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PARTISAN GOVERNANCE, WOMEN'S EMPLOYMENT, AND THE SOCIAL DEMOCRATIC SERVICE STATE

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The causes of the expansion and cross-national variation in the provision of welfare state goods and services are examined. Social democratic governance is by far the most important determinant of the public delivery of services and is one of the most important determinants of the public funding of the provision of welfare state goods and services. Christian democratic governance is an important determinant of public funding of services, but is not related to public delivery. State structure is also an important determinant. Women's labor force participation is an important determinant of the expansion of public social welfare services net of other social, political, and historical factors. The analysis also shows an interactive effect of women's labor force participation and social democratic governance on public delivery of welfare state services. We conclude that public delivery of a wide range of welfare state services is the most distinctive feature of the social democratic welfare state and that this feature is a product of the direct and interactive effects of social democracy and women's mobilization.

THE quantitative literature on the development of the welfare state contains two serious lacunae: a one-sided focus on transfer payments and a neglect of the role of gender. The focus on transfer payments characterizes the two-decade-old cluster of studies that employ some measure of welfare state expenditures as the dependent variable, as well as more recent studies in which leg-

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isolated "social rights" are the dependent variable.¹ These are important lacunae for several reasons. First, if the welfare state is broadly defined to include transfers as well as the public funding and delivery of goods and services, such as education, health care, welfare services (e.g., day care, care for the aged, etc.), housing and so on, then transfer payments make up less than half of the total social welfare expenditure. Second, most so-

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¹ The Social Citizenship Indicators Project, which in general made a great advance over expenditure studies by turning to coding social rights provided by social welfare legislation, shares the deficiency of the expenditure studies in that the five programs coded by the project—pensions, sick pay, unemployment compensation, work accident insurance, and family allowances—are almost entirely transfer programs (Carroll 1999; Esping-Andersen 1990; Kangas 1991; Korpi 1989; Palme 1990; Wennemo 1994; also see Myles 1984).

cial services, particularly health care and education, are provided to citizens as citizenship rights, while most transfer payments are conditional on previous employment, and thus the benefits often depend on previous income. Thus, the redistributive effect of the free or subsidized provision of public services and goods should differ from, and be greater than, the redistributive effect of transfer payments. Third, as Garrett (1998) and Garrett and Lange (1996) point out, a high proportion of the nontransfer side of social spending is investment in human capital, which may give a competitive advantage to high social spenders. Fourth, transfer payments and the provision of welfare state goods and services may have different social and historical determinants. Expenditure studies to date indicate that this is the case (Cameron 1978; Castles 1982; O'Connor and Brym 1988; Stephens 1979).² Generally, Christian democratic incumbency is more strongly related to transfers and social democratic incumbency to measures that also include services.

Gender, as both a dependent and an independent variable, has become a central topic of research in comparative welfare state studies in the past decade (Orloff 1993b; O'Connor, Orloff, and Shaver 1999). However, quantitative studies have focused on the impact of government on the status of women, neglecting the effect of women's political pressure on social policy.³

² A few previous studies tapped public goods and services. Castles (1982) examined bivariate correlations between a variety of political variables and several measures of public spending.

Several studies that do not directly address the determinants of expansion of, and cross-national variation in, welfare state effort are nonetheless highly relevant to that literature (Cusack and Garrett 1994; Cusack, Notermans, and Rein 1989; Garrett 1998). These studies exclude variables measuring Christian democratic governance and constitutional structure, which previous research (Huber, Ragin, and Stephens 1993) has shown to have powerful effects on a number of indicators of social policy.

³ Exceptions are Hill and Tigges (1995); Norris (1987); Skocpol et al. (1993); and Wilensky (1990). For reviews of the literature on gender and welfare states, see O'Connor (1996) and Orloff (1997); for a representative collection of essays see Sainsbury (1994).

Changing gender roles, particularly the increasing participation of women in the labor force, should have implications for the political behavior of women and for welfare state policies, particularly policies regarding the allocation of the burden of caregiving activities. Comparative-historical evidence shows that this has been the case in many countries, but these developments have been politically mediated. The interconnection of caregiving, women's labor force participation, and expansion of the service side of the welfare state is another reason why the dynamic of public social service development should differ from the dynamic of the transfer system.

We analyze the expansion of, and the cross-national variation in the expansion of, welfare state goods and services. We draw on an annual pooled time-series data set on welfare state development, and provide confirmatory evidence using data on employment structures collected at the Science Center in Berlin. This, then, is the first study to include employment in public health, education, and welfare services in a comprehensive welfare state analysis, and is one of only a few studies that include gender as a causal variable in the quantitative analysis of cross-national variation in welfare state expansion (Hill and Tigges 1995; Norris 1987; Wilensky 1990). This is also the first study to test the hypothesis that gender matters—independent of all other hypothesized causal variables. Social service expansion is by no means an exhaustive measure of the women-friendliness of welfare states, but it does capture one essential dimension—the transfer of a growing proportion of unpaid private caregiving responsibility into paid public activity. We believe that universalistic welfare state programs that are redistributive across social classes also benefit women (Hobson 1994; Sainsbury 1996).

THE DEBATE ON THE WELFARE STATE

The debate about determinants of welfare state development has been carried out among proponents of three different theoretical approaches—the “logic of industrialism,” “state-centric,” and “political class

struggle" approaches.⁴ The "logic of industrialism" approach emphasizes demographic variables and level of socioeconomic development as factors creating both the need for and the capacity for the establishment of welfare state programs (Wilensky 1975). The "state centric" approach focuses on the policymaking role of bureaucrats (who are assumed to be largely autonomous from social forces), the capacity of the state apparatus to implement welfare state programs, and the influence of past policy on new social policy initiatives (Hecllo 1974; Orloff 1993a; Weir, Orloff, and Skocpol 1988). Finally, the "political class struggle," or "power resources," approach identifies the distribution of organizational power between labor and left-wing parties on the one hand, and center and right-wing political forces on the other hand, as primary determinants of differences in welfare state development across countries and over time (Korpi 1983; Stephens 1979). Previous quantitative analyses of welfare states in advanced industrial societies have established that variables emphasized by all three of these approaches, if properly theorized and operationalized, have an impact on welfare state development, (Hicks and Misra 1993; Huber et al. 1993).⁵

Most of the contributions to the welfare state literature from a feminist perspective have focused on the consequences of the

⁴ For a more extensive discussion of these three approaches and previous studies, see Huber et al. (1993).

⁵ Many studies on pooled data have shown that the demographic and economic variables identified by the logic-of-industrialism theory affect welfare state expenditures (e.g. Hicks and Misra 1993; Hicks and Swank 1992; Pampel and Williamson 1989). Several studies show that legacies of nineteenth century authoritarian rule are associated with more generous welfare provisions in the current period (Esping-Andersen 1990; Hicks and Misra 1993). Huber et al. (1993) have shown that aspects of constitutional structure have a major impact on welfare state expansion. Finally, many studies have demonstrated that the political power distribution matters for welfare state expansion and its distributive consequences (Cameron 1978; Castles 1982; Esping-Andersen 1990; Hicks and Swank 1984, 1992; Huber et al. 1993; Kangas 1991; Korpi 1989; Myles 1984; Palme 1990; Stephens 1979; Swank 1988; Van Kersbergen 1995; Wilensky 1981).

welfare state for women's material position and for gender relations more broadly. Recently, studies have investigated the extent to which the welfare state typologies developed in the mainstream literature correspond to clusters of welfare states with similar gender implications (Bussemaker and van Kersbergen 1996; Orloff 1997; Sainsbury 1996). Most studies that have looked at gender and women's political actions as causal factors in the development of welfare states have been studies of the early formation of welfare state programs in one or two cases (e.g., Jenson 1986; Koven and Michel 1993; Pedersen 1993; Skocpol 1992). Comparative studies of the role of women as active promoters of gender interests in shaping welfare states in the post-World War II era are rare. The comparative studies of policy outcomes favoring women's interests in this period found that women's mobilization and the availability of allies for women's movements were crucial (Hill and Tigges 1995; O'Connor et al. 1999; Ruggie 1984; Stetson and Mazur 1995). Hernes (1987:46), in a comparative study of the Scandinavian welfare states, argues that women have traditionally been the object of welfare policy, not its creators. However, she argues that the state affected the mobilization of women through the growth of the public sector, and that women's organizations have given this mobilization political content and direction. Recent literature on the role women's movements in Norway and Sweden have had in shaping the welfare state elaborates Hernes's suggestive comments (Hobson and Lindholm 1997; Jenson and Mahon 1993; Lewis and Åström 1992; Sørensen 1999). Based on prior literature and our own comparative historical research on welfare state development, we hypothesize that rising women's labor force participation, through both direct and indirect processes, has led to social service expansion (see Appendix A).

HYPOTHESES

There are sound theoretical reasons for expecting social democracy and Christian democracy, both of which promote generous social transfer systems, to differ in regard to the funding and delivery of public goods and services. First, two elements of Chris-

tian democratic social thought lead to less emphasis on the public sector as provider of social services (van Kersbergen 1995). According to the principle of "subsidiarity," that is, the reliance on the smallest possible group that can perform a given social function, the state is called upon to perform only those functions that cannot be performed by the family or various voluntary communities, in particular, churches and church-related organizations. In addition, given the strong emphasis on the traditional family and the male breadwinner/ housewife model, Christian democracy is reluctant to promote women's labor force participation, and thus also public services, such as day care, that might facilitate it. Second, by contrast, the Scandinavian experience suggests that the social democratic ideology of equality has been extended from its traditional domain of class relations to gender relations.⁶ Third, since most social services are provided as citizenship rights while most transfer benefits are conditional on previous employment and income, one would expect social democracy (which has traditionally emphasized citizenship as a criterion for social benefits) to promote the expansion of social services. Fourth, as Garrett (1998) and Boix (1998) argue, the social democratic agenda, especially recently, has promoted competitiveness by investing in human capital. This is seen in the social democratic emphasis on active labor market policy, job training, and expansion of higher education (Janoski 1990; King 1994). Fifth, Esping-Andersen (1996) argues that the Scandinavian welfare states are distinctive in terms of their high levels of transfers to youth as compared to the aged. With the exception of health care, services (e.g., education, day care, job training) are skewed to-

ward younger citizens. Finally, social democracy has promoted state *delivery* (as opposed to simply state funding) of social services and goods because it believes that only public provision would ensure that all citizens have equal access to benefits of equal value.

On the basis of these considerations, then, we expect incumbency of social democratic parties to effect an expansion of publicly provided welfare state services. These services are publicly provided because the commitment to citizenship rights entails a commitment to equal access and equal quality of these services for all citizens. We hypothesize that the association between governance by Christian democratic parties and expansion of publicly funded social services will be weaker than that with social democracy, although Christian democratic parties also are committed to providing for the welfare of all citizens. Thus, core social services, such as health and education, will be publicly funded, but those services in which the family can be seen as an alternative provider, such as child and elderly care, will receive less generous funding in Christian democratic welfare states because of the Christian democrats' commitment to the principle of subsidiarity and to the preservation of the traditional male breadwinner/female caregiver family. Subsidiarity also leads to a diminished role for the state as deliverer of social services; thus, we expect little or no association between Christian democratic governance and the public provision of welfare state services. The contrast between Christian democratic and social democratic welfare states in the health sector is instructive here: All of the social democratic welfare states have instituted national health services, while only Italy (in 1978) among the Christian democratic welfare states did so. The rest of the Christian democratic welfare states instituted national health insurance systems in which the private provision of health services retains an important role. Thus, the public share of health expenditures is 88 percent in social democratic welfare states and 77 percent in Christian democratic welfare states; the public share of health care employment is 88 percent in social democratic welfare states, but only

⁶ Leira (1992) argues, however, that "the Norwegian welfare state policies towards mothers in employment display a mixture of measures, a passive partnership at best, with more than a tinge of patriarchal overtones" (p. 170). But the Scandinavian social democratic parties were the first to adopt quotas for women's representation in leadership positions and as candidates for election, and their governments made conscious efforts to increase the representation of women in the corporate bodies that are so important in the policymaking process (Hernes 1987:95).

46 percent in Christian democratic welfare states.⁷

Because a constitutional structure that disperses power and offers multiple veto points slows down the expansion of welfare state expenditures, it is also expected to slow down an expansion of welfare state services. First, a depressing effect on expenditures will automatically depress services, as services must be paid for. Second, significant expansion of welfare state services usually is the result of universalistic and generous reform legislation, and the presence of many veto points in the political process enables special interests to obstruct the passage of such legislation.

Increasing women's labor force participation is expected to generate demands for a greater public role in caregiving and thus pressures for an expansion of welfare state services. Where such demands and pressures are supported by powerful political allies, they tend to result in policies that facilitate the combination of paid work and family-care obligations, such as the provision of public day care and elderly care and parental leave insurance. Expansion of welfare state services in turn has a feedback effect—it enables more women to enter the labor force and creates demand for labor to supply these services, a demand that is usually met by women. Where welfare state services are publicly provided, this leads to an increase in the female public-sector labor force. Increased female labor force participation, particularly in the well-organized public sector, increases the unionization of women and thus also increases the potential for women's political mobilization. This process of economic and social mobilization of women also leads to increased political mobilization of women in existing parties, women's organizations, and in new social movements.

The combined effect of mobilization and the expansion of the public sector also increases women's support of the welfare state, of the public sector generally, and of the political left—reversing the traditional

direction of the gender gap. Accordingly, we expect the mutual reinforcement of women's labor force participation and public welfare state employment to be particularly strong in countries in which social democratic incumbency facilitated the comparatively early (beginning in the 1970s) implementation of policies supportive of women's labor force participation. (See Appendix A for a comparative-historical sketch.) Thus, we expect a positive effect on the expansion of public social services of an interaction between women's labor force participation and social democratic rule. However, even in countries in which social democracy is weak and Christian democratic or secular center and right-wing parties are strong, we still expect a positive effect of women's labor force participation on the expansion of public social services because women's demands for public care facilities and services provide an incentive for political actors to win women's votes on the basis of their support for public social services.

THE DATA

The primary data for our analysis are from the Huber et al. (1997) data set on welfare state development in advanced capitalist democracies in the post-World War II period. Because of missing data for some of the independent variables, we restrict this analysis to the years 1962 to 1987 and to 16 of the 19 countries included in the complete data set. The data set contains a time series on civilian government employment assembled by the Welfare State Exit Entry Project (WEEP) at the Wissenschaftszentrum Berlin (see Cusack 1991). We also use a cross-sectional WEEP data set for the early 1980s on employment structure in 15 countries (Cusack and Rein 1991), as well as a pooled data set on employment structure for 9 countries at three points in time, roughly 1975, 1980, and 1985 (Cusack et al. 1989) which was kindly provided to us directly by Thomas Cusack. Table 1 displays the countries included in the analysis and the values of the two main dependent variables and one of the independent variables at selected points in time.⁸

⁷ The health employment data are from the Welfare State Exit Entry Project (WEEP) data set (see Cusack 1991); the health expenditure data are from Huber, Ragin, and Stephens (1997) and are originally from the OECD.

⁸ Following Cusack and Rein (1991), we grouped the countries into an Anglo-American,

Table 1. Values of Selected Variables by Type of Welfare State and Country

Type of Welfare State/ Country	Percent Civilian Government Employment			Percent Civilian Nontransfer Expenditures			Female Labor Force Participation Rate		
	1962	1975	1987	1962	1975	1987	1962	1975	1987
<i>Social Democratic Welfare States</i>									
Denmark	7	16	21	17	31	39	48	64	77
Finland	5	9	14	19	27	29	65	66	73
Norway	8	14	22	19	30	31	37	53	72
Sweden	8	19	24	20	32	38	54	68	79
<i>Christian Democratic Welfare States</i>									
Austria	7	10	12	22	28	31	53	48	53
Belgium	5	8	10	16	23	28	38	43	51
France	8 ^a	11	12	16	19	26	47	51	55
Germany	5	8	9	18	26	28	49	50	54
Italy	5	7	8	18	25	31	38	35	43
Netherlands	5	6	6	23	28	31	27	31	49
Switzerland	5	7	8	9	14	15	53	52	57
<i>Liberal Welfare States</i>									
Australia	6	10	11	15	21	24	36	50	58
Canada	9 ^b	13	14	19	29	31	37	50	65
United Kingdom	10	14	14	21	32	25	47	55	62
United States	6	9	9	14	18	20	43	53	66
Japan	5	6	6	14	19	21	59	52	58

Sources: Data are from Huber et al. (1997), OECD (1994), and WEEP (Cusak 1991).

^a 1963 data.

^b 1966 data.

We use two dependent variables: one for the public funding of welfare state services and one for their delivery. Public employment in health, education, and welfare as a percentage of the working-age population is the best single measure of public delivery of welfare state services, but it is only available in the cross-sectional data set and in the pooled data on nine countries for three years.⁹ The best indicator available in the annual pooled data set for public delivery of

continental, and Scandinavian category, with Japan forming a category of its own. This corresponds closely to Esping-Andersen's (1990) "three worlds of welfare capitalism"—the liberal, Christian democratic, and social democratic.

⁹ Using the working-age population rather than the active labor force as a base gives a more accurate picture of the size of public employment in these welfare state services because it controls for fluctuations in levels of employment in the private sector.

services is civilian government employment as a percentage of the working-age population (see Table 1). Although this measure includes civilian employment in non-welfare-state sectors (e.g., police, judiciary, infrastructure), its high correlation with public employment in health, education, and welfare as a percentage of the working-age population in the WEEP data (.98 in the cross-sectional data on 15 countries and .93 in the pooled data on 9 countries) indicates that virtually all of its variation across countries and through time is accounted for by welfare state employment. Given this high correlation, we use *civilian government employment* as a proxy for welfare state employment. Moreover, the pooled nine-country data set allows us to check our results using the more precise measure.

Our indicator of public funding of welfare state services is *civilian nontransfer government expenditures* as a percentage of GDP

(Table 1). This measure differs from civilian government employment as it includes government spending on social welfare that is not delivered by the government. Like our employment measure in the annual data, it has the drawback that it includes expenditures for non-welfare-state goods and services. However, welfare state expenditures dominate this indicator—health and education expenditures alone form the bulk of governmental nontransfer expenditures.

Our independent variables include all of the standard determinants used in previous studies minus those we deleted in our previous analyses because of multicollinearity.¹⁰ These variables include *GDP per capita*, *voter turnout*, *unemployment rate*, *trade openness*, *military spending*, *strikes*, *percent change in the consumer price index*, and *authoritarian legacy*. Additional variables include a new measure of constitutional structure, a measure of demographic burden, and the female labor force participation rate. *Constitutional structure* is an additive index of federalism (none, weak, strong), presidentialism (absent, present), bicameralism (absent, weak, strong), and the use of popular referenda in the political process (absent, present). Thus, a high score indicates high dispersion of political power and the presence of multiple veto points in the political process.¹¹

¹⁰ See Huber, Ragin and Stephens (1993) and Huber and Stephens (1993) for details. The multicollinearity problem is caused by the inclusion of union organization, corporatism, left cabinet and trade openness in the same equation. First, corporatism was deleted because it is an intervening variable. Historical and quantitative research demonstrates that corporatist bargaining has two causes: trade openness and social democratic governance (Katzenstein 1985; Korpi 1983; Stephens 1979; Western 1991). This did not eliminate the problem, so unionization was deleted because our comparative historical research (Huber and Stephens forthcoming) indicates that union organization rarely had direct effects on the passage of social policies not mediated by social democracy's presence in government.

¹¹ We were inspired to develop this measure by two comparative-historical studies of health care reform that demonstrated the importance of access points to the political process for the ability of relatively small special interest groups to stall reform efforts (Immergut 1992; Maioni

Demographic burden is defined as the sum of the percentage of the population under age 15 and the percentage of the population 65 years old and older. This measure taps the relative size of the population that is the primary potential clientele for welfare state services.

The political variables, *left cabinet* and *Christian democratic cabinet*, are coded as 1 for each year that these parties were in government alone; and for coalition governments they are coded as a fraction of their seats in parliament of all governing parties' seats. We use the cumulative score from 1946 up to the year of measurement of the dependent variable to capture the effects of long-term incumbency or of hegemony of one or the other political tendency. Capturing these long-term effects is particularly important for complex welfare state programs with long maturation periods.

1998). Health care is a welfare state activity in which many powerful professional and commercial interest groups try to protect their interests from the types of public controls associated with the expansion of public financing and public delivery of health care goods and services. The more permeable the political structure is to pressure from such special interests, the less likely it is that reforms aimed at an expansion of the public role in health care will be successful. The United States and Switzerland are two powerful examples.

In our previous analyses we included single member districts as an indicator of power dispersion in our index of constitutional structure. Our logic was that proportional representation encourages party discipline and thus concentration of power whereas single member districts reduce central party control over candidates and thus disperse power. We were criticized on the grounds that single member district systems greatly exaggerate electoral majorities and thus can contribute to a concentration of power. Based on our comparative historical work, we think that this is true but only where single member districts coexist with disciplined parties and centralized government, as in Britain and New Zealand. Rather than construct a more complex interactive measure, we have settled for the simpler, and more defensible, measure which eliminates this item from our index. We also constructed an index that included judicial review as an additional indicator of power dispersion; the results differed little from those with the index used and presented here.

Following Wilensky (1990), Hill and Tigges (1995), and Norris (1987), we include the *female labor force participation rate*, measured by the female labor force as a percent of the female population ages 15 to 64. We expect a direct effect of this variable on social service expansion via the changing attitudes of women (and men) toward the value of welfare state policies in general and social services in particular, and an indirect effect via the social and political mobilization of women in existing unions and parties, in women's organizations, and in other new social movements.¹²

One drawback of using the female labor force participation rate as an independent variable is that it is, in turn, partly determined by the expansion of welfare state service employment because women disproportionately occupy these jobs (Esping-Andersen 1990). Thus, for the regression involving civilian government employment, the direction of causality between the independent variable and the dependent variable is not clear. To address this problem, we lag the female labor force participation rate by two time periods so that it is temporally prior to the dependent variable.¹³ We tested lags by one

¹² While we agree with King, Keohane, and Verba (1994:173) that one should not control for an explanatory variable that is in part a consequence of a key causal variable, it is worth exploring the link between women's labor force participation and women's mobilization. In cross-sectional data on women's union membership for 16 countries in the mid 1980s (Lovenduski 1986:170; ILO 1987:117; ETUI 1987), we found correlations between female labor force participation and female union membership as a proportion of the female working age population (in our view, the best measure of mobilization) of .72, female union membership as a proportion of the female labor force of .57, and female share of total union membership of .66. We also looked at the left gender gap in voting for 9 countries in the early 1990s; the correlation to female labor force participation was .51. (Leonard Ray provided the gender voting gap data for 8 countries from Eurobarometer 38, 1992. We added the data for Sweden.) This evidence does support our contention that female labor force participation was strongly associated with the hypothesized intervening variables.

¹³ To address the reciprocal causality problem, it would be desirable to create an instrumental variable for women's labor force participation.

and two time periods, and there was very little difference in the outcome. Since the longer lag constitutes the more conservative test of the hypothesis in the sense of reducing the likelihood of reverse causality, we elected to present the analysis with the variable lagged by two time periods.

Women's political mobilization is measured by an interaction term—leftist cabinet \times female labor force participation rate. Our discussion of the relationship between women's political mobilization and the development of public social services in Scandinavia suggests an interaction effect between social democratic governance and women's mobilization, with their combination leading to particularly high levels of public social services. A simple multiplicative term proved to be collinear with social democratic governance. To eliminate the collinearity, we centered the female labor force participation rate and social democratic governance on their respective mean values and then multiplied the two variables to create the interaction term.

ANALYTIC TECHNIQUES

Hicks (1994) notes that "errors for regression equations estimated from pooled data using OLS [ordinary least squares regression] procedures tend to be (1) temporally autoregressive, (2) cross-sectionally heteroskedastic, and (3) cross-sectionally correlated as well as (4) conceal unit and period effects and (5) reflect some causal heterogeneity across space, time, or both" (p. 172). He points out that the Parks model, as revised by Kmenta, best deals with these errors. Hicks also notes that the Parks model underestimates standard errors and overestimates *t*-statistics as the number of units (*N*) approaches the number of time points (*T*). Beck and Katz (1995) recently showed that the underestimation of the standard errors and overestimation of the *t*-statistics is quite severe unless *T* is very much larger than *N*. Complete data for the dependent and inde-

Unfortunately, the data are simply not available. However, our confidence in the causal direction of the relationship between the women's labor force participation rate and welfare state expansion will be strengthened by effects on measures other than employment in social services.

pendent variables included in most pooled time series analyses of OECD countries are not typically available before 1960 or after 1995 and the number of units (countries) is generally between 15 and 19. According to Beck and Katz's estimate even in the very best of cases ($N = 15$ and $T = 35$) the Parks method yields t -statistics that are inflated by almost 50 percent and in the more typical case ($N = 16$ to 18 and $T = 20$ to 30), the inflation of the t -statistic is on the order of 200 to 300 percent or even more (Beck and Katz 1995:640).

Clearly, Beck and Katz's estimations throw into question the results of a whole generation of pooled time series work on comparative welfare state development. Essentially, most of the results with a significance level of $p < .05$ or less in these studies would not hold up with a correct estimation procedure. While recent works on the determinants of social expenditure (e.g., Garrett 1998; Swank 1998, n.d.) have employed the analytic techniques recommended by Beck and Katz that are outlined below, these articles have focused on the impact of globalization on retrenchment in the recent period and have not included the independent variables routinely included in the quantitative literature on welfare state development. A revisiting of that literature in the light of the Beck and Katz critique is clearly in order.

We follow Beck and Katz's (1995) recommended procedure, using panel-corrected standard errors, corrections for first-order auto-regressiveness, and imposition of a common ρ for all cross-sections.¹⁴ This procedure is implemented in version 8.0 of

¹⁴ In a subsequent article, Beck and Katz (1996) argue that it is preferable to model dynamics via a lagged dependent variable rather than to correct for serially correlated error (which treats dynamics as a nuisance). However, the use of a lagged dependent variable essentially turns the analysis into one of short-term change and this is undesirable both owing to properties of the data and on theoretical grounds (Huber and Stephens forthcoming). Briefly, if we used annual change measures for the dependent variable, short-term economic factors would become the crucial determinants. Moreover, if we used change scores, this study would not be comparable to the majority of quantitative studies of welfare state development that use levels as the dependent variables.

the Shazam econometrics program.¹⁵ We ran regressions both with and without country dummy variables. Because constitutional structure and authoritarian legacy do not vary over time, inclusion of the country dummy variables meant that constitutional structure and authoritarian legacy had to be dropped from the analyses. With few exceptions, for the other independent variables of principal theoretical interest here, the cabinet composition variables and women's labor force participation rate and its interaction term, regressions with and without the country dummy variables yielded essentially the same results. Thus, we report the regressions that omitted the country dummy variables.

RESULTS

PRIMARY ANALYSIS

Table 2 presents the GLS regressions of the two measures of welfare state services—civilian government employment and civilian expenditures—on the independent variables using the annual pooled data.¹⁶ The impact of left-wing cabinet on the percent civilian government employment is impressive. The coefficients for the lagged female labor participation rate, the interaction term, and constitutional structure are also correctly signed, statistically significant, and substantively strong. The unemployment rate also has a statistically significant but small effect. The coefficient for authoritarian legacy is incor-

¹⁵ This procedure was added to Shazam 8.0 after the manual (White 1997) was printed. It is described at Shazam's website (<http://shazam.econ.ubc.ca>).

¹⁶ Because these are GLS regressions, there is no conventional R^2 . We follow Beck and Katz (1995) and do not report a goodness-of-fit statistic and focus attention instead on the individual coefficients for the independent variables. Two alternative measures of goodness-of-fit, the Buse 1973 R^2 and the Buse raw moment R^2 , are calculated by the Shazam program. These statistics equal .61 and .86, respectively, for the first equation in Table 2, and .33 and .87 for the second equation. Given the sensitivity of these GLS "pseudo R^2 s" to the assumptions made in order to calculate them, some analysts consider the OLS R^2 to be a better indicator of goodness of fit. The OLS R^2 s for the two equations are .89 and .80, respectively.

Table 2. Unstandardized GLS Coefficients from the Regression of Percent Civilian Government Employment and Percent Civilian Nontransfer Expenditures on Selected Independent Variables: Sixteen Countries, 1962 to 1987

Independent Variables	Percent Civilian Government Employment		Percent Civilian Nontransfer Expenditures	
	<i>b</i>	S.E.	<i>b</i>	S.E.
Leftist cabinet	.284***	(.033)	.252**	(.085)
Christian Democratic cabinet	-.013	(.026)	.249***	(.079)
Constitutional structure	-.418***	(.139)	-1.401***	(.261)
Female labor force participation rate (lagged)	.085***	(.018)	.198***	(.054)
Leftist × female labor force ^a	.005***	(.001)	.002	(.004)
GDP per capita	.034	(.020)	.083	(.068)
Voter turnout	.000	(.006)	.016	(.027)
Unemployment rate	.036**	(.013)	.153**	(.063)
Trade openness ratio	-.082	(.567)	1.272	(1.830)
Military spending	-.030	(.069)	.284	(.187)
Strikes	-.083	(.064)	-.002	(.240)
Percent change in the consumer price index	.012	(.008)	.053*	(.029)
Authoritarian legacy	-1.148***	(.362)	-.311	(.689)
Demographic burden	.002	(.008)	.015	(.046)
Constant	4.953***	(1.476)	7.582*	(3.824)
Common rho	.96		.91	

Note: N = 400 (16 countries over 25 years, 1963 through 1987).

^a See text on page 330 for a definition of the interaction variable.

* $p < .05$ ** $p < .01$ *** $p < .001$ (one-tailed tests)

rectly signed. While the literature (e.g., see Esping-Andersen 1990) hypothesizes that late nineteenth-century authoritarian rule (a "Bismarckian legacy") will stimulate welfare state development, the data indicate that this is not the case for welfare state services. This finding is not particularly surprising, given that such legacies consisted primarily of social insurance schemes. The regression with country dummy variables (not shown) yields very similar results both in terms of significance levels and the value for the metric coefficients for social democracy, Christian democracy, lagged female labor force participation, and the left × female interaction term. Among the control variables, unemployment, GDP per capita, military spending, and inflation had statistically significant but extremely small effects on the dependent variable.

In the regression for the percent civilian nontransfer expenditures, the strength of the coefficient for left-wing cabinet is more

modest than that for the employment variable, but still substantial. The coefficient for Christian democratic cabinet is positive and highly significant and almost as large as that of left-wing cabinet in the regression shown.¹⁷ Thus, the results support our hypothesis that Christian democratic governments are funding social services that are delivered by nongovernmental entities (religious organizations, cooperatives, nonprofits, private businesses, etc.). However, the results do not support our hypothesis that social democracy is a stronger determinant of civilian nontransfer expenditures than is Christian democracy. (The regression that includes country dummy variables

¹⁷ In the regression that included the country dummy variables, left-wing cabinet was considerably stronger, and the coefficient for Christian democratic cabinet was not as strong as that for left-wing cabinet, but otherwise the supplementary results confirm the findings of the regression shown in Table 2.

Table 3. Percentage of the Working-Age Population Employed in Public, Health, Education, and Welfare, by Type of Welfare State: Nine Countries, 1975, 1980, 1985

Type of Welfare State/Country	1975	1980	1985
<i>Social Democratic Welfare States</i>			
Denmark	14	17	18
Norway	10	13	15
Sweden	14	18	20
<i>Christian Democratic Welfare States</i>			
Belgium	6	6	6
Germany	3	4	4
<i>Liberal Welfare States</i>			
Australia	4	6	2
Canada	5	4	4
United Kingdom	8	9	8
United States	6	6	5

Table 4. Unstandardized OLS Coefficients from the Regression of Percent Employed in Public Health, Education, and Welfare on Selected Independent Variables: Nine countries, 1975, 1980, 1985

Independent Variables	<i>b</i>	S.E.
Leftist cabinet	.258*	(.123)
Constitutional structure	-.526	(.485)
Female labor force participation rate (lagged)	.157	(.096)
Leftist × female labor force ^a	.014*	(.006)
Unemployment rate	.152	(.219)
Constant	-3.571	(3.077)
Adjusted R ²	.64	

Note: N = 27 (9 countries over 3 years, 1975, 1980, and 1985).

^a See text on page 330 for a definition of the interaction variable.

* $p < .05$ (one-tailed tests)

confirms this finding.) In the regression shown in Table 2, the coefficients for constitutional structure and lagged female labor force participation rate are correctly signed, statistically significant, and roughly the same order of magnitude as the coefficients for the two political variables, again supporting our hypotheses. In the regression that included country dummy variables, the coefficient for lagged female labor force participation rate is somewhat smaller (.139), but is still highly significant, while the coefficient for the interaction term is modest (.144) and highly significant.¹⁸

¹⁸ In the regression that included country

SUPPLEMENTARY ANALYSIS

To check our results using percent civilian government employment as the dependent variable, we analyzed a more refined dependent variable—public health, education, and welfare employment as a percentage of the working-age population—using the WEEP data. This is conceptually the best measure of public delivery of welfare state services,

dummy variables, GDP per capita, unemployment rate, and percent change in CPI showed statistically significant and small to modest effects on the dependent variable.

but is available for only nine countries for three years (see Table 3).

Because the number of countries exceeds the number of time points, we employ OLS regression with heteroskedasticity-consistent standard errors, as recommended by Beck et al. (1993). Given the limited degrees of freedom, we had to reduce the number of independent variables in a theoretically meaningful fashion. Because the purpose of this supplementary analysis was to confirm the results obtained with percent civilian government employment as the dependent variable, and because the two variables are alternative operationalizations of the same concept and are highly correlated, we included only the five variables that had correctly signed and statistically significant coefficients in the equation predicting civilian government employment: left-wing cabinet, lagged female labor force participation rate, the interaction term, constitutional structure, and unemployment rate (see Table 4).

Left-wing cabinet and the interaction term are statistically significant at the $p < .05$ level, and the female labor force participation rate is marginally significant ($p < .10$). Given the difference in the sample sizes, it is perhaps more instructive to compare the coefficients in Table 4 with those in the regression for percent civilian public employment in Table 2. The coefficients for the two regressions are strikingly similar, confirming the results of our analysis using percent civilian government employment as the dependent variable.

CONCLUSION AND DISCUSSION

The analysis of the determinants of public funding and delivery of welfare state goods and services supports our hypotheses about the differential impact of governments of different political persuasions. Social democratic incumbency emerged as the strongest determinant of public funding for general welfare state goods and services and as the overpowering determinant of public delivery of welfare state services. Christian democratic government, in contrast, had a positive effect on public funding of such services, but no effect on the public delivery of welfare state goods and services. The analy-

sis also supports our hypotheses about the impact of constitutional structure: Constitutional structures that provide multiple veto points hinder the expansion of the public funding and public delivery of welfare state goods and services.

As hypothesized, we also found that the female labor force participation rate was strongly related to the expansion of public funding and the public delivery of social services. Female labor force participation had both a direct and an interactive effect (with social democratic incumbency) on this expansion. The direct effect held for both public funding and public delivery of welfare state services. The interactive effect only held for public delivery. We hypothesize that working women make demands on the state for better health, education, and welfare services—regardless of the institutional and political context—and that women are more successful in getting their demands met where their numbers are greater. They make these demands because once they enter the labor force they need relief from the traditional female caregiving responsibilities for children, the elderly, and the sick (e.g., see Wilensky 1990), or because they work in jobs that are affected by spending on social services.¹⁹

Our results also suggest that working women pressure for an expansion of public delivery of these social services, perhaps because women fill these social service jobs disproportionately, and that with the exception of countries in which union contract coverage is extensive, working conditions in the public social service sector tend to be better than they are in the private social service sector. In all but one of our countries, women make up the overwhelming majority (from 59 percent to 82 percent) of public health, education, and welfare employment; the exception is the Netherlands with 49 percent (WEEP data set.) The interactive effect

¹⁹ Even where public health, education, and welfare employment is low, as in the United States, women are more likely than men to work in jobs that are affected by welfare state spending (health services, education, child care, etc.), and thus they are more likely to vote for candidates who promote such expenditures (Andersen 1999).

on public delivery of social services suggests that the interests of working women in the expansion of public welfare state services parallel the interests of social democratic parties, and that the alliance between working women and social democratic incumbents is particularly effective in translating these interests into policy. Indeed, by the early 1990s, two of the most distinctive characteristics of the social democratic welfare state were its high level of female labor force participation and large size of the welfare state services sector.²⁰

Our results on the impact of women's labor force participation on welfare state development are complemented by recent comparative case studies of the impact of women's movements on gendered aspects of social policy development.²¹ While these studies point to various combinations of social and historical forces favoring women friendly policies, they all agree that the combination of left-wing government, a strong women's movement, and a strong organized women's movement presence within the dominant left-wing party is the most favorable constellation. O'Connor et al.'s (1999) analysis of the Australian case is particularly important for the generalizability of our findings, as it indicates that the outcome is not limited to the Scandinavian expansion of social services in the 1970s and 1980s, but rather this outcome should occur in other contexts and in other policies when this combination of social and political conditions is present.

We emphasize the importance of our findings regarding the impact of women's labor force participation on public funding and de-

livery of welfare state services. The effect of this variable on spending is comparable in magnitude to that of the political incumbency measures, and its effect on employment is larger than the (negative) effect of constitutional structure (Table 2). Political incumbency and constitutional structure represent two of the three theoretical approaches in the mainstream literature on the determinants of welfare state effort; it is time to elevate gender, as represented by women's labor force participation, to a similar position. Indeed, in our analysis, gender was far more important than any of the variables drawn from the third theoretical orientation, the logic-of-industrialism approach.

We reestimated the Huber et al. (1993) results employing the Beck/Katz method and including women's labor force participation rate as an independent variable (results not shown). We found that the women's labor force participation rate showed a consistent, statistically significant, and substantively important effect in regressions predicting total government revenue, total transfer spending, and the ILO measure of social security benefit spending. Our analysis broadly confirms earlier results on the political and state structure variables. Christian democratic cabinet showed a large effect on transfer payments, a fairly large effect on the ILO measure, a somewhat lower but still strong effect on total revenue, a more modest effect on government nontransfer spending, and no effect on government employment. Social democracy showed a modest effect on transfers, a stronger effect on the ILO measure and on nontransfer expenditures, and a fairly large effect on total revenue and government employment. Thus, it is with regard to government delivery of services, as indicated by the civilian government employment variable, that the social democratic welfare state is most distinctive from the Christian democratic welfare state. Constitutional structure had consistently modestly strong effects on all of the dependent variables.

What are the implications of our findings for our understanding of the character and effects of welfare states? Our findings underline the redistributive impact of the social democratic welfare state—its impact on youth, the working-age population, and women; and its emphasis on investment in

²⁰ Of course, there are differences among the Scandinavian welfare states, which has led some authors to warn against generalizations (Leira 1992:7). Norway, for instance, lags behind in public day care. Nevertheless, there are in fact significant differences between the Scandinavian welfare states (Norway included) and all others.

²¹ O'Connor et al. (1999) on the liberal welfare states (Australia, Canada, Great Britain, and the United States); see Hobson and Lindholm (1997); Jenson and Mahon (1993); Lewis and Åström (1992), and Sørensen (1999) on Sweden and Norway; and the contributions to Stetson and Mazur (1995) on 13 countries covering all three types of welfare states.

human capital and labor mobilization. These latter characteristics in turn make the social democratic welfare state more resilient than other welfare states in the face of increasing international economic competition.²² To the extent that investment in human capital and labor mobilization contribute to economic growth, they also keep generous social safety nets affordable.²³ Though the social democratic welfare states also experienced cuts in entitlements in the wake of the economic problems and steeply rising unemployment in the 1990s, the essential features of these welfare states remained intact. Moreover, once government budgets were brought back into surplus and unemployment began to decline, plans were made to restore some of the benefits to higher levels (Huber and Stephens forthcoming).

The Luxembourg Income Studies (LIS) data have made it possible to demonstrate the redistributive impact of different welfare state regimes. Countries with social democratic welfare states have the lowest degree of post-tax, post-transfer inequality and the lowest poverty rates, especially among vulnerable groups like single mothers (Huber and Stephens forthcoming). They are closely followed by the generous Christian democratic welfare states of northern Europe. In part, these outcomes are shaped by lower wage dispersion in these countries, and in part by redistribution through the tax and transfer system. LIS data do not take into account the use of free or subsidized social services. Saunders (1991) gauged the impact

²² Our research shows that even after the rise in unemployment and the cutbacks in welfare state benefits in the Scandinavian countries in the 1990s, these welfare states remain the most generous (Huber and Stephens 1998; also see Garrett 1998).

²³ Endogenous growth theory argues that human capital is an extremely important determinant of economic growth. Barro (1991) found, for example, that the growth rate for 98 countries in the 1960–1985 period was positively related to initial human capital. In a joint publication, the Economic Commission for Latin America and the Caribbean, and the UNESCO Regional Office for Education in Latin America and the Caribbean reviewed the new growth models and emphasized the role that investment in human capital played in these models (ECLAC/UNESCO 1992:90–97).

of welfare state services on inequality and showed that these services are indeed redistributive. Therefore, the redistributive impact of services further increases the distinctiveness of social democratic welfare states with regard to distributive outcome. In addition, if welfare state services are in fact more redistributive than transfer payments (because entitlements to welfare state services are based on citizenship whereas entitlements to transfer payments tend to be based on previous income) the gap between the redistributive impact of social democratic welfare states and that of other welfare states would be reinforced.

The high levels of women's labor force participation in the social democratic welfare state are intimately related to its emphasis on public social services. A recent study done by the Organization for Economic Cooperation and Development (OECD 1994: 59–61) shows that these same countries devote much more of their total spending on social protection to the young and the working-age populations as opposed to the aged population. The measure used in the OECD study is transfer-heavy, and the inclusion of more social services would increase this profile because most of these services are targeted at youth and the working-age population (education, day care, job training and other active labor market measures, housing). Most of these programs constitute either investments in human capital or in the mobilization of labor. High labor force participation increases the numbers working and supporting the welfare state and reduces the numbers dependent on it, thus making it possible to support more generous entitlements *ceteris paribus*. Investment in education and job training is investment in human capital, which, together with other active labor market measures, enhances national economic competitiveness.

Thus, our emphasis on the provision of public goods and services as a distinctive characteristic of the social democratic welfare state entails a fundamental recasting of its essential features. The traditional view has been that its central features were the provision of security and the redistribution of income. Esping-Andersen (1990) compellingly argued that a key aim of social democratic transfer programs has been

“decommodification,” that is, enabling people to exit work temporarily (in the case of unemployment or sickness) or permanently (in the case of retirement) with a minimal loss of income. Even more than security and redistribution, this would appear to reduce the incentive to work—to demobilize labor. However, Esping-Andersen (1990; Esping-Andersen and Kolberg 1992) also argued with regard to female labor force participation that social democratic social policy is labor mobilizing. Moreover, he points out that, by facilitating the combination of work and parenthood, the social democratic welfare state has a positive demographic consequence—it increases fertility and thus reduces the relative demographic burden of a growing aged population (Esping-Andersen 1996). Garrett and Lange (1991), Cusack and Garrett (1994), and Garrett (1998), examining a wide range of social and economic policies of social democratic governments, similarly contend that these policies represent investments in physical and human capital and thus enhance economic competitiveness. Our analysis strongly supports and extends this argument. In fact, the most decommodifying features of Scandinavian social policy—the absence of waiting days for unemployment insurance and sick pay, 90 percent to 100 percent replacement rates in those programs in some countries, and liberal qualifying conditions for them—have been the principal victims of the unemployment crisis in those countries. Hard times have emphasized the orienting of welfare state policies toward investment in human capital and labor mobilization, thus enhancing international competitiveness and sustaining economic growth based on the high value-added competitive strategy.

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Appendix A. A Comparative-Historical Sketch

The Scandinavian social democratic welfare states were differentiated from the European Christian democratic welfare states and the liberal welfare states through a complex interactive process between social democratic governance, union strength, extent of union contract coverage, women’s labor force participation, the strength of Christian democracy, and the expansion of public social service employment. Table 1 (see p. 328) indicates that the Scandinavian countries were not distinctive with regard to civilian government employment in the early 1960s and this is probably true for public social service employment as well. In addition, with the exception of Finland, the Nordic countries were not unusual in the level of women’s labor force participation. By the mid-1960s, vigorous growth in the economies of northern continental Europe (Austria, Switzerland, Germany, France, and Benelux) and Scandinavia had produced high rates of male labor force participation and very low unemployment among males.

Unlike the northern continental countries, owing in part to the influence of the strong union movements, the Scandinavian countries limited the recruitment of non-Nordic foreign labor, which meant increased job opportunities for women in the private sector (Jenson and Mahon 1993:87). At the same time, the debate in Sweden about gender equality produced a commitment among social democrats to a dual-earner household model, and government policy began to promote this goal, beginning in 1971 with the transition to separate taxation (Lewis 1992; Lewis and Åström 1992).^{A-1} The

^{A-1} Other things being equal (deduction rules, etc.), joint taxation reduces the attractiveness of entering the labor market for women. Among the Nordic countries, only Norway has a joint taxation system, but couples may opt for separate taxation if this is more favorable for them (Sainsbury 1996). The difference between separate and joint taxation is particularly great where marginal tax rates are highly progressive.

growth of women's labor force participation stimulated demands by women for the expansion of day care and other social services, which along with social democratic governance, helped fuel an expansion of the public social service sector. These public social service jobs were filled disproportionately by women, which in turn stimulated further expansion of women's labor force participation. As a consequence, by the mid-1970s, all four Scandinavian countries were characterized by high levels of women's labor force participation and high levels of employment in public health, education, and welfare. This feedback cycle between left/union strength, women's labor force participation, and public service employment continued into the late 1980s when the employment crisis hit Sweden, Finland, and to a lesser extent, Norway. Indeed, the main area of welfare state innovation in all four Scandinavian countries in the 1980s was in policies enabling women to enter the labor force, not only through providing services like day care, but also through transfers, like paid parental leave. This changed the political alignments of women. In the early postwar period, Scandinavian women tended more to vote for right-wing parties than did men, though not to the same degree as women in Catholic Europe. By the mid-1970s, this gender gap had disappeared (Stephens 1976). By the early 1990s, women in Scandinavia were more likely to vote for left-wing parties and more likely to support expansion of the welfare state than were men (Oskarson 1992; Svallfors 1992; Valen 1992).

The continental Christian democratic welfare states followed a different trajectory.^{A-2} The labor migration issue was handled differently, as foreign labor was imported in large numbers, perhaps because of a combination of the Christian democratic emphasis on the traditional male breadwinner family and the weaker union influence on labor recruitment policies (Schmidt 1993:69-72). However, union contracts in these countries cover a large proportion of the labor force (Golden, Wallerstein, and Lange 1999), which prevented the expansion of a low-wage service sector, a source of employment for women in liberal welfare states (Esping-Anderesen 1990). Moreover, in contrast to the Scandinavian unions, which gradually gave up their opposition to part-time work in response to pressures from the women's movement, the continental European unions, including those close to the social democrats, continued to oppose part-time work (Klausen 1999). As a result, among the three types of welfare states, women's labor force participation is the lowest in the continental Christian democratic welfare states.

In the liberal welfare states, the weakness of unions, highly restricted union contract coverage, and decentralized collective bargaining facilitated the emergence of a dual labor market and a large private service sector with many low-wage jobs dis-

proportionately occupied by women (O'Connor et al. 1999).^{A-3} The inability of unions to protect family wages even for male workers and the recent decline in unionized high-paying manufacturing jobs have pushed many women into the labor force in order to maintain the family living standards.^{A-4} On the other hand, these countries, particularly the United States and Canada, have also produced a relatively large number of high-paying professional jobs that women have successfully entered. Therefore, women's labor force participation is high, but the labor market for women is as dualistic as that for men. Nevertheless, the growth in women's labor force participation has been one factor promoting a (leftist) gender gap—a gap that is particularly apparent in the United States.

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^{A-3} This scenario does not apply to Australia, which has strong unions and more centralized bargaining arrangements. Castles and Mitchell (1991) argue that the "wage earner welfare states" of Australia and New Zealand should not be classified as "liberal welfare states." O'Connor et al. (1999) argue that Australia is also distinctive with regard to equal employment and pay policies.

^{A-4} Of course, other factors have pushed and pulled women into the labor force, such as an increase in female-headed households, the desire of many women to reduce their financial dependence within the family, the greater legitimacy of the search for self-realization in careers, and so on. However, these factors operate in other countries as well, and they do not explain the systematic cross-national differences we are interested in here.

^{A-2} Austria clearly follows the Catholic pattern despite its similarities to Scandinavia in other regards.

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