UNIVERSITÀ DEGLI STUDI DI MILANO

GRADUATE SCHOOL IN SOCIAL AND POLITICAL SCIENCES

DEPARTMENT OF SOCIAL AND POLITICAL SCIENCES

PH. D. PROGRAM IN POLITICAL STUDIES - XXVIII COHORT

PH. D. DISSERTATION

BREAKING DOWN THE CHAIN OF RESPONSIVENESS:

ASSESSING TO WHAT EXTENT INDIVIDUAL REDISTRIBUTIVE PREFERENCES TRANSLATE INTO SOCIAL POLICY OUTCOMES. A COMPARATIVE ANALYSIS

DISCIPLINARY SCIENTIFIC SECTOR: SPS/04

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Acknowledgements

Three years and a few months have passed since I started this Ph.D. program at the Graduate School in Social and Political Sciences here in Milano. When I look back, I cannot forget the sleepless nights and the study groups with my mates to overcome the terrible math exam in the first year; the efforts to find a good research question; the mountains of papers on the state of the art; the overlapping Excel cells while building a new dataset and the stomach-ache before running regressions in Stata. However, when I look back on these three years, I smile and this smile means that I have to say some thank yous.

The first goes to my supervisor, Prof. Luigi Curini, for helping me to shape my research project; for having trusted me even when I disappeared for weeks; for carefully and promptly reading my pages, always too verbose. Moreover, I want to thank Prof. Luigi Curini for his enthusiasm, always higher than mine. We are surely far from each other on the left-right ideological dimension, but he really stood by me during these three years, not only as a mentor. Grazie Luigi.

Another "Thank you" goes to the other researchers and professors of the Department of Social and Political Sciences of Milano. Indeed, I am grateful to Prof. Francesco Zucchini for helping me in selecting useful summer schools and conferences to improve the quality of my work. Moreover, I wish to thank Prof. Fabio Franchino for his cheering attitude during the project colloquium meetings and the post-doc researchers Dr. Alessandro Pellegata and Dr. Marco Mainenti for their hints and suggestions on early versions of two chapters.

Part of this dissertation has been elaborated during my stay in Ann Arbor (MI, USA) as visiting student at the University of Michigan in the winter term, 2015. Accordingly, I want to say "Grazie" to Prof. Robert J. Franzese, who invited me there, gave me advices to improve and made me feel at home even around 0° Fahrenheit. The time spent in Ann Arbor contributed in several ways to enhance the quality of my work. In this sense, I am grateful to Prof. Kenneth McElwain for the time he devoted to read and discuss with me two chapters of this dissertation. Along the same vein, I am grateful to the discussants

and to the participants at the Comparative Politics Workshop (CPW) of the University of Michigan for their smart comments on an early version of one chapter.

I had the opportunity to present preliminary sections of this work at the ECPR Graduate Student Conference 2014 (3 - 5 July 2014, University of Innsbruck), at the ECPR General Conference 2014 (3 - 6 September 2014, University of Glasgow), at the MPSA Conference 2015 (16 - 19 April 2015, Chicago), at the EPSA Conference 2015 (25 – 27 June 2015, Vienna) and at the ICPP 2015 (1- 4 July 2015, Catholic University of Sacro Cuore, Milan). All the comments that I received there have been precious: the majority of them to foster the clarity and the quality of some chapter, some others to train my English way of speaking in academic settings. I have tried to take them all into account.

Moreover, my gratitude goes to all the friends and colleagues that have stood by me during these years, sharing with me papers and notes, as well as chats and laughs, together with passing worries: my fellow adventurers Antonio, Elisa, Gret(ell)a and Irene(lla); the mates of the computer lab. Camilla, Elena, Giulia, Nicolò and Silvia. Special thanks go to my friends outside the academia, for always remembering me that "there is life outside the University". Thanks to Andrea, Giulia and Giulia, that have always been there for me, even from Moscow, Jerusalem, Seattle and Bruxelles; thanks to Sofia and Francesco, who decided to stay in Italy and, fortunately, have been spatially reachable when I needed a hug.

Finally, I have to say thank you to the two most important women of my life: my grandmother and mother. To my grandmother, because she taught me pragmatism and work ethic. To my mother, for showing me that politics is beautiful and that it can be good too: she practiced it, I preferred to study it.

Last but not least, "Thank you" to my partner, Andrea for repeatedly pushing me to improve (sometimes pointlessly) and for simply being by my side, always.

Whatever happens from now on, this Ph.D. in Political Studies made me wonderful gifts.

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Chapter I

Breaking down the chain of responsiveness.

The rough path from voters' preferences to policy outcomes

Abstract. This dissertation investigates how well political parties, especially those holding executive positions, achieve policy congruence by translating voters' redistributive preferences into consistent social policy outcomes. This first chapter aims at providing the general theoretical framework. In detail, it defines the meaning of the elusive concept of political representation drawing on Hanna Pitkin's (1967) treatment of substantive political representation. Then, it discusses the expressive and the instrumental functions that political parties are expected to perform in representative democracies and recalls party government theories formulated from the 1970s. This literature review allows formulating a unified framework, which reorganizes the core stipulations for party government to emerge. Finally, this chapter introduces the general structure of this dissertation by revealing how the ideal chain of responsiveness from voters' redistributive preferences to social policy outcomes will be broken down to measure how far actual representative processes are from the ideal model depicted by democratic theorists.

Introduction

This dissertation addresses the issue of representation in modern democracies focusing on social and labor market policies, a domain which is deeply rooted in the capital-labor conflict and which largely drew the attention of scholars concerned with the role of political parties in achieving policy congruence (Lipset & Rokkan, 1967; cfr. Section 1.4.1).

Indeed, this study intends to assess how far actual representative processes are from the normatively informed vision of representative democracy, according to which individual or collective representatives (i.e., the agents) act on behalf of their voters (i.e., the principals) in adopting and implementing authoritative decisions, policies and laws (Thompson, 2001; Cfr. Section 1.1).

In the social and labor market policy areas, it means investigating how well political parties, especially those holding executive positions, translate voters' redistributive preferences into consistent social policy outcomes once the dust of the election is settled (Cfr. Section 1.4). Accordingly, this study belongs to the substantive representation

literature, that specifically analyses the degree of correspondence between voters' and parties' policy preferences and that understands the voting as the linking mechanism between the two (Lehmann & Schultze, 2012).

Broadly speaking, to understand whether political parties act as representatives agencies or whether they disregard their voters' wants, needs and preferences when they are charged with governmental responsibilities, two paths could be taken. On the one hand, it is possible to conduct a detailed examination of the sequence of events and circumstances that ultimately lead to the adoption or to the implementation of a particular policy program. This fine-grained investigation, however, may not cast much light on the larger picture. On the other hand, it is possible to conduct large-N studies with the aid of quantitative techniques. This second approach also has its costs, among those the difficulty to grasp complex interplays of actors and objectives.

This dissertation largely follows this second path of research. Throughout its six chapters (Cfr. Section 1.4 for a detailed summary), the ideal chain of responsiveness between voters' redistributive preferences and governmental social policy outcomes (Cfr. Figure 1.2) will be broken down and each linkage will be theoretically and empirically analyzed, every time maximizing the number of observations according to the available data sources (Cfr. Chapter VI, Table 6.1).

This first chapter aims at providing the general theoretical framework and it is composed of five sections. Section 1.1 focuses on the elusive concept of political representation and discusses the ways in which it uses to be employed by contemporary political theorists. It draws on Hanna Pitkin's (1967) treatment of substantive political representation to specify the meaning of this normative concept in the present study. In particular, substantive political representation will be defined as the popular specification of public policies or, using Michael Saward's words, as the "necessary correspondence between acts of governance and the equally weighted felt interests of citizens with respect to these acts" (1998: 51).

Once established what does it mean "to represent" in the political arena, section 1.2 elaborates on political parties, the political actors that have long been considered a necessary condition for representative democracy to exist. This section discusses the role that political parties are expected to play to allow voters' preferences to translate into

consistent governmental outcomes. Specifically, it describes the expressive and the instrumental functions performed by those actors, namely their ability to give voice to citizenry through the formulation of policy promises in their electoral manifestoes and to concretely organize policy making process both in Parliament and government (Mair, 2009).

Section 1.3 recalls party government theories formulated from the 1970s to establish what are the conditions to be fulfilled so that political parties will be able to effectively serve as vehicles of delegation. In particular, it critically reviews the existing literature and reorganizes in a unified framework the core stipulations for party government to emerge.

Finally, section 1.4 moves from the normative to the empirical ground to highlight the general structure of this dissertation. In particular, it reveals how the ideal chain of responsiveness from voters' preferences to governmental outcomes discussed in sections 1.1, 1.2 and 1.3 will be broken down to measure how far actual representative processes are from the ideal model depicted by democratic theorists.

1.1   To represent in the political arena: the necessary correspondence between voters' preferences and governmental outcomes

The concept of political representation is elusive: everyone seems to know what it is, yet few can agree on any particular definition among the ones currently used in literature (For classic treatments, see, *inter alia*, Pitkin, 1967; Pennock & Chapman 1968; Schwartz, 1988). On almost any account, political representation implies the following four components: 1. some party that is being represented (e.g., voters, constituents, clients, etc.); 2. some party that is representing (e.g., political parties, state bodies, interest groups, social movements, informal organizations, etc.); 3. something that is being represented (e.g., preferences, interests, opinions, discourses, etc.); and 4. a setting within which the activity of representation is taking place (i.e., the political context) (Dovi, 2014). In this dissertation, I will limit the types of political representation being discussed to those activities put in practice by formal representatives, holding elected offices, on the behalf of voters.

One of the most comprehensive discussions of the concept of political representation is the one offered by Hanna Pitkin in her influential and oft-cited work *The Concept of*

Representation (1967). The author defines political representation as the activity of making citizens' voices, opinions and preferences "present again" in the political arena. In this sense, political representation occurs when political actors speak, advocate and act on the behalf of others to orient public policy making processes. However, Pitkin maintains that it is necessary to know the ways in which the concept of political representation is used in contemporary politics in order to correctly determine its meaning. In particular, she distinguishes four ways in which political theorists use to employ this notion: namely, formalistic representation, descriptive representation, symbolic representation and substantive representation, each one implying different standards for assessing what representatives should do (Cfr. Table 1.1 for a brief description).

I will draw on Pitkin's theoretical discussion to specify the meaning in which the notion of political representation will be employed in this dissertation.

The first view of political representation, called "Formalistic Representation", focuses on the formal procedures allowing representatives to obtain their offices (Cfr. Table 1.1, Authorization) and citizens to punish the representatives if they do not implement public policies consistent with their preferences (Cfr. Table 1.1, Accountability).

On the one hand, the notion of authorization refers to the minimal definition of representative democracy proposed by democratic theorists, according to which, in democratic settings, the congruence between citizens' policy preferences and the actions undertaken by their representatives has to come about through an appropriate competitive mechanism among political parties.

Joseph Schumpeter (1943: 269), for example, states that, although it is possible that policies and opinion converge in non-democratic settings or because of mechanisms that do not relate to the way parties compete, the presence of "a competitive struggle for the people's vote" among political parties is a necessary and sufficient condition for representative democracy to emerge. As a democratic elitist, Schumpeter deems parties useful insofar they facilitate the necessary process of electoral competition and perform the implicit function of recruiting candidates for offices. William Riker essentially stands in the same tradition, arguing that "the function of voting is to control officials and no more" (1982: 9). In his model of democracy, "the liberal remedy is the next election. That is all is needed to protect liberty; so election and limited tenure are sufficient" (1982: 9).

Similarly, according to G. Bingham Powell, "the competitive electoral context, with several political parties organizing the alternatives that face the voters, is the identifying property of the contemporary democratic process" (1982: 3). Finally, Robert Dahl (1989: 95) describes competitive elections as "an orderly and peaceful process by means of which a majority of citizens can induce the government to do what they most want it to do and to avoid doing what they most want it not to do". Put it simply, voters liking a party give it a chance to govern; voters disliking it temporally send the same party to the opposition benches and, according to Dahl, this is a reasonable justification for representative democracy.

On the other hand, the concept of accountability points to the mechanisms by which politicians and parties can be sanctioned, daily or at fixed intervals, by voters for the successes and failings of their actions (Pitkin, 1967; Schmitter, 2007; Mair, 2009; Bovens, 2010; Bardi *et. al.*, 2014).

Usually, literature distinguishes between a "delegate type" and a "trustee type" of relationship between elected politicians and voters, which place competing and contradictory demands on the behavior of representatives (Dovi, 2014). If voters' judgements reflect a "delegate type" of relationship, politicians are expected to behave according to their constituent's preferences. Vice versa, if voters' opinions reflect a "trustee type" of relationship, politicians are allow to follow their own judgements about the proper course of action and are subsequently evaluated on their performances. James Madison (1787-8) is one of the leading historical figures who articulated a delegate conception of political representation. Conversely, Edmund Burke (1790: 115) is famous for arguing that: "Parliament is not a congress of ambassadors from different and hostile interests, which interest each must maintain, as an agent and advocate, against other agents and advocates; but Parliament is a deliberative assembly of one nation, with one interest, that of the whole".

This dichotomy between a "delegate type" and a "trustee type" of political representation is increasingly quarreled. Famously, Pitkin (1967) argues that theorists should not try to reconcile these competing and contradictory demands on the behavior of representatives. Rather, representatives must act in ways that safeguard the capacity of the represented to hold them accountable and uphold the capacity of the representative to act independently of the wishes of the represented. Similarly, Nadia Urbinati (2000) identifies two main

features of political representation: the representative's passionate link to the electors cause and the representative's relative autonomy of judgment. Analogously, Andrew Rehfeld (2006) describes representatives as partial delegates and partial trustees.

Even if there has been a lot of theoretical attention paid to the proper design of representative institutions (e.g. Amy, 1996; Barber, 2001; Christiano, 1996; Guinier, 1994), it is no longer satisfactory to consider only what Pitkin defines "Formalistic Representation" (1967). Of course, elections are the distinguishing institution of democracy, allowing citizens to select their representatives (Cfr. Table 1.1, Authorization) and to sanction those that do not act in accordance to their preferences (Cfr. Table 1.1, Accountability). However, it is essential to also consider whether the election result determines, in any way, public policies or whether it simply produces a Parliament and a government that then make policies themselves. Moreover, if a connection between election result and public policies exists, how accurately do transitions between citizens' policy preferences and actual policy outcomes perform?

These questions relates to Pitkin's fourth view of political representation, namely to "Substantive Representation" (Cfr. Table 1.1), which will be the one employed in this dissertation. Normative theorists state that representative democracy should entail popular specification of public policies. According to David Held (1987: 4), representative democracy, is "a system of rule embracing elected officers who undertake to represent the interests and/or views of citizens within the framework of law". What distinguishes representative democracy from benevolent despotism is precisely its institutional mechanism for ensuring "a necessary correspondence between acts of governance and the equally weighted felt interests of citizens with respect to these acts" (Saward, 1998: 51; Weale, 1999: 14; see also Wessels, 1999: 137). In democratic settings, therefore, this "necessary correspondence" has not to depend on vagaries of culture, élite temperament or the goodwill of rulers (McDonald & Budge, 2005: 8-10).

Table 1.1: Pitkin's meanings of political representation (1967)

1. **Formalistic Representation:**

   Description: The institutional arrangements that precede and initiate representation. It has two dimensions: authorization and accountability.

   a. **Authorization:**

      Description: The means by which a representative obtains his or her position.

      Main Research Question: What is the process by which a representative gains power?

      Implicit Standards for Evaluating Representatives: Does the representative legitimately hold his or her position?

   b. **Accountability:**

      Description: The ability of constituents to punish their representative for failing to act in accordance with their wishes.

      Main Research Question: What are the sanctioning mechanisms available to constituents?

      Implicit Standards for Evaluating Representatives: Can a representative be sanctioned if he or she does not act in accordance with the wishes of his or her constituents?

2. **Symbolic Representation:**

   Description: The meaning that a representative has for those being represented.

   Main Research Question: What kind of response is invoked by the representative in those being represented?

   Implicit Standards for Evaluating Representatives: The representative is assessed by the degree of acceptance that he or she has among the represented.

3. **Descriptive Representation:**

   Description: The extent to which a representative resembles those being represented.

   Main Research Question: Does the representative look like, have common interests with or share certain experiences with the represented?

   Implicit Standards for Evaluating Representatives: Representatives are assessed by the accuracy of the resemblance between the representative and the represented.

4. **Substantive Representation:**

   Description: The actions taken by the representative as an agent of the represented.

   Main Research Question: Does the representative advance the policy preferences that serve the interests of the represented?

   Implicit Standards for Evaluating Representatives: The representative is assessed by the extent to which the advanced policy outcomes serve the best interests of his or her constituents.

Source: H. F. Pitkin (1967). *The Concept of Representation*. Berkeley: University of California.

Elmer Eric Schattschneider (1942), for example, argues that democracy is meaningful to the extent that it provides the opportunity for people to exercise a degree of choice and control over public affairs. In particular, he specifies that popular control can be exerted if and only if three is a connection between the competing programs offered by parties to the electorate and the policies a government implements. Similarly, Robert Dahl states: "I assume that a key characteristic of democracy is […] responsiveness of the government to the preferences of its citizens" (1971, cited in Morlino, 2011: 208).

As suggested by Dahl's last quotation, the keyword to describe this last substantive definition of political representation is "responsiveness". It seems to be a simple concept, yet, as for political representation, scholars do not agree on any particular definition.

According to the most straightforward definition, responsiveness is identified with the tendency, and indeed the normative claim, that political parties in office – for reasons that range anywhere from self-interest to re-election, organizational discipline and ideological commitment (Cfr. Section 1.2) – sympathetically respond to the short-term demands of voters, public opinion, interest groups and the media (Bardi *et. al.*, 2014). In this sense, the notion of responsiveness clearly involves *ex ante* representation and builds on the expressive function of parties (Andeweg, 2003), that is on their ability to give voice to the citizenry, articulating and aggregating individual interests through the formulation of consistent policy promises in their electoral manifestoes (Mair, 2009; cfr. Section 1.2).

However, what does it mean to "sympathetically respond"? The less demanding answer is the one provided by Gunnar Sjöblom (1988: 189), according to which responsive government simply requires decision makers to "take these [voters'] demands seriously and publicly argue why they accept, transform or reject them". More intuitively, Dahl (1971) suggests that a government is responsive if it has "the capacity to satisfy the governed by executing its policies in a way that corresponds to their demands" (cited in Morlino, 2011: 208). Analogously, for Heinz Eulau and Paul Karps (1977), responsiveness is the "congruence" between citizens' interests and political outcomes.

Michel McDonald and Ian Budge (2005: 184) distinguish between "electoral responsiveness" and "policy responsiveness". The first one measures whether party seat percentages respond to shifting vote percentages (Tufte, 1973; Edgeworth, 1898; Kendall & Stuart, 1950; March, 1957, 1958; Taagepera & Shugart, 1989; King & Gelman, 1991)

and could be considered as the empirical counterpart of Pitkin's normative claim for formalistic representation (Cfr. Table 1.1, Authorization). Conversely, the policy responsiveness changes the question from who wins how much of the seats to how accurately the policy position of an electorate empowers a similar policy position in Parliament and government (McDonald & Budge, 2005: 185) and could be seen as the empirical counterpart of Pitkin's normative assertion for substantive representation (Cfr. Table 1.1).

As McDonald & Budge underline, while a vast literature has repeatedly shown that electoral responsiveness undoubtedly exists, the picture looks less clear when dealing with substantive policy responsiveness, which will be the object of this dissertation.

1.2   A necessary condition for representative democracy: the double role of political parties

Once specified the meaning in which the notion of political representation will be employed in this dissertation (i.e., that of substantive responsiveness of policy outcomes to voters' preferences; cfr. Section 1.1), section 1.2 draws its attention on the most important vehicles for delegation in modern representative democracy, namely political parties. Indeed, I agree with Schattschneider, when he famously states at the outset of *Party Government* that political parties have been the makers of modern government and that, without parties, democracy, as we know it, is unthinkable: "The most important distinction in modern political philosophy, the distinction between democracy and dictatorship, can be made best in terms of party politics. The parties are not therefore merely appendages of modern government; they are in the center of it and play a determinative and creative role in it" (1942: 1).

Schattschneider is not alone in associating political parties with representative democracy itself. David Robertson, for example, claims that "To talk, today, about democracy, is to talk about a system of competitive political parties." (1976: 1). Similarly, Giovanni Sartori underlines that, unless one choses to reject the representative model, political parties have to be considered as "the principal instruments of democratic mass process" (1987: 148).

Indeed, in political systems that do not allow face to face interactions with citizens and under the condition of increasing complexity of politics, parties are the main

organizational vehicles by which the delegation process between citizens and elected officials takes place. For this reason, they play a crucial role in the development, organization and legitimation of representative democracy (Müller & Strøm, 1999: 1; Rohrschneider & Whitefield, 2012: 1, 22)[i].

In particular, political parties combine within one organization two precious functions. They perform an expressive function, acting as representative agencies, and an instrumental function, behaving as governing agencies (Mair, 2009). Adopting Peter Mair's words: "The same organization that governed the citizenry also gave the citizenry voice, and the same organization that channeled representation also managed the institutions of the polity […]. To adopt a more prosaic reference, it was a process in which there were few, if any, principal-agent problem: the principal was the agent" (Mair, 2009: 10ff.).

The expressive function performed by political parties is consistent with the notion of substantive political representation as proposed by Pitkin (Cfr. Section 1.1, Table 1.1). Parties are expected to serve as representative agencies, "acting in the interests of the represented, in a manner responsive to them" (Mair, 2009; Pitkin, 1967: 209).

Moreover, this expressive function reminds the policy seeking model of party behavior, according to which political parties aim to maximize their impacts on public policies (Müller & Strøm, 1999). Abram De Swaan, a leading proponent of this approach, summarizes the assumption this way: "Considerations of policy are foremost in the minds of the actors […]. The parliamentary game is, in fact, about the determination of major government policy" (De Swaan, 1973: 88). This model has been developed in the realm of coalition theory as a response to the policy-blind assumption of the first generation of game theoretic studies of government formation. In particular, this model rejects the idea that all parties are equally feasible coalition partners, stating that only those that are similar in their policy proposals are likely to coalesce (Axelrod, 1970). Established and widespread findings demonstrate that this is the case. Indeed, in over 80% of cases, the parliamentary median party on the left-right continuum is a government member (Müller & Strom, 1999: 564-8; Laver & Budge, 1992: 416). This empirical regularity could be considered as a proof for policy-based party behavior because the parliamentary median party would not have this importance for government if policies were not dominant, as the median position

would not have any special relevance for purely office seeking parties (McDonald & Budge, 2005: 55-56).

At the heart of the policy seeking model of party behavior lies a belief in the significance of the political contest over public policy decisions. Citizens of democracies become engaged in the electoral process because they believe their electoral choices to matter and they decide to support certain political parties over others because these parties are seen as able to make a difference. Politicians trade in promises of public policies and the policy seeking literature implicitly assumes that the ultimate outcomes that flow from such policies matter to them (Müller & Strøm, 1999).

Even if necessary, the expressive function of political parties is not sufficient to assure that the policy promises formulated by parties at the election time will be "reflected in the final product of the legislative decision-making process, that is, in enacted policy" (Cox, 1997: 226). To achieve this goal, political parties, once charged with government responsibilities, have to perform their instrumental function, behaving as governing agencies. In particular, they had to recruit party members in public offices and to concretely organize the policy making process both in Parliament and government (Mair, 2009).

Of course, this instrumental function could and should be matched with the office seeking model of party behavior, according to which parties intend to maximize their control over political office benefits, which are private goods granted to recipients of politically discretionally governmental or sub-governmental appointments (Müller & Strøm, 1999). Quoting Anthony Downs, "politicians are motivated by the desire of power, prestige and income […]. Their primary objective is to be elected to public office" (1957: 30-31). As its policy seeking counterpart, this model of party behavior developed mainly in the realm of coalition theory in parliamentary democracies (Riker, 1962; Leiserson, 1968; Laver & Schofield, 1990).

The expressive and the instrumental functions performed by parties, as the policy seeking and the office seeking models of party behavior[ii], have to be conceived as supplements, rather than as substitutes, for each other (Müller & Strøm, 1999). As Downs (1957: 95-107) points out, indeed, even office-seeking parties might be strongly committed to policies as they see their credibility and hopes of future re-election bound up with them.

Even if "parties formulate policies in order to win elections, rather than win elections in order to formulate policies" (Downs, 1957: 28), on gaining office, they are immediately confronted by the problem of party government, turning election promises into enacted policies (Rose, 1974). Similarly, Budge and Laver (1986) underline that there are both intrinsic and instrumental motivations pushing party leaders to strive for offices. In particular, they seek to maximize their control of the executives branches of the State to gain power, prestige and to increase their income, but, at the same time, they need those offices to be able to influence public policies.

1.3   Assessing a single set of core stipulations for party government to emerge

Section 1.2 explained that political parties have been long associated with, and indeed equated with, representative democracy because they combine into one organization two precious functions, namely the expressive and the instrumental ones. However, what are the conditions to be fulfilled so that political parties will be able to effectively serve as vehicles of delegation, implementing public policies consistent with the will of the electorate? Theories of party government help us to answer this question.

Table 1.2: Conditions for party government according to Rose (1969)

1. At least one party must exist and, after some form of contest, it must become dominant in the regime.
2. Nominees of the party then occupy important positions in the regime.
3. The number of partisans nominated for offices in large enough to permit partisans to participate in the making of a wide range of policies.
4. The partisans in office must have the skills necessary to control large bureaucratic organizations.
5. Partisans must formulate policy intentions for enactment once in office.
6. Policy intentions must be stated in a "not unworkable" form.
7. Partisans in office must give high priority to carrying out party policies.
8. The party policies that are promulgated must be put into practice by personnel of the regime.

Source: These conditions are a synthesis of statements made by Rose (1969).

The notion of party government has been firstly applied to the European context by Richard Rose. In particular, he defines party government as the capacity of parties "to translate possession of the highest formal offices of a regime into operational control of

government" (1969: 413) and identifies the following conditions for it to emerge (Cfr. Table 1.2).

According to these conditions, the "operational control of government" requires a winning party to have identifiable policy proposals and the capacity to adopt and implement them through the people it appoints for that purpose.

In this first assessment on the notion of party government, Rose does not take directly into account the policy preferences expressed by the electorate, simply stating that the governing party must achieve its position in the regime "after some form of contest". However, in a more recent formulation of this model (2014), the author clearly describes the ideal type of national party government as a principal-agent relationship between voters and parties, which are expected to promote policies consistent with voters' preferences (Cfr. Figure 1.1). This second formulation of national party government is clearly consistent with Pitkin's notion of substantive political representation (1967; cfr. Table 1.1) discussed above.

Figure 1.1: Model of national party government according to Rose (2014)
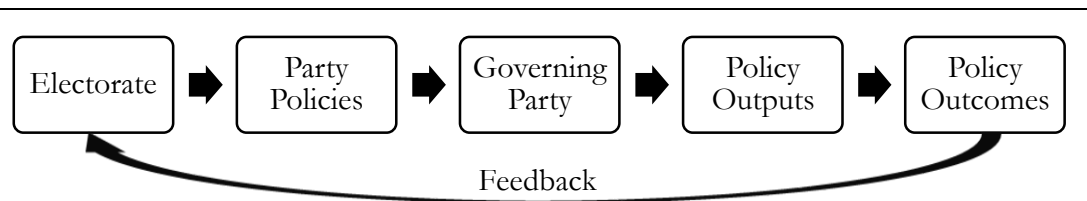
Source: This figure corresponds to Rose, 2014: 256, Figure 1.

Moreover, as highlighted by Figure 1.1, Rose embeds in his model a feedback mechanism flowing from policy outcomes back to the electorate. This feedback mechanism graphically exemplifies the meaning of the notion of accountability, located by Pitkin in the formalistic definition of political representation (1967; cfr. Table 1.1). Indeed, periodic elections give to voters the opportunity to evaluate the governing party's performance comparing the achieved policy outcomes to their own preferences. If the actions undertaken by the governing party tend to match the preferences of voters, the incumbent is likely to be re-elected. If they do not, then the governing party is expected to occupy the opposition benches. In this way, the model of party government formulated by Rose (1969, 2014) maintains an equilibrium between Pitkin's formalistic and substantive

definitions of political representation, building a bridge between what voters demand and the policy outputs that government supplies through the mechanism of political elections.

A similar, but more parsimonious, list of conditions for party government to emerge has been later elaborated by Richard S. Katz (1986: 43-44; 1987: 7).

Table 1.3: Conditions for party government according to Katz (1986-1987)

1. Government decisions are made by elected party officials or by those under their control.
2. Government policy is decided within political parties or by negotiations among parties in case of coalition governments.
3. These parties then act cohesively to enact and implement this policy.
4. Public officials are recruited through political parties.
5. Public officials are held accountable through political parties.

Source: These conditions are a synthesis of statements made by Katz (1986, 1987).

Table 1.3 shows that, under party government as depicted by Katz, parties perform the expressive function (Mair, 2009; Cfr. Section 1.2) because they function as devices through which voters can make their voices heard (Cfr. Table 1.3, point 5) and the instrumental function (Mair, 2009; Cfr. Section 1.2) because they organize policy making in government (Cfr. Table 1.3, points 1, 2 and 3) and control the recruitment of political personnel (Cfr. Table 1.3, point 4). That is, party government is manifest when winning parties both decide and enact polices through officials who are recruited and held accountable by parties (Müller & Strøm, 1999).

Table 1.4: Conditions for responsible party model

1. Voters have a choice, in the sense that they can choose between at least two parties with different policy proposals.
2. The parties are sufficiently cohesive or disciplined to enable them to implement their policy.
3. Voters vote according to their policy preferences, that is, they choose the party that most closely resembles their policy preferences. This in turn requires that:
    a. Voters have various packages of policy positions.
    b. Voters are aware of the differences among the policy positions expressed in the programs of different political parties.
4. The party or coalition winning the elections takes control of government.
5. Both the policy programs of political parties and the policy preferences of voters are constrained by a single ideological dimension.

Sources: These conditions are a synthesis of statements made by Converse & Pierce (1986), Pierce (1999), Thomassen (1994), Thomassen & Schmitt (1999).

Almost at the same time, Philip E. Converse and Roy Pierce (together, 1986; Pierce alone 1999) Jacques Thomassen and Hermann Schmitt (together, 1999; Thomassen alone, 1994) outline the basic properties of their model of party government. This model is quite similar to those of Rose (1969, 2014; cfr. Table 1.2 & Figure 1.1) and Katz (1986, 1987; cfr. Table 1.3), but it emphasizes the role played by parties as transmission belts for the conversion of popular desires into public policies (Converse & Pierce, 1986: 706; see also Dalton, 1985; Miller *et al.*, 1999). Due to this emphasis, the model of party government reported in Table 1.4 is better known as "responsible party model" (RPM; cfr. Table 1.4)[iii].

The fifth condition listed in Table 1.4 deserves a more detailed explanation. Thomassen (1994, 1999) states that the effectiveness of the responsible party model depends on the extent to which the policy views of both masses and élites are constrained by a one-dimensional conflict dimension. Indeed, even admitting that both voters and parties behave according to the conditions 1 to 4 (Cfr. Table 1.4), if the fifth condition is not verified, the chaos theorem (McKelvey, 1976; Schofield, 1978) demonstrates that the election may fail to identify a Condorcet winner, missing to convey a clear electoral mandate. Indeed, as explained by Richard D. McKelvey (1976) and Norman Schofield (1978), if voters' preferences are defined over a multidimensional policy space, the majority rule generates unstable outcomes: any point in the multidimensional policy space can be reached from any *status quo* by a sequence of majority votes (for a detail explanation, see Martelli, 2012).

