare state issues. To test this claim, we estimate the effect of trade as a per cent of Gross Domestic Product (GDP) in the year of a national election on the level of welfare state emphasis by parties in that election. Second, we hypothesized that electoral laws affect the level of party discussion of welfare state issues in a country. Electoral laws – particularly the district magnitude and the level of upper tier seat distribution – that promote larger party systems are more likely to foster party systems with some parties that have exclusive links to social groups interested in the welfare state. As a result, electoral laws promoting large party systems should lead to greater emphasis on the welfare state in electoral campaigns. To measure relevant aspects of electoral laws, we adopt conventional measures of the district magnitude and the size of upper tier seat distribution (Neto and Cox [1997]). The district magnitude varies from 1 in the United States to 150 in the Netherlands with an average of about 6. To reduce the influence of very high values, we use the natural log of the district magnitude. That ranges from 0 to 5 with a mean of 1.8. The percentage of seats allocated via an upper tier ranges from zero (e.g., the United States) to 61 per cent in Austria’s 2008 election.

As many scholars have noted, the hypothesized effect of these electoral laws on the size of the party system is conditional on the level of heterogeneity in voters’ preferences over government policy in each electoral district (Ordeshook and Shvetsova [1994]). That is, if voters basically agree on all political issues, we would expect few (perhaps only one) parties to contest elections, regardless of the type of electoral law. Consequently, the proper model of the relationship between electoral laws and the number of electoral parties should include an interaction with a measure of social heterogeneity (Clark and Golder [2006]). Consistent with many previous studies (e.g., Ordeshook and Shvetsova [1994] Neto and Cox [1997]), we use ethnic heterogeneity as such a measure and interact it with the measures of district
Table 2: Factors Affecting the Prominence of Welfare State Issues at National Elections (OLS Regression Results)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Parameter Estimate (RSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>District magnitude (LML)</td>
<td>−1.50*** (0.00)</td>
</tr>
<tr>
<td>Upper Tier Seat Allocation (U)</td>
<td>−0.49*** (0.08)</td>
</tr>
<tr>
<td>Ethnic Fractionalization (EF)</td>
<td>−24.57*** (4.23)</td>
</tr>
<tr>
<td>LML*EF</td>
<td>7.87*** (1.85)</td>
</tr>
<tr>
<td>U*EF</td>
<td>3.49*** (0.66)</td>
</tr>
<tr>
<td>Trade/GDP</td>
<td>2.00* (1.14)</td>
</tr>
<tr>
<td>Government Debt</td>
<td>3.66*** (1.12)</td>
</tr>
<tr>
<td>Percent population over 65</td>
<td>44.44*** (13.57)</td>
</tr>
<tr>
<td>Constant</td>
<td>17.18*** (2.70)</td>
</tr>
</tbody>
</table>

R²: 0.28
N: 251

Indicates statistical significance at * p = 0.10, ** p = 0.05, *** p = 0.01.

i The dependent variable is the average per cent of party manifesto statements dedicated to welfare policies, weighted by party vote share, for each election.

ii Logged District Magnitude.

magnitude and the share of legislative seats distributed through an upper tier.

Table 2 presents the results of the Ordinary Least Squares (OLS) regression analysis and related discussion about interpretation of specific parameters. Consistent with expectations, the effect of trade/GDP is positive. An increase of one standard deviation in the share of GDP represented by trade .32, is associated with a fairly small (.64 point) increase in the share of the manifesto devoted to welfare state issues.

The results regarding electoral laws are also generally consistent with the hypotheses. Recall that the effect of electoral laws is expected to depend on the level of social diversity (ethnic fractionalization). This is what we find. To see this, in Figures 1 and 2, we plot the marginal effect of a one unit change in district magnitude and upper tier seat share for the range of observed levels of ethnic fractionalization. At or below the mean level of ethnic

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10 This result is sensitive to the inclusion of fixed effects for years. Once fixed effects are included, the coefficient for trade and population over 65 lose statistical significance at conventional levels. However, the effect of the institutional variables is larger.
fractionalization (0.23), an increase in district magnitude or upper tier seat share has either no or a very small negative effect on the average welfare state emphasis of party system. However, above the mean level of ethnic fractionalization, the marginal effect of the electoral laws is positive and statistically significant. For example, at one standard deviation above the mean (ethnic fractionalization=0.42), the electoral laws have a notable impact. In that setting, a rise by one standard deviation (1.3) in logged district magnitude is associated with a 1.8 point increase in the average share of manifestos in our data. A one standard deviation increase (14.9) in upper tier seat share is associated with a 10 point increase. Given that one standard deviation in welfare state emphasis is about 6, these are fairly large substantive effects of electoral laws.

Finally, it is important to note that these two features often move together and thus often have a larger effect in combination. For example, the electoral systems used in the United States and United Kingdom have single member-districts and no upper tier allocation while large upper tier seat shares are found with moderate to high district magnitude. This is one reason why, for example, during the 1980s the average party emphasis in US elections was 11.15 per cent while it was 21.3 per cent in Sweden. In contrast to the US, Sweden had a logged district magnitude of 2.4 and it allocated 11.2 per cent of its legislative seats via and upper tier distribution.[11]

One obvious interpretation of these results is that the institutional variables are simply serving as a proxy for the United States, which anchors the low end of observed values for district magnitude, upper tier seat allocation, and the share of GDP associated with trade. Sensitive to this consideration, we re-estimated the same model excluding the United States and produced extremely similar results. Thus, our analysis indicates that one reason that the U.S. is exceptional in terms of welfare state policies is indeed its electoral laws and level of engagement with the international economy.

[11]Note this difference is not due to higher ethnic fractionalization in Sweden. In fact, the US had a higher level of fractionalization.
Figure 1: This figure plots the magnitude of the effect of a one unit change in logged district magnitude on the share of the manifestos dedicated to welfare state issues based on the OLS estimates presented in Table 2. The solid line traces out the estimated conditional effect; the dashed lines indicate the bounds of the 95% confidence interval for this estimate.

Figure 2: This figure plots the magnitude of the effect of a one unit change in upper seat allocation on the share of the manifestos dedicated to welfare state issues based on the OLS estimates presented in Table 2. The solid line traces out the estimated conditional effect; the dashed lines indicate the bounds of the 95% confidence interval for this estimate.
Analysis of Individual Party Political Manifestos (Manifesto-level Analysis)

The remaining hypotheses focus principally on differences within and across elections in the salience of welfare state policies in parties’ electoral campaigns. Accordingly, we use a disaggregated version of Welfare Emphasis, where the unit of analysis is the individual party manifesto, as the dependent variable in the ensuing regression analyses. We include fixed effects for country and year in all analyses and the same set of controls used in the previous OLS analysis. Table 3 presents the regression results.

The regressions estimate the effects of party family, party organization, and international economics on parties’ welfare emphasis. To review, the expect effect of party family—particularly that of Social Democratic parties—on welfare state emphasis was disputed in the literature. The power resource argument implied that Social Democratic parties and, to a lesser extent, Christian Democratic parties will put greater emphasis on welfare policies than do conservative parties. But other scholars argue that changes in the constituents of Social Democratic parties and in their party organization have caused any such effects to decay with time and potentially disappear. The regression results indicate party family is a strong influence on welfare state emphasis. In Model 1, Social Democratic parties dedicate, on average, 6.7 per cent more of their manifestos to welfare policies than do Conservative parties. This is a large substantive effect, given that one standard deviation in welfare state emphasis is 9 per cent in the individual party dataset. Christian Democratic parties also focus more than Conservative parties on welfare issues, but the difference is much smaller (1.55 per cent). It worth noting that parties of the far left (e.g. Communist parties) also feature higher emphasis on welfare policies. In addition, we find a large substantive effect for radical right parties in the opposite direction: these parties put significantly lower emphasis

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12 Note that the standard deviation for Welfare Emphasis in the dataset of individual party manifestos is 9 %.
13 The N varies by model due to availability of data. Specifically, data for Centralization variable is much more limited in scope than other variables. See Appendix for more details.
14 The Conservative party family serves as the baseline category.
Table 3: The Effect of Party, Party Organization, and European Union Structures on Welfare State Emphasis in Party Manifestos (OLS regression results with robust standard errors in parentheses)$^i$

<table>
<thead>
<tr>
<th>Party and</th>
<th>Partisanship</th>
<th>Political Structures</th>
<th>EU Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1 (RSE)</td>
<td>Model 2A (RSE)</td>
<td>Model 2B (RSE)</td>
</tr>
<tr>
<td>Party Family$^{ii}$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Democratic Party (SD)</td>
<td>6.69$^{***}$ (1.44)</td>
<td>7.27$^{***}$ (0.79)</td>
<td>7.34$^{***}$ (0.88)</td>
</tr>
<tr>
<td>Liberal Party</td>
<td>0.39 (0.62)</td>
<td>0.68 (0.77)</td>
<td>0.81 (0.77)</td>
</tr>
<tr>
<td>Christian Democratic Party</td>
<td>1.32$^{**}$ (0.65)</td>
<td>2.15$^{**}$ (0.73)</td>
<td>2.27$^{**}$ (0.77)</td>
</tr>
<tr>
<td>Agrarian</td>
<td>-0.27 (1.07)</td>
<td>0.77 (1.26)</td>
<td>0.79 (1.26)</td>
</tr>
<tr>
<td>Green Party</td>
<td>-0.24 (0.87)</td>
<td>2.03$^{**}$ (1.01)</td>
<td>1.54 (1.03)</td>
</tr>
<tr>
<td>Far Left Party</td>
<td>3.85$^{***}$ (0.72)</td>
<td>5.44$^{***}$ (1.03)</td>
<td>5.37$^{***}$ (1.03)</td>
</tr>
<tr>
<td>Radical Right Party</td>
<td>-3.74$^{***}$ (0.83)</td>
<td>-4.02$^{***}$ (1.06)</td>
<td>-4.55$^{***}$ (1.09)</td>
</tr>
<tr>
<td>Year</td>
<td>0.17$^{**}$ (0.06)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD*Year</td>
<td>-0.02 (0.04)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Party Organization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centralized Selection (C)$^{ii}$</td>
<td>-0.59 (0.49)</td>
<td>-0.12 (0.54)</td>
<td></td>
</tr>
<tr>
<td>State Subventions (S)$^{ii}$</td>
<td>1.94$^{**}$ (0.98)</td>
<td>2.64$^{*}$ (1.03)</td>
<td></td>
</tr>
<tr>
<td>Large Party (L)$^{ii}$</td>
<td>2.28$^{**}$ (1.16)</td>
<td></td>
<td>0.27 (1.06)</td>
</tr>
<tr>
<td>L*C</td>
<td>-1.53 (0.96)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L*S</td>
<td>-3.30$^{**}$ (1.15)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The European Union</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU member (EU)$^{ii}$</td>
<td></td>
<td></td>
<td>1.87$^{**}$ (0.84)</td>
</tr>
<tr>
<td>EMS member (EMS)$^{ii}$</td>
<td></td>
<td></td>
<td>1.84$^{**}$ (0.83)</td>
</tr>
<tr>
<td>L*EU</td>
<td></td>
<td></td>
<td>1.72 (1.27)</td>
</tr>
<tr>
<td>L*EMS</td>
<td></td>
<td></td>
<td>-4.91$^{***}$ (1.11)</td>
</tr>
<tr>
<td>$N$</td>
<td>1658</td>
<td>1027</td>
<td>1027</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.362</td>
<td>0.427</td>
<td>0.433</td>
</tr>
</tbody>
</table>

Note: Significance levels: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

$^i$ All models include fixed effects for countries and years as well controls for the level of trade, public debt, per cent of population over age 65.

$^{ii}$ Default categories: for party family – Conservative party, for C – 0 (party organization has no role in candidate selection), for S – 0 (national government does not provide subsidies), for L – 0 (party does not average 25% of the vote for the elections), for EU and EMS – 0 (country does not belong to the EU or EMS).
on welfare issues than do Conservative parties. This is not surprising, given that recent scholarship indicates that economic issues tend to be of secondary importance to the radical right parties that tend to focus on issues such as immigration (see for example Schnose 2016). Finally, we do not find any over-time decline in the welfare state policy emphasis of Social Democratic parties. The model includes an interaction between Social Democratic party and years since 1950. The coefficient on that interaction term is small and statistically insignificant.

For the party organization hypothesis, Models 2A and 2B provide estimates of the effects of party centralization and party subventions on the welfare emphases of parties, particularly large parties. Recall that we expect centralized candidate selection and the provision of state subventions to parties to cause lower emphasis on welfare issues than found in manifests of parties with less decentralized selection and lacking state party financing. These effects should be strongest in large parties. The results in Model 2A show that, on average, this hypothesis does not hold across all parties. However, when we distinguish between small and large parties, we find generally supportive evidence.

Model 2B presents these conditional effects of centralization and subventions. First, note that small parties emphasize welfare issues textmore when they receive subventions and select candidates through a centralized process. Second, this effect is completely countered and, to a substantial degree, reversed for large parties. The marginal effect of increasing the centralization of candidate selection for large parties is -1.70, meaning that welfare emphasis decreases by almost 2 points for a change to greater centralization.15 Similarly, a change to state subventions is associated with a decrease in welfare policy emphasis for large parties. The reduction however, is quite modest (-0.66 points) and not statistically significant. In short, large parties respond very differently to these organizational features when addressing welfare policies in their manifests.

Finally, we turn to international economics, particularly the country’s obligations to the

15The standard error is 0.88 (p=.05).
European Union (or European Community, before 1993) and the related common monetary arrangements that started with the European Monetary System (EMS). Recall that we expect EU membership generally to increase a party’s emphasis on welfare state policies. However, electoral campaigns in countries that are also participating in the EMS (or its successor institutions) should involve less discussion of welfare state issues that in the EU members’ elections prior to the monetary commitment or in countries that are EU members but never committed to common monetary arrangements. And, as above, we expect these effects to be more pronounced for large parties than for small parties.

Model 3 presents results regarding these hypotheses. As expected, we find that parties that run for election in EU member-states that lack a monetary commitment generally have higher emphasis in welfare than parties that are not in an EU member country. On average, parties in EU members devote 1.9 per cent more of their manifestos to welfare state issues. This effect is even stronger for large parties in EU members. Their manifestos have, on average, 3.6 per more attention to welfare policies than do parties outside the EU. For example, consider the difference between the welfare state emphasis of a large non-EU party like the U.S. Democratic party in the 2000s and a large EU (but not EMS) party like British Labour. British Labour, on average, devoted about 4 per cent more of its manifestos to welfare state policies.

But a large party in an EU member that also is a member of the EMS (or its successor) treats welfare policies substantially differently. Such a party reduces its welfare state policy emphasis by, on average, 3.1 points, effectively eliminating the EU effect (3.6 point increase) described above. Returning the comparison with British Labour, now consider the manifestos of German Social Democrats in the 2000s. Their attention to welfare policies was 3 per cent lower than that of Labour. Finally, it is important to note that, for small parties in EMS members, this countervailing effect is absent. In fact, small parties in this context are even more attentive to welfare state issues than when their country was outside the monetary

\[\text{16The standard error on this marginal effect is 1.19, p}<0.01.\]
14 Conclusion

Political parties serve as critical agents for the articulation, representation, and execution of societal demands for welfare state policies and reforms in advanced industrial democracies. This chapter provided a systematic description, comparison, and analysis of party competition over welfare policies in Western Europe and United States in the post-war period. Based on data from party manifestos, we identified several important trends in the salience of welfare state policies in elections that have important implications for future developments of the welfare state. The findings are also interesting to consider in the context of contemporary Europe, where the financial crisis and its aftermath have put exceptional pressure on domestic fiscal policies and generated skepticism about the future of the European Union and its single currency. We briefly discuss these implications below.

First, our results suggest that the looming welfare state crisis in the European Union and United States may attract increased political attention, at least at the point of electoral campaigns. Even before the financial crisis, demographic pressures in advanced industrialized democracies had already begun to threaten the stability of the traditional welfare state. Furthermore, this demographic shift occurred just as governments found it more and more difficult to generate the revenue necessary to maintain their current commitments. Clearly, the situation calls for a meaningful public discussion over the alternatives, particularly in electoral campaigns in Europe. Our analysis provides some reason for hope that electoral campaigns will increasingly promote this discussion. Our analysis show a general increase in attention to welfare state policies since the 1990s, but the change from the 2000s to the 2010s is fairly modest. Relatedly, recent trends in party organization, public funding of parties, and the constraints on fiscal policy presented by EU membership point toward increased electoral discussion of welfare state policies. Over the last decade, parties in several
European countries have decentralized their candidate selection and reduced their level of state subventions to parties (e.g., Piccio, 2016; Lisi, 2010). Moreover, in spite of calls for stricter application and enforcement, recent decisions by the European Commission show increased flexibility in the interpretation of Euro members’ fiscal obligations (Kahn, 2016). Based on our analysis, all of these trends point toward greater electoral attention to welfare state issues, at least among large political parties.

That said, we have also seen new parties—some former small parties on the extreme left or right—that have mounted impressive recent political campaigns that increased their focus on social spending and the welfare state. For example, extreme right-wing parties in Nordic countries have made dramatic electoral gains by promoting welfare policies while criticizing the austerity measures associated with EU membership. This, of course, runs counter to the results of our analysis, which showed such parties devoting relatively little attention to the welfare state. Whether this sort of agenda will survive with electoral success remains an open question, at least in part because of the policy consistency required of large parties. To see this, consider the recent rise of the Syriza party in Greece. In 2015, Syriza won the largest share of seats in the national legislative election and formed a new government. The agenda was strongly anti-austerity and hostile to the demands of Euro membership imposed by the EU. However, Syriza, at least officially, maintained its support for EU membership and Euro membership. This combination of resistance to fiscal austerity and support for the Euro was ultimately impossible to maintain. By August 2015, the Syriza-led government chose to adopt a demanding fiscal austerity program in order to stay in the Euro. It also called a new election, where it campaigned on its distance from past corrupt Greek politics. The actual party platforms from that elections and its predecessor have not yet been coded and made publicly available. But if the lessons of our analysis apply, we would expect Syriza to have decreased its emphasis on the welfare state and instead focused on its advantages on issues such as corruption.

Finally, our analysis indicates that the relevance of welfare state issues in elections in
the United States is generally untouched by these trends involving party organization or international economic commitments. And, unlike most European countries, the U.S. lacks a social democratic party. Thus, the trends toward greater discussion of welfare state policies by major parties in Europe will likely move them further away from their U.S. counterparts. Consequently, we expect persistently lower discussion of welfare state issues in U.S. elections than in elections Western Europe.
References


Appendix

This appendix presents information about the measurement and coding of variables and the results of the analyses described in section three.

A1 Dependent Variable

Both the election- and manifesto-level measure of welfare emphasis is derived from the Manifestos Research Group dataset (Budge et al., 2001). We sum the per cent of the manifesto dedicated to the following issue areas in the dataset:

- **Welfare State Expansion (data code 504):** “Favourable mentions of need to introduce, maintain or expand any social service or social security scheme; support for social services such as health service or social housing. This category excludes education” (Budge et al., 2001, p. 226).

- **Welfare State Limitation (data code 505):** “Limiting expenditure on social services or social security; otherwise as 504, but negative” (Budge et al., 2001, p. 226).

- **Social Justice (data code 503):** “Concept of Equality; need for fair treatment of all people; special protection for underprivileged; need for fair distribution of resources; removal of class barriers; end of discrimination such as racial or sexual discrimination, etc” (Budge et al., 2001, p. 226).

- **Education Expansion (data code 506):** “Need to expand and/or improve educational provision at all levels. Note: This excludes technical training” (Budge et al., 2001, p. 226).

- **Education Limitation (data code 507):** “Limiting state expenditure on education. May include: The introduction or expansion of study fees at all educational levels. Increasing the number of private schools” (Budge et al., 2001, p. 226).
A2 Election-level analysis

Measurement and coding of variables

We adopt measures of electoral system characteristics consistent with Neto and Cox (1997). Our indicator of district magnitude is the variable $LML$: the logged median district magnitude in a legislative electoral system. We capture the importance of upper tier seat allocation with $Upper$: the per cent of legislative seats distributed at the upper tier level. Data for these variables are from Democratic Electoral Systems dataset (Golder, 2005). Our measure of ethnic heterogeneity, $EF$, is from Fearon and Laitin (2003) and ranges from zero, perfect homogeneity, to a possible one, maximum ethnic fractionalization. Our theoretical expectation is that, for a non-zero level of social heterogeneity, $LML$ and $Upper$ are positively related to emphasis on welfare state policies. We use the per cent of a nation’s GDP represented by exports and imports, $Trade/GDP$, to capture a nation’s exposure to the world economy.

We also include controls for several election-level factors that are likely to influence the salience of welfare state policies in elections: $Government Debt$ measures the debt to GDP ratio in the year of the election; $Per cent Population over 65$ measures the per cent of the national population over the age of sixty-five in the year of the election. The data for these variables and for $Trade/GDP$ are from Franzese (2002). To update the data for the last decade, we use the World Bank and OECD databases. Results of the analyses are robust to including or excluding the World Bank and the OECD data. In addition, years in which observations overlap in Franzese, World Bank and OECD datasets, the correlation between the corresponding variables is at 0.95 or above. Note that the data for $Government Debt$ is only available up to 2010, which drops a number observations from 2010 on in both country- and party-level analyses (compared to the available MRG data for Welfare Emphasis variable that extends to 2013, see Table 1).

Table A1 presents the descriptive statistics on these variables. The dataset includes

\[17\text{Results of all models remain robust to supplementing Government Debt variable beyond 2010 from the IMF dataset.}\]
Table A1: Descriptive Statistics for Election-level Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfare emphasis</td>
<td>16.03</td>
<td>5.76</td>
<td>2.67</td>
<td>36.48</td>
<td>282</td>
</tr>
<tr>
<td>District magnitude (LML)</td>
<td>1.80</td>
<td>1.30</td>
<td>0</td>
<td>5.01</td>
<td>282</td>
</tr>
<tr>
<td>Upper Tier Seat Allocation (U)</td>
<td>8.6</td>
<td>14.91</td>
<td>0</td>
<td>60.66</td>
<td>282</td>
</tr>
<tr>
<td>Ethnic Fractionalization (EF)</td>
<td>0.23</td>
<td>0.19</td>
<td>0.04</td>
<td>0.57</td>
<td>282</td>
</tr>
<tr>
<td>LML*EF</td>
<td>0.44</td>
<td>0.38</td>
<td>0</td>
<td>1.49</td>
<td>282</td>
</tr>
<tr>
<td>U*EF</td>
<td>0.94</td>
<td>1.65</td>
<td>0</td>
<td>7.89</td>
<td>282</td>
</tr>
<tr>
<td>Trade/GDP</td>
<td>0.58</td>
<td>0.30</td>
<td>0.07</td>
<td>1.85</td>
<td>282</td>
</tr>
<tr>
<td>Government Debt</td>
<td>0.42</td>
<td>0.28</td>
<td>0.04</td>
<td>1.32</td>
<td>282</td>
</tr>
<tr>
<td>Percent population over 65</td>
<td>0.13</td>
<td>0.03</td>
<td>0.07</td>
<td>0.22</td>
<td>282</td>
</tr>
</tbody>
</table>

all elections in the MRG dataset from 1950-2013 in Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The results of the regression analysis are presented in Table 2 in the text.

A3 Manifesto-level analyses

Measurement and coding of variables

To test the partisanship hypotheses, we created dummy variables for six types of parties based on the categorization in the MRG data: social democratic, christian democratic, liberal, conservative, far-left, green and radical right (Budge et al., 2001, Appendix 1). To test the party organization hypotheses, we created three variables. Party Centralization is coded zero if the national party organization has no role in legislative candidate selection, one if the national organization must approve all legislative candidates and two if the national organization selects candidates. These general distinctions are consistent with Bille (2001)

18We also code direct primaries (or membership ballots) where the national leadership determines the slate of candidates as two. As Katz (2001) and Mair (1997) argue, this institution allows the party central leadership to bypass the intermediate party organization and effectively centralizes candidate selection.
and Lundell (2004, p.31). *Party Subventions* is a dummy variable coded one for election years when the national government provides financial subsidies of any nature to either the parliamentary or the central party organization. This does not include funding for individual candidates. The coding of these two variables is based on information in Van Biezen (2000); Bille (2001); Bowler, Carter and Farrell (2001); Gallagher and Marsh (1987); Katz and Mair (1993). Data for the Party Centralization were not available for Switzerland, Greece, and Portugal or for some minor parties, which explains lower $N$ in models that include this variable.

The variable *Large Party* is a dummy variable coded one for parties that averaged 25 per cent of the vote for the elections in our sample. This includes the largest one or two parties in each country. We interacted this variable with the measures of state subventions and centralized candidate selection to create variables to test whether the party cartel effects are strongest for large parties.

To test the hypotheses related to the international economy, we created a dummy variable for elections in the period of *EU membership* and a dummy variable for the period of *EMS membership*. We measured each party’s stance on European integration using the MRG data. We subtracted the per cent of each manifesto coded as negative (item per110) about the EU from the per cent of the manifesto coded as positive statements about the EU (item per108) to create the variable *Pro-EU Statements*. We then interacted this variable with the EU and EMS membership dummy variables.

Table A2 presents the descriptive statistics on these variables. The results of the regression analysis are presented in Table 3 in the text. Note that we include the same control variables as in the election-level analysis and fixed effects for countries and years.
Table A2: Descriptive Statistics for Manifesto-level Analysis for Regressions 1, 2A, 2B and 3 in Table 3

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min.</th>
<th>Max.</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfare Emphasis</td>
<td>16.38</td>
<td>8.98</td>
<td>0</td>
<td>73.17</td>
<td>1806</td>
</tr>
<tr>
<td>Centralized Selection (C)</td>
<td>0.52</td>
<td>0.68</td>
<td>0</td>
<td>2</td>
<td>1087</td>
</tr>
<tr>
<td>State Subventions (S)</td>
<td>0.57</td>
<td>0.5</td>
<td>0</td>
<td>1</td>
<td>1807</td>
</tr>
<tr>
<td>Large (L)</td>
<td>0.21</td>
<td>0.41</td>
<td>0</td>
<td>1</td>
<td>1807</td>
</tr>
<tr>
<td>L*C</td>
<td>0.22</td>
<td>0.53</td>
<td>0</td>
<td>2</td>
<td>1087</td>
</tr>
<tr>
<td>L*S</td>
<td>0.12</td>
<td>0.33</td>
<td>0</td>
<td>1</td>
<td>1807</td>
</tr>
<tr>
<td>E.U. Member (EU)</td>
<td>0.62</td>
<td>0.48</td>
<td>0</td>
<td>1</td>
<td>1807</td>
</tr>
<tr>
<td>EMS Member (EMS)</td>
<td>0.39</td>
<td>0.49</td>
<td>0</td>
<td>1</td>
<td>1807</td>
</tr>
<tr>
<td>L*EU</td>
<td>0.13</td>
<td>0.33</td>
<td>0</td>
<td>1</td>
<td>1807</td>
</tr>
<tr>
<td>L*EMS</td>
<td>0.07</td>
<td>0.25</td>
<td>0</td>
<td>1</td>
<td>1807</td>
</tr>
<tr>
<td>Trade/GDP</td>
<td>0.62</td>
<td>0.32</td>
<td>0.07</td>
<td>1.85</td>
<td>1804</td>
</tr>
<tr>
<td>Government Debt</td>
<td>0.43</td>
<td>0.3</td>
<td>0.04</td>
<td>1.32</td>
<td>1658</td>
</tr>
<tr>
<td>Per cent population over 65</td>
<td>0.14</td>
<td>0.03</td>
<td>0.07</td>
<td>0.22</td>
<td>1807</td>
</tr>
</tbody>
</table>