To put it simply, at the election time, people are forced to vote for the whole policy package offered by the party they chose, even if they do not agree on all the elements embedded in its electoral manifesto. Since electoral manifestos summarize commitments made by parties' on several policy issues, without further assumptions, it is possible that the winning majority represents a minority on particular policy domains. Only when both the policy programs of political parties and the voters' attitudes are based on the same one-dimensional conflict dimension, a Condorcet winner can be identified and the electoral majority can be interpreted in an unequivocal way. In other words, the mass public and the political élite have to share a common belief system.

Thomassen's argument recalls the function that Downs (1957) attributes to ideologies. Indeed, Down's theory is based on the assumption that political preferences can be

ranked on a one dimensional scale from left to right, where the left end of the scale represent full government control of the economy and the right end means a completely free market. In his view, ideologies are useful to parties as well as to voters. In particular, "a voter finds party ideologies useful because they remove the necessity of his relating every issue to his own philosophy. Ideologies help him focus attention on the differences between parties; therefore, they can be used as samples of all the differentiating stands. With this short cut a voter can save himself the cost of being informed upon a wider range of issues" (Downs, 1957: 98). Similarly, parties use ideologies as short cuts to avoid the necessity of relating each policy decision directly to voter reaction, thereby reducing the cost of decision-making: "Each party realizes that some citizens vote by means of ideology rather than policies; hence it fashions an ideology which it believes will attract the greatest number of votes" (Downs, 1957: 100).

Table 1.5: Conditions for a median mandate by McDonald & Budge (2005)

1. At least two parties have policy profile distinct from one another.
2. Voter recognize the policy profiles of each party.
3. Voters cast their ballots on the basis of the party policy profile they prefer to see implemented by a government.
4. Voters and parties arrange their policy preferences within broadly the same policy space, probably the left-right dimension.
5. The election outcome makes the party supported by the median voter the party with which the median parliamentarian affiliates.
6. Parties are motivated by a desire to see their own policy position control policymaking to the greatest extent possible.
7. The occupant of the median position is crucial to the creation of a majority in both the electorate and Parliament.
    a. Majority–endorsed preferences tend toward the median voter position, so this form the best indicator of popular policy preferences in general.
    b. Public policy tends toward the policy of the parliamentary median under legislative majority voting procedures.

Source: This table corresponds to McDonald & Budge, 2005: 26, Table 2.4.

In 2005, McDonald and Budge reframe the conditions for party government to emerge listed in Table 1.4 in their path breaking contribution *Elections, Parties, Democracy. Conferring the Median Mandate* (2005: 25-27). Their key theoretical improvement consists in a shift from a government-centered conception of mandate to a median-centered one. In particular, they maintain that when both the policy programs of political parties and the policy preferences of voters are constrained by a single ideological dimension

(Thomassen, 1994, 1999; cfr. Table 1.4, point 5), the policy position which is more likely to be reflected in consistent policy outcomes is that of the median voter, which in turn is the best predictor for that of the median parliamentarian (Cfr. Table 1.5).

This brief overview demonstrates that, at least since the Sixties, students of political science repeatedly dealt with the notion of party-government, each time building on previous contributions shedding light on peculiar aspects[iv].

Table 1.6 critically reorganizes in a single set of core stipulations the conditions identified by these previous works as necessary for party government to emerge. In particular, Table 1.6 emphasizes the common ground these contributions share, although the bias varies somewhat between an emphasis on policy making in the case of Rose (1969), on recruitment in the case of Katz (1986; 1987) and on the linking mechanism between the electorate and the political élites in the case of responsive party model and median mandate theory. In brackets, each core condition is linked to the corresponding ones in the previous models of party government.

The first group of conditions for party government to emerge, "Electoral Competitiveness", corresponds to Pitkin's notion of formalistic representation (Cfr. Table 1.1) and refers to the necessary condition for representative democracy to emerge according to democratic elitists (Cfr. Section 1.1): namely, the occurrence of competitive elections. The equilibrium of party government assumes that electors alternate support between government and opposition parties according to the extent to which they fulfill or are expected to fulfil policy pledges. Therefore, electoral competition is the mechanism through which representatives legitimately obtain their offices and are held accountable for the actions they undertake.

The second and the third sets of core conditions deal, respectively, with individual voters' and political parties' behaviors and, if fulfilled, allow for substantive policy responsiveness to emerge (Cfr. Section 1.1).

In particular, the second group casts the requirements for the individual level behavior to be policy-oriented. Intuitively, people need to be endowed with distinctive policy preferences, which in turn have to be constrained by a single ideological dimension. Moreover, voters have to know political parties' policy supply and to be driven by those policy promises in their choices at the election time.

Table 1.6: A single set of core stipulations for party government

1. **Electoral competitiveness**
   a. *Authorization:* A party (parties) wins control of the executive through competitive elections (Rose 1; RPM, 4; McDonald & Budge 5, 7 but with reference to the role of the median voter).
   b. *Accountability:* Elected representatives and public officials are held accountable for the actions they undertaken through competitive elections (Katz, 5; Rose, 2014)
2. **Individual level behavior:**
   a. *Voter distinctiveness:* Voters have distinctive policy preferences and successfully feed the process of policy formation with these preferences (RPM, 3.a).
   b. *Common belief system*: Voters' preferences are constrained by a single ideological dimension, probably the left-right one (RPM, 5; McDonald & Budge, 4).
   c. *Voter Information:* Voters recognize the policy profiles of each party (RPM, 3.b; McDonald & Budge, 2).
   d. *Voter policy commitment:* Voters cast their ballots according to the extent to which parties have fulfilled or are expected to fulfil their preferred policy programs (RPM, 3; McDonald & Budge, 3).
3. **Party level behavior:**
   a. *Party distinctiveness:* At least two parties offer voters policy alternatives for enactment once in office (Rose, 5, 6; RPM, 1; McDonald & Budge, 1).
   b. *Common belief system:* The policy alternatives offered by parties are constrained by a single ideological dimension, probably the left-right one (RPM, 5; McDonald & Budge, 4).
   c. *Office-seeking behavior:* The party (parties) in government recruits its members in important executive positions and public offices. These partisans must be enough and must have the necessary skills to control large bureaucratic organizations (Rose, 2, 3, 4; Katz, 4).
   d. *Policy-seeking behavior:* The party (parties) in government acts cohesively to formulate and implement the policies announced at the election time (Rose, 7, 8; Katz, 1, 2, 3; RPM, 2; McDonald & Budge, 6).

Sources: This table critically reviews and reorganizes in a single set of stipulations several statements made by many authors about conditions required by party government to emerge, variously referred to as conditions for the "mandate theory", the "responsible party model", the "Westminster model" and popular control over public policies (Cfr. Rose, 1969, 2014; Polsby & Wildavsky, 1971; Sullivan & O'Connor, 1972; Kavanagh, 1981; Katz, 1986, 1987; Converse & Pierce, 1986; Pierce, 1999; Thomassen, 1994; Aldrich, 1995; Thomassen & Schmitt, 1999; Keman, 2002; McDonald & Budge, 2005).

Moving to the last group, the first two conditions of parties' behavior mirror the ones referred to voters: parties need to express distinctive policy proposals, which have to be

constrained by a single ideological dimension. Finally, the last two conditions combine the expressive and the instrumental functions of political parties (Cfr. Section 1.2), allowing them to be driven both by policy and office seeking incentives.

1.4 Breaking down the chain of responsiveness: outline of the dissertation

Party government theories recalled in the previous section belong to normative political theory (Cfr. Section 1.3). They regard modern representative democracy as potentially open to change and, therefore, as standing in need of philosophical justification. For this reason, they search for prescriptive indications, principles and reasons telling how the representative democratic process should be organized.

Although acknowledging this belonging, party government theories come closer to applied political theory than most normative theories do. Indeed, they provide ideal standards to be employed as criteria to measure the distance between the actual representative processes and the normatively informed vision of representative democracy (For a schematic rendering of the ideal chain of responsiveness from voters' policy preferences to government's public policies, see Figure 1.2). To put it simple, party government theories are helpful to evaluate to what extent modern representative democracy really function that way.

Figure 1.2: Ideal chain of responsiveness from voters' preferences to governmental outcomes
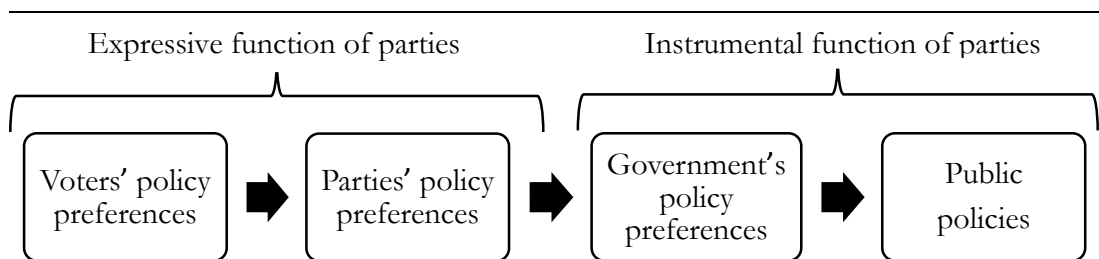
The central questions around which this dissertation revolves are the following ones. Does the set of core stipulations for party government to emerge depicted in Table 1.6 capture enough of the essential relations among voters, political parties and policy outcomes? Specifically, do political parties help translate voters' wants, needs and preferences into governmental policies or is party politics best described as a semi-

autonomous and strategic élite behavior? Do political parties fulfill the expressive and the instrumental functions that any stable and effective democracy might expect of them (Cfr. Section 1.2) or are they little more than moribund anachronisms, now superseded by other mechanisms of linkage between state and society?

Providing answers to these questions is of great importance because, in recent years, the notion of representative democracy has come under serious attack both inside and outside the academia.

In the canon of Western political science, scholars have long expressed high hopes for the central role played by political parties in democratic societies (Cfr. Section 1.2, and see, *inter alia*, Ostrogorski, 1902; Michels, 1915). However, examining the reality of party politics, they have just as frequently been confronted with disturbing results. An increasing volume of literature denounces that elected politicians are no more able to provide authoritative solutions due to increasing globalization, internationalization and European integration (Nie *et. al.*, 1997; Norris, 1999; Scharpf, 1999; Pharr & Putnam, 2000). Mair (2002), for example, describes what he expects to be our next future as a "populist" or a "partyless democracy", a neutral and non-partisan system of governance, appealing to a largely undifferentiated mass electorate whose relations with government are no longer mediated by political parties.

This lack of confidence toward elected politicians is so deep that policy-making literature advances the case for a transfer for key decision making power from elected politicians to more politically neutral experts (Majone, 1996; Blinder, 1997). In particular, Alan Blinder (1997), a leading economists and deputy head of the Federal Reserve, suggests to extend the model of independent central banks to other key policy areas, so that decisions on health services, welfare state provisions and so on would be taken by non-partisan experts. Analogously, Giandomenico Majone (1996) affirms that expert decision making is able to achieve better policy outcomes than political decision making because experts are more likely to take into account long term interests, while politicians are dominated by considerations of the short term electoral cycle. Moreover, he adds that experts are better able to deal with the technical complexities of modern-law making, which confuse elected politicians (Majone, 2003). In this context, answering to the questions listed above, hopefully in a positive way, could be fruitful for political science as discipline, whose relevance depends on the substantive importance of the phenomena it examines.

Outside the academia, in all the advanced democracies, citizens are increasingly distrustful toward the political process, with lower levels of electoral participation and party membership and a fading sense of identification with traditional party families. In this context, assessing whether and to what extent political parties represent diverse voters in an increasingly complex and de-aligned political environment is relevant because citizens' electoral choices, willing or not, are the main means by which they can express their policy preferences and influence legislative and governmental decisions. In other words, answering to the questions listed above means testing, and hopefully falsify, the validity of common sentences broadcasted by the media, according to which "Voting is useless", "Politicians are all the same" and "There is no difference between Left and Right".

Moving from the normative to the empirical ground, the problem to be faced is the absence of any institutional mechanism ensuring the "necessary correspondence between acts of governance and the equally weighted felt interests of citizens with respect to these acts" (Saward, 1998: 51; Weale, 1999: 14, see also Wessels, 1999: 137). Elected representatives and political parties may be benevolent and act according to what they judge the proper course of action, or they could be narrowly self-interested, successfully manipulative and still get re-elected, especially given difficulties with accountability in coalition situations (Powell & Whitten, 1993). Quoting McDonald and Budge (2005: 55): "In actual practices, there are so many strategies parties could adopt to blur responsibility that a strong policy-commitment on their own part is all but essential to ensure they carry through what they have said they would do".

In the real world, the chain of responsiveness can be quite complex (Powell, 2005). Ideally, as depicted by Figure 1.2, it is a process by which governments implement the policies that their citizens desire. However, the linkages that connect citizens' preferences, electoral choices and policymaking can be subverted at each stage (Powell, 2004). Just to sketch some of the issues that will be discussed in the next chapters, citizens need to be able to identify and evaluate their interests and preferences. Moreover, voting behaviors and electoral processes have to be taken into account to verify if voters' policy preferences correspond to the policy supply of the political parties they choose.

Additional problems could arise after the dust of the election has settled, on the one hand, when a government coalition must be formed in Parliament and, on the other hand, when the government must confront the constraints imposed by external reality. It is at this last

stage of the chain of responsiveness that elected representatives may be confronted with a "hard choice" (Müller & Strøm, 1999). Namely, they have to decide the relative priority to be given to strict adherence to party's policy commitments at the possible expense of offices versus accepting the policy compromises required to achieve offices along with the benefit of a more direct influence over the formulation of government policies.

This illustrative overview of the obstacles that voters' policy preferences need to overcome to translate into policy outcomes highlights that, to measure how far actual representative processes are from the normatively informed vision of representative democracy, electoral studies, party research and policy studies have to be integrated. Moreover, the ideal chain of responsiveness between voters' preferences and governmental outcomes (Cfr. Figure 1.2) has to be broken down and each linkage has to be theoretically and empirically analyzed. This is what this dissertation is about.

1.4.1 *Focusing on social policies: a suitable domain to shed light on the politics of constrained choice*

In order to investigate the rough path between voters' preferences and governmental outcomes, passing through political parties' and executives' positions, this dissertation focuses on social and labor policies. Indeed, these policy areas have been picked by previous relevant comparative studies on democratic policymaking as particularly important (See, *inter alia*, Lijphart, 1999) and have been ones of the most salient, and often contentious, issues dealt with by governments in advanced industrial democracies, particularly in the era of welfare state retrenchment (Knotz & Lindvall, 2015).

Since the 1970s scholars concerned with the role of parties in achieving policy congruence largely drew their attention on macroeconomic and social policy areas because these fields are related to the main cleavage in industrial democracies: the capital-labor conflict (Lipset & Rokkan, 1967). For this reason, social and labor policies have been described as the most conflict-ridden (Pierson, 1994; Jensen, 2012) and suitable domains to detect partisan effects (Schmidt, 1987; Esping-Andersen, 1990; McDonald & Budge, 2005), given the high positive correlation between the pro-versus welfare continuum and the traditional left-right one.

Moreover, it is also the case that most of parties in most elections explicitly address issues related to social and labor policies in their manifestos. This circumstance allows me to

take directly into account the policy commitments made by political parties at the election time and the subsequent policy choices made by governments in a large number of countries over an extensive period of time (Cfr. Chapter VI, Table 6.1).

Finally, providing welfare support is a large part of what industrial democracies do. Of course, the organization of social and economic life takes such activity fairly much for granted and, consequently, the political debate does not concern the opportunity to provide welfare support to citizens, but, more interestingly, how extensive such system should be. This is the reason why the choice to focus on social and labor policy areas, which imply heavy budgetary consequences, allows to shed light on the so-called "politics of constrained choice" (Laffan, 2014). Indeed, as it will be better detailed in chapters IV and V, the increasing processes of globalization, trade and financial openness and European integration constrain national governments' ability to shape social and labor policies according to their ideological positions, forcing them to comply with international standards (See, *inter alia*, Rose, 2014).

This kind of politics is much more difficult to manage for political parties than populist appeals because it involves structural reform that impinges on favored constituencies. In particular, it appears particularly challenging for parties of the center-left, as center-right voters are expected to be more in favor of measures of welfare state retrenchment. Does it imply, however, that choice is so heavily constrained that it is drained of all meaning or are there still significant political choices to be made? This is a crucial question because if it appears that "elections and changes of government cannot make a difference, the democratic legitimacy of the political regime itself may be undermined" (Scharpf, 2011: 4). If party differences do not matter, why have party government? If parties cannot be responsive to electorates, why vote? (Laffan, 2014).

1.4.2   Looking at the first link of the chain of responsiveness: from voters' to political parties' social policy preferences

Chapter II, titled "Labor market risk, redistributive demand and parties' social policy supply. Not all labor market outsiders are created equal", is devoted to the analysis of the first link of the chain of responsiveness, which operates along the well-known AB bond of the paradigmatic Miller and Strokes (1966) diamond. In the original formulation by

Miller and Strokes, the A terminal represented the attitude of a constituency on a certain issue, while the B terminal stood for the attitude of an elected representative on the same issue. However, the analysis developed in chapter II relates the issue position of an individual voter (i.e., the A terminal) with that of the national party to which the same voter declared to feel closer to (i.e., the B terminal).

The large majority of studies investigating the role played by political parties in shaping social policies is grounded on the stylized argument according to which parties are endowed by enduring policy preferences, which broadly mirror the economic interests of their core electoral constituencies. Moreover, these economic interests are seen as time-invariant and largely given by individual class belonging (See, *inter alia*, Hibbs, 1977, 1992; Korpi, 1983; Cusack *et al.*, 2006).

Figure 1.3: Looking at the first link of the chain of responsiveness
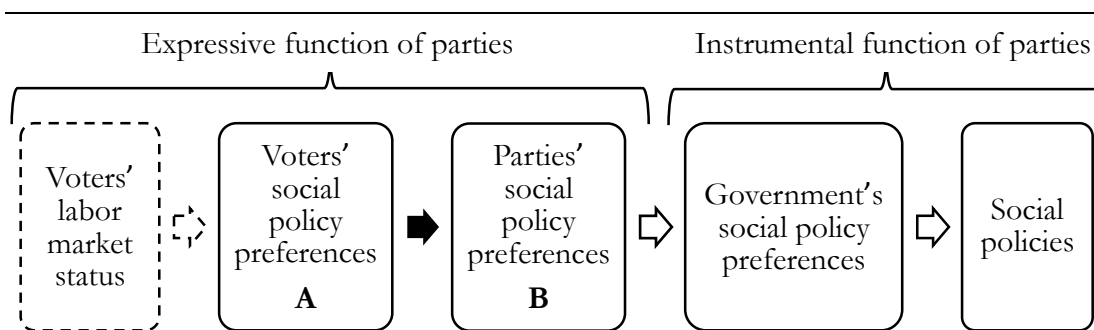
This stylized argument seems to almost completely neglect the wide literature on electoral behavior, which argues that post-industrialization brought changes, on the one hand, in the social groups mobilized by left parties (i.e., shift in the electorate), and, on the other hand, in the policy preferences expressed by left parties' traditional electoral constituencies (i.e., shift in preferences).

Referring to electoral shifts, literature underlines that left parties increasingly attract highly skilled middle-class voters, having more market-liberal social investment policy preferences (Kitschelt, 1994; Kriesi, 1998).

Concerning shifts in preferences, more and more contributions explained that the economic growth in the late 1960s as well as the union activism in the early 1970s decreased unemployment's threat to the working class as a whole, granting high levels of employment protection to a large proportion of labor class, while letting an increasing group of precarious workers enduring the most of economic fluctuations (see, *inter alia*,

Bentolila & Bertola, 1990). This segmentation of labor into individuals with secure jobs, the insiders, and individuals without, the outsiders, changed the electoral constituency of left parties. Specifically, left parties tend to neglect the interests of the working class as a whole, becoming the advocates of the insiders only (see, *inter alia*, Rueda, 2005, 2006, 2007).

In sum, the assumptions regarding the AB bond between voters' and parties' social policy preferences need to be updated through a systematic empirical test. In this dissertation, this updating takes place in chapter II, which investigates whether individuals' redistributive preferences, explained by the position the same occupy in the labor market, are consistent with political parties social policy supply at the election time. Indeed, saying that parties "do different things" from what they did in the past does not mean they do not represent their voters. They may supply different policy proposals simply because they represent different groups of voters (i.e. shift in the electorate) or because the policy preferences expressed by their traditional voters have changed (i.e., shift in preferences).

Note that, by testing this claim, I am not maintaining that political parties have not autonomous policy preferences and that they are simply executors of voters' will. Instead, I embrace Katz's and Mair's (1993) argument according to which parties are "three faces" organizations made up of the so called party on the ground, party central-office and party in public offices, which are likely to be endowed by similar, but non identical, policy preferences.

Do outsiders in the labor market, which are insecure about their future income, express a higher redistributive demand than their insider counterparts do? Does their marginalization in the labor market translate into political disenchantment? When they take part in national elections, do they vote for the same political parties supported by individuals experiencing better labor market conditions? Alternatively, do they perceive their interests to be marginalized in the political arena, becoming disenchanted with politics or even assuming radical political positions, as suggested by the recent insider-outsider debate?

Chapter II answers these questions combining individual level data from the European Social Surveys for 23 OECD countries with party level information from the Comparative Manifesto Database (MARPOR, 2014). In particular, beside the commonly used discrete

choice models, the empirical analysis adopts instrumental variables and matching statistical techniques to test the robustness of the main findings. These last techniques, indeed, allow obtaining consistent estimates even in presence of reverse causation, omitted relevant explanatory variables and measurement errors.

1.4.3 *Looking at the second link of the chain of responsiveness: from parties' to government's social policy preferences*

Once verified whether voters' redistributive preferences are translated into parties' proposals at the election time, chapter III, titled "From parties' policy supply to declared governments' positions: who affects the coalition agreement on the left-right and on the welfare dimensions and why", investigates the second link of the chain of responsiveness.

In detail, chapter III focuses on the BC bond between parties' and government's social policy preferences to determine whether and to what extent the weighted mean positions of governing parties (i.e. the B terminal), as derived from their electoral manifestos, corresponds to declared cabinet's positions (i.e., the C terminal), as stated by coalitions agreements (Budge *et al.*, 2001), in 10 West European parliamentary democracies. Furthermore, if declared cabinet's positions (i.e., the C terminal) turn not simply to reflect the policy stances staked out by governing parties at the election time (i.e., the B terminal), chapter III aims to identify which additional political actors and external forces might be influencing them.

Figure 1.4: Looking at the second link of the chain of responsiveness

Expressive function of parties   Instrumental function of parties

| Voters' social policy preferences **A** | Parties' social policy preferences **B** | Government's social policy preferences **C** | Social policies |
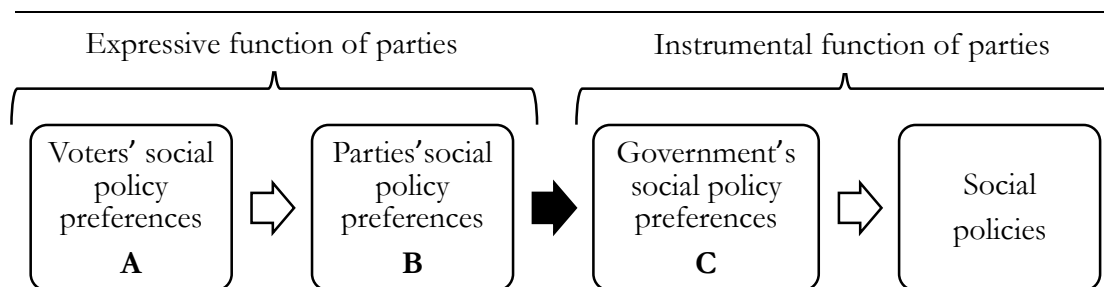
The main contribution that chapter III intends to bring to the existing literature (See, for example, McDonald & Budge, 2005; Warwick, 2011) consists in the choice to contrast the traditionally employed ideological left-right scale with a more genuinely policy-based welfare scale (Cfr. Chapter III, Section 3.2). Indeed, I maintain that, to test whether

multiparty governments are likely to distribute policy payoffs to their members according to a proportional criterion (Warwick, 2001, 2011), exactly as they are expected to do for office payoffs (Gamson, 1961), this additional policy based dimension allows to better control for any possible ideological bias.

More interestingly, the comparison between the ideological left-right dimension and the welfare dimension allows verifying if the political actors holding the "agenda setting power" on the left-right scale behave in the same way also on the social policy dimension. Indeed, the distributive and redistributive nature of the programs included in the welfare dimension, which usually see governments to provide economic resources to specific societal segments, sometimes at the expense of other groups, is likely to determine a higher engagement of parliamentary parties and of the competent ministers in decision-making processes than the ideological nature of the left-right dimension does. Analogously, declared cabinet positions on the welfare dimension is expected to be more affected by the economic conditions experienced by the coalescing parties when in office than declared cabinet positions on the left-right dimension.

1.4.4 *Looking at the third link of the chain of responsiveness: from government's social policy preferences to social policies*

Once assessed whether there is a relationship between the electoral positions of governing parties and declared cabinet's positions (Cfr. Chapter III), chapter IV, titled "Partisan influence on social and labor policies: Do parties matter?" focuses on the last link of the chain of responsiveness. Indeed, it analyzes the degree of congruence between government's social policy preferences (i.e., the C terminal) and actual social policy outcomes (i.e., the D terminal).

The CD bond is, at the same time, the most intriguing and the most awkward linkage of the chain of responsiveness to be studied. Indeed, it is exactly in this last segment that the battle for a substantive political representation (Pitkin, 1967; Cfr. Section 1.1, Table 1.1) is won or lost. Is representative democracy, as we know it, able to achieve the "necessary correspondence between acts of governance and the equally weighted felt interests of citizens with respect to these acts" (Saward, 1998: 51), as endorsed by normative theorists (Cfr. Section 1.1)?

Discussing the notion of substantive representation, I pointed out how it is deeply intertwined with those of responsiveness, broadly defined as the normative claim that governing parties act as representative agencies, executing public policies consistent with the short-term demands of voters, public opinion and interest groups (Cfr. Section 1.1).

Figure 1.5: Looking at the third link of the chain of responsiveness

Expressive function of parties   Instrumental function of parties

Voters' social policy preferences **A**	⇨	Parties' social policy preferences **B**	⇨	Government's social policy preferences **C**	⬛➡	Social policies **D**
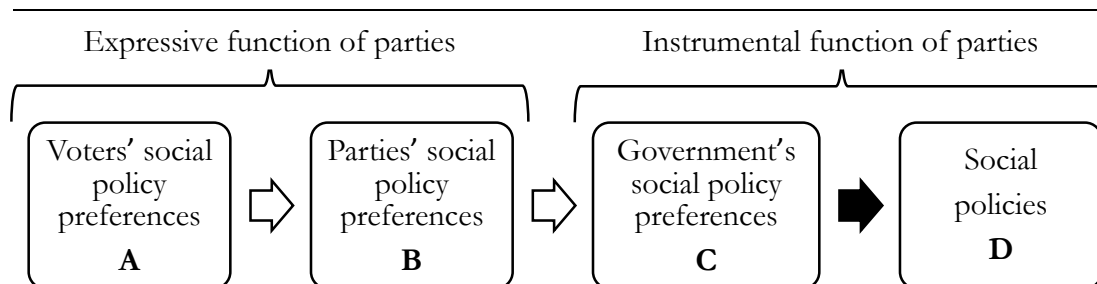
However, to assess whether and to what extent political parties, once in office, significantly affect government's behavior and shape public policies according to the will of their voters, parties long lasting ideological beliefs, their policy preferences and even their electoral commitments have to face the obstacles of the real world. Using Mair's words, the CD bond is where the responsiveness of governing parties' encounters "the burden of responsibility" (Mair, 2009).

Responsibility is a difficult term, which has been used in different ways in the various branches of political science. According to Downs (1957: 105), responsibility implies predictability and consistency: a party is responsible "if its policies in one period are consistent with its actions or statements in the preceding period". For Sartori (1976: 18-24), the term responsibility is a synonym of the term accountability: politicians, the parties they belong to and the governments they form give account to parliaments and to the voters and are in this sense responsible. Leroy Rieselbach (1977: 8-10) links the notion of responsibility to those of efficiency and effectiveness: "a responsible institution provides reasonably successful policies to resolve the major problems it is faced with. The emphasis of the responsibility criterion is on speed, efficiency, and, of course, success".

The definition proposed by Mair (2009) is perhaps one of the best because he attributes to the term responsibility a narrower and formalized sense, disentangling its specificity from the notions of accountability and responsiveness (Cfr. Section 1.1). In particular, he maintains that political parties in office prove to be responsible if they act prudently, following accepted procedural norms and practices. In particular, parties in government

behave responsibly if they take into account (Bardi *et. al.*, 2014): 1. the long-term needs of their people and countries, which have not necessarily been articulated as specific demands and which go beyond the short-term demands of those same people (e.g. intergenerational fairness, sustainability of public expenditures, long-term investments in security, education, etc.); and 2. the claims of audiences other than the national electorate, including the international markets that ensure their financial alimentation, the international commitments and organizations that are the root of their international credibility, and, in the European context, the heavy transnational constraints that are the result of a common currency and common market.

Classic democratic theory considers it desirable for political parties in office to be responsive to public opinion and, at the same time, responsible toward the internal and international systemic constraints and compatibilities. In the past, political parties were regarded as the antidotes to the responsiveness–responsibility tension because they were able to perform both the expressive and the instrumental functions (Cfr. Section 1.2). Recently, however, more and more scholars started to denounce that these two roles have become more difficult to reconcile and even increasingly incompatible, with ensuing damage to the legitimacy of democracy in contemporary society (Mair, 2006, 2009; Keman, 2011, 2014; Ezrow & Xezonakis, 2012; Bardi *et. al.*, 2014; Laffan, 2014).

Therefore, the first task of chapter IV is to document if and to what extent the burden of responsibility is making it harder for political parties to respond sympathetically to their electorate, executing social policies consistent with their long lasting ideological preferences. As better discussed hereafter (Cfr. Chapter IV), indeed, studies focusing on the effect of political parties on social policy outcomes fail to reach any firm conclusion, providing mixed results. For sake of simplicity, empirical literature on this topic could be split into two schools of thought: the "parties-do-matter" and "parties-do-not-matter" hypotheses.

Under the label "parties-do-matter" hypothesis, it is possible to locate at least three broad streams of literature, namely Partisan Theory (PT), Power Resources Theory (PRT) and Mandate Theory (MT). These three approaches establish a clear linkage between parties' long lasting ideological preferences, their contextual electoral pledges and social policy outcomes pursued once they are in office. Moreover, they are consistent with the

"canonical principal–agent model" of party government (Miller, 2005: 205; cfr. Section 1.3),

Vice-versa, scholars belonging to the opposite school of thought, the "parties-do-not-matter" hypothesis, claim that the burden of responsibility vanished the ability of political parties to manipulate social policies for electoral and partisan gains. In particular, they emphasize the role played by external constraints, such as globalization, trade and financial openness and European integration, by internal limits, such as public debt and budget deficit, and by structural changes, as de-industrialization processes, union decline and population ageing.

Despite the conventional wisdom on the "dependent variable problem" (Green-Pedersen, 2002), according to which empirical works using aggregate spending measures as dependent variables are more likely to confirm the "parties-do-not-matter" hypothesis, while studies adopting measures of welfare state generosity tend to support the "parties-do-matter" hypothesis, I posit that such mixed results could be driven by an independent variable problem.

Indeed, the large majority of studies dealing with party politics and social policy outcomes adopts an overly rough measure of government partisanship. In particular, scholars use to operationalize the ideological position of governments either by clear-cut dichotomies at party level between parties of the left and the right or by categorical variables referring to party families. Adopting these questionable approaches, groups of parties in coalition governments are treated with simple dummy variables, indicating whether a government is more left or right leaning or whether the government coalition embeds certain party families. However, these operationalizations of governments' ideological positions do not make much sense anymore: political parties in office may still have the same names as thirty or forty years ago, but, under the pressure of economic and social transformations, they may have changed their positioning over the left-right spectrum and, thus, their policy preferences. The assumption that, when charged with government responsibilities, parties classified as conservative would systematically aim at dismantling the welfare state, while parties classified as progressive would defend it may no longer be true (Häusermann *et al.*, 2013).

I intend to contribute to the literature in this field also from an empirical point of view going beyond such dichotomous left-right classification of political parties. In particular, as better detailed in chapter IV, I operationalize government's partisanship building a continuous variable based on all of the major party expert surveys. I maintain that, adopting this measure, the "parties-do-matter" hypothesis will be confirmed, no matter the choice of the dependent variable to account for social policies.

This expectation is borne out in an empirical test of the effect of government partisanship on four dependent variables used to operationalize social and labor policies in 19 OECD countries from 1985-2011. In particular, the alternative hypotheses are tested through an Error Correction Model, a multiple time series model that is able to directly estimate the speed at which a dependent variable returns to equilibrium after a change in the independent variable of interest. In this case, the model estimates whether and how the location of each government on a continuous left-right scale affects public spending in social policies, public spending in active (ALMP) and passive (PLMP) labor market policies and the level of unemployment insurance replacement rate.

1.4.5 Zooming in on the third link of the chain of responsiveness: how party and intra-party politics affect the ability of Italian executives to shape social policy outcomes

"Cross-nationalists are scholars who don't begin with countries, but with data; who don't look in depth, but more widely; who don't generalize, but specify; and who place greater emphasis on method than on understanding" (Mair, 2011). This is the harsh critique that the genuine comparativist Mair addressed to scholars educated and socialized in the Anglo-Saxon tradition, guilty of conducting large-N quantitative works, shying away from concept formation and normative questions.

Trying to compensate Mair's disapproval, chapter V, titled "Missing links in explaining government's ability to shape social expenditure according to its will: an application to the Italian case (1946-2009)", focuses once more on the CD bond between government's preferences and social policy outcomes, but develops a single-country case study to shed light on two important, but empirically under researched, aspects of congruence. In particular, it addresses the role exercised by Prime Ministers (PMs) in the cabinets and the

one played by factions inside the major parties of the governing coalitions in shaping social policy outcomes.

This single-country case study is conducted on Italy, using data from 1946 to 2009. Several reasons could be put forward to justify this choice. The first one is the availability of two datasets suitable to analyze both the role of PMs and the one of party factions: the first one (Curini &Martelli, 2009; Curini, 2011) provides data on the positions of Italian PMs and legislative parties from 1946 to 2014; the second one reports factions' policy positions among Italian parties from 1946 to 2010 (Ceron, 2012). Moreover, Italy appears a fruitful case-study because the Italian political system has experienced relevant modification in governments' agenda-setting power and repeated changes in its electoral system during its nearly 70 years of history (Curini & Zucchini, 2014). Finally, this case-study allows to control for any idiosyncratic country factors referring to the institutional setting.

Concerning the special position occupied by PMs, chapter V evaluates the ability of the Italian executives to shape social policies according to the preferences expressed by the PMs in their investiture and confidence speeches. Moreover, it assesses the conditional roles played by the parliamentary majority that PMs enjoy in the lower chamber and by the ideological alternation between subsequent governments.

Concerning intra-party factions, chapter V tries to contribute to the empirical literature on congruence going beyond the assumption of political parties as unitary actors, whose members display cohesive behaviors consistent with party preferences. I maintain that this claim is nothing but a fictional representation of reality (Schumacher, 2012; Ceron, 2012; Marx & Schumacher, 2013; Bevan & Greene, 2015). Parties are complex organizations composed by a variety of subgroups retaining similar, but non-identical, policy preferences (Ceron, 2012). Accordingly, PMs supported by political parties which show a high internal fractionalization are expected to be less likely to shape social policy outcomes (i.e. the D terminal) according to their policy preferences (i.e., the C terminal).

1.5   A final look at the overall chain of responsiveness

As briefly anticipated in section 1.4, chapters II to V are going to dissect the rough path from voters' redistributive preferences (i.e., the A terminal in figure 1.6) to governmental

social policy outcomes (i.e., the D terminal in figure 1.6) so that each linkage of the ideal chain of responsiveness (Cfr. Figure 1.2) will be analyzed.

At the end of this journey, chapter VI, titled "Putting the pieces back together", tries to provide an overall view of the chain of responsiveness from voters' preferences directly to governmental outcomes (i.e., the AD bond in figure 1.6), controlling for parties' preferences (i.e., the B and C terminals in figure 1.6). In detail, this last chapter intends to assess whether and to what extent voters' preferences on the left-right and on the welfare dimensions manage to overcome the potential obstacles identified in chapters II to V so that they can be translated into consistent spending choices in the field of social policies.

Figure 1.6: Looking at the overall chain of responsiveness
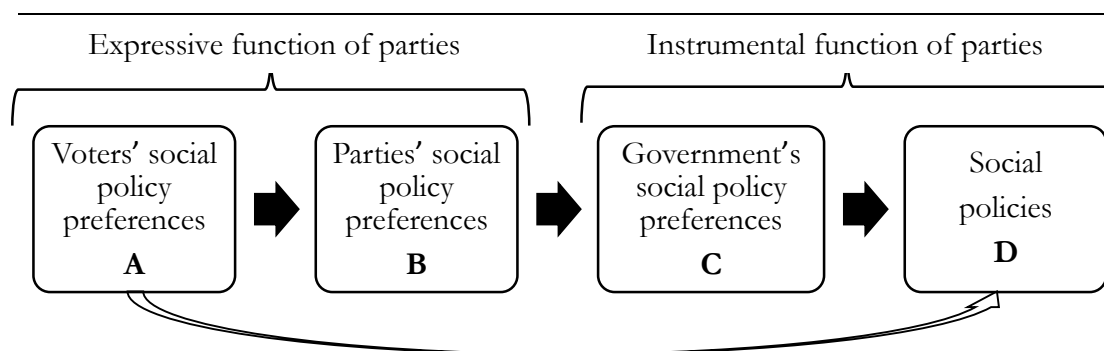
To do it, chapter VI performs a comparative analysis on 27 OECD countries observed from 1985 to 2011 (Cfr. Chapter VI, Table 6.1) largely drawing on data-sources already employed in the previous chapters. There is only one measure needing a more detailed explanation: namely, the A terminal in figure 1.6, referring to voters' social policy preferences. Indeed, chapter II, which focuses on the degree of correspondence between individuals' redistributive preferences and parties' social policy supplies, addresses the first link of the chain of responsiveness (i.e., the AB bond in figure 1.3) by adopting a micro-level approach (Cfr. Section 1.4.2). Chapter VI, instead, employs two aggregate measures of voters' needs and preferences based on the procedure developed by Heemin Kim and Richard C. Fording (1998; 2002; 2003), as adjusted by McDonald & Budge (2005: 113-115). In detail, these measures assess the median voter's positions on the left-right and on the welfare dimensions and are suitable to be confronted with social expenditure by country and over time (Cfr. Chapter VI, Section 6.2.1).

 To be able to affirm that representative processes largely work as they are intended to at least in the social policy domain, it is important to verify that voters' preferences, at the

aggregate level, do not get stuck at any intermediate link of the chain of responsiveness. This is what the last chapter of this dissertation is about.

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[i] As far as the delegation process from citizens to bureaucrats and politicians is concerned, it is worth to recall the exciting debate focused on the concept of e-government (Carter & Bélanger, 2005; Margetts, 2009). Indeed, some scholars argue that ICT and social media provide an opportunity to transform the power relationship among politicians, bureaucrats and citizens fostering the transparency of governments and strengthening the interaction between citizens and public administrations (McNeal *et al.*, 2008; Tolbert & Mossberger, 2006; Welch *et al.*, 2005; for an opposite view: Im *et al.*, 2014). As for transparency, scholars underline how ICT and social media give to politicians and bureaucrats the opportunity to be accountable for their actions in the platforms preferred by citizens: public entities could disseminate information concerning their activities, allowing citizens to monitor public expenditure and to formulate judgments on public services (Bertot *et al.*, 2012; Bonsón *et al.*, 2012). As for politicians' and bureaucrats' interactions with citizens and external stakeholders, scholars highlighted how citizen-to-government and citizen-to-citizen online interactions favour debates on social and political matters and positively affect citizens' interest in the political processes, from the election time to the policy agenda setting, until the policy implementation (OECD, 2007; Picazo-Vela *et al.*, 2012). Even if this fascinating topic will not be discussed in this

dissertation, for further details on the potential role of social media in enhancing policy congruence, see Ceron & Negri, 2015; 2016.

[ii] The enormous literature concerning parties identified a third model of party behaviour, namely vote seeking parties (Müller & Strøm, 1999). Vote seeking parties are "teams of men" aiming to maximize their electoral support to control government". This model had a tremendous appeal to students of party and legislative behavior, particularly in the United States. However, while office seeking and policy seeking are defined as "primitive motivations", valued by parties for their own sake, to maximize the electoral support is instrumental to the pursuit of offices and/or to the adoption of policies (Downs, 1957: 30-31).

[iii] The main alternative to the responsible party model is the constituency-centered model. It too rests on a mandate theory of representation, but it differ in its designation of the agents that supply and implement the mandate. Indeed, in the responsible party model, the national electorate conveys instructions to national parties. In the constituency-centered model, the voters of each separate constituency communicate their wishes to their representatives, which are expected to satisfy them. The responsible party model allows for occasional attention for special interest, but those of national party's voters are paramount. Conversely, the constituency-centered model does not prohibit the legislator from expressing broader partisan interests, but in case of conflict between those and constituency opinion, the latter must prevail. Ideology plays an equally important role in both models (Pierce, 1999; Katz, 2014).

[iv] I decided to contain this review to the sets of stipulations that have been identified as breaking points in the development of the literature on party government (Mair, 2008). However, relevant academic writings are still omitted (*inter alia*, Polsby & Wildavsky, 1971; Sullivan & O'Connor, 1972; Kavanagh, 1981; Aldrich, 1995).

Chapter II

Looking at the first link of the chain of responsiveness

Labor market risk, redistributive demand and parties' social policy supply: Not all outsiders are created equal

Abstract. This chapter investigates the role played by labor market risk in shaping individual social policy preferences and political orientations. Do outsiders in the labor market, which are insecure about their future income, express a higher redistributive demand than their insider counterparts do? Does their marginalization in the labor market translate into political disenchantment? When they take part in national elections, do they vote for the same political parties supported by individuals experiencing better labor market conditions? This paper tries to answer these questions combining individual level data from the European Social Surveys for 23 OECD countries with party level information from the Comparative Manifesto Project Database. In particular, beside the commonly used discrete choice models, the empirical analysis adopts instrumental variables and matching statistical techniques to test the robustness of the main findings. The results confirm that labor market status is a strong determinant of individual redistributive and political preferences. Moreover, they suggest that future research should overcome the simple notion of dualization between insiders and outsiders, emphasizing the differences between temporary workers and unemployed individuals. Indeed, temporary workers proved to be clearly distinguished from labor market insiders by their stronger support for redistributive policies and by their more pro-left and pro-welfare lining political preferences. However, they appear to be more integrated in the political process than unemployed individuals are. Moreover, their stronger support for left and pro-welfare parties seems not to be combined with more pronounced non-corporatist attitudes.

Introduction

Once sketched the general theoretical background of this dissertation (Cfr. Chapter I), Chapter II begins the theoretical and empirical journey along the ideal chain of responsiveness from voters' redistributive preferences to actual social policy outcomes. Indeed, this chapter focuses on the AB bond of this ideal chain (Cfr. Chapter I, Figure

1.3) in the attempt to verify whether and to what extent the economic conditions individuals experience in their everyday life, which are largely given by the positions they occupy in the labor market, determine their social policy preferences and political orientations.

Decades of research demonstrated that redistributive policies have two natural constituencies: the disadvantaged and the insecure. On the one hand, low-income citizens are more likely to favor redistributive policies because they seek to protect themselves against poverty and economic dislocation (Esping-Andersen, 1990; Huber & Stephens, 2001; Korpi, 1983). On the other hand, individuals facing higher levels of labor market insecurity are expected to demand social insurance programs to shelter themselves from future income losses and unpredictable non-discretionary expenditures, no matter their current income (Iversen & Soskice, 2001; Cusack *et al.*, 2006; Rehm, 2009, 2011a; Marx, 2014). Of course, these two groups of potential welfare state supporters are not inherently distinct. In some countries, the disadvantaged and the insecure are more or less the same individuals; while in others the two groups overlap much less (Rehm *et al.*, 2012).

However, once proved that insecure workers tend to be more inclined to endorse redistributive policies than those with better labor market conditions are, further questions arise. Does the stronger redistributive demand expressed by insecure workers translate into patterns of partisan support? Specifically, does their marginalization in the labor market turn into political disenchantment? Vive-versa, if insecure workers decide to take part in national elections, do they support political parties supplying social policy promises consistent with their redistributive preferences? Do they feel closer to the same political parties chosen by individuals experiencing better labor market conditions?

So far, scholars failed to formulate any firm prediction regarding these questions. Indeed, as better detailed in the following section, classic studies denounced that labor market disadvantage, particularly unemployment, alienate people from the political process, inducing them to abstain in national elections (Pateman, 1970; Jahoda *et al.*, 1972; Schlozman & Verba, 1979; Rosenstone, 1982; Sobel, 1993; Rosenstone & Hansen, 1993; Verba *et al.*, 1995; Greenberg *et al.*, 1996; Schur, 2003; Gallego, 2007; Adman, 2008).

Vice-versa, according to two important streams of literature, namely "Partisan Theory" (PT) and "Power Resource Theory" (PRT), the redistributive demand expressed by

insecure workers make them more inclined to lean toward left parties, which have historically been the advocates of the working class (Hibbs, 1977, 1992; Korpi, 1983; Korpi & Palme, 2003).

More recently, however, scholars suggested that, since the 1970s, the segmentation of labor into standard dependent workers holding open-ended contracts (the so-called "insiders"), atypical workers with temporary contracts and unemployed people actively searching for job (the so-called "outsiders") changed the social constituency of left parties. In detail, left parties are described as the advocates of the insiders only. Accordingly, scholars hypothesized that insecure workers are likely to abandon left parties, feeling their interests to be neglected by the them (See, *inter alia*, Rueda, 2005, 2006, 2007).

While the starting point of this theoretical approach, namely the left parties' inability to represent outsiders' interests, seems promising, the final outcomes on political behavior of labor market insecurity is still unclear. Precisely, if insecure workers are no more expected to endorse left parties, to which parties are they going to feel closer to?

To my knowledge, the causal mechanism linking insecure employment, redistributive demand and individual political orientations has been the object of only one comparative empirical analysis, recently published by Paul Marx (2014). In particular, analyzing individual level data collected in 15 European countries from 2007 to 2011, the author proved that dependent workers holding temporary contracts are more likely to favor redistributive policies than their permanent counterparts are. Moreover, his empirical analysis revealed that these preferences concerning redistributive policies translate into patterns of partisan support. Holding a temporary contract, indeed, positively correlates with a stronger support for the new-left, namely for green and other left-libertarian parties. This remarkable finding is partially explained by the difficulties experienced by traditional left parties in integrating temporary workers and by the new-left's capability to combine the advantages of pro-welfare parties with a more "outsider-friendly" stances in social policy design (Hausermann, 2010; Marx & Picot, 2013). However, as suggested by the author himself (Marx, 2014), the relationship among temporary employment, redistributive demand and individual party preferences deserves greater attention.

Following this suggestion, chapter II contributes to the existing literature on redistributive and party preferences as follows. As first, it analyzes the effect of exposure to labor market

risk on redistributive demand and political preferences by making a distinction among six labor market statuses. In particular, I subdivide the main explanatory variable in the following categories: 1. self-employed with employees; 2. free-lancer (self-employed without employees); 3. dependent worker holding an open ended contract; 4. dependent worker holding a temporary contract; 5. unemployed actively searching for job and 6. inactive. The operationalization of the main explanatory variable in these six categories allows to verify whether or not the composite group of the outsiders in the labor market, which includes temporary workers and unemployed individuals actively searching for a job (Rueda, 2005, 2006), express distinct social policy and political preferences from individuals with better labor market integration.

As second, the analysis here provided relates individuals' labor market statuses and redistributive preferences to political parties' social policy supply as expressed in their electoral manifestos (MARPOR, 2014). Specifically, to my knowledge, the available studies (Emmenegger, 2009; Lindvall & Rueda, 2012; Marx & Picot, 2013; Marx, 2014) operationalized individual political preferences by classifying the political party to which respondent feels closer to by its party family. However, this classification may lead to confounding results. Indeed, the actual social policy proposals supplied by an individual party at the election time may differ from the ones supported by another party belonging to the same party family (e.g., the social-democratic or the conservative ones). Analogously, under the pressure of economic and social transformations, social policy proposals endorsed by a political party may change over time, even if this party keeps its name and continues to belong to the same party family. For this reason, I explore the linkage between labor market status and individual political preferences building three continuous dependent variables based on parties' actual social policy supplies. As better explained later, I recoded the political party to which respondent feels closer to with the scores totalized by the same party on three dimensions in the Comparative Manifesto Project Database (CMP; MARPOR, 2014), namely the general right-left (RILE) index and the amount of favorable mentions on welfare state expansion and corporatism.

Chapter II is structured as follows. The first section critically reviews the existing contributions linking exposure to labor market risk, redistributive demand and individual party preferences. The second section presents the research design: specifically, it introduces the dataset, it discusses the criteria determining case studies' selection and it

provides a brief description of dependent and independent variables. Then, I develop the empirical analysis in three steps. As first, I test whether labor market status affects individual social policy preferences. As second, I verify whether it is a determinant of individual involvement in the political process. As third, I analyze its impact on individual party preferences. The fourth section takes into account the major limitation of the available data, namely their observational nature, and uses two additional approaches (i.e. matching and instrumental variables statistical techniques) to obtain consistent estimates even in presence of omitted relevant explanatory variables, measurement errors and self-selection into treatment. The last section summarizes the main findings and indicates paths for future research.

2.1 The debate on labor market status, redistributive demand and political preferences

Does exposure to labor market risk affect individual social policy preferences and political behavior? Despite the considerable attention devoted to this question, political scientists and political economists failed to reach firm conclusions.

Empirical studies demonstrated that individuals facing high levels of labor market insecurity are more likely to support redistributive policies than individuals experiencing better labor market conditions are. These individuals, indeed, feel uncertain about their future income and tend to demand increasing redistribution and social protection as insurances against future income losses, no matter their level of education and current income (Iversen & Soskice, 2001; Cusack *et al.*, 2006; Rehm, 2009, 2011a; Marx, 2014).

However, once proved the positive relationship between labor market disadvantage and support for redistribution, a further question arises. Does this stronger redistributive demand translate into patterns of partisan support? Literature formulated competing hypotheses regarding this issue.

On the one hand, political scientists and sociologists identified sociological and psychological mechanisms able to alienate individuals experiencing labor market disadvantages from the political process (Jahoda *et al.*, 1972; Schlozman & Verba, 1979; Rosenstone, 1982; Rosenstone & Hansen, 1993; Verba *et al.*, 1995). In particular, classics

studies highlighted two possible mechanisms. As first, unemployment and precarious labor market conditions may lower workers' self-esteem and sense of self-mastery, which, in turn, may lead people to feel incompetent about politics (Pateman, 1970; Sobel, 1993; Verba *et al.*, 1995; Greenberg *et al.*, 1996; Schur, 2003; Adman, 2008). As second, individuals experiencing labor market failures tend to be so afraid by everyday job-related concerns that they do not have additional time and cognitive resources to devote to political participation (Rosenstone, 1982; Gallego, 2007). The expected outcome of these two psychological and sociological mechanisms is the same: individuals facing high levels of labor market risk are more likely to abstain in national elections than those experiencing better labor market integration are.

On the other hand, since the 1970s, "Partisan Theory" (PT) and "Power Resource Theory" (PRT) postulated that individuals exposed to high levels of labor marker insecurity are more likely to vote for traditional left parties than other people. This hypothesis is grounded on the underlying idea that labor market disadvantages experienced by people in their everyday life shape their social policy preferences, making them more inclined to support redistribution. Accordingly, these individuals are expected to follow their instrumental rationality voting for left parties, which, in turns, are more likely to pursue welfare state expansion than right ones (Hibbs, 1977, 1992; Korpi, 1983; Cusack *et al.*, 2006).

However, more recently, the insider-outsider literature (Saint-Paul, 1996; Lindbeck & Snower, 2001; Rueda, 2005, 2006, 2007) reframed the stylized argument at the basis of PT and PRT to take into account socio-economic transformations in post-industrial labor market. During the 1980s and the 1990s, indeed, production changes, international competitiveness and the entrance of a large number of women in the labor force resulted in a generalized need to compensate employers for the rigidity of permanent workers with an additional tier of flexible jobs. The political power answered to this need by adopting marginal contractual reforms. In particular, it introduced temporary contractual forms to be applied only to new entrants in the labor market and not to incumbent workers (Bentolila & Bertola, 1990; Barbieri & Scherer, 2009). In this context, employment risk and insecurity shifted from the working-class as a whole to the segment of new temporary workers (Lazear, 1990; Bertola, 1999; Esping-Andersen & Regini, 2000; Breen, 2005; Allard & Lindert, 2006; Kahn, 2007; Berton & Garibaldi, 2012), establishing the divide

between the so-called "insiders" and "outsiders" in the labor market (Saint-Paul, 1996). The first category encompasses dependent workers with open-ended contracts; the second one comprises individuals hired under temporary contracts and unemployed people actively searching for job.

Rueda (2005, 2006, 2007) argued that this segmentation of labor into insiders and outsiders changed the electoral constituency of left parties. Specifically, left parties tend to neglect the interests of the working class as a whole, becoming the advocates of the insiders only. Accordingly, he predicted that outsiders should be less likely to side for traditional left parties than individuals with better labor market conditions because they know their interests will be neglected by these parties.

Whereas the *pars destruens* of the insider-outsider literature seems to be clear, it is not the same for the *pars construens* (Marx, 2014). Precisely, if individuals experiencing high levels of labor market risk are no more expected to endorse traditional left parties, which parties are they going to support? Rueda suggested that they could support liberal or conservative parties, seen as capable to remove employment barriers through deregulatory stances (Rueda, 2005, 2006, 2007). Alternatively, the same author stated that they could lean toward anti-system parties, seen as a way to protest against a political system unable to represent their interests (King & Rueda, 2008; Lindvall and Rueda, 2014). Otherwise, he embraced the idea formulated by the first stream of literature previous recalled, stating that outsiders' labor market marginalization could translate into political disenchantments, inducing these individuals to abstain from voting (Häusermann & Schwander, 2012; Lindvall & Rueda, 2014).

Recently, two single-country case studies respectively focused on Germany (Marx & Picot, 2013) and the Netherlands (Emmenegger *et al.*, 2015) and a comparative analysis (Marx, 2014) put forward another hypothesis concerning the relationship between exposure to labor market risk and individual political behavior. In particular, these studies suggested that labor market outsiders, especially temporary workers, are more likely to support the new-left than insiders are. Indeed, green and left-libertarian parties should be more attractive for temporary workers because they share with traditional left parties similar policy positions regarding the economic dimension (Müller-Rommel, 1985; Kitschelt, 1988; Dalton, 2009), but are less biased toward the interests of trade unions (Hausermann, 2010; Marx & Picot, 2013) than traditional left parties are. Moreover, they

have come to embrace post-material values as well as environmental concerns, which could be appealing for temporary workers, usually clustered in the younger segments of the population.

In conclusion, this literature review proved that we are confronted with a multitude of plausible causal mechanisms linking exposure to labor market risk, preferences toward redistribution and political behavior. Theories sketched so far underlined both the role played by psychological and sociological mechanisms in pushing individuals outside the political arena and the action of instrumental rationality, according to which individuals choose the party offering the nearest policy option to their preferred policy outcome. However, all these perspectives failed to provide coherent theoretical predictions.

Given this lack of knowledge, I decided to test the robustness of the available competing hypotheses. As better explained in the next section, I will verify whether exposure to labor market risk affects individual attitudes toward redistribution and the political process by devoting considerable attention to the operationalization of the main dependent and independent variables.

2.2   Data description and case selection

The empirical analysis is performed on two merged data-sources. The first one provides comparative information on individual employment status and political behavior; the second one contains quantitative content analyses of political parties' electoral programs.

The first information set is composed by the last three pooled waves of the European Social Survey (ESS), conducted in the years 2008, 2010 and 2012. This academically driven survey is performed every two years since 2001 across more than thirty European countries. Unfortunately, this survey has a cross-sectional structure, which means that each individual is interviewed only once in time. The absence of the temporal dimension is a huge limitation: indeed, it makes it hard to find out causal mechanisms, not allowing researchers to measure individual behavior in its temporal evolution[i].

The second information set, instead, is drawn from the CMP dataset, which performs quantitative content analyses of parties' electoral programs in more than fifty countries since 1945 (MARPOR, 2014).

The case-studies' selection has been driven by the following criteria. Firstly, the empirical analysis has been restricted to OECD countries to improve comparability. Then, following Marx (2014), I verified that all the selected countries reported an absolute number of actually observed temporary contracts in the total workforce equals or higher than 5%[ii]. Lastly, I dropped countries having an excessive amount of missing values for the variables of interests. The final sample consists of 119,167 individuals from 23 OECD countries, namely Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and United Kingdom[iii].

Appendix Table 2.1 lists all the variables that will be used in this study, their operationalization and descriptive statistics. The operationalization seems straightforward for the large majority of them. However, it could be useful to briefly describe the most important ones.

The empirical analysis will be performed using five dependent variables.

Individual preferences for redistribution are measured by levels of agreement on a five-point scale to the statement: "The government should reduce differences in income levels", in which 1 means strong disagreement and 5 strong agreement (ESS variable gincdif, recoded).

Individual attitudes toward the political process are measured through a categorical dependent variable, which combines the information provided by two items in the ESS. The first item, called "vote", is a dummy variable equal to 1 if respondent confirmed to have participated in the last national elections, 0 otherwise. The second item, named "clsprty", is a dummy variable equal to 1 if he/she declared to feel close to any political party, 0 otherwise. Table 2.1 displays the possible combinations of these two items and their labels.

The categorical dependent variable measuring individual attitudes toward the political process takes three values. It is equal to "Non-voter" if the respondent declared to have abstained in the last national elections and not to feel close to any political party. It corresponds to "Non-partisan voter" if he/she stated to have voted in the last national elections, but not to feel close to any political party. Respondents that maintained to have voted in the last national elections and to feel close to a political party are coded as

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"Partisan voters". Finally, there is also a limited amount of individuals[iv] that declared to feel close to a political party, but not to have voted (cfr. "Partisan non-voter" in Table 1). These individuals are usually young, suggesting that maybe at the election time in their countries they might not have had the right to vote. Taking into account their limited occurrence in the final sample and not willing to lose the information concerning the name of the political party to which they declared to feel closer to, I decided to add these individuals to the group of "Partisan voters".

Table 2.1: Measuring individual attitudes toward the political process

		Do you feel close to any political party?	
		Yes	**No**
Did you take part in the last	**Yes**	Partisan voter	Non-partisan voter
national elections?	**No**	Partisan non-voter	Non-voter

Once established whether respondent took part or not to the last national elections, I analyzed the linkage between his/her labor market status and the actual social policy promises made by the political parties to which respondent declared to feel closer to. To my best knowledge, this is the first analysis adopting this operationalization. Indeed, all the available studies (Emmenegger, 2009; Lindvall & Rueda, 2012; Marx & Picot, 2013; Marx, 2014) recoded the political party to which respondent feels closer to by its party family.

As anticipated, indeed, I argue that classifying parties according to their ideological family may lead to confounding results. Parties may still have the same names as thirty or forty years ago, but, under the pressure of economic and social transformations, they may have changed their positioning over the left-right spectrum and, thus, their policy preferences. The assumption that parties classified as belonging to the conservative family would systematically aim at dismantling the welfare state, while parties classified as social democratic would defend the welfare state may no longer be true (Häusermann *et al.* 2012).

For these reasons, I built three continuous variables based on parties' actual social policy supply as coded by the CMP dataset. In particular, I recoded the political party to which each respondent feels closer to (ESS variable clsprty[v]) with the scores totalized by the same party in three dimensions (MARPOR 2014). These three dimensions are the general

RILE index and the percentages of favorable mentions on welfare state expansion and corporatism in parties' electoral manifestos.

The general RILE ideological index provided by the CMP dataset (CMP variable RILE) is calculated by summing up the relative frequencies of thirteen right categories and subtracting the relative frequencies of thirteen left categories (Laver & Budge, 1992). The theoretical range of this scale is −100 (extreme left) to +100 (extreme right), although in practice all RILE scores are comprises between -74 and +90[vi]. Although a lively debate has arisen over both the coding scheme and the measure of the RILE position derived from it (see, for example, *Electoral Studies* 26 (1), 2007), it has yet to be demonstrated that any other approach yields clearly superior party position estimates (Warwick, 2011: 1679).

The dimension called "welfare" is equal to the sum of two distinct categories, specifically Equality Positive (CMP variable per503) and Welfare State Expansion (CMP variable per504). The first category is equal to the percentage of favorable mentions regarding the wide concept of social justice and the need for fair treatment of all people. The second category is equal to the percentage of favorable mentions regarding the need to introduce, maintain or expand any public social service or social security scheme. The theoretical range of this variable is 0, meaning that there are no quasi-sentences concerning welfare state expansion in the whole electoral program of the selected political party, to +100, meaning that the whole electoral program is devoted to this topic. In practice, however, the highest percentage ever registered for this variable is 70.

Finally, the category "corporatism" (CMP variable per405) is equal to the percentage of favorable mentions regarding cooperation among government, employers and trade unions simultaneously. As before, the theoretical range for this variable is 0-100, but political parties use to devote to this argument less than 10% of their electoral manifestos.

Concerning the main explanatory variable, labor market status, I generated six dummy variables, referring to the following categories: 1. self-employed with employees; 2. free-lancer (self-employed without employees); 3. dependent worker holding an open ended contract; 4. dependent worker holding a temporary contract; 5. unemployed actively searching for a job and 6. inactive. Being interested in labor market exclusion, I set the arguably most integrated group, dependent worker with an open-ended contract, as the reference category (Marx & Picot, 2013)

According to my re-codification, belongs to the first category an individual that is 15 and over (16 in Norway) years old (ESS variable egea); that declared to be self employed (ESS variable emplrel) with at least one dependent worker (ESS variable emplno)[vii]. Similarly, belongs to the second category an individual that is 15 and over (16 in Norway) years old and that declared to be self employed without dependent workers[viii].

Moving from independent to dependent workers, is part of to the third category an individual that is 15 and over (16 in Norway) years old and that declared to be an employee (ESS variable emplrel) with an open ended contract (ESS variable wrkctra)[ix]. Similarly, falls into the fourth category an individual that is 15 and over (16 in Norway) years old and that declared to be an employee with a temporary contract[x].

Referring to unemployed people, is a component of this fifth category every individual that is 15 and over (16 in Norway) years old and that declared to be unemployed actively searching for a job in the reference week (ESS variable uempla).

Finally, a person is economically inactive if he/she is not part of the labor force. Inactive individuals are defined as a residual category, including students, disables, pensioners, housewives or -men, provided that they are not working at all and not available or looking for work either (ESS variables edctn, dsbld, rtrd, uempli).

All models include a set of conventional control variables: age, gender, citizenship, educational level, household income, church attendance, trade union membership, public sector employment and post materialistic values. Country and year dummies are included in all models (See Appendix Table 2.1 for descriptive statistics).

2.3 Exploring the relationships between labor market status, individual attitudes toward redistribution and parties' social policy supplies

The analysis develops in three steps. As first, it tests whether labor market status has an impact on individual attitudes toward redistributive policies. Then, it investigates whether the same affects the individual likelihood to vote in the last national elections. Lastly, once established whether respondent took part or not to the political process, it verifies whether or not labor market status shapes individual party preferences, operationalized as the actual social policy promises made by political parties in their electoral manifestos.

Table 2.2: Individual attitudes toward redistribution

	M_1
Labor market status:	
Standard worker (reference category)	
Self-employed	-0.359***
	(0.0755)
Freelancer	-0.113**
	(0.0417)
Temporary worker	0.152***
	(0.0414)
Unemployed	0.119**
	(0.0423)
Inactive	0.0242
	(0.0664)
Age	0.0247***
	(0.00613)
Age^2	-0.000223***
	(0.0000499)
Education:	
Low education (reference category)	
Medium education	-0.0343
	(0.0475)
High education	-0.380***
	(0.0826)
Female	0.167***
	(0.0170)
Migrant	0.0374
	(0.0425)
Church attendance	-0.105
	(0.0584)
Union member	0.271***
	(0.0502)
Public sector	0.0891**
	(0.0280)
Income	-0.0837***
	(0.0162)
N	90833
Pseudo R^2	0.043

Notes: The models are ordered logistic regressions. The independent variables concerning labour market status are defined using the less restrictive definitions. Country and year dummies included in all models. Robust standard errors in parentheses. Population size and design weights applied. * $p<0.05$, ** $p<0.01$, *** $p<0.001$

As better explained in section 2.2, individual preferences toward redistribution are operationalized through an ordinal dependent variable that reports respondent's agreement to the statement: "The government should reduce differences in income levels". It ranges from 1 (strong disagreement) to 5 (strong agreement). Taking into account the nature of this dependent variable, I opted for the ordered logistic model specification. Results are reported in Table 2.2.

Model M_1 clearly confirms the expectation derived from literature that outsiders in the labor market are more likely to favor redistributive policies than insiders are. Specifically, looking at the estimated coefficients of the five dummy variables referring to labor market status, self-employed and free-lancers individuals are less likely to support redistributive policies than dependent workers with open ended contracts; whereas dependent workers with temporary contracts and unemployed people are more likely to endorse redistribution than their permanent counterparts. Lastly, individual preferences toward redistribution expressed by inactive people are not statistically different from those expressed by dependent workers hired with open-ended contracts. Control variables behave as expected: in particular, women, trade union members and individuals working in the public sector are more likely to endorse redistribution and social protection; rich and educated people are less likely to do the same[xi].

Once empirically demonstrated that the working status affects individual preferences toward redistributive policies, I move to the second step of this analysis. Specifically, I intend to verify whether labor market status has an impact on individual attitudes toward the political process.

Following Marx and Picot (2013), individual attitudes toward the political process are measured through a categorical dependent variable, taking three values: "Non-voter", "Non-partisan voter" and "Partisan voter" (Cfr. Table 2.1). Taking into account the nature of this dependent variable, I opted for the multinomial logistic model specification. Table 2.3 reports the average marginal effects because standard coefficients of multinomial logistic regressions are not easy to be interpreted in a straightforward way.

This table shows the average effect over all respondents of a discrete (for a dummy variable) or marginal (for a continuous one) change in an independent variable on the probability to be a "Non-voter", a "Non-partisan voter" or a "Partisan voter". Therefore, for the main explanatory variables referring to labor market status, the indicated effects report the change in probability to be a "Non-voter", a "Non-partisan voter" or a "Partisan voter" if the respondent is, for example, a dependent worker hired with a temporary contract rather than a dependent worker hired with an open-ended contract.

Table 2.3: Individual attitudes toward the political process

	Non-voter	Non-partisan voter	Partisan voter
Labor market status:			
Standard worker (ref.)			
Self-employed	-0.0278**	-0.0194	0.0471*
	(0.0106)	(0.0105)	(0.0190)
Freelancer	-0.0257***	-0.0142	0.0398***
	(0.00592)	(0.00790)	(0.0116)
Temporary worker	-0.00680	-0.00276	0.00955
	(0.00388)	(0.00659)	(0.00526)
Unemployed	0.0334**	-0.0359*	0.00250
	(0.0121)	(0.0151)	(0.0155)
Inactive	0.000495	-0.0718***	0.0713**
	(0.0151)	(0.0154)	(0.0252)
Age	-0.00627***	0.00936***	-0.00310
	(0.00163)	(0.00178)	(0.00167)
Age^2	0.0000347*	-0.000101***	0.0000667***
	(0.0000166)	(0.0000170)	(0.0000180)
Education:			
Low education (ref.)			
Medium education	-0.0292***	0.0179*	0.0113
	(0.00834)	(0.00766)	(0.0103)
High education	-0.0819***	-0.00802	0.0900***
	(0.00942)	(0.00702)	(0.0130)
Female	0.0224***	0.0580***	-0.0803***
	(0.00321)	(0.00389)	(0.00589)
Migrant	0.0823***	-0.107***	0.0252
	(0.0146)	(0.0274)	(0.0242)
Church attendance	-0.0250	-0.00872	0.0337
	(0.0163)	(0.0102)	(0.0210)
Union member	-0.0181	-0.0266	0.0447
	(0.0103)	(0.0163)	(0.0231)
Public sector	-0.0314***	-0.00306	0.0345***
	(0.00328)	(0.00717)	(0.00752)
Income	-0.0105***	-0.00210	0.0126***
	(0.00148)	(0.00128)	(0.00223)
N	86584	86584	86584
Pseudo R^2	0.069	0.069	0.069

Notes: The models are multinomial logistic regressions (average marginal effects). The independent variables concerning labor market status are defined using the less restrictive definitions. Country and year dummies included in all models. For dummy variables, the indicated effects report the change in probability to be a non-voter, a non-partisan voter or a partisan voter if the condition applies as opposed to the base category. For continuous variables the reported effects are based on a marginal change in the variable. Robust standard errors in parentheses. Population size and design weights applied. * $p<0.05$, ** $p<0.01$, *** $p<0.001$

Findings suggest that self-employed and freelancer individuals are less likely to abstain in national elections and are expected to be more involved in the political process than standard workers do. Conversely, unemployed individuals have a higher probability to be

marginalized in the political process than standard workers do. These findings are consistent with theories underlying how individual failure in the labor market could activate psychological and sociological mechanisms able push individuals outside the political arena (Cfr. Section 2.1).

More significantly, these findings prove that temporary workers do not share with unemployed individuals the tendency to abstain in national elections, behaving exactly as their permanents counterparts.

This result is quite interesting. Indeed, it raises doubts on the main argument at the basis of the insider-outsider literature, showing that the two main constituencies of the composite group of the outsiders do not share the same attitudes toward the political process, even if they share the same social policy preferences. In particular, unemployment seems to have a stronger negative impact on individual political behavior than temporary employment, making the affected individuals more likely to be alienated from the political process.

Finally, inactive people are more likely to vote in national elections than standard workers do. Control variables behave as expected. Rich and educated people are expected to be more involved in the political process than poor and less educated ones. Women and migrants tend to abstain more than men and individuals born in the respective countries do. Public sector employees tend to be more engaged in the political process than individuals working in the private sector[xii].

Once proved that temporary workers and unemployed individuals do not share the same attitudes toward the political process, I verify whether they express similar political preferences when they decide to take part in national elections. Put it simply, the last stage of this empirical analysis will test whether or not respondent's labor market status affects his/her party identification.

As detailed before (Cfr. Section 2.2), I adopted a new operationalization for individual party preferences. Specifically, rather than recoding individual political preferences by classifying the political party to which respondent feels closer to by its party family, I generated three continuous dependent variables based on parties' actual social policy supply on three dimensions (CMP variables RILE, welfare, per405).

Table 2.4: Individual preferences toward political parties

	$RILE_1$	$RILE_2$	$Welfare_1$	$Welfare_2$	$Corporatism_1$	$Corporatism_2$
Labor:						
Stand. (ref.)						
Self-empl.	3.729**	3.939***	-1.357***	-1.402***	-0.123*	-0.123*
	(1.005)	(0.886)	(0.235)	(0.229)	(0.0515)	(0.0502)
Freelancer	0.888	0.926	-0.337	-0.361	-0.0858*	-0.0874*
	(0.490)	(0.451)	(0.240)	(0.222)	(0.0390)	(0.0388)
Temp. w.	-0.893*	-0.946*	0.413*	0.407*	-0.0115	-0.0104
	(0.427)	(0.434)	(0.160)	(0.154)	(0.00908)	(0.00932)
Unemployed	-2.317*	-2.202*	0.576**	0.566**	0.0113	0.0101
	(0.992)	(0.859)	(0.166)	(0.174)	(0.0147)	(0.0167)
Inactive	-0.167	-0.401	0.0533	0.130	-0.0374	-0.0351
	(0.387)	(0.349)	(0.141)	(0.136)	(0.0253)	(0.0219)
Age	-0.115***	-0.0862***	0.0524***	0.0432***	0.00645*	0.00656*
	(0.0238)	(0.0169)	(0.0121)	(0.00913)	(0.00303)	(0.00275)
Age^2	0.00154***	0.00113***	-0.001***	-0.001***	-0.0000579	-0.0000566*
	(0.000226)	(0.000198)	(0.000159)	(0.000130)	(0.0000282)	(0.0000247)
Education:						
Low (ref.)						
Medium ed.	0.0990	0.425	-0.193	-0.280*	-0.00893	-0.0107
	(0.330)	(0.325)	(0.128)	(0.134)	(0.0123)	(0.0138)
High ed.	-0.553	-0.0264	-0.0910	-0.230	-0.0291*	-0.0341*
	(0.610)	(0.562)	(0.167)	(0.157)	(0.0134)	(0.0143)
Female	-0.157	0.222	0.134	0.0272	0.0106*	0.00699*
	(0.216)	(0.218)	(0.0899)	(0.0707)	(0.00407)	(0.00328)
Migrant	-2.428*	-2.877**	0.677	0.785*	0.0568**	0.0648**
	(0.955)	(0.913)	(0.329)	(0.293)	(0.0180)	(0.0192)
Church att.	1.479**	1.238***	-0.638	-0.583	-0.0321	-0.0294
	(0.392)	(0.326)	(0.319)	(0.318)	(0.0175)	(0.0153)
Union m.	-2.354***	-2.306***	1.033**	1.004**	0.0307	0.0300
	(0.336)	(0.354)	(0.323)	(0.328)	(0.0205)	(0.0208)
Public sector	-2.068***	-1.950***	0.533***	0.503***	0.0222	0.0198
	(0.480)	(0.464)	(0.128)	(0.132)	(0.0283)	(0.0262)
Income	0.444***	0.449***	-0.106**	-0.113**	-0.00758**	-0.00819***
	(0.0502)	(0.0416)	(0.0318)	(0.0306)	(0.00205)	(0.00203)
Gay rights		-1.553***		0.426***		0.0217
		(0.272)		(0.108)		(0.0118)
Environment		-0.572***		0.177		-0.00109
		(0.149)		(0.0880)		(0.00536)
N	42608	41232	42608	41232	42608	41232
R^2	0.299	0.310	0.403	0.400	0.153	0.153

Notes: The models are OLS regressions. The independent variables concerning labor market status are defined using the less restrictive definitions. Country and year dummies included in all models. Robust standard errors in parentheses. Population size and design weights applied. * $p<0.05$, ** $p<0.01$, *** $p<0.001$

I estimated two model specifications for each dependent variable: the first one, labelled with the number 1, includes the main independent variable referring to labor market status and the usual control variables; the second one, labelled with the number 2, adds two

attitudinal measures serving as proxies for libertarian and post-materialist values. These additional controls report respondent's agreement with the statement "Gay men and lesbians should be free to live their own life as they wish" and the importance attributed by him/her to the environment (ESS variables freehms and impenv). They are embedded in the model specification to explain away a potential spurious correlation between being an outsider in the labor market and being a new-left's supporter (Marx, 2014). Estimated coefficients are reported in Table 2.4.

Results suggest that self-employers tend to support political parties embracing more right ideological positions than the ones endorsed by dependent workers hired with open-ended contracts. Conversely, temporary workers and unemployed people are expected to favor political parties located at the ideological left than the parties supported by their permanent counterparts. Moreover, the magnitude of the estimated coefficients highlights that this shift toward the ideological left is more pronounced among unemployed individuals than among temporary workers. Freelancer and inactive people's party preferences, instead, are not statically different from those of standard dependent workers.

Is it possible to explain these heterogeneous party preferences on the RILE ideological scale by parties' actual social policy supplies? Do the salience attributed by political parties to welfare state expansion and their propensity to cooperate with trade unions help us to understand individual political behavior? The last four models of Table 2.4 give partial answers.

Parties' attitudes toward welfare state expansion proves to be relevant: in particular, self-employers are expected to support political parties devolving to welfare state expansion less space in their electoral manifestos than the parties supported by standard workers do. On the contrary, temporary workers are once again pooled with unemployed people by their tendency to favor political parties more focused on this issue in their electoral programs. As before, the magnitude of the estimated coefficients underline that this attitude is more pronounced among unemployed individuals than among temporary workers[xiii]. Party preferences expressed by freelancer and inactive individuals, instead, are not statically different from those of standard dependent workers.

Conversely, parties' declared propensity to cooperate with trade unions proves to be relevant only for self-employed and free-lancer individuals: in particular, these two categories are less likely to support political parties devolving to this issue considerable space in their electoral manifestos. Adopting this dependent variable, however, temporary workers and unemployed people do not show statistically significant differences from standard workers in their party preferences. Assuming that the measure provided by the CMP (MARPOR 2014) is a good proxy of political parties' proximity to trade unions, this finding is significant because it raises doubts on the main argument behind the stronger support of outsiders toward green and left-libertarians parties (Hausermann, 2010; Marx & Picot, 2013; Marx, 2014). Indeed, these parties have been described as more attractive for individual exposed to labor market risk because they share with traditional left parties similar policy positions regarding the economic dimension, but are less biased toward the interests of trade unions than traditional left parties are (Cfr. Section 2.1). Substituting to the party's name the position occupied by the same party in the policy issue at stake, namely corporatism, this supposed pattern is not confirmed, asking for a more detailed analysis[xiv].

2.4   Testing the robustness of the findings through matching and instrumental variable statistical techniques

The empirical analysis presented above is based on observational data. The major limitation of this kind of data is that the researcher does not randomly assign the treatment, but individuals in the sample self-select themselves into treatment. It means that they might have opted for one among the six labor market statuses previously listed. For instance, individuals might have chosen to become self-employers by starting private enterprises with dependent workers or freelancers by selling their work or services. Otherwise, they might have signed open-ended contracts, becoming standard workers, or fixed-term ones, siding with temporary workers. Instead, they might have preferred not to accept any job offer, remaining unemployed. Finally, people might have enough economic resources to stay inactive, out of the labor market. Reasons behind these different choices are partially unknown. They could have been influenced by costs and benefits associated to the treatment (e.g. the amount of time needed to accomplish the bureaucratic procedures to start a new enterprise for a self-employer or the amount of

salary for a dependent worker), or by individual observables characteristics (e.g. education level, skill specificity) and unobservable traits (above all, innate ability).

In this section, I will test the robustness of the previous findings, as first, pre-processing the data through the "Coarsened Exact Matching[xv]" (CEM) (Iacus *et. al.* 2007, 2009, 2011a, 2011b), as second, adopting the instrumental variables approach. The first method addresses the problem of self -selection into treatment due to observables characteristics; the second technique helps to deal with individual unobservable traits.

2.4.1   *Testing the robustness of the previous findings through the Coarsened Exact Matching*

The "Coarsened Exact Matching" (CEM) is an algorithm to pre-process the data so that the estimation of the sample average treatment effect on the treated (SATT) based on the matched dataset will be less model dependent than the one based on the original full dataset. The basic idea of this technique is to drop observations from the original dataset so that the empirical distributions of the covariates in the treated and control groups are similar. When observations are exactly balanced (i.e. when the empirical distribution of the covariates between the treated and the control groups is identical), the simple difference in means between the outcome in the treated and control groups provides a fully nonparametric estimator of the SATT. Vice-versa, when the treated and control groups do not exactly match, it is possible to adjust for the remaining imbalance applying the same statistical model that would have been used without matching, with the benefit of having a lower risk of model dependence (Ho *et al.* 2007). The result is typically less model dependence, lower bias and increased efficiency.

To check if the patterns identified above hold, I conceptualized the five dummy variables referring to different labor market statuses embedded in the previous models (i.e. self-employer, freelancer, temporary worker, unemployed and inactive) as five distinct treatments. The aim of this analysis is to estimate the SATT of each of these five treatments on the same five outcomes used before, namely individuals' attitudes toward redistributive policies (Cfr. Table 2.5, column "Redistribution"), their degree of involvement in the political process (Cfr. Table 2.5, columns "Non-voter", "Non-partisan voter" and "Partisan voter") and their party preferences (Cfr. Table 2.5, columns "RILE", "Welfare" and "Corporatism").

Because labor market statuses have not been assigned randomly, I controlled for a set of pretreatment variables by the CEM algorithm. These pretreatment variables include respondent's age (ESS variable agea), level of education (ESS edulvla, edulvlb, recoded), gender (ESS variable gndr), citizenship (ESS variable brncntr), children (ESS variable chldhm) and parental levels of education (ESS variables eiscedm and eiscedf). All of them are dummy variables, with the exception of the ordinal variables referring to the age and to educational levels. As suggested by the authors of CEM, I set the coarsening for each of these variable such that substantively indistinguishable values are grouped and assigned the same numerical value (Blackwell *et. al.*, 2009). Particularly, I recoded age by using standard labor force classes and education by using ISCED levels (Cfr. Appendix Table 2.1).

Appendix Table 2.5 provides, for each of the five labor market statuses, the initial number of treated and controls units, the number of treated units matched with control units after running CEM and the $\mathcal{L}_1$ statistic, which is a comprehensive measure of global imbalance ranging from 0 (perfect global balance) to 1 (complete global imbalance) (Iacus et. al., 2007, 2009, 2011a, 2011b). Overall, the common ground between treated and control units is equal or greater than 60%.

In order to control for the remaining imbalance, I estimated the SATT for each of the five dependent variables via the same statistical models used in the previous analysis, simply including the CEM weights. In particular, I ran five ordered logistic regressions to estimate the impact of the different labor market statuses on individual social policy preferences; five multinomial logistic regressions to assess their effect on individual attitudes toward the political process and fifteen (5 treatments x 3 dependent variables on parties' positions) standard OLS regressions to evaluate the role of labor market statuses in shaping party choices. Table 2.5 provides, for each treatment, the estimated SATT (n.b., columns "Non-voter", "Non-partisan voter" and "Partisan voter" are average marginal effects).

As for the first dependent variable (i.e. individual attitudes toward redistribution), SATT largely confirms previous findings. In particular, being self-employed or freelancer decreases the likelihood to support more generous social policies, while outsiders in the labor market, both temporary workers and unemployed individuals, are expected to favor redistribution.

Table 2.5: Individual attitudes toward redistribution, political process and political parties - Coarsened exact matching

	Redistrib.	Non v.	Non-p. v.	Part. v.	RILE	Welfare	Corporatism
Self-empl.	-0.317***	-0.0181***	-0.0103	0.0284**	3.231***	-1.089***	-0.0648***
	(0.0326)	(0.00431)	(0.00844)	(0.00894)	(0.380)	(0.151)	(0.0116)
N	71575	70041	70041	70041	38122	38122	38122
Pseudo R²	0.055	0.079	0.079	0.079			
R²					0.210	0.361	0.144
Freelanc.	-0.0584*	-0.0213***	-0.0102	0.0315***	0.421	-0.388**	-0.0435***
	(0.0262)	(0.00356)	(0.00687)	(0.00727)	(0.311)	(0.121)	(0.00974)
N	78679	76184	76184	76184	39464	39464	39464
Pseudo R²	0.054	0.075	0.075	0.075			
R²					0.221	0.384	0.148
Atyp. worker	0.152***	0.00321	-0.0149**	0.0117*	-1.280***	0.447***	-0.00747
	(0.0194)	(0.00380)	(0.00523)	(0.00568)	(0.256)	(0.100)	(0.00772)
N	84537	80733	80733	80733	35176	35176	35176
Pseudo R²	0.050	0.086	0.086	0.086			
R²					0.212	0.366	0.139
Unempl.	0.186***	0.0245***	-0.0251**	0.000628	-1.770***	0.588***	0.00161
	(0.0300)	(0.00625)	(0.00789)	(0.00870)	(0.423)	(0.163)	(0.0128)
N	69784	66551	66551	66551	27846	27846	27846
Pseudo R²	0.048	0.085	0.085	0.085			
R²					0.230	0.400	0.145
Inactive	0.0382	0.0169**	-0.0202**	0.00331	1.124**	-0.463**	-0.00453
	(0.0283)	(0.00630)	(0.00728)	(0.00874)	(0.408)	(0.156)	(0.0111)
N	66289	63058	63058	63058	24720	24720	24720
Pseudo R²	0.052	0.097	0.097	0.097			
R²					0.201	0.393	0.136

Notes: The models under the column "Redistribution" are ordered logistic regressions. The models under the columns "Non-voter", "Non-partisan voter" and "Partisan voter" are multinomial logistic regressions (average marginal effects). The models under the columns "RILE", "Welfare" and "Corporatism" are OLS regressions. The treatment variables concerning labor market statuses are defined using the less restrictive definitions. All models embed the following control variables: age, age squared, medium education, high education, female, migrant, church attendance, union member, public sector, income, country and year dummies. Standard errors in parentheses. * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

The average marginal effects referring to the impact of labor market statuses on the individual involvement in the political process are consistent with the ones reported in Table 2.3. In particular, self-employed and freelancer individuals tend to be more engaged in the political process, while unemployed individuals show a higher degree of disenchantment. Being a temporary worker seems to decrease the probability to be a non-partisan voter, while seems to increase the one of being a partisan voter. These average marginal effects are different than the ones reported in Table 2.3, underling even more the difference between temporary workers and unemployed people in their attitudes toward the political process. Finally, inactive people confirm their propensity to be non-partisan voters, but their likelihood to be partisan voters loses statistical significance.

In conclusion, results for the last three dependent variables referring to individual party preferences hold. Self-employed individuals are expected to vote for more right parties, devoting less space to welfare state expansion and corporatism in their electoral programs.

Being a freelancer does not exhibit any significant effect on party preferences, operationalized through the RILE scale, but it turns to be a significant determinant when the latest are measured with welfare and corporatist positions. In particular, freelancers are not expected to favor pro-welfare (this coefficient acquires statistical significance) and corporatist parties. Attitudes toward electoral politics expressed by temporary workers and unemployed people are confirmed. These two categories of outsiders are both inclined to support left-parties, focused on welfare issues in their electoral manifestos. Notably, both temporary workers and unemployed people do not show any positive attitude toward more corporatist parties, a pattern that will be better discussed in the last section. Lastly, being an inactive individual in the labor market, which previously failed to reach statistical significance, seems to be associated with more conservative attitudes, both in ideological and social expenditure terms.

2.4.2   Testing the robustness of the previous findings through the instrumental variables approach

Section 2.4.1 addressed the issue of self-selection into treatment due to individual observables characteristics. However, there could be unobservable traits, above all innate ability, leading individuals to opt for a specific labor market status. Indeed, people with higher innate ability are more likely to obtain higher levels of education and better labor market statuses than less talented individuals are. The omission of this relevant explanatory variable from the model specification is likely to generate endogeneity (i.e. a correlation between some covariates and the error term[xvi]), which, in turn, may lead to biased and inconsistent estimates. In these situations, the instrumental variables approach allows to obtain consistent estimates (Angrist & Krueger, 1991). Table 2.6 summarizes the findings for the independent variables of interests.

This approach consists in a two-step estimation procedure. As first, I identified a set of instruments for the main independent variables referring to labor market statuses, which are supposed to be endogenous. Specifically, I instrumented labor market statuses by

respondent's satisfaction toward the present state of the economy (ESS variable stfeco) and family background variables. The latest consists of father and mother levels of education (ESS variables eiscedm and eiscedf) and their working statuses when respondent was 14 years old (ESS variables emprm14 and emprf14). These variables are common, although disputed, instruments for labor market status (Blackburn & Neumark, 1993; Parker & Van Praag, 2006).

Table 2.6: Individual attitudes toward redistributive policies, electoral politics and political parties – Instrumental variables approach

	Redistrib.	Non v.	Non-p. v.	Part. v.	RILE	Welfare	Corporatism
Labor:							
Std. w. (ref.)							
Self-empl.	-2.593***	0.0555	-0.301***	0.246	2.541	8.426	0.847
	(0.682)	(0.0806)	(0.0823)	(0.131)	(35.57)	(13.89)	(1.330)
Freelancer	0.973	-0.182*	0.0468	0.136	19.75	-14.60	-1.210
	(0.591)	(0.0732)	(0.0727)	(0.105)	(23.52)	(9.293)	(0.904)
Temp. w.	0.859	-0.252*	0.161	0.0904	-40.56*	17.24*	1.402
	(0.920)	(0.120)	(0.144)	(0.1756)	(19.61)	(7.515)	(0.718)
Unempl.	0.866**	0.124*	-0.0674	-0.0573	-56.32*	8.958	0.885
	(0.284)	(0.049)	(0.0706)	(0.0810)	(18.84)	(7.053)	(0.685)
Inactive	-0.399	-0.0019	-0.475***	0.477***	-14.94	-9.414	-0.217
	(0.214)	(0.0739)	(0.0796)	(0.1240)	(27.55)	(11.08)	(1.049)
N	82299	78422	78422	78422	39174	39174	39174
Pseudo R^2	0.044	0.070	0.070	0.070			
R^2					-0.839	-0.947	-0.889
Und.-id. T.					5.959	5.959	5.959
(p-value)					(0.1136)	(0.1136)	(0.1136)
Hansen J. T.					1.172	0.697	3.271
(p-value)					(0.5566)	(0.7056)	(0.1949)
Endog. T.					136.543	172.264	54810
(p-value)					(0.0000)	(0.0000)	(0.0000)

Notes: The model Redistribution is an ordered logistic regression estimated through an IV two stage procedure. Models reported under the columns "Non-voter", "Non-partisan voter" and "Partisan voter" are multinomial logistic regressions (average marginal effects) estimated through an IV two stage procedure. For dummy variables, the indicated effects report the change in probability to be a non-voter, a non-partisan voter or a partisan voter if the condition applies as opposed to the base category. For continuous variables the reported effects are based on a marginal change in the variable. Models reported under the columns "RILE", "Welfare" and "Corporatism" are estimated through a 2SLS procedure. The independent variables concerning labor market status are defined using the less restrictive definitions. All models embed the following control variables: age, age squared, medium education, high education, female, migrant, church attendance, union member, public sector, income, country and year dummies. Robust standard errors in parentheses. Population size and design weights applied. * $p<0.05$, ** $p<0.01$, *** $p<0.001$

The selected instruments have to satisfy two main requirements: 1. validity (i.e. they must be uncorrelated with the error term) and 2. relevance (i.e. they must be correlated with the endogenous regressors).

As first, I tested the validity of the instruments through an informal test[xvii] for the models reported under the columns "Redistribution", "Non-voter", "Non-partisan voter" and "Partisan voter" (Evans & Schawb, 1995) and through the formal Hansen J. test of over identifying restrictions (Sargan, 1958; Hansen, 1982; Hausman, 1978) for the remaining ones. The informal test consists in adding the instrumental variables to the original model specifications (cfr. M1 in Table 2.2 and "Redistribution" in Table 2.6) to verify that their coefficients are not statistically significant. The large majority of the instruments fails to reach statistical significance, demonstrating that they are not correlated with the error term[xviii]. For the models referring to individual party preferences, the validity of the instruments is tested more formally through the Hansen J. statistics. All the p-values are well above the significance level of the rejection region, meaning that the joint null hypothesis, according to which the selected instruments are valid, can not be rejected.

Once checked the validity of the instruments, I tested their relevance looking at the estimates obtained in the first stage regressions, at the Angrist-Pischke under-identification tests in the first stage regressions and at Kleibergen-Paap LM statistic under-identification tests on all the instruments together in the second stage regressions.

Specifically, for the models reported under the columns "Redistribution", "Non-voter", "Non-partisan voter" and "Partisan voter", each endogenous variables is regressed on the exogenous ones plus the instruments. In order to be relevant, the instruments should be statistically significant. Results suggests that while parental employment statuses are strong determinants of respondent's labor market status, mother's and father's levels of education and respondent's satisfaction toward the present state of the economy seem to be weak instruments[xix].

In the last three columns of Table 2.6, I addressed this issue more formally, through the under-identification tests mentioned above. The Kleibergen-Paap LM statistics confirm that some of the selected instruments are not relevant because they fail to reject the null hypothesis of unidentified models. Therefore, I performed the Angrist-Pischke (AP) under-identification test for each individual endogenous regressor at the end of each first stage regression. In these cases, the null hypothesis according to which that particular endogenous regressor is unidentified is always rejected. Hence, according to the Angrist-Pischke (AP) under-identification tests, for each one of the endogenous variables referring

to labor market statuses, there is a relevant set of instruments[xx]. Lastly, the endogeneity tests always reject the null hypothesis according to which the specified endogenous regressor can actually be treated as exogenous.

Once verified that the instruments are valid and relevant (at least according to Angrist-Pischke statistics), I compared the results obtained with the IV approach with the ones discussed in section 2.3.

The estimated coefficients reported under the column "Redistribution" partially confirms Model 1 in Table 2.2. Indeed, freelancers' and temporary workers' preferences toward redistribution seem to be no more statistically different from those expressed by dependent workers hired with open-ended contracts. On the contrary, self-employed and unemployed individuals confirm their respective attitudes toward redistributive policies, which are expected to be negative for the formers and positive for the latest. However, it is important to stress that the IV model estimates much stronger effects for both self-employed (β= -0.359 in the ordered logit and β= -2.593 in the IV model) and unemployed (β=0.119 in the ordered logit and β=0.866 in the IV model).

Moving to individual attitudes toward the political process, the average marginal effects displayed in the columns "Non-voter", "Non-partisan voter" and "Partisan voter" confirm the higher propensity of unemployed individuals to abstain in national elections with respect to standard workers (cfr. Table 3). Moreover, as already suggested by the CEM procedure (cfr. Table 5), temporary workers seem not to be as alienated from the political process as the unemployed are. On the contrary, being a temporary worker decreases the probability to abstain in national election. Once again, the IV approach displays a greater magnitude of the marginal effects for all the labor market status dummies.

Finally, the estimated coefficients reported under the columns "RILE", "Welfare" and "Corporatism" partially confirm the findings of Table 2.4. In particular, outsiders in the labor market, namely temporary workers and unemployed individuals, are expect to support more leftist parties, devoting to welfare issues a consistent share of their electoral manifestos. However, outsiders' party choices seem not to be driven by the political parties' attitude toward trade unions and entrepreneurial associations. Next section discusses the implications of these findings.

2.5   Conclusion and discussion

Chapter II focuses on the first link of the ideal chain of responsiveness (Cfr. Chapter I, Figure 1.3). Indeed, it investigates whether and to what extent individuals' redistributive preferences (i.e., the A terminal in Figure 1.3), largely given by their labor market status, are consistent with the social policy promises made by the parties to which the same individuals declare to feel closer to at the election time (i.e., the B terminal in Figure 1.3). Given the multitude of plausible causal mechanisms linking exposure to labor market risk, attitudes toward redistribution and individual party preferences, it tests the robustness of the competing explanatory hypotheses by choosing dependent and independent variables able to overcome the major shortcomings of the previous studies.

The main contribution of this study is the choice to recode the political parties to which respondents feel closer to using parties' positions on three different issues (i.e., RILE ideological index, welfare and corporatism). This choice allows to verify whether labor market status affects individual party preferences by establishing a clear linkage between respondent's position in the labor market and the social policy profile of his/her preferred political party. Moreover, this operationalization avoids to recode the political party to which respondent feels closer to by its party family.

Another contribution of this study relies in the main independent variable, referring to labor market status. Indeed, rather than focusing on a single category of outsiders in the labor market, I identify five labor market statuses (i.e. self-employed, free-lancer, temporary worker, unemployed and inactive) and contrast them with the arguably most integrated group (i.e., dependent worker with open-ended contracts).

Notwithstanding the rigid alternative formulated by the insider-outsider literature, according to which temporary workers are expected to share the same social policy preferences and the same attitudes toward the political process of unemployed people, the findings suggest that there is a sort of graduation in labor market exclusion and its political effects.

Particularly, temporary workers and unemployed individuals express a common positive attitude toward redistributive policies. This stronger redistributive demand clearly distinguishes these two categories of outsiders in the labor market from insiders (i.e.

dependent workers hired with open-ended contracts) and from self-employed and free-lancer individuals.

However, if temporary workers side with unemployed individuals concerning their social policy preferences, once I look at their individual involvement in the political process, the results tell a completely different story. In particular, the findings suggest that temporary workers do not share with unemployed individuals the tendency to abstain in national elections, behaving exactly as their permanents counterparts. Pre-processing the data with CEM, the impact of being a temporary worker on individual attitudes toward electoral politics is even more pronounced. It suggests that individuals exposed to temporary work tend to be more involved in the political process than individuals sharing the same pre-treatment covariates, but holding different labor market statuses. The average marginal effect of being a temporary worker on the probability to abstain in national elections estimated by the IV approach suggests the same conclusion. This result is quite interesting because it seems to falsify one of the main arguments at the basis of the insider-outsider literature, according to which temporary workers and unemployed people should behave in the same way. Conversely, unemployment seems to have a stronger negative impact on individual political behavior than temporary employment, making the effected individuals more likely to be alienated from the political process.

The results concerning temporary workers' involvement in the political process raise new research questions and ask for a more detailed analysis. Indeed, temporary workers may display a higher degree of involvement than unemployed individuals in other forms of political participation. Future research, for example, may deal with their interest in national politics, their membership in political parties, trade unions and other kinds of association, their likelihood to directly contact politicians or government officials, to take part in public demonstrations, to make donations, etc. Moreover, once assessed that temporary workers are not alienated from the political arena, it would be interesting to shed light on the actual forms taken by their political involvement. Put it simply: do they act as insiders or do they use different instruments to manifest their interest toward politics? This topic may be addressed through quantitative comparative analyses across developed countries and in depth single country case-studies.

Finally, results prove that, once temporary workers decide to take part in national elections, they behave differently both than unemployed people and than their permanent

counterparts. Particularly, temporary workers tend to feel closer to political parties that are more on the left than the one supported by insiders, but, according to the magnitude of the estimated coefficients, more on the right than those endorsed by unemployed individuals. The same happens for party position on the welfare dimension: temporary workers are expected to support pro-welfare parties more than insiders, but less than unemployed individuals.

While previous studies suggested that temporary workers should be attracted by new-left parties because they combine pro-welfare attitudes with positions less biased toward trade unions than traditional left parties (Kitschelt, 1988; Müller-Rommel, 1985; Dalton, 2009), estimates rise doubts about this argument. Indeed, temporary workers and unemployed people behave exactly as their permanent counterparts when the dependent variable is the share of quasi-sentences devoted to corporatist issues in parties' electoral programs. Assuming that the variable Corporatism provided by the CMP (CMP variable per405) is a good proxy of political parties' proximity to trade unions, this finding is quite relevant. Indeed, it requires to scholars dealing with the relationship between exposure to labor market risk and party preferences to search for alternative explanations behind the stronger support expressed by outsiders toward green and left-libertarians parties (Hausermann, 2010; Marx & Picot, 2013; Marx, 2014). In particular, my results are consistent with the argument that outsiders in the labor market, and more significantly temporary workers, are more likely to support new-left parties because these parties are expected to promote welfare state expansion. However, my results seem to falsify the additional argument put forward by the previous studies, by demonstrating that outsiders are no more inclined to support non-corporatist parties than insiders do. Leaving aside corporatism, are there other issues able to make new-left parties appealing to the eyes of temporary workers and unemployed individuals? To be able to answer this question, further research has to recode individual party preferences with party positions on different issues, as provided by expert surveys and by quantitative analyses of parties' manifestos. According to me, only this operationalization will be able to reveal differences in parties' policy supplies that party families may hide.

In conclusion, chapter II demonstrates that, in the social policy domain, the AB bond of the idea chain of responsiveness (Cfr. Chapter I, Figure 1.3) holds. Indeed, the social policy proposals formulated by parties in their electoral manifestos prove to be consistent

with the redistributive preferences expressed by their supporters. Moreover, this chapter adds that temporary workers can be clearly distinguished from both labor market insiders and unemployed people. In detail, temporary workers differ from insiders by their stronger support for redistributive policies and by their more left and pro-welfare lining political preferences. However, temporary workers are more integrated in the political process than unemployed individuals are[xxi]. Finally, the results show that temporary workers' stronger support for left and pro-welfare parties is not combined with more pronounced non-corporatist attitudes. Consequently, these findings confirm the explanatory power of labor market status on individual social policy and political preferences, but suggest that research should to go beyond the simple notion of dualization between insiders and outsiders, highlighting differences between temporary work and unemployment.

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Appendix

Appendix Table 2.1: Descriptive statistics

Variable	Description and source	Observations	Mean	Range
Redistribution	Government should reduce differences in income levels. "Disagree strongly" (1) to "Agree strongly" (5). ESS gincdif (recoded).	117291	3.870	1-5
Political involvement	Degree of involvement in the political process. "Non-voter" (1); "Non-partisan voter" (2), "Partisan voter" (3). ESS vote, clsprty (recoded).	110513	2.340	1-3
Right-left index	Right-left index. CMP RILE.	51663	-6.979	-63.4 - 72.5
Welfare	Favorable mentions on welfare state expansion. CMP welfare.	51663	14.737	-20.8 - 40.1
Corporatism	Favorable mentions on corporatism. CMP per405.	51663	.284	0 - 7.9
Self-employed	Dummy equals to 1 if respondent is self-employed with dependent workers. ESS emplrel, emplno (recoded).	119167	.040	0 − 1
Self-employed 2	As self_empl, but with a stricter definition. ESS emplrel, emplno, pdwrk (recoded).	119167	.026	0 - 1
Freelancer	Dummy equals to 1 if respondent is self-employed without dependent workers. ESS emplrel, emplno (recoded).	119167	.064	0 - 1
Freelancer 2	As free_lanc, but with a stricter definition. ESS emplrel, emplno, pdwrk (recoded).	119167	.043	0 - 1
Standard worker	Dummy equals to 1 if employed with unlimited contract. ESS emplrel, wrkctra (recoded).	119167	.579	0 - 1
Standard worker 2	As stnd_wrk, but with a stricter definition. ESS emplrel, wrkctra, pdwrk (recoded).	119167	.344	0 - 1
Temporary worker	Dummy equals to 1 if employed with fixed-term contract. ESS emplrel, wrkctra (recoded).	119167	.119	0 - 1
Temp. worker 2	As temporary wrk, but with a stricter definition. ESS emplrel, wrkctra, pdwrk (recoded).	119167	.056	0 - 1
Unemployed	Dummy equals to 1 if unemployed actively searching for job. ESS uempla (recoded).	119167	.050	0 - 1
Inactive	Dummy equals to 1 if inactive. Residual category.	119167	.076	0 - 1
Temp. work. with an empl. partner	Dummy equals to 1 if temporary worker with an employed partner. ESS emprelp (recoded).	119167	.036	0 - 1

Temp. work. without an empl. partner	Dummy equals to 1 if temporary worker without an employed partner. ESS emprelp (recoded).	119167	.119	0 - 1
Temp. work. with an empl.partner 2	Dummy equals to 1 if temporary worker 2 with an employed partner. ESS emprelp (recoded).	119167	.022	0 - 1
Temp. work. without an empl. partner 2	Dummy equals to 1 if temporary worker (restricted) without an employed partner. ESS emprelp (recoded).	119167	.056	0 - 1
Unempl. with an empl. partner	Dummy equals to 1 if unemployed with an employed partner. ESS emprelp (recoded).	119167	.014	0 - 1
Unempl. without an empl. partner	Dummy equals to 1 if unemployed without an employed partner. ESS emprelp (recoded).	119167	.050	0 - 1
Education low	Dummy equals to 1 for ISCED levels 1 and 2. ESS edulvla, edulvlb (recoded).	119167	.327	0 - 1
Education medium	Dummy equals to 1 for ISCED levels 3 and 4. ESS edulvla, edulvlb (recoded).	119167	.410	0 - 1
Education high	Dummy equals to 1 for ISCED levels higher than 5. ESS edulvla, edulvlb (recoded).	119167	.257	0 - 1
Female	Dummy equals to 1 if respondent is female. ESS gndr.	119167	.532	0 - 1
Migrant	Dummy equals to 1 if not born in respective country. ESS brncntr.	119167	.087	0 - 1
Church attendance	Dummy equals to 1 if attending church at least once a month. ESS rlgatnd.	119167	.093	0 - 1
Union member	Dummy equals to 1 if member of union or similar organization. ESS mbtru.	119167	.399	0 - 1
Public sector	Dummy equals to 1 if in public sector or state-owned enterprise. ESS tporgwk.	119167	.285	0 - 1
Income	Deciles of the household income in the given country. ESS hinctnta.	91919	5.315	1 - 10
Environment	Please listen to each description and tell me how much each person is or is not like you. She/he strongly believes that people should care for nature. "Not like me at all" (1), "Very much like me" (6). ESS impenv (recoded)	116640	4.873	1 - 6
Gay rights	Gay men and lesbians should be free to live their own life as they wish. "Disagree strongly" (1), "Agree strongly" (5). ESS freehms (recoded).	115310	3.850	1 - 5

Economy	On the whole, how satisfied are you with the present state of the economy in your country? "Extremely dissatisfied" (0) to "Extremely satisfied" (10). ESS stfeco.	117121	4.160603	0 - 10
Eiscedm	Level of education of respondent's mother. Ordinal variable equals to 1 for ISCED level I, 2 for ISCED level II, 3 for ISCED levels IIIa and IIIb, 4 for ISCED level IV and 5 for ISCED levels V1 and V2. ESS eiscedm (recoded).	98868	2.228173	1 - 5
Eiscedf	Level of education of respondent's father. Ordinal variable equals to 1 for ISCED level I, 2 for ISCED level II, 3 for ISCED levels IIIa and IIIb, 4 for ISCED level IV and 5 for ISCED levels V1 and V2. ESS eiscedf (recoded).	95684	2.441735	1 - 5
Empl_m14	Dummy equals to 1 if respondent's mother was a dependent worker when he/she was 14 years old. ESS emprm14 (recoded).	119167	.4524994	0 - 1
Self_empl_m14	Dummy equals to 1 if respondent's mother was self-employer when he/she was 14 years old. ESS emprm14 (recoded).	119167	.090562	0 − 1
Empl_f14	Dummy equals to 1 if respondent's father was a dependent worker when he/she was 14 years old. ESS emprf14 (recoded).	119167	.6525884	0 − 1
Self_empl_f14	Dummy equals to 1 if respondent's father was self-employer when he/she was 14 years old. ESS emprf14 (recoded).	119167	.2182483	0 - 1
Children	Dummy equals to 1 if respondent lives with children. ESS variable chldhm.	119167	.3674004	0 - 1

Notes: Information sets are the European Social Survey, waves 4, 5 and 6 and the CMP (MARPOR, 2014). Some question wordings are slightly rephrased.

Appendix Table 2.2: Individual attitudes toward redistribution

	M$_{1b}$
Labor market status:	
Standard worker (reference category)	
Self-employed	-0.488***
	(0.105)
Freelancer	-0.215**
	(0.0665)
Temporary worker	0.130**
	(0.0408)
Unemployed	0.146***
	(0.0433)
Inactive	0.0119
	(0.0661)
Age	0.0254***
	(0.00610)
Age^2	-0.000236***
	(0.0000511)
Education:	
Low education (reference category)	
Medium education	-0.0342
	(0.0468)
High education	-0.379***
	(0.0827)
Female	0.168***
	(0.0169)
Migrant	0.0351
	(0.0427)
Church attendance	-0.107
	(0.0589)
Union member	0.270***
	(0.0505)
Public sector	0.0923**
	(0.0287)
Income	-0.0841***
	(0.0159)
N	0.043
Pseudo R^2	90833

Notes: The models are ordered logistic regressions. The independent variables concerning labor market status are defined using the more restrictive definitions. Country and year dummies included in all models. Robust standard errors in parentheses. Population size and design weights applied. * p<0.05, ** p<0.01, *** p<0.001

Appendix Table 2.3: Individual attitudes toward the political process

	Non-voter	Non-partisan voter	Partisan voter
Labor market status:			
Standard worker (ref.)			
Self-employed	-0.0148	-0.0142	0.0290
	(0.0115)	(0.0166)	(0.0216)
Freelancer	-0.0323***	-0.0211**	0.0534***
	(0.00940)	(0.00729)	(0.0112)
Temporary worker	0.00389	0.00361	-0.00750
	(0.00653)	(0.00752)	(0.00885)
Unemployed	0.0316*	-0.0368*	0.00511
	(0.0124)	(0.0157)	(0.0155)
Inactive	0.00407	-0.0702***	0.0661**
	(0.0151)	(0.0149)	(0.0243)
Age	-0.00606***	0.00952***	-0.00346*
	(0.00163)	(0.00179)	(0.00171)
Age^2	0.0000324	-0.000103***	0.0000707***
	(0.0000167)	(0.0000172)	(0.0000184)
Education:			
Low education (ref.)			
Medium education	-0.0291***	0.0180*	0.0111
	(0.00833)	(0.00770)	(0.0104)
High education	-0.0823***	-0.00805	0.0903***
	(0.00951)	(0.00701)	(0.0130)
Female	0.0229***	0.0582***	-0.0811***
	(0.00327)	(0.00383)	(0.00594)
Migrant	0.0823***	-0.107***	0.0252
	(0.0146)	(0.0275)	(0.0240)
Church attendance	-0.0252	-0.00884	0.0341
	(0.0163)	(0.0102)	(0.0210)
Union member	-0.0173	-0.0263	0.0436
	(0.0103)	(0.0164)	(0.0232)
Public sector	-0.0305***	-0.00262	0.0331***
	(0.00344)	(0.00727)	(0.00750)
Income	-0.0104***	-0.00207	0.0125***
	(0.00149)	(0.00129)	(0.00221)
N	0.069	0.069	0.069
Pseudo R^2	86584	86584	86584

Notes: The models are multinomial logistic regressions (average marginal effects). The independent variables concerning labor market status are defined using the more restrictive definitions. Country and year dummies included in all models. For dummy variables, the indicated effects report the change in probability to be a non-voter, a non-partisan voter or a partisan voter if the condition applies as opposed to the base category. For continuous variables the reported effects are based on a marginal change in the variable. Robust standard errors in parentheses. Population size and design weights applied. * p<0.05, ** p<0.01, *** p<0.001

Appendix Table 2.4: Individual preferences toward political parties

	Left-right 1	Left-right 2	Welfare 1	Welfare 2	Corporatism 1	Corporatism 2
Labor:						
Stand. (ref.)						
Self-empl.	3.514**	3.757**	-1.377***	-1.396***	-0.103*	-0.104*
	(1.097)	(0.998)	(0.339)	(0.334)	(0.0445)	(0.0447)
Freelancer	0.536	0.665	-0.309	-0.346	-0.0864	-0.0893
	(0.600)	(0.576)	(0.304)	(0.283)	(0.0527)	(0.0535)
Temp. w.	-1.363*	-1.418*	0.320*	0.324*	-0.0219	-0.0201
	(0.499)	(0.521)	(0.152)	(0.152)	(0.0172)	(0.0169)
Unemployed	-2.593*	-2.485**	0.671**	0.660**	0.00563	0.00437
	(0.974)	(0.839)	(0.190)	(0.198)	(0.0141)	(0.0162)
Inactive	-0.312	-0.546	0.0663	0.146	-0.0293	-0.0271
	(0.373)	(0.343)	(0.120)	(0.116)	(0.0234)	(0.0202)
Age	-0.118***	-0.0906***	0.0521***	0.0432***	0.00684*	0.00698*
	(0.0251)	(0.0170)	(0.0119)	(0.00896)	(0.00324)	(0.00297)
Age^2	0.0016***	0.0012***	-0.00065***	-0.00054***	-0.0000643	-0.0000632*
	(0.000261)	(0.000214)	(0.000155)	(0.000126)	(0.0000318)	(0.0000284)
Education:						
Low ed. (ref.)						
Medium ed.	0.100	0.425	-0.193	-0.279	-0.00829	-0.0101
	(0.329)	(0.322)	(0.130)	(0.136)	(0.0116)	(0.0132)
High ed.	-0.516	0.00767	-0.0993	-0.239	-0.0301*	-0.0350*
	(0.612)	(0.564)	(0.167)	(0.157)	(0.0135)	(0.0142)
Female	-0.228	0.152	0.156	0.0494	0.0127**	0.00897*
	(0.210)	(0.213)	(0.0906)	(0.0709)	(0.00431)	(0.00339)
Migrant	-2.422*	-2.870**	0.677	0.785*	0.0578**	0.0657**
	(0.949)	(0.908)	(0.331)	(0.296)	(0.0188)	(0.0200)
Church att.	1.510***	1.274***	-0.650	-0.596	-0.0335	-0.0308
	(0.394)	(0.327)	(0.323)	(0.322)	(0.0181)	(0.0158)
Union m.	-2.403***	-2.354***	1.045**	1.017**	0.0333	0.0326
	(0.336)	(0.356)	(0.328)	(0.333)	(0.0211)	(0.0215)
Public sector	-2.239***	-2.121***	0.592***	0.563***	0.0288	0.0264
	(0.485)	(0.464)	(0.132)	(0.136)	(0.0303)	(0.0279)
Income	0.450***	0.456***	-0.109**	-0.116**	-0.00748**	-0.00810***
	(0.0482)	(0.0398)	(0.0319)	(0.0308)	(0.00203)	(0.00202)
Gay rights		-1.556***		0.427***		0.0219
		(0.279)		(0.108)		(0.0121)
Environment		-0.569**		0.177		-0.00110
		(0.151)		(0.0883)		(0.00538)
N	42608	41232	42608	41232	42608	41232
R^2	0.298	0.309	0.403	0.399	0.152	0.152

Notes: The models are OLS regressions. The independent variables concerning labour market status are defined using the more restrictive definitions. Country and year dummies included in all models. Robust standard errors in parentheses. Population size and design weights applied. * $p<0.05$, ** $p<0.01$, *** $p<0.001$

Appendix Table 2.5: Matching summary

	T=1	T=0	Matched obs. T=1	Matched obs. T=0	£₁
Labor market status:					
Self-employer	4,770	114,397	4731	87121	.44738672
Freelancer	7,695	111,472	7643	94382	.36914765
Temporary worker	14,235	104,932	14039	96889	.31749483
Unemployed	6,034	113,133	85881	5929	.40091885
Inactive	9,141	110,026	8964	80072	.30871964

Notes: Treatment variables concerning labor market statuses are defined using the less restrictive definitions.

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[i] In this analysis, for example temporary workers and unemployed people are distinguished by their declared employment status. However, individuals, especially young people, tend to move from temporary jobs to unemployment quite frequently. Unfortunately, the cross-sectional structure of the ESS does not allow me to control for the unemployment length and for the number of temporary contracts an individual experienced in his/her life.

[ii] This threshold has not be interpreted in a meaningful way because the absolute number of actually observed temporary contracts in the three waves of the European Social Survey is extremely small (Marx, 2014).

[iii] All these countries are covered by both the three waves of the European Social Survey and the CMP, with the exception of Greece (which is missing in wave n. 6), Iceland (which is missing in waves nn. 4 and 5), Italy (which is missing in waves nn. 4 and 5) and Turkey (which is missing in wave n. 4).

[iv] Specifically, there are 8816 individuals (3302 in wave 4, 2759 in wave 5, 2755 in wave 6) in the final sample declaring to feel close to a political party, but not to have voted in the last national elections. These individuals have been added to the group of "Partisan voters" not to lose the information concerning the name of the political party to which they declared to feel closer to.

[v] I decided to recode the ESS variable clsprty, neglecting the variable *vote*. It may be questioned whether the variable *clparty*, referring to party identification, really differs from the variable *vote*, referring to retrospective vote choice. This question was first raised in an investigation of British voting behaviour, which found out that British electors changed identifications along to voting choices (Butler & Stokes, 1969). Jacques Thomassen ([1976] 2010) and Max Kaase ([1976] 2010) provided findings on German and Dutch panel data that revealed considerable instability in party identification over time. Thomassen interpreted such instability as demonstrating that, in the Netherlands at least, party identification was no more than an alternative way of measuring vote choice. William P. Irvine ([1976] 2010), Ian Budge and Dennis Farlie ([1976] 2010) identified party identification's relative merits in its simplicity of measurement, its location in an internally consistent conceptual scheme and ultimate grounding in social psychology. In the present analysis, I decided to employ the variable referring to party identification because there can be a considerable time gap between the last national elections and data collection: since many temporary contracts have a short duration, there is no reliable information about respondents' labor market status at the time of the election (Marx, 2014). Moreover, retrospective vote choice is more likely to be bias by strategic voting or strategic behavior. However, the recognized lack of theoretical and even temporal antecedence between party identification and voting decision suggests that results are expected to hold even

substituting the variable *clparty* with the variable *vote*.

[vi] In particular, the position of every single party on the left-right (RILE) dimension is obtained by subtracting the value obtained by that party in 13 left categories (i.e., the CMP dimensions per103, per105, per106, per107, per403, per404, per406, per412, per413, per504, per506, per701 and per202) from the value obtained by the same party in 13 right categories (i.e., the CMP dimensions per104, per201, per203, per305, per401, per402, per407, per414, per505, per601, per603, per605 and per606).

[vii] To test the robustness of the findings, I generated a second dummy variable for self-employed individuals, adding a further condition: having performed paid work in the reference week (ESS variable pdwrw).

[viii] I generated a second dummy variable for freelancers, adding a further condition: having performed paid work in the reference week (ESS variable pdwrw).

[ix] I generated a second dummy variable for dependent workers with open-ended contracts, adding a further condition: having performed paid work in the reference week (ESS variable pdwrw).

[x] I generated a second dummy variable for dependent workers with temporary contracts, adding a further condition: having performed paid work in the reference week (ESS variable pdwrw).

[xi] I estimated the same model specification substituting the five dummy variables referring to the employment status with the ones with the more restrictive definitions. Results are consistent with the one discussed and are reported by model M_{1b} in Appendix Table 2.2.

[xii] As for the first stage of this empirical analysis, I estimated the same model specification substituting the five dummy variables referring to employment status with the ones with more restrictive definitions. With the exception of self-employed individuals, results are consistent with the ones discussed and are reported in Appendix Table 2.3.

[xiii] I substituted the dependent variable Welfare, measuring the share of quasi-sentences devoted to welfare state expansion, with the variable Equality – Positive (CMD variable per503), referring to wide concept of social justice. Results proved to hold. Estimates available on request.

[xiv] Also in this last step of the empirical analysis, I estimated the same model specifications substituting the five dummy variables referring to the employment status with the ones with more restrictive definitions. With the exception of the two coefficients referring to the impact of being a free-lancer rather than a standard worker on party attitudes toward corporatism, results are consistent with the ones discussed and are reported in Appendix Table 2.4.

[xv] I adopted CEM because Iacus, King, and Porro (2007, 2009, 2011a, 2011b) show that CEM dominates commonly used existing matching methods in its ability to reduce imbalance, model dependence, estimation error, bias, variance, mean square error, and other criteria. The basic idea of CEM is to coarsen each variable by recoding it so that substantively indistinguishable values are grouped and assigned the same numerical value. Then, the "exact matching" algorithm is applied to the coarsened data to determine the matches and to prune unmatched units. Finally, the coarsened data are discarded and the original values of the matched data are retained. Moreover, CEM is considerably easier to use and faster in computational time.

[xvi] In addition, this correlation may occur when the dependent variable causes at least one of the covariates (reverse causation) and when the covariates are subject to measurement error.

[xvii] Unfortunately, there is not a command to estimate ordinal and multinomial logistic regression through the instrumental variables approach in Stata. For this reason, I

performed this analysis manually, following a two stages procedure. As first, I re-estimated model M_1 in Table 2.2 adding the instrumental variables to the model specification in order to informally test their validity. Then, I proceeded by estimating first stage logistic regressions in which each endogenous variables has been regressed on the exogenous ones plus the instruments. Finally, I re-estimated the ordered logistic regression corresponding to model M_1 of Table 2.2, substituting to the endogenous variables the fitted values obtained in the first stages. The same procedure has been followed to estimate the models reported under the columns "Non-voter", "Non-partisan voter" and "Partisan voter". In this case, however, the second stage consists in a multinomial logistic regression.

[xviii] For brevity reasons, I did not report these estimates. They are available on request.

[xix] For brevity reasons, I did not report these estimates. They are available on request.

[xx] For brevity reasons, I did not report these estimates. They are available on request.

[xxi] Taking into account the different operationalization of the dependent variables referring to party preferences, this general pattern seems to be consistent with the one identified by Picot and Marx (2013) in the case of Germany. In this sense, this analysis seems to confirm and to generalize their findings.

Chapter III

Looking at the second link of the chain of responsiveness. From parties' policy supply to declared government positions: Who affects the coalition agreement on the left-right and on the welfare dimensions and why

Abstract. A perennial question for students of parliamentary democracy concerns how do coalition governments build their policy proposals. On the one hand, McDonald and Budge (2005) found that declared left-right position of coalition governments better accords with the left-right position of the median party in parliament than with the weighted left-right position of the parties that compose them. On the other hand, Warwick (2001, 2011) revealed that declared left-right position of coalition governments responds to the weighted left-right position of cabinet parties and, where present, external support parties. This chapter explores the degree of correspondence between declared cabinet position and the weighted position of cabinet parties as expressed in their electoral manifestos on two separate issues: the traditionally employed left-right scale and a more policy based welfare scale. Indeed, I maintain that this additional policy-based dimension allows shedding light on the so far mixed results provided in literature on the roles played by different political actors in shaping coalition agreements. Results obtained through a time-series cross-section methodology suggest that "the owners of the agenda setting power" over the two scales are different. In particular, on the traditional left-right scale, declared cabinet position is strongly driven by the weighted position of cabinet parties and by that of the formateur party. Conversely, on the welfare scale, declared cabinet position is also affected by the position of the party holding the median legislator in Parliament and by those of the parties expressing the labor and social affairs ministers. In addition, declared cabinet position on the welfare dimension shows a marked tendency to drift rightward with adverse economic conditions.

Introduction

Chapter II demonstrated that the economic conditions experienced by individuals in their everyday life, namely their labor market statuses, affect their redistributive preferences. Moreover, it proves that individuals tend to feel closer to political parties formulating social policy supplies in their electoral manifestos consistent with their redistributive preferences at the election time.

According to these results, it could be asserted that the first link of the chain of responsiveness, namely the AB bond (Miller & Strokes, 1966) between individuals' social policy preferences and parties' social policy supplies, holds (Cfr. Chapter I, Figure 1.3). Political parties seem to be able to fulfil their expressive function (Mair, 2009; cfr. Chapter I, Section 1.2), giving space to the social policy preferences of their supporters in their electoral manifestos.

As already underlined in chapter II (Cfr. Chapter II, Introduction and Section 2.5), by saying that the linkage between individuals' redistributive preferences and parties' social policy supply holds, I am not suggesting that parties are mere executors of voters' policy preferences. As famously explained by Katz and Mair (1993), parties are "three faces" organizations, endowed by autonomous and heterogeneous policy preferences. Indeed, the policy preferences expressed by the so called party on the ground, party central-office and party in public offices are likely to differ both from one another and from those of the electorate. However, even acknowledging such multifaceted nature, chapter II maintained that individuals' redistributive preferences, explained by the position the same occupy in the labor market, are likely to be reflected into political parties social policy promises at the election time.

Once verified that voters' redistributive preferences consistently relate to parties' social policy supplies, chapter III explores the second link of the chain of responsiveness: namely, the BC bond between parties' and government's social policy preferences (Cfr. Chapter I, Figure 1.4). In detail, the aim of chapter III is to determine whether and to what extent declared cabinet position corresponds to the weighted mean position of coalescing parties, as derived from their electoral manifestos. Furthermore, if declared cabinet position is not simply a reflection of the policy stances staked out by governing parties at the election time, which additional political actors and external forces might be influencing it?

From the late 1950s, students of parliamentary democracy devoted considerable attention to how do coalition governments build their policy proposals (Cfr. Section 3.1). Just to recall one of the most influential and well-known contribution, McDonald and Budge (2005) found that declared left-right position of coalition governments better accords with left-right position of the median party in parliament than with the weighted left-right position of the coalescing parties. Employing the same dataset, however, Warwick (2001,

2011) obtained different results: indeed, he revealed that declared left-right position of coalition governments responds to the weighted left-right position of cabinet parties and, where present, external support parties.

This chapter intends to contribute to the existing literature by contrasting the degree of correspondence between declared cabinet position and the weighted mean position of cabinet parties as expressed in their electoral manifestos on two separate issues: the traditionally employed left-right scale and a genuinely policy based pro-anti welfare scale. Indeed, I maintain that if we want to verify whether multiparty governments are likely to distribute policy payoffs to their members according to a proportional criterion (Warwick, 2001, 2011), exactly as they are expected to do for office payoffs (Gamson, 1961), it is important to focus on a policy based dimension, in order to reduce any possible ideological bias. Moreover, the comparison between the ideological left-right dimension and the welfare dimension allows checking whether "the owners of the agenda setting power" coincide. In particular, the distributive and redistributive nature of welfare policies, through which governments distribute societal wealth to specific groups, usually obtaining resources from other groups, suggests that the parliamentary parties and the competent ministers (i.e., labor and social affairs ministers) are likely to play crucial roles. Analogously, declared cabinet position on the welfare dimension is expected to be strongly affected by the economic conditions experienced by the coalescing parties when in office.

Chapter III is structured as follows. The first section critically reviews theories advanced so far in literature concerning how multiparty governments in parliamentary democracies formulate their policy proposals. In particular, models recalled in the first section discuss whether declared cabinet policy position mirrors the weighted mean position of coalescing parties, as suggested by the extension of the Gamson's law (Gamson, 1961) from office to policy payoffs (Warwick, 2001, 2011), or whether the same is influenced by other political actors and external forces. Among the political actors potentially able to affect declared cabinet policy position, I will focus on the median legislator (Budge & Laver, 1992b; McDonald & Budge, 2005), the formateur party (Baron, 1998; Diermeier & Feddersen, 1998) and the ministers (Laver & Shepsle, 1996) having jurisdiction on finance, labor and social affairs portfolios. Instead, as far as external forces are concerned, I will devote special attention to the expected effects of the electoral rule (Iversen &

Soskice, 2006; Persson & Tabellini, 2004), the length of time between the last parliamentary election and the government formation and adverse economic conditions (Warwick, 2001). Finally, the first section details the hypotheses to be tested in the subsequent empirical analysis (Cfr. Table 3.1).

The second section introduces the dataset, it provides a brief description of dependent and independent variables and then it discusses the model specification.

The third section develops the empirical analysis in three steps. As first, it tests whether declared cabinet position on the left-right dimension corresponds to the weighted mean position of coalescing parties on the same dimension or whether other political actors and external forces bias it away from the weighted mean (Cfr. Section 3.3.1). As second, the same analysis is performed for declared cabinet position on the welfare dimension to verify whether political actors and external forces behave in the same way (Cfr. Section 3.3.2). Taking into account the small-N nature of the available dataset, these two steps of the empirical analysis will test the effect of each independent variable on declared cabinet position separately. However, in order to identify the net effect of each independent variable even when the other influences are controlled for, a third step is needed. In particular, section 3.3.3 displays four additional model specifications, in which declared cabinet positions on the left-right and on the welfare dimensions are regressed on the most important independent variables referring to both political actors and external constraints together.

The last section discusses the main findings and indicates paths for future research.

3.1 Hypotheses on how do coalition governments build their policy proposals

At the beginning of the 1960s, William A. Gamson (1961) opened the debate on how government coalitions share out the rewards of office to their members. In particular, he advanced the hypothesis that each member of a government coalition will expect to receive a share of the office payoffs proportional to the amount of resources he provided (Gamson, 1961: 376). In multiparty governments, this formulation means that each coalition party will expect to receive a share of cabinet portfolios proportional to its share of seats in Parliament.

Gamson's hypothesis has been empirically tested by subsequent studies, with striking results (Browne & Franklin, 1973; Carroll & Cox, 2007; Laver *et al.*, 2011; Warwick & Druckman, 2006). Notably, Eric C. Browne and Mark N. Franklin (1973) found a nearly perfect one-to-one correspondence between the proportion of legislative seats hold by each coalition party and the share of ministerial portfolios it receives in West European parliamentary systems. The connection between seat and portfolio shares was so close that scholars started to call it "Gamson's law" (e.g., Morelli, 1999).

Nonetheless, some observers criticized the Gamson's law, defining it as a mere empirical regularity with the need for sensible theoretical foundations (Warwick & Druckman 2006: 660). Royce Carrol and Gary W. Cox (2007) tried to fill this gap by developing a theoretical argument that underpins the adoption of a proportionality criterion in portfolio allocation among the members of pre-electoral coalitions. In particular, the authors advanced that "[b]y agreeing ex ante to a more Gamsonian division of office spoils ex post, the coalition can motivate its members to campaign harder, thus conferring external benefits on all' (Carroll & Cox 2007: 301).

However, even with this theoretical refinement, coalition theorists focusing on "how the pie is divided among the winners" (Browne & Franklin, 1973: 453) examined only a single type of payoffs, namely the quantitative allocation of portfolios. The first systematic attempt to extend the Gamson's law from the office dimension, namely the quantitative allocation of portfolios, to the policy one, namely the policy proposal of a coalition government, has been conducted by Paul V. Warwick in 2001 (see also Warwick, 2011).

In particular, he took advantage of the Government Declarations data (Budge *et al.*, 2001), which contains the coding of government declarations in 10 European countries from the end of the Second World War to the end of Nineties (Cfr. Appendix Table 3.1), and tested whether declared cabinet position on the left-right dimension corresponds to the weighted mean position of cabinet parties on the same scale. His results supported the Gamson's prediction, demonstrating that declared cabinet position on the left-right dimension is directly influenced by the corresponding weighted mean position of cabinet parties. Moreover, Warwick shed light on the role played by other political actors, able to bias the declared cabinet position toward their ideal points: namely, the party holding the finance portfolio, the formateur party, the weighted mean position of parliamentary parties (2001) and that of external support parties (2011).

Beside the Gamson's law, alternative hypotheses on the distribution of policy payoffs to the members of multiparty governments have been formulated.

Perhaps the simplest and the oldest prediction is the well-known median voter theorem, advanced by the Scottish economist Duncan Black at the end of the Fifties (1957). He argued that the party controlling the median legislator, regardless of its majority status, will have a stronger bargaining power compared to the other coalescing parties since there are no other points in the ideological space that are preferred by a majority to the median legislator's ideal point.

Ian Budge and Michael Laver (1992b) empirically tested the median voter theorem at the beginning of the Nineties. Overall, these scholars found that the impact of political parties on declared cabinet position is quite modest (Budge & Laver, 1992b). In particular, declared cabinet position on the left-right dimension did not correspond consistently with the mean or weighted mean position of the parties in the coalition or in the legislature. Moreover, declared cabinet position on the left-right dimension did not mirror the positions of either the median party or the predominant party on the left-right dimension. Therefore, Budge and Laver were obliged to admit: "party policy, influential though it obviously is in coalition bargaining, still has less consistent and strong effects than those assumed by policy-based spatial models" (1992b: 429).

A second attempt to test the median voter theorem has been done by Michael D. McDonald and Ian Budge in 2005. They found a reasonably strong ($r = .49$) relationship between the government's left–right position, as derived from its declaration, and the left–right position of the party containing the median legislator. However, they also noticed that, once the left-right position of the median voter is added to the model specification, its relationship with the government's left-right position is so strong ($r = .53$) that it will eliminate any significant role for both the median legislator's position and cabinet parties' position. They interpreted this result as a further evidence in support of their median mandate thesis of democratic governance, which sees governments as aligning their policy stances with the preferences of the median legislator and, ultimately, those of the median voter.

However, as acknowledged by the authors themselves (McDonald & Budge, 2005: 147-148), the finding that the median voter position displaces the role played by the median

legislator position in the regression analysis suggests that declared cabinet position may reflect other influences besides the preferences of the median legislator or voter (Warwick, 2001, 2011). Among those influences, it is worth to take into account the policy position of the formateur party (i.e., the party that was assigned the task of putting the coalition together) and that of the ministers having jurisdictions in specific policy areas.

At the end of Nineties, David P. Baron (1998), Daniel Diermeier and Thimothy J. Feddersen (1998) formulated their proposer model, suggesting that the formateur party should be able to extract a disproportionately large share of payoffs. In policy terms, this formulation means that the formateur party should be able to bias declared cabinet position toward its ideal point beyond its seat share.

The portfolio allocation model put forward by Michael Laver and Kenneth A. Shepsle (1996) assumed that ministers are policy dictators in their jurisdictions. In policy terms, this model maintained that the policy preferences of the minister's party will prevail in the specific policy area governed by that minister. This model has been tested by Warwick (2001), which demonstrated that the left-right position of the party holding the finance minister has a modest influence on the declared government's left-right position.

The median voter theorem, the proposer model and the portfolio allocation model discussed so far involve the potential influence of the policy preferences of various political actors. However, other types of influence are possible as well.

A first effect to be considered is that of the electoral rule. Indeed, throughout the last ten years, several empirical studies demonstrated that the electoral rule systematically shapes the size of government, fiscal policy outcomes and redistributive policies. In particular, democracies adopting proportional (PR) electoral systems tend to implement more generous social policies than those characterized by majoritarian (M) electoral systems (e.g., Iversen & Soskice, 2006; Persson & Tabellini, 2004). Scholars suggested at least three alternative causal mechanisms to explain this empirical regularity (Clark *et. al.*, 2012).

The first causal mechanism maintained that the electoral system plays a crucial role in explaining the variance in government redistribution because it shapes the partisan composition of governing coalitions, which, in turn, determine social expenditure. In particular, center-left governments are more frequent in countries adopting PR systems, whereas center-right governments dominate in M systems. Accordingly, social policies

tend to be more generous in PR systems than in M ones. At least two reasons may be provided to explain the difficulties encountered by left parties in M systems.

On the one hand, Jonathan Rodden (2006, 2010) suggested that left wing parties are less likely to win majorities in M systems because they are strongly damaged by the geographical distribution of political preferences across electoral districts. Indeed, in advanced democracies, from the early post-war period until now, left wing voters tend to concentrate in urban areas, while right wing ones are more spread over the national territory.

On the other hand, Torben Iversen and David Soskice (2006) explained why, in M systems, left wing parties are less likely to enter the governing coalition and, therefore, to adopt redistributive policies, by developing a game-theoretic model based on the distribution of coalition bargaining power. In detail, they demonstrated that in a PR system, the center-party has an incentive to pick the left wing party as a coalition partner because he knows that the left wing party can never be entirely shut out from sharing in redistributive spending, even when it is not in the coalition. Therefore, in a center-right coalition, the center party has to share with both the left wing party and the right wing party, whereas, in a center-left coalition, the center party only has to share with the left wing party. Conversely, in a M system, the main concern of the center party will be to avoid being soaked by the poor. Accordingly, in a M system, the center party has an incentive to pick the right wing party as a coalition partner (Iversen & Soskice, 2006: 171).

The second causal mechanism linking PR systems and generous social policies focused on the different size of electoral districts between PR and M systems (Persson & Tabellini, 1999, 2000, 2004). In particular, in PR systems, the electoral competition between parties is more diffuse, giving to office seeking parties strong incentives to seek electoral support from broad coalitions in the population through general public goods or universalistic redistributive programs (e.g., public pensions or other welfare programs). In contrast, in M systems, office seeking parties have strong incentives to disregard the electoral districts in which they are sure to win, so that they can concentrate their efforts in swing districts. Accordingly, M systems increase the propensity to target benefits to narrow constituencies in swing districts, at the expense of broad and universalistic programs and general public goods.

Finally, the third causal mechanism claimed that PR systems favor more generous redistributive policies because they determine a higher number of governing parties, which, in turn, makes more difficult to control public expenditure (Hallerberg, 2004; Bawn, & Rosenbluth, 2006; Persson *et alia* , 2007).

Beside the electoral rule, a second effect to be considered concerns the tendency for government declarations to be more right wing than the mean positions of the parties composing them. This tendency has been firstly noticed by Budge and Laver (1992b: 411), which attributed it to a greater focus in government declarations on administrative concerns and areas of ongoing matters of government activity, such as defense and foreign affairs. However, alternative hypotheses may be advanced to explain this rightward drift in declared cabinet positions.

For example, popular sense would suggest that government declarations pronounced immediately after elections are likely to mirror the positions of the parties in the governing coalition relatively well since the promises made by the same parties to voters are recent. As time passed, however, cabinets have to face the burden of the socioeconomic reality, abandoning their unrealistic commitments in favor of more workable policies in terms of budgetary constraints (Przeworski & Sprague, 1986; Kitschelt, 1994). Even if not explained in theoretical terms, a positive correlation between the rightward bias in government policy and the time elapsed between the last election and the formation of the government has been empirically identified (Warwick, 2001, 2011).

Another possibility is that declared cabinet position deviates from the electoral manifestos of the coalescing parties in response to adverse economic conditions. Indeed, policy promises stated in the electoral manifestos are likely to be based on a more favorable interpretation of current and expected economic conditions than the ones that governing parties are forced to face when they take office. In particular, rising inflation and unemployment rates may force governments into pronouncing less interventionist and less expansionary declarations than they might otherwise have done. Even if reasonable, this expectation did not find empirical support until now (Warwick, 2001, 2011).

Table 3.1 summarizes the hypotheses reviewed so far, that will be empirically tested in this chapter.

Table 3.1: Hypotheses to be tested

Left-right dimension	Social policy dimension
Main hypothesis on the formulation of declared cabinet position	
H₁: The cabinet's left-right (RILE) position corresponds to the weighted mean of the RILE positions of the coalescing parties, with the parties' seat shares in the lower chamber constituting the weights.	**H₁ᵦ:** The cabinet's social policy position corresponds to the weighted mean of the social policy positions of the coalescing parties, with the parties' seat shares in the lower chamber constituting the weights.
Additional hypotheses on the formulation of declared cabinet position	
The cabinet's RILE position is biased away from the cabinet weighted mean toward the RILE position: .	The cabinet's social policy position is biased away from the cabinet weighted mean toward the social policy position:
• **H₂:** of the parliamentary median party. • **H₃:** of the formateur party. • **H₄:** of the party that holds the finance portfolio.	• **H₂ᵦ:** of the parliamentary median party. • **H₃ᵦ:** of the formateur party. • **H₄ᵦ:** of the parties that hold the labor and social affairs portfolios.
Additional hypotheses regarding exogenous determinants	
H₅: As the average district magnitude increases, the cabinet's RILE position moves to the left.	**H₅ᵦ:** As the average district magnitude increases, the cabinet's social policy position becomes more expansionary.
H₆: As the length of time between the last election and the formation of the government increases, the cabinet's RILE position moves to the right.	**H₆ᵦ:** As the length of time between the last election and the formation of the government increases, the cabinet's social policy position becomes more restrictive.
H₇: Adverse economic conditions at the time the government is formed moves the cabinet's RILE position to the right.	**H₇ᵦ:** Adverse economic conditions at the time the government is formed makes cabinet's social policy position more restrictive.

As highlighted by this brief literature review, the dimension that is usually employed to test the validity of these hypotheses is the ideological left-right scale. In this chapter, however, two parallel analyses will be conducted: the first one concerns the determinants of the cabinet position on the left-right dimension, the second one regards the determinants of a genuinely policy based scale, namely the pro-anti welfare state expansion dimension. Indeed, the comparison between these two dimensions will allow verifying whether "the owners of the agenda setting power" coincide.

Following Robert Dahl's (1961) pluralistic approach to politics, I maintain that several actors shape the outcomes of policy-making processes in contemporary democracies. In detail, in his influential book, *Who Governs? Democracy and Power in an American City*, he analyzed decision-making processes in the city of New Haven (Connecticut) in the 1950s, showing that the actors involved in policy subsystems, the policy positions they endorsed, the resources they owned (i.e., political, economical, legal and cognitive resources; cfr. Dente, 2011: 63) and the ways in which they related to each other affected policies in different fields. In a sentence: politics, namely the plurality of actors involved in policy subsystems, determines policies, defined as the final choices of these networks.

Ten years later, Theodore Lowi reversed this sentence saying that: "Policies determine politics". Indeed, in his off cited paper "Four Systems of Policy, Politics and Choice" (1972), he developed a policy taxonomy based on two dimensions. The vertical dimension refers to the likelihood to employ coercion to implement public policies, which could be remote or immediate. The horizontal dimension concerns the applicability of coercion. In detail, it can work through the individual conduct or through the environment of conduct. For example, Lowi distinguished between a general rule covering all fraudulent advertising, which is applicable only through the conduct of individual advertisers, and a minor change in the Federal Reserve discount rate, which can have a major impact on my propensity to invest, yet no official need know of my existence.

Cross-tabulation between these two dimensions produces four types of policies: namely distributive, redistributive, regulatory and constituent policies. Distributive policies extend opportunities, goods and services among different sections of society as well as distributing the costs among all the members of society. Examples include welfare spending, public education, highways and public safety. Redistributive policies shift resources or benefits from one societal segment to one another. Regulatory policies compel certain types of behavior through fines or sanctions. Constituent policies create executive power entities or deal with laws (Dente, 2011: 102).

Lowi applied this policy taxonomy to the American presidential politics from Franklin D. Roosevelt to Lindon Johnson, showing that, as the type of policy changed, the actors involved in decision-making processes did the same. In particular, he demonstrated that the Congress played a major role in distributive and regulatory policies, while the executive power was stronger in shaping redistributive policies.

Even if extremely influential in policy studies, it is worth to recognize that it is hard to apply Lowi's taxonomy to actual decision making processes, which usually mix different kind of policies in a single legislative outcome. However, Lowi's work is here to remind us that the issue at stake is likely to affect the relative weight of the actors involved in the policy subsystems.

Trying to adapt this theoretical claim to the present analysis, the actors able to shape declared cabinet's positions on the RILE and on the welfare dimensions are expected to differ. In detail, on the ideological RILE dimension the executive power is expected to play the major role. Instead, on the social policy dimension, which typically involves distributive e redistributive policies, the legislative assembly (i.e., for distributive policies) and the competent ministers (i.e. for redistributive ones) inside the cabinet are likely to exert a significant influence on the formulation of the coalition agreement (Howlett & Ramesh, 1995: 58-61). Analogously, declared cabinet position on the social policy dimension is likely to be strongly affected by the economic conditions experienced by the coalescing parties when in office.

3.2 Data description and model specification

The key ingredient to test the hypotheses listed in the previous section (Cfr. Table 3.1) has been provided by the Government Declarations Data (Budge *et al.*, 2001). This dataset contains the coding of government declarations in 10 European countries (Belgium, Denmark, France, Ireland, Italy, Germany, Luxembourg, Netherlands, Norway and Sweden) from the end of the Second World War to the end of Nineties (Cfr. Appendix Table 3.1). Even if the dataset contains some instances of single-party governments, these declarations typically announce the results of coalition government negotiations and are given by the Head of State on behalf of a recently formed government or by the prime minister at the investiture time (Laver & Budge, 1992). This dataset will be used to build the dependent variables employed in this analysis.

The first dependent variable, namely *declared cabinet position on the RILE dimension*, is operationalized through the well-known method proposed by Budge and Laver (1992a). In particular, the position held by each government on the RILE dimension is equal to the difference between the proportion of each document devoted to 13 categories

identified as right wing and the proportion devoted to 13 left wing ones. The theoretical range of the RILE scale is -100 (extreme left) to +100 (extreme right), although in practice the variable *declared cabinet position on the RILE dimension* is comprised between -45.08 and +55.1 (Cfr. Appendix Tables 3.2 and 3.3)[i].

Figure 3.1: Temporal evolution of declared cabinet RILE position
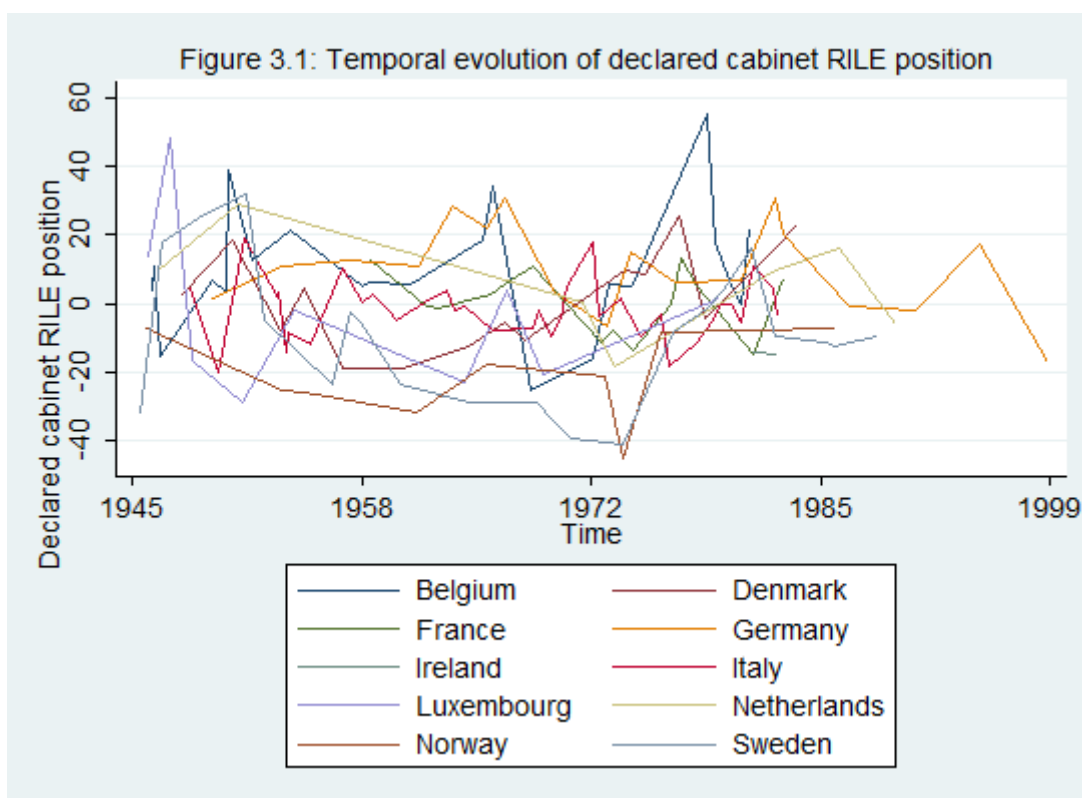
Figure 3.1 displays the temporal evolution of this first dependent variable in the countries included in the analysis. In detail, the within variance (i.e., 14.454, cfr. Appendix Table 3.3) is higher than the between one (i.e., 10.359, cfr. Appendix Table 3.3), proving that the longitudinal variation in each country over time is higher than the cross-country variation at the same time. Indeed, the variable *declared cabinet position on the RILE dimension* oscillates around the mean value of -0.22, with significant remarkable of ±17 points.

The second dependent variable, namely *declared cabinet position on the welfare dimension*, is calculated by subtracting the proportion of each government declaration devoted to welfare state expansion (CMP variables per503 and per504) from the proportion devoted to welfare state retrenchment (CMP variable per505). Even if the theoretical range of this welfare scale is -100 (extreme welfare state expansion) to +100 (extreme welfare state retrenchment), in this dataset the variable ranges from -40.9 and +3.2 (Cfr. Appendix Tables 3.2 and 3.3)[ii].

Figure 3.2 displays the temporal evolution of *declared cabinet position on the welfare dimension*. As for the first dependent variable, the within variance (i.e., 4.813, cfr. Appendix Table 3.3) is higher than the between one (i.e., 3.362, cfr. Appendix Table 3.3). However, cabinets' declarations on the welfare dimension prove to be more left lining than those on the RILE dimension: indeed, all the cabinets in the sample oscillate around the mean value of -7.146, with deviations of ±6 points[iii].

Figure 3.2: Temporal evolution of declared cabinet welfare position
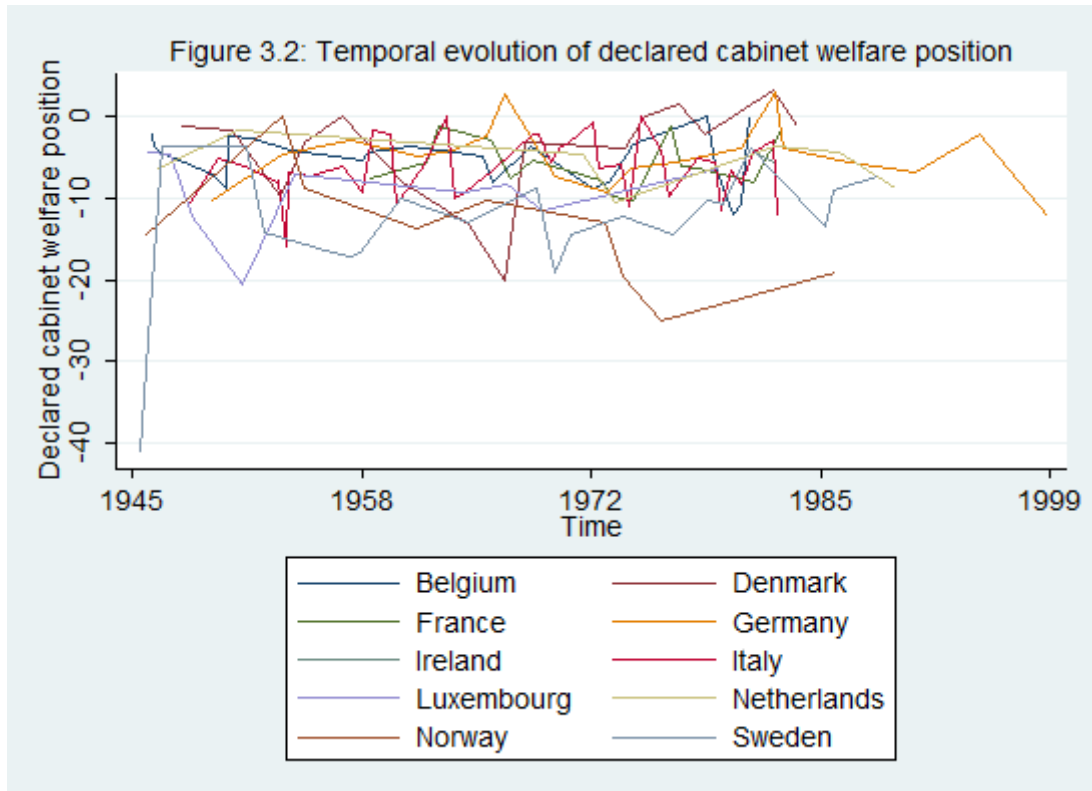
As already anticipated, two separate analyses will be performed by contrasting declared cabinet position on the RILE dimension with that on the welfare dimension. Indeed, this second genuinely policy based scale will allow verifying whether "the owners of the agenda setting power" coincide with those on the RILE dimension. However, the CMP variables employed to build the welfare scale (i.e., CMP variables per505, per504 and per503) are included in the formula used to estimate the RILE scale (Cfr. Appendix Table 3.2). To what extent do cabinets' welfare positions resemble those on the RILE dimension? To answer this question, I estimated the pairwise correlation coefficient between these two dependent variables (Cfr. Figure 3.3). The variable *declared cabinet position on the welfare dimension* is positively correlated with that on the RILE dimension (i.e., 0.565 at 99% confidence interval; cfr. Appendix Table 3.4). This coefficient suggests that

these two dependent variables, even if similar, do not describe exactly the same phenomenon, giving reasons to test if they are affected by the same political actors and external constraints[iv].

Figure 3.3: Pairwise correlation between declared cabinet RILE and welfare positions
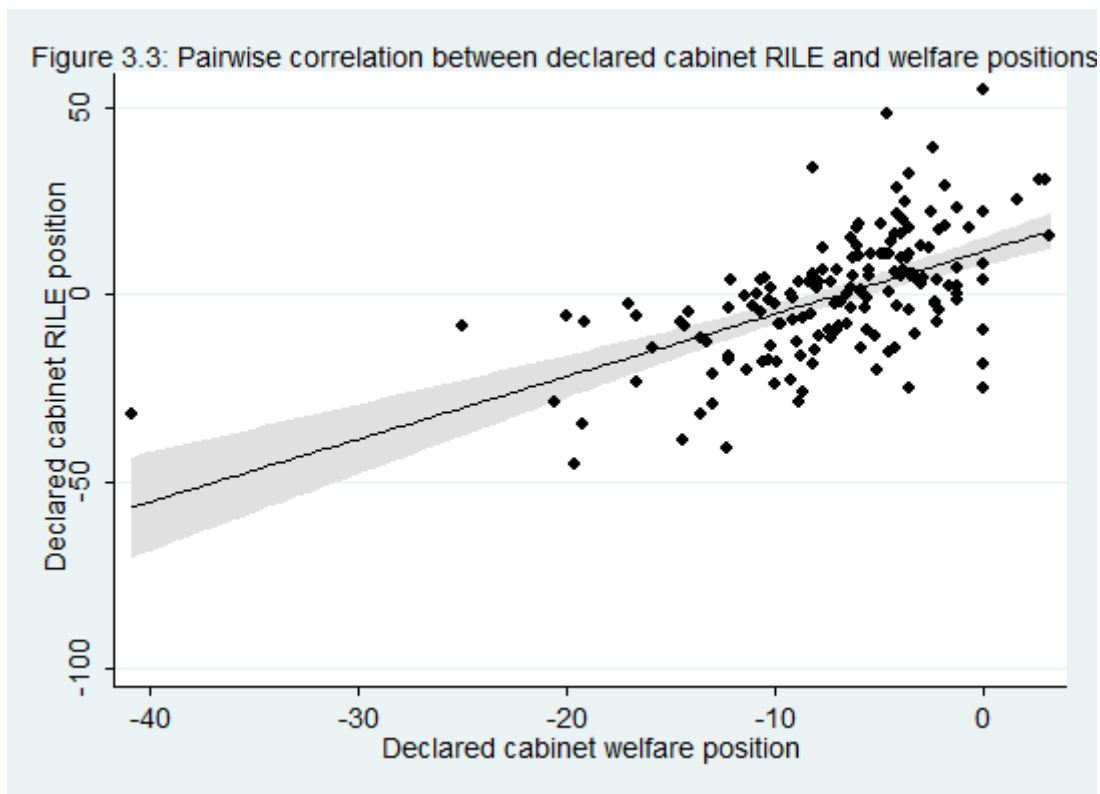
Once described the operationalization of the dependent variables, I move to the independent ones. In particular, the CMP's coding of the electoral manifestos of political parties (MARPOR, 2014) is used to measure the weighted mean position of governing parties, the position of the median party in parliament, that of the formateur party and, finally, that of the parties holding the finance, the labor and the social affairs portfolios.

Thanks to Seki and Williams (2014), the CMP dataset (MARPOR, 2014) has been easily merged with the information on governments' compositions provided by Woldendorp, Keman and Budge (2000). The *cabinet weighted mean on the RILE dimension* corresponds to the mean of the RILE positions of cabinet parties, weighted by their seats share in the lower chamber (Powell, 2009). As for the *declared cabinet position on the RILE dimension*, the theoretical range of this variable is -100 (extreme left) to +100 (extreme right), although in practice it ranges from -61.4 and +45.8 (Cfr. Appendix Tables 3.2 and 3.3). Appendix Table 3.4 shows that the *cabinet weighted mean on the RILE dimension* is positively correlated with the declared cabinet position on the same dimension (i.e., 0.4459 at 99% confidence

interval). This correlation coefficient, however, is far from being one, suggesting that there are other forces able to affect declared cabinet position on this ideological dimension.

Similarly, the *cabinet weighted mean on the welfare dimension* has been calculated as the mean of the welfare positions of cabinet parties, weighted by their seats share in the lower chamber. Once again, the theoretical range of this variable is -100 (extreme welfare state expansion) to +100 (extreme welfare state retrenchment), although in practice it goes from -46.2 to 0 (Cfr. Appendix Tables 3.2 and 3.3)[v]. Appendix Table 3.4 shows that, even if the *cabinet weighted mean on the welfare dimension* is positively correlated with the declared cabinet position on the same dimension, the correlation coefficient is far from being one (i.e., 0.401 at 99% confidence interval), making the case for other actor to affect cabinet position on the welfare dimension[vi].

The CMP applied the same coding scheme to both government declarations (Budge *et al.*, 2001) and party manifestos (MARPOR, 2014), allowing a direct comparison of government position estimates derived from these two sources, both on the RILE and on the welfare dimensions (Cfr. Table 3.1, hypotheses H_1 and H_{1b})[vii].

Other two information emerge directly from the CMP dataset (MARPOR, 2014): the positions of the median legislator on the RILE and on the welfare dimensions. They are calculated by assuming that legislators' positions can be represented by the positions of the parties to which they belong. To identify the party containing the median legislator on the RILE dimension, parliamentary parties have to be arrayed in a left-right order. To do the same on the welfare dimension, they have to be ranked over the scores they totalized on the welfare issue. Hypotheses H_2 and H_{2b} suggest that the positions of the median legislator influence the declared cabinet positions on these two dimensions above and beyond their contribution to the weighted means (Cfr. Table 3.1). These types of effects are captured by two variables, that record, respectively, the median party's deviation from the cabinet weighted mean on the RILE and on the welfare dimensions. The first variable is called *median party – cabinet distance on the RILE dimension* and corresponds to the median party's RILE position minus the cabinet weighted mean on the same dimension. The second variable is called *median party – cabinet distance on the welfare dimension* and measures the difference between the median party's welfare position and the cabinet weighted mean on the same dimension (Cfr. Appendix Tables 3.2 and 3.3)[viii].

As highlighted in section 3.1, however, other factors may mask the connection between government position on the RILE and on the welfare dimensions obtained through government declarations (Budge *et al.*, 2001) and by governing party manifestos (MARPOR, 2014). Among those factors, there is the position of the formateur party (Cfr. Table 3.1, hypotheses H_3 and H_{3b}). This party has been identified through the Woldendorp, Keman and Budge's (2000) dataset. As for the position of the median legislator, the variables *formateur - cabinet distance on the RILE dimension* and *formateur - cabinet distance on the welfare dimension* record the formateur party's deviation from the cabinet weighted mean on these two issues (Cfr. Appendix Tables 3.2 and 3.3)[ix].

The last political actors that are potentially able to effect declared cabinet positions are ministers (Cfr. Table 3.1, hypotheses H_4 and H_{4b}). Of course, Laver and Shepsle's portfolio allocation model (1996) is less easily tested with the data at hand because both the RILE and the welfare scales appear to be too encompassing to be under the exclusive control of any one minister. However, I will follow Warwick (2011) to assert whether *declared cabinet position on the RILE dimension* is heavily influenced by the preferences of the party holding the finance ministry and whether *declared cabinet position on the welfare dimension* is heavily influenced by the preferences of the parties holding the labor and social affairs portfolios. These effects can be verified by determining whether the deviations of the positions of these ministers from the cabinet weighted mean on the corresponding issues (i.e., *finance minister - cabinet distance on the RILE dimension* and *labor/social affairs ministers – cabinet distance on the welfare dimension*[x]) exert any independent influence on declared cabinet position on the corresponding issue (Cfr. Appendix Tables 3.2 and 3.3).

Once described the independent variables related to parliamentary or cabinet parties' positions, there are potential external determinants of declared cabinet position deserving a better investigation.

As far as the electoral rule is concerned, electoral specialists agree that the crucial determinant of an electoral system's ability to translate votes cast into seats won proportionally is the district magnitude (Lijphart, 1999; Sartori, 1986; Taagepera & Shugart, 1989), which Douglas W. Rae defines as "the number of seats assigned to the district" (Rae, 1967: 19-20). Indeed, in both PR and M systems, the choice of district magnitude shapes the distribution of power between small and large parties. On the one hand, high district magnitude guarantees the greatest degree of proportionality because it

ensures small parties to be represented in the legislature; on the other hand, small district magnitude imposes parties to reach a higher effective threshold to gain representatives in the legislature. To test the hypotheses H_7 and H_{7b} (Cfr. Table 3.1), the variable *average district magnitude* is equal to the total number of seats allocated in the first electoral tier divided by the total number of districts in that tier (Cfr. Appendix Tables 3.2 and 3.3). Data are provided by Matt Golder (2005).

Hypotheses H_6 and H_{6b} extend Warwick's argument according to which declared cabinet position is expected to drift to the right as the length of time between the election and government formation increases (2001, 2011) from the RILE dimension to the welfare one. (Cfr. Table 3.1). To test these two hypotheses, the variable *elapsed time* records the number of days passed between the last parliamentary election and government formation (Cfr. Appendix Tables 3.2 and 3.3). This information has been gathered from Woldendorp, Keman and Budge's (2000) dataset.

Finally, to operationalize the idea that adverse economic circumstances are likely to generate a rightward bias in declared cabinet position (Cfr. Table 3.1, hypotheses H_7 and H_{7b}), inflation rates, unemployment rates and GDP growth have been taken into account. In particular, the variable *change in inflation rate* records the difference between the inflation rate at the beginning of the government mandate and those at the end of the mandate of the preceding government. Similarly, the *variable change in unemployment rate* registers to the corresponding difference for the unemployment rate. The same for the variable *change in GDP*. Data have been provided by Strøm, Müller and Bergman (2008) (Cfr. Appendix Tables 3.2 and 3.3).

Appendix table 3.2 contains a detailed description of the operationalization and of the data sources of the dependent and independent variables listed so far, while appendix table 3.3 provides descriptive statistics.

Concerning the choice of the functional form, it is worth to take into account the possibility that the 157 cases under investigation, that are sequences of governments in 10 European countries, may not be totally independent of one another. In particular, it may be the case that the declared cabinet position will be influenced by the position of its predecessor (i.e., serial correlation) and that declared cabinet position in one country may be systematically different from those in another country (i.e., panel heteroscedasticity).

To take into account these two possibilities, I will include in every model specification a first-order lag of the dependent variable and I will estimate panel-corrected standard errors (Beck & Katz, 1995). The lagged dependent variables in this analysis are the *declared cabinet positions on the RILE* and *on the welfare dimensions* of the immediately preceding government (Cfr. Appendix Tables 3.2 and 3.3)[xi]. Indeed, whatever policy position a coalition government agrees on, it may be necessary or expedient to move policy to that position only gradually. Policy inertia might occur because the new government believes that policies cannot be changed quickly without causing undue disruption waste or because it does not wish to frighten voters or markets by appearing too radical or iconoclastic (Warwick, 2001, 2011). Moreover, to control for cross-country differences in levels of the dependent variable, I will include a set of country dummies (Wilson & Butler, 2007).

As suggested by Warwick (2001, 2011), the testing procedure will be guided by the notion that, absent any other influences, declared cabinet position should reflect the weighted mean position of the cabinet parties. The other hypotheses, indeed, involve it as a reference point. For instance, to test their median mandate theory, McDonald and Budge (2005) do not substitute the position of the parliamentary median party to the cabinet weighted mean. Conversely, they add the position of the median legislator to the cabinet weighted mean in the same model specification. Similarly, the proposer model does not suggests that the formateur party alone determines declared cabinet position. Instead, this hypothesis maintains that the formateur party is able to pull government policy away from the cabinet weighted mean toward its own ideal point (Baron, 1998; Diermeier & Feddersen, 1998).

Following this reasoning, twelve model specifications are estimated: six referring to the RILE dimension (Cfr. Section 3.3.1; Table 3.2), six to the welfare dimension (Cfr. Section 3.3.2; Table 3.3). In every model specification, the declared cabinet position is regressed on its lagged value, the cabinet weighted mean and country dummies. However, three model specifications will respectively add the distances between the position of the median party (Cfr. Table 3.2, M_1 and Table 3.3, M_7), that of the formateur party (Cfr. Table 3.2, M_2 and Table 3.3, M_8) or that of the minister party (Cfr. Table 3.2, M_3 and Table 3.3, M_9) and the weighted cabinet position. Instead, the last three model specifications will incorporate the average district magnitude (Cfr. Table 3.2, M_4 and Table 3.3, M_{10}), the

elapsed time from parliamentary elections to government formation (Cfr. Table 3.2, M_5 and Table 3.3, M_{11}) and the changes in the economic conditions[xii] (Cfr. Table 3.2, M_6 and Table 3.3, M_{12}).

Since the dataset provides complete information on just 157 governments in 10 countries, while the hypotheses to be tested are 7 on each dimension (without taking into account the lagged dependent variable, the constant and the country dummies), the potential effect of each independent variable on declared cabinet position on the RILE and on the welfare dimensions have to be estimated one by one.

However, acknowledging the importance to identify the net effect of each independent variable when all other influences are controlled for, four additional model specification are estimated (Cfr. Section 3.3.3; Table 3.4), in which declared cabinet positions on the RILE and on the welfare dimensions are regressed on the most important independent variables referring both to political actors and economic conditions. As will be discussed in the next section (Cfr. Section 3.3.3), results obtained through this second procedure will help to shed light on the ones estimated taking into account each independent variable separately.

While temporal dependence manifested by time-series cross-section (TSCS) data will be taken into account by using temporal lags, all the models discussed in the next section do not address the statistical concept of (positive) spatial autocorrelation (Franzese, 2008). Forty years ago, the geographer and statistician Waldo Tobler summarized this concept with these words: "Everything is related to everything else, but near things are more related than distant things" (1970: 234). In the context of the present study, it means that declared government positions on the RILE and on the welfare dimensions in countries that are spatially close are likely to be more similar to each other than in spatially distant countries. In this chapter, partially because of data scarcity (i.e., N=157), I did not model spatial dependence, making my findings directly comparable with those obtained by previous influential studies using similar models (McDonald &Budge, 2005; Warwick 2001, 2011). However, I hope to postpone this improvement to subsequent studies with more than 157 units of analysis.

3.3 Results

Section 3.3.1 investigates the determinants of declared cabinet position on the RILE dimension; section 3.3.2 the determinants of declared cabinet position on the welfare dimension[xiii]. In detail, these two sub-sections test the potential roles played by the political actors listed in section 3.1 one by one (i.e., the governing parties, the median parliamentary party, the formateur party, the party holding the finance or the labor/social affairs minister). Finally, section 3.3.3 tries to identify the net effect of each independent variable (i.e., referring both to political actors and economic conditions) on declared cabinet position on the RILE and welfare dimensions when all other influences are controlled for.

3.3.1 Influences on declared cabinet position on the RILE dimension

Starting from the RILE dimension (Cfr. Table 3.2), models M_1 to M_6 prove that declared cabinet position is strongly affected by the declared position of its predecessor and by the weighted mean position of the parties in government. In detail, the coefficients referring to the cabinet weighted mean are highly statistically significant and positive across all the six models, demonstrating that if the cabinet weighted mean on the RILE dimension moves one point to the right, the position staked out by the government in its declaration is likely to increase of about 0.3 points.

However, this result does not exactly support hypothesis H_1, which states that declared cabinet position on the RILE dimension has to mirror the weighted mean position of government parties (Cfr. Table 3.1). Indeed, betas are positive and significant, but are far from being equal to one. This evidence suggests that it is important to look for additional political actors and external forces able to influence the declared cabinet position on the RILE dimension[xiv].

M_1 does not support the hypothesis H_2, according to which governments respond to the RILE position of the median parliamentary party (Cfr. Table 3.1). Indeed, the variable median party – cabinet distance does not reach statistical significance.

Table 3.2: Influences on declared cabinet position on the RILE dimension

	M_1	M_2	M_3	M_4	M_5	M_6
Declared cabinet position lagged	0.186*	0.181*	0.197*	0.174†	0.227**	0.175†
	(0.0932)	(0.0913)	(0.0926)	(0.0916)	(0.0822)	(0.0934)
Cabinet weighted mean	0.239*	0.315***	0.325***	0.321***	0.429***	0.309***
	(0.113)	(0.0866)	(0.0871)	(0.0867)	(0.0818)	(0.0916)
Median party – cabinet distance	-0.168					
	(0.146)					
Formateur – cabinet distance		0.394				
		(0.257)				
Finance minister - cabinet distance			0.190			
			(0.170)			
Average district magnitude				-0.485**		
				(0.183)		
Postelection time					0.0101***	
					(0.00231)	
Cabinet weighted mean x Postelection time					-0.0006***	
					(0.000)	
Change in inflation rate						0.321
						(0.852)
Change in unemployment rate						-0.211
						(1.400)
Change in GDP						-0.855
						(1.037)
Constant	-0.332	1.860	1.860	5.927	-0.652	0.950
	(4.757)	(4.513)	(4.514)	(4.709)	(3.622)	(4.573)
Country dummies	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.362	0.370	0.362	0.367	0.482	0.360
N	147	145	147	147	147	147

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is declared cabinet position on the RILE dimension (CMP variable RILE). †$p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

Models M_2 and M_3 lead to the same conclusions for the hypotheses H_3 and H_4, according to which the formateur party and the party holding the finance minister are likely to bias the declared cabinet position on the RILE dimension toward their ideal points (Cfr. Table 3.1). Indeed, both the variables capturing the distances between the formateur's and the finance minister's parties and the cabinet weighted mean appear to have no influence on declared cabinet position. However, the variable formateur – cabinet distance is quite near to conventional levels of statistical significance ($p= 0.125$)[xv], suggesting that hypothesis H_4 deserves a deeper investigation.

As far as the electoral rule is concerned, M_4 provides support for the hypothesis H_5. Indeed, if the average district magnitude increases by one unit, declared cabinet position

on the RILE dimension is expected to move about half a point to the left, proving that PR systems are associated with more leftist cabinet positions.

Results discussed so far demonstrate that, even taking into account the RILE positions of the median parliamentary party, the formateur party, the finance minister and the electoral rule, substantial differences still remain between declared cabinet position and cabinet weighted mean on the RILE dimension. Indeed, these two variables differ systematically from each other in their long-term country-level equilibria, corresponding to the country means. In particular, as already noticed by McDonald and Budge (2005) and by Warwick (2001, 2011), the country means for the declared cabinet position tend to be noticeably to the right of the country means for the cabinet weighted mean. Across the pooled dataset, they average -0.22 and -7.97, respectively (Cfr. Appendix Table 3.3). This tendency holds not just across the pooled dataset, but within every country but two (France and Ireland are the exceptions). It seems that governments' declarations contain stances that are substantially more right wing than those that cabinet parties would have preferred, judging from their own electoral manifestos.

Beside this neoliberal convergence, does the economic condition experienced by the government play a role as well? M_6 adds three variables referring to the dynamics in inflation rate, unemployment rate and GDP growth to the model specification. Results are very clear: declared cabinet position on the RILE dimension appears to be insensitive to changes in inflation rate, unemployment rate and GDP since the end of the preceding government mandate. Therefore, hypothesis H_7 is not confirmed (Cfr. Table 3.1).

According to Warwick (2011: 1691), "this right shift remains a mystery". However, a previous finding of this author may help to shed light on this empirical regularity: the greater the length of time since the last election, the more right wing the government's declared policy position (Warwick, 2001, 2011). This relationship appears in M_5 of the present analysis as well. The variable postelection time, which registers the number of days elapsed between the last parliamentary election and the formation of the government, has a very pronounced effect: for each month increase in elapsed time (i.e., 30 days), declared cabinet position is situated about half of a point to the right.

Figure 3.4: Effect of time on declared cabinet RILE position conditional on the cabinet weighted mean

Figure 3.4 displays that the effect of time on declared cabinet position on the RILE dimension diminishes as the cabinet weighted mean moves rightward. This figure suggests also that cabinets formed by parties expressing extreme right stances in their electoral manifestos (i.e., cabinets having a weighted mean on the RILE dimension equal or higher than 30) are expected to moderate their declarations on the same ideological scale as the time between the last parliamentary election and government formation increases. In the sample, however, only four governments are characterized by a cabinet weighted mean on the RILE dimension equal or higher than 30 (i.e., Hartling and Schlüter I in Denmark; Couve de Murville in France and Adenauer V in Germany). Therefore, this additional regularity deserves better data and a deeper investigation.

Overall, it is possible to explain this finding claiming that the right shift in declared cabinet positions involves a greater willingness to support less interventionist and more market-friendly policies, issues that probably already loom large in the declarations of right wing governments (Warwick, 2011). In other words, hypothesis H_6 is confirmed: as the passage of time makes electoral commitments easier to modify, declared cabinet position on the RILE dimension shows some evidence of neoliberal convergence (Cfr. Table 3.1).

To sum up, models M_1 to M_6 displayed in Table 3.2 prove that declared cabinet position on the RILE dimension is strongly affected by the declared position of the preceding government and, more interestingly, by the weighted mean position of cabinet parties. Moreover, the electoral rule and the length of time passed between the last parliamentary election and government formation seem to play a role. In particular, as the average district magnitude increases, declared cabinet position moves to the left. On the contrary, as the length of time from the last parliamentary election increases, cabinet position on the RILE dimension moves to the right. Finally, some doubts remain on the role played by the formateur party.

3.3.2 Influences on declared cabinet position on the welfare dimension

What does it happen when the RILE dimension is substituted with the welfare one? Do the political actors and external forces that affected declared cabinet position on the RILE dimension behave in the same way on the welfare dimension? Table 3.3 answers this question.

Overall, models M_7 to M_{12} prove that the cabinet weighted mean on the welfare dimension is a strong determinant of the declared cabinet position on the same topic. Indeed, this variable displays a positive and statistically significant effect across all the six models, demonstrating that if the cabinet weighted mean moves one point toward a more contractionary attitude, the position staked out by the government in its declaration is likely to move in the same direction of about 0.3 points.

However, as for the RILE dimension (Cfr. Table 3.2), this result does not exactly support hypothesis H_{1b}, according to which declared cabinet position on the welfare dimension has to match the weighted mean position of government parties (Cfr. Table 3.1). Also on this dimension, indeed, betas are positive and significant, but are far from being one. However, the independent variables added to the model specification to look for political actors and external forces able to influence the declared cabinet position on the welfare dimension tell a different story from the one presented on the RILE dimension.

The parliamentary median party proves to play a crucial role, being able to bias the declared cabinet position on the welfare dimension toward his ideal point. Models M_7 to M_{12} show that a unitary increase in the distance between the welfare position of the party

embedding the median parliamentarian and the cabinet weighted mean moves the declared cabinet position of about 0.3 points toward a more contractionary attitude. Therefore, hypothesis H_{2b} is confirmed (Cfr. Table 3.1).

M_8 proves that the welfare position of the formateur party is unable to affect the declared cabinet position on the same issue (Cfr. Table 3.1, hypothesis H_{3b}). Indeed, the formateur party – cabinet distance fails to reach statistical significance.

Table 3.3: Influences on declared cabinet position on the welfare dimension

	M_7	M_8	M_9	M_{10}	M_{11}	M_{12}
Declared cabinet position lagged	0.0536	0.0583	0.0480	0.0559	0.0620	0.0605
	(0.0855)	(0.0862)	(0.0854)	(0.0855)	(0.0844)	(0.0843)
Cabinet weighted mean	0.313**	0.322**	0.324**	0.316**	0.304**	0.317**
	(0.103)	(0.104)	(0.103)	(0.103)	(0.0994)	(0.103)
Median party – cabinet distance	0.272*	0.286*	0.286*	0.269*	0.277*	0.281*
	(0.125)	(0.127)	(0.125)	(0.125)	(0.121)	(0.123)
Formateur – cabinet distance		0.0859				
		(0.221)				
Labor/social affairs minister – cabinet distance			0.00800†			
			(0.00431)			
Average district magnitude				-0.0765†		
				(0.0453)		
Postelection time					0.00200*	
					(0.000860)	
Change in inflation rate						0.461*
						(0.227)
Change in unemployment rate						0.412
						(0.347)
Change in GDP						-0.0747
						(0.242)
Constant	-3.535	-3.277	-3.379	-2.694	-4.082†	-3.394
	(2.492)	(2.498)	(2.491)	(2.538)	(2.405)	(2.487)
Country dummies	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.343	0.346	0.351	0.347	0.364	0.362
N	147	145	147	147	147	147

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is declared cabinet position on the welfare dimension. It is operationalized as the difference between the percentage of quasi sentences referring to welfare state retrenchment (CMP variable per505) and those referring to welfare state expansion (CMP variables per503 and per504). †p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

Things are slightly different for the welfare position of the party holding the labor and the social affairs ministers. Indeed, as displayed by M_9, this party is likely to bias the declared cabinet position toward its preferred welfare position of about 0.01 points (Cfr. Table 3.1,

hypothesis H_{4b}). However, the magnitude of this effect and the level of statistical significance, which is above conventional standards, cast some doubts on the acceptance of the hypothesis H_{4b}, which deserves a deeper investigation.

M_{10} provides support for the hypothesis H_{5b}: in particular, if the average district magnitude increases by one unit, declared cabinet position on the welfare dimension is expected to move 0.08 points toward a more expansionary attitude. Even if this result is consistent with the one obtained on the RILE dimension, the magnitude of this effect is less pronounced and the level of statistical significance is above conventional standards.

The systematic rightward shift registered between declared cabinet position and cabinet weighted mean on the RILE dimension appears on the welfare dimension as well. Across the pooled dataset, the country means for declared cabinet position is equal to -7.146, while that of the cabinet weighted mean is equal to -11.719 (Cfr. Appendix Table 3.3).

As for the RILE dimension, models M_{11} and M_{12} test whether this rightward shift can be explained by the time elapsed between the last parliamentary election and the formation of the government and by economic conditions, respectively.

As for the RILE dimension, the hypothesis H_{6b} is confirmed: the variable postelection time has a positive effect on the declared cabinet position on the welfare dimension. This effect, however, is less pronounced than that on the RILE dimension: for each month increase in elapsed time (i.e., 30 days), declared cabinet position is situated about 0.06 points to the right.
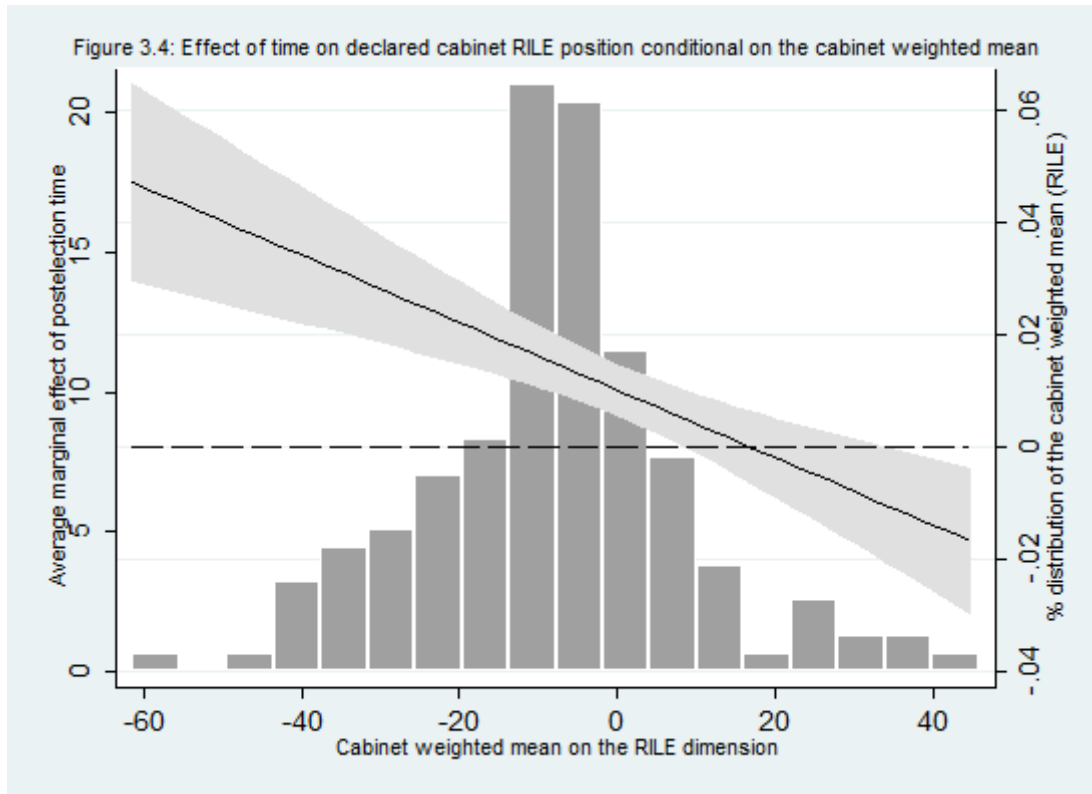
Finally, M_{12} adds the three variables referring to the economic conditions. As expected, declared cabinet position on the welfare dimension appears to be strongly affected by changes in the inflation rate since the end of the preceding government mandate. In particular, a unitary increase in this variable makes the declared cabinet position moving toward a welfare a state retrenchment attitude of about half of a point. Therefore, hypothesis H_7b is confirmed (Cfr. Table 3.1).

In summary, models M_7 to M_{12} displayed in Table 3.3 prove that declared cabinet position on the welfare dimension is strongly affected by the weighted mean position of cabinet parties. Moreover, it is strongly biased by the welfare position of the median party in parliament. However, there are additional forces that are likely to play a role. As for the RILE dimension, as the average district magnitude increases, declared cabinet position on

the welfare dimension moves toward a more expansionary attitude. Analogously, as the length of time passed between the last parliamentary election and government formation increases, the declared cabinet position on the welfare dimension becomes less expansionary. Differently from the RILE dimension, changes in the inflation rate since the end of the preceding government mandate strongly affect declared cabinet position, moving it to toward a more welfare state retrenchment attitude. Finally, some doubts remain on the role played by the party holding labor and social affairs portfolios, which is likely to affect declared cabinet position on the welfare dimension[xvi].

3.3.3 Simultaneous influences on declared cabinet position on the RILE and welfare dimensions

So far, the potential effects of each political actor (i.e., the median parliamentary party, the formateur party, the party holding the finance or the labor/social affairs minister) on declared cabinet position on the RILE and on the welfare dimensions have been estimated one by one. This procedure has been chosen because the dataset provides complete information on just 157 governments in 10 countries, while the betas to be estimated for the independent variables are 10, without taking into account the constant and the nine country dummies.

However, acknowledging the limitations related to the small-N nature of this dataset, Table 3.4 displays four additional models in which declared cabinet positions on the RILE and on the welfare dimensions are regressed on the most important independent variables referring both to political actors and economic conditions. In particular, the dependent variable of M_{13} and M_{14} is declared cabinet position on the RILE dimension. These two models differ in that M_{13} does not embed the median party – cabinet distance on the RILE dimension among its regressors. Instead, both the dependent variables of M_{15} and M_{16} concern the welfare issue. The dependent variable of M_{15} is the declared cabinet position on the welfare dimension (which subtracts the CMP variables per503 and 504 to the CMP variable per505; cfr. Appendix Table 3.2 and 3.3). The dependent variable of M_{16} is the declared cabinet position on welfare state expansion only (which is equal to the sum of the CMP variables per503 and per504; cfr. Appendix Tables 3.2 and 3.3). The aim of these additional models is to identify the net effect of each independent variable, when all other influences are controlled for.

Overall, results displayed in Table 3.4 are consistent with those discussed so far. As first, the cabinet weighted mean proves to be a strong determinant of the declared cabinet position, both on the RILE and on the welfare dimensions. As second, the parliamentary median party confirms its inability to bias the declared cabinet position toward its ideal point on the RILE dimension, while it proves to be crucial on the welfare dimension.

As third, these additional models provide additional elements to shed light on hypotheses H_3, H_{3b}, H_4 and H_{4b} (Cfr. Table 3.1). In particular, results suggest that the formateur party is able to bias declared cabinet position toward its ideal point on the RILE dimension, but not on the welfare dimension. Conversely, the position of the party holding the finance portfolio is unable to affect the declared cabinet position on the RILE dimension, while that of the party holding the labor and the social affairs portfolios has a positive and statistically significant effect on the declared cabinet position on the welfare dimension.

Table 3.4: Simultaneous influences on declared cabinet position on the RILE and welfare dimensions

	M₁₃	M₁₄	M₁₅	M₁₆
	Y= Cabinet RILE position	Y= Cabinet RILE position	Y= Cabinet welfare position	Y= Cabinet position on welfare state expansion
Declared cabinet position lagged	0.209* (0.0913)	0.214* (0.0918)	0.0446 (0.0852)	0.147† (0.0816)
Cabinet weighted mean	0.313*** (0.0860)	0.261* (0.113)	0.329** (0.103)	0.434*** (0.105)
Median party – cabinet distance		-0.102 (0.150)	0.310* (0.126)	0.454*** (0.126)
Formateur – cabinet distance	0.450† (0.259)	0.443† (0.260)	-0.0430 (0.227)	-0.0993 (0.222)
Minister – cabinet distance	0.271 (0.175)	0.252 (0.179)	0.0457† (0.0276)	0.397** (0.135)
Change in inflation rate	0.387 (0.756)	0.253 (0.773)	0.367† (0.202)	-0.462* (0.200)
Constant	2.598 (4.516)	1.498 (4.783)	-3.324 (2.493)	0.140 (2.479)
Country dummies	Yes	Yes	Yes	Yes
R²	0.384	0.386	0.370	0.406
N	145	145	145	145

Notes: OLS estimations with panel corrected standard errors in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

Finally, results in Table 3.4 confirm those of Tables 3.2 and 3.3 regarding the role of adverse economic conditions. In particular, rising inflation rate from the end of the

previous cabinet does not affect declared cabinet position on the RILE dimension, but has a statistical significant effect on the declared cabinet position on the welfare dimension (Note that the coefficient of M_{16} is negative because the dependent variable refers to welfare state expansion only; cfr. Appendix Tables 3.2 and 3.3). Overall, rising inflation makes declared cabinet position on the welfare issue move toward a more contractionary attitude (Cfr. Table 3.1, hypotheses H_7, H_{7b})[xvii].

3.4 Discussion and conclusion

This chapter sheds light on the second link of the chain of responsiveness: namely, the BC bond between parties' and government's social policy preferences (Cfr. Chapter I, Figure 1.4). In particular, it investigates several hypotheses (Cfr. Table 3.1) concerning the main determinants of the positions adopted by coalition governments in West European parliamentary democracies on two dimensions: the traditionally employed ideological RILE scale and the more genuinely policy-based welfare scale.

As summarized in section 3.1, previous influential studies, based on the CMP's coding of coalition government declarations (Budge *et al.*, 2001) and party manifestos (MARPOR, 2014), provided inconsistent results. On the one hand, Budge and Laver (1992b) and McDonald and Budge (2005) found that the linkage between the RILE positions of coalition governments and the weighted mean positions of coalescing parties is extremely weak. On the other hand, Warwick (2001, 2011) revealed a much closer correspondence between these two measures.

This chapter contributes to the existing literature by adding a genuinely policy based pro-anti welfare scale to the ideological RILE scale, which is the dimension traditionally employed in literature to measure the degree of correspondence between declared cabinet positions and the weighted mean positions of cabinet parties. Indeed, I maintain that this additional policy based dimension allows controlling for any possible ideological bias when verifying whether multiparty governments are likely to distribute policy payoffs to their members according to a proportional criterion, exactly as they are expected to do for office payoffs (Gamson, 1961). Moreover, the comparison between the ideological RILE dimension and the policy based welfare dimension allows checking whether "the owners of the agenda setting power" coincide.

Table 3.5 lists the hypotheses tested in section 3.3 and highlights the ones that have been confirmed.

Table 3.5: Confirmed (☑) and not-confirmed (☐) hypotheses

Left-right dimension	Social policy dimension
Main hypothesis on the formulation of declared cabinet position	
☑ **H_1:** The cabinet's left-right (RILE) position corresponds to the weighted mean of the RILE positions of the coalescing parties, with the parties' seat shares in the lower chamber constituting the weights.	☑ **H_{1b}:** The cabinet's social policy position corresponds to the weighted mean of the social policy positions of the coalescing parties, with the parties' seat shares in the lower chamber constituting the weights.
Additional hypotheses on the formulation of declared cabinet position	
The cabinet's RILE position is biased away from the cabinet weighted mean toward the RILE position:	The cabinet's social policy position is biased away from the cabinet weighted mean toward the social policy position:
☐ **H_2:** of the parliamentary median party.	☑ **H_{2b}:** of the parliamentary median party.
☑ **H_3:** of the formateur party.	☐ **H_{3b}:** of the formateur party.
☐ **H_4:** of the party that holds the finance portfolio.	☑ **H_{4b}:** of the parties that hold the labor and social affairs portfolios.
Additional hypotheses regarding exogenous determinants	
☑ **H_5:** As the average district magnitude increases, the cabinet's RILE position moves to the left.	☑ **H_{5b}:** As the average district magnitude increases, the cabinet's social policy position becomes more expansionary.
☑ **H_6:** As the length of time between the last election and the formation of the government increases, the cabinet's RILE position moves to the right.	☑ **H_{6b}:** As the length of time between the last election and the formation of the government increases, the cabinet's social policy position becomes more restrictive.
☐ **H_7:** Adverse economic conditions at the time the government is formed moves the cabinet's RILE position to the right.	☑ **H_{7b}:** Adverse economic conditions at the time the government is formed makes cabinet's social policy position more restrictive.

The most important finding that emerges from the preceding analysis (Cfr. Section 3.3) and from the schematic rendering of Table 3.5 is that there is a connection between governments' declared policy stances and the weighted mean positions of cabinet parties

both on the RILE and on the welfare dimensions. This connection appears in every model estimated in Section 3.3, making the lack of fit between government and party policies lamented by Budge and Laver (1992b) as well as by McDonald & Budge (2005) appearing overly pessimistic.

However, the estimated magnitude of the relationship between declared cabinet positions and the weighted mean positions of cabinet parties is far from the one-to-one correspondence needed to affirm that Gamson's rule (1961) applies to policy payoffs as well as to portfolio allocations, making Warwick's claims appearing overly optimistic as well (2001, 2011).

In detail, results prove that declared cabinet positions on the RILE and on the welfare dimensions are affected by the weighted mean positions of the coalescing parties on the same issues (Cfr. Table 3.5, hypotheses H_1 and H_{1b}). However, other political actors and external forces are able to bias declared cabinet positions away from the weighted means. Notably, such political actors and external forces do not behave in the same way on the RILE and on the welfare dimensions.

Starting from the RILE dimension, M_{13} and M_{14} suggest that the only political actor able to exploit its position to extract more than its proportional share of the policy payoff is the formateur party (Cfr. Table 3.5, hypothesis H_3). Although this finding seem to be consistent with the central requirement of proposer models (Cfr. Section 3.1), the estimated effect is quite weak. Accordingly, proposer models receive little comfort from this result, leading to the same conclusion of Warwick's analysis (2001).

Among the external forces able to bias declared cabinet position on the RILE dimension away from the weighted mean, the electoral rule and the length of time passed between the last parliamentary election and government formation play a role (Cfr. Table 3.5, hypotheses H_5 and H_6).

In particular, M_4 demonstrates that as the average district magnitude increases, declared cabinet RILE position moves to the left. This finding is consistent with the tendency for democracies adopting proportional (PR) electoral systems to implement more generous social policies than those characterized by majoritarian (M) electoral systems (e.g., Iversen & Soskice, 2006; Persson & Tabellini, 2004; cfr. Section 3.1).

M_5, instead, suggests that as the length of time from the last parliamentary election increases, cabinet RILE position moves to the right. This model shows that the rightward bias in declared cabinet positions noted by Budge and Laver (1992b) is a function of the time elapsed since the last parliamentary election: coalescing parties increasingly disengage from electoral commitments and move policy rightward as those commitments become more distant.

This behavior could be explained both with an effort of cabinet parties to abandon their unrealistic commitments in favor of more workable policies in terms of budgetary constraints or with an overall neoliberal convergence (Przeworski & Sprague, 1986; Kitschelt, 1994).

Moving from the RILE to the welfare dimension, models estimated in section 3.3.2 tell a different story. In particular, beside the weighted mean position of coalescing parties, which continues to be a strong determinant of declared cabinet positions (Cfr. Table 3.5, hypothesis H_{1b}), the parliamentary median party (Cfr. Table 3.5, hypothesis H_{2b}) and the competent ministers (Cfr. Table 3.5, hypothesis H_{4b}) prove to be crucial. As expected, the distributive and redistributive nature of the programs included in the welfare dimension, which usually see economic resources to be provided to specific societal segments, determines a higher engagement of parliamentary parties and of the labor and social affairs ministers in decision-making processes.

The finding of a significant effect emanating from the position of the labor and social affairs ministers' parties (Cfr. M_9, M_{15}, M_{16}) seem to support the ministerial autonomy assumption that underpins Laver and Shepsle's (1996) portfolio allocation model. However, here too the evidence is not totally clear-cut. Indeed, on the one hand, declared government policy on the welfare dimension does not coincide exactly with the policy position of the labor and social affairs ministers parties, reflecting more closely the entire cabinet's preferences. On the other hand, this result is not decisive evidence against the portfolio allocation model. The most that can be concluded is that, net of other factors, the parties holding the labor and social affairs ministers do wield some degree of influence over declared cabinet position on the welfare dimension beyond that to which their size alone would entitle them.

As far as external forces are concerned, next to the electoral rule and the length of time since last parliamentary elections, which behave exactly as they did on the RILE dimension (Cfr. Table 3.5, hypotheses H_{5b} and H_{6b}), declared cabinet position on the welfare dimension is strongly affected by the economic conditions experienced by coalescing parties when in office (Cfr. Table 3.5, hypothesis H_{7b}, cfr. M_{12}, M_{15}, M_{16}). This results prove once again that the genuinely policy based nature of the welfare dimension allows capturing the effect of adverse economic conditions on declared cabinet positions better than the ideological nature of the RILE dimension permits.

Finally, it is worth to recognize the most important limitation affecting the analysis here performed: namely, data scarcity on the *explanandum*. Indeed, the Manifesto Research Group coded government declarations in 10 European countries and Israel from the end of the Second World War until the mid- to late 1980s (Cfr. Appendix Table 1.1; Budge *et al.*, 2001; Laver & Budge, 1992). Unfortunately, data collection on government declarations has been abandoned in favor of party electoral manifestos, making it hard to compare government positions as derived from their declarations to those obtained by the weighted mean positions of governing parties. However, as highlighted by this chapter and by influential previous studies (Cfr. Section 3.1), declared cabinet positions and the weighted mean positions of cabinet parties do not describe exactly the same phenomenon: namely, government declarations "should certainly be taken as better indicators of eventual policy than simple party electoral program intentions. They have the advantage of outlining a whole range of plans, for legislation and administration as well as spending" (McDonald & Budge, 2005: 141). Accordingly, to carry on the coding procedure of government declarations from the late 1980s until now seems promising.

Overall, the results here discussed suggest that Lowi's motto, according to which "Policies determine politics" (1972), is partially true: the political actors holding "the agenda setting power" over the RILE and the welfare dimensions do not coincide. However, I have still to demonstrate the reverse, namely that politics determines policies. Indeed, this chapter takes into account policy statements governments declare they will implement rather than what they actually do. However, it says nothing about the ability of political parties to shape social policies according to their preferences when they are charged with government responsibilities. This is what the last link of the chain of responsiveness is about, which will be the object of chapters IV and V.

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Appendix

Appendix Figure 3.1: Evolution of cabinet position on welfare state expansion

Appendix Figure 3.2: Correlation between cabinet positions on the RILE and welfare state exp. dimens.
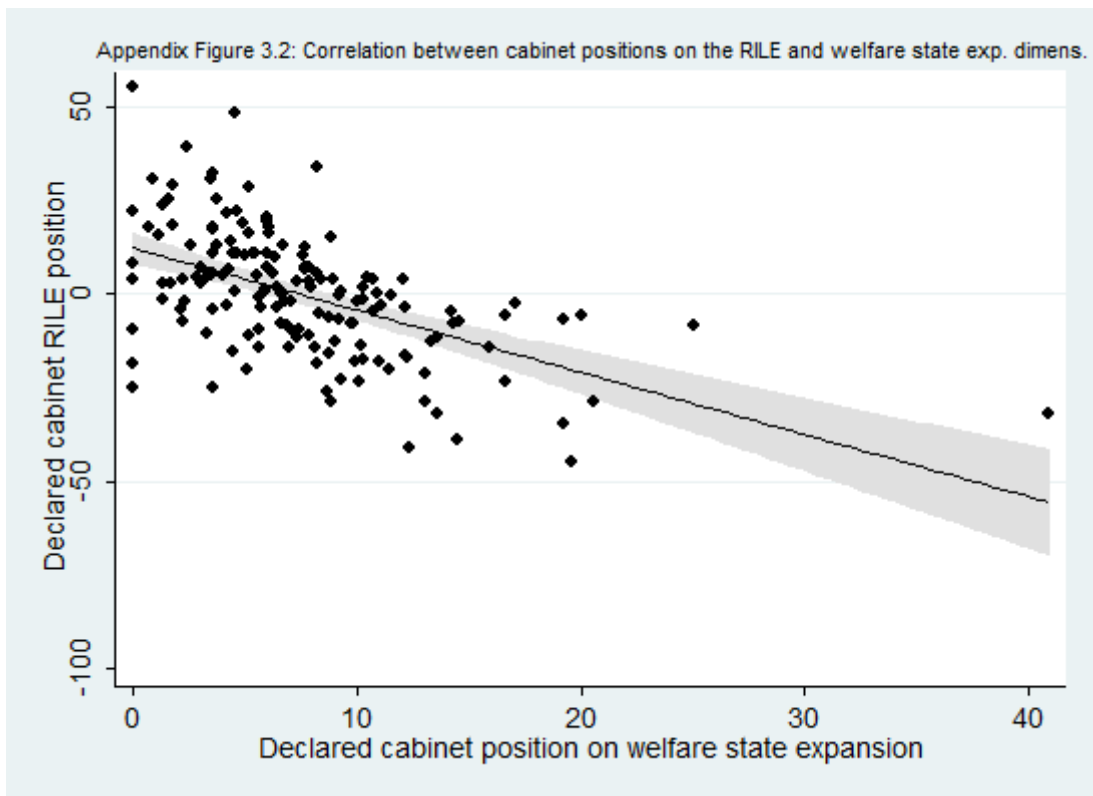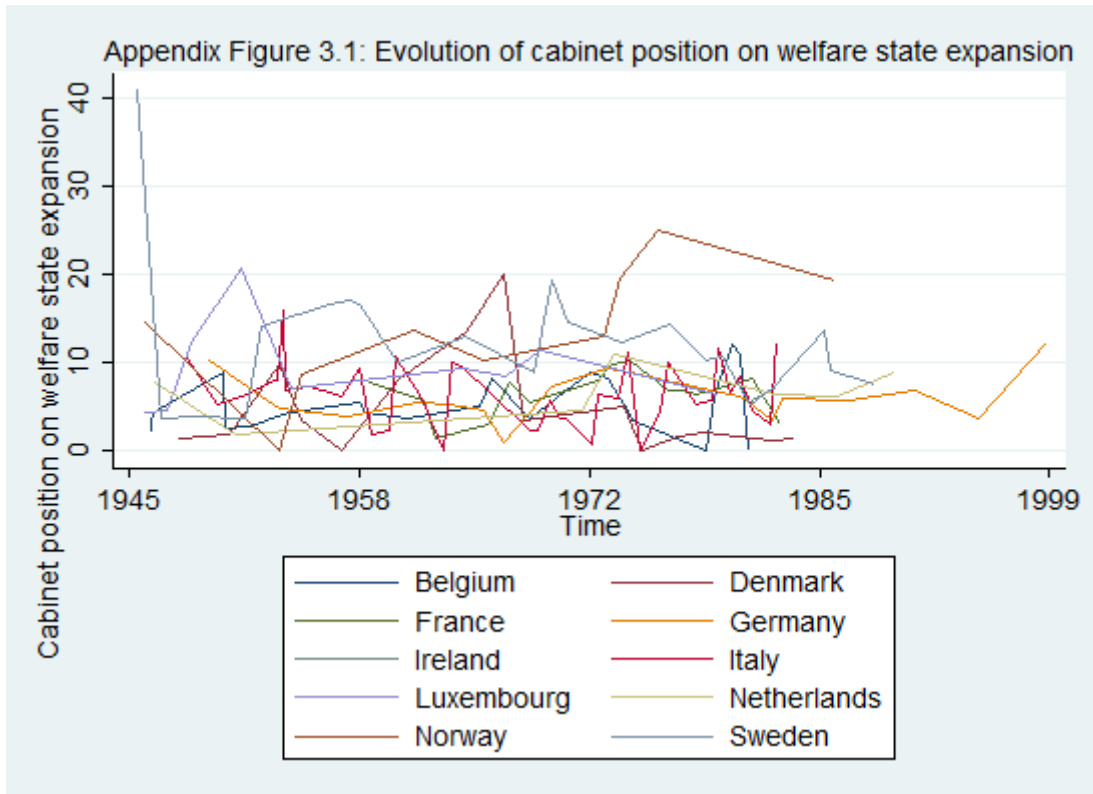
Appendix Table 3.1: The coverage of the CMP government declarations data

Country	Range of governments with coded declarations	Number of coded declarations	Total number of governments in range
Belgium	1946-1981	23	29
Denmark	1947-1987	15	23
France V Republic	1959-1984	14	18
(West) Germany	1949-2002	18	27
Ireland	1981-1987	2	3
Italy	1948-1983	38	39
Luxembourg	1945-1984	9	13
Netherlands	1946-1994	7	20
Norway	1945-1989	11	21
Sweden	1948-1990	20	20

This table shows the range of governments included in the present analysis whose declarations came from the 2001 release of the Comparative Manifestos Project (CMP) data (Budge *et al.*, 2001). Each range starts no earlier than the year of formation of the first government after the initial post-war elections, which means that a few very early governments with coded declarations are excluded, and runs to the end of the final government whose declaration was coded. To assess inclusiveness, the total number of governments that were formed in each range is also shown.

Appendix Table 3.2: Variables' description

Name	Description	Source
Dependent variables		
Declared cabinet position on the RILE dimension	Right-left position of governments as given in their declarations. It is operationalized as in Laver & Budge (1992).	Laver, M. & Budge, I. (1992). *Party Policy and Government Coalitions*. Houndmills, Basingstoke, Hampshire: The MacMillan Press.
Declared cabinet position on the welfare dimension	Welfare position of governments as given in their declarations. (per505)-(per503+per504)	
Declared cabinet position on welfare state expansion	Governments' position on welfare state expansion as given in their declarations. per503+per504	
Main independent variables		
Cabinet weighted mean on the RILE dimension	Weighted (parliamentary seats) mean of governing parties' RILE positions as given in their electoral manifestos.	Woldendorp, J., Keman, H. & Budge, I. (2000). *Party Government in 20 Democracies, 1945-1998*. Dordrecht, Boston and London: Kluwer Academic Publishers.
Cabinet weighted mean on the welfare dimension	Weighted (parliamentary seats) mean of governing parties' welfare positions as given in their electoral manifestos. Party$_i$ position: (per505)-(per503+per504)	Seki, K. &. Williams, L. K. (2014). "Updating the Party Government Data Set". *Electoral Studies* 34: 270-279.
Cabinet weighted mean on welfare state expansion	Weighted (parliamentary seats) mean of governing parties' positions on welfare state expansion as given in their electoral manifestos. Party$_i$ position: per503+per504	Budge, I., Klingemann, H. D., Volkens, A., Bara, J. & Tanenbaum, E. (2001). *Mapping Policy Preferences. Estimates for Parties, Electors, and Governments 1945-1998*. Oxford: Oxford University Press. Volkens, A., Lehmann, P., Merz, N., Regel, S., Werner, A. & Schultze, H. (2014): *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2014b*. Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).
Median party – cabinet distance on the RILE dimension	Distance between the parliamentary median party's position and the cabinet weighted mean on the RILE dimension.	Budge, I., Klingemann, H. D., Volkens, A., Bara, J. & Tanenbaum, E. (2001). *Mapping Policy Preferences. Estimates for Parties, Electors, and Governments 1945-1998*. Oxford: Oxford University Press.
Median party – cabinet distance on the welfare dimension	Distance between the parliamentary median party's position and the cabinet weighted mean on the welfare dimension.	Volkens, A., Lehmann, P., Merz, N., Regel, S., Werner, A. & Schultze, H. (2014): *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2014b*. Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).
Median party – cabinet distance on welfare state expansion	Distance between the parliamentary median party's position and the cabinet weighted mean on welfare state expansion.	
Formateur – cabinet distance on the RILE dimension	Distance between the formateur party's position and the cabinet weighted mean on the RILE dimension.	Woldendorp, J., Keman, H. & Budge, I. (2000). *Party Government in 20 Democracies,*

Formateur – cabinet distance on the welfare dimension	Distance between the formateur party's position and the cabinet weighted mean on the welfare dimension.	*1945-1998*. Dordrecht, Boston and London: Kluwer Academic Publishers.
Formateur – cabinet distance on welfare state expansion	Distance between the formateur party's position and the cabinet weighted mean on welfare state expansion.	Seki, K. &. Williams, L. K. (2014). "Updating the Party Government Data Set". *Electoral Studies* 34: 270-279.
Finance minister – cabinet distance on the RILE dimension	Distance between the position of the finance minister's party and the cabinet weighted mean on the RILE dimension.	Budge, I., Klingemann, H. D., Volkens, A., Bara, J. & Tanenbaum, E. (2001). *Mapping Policy Preferences. Estimates for Parties, Electors, and Governments 1945-1998*. Oxford: Oxford University Press.
Labor/social affairs minister – cabinet distance on the welfare dimension	Distance between the position of the labor and social affairs ministers' parties and the cabinet weighted mean on the welfare dimension.	Volkens, A., Lehmann, P., Merz, N., Regel, S., Werner, A. & Schultze, H. (2014): *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2014b*. Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).
Labor/social affairs minister – cabinet distance on welfare state expansion	Distance between the position of the labor and social affairs ministers' parties and the cabinet weighted mean on welfare state expansion.	Missing cases concerning portfolios allocations have been filled in using information available online.
Control variables		
Average district magnitude	Average district magnitude in the first electoral tier. It is operationalized as the total number of seats allocated in the first electoral tier divided by the total number of districts in that tier.	Golder, M. (2005). "Democratic electoral Systems Around the World, 1946-2000". *Electoral Studies* 24: 103-121.
Postelection time	Number of days elapsed between the last parliamentary election and government formation.	Woldendorp, J., Keman, H. & Budge, I. (2000). *Party Government in 20 Democracies, 1945-1998*. Dordrecht, Boston and London: Kluwer Academic Publishers.
		Seki, K. &. Williams, L. K. (2014). "Updating the Party Government Data Set". *Electoral Studies* 34: 270-279.
Change in inflation rate	Difference between the inflation rate at the beginning of the government mandate and those at the end of the mandate of the preceding government.	Strøm, K., Müller, W. C. & Bergman, T., eds. (2008). *Cabinets and Coalition Bargaining: The Democratic Life Cycle in Western Europe*. Oxford: Oxford University Press.
Change in unemployment rate	Difference between the unemployment rate at the beginning of the government mandate and those at the end of the mandate of the preceding government.	
Change in GDP	Difference between the GDP growth at the beginning of the government mandate and those at the end of the mandate of the preceding government.	

Appendix Table 3.3: Descriptive statistics

Variable		Mean	Std. Dev.	Min.	Max.	Observations		
Declared cabinet position on the RILE dimension	overall	-.2210828	16.79248	-45.08	55.1	N	=	157
	between		10.35996	-21.06	10.61556	n	=	10
	within		14.45361	-35.29065	50.70114	T-bar	=	15.7
Declared cabinet position on the welfare dimension	overall	-7.145669	5.674596	-40.91	3.2	N	=	157
	between		3.361886	-13.77333	-4.24	n	=	10
	within		4.813059	-35.75021	6.627665	T-bar	=	15.7
Declared cabinet position on welfare state expansion	overall	7.476369	5.428303	0	40.91	N	=	157
	between		3.072153	4.813333	13.77333	n	=	10
	within		4.637999	-6.296964	36.02182	T-bar	=	15.7
Cabinet weighted mean on the RILE dimension	overall	-7.975817	16.93336	-61.4	45.85366	N	=	157
	between		12.38427	-28.41561	7.413058	n	=	10
	within		12.92554	-43.81106	36.37684	T-bar	=	15.7
Cabinet weighted mean on the welfare dimension	overall	-11.71912	7.72013	-46.2	.0075756	N	=	157
	between		5.210502	-24.36131	-6.427282	n	=	10
	within		5.162739	-33.5578	9.142196	T-bar	=	15.7
Cabinet weighted mean on welfare state expansion	overall	11.87273	7.578973	1.5	46.2	N	=	157
	between		5.152975	6.427282	24.45443	n	=	10
	within		4.962045	-9.081696	33.6183	T-bar	=	15.7
Median party – cabinet distance on the RILE dimension	overall	.5420557	11.84749	-39.54546	37.90698	N	=	157
	between		7.717538	-20.83633	6.753154	n	=	10
	within		10.96997	-32.45929	31.69588	T-bar	=	15.7
Median party – cabinet distance on the welfare dimension	overall	1.177389	4.689054	-12.2	26.9	N	=	157
	between		1.437093	-.13779	3.863109	n	=	10
	within		4.513819	-13.70665	25.39335	T-bar	=	15.7
Median party – cabinet distance on welfare state expansion	overall	-1.190114	4.444875	-25.7	12.2	N	=	157
	between		1.468121	-3.122611	1.154476	n	=	10
	within		4.261266	-23.7675	14.1325	T-bar	=	15.7
Formateur – cabinet distance on the RILE dimension	overall	.2359251	5.937638	-17.9551	28.93681	N	=	155
	between		3.869766	-4.389907	7.965986	n	=	10
	within		5.304469	-15.6672	21.20675	T-bar	=	15.5
Formateur – cabinet distance on the welfare dimension	overall	-.0026909	1.80514	-6.360001	6.592424	N	=	155
	between		1.231767	-.9465427	2.536329	n	=	10
	within		1.629292	-5.983097	6.774393	T-bar	=	15.5
Formateur – cabinet distance on welfare state expansion	overall	.0441339	1.676637	-5.430198	6.360001	N	=	155
	between		1.224636	-2.536329	.7424545	n	=	10
	within		1.488347	-3.526165	6.035837	T-bar	=	15.5
Finance minister – cabinet distance on the RILE dimension	overall	6.566788	80.77861	-21.02125	1006.807	N	=	157
	between		15.98221	-4.432764	49.33609	n	=	10
	within		78.77122	-53.14878	964.0377	T-bar	=	15.7
Labor/social affairs minister – cabinet distance on the welfare dimension	overall	7.853464	59.5126	-34.49903	514.5545	N	=	157
	between		26.50006	-16.16443	78.65386	n	=	10
	within		54.72304	-92.15168	443.7541	T-bar	=	15.7

Labor/social affairs minister – cabinet distance on welfare state expansion	overall	.3028146	3.276412	-12.6	19.56751	N	=	157
	between		3.482171	-.7771567	11.03376	n	=	10
	within		2.948658	-11.52003	11.61141	T-bar	=	15.7
Average district magnitude	overall	15.19006	27.33868	1	150	N	=	157
	between		40.85487	1	135.7143	n	=	10
	within		4.84009	-20.52422	29.47578	T-bar	=	15.7
Postelection time	overall	318.0573	413.276	0	1487	N	=	157
	between		188.5273	19.5	589.4737	n	=	10
	within		364.5249	-237.0855	1240.914	T-bar	=	15.7
Change in inflation rate	overall	.1931973	1.646901	-5	8.2	N	=	147
	between		.8519081	-.6772727	2.533333	n	=	10
	within		1.525788	-4.631802	5.859864	T-bar	=	14.7
Change in unemployment rate	overall	.0414966	.9999208	-2.6	7.5	N	=	147
	between		.3932462	-.1846154	1.166667	n	=	10
	within		.9606991	-3.02517	6.550588	T-bar	=	14.7
Change in GDP	overall	.1517007	1.603094	-8.9	6.5	N	=	147
	between		1.410501	-1.5	3.8	n	=	10
	within		1.245259	-7.248299	3.8517	T-bar	=	14.7

Appendix Table 3.4: Pairwise correlations among declared cabinet position and cabinet weighted mean on the RILE and on the welfare dimensions

	Declared cabinet position on the RILE dimension	Declared cabinet position on the welfare dimension	Cabinet weighted mean on the RILE dimension	Cabinet weighted mean on the welfare dimension
Declared cabinet position on the RILE dimension	1.0000			
Declared cabinet position on the welfare dimension	0.5658*	1.0000		
Cabinet weighted mean on the RILE dimension	0.4459*	0.4359*	1.0000	
Cabinet weighted mean on the welfare dimension	0.3124*	0.4014*	0.6291*	1.0000

Notes: * p<0.001 or better.

Appendix table 3.5: Pairwise correlations among declared cabinet position and cabinet weighted mean on the RILE dimension and on welfare state expansion

	Declared cabinet position on the RILE dimension	Declared cabinet position on welfare state expansion	Cabinet weighted mean on the RILE dimension	Cabinet weighted mean on welfare state expansion
Declared cabinet position on the RILE dimension	1.0000			
Declared cabinet position on welfare state expansion	-0.5367*	1.0000		
Cabinet weighted mean on the RILE dimension	0.4459*	-0.4082*	1.0000	
Cabinet weighted mean on welfare state expansion	-0.2976*	0.4110*	-0.6096*	1.0000

Notes: * p<0.001 or better.

Appendix Table 3.6: Influences on declared cabinet position on welfare state expansion

	M_{7b}	M_{8b}	M_{9b}	M_{10b}	M_{11b}	M_{12b}
Declared cabinet position lagged	0.0748	0.0759	0.144†	0.0779	0.0841	0.0778
	(0.0829)	(0.0831)	(0.0830)	(0.0827)	(0.0823)	(0.0814)
Cabinet weighted mean	0.390***	0.392***	0.400***	0.405***	0.376***	0.423***
	(0.111)	(0.112)	(0.104)	(0.111)	(0.109)	(0.112)
Median party – cabinet distance	0.391**	0.395**	0.414**	0.403**	0.388**	0.437**
	(0.135)	(0.136)	(0.126)	(0.134)	(0.131)	(0.135)
Formateur – cabinet distance		0.0410				
		(0.238)				
Labor/social affairs minister – cabinet distance			0.378**			
			(0.131)			
Average district magnitude				0.120*		
				(0.0546)		
Postelection time					-0.00146†	
					(0.000829)	
Change in inflation rate						-0.502*
						(0.234)
Change in unemployment rate						-0.184
						(0.334)
Change in GDP						0.162
						(0.233)
Constant	1.789	1.725	0.828	0.289	2.322	1.086
	(2.639)	(2.647)	(2.465)	(2.736)	(2.587)	(2.660)
Country dummies	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.346	0.346	0.383	0.355	0.358	0.371
N	147	145	147	147	147	147

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is declared cabinet position on welfare state expansion (CMP variables per503 and per504). † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

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[i] Although a lively debate has arisen over both the coding scheme and the measure of the RILE position derived from it (see, for example, *Electoral Studies* 26 (1), 2007), it has yet to be demonstrated that any other approach yields clearly superior party position estimates (Warwick, 2011: 1679). Moreover, the additive method proposed by Laver & Budge (1992) has already been used in Chapter 2 to operationalize the social policy supply of political parties on the RILE dimension (Cfr. Chapter II, Section 2.2). Therefore, I employ this operationalization also in Chapter III for internal coherence.

[ii] To test the robustness of the results on the welfare dimension, a third dependent variable, namely *declared cabinet position on welfare state expansion* only, has been calculated. The formula behind this variable corresponds to the one employed in Chapter II to operationalize political parties' social policy supply on the welfare dimension (Cfr. Chapter II, Section 2.2). In detail, it is equal to the CMP dimension "welfare", which sums the proportion of quasi-sentences devoted to welfare state expansion (CMP variable per504) to the proportion of quasi-sentences devoted to social justice (CMP variable per503). The theoretical range of this scale is 0 (absence of quasi-sentences devoted to

welfare state expansion and to social justice) to +100 (totality of quasi-sentences devoted to these two topics), although in practice all scores are comprised between 0 and +40.91 (Cfr. Appendix Tables 3.2 and 3.3).

[iii] Appendix Figure 3.1 displays the temporal evolution of *declared cabinet position on welfare state expansion* only (Cfr. endnote ii). As for the variables *declared cabinet position on the RILE and on the welfare dimensions*, the within variance (i.e., 4.638, cfr. Appendix Table 3.3) is higher than the between one (i.e., 3.072, cfr. Appendix Table 3.3). The cabinets in the sample oscillate around the mean value of -7.476, with significant deviations of ±6 points.

[iv] Appendix Figure 3.2 displays the pairwise correlation between *declared cabinet position on the RILE dimension* and that on welfare state expansion only. These two variables are negatively correlated (i.e., -0.537 at 99% confidence interval; cfr. Appendix Table 3.5). This coefficient suggests that these two variables, even if similar, do not describe exactly the same phenomenon. Note that the correlation coefficient is negative because the variable *declared cabinet position on welfare state expansion* sums the CMP variables per503 and per504 that refer respectively to welfare state expansion and social justice (Cfr. Appendix Table 3.2 and endnote ii).

[v] A second version of the variable *weighted cabinet position on the welfare dimension* has been calculated, namely the *weighted cabinet position on welfare state expansion* only. As for the variable *declared cabinet position on welfare state expansion* only, it corresponds to the weighted (parliamentary seats) mean of governing parties' positions on the CMP dimension "welfare" (CMP variables per503 and per504). The theoretical range of this scale is 0 to +100, although in practice all scores are comprised between 1.5 and +46.2 (Cfr. Appendix Tables 3.2 and 3.3).

[vi] Appendix Table 3.5 shows that the variable *cabinet weighted mean on welfare state expansion* is negatively correlated with the variable *declared cabinet position* on the same dimension (i.e., 0.411at 99% confidence interval). Note that the correlation coefficient is negative because this policy dimension sums the CMP variables per503 and per504 that refer respectively to welfare state expansion and social justice (Cfr. Appendix Table 3.2 and endnote v).

[vii] To verify the robustness of the results on the welfare dimension, the degree of correspondence between government position estimates obtained through government declarations (Budge *et al.*, 2001) and party manifestos (MARPOR, 2014) will be tested on a third scale: namely, the CMP dimension "welfare" (CMP variables per503 and per504). Results are displayed in Appendix Table 3.6.

[viii] A second version of the variable *median party - cabinet distance on the welfare dimension* has been calculated, namely the *median party - cabinet distance on welfare state expansion* only. It corresponds to the distance between the position of the party containing the median legislator on the CMP dimension "welfare" (CMP variables per503 and per504) and the cabinet weighted mean on the same dimension (Cfr. Appendix Tables 3.2 and 3.3).

[ix] A second version of the variable *formateur - cabinet distance on the welfare dimension* has been calculated, namely the *formateur - cabinet distance on welfare state expansion* only. It corresponds to the distance between the position of the formateur's party on the CMP dimension "welfare" (CMP variables per503 and per504) and the cabinet weighted mean on the same dimension (Cfr. Appendix Tables 3.2 and 3.3).

[x] A second version of the variable *labor/social affairs minister - cabinet distance on the welfare dimension* has been calculated, namely the *labor/social affairs minister - cabinet distance on welfare state expansion* only. Once again, this variable corresponds to the distance between the position of the parties holding the labor and the social affairs portfolios on the CMP dimension "welfare" (CMP variables per503 and per504) and the cabinet weighted mean on the same dimension (Cfr. Appendix Tables 3.2 and 3.3).

[xi] A second version of the variable *lagged declared cabinet position on the welfare dimension* has been calculated, namely *the lagged declared cabinet position on welfare state expansion* only. (Cfr. Footnote ii and Appendix Tables 3.2 and 3.3).

[xii] To test the robustness of the results on the welfare dimension, six additional model specifications have been estimated using dependent and independent variables referring to the CMP dimension "welfare" (CMP variables per503 and per504). Results are provided in Appendix Table 3.6.

[xiii] The six models displayed in Appendix Table 3.6 investigate the determinants of declared cabinet position on welfare state expansion only (CMP variables per503 and per504).

[xiv] These results concerning the relationship between declared cabinet position on the RILE dimension and the weighted cabinet mean on the same ideological scale are consistent with those of Warwick (2001, 2011).

[xv] These results are consistent with those of Warwick (2001). Indeed, the betas referring to the roles of the formateur's and the finance minister's parties displayed in Table 3.2 are correctly signed. They do not reach statistical significance because I employed the standard two-tailed test, while Warwick chose the one-tailed test.

[xvi] Overall, models M_{7b} to M_{12b} displayed in Appendix Table 3.6 confirm the results of Table 3.3. Declared cabinet position on the welfare state expansion only (CMP variables per503 and per504) is strongly affected by the weighted mean position of cabinet parties. Moreover, it is strongly biased by the position of the median party in parliament. The distance between the position of the formateur party and the cabinet weighted mean does not reach statistical significance. The role played by the party holding the labor and the social affairs portfolios is more pronounced on this dimension, shedding light on the hypothesis H_{4b} (Cfr. Table 3.1). Here too, as the average district magnitude increases, declared cabinet position moves toward a more expansionary attitude. Analogously, as the length of time passed between the last parliamentary election and government formation increases, the declared cabinet position on welfare state expansion becomes less expansionary. Finally, changes in the inflation rate since the end of the preceding government mandate moves declared cabinet position toward a more contractionary attitude.

[xvii] The 16 models presented and discussed in section 3.3 have been estimated also using GLS random effects models, GLS fixed effects models and standard OLS models. Overall, results concerning political actors are confirmed. Tables are available upon request.

Chapter IV

Looking at the third link of the chain of responsiveness.

Partisan influence on social and labor policies: Do parties matter?

Abstract. Do governing parties shape social policies according to their long lasting ideological preferences? Although this question may look as trivial, political scientists struggle to answer it. Traditional partisan theory states that political parties play a significant role: in particular, left parties are expected to implement social policies able to foster the interests of the working class as a whole. Recently, the insider-outsider literature reframed this argument, suggesting that, after the dualization of labor into individuals with and without permanent contracts, left parties are more likely to pursue social policies that benefit their historically meaningful group of voters, the insiders, ignoring those of the outsiders. Other scholars argue that increasing economic and institutional constraints strongly vanish political parties' abilities to manipulate social policies for electoral and partisan gains. This chapter investigates the role played by governing parties in shaping social and labor policies by employing panel data on 19 OECD countries from 1985 to 2011. The alternative hypotheses are tested through an Error Correction Model, a multiple time series model that is able to directly estimate the speed at which four dependent variables referring to social policy outcomes return to equilibrium after a change in the location of each government on a continuous left-right scale. Results suggest that the ideological position of the executive on the left-right scale is unable to affect social policy outcomes in the short run, when economic control variables prevail. However, parties acquire relevance on the long run: specifically, when the government coalition moves to the right, there is a negative impact on social expenditure as a whole, on public spending in active (ALMP) and passive (PLMP) labor market policies and on the net unemployment replacement rate.

Introduction

Chapter III focuses on the second link of the ideal chain of responsiveness, the BC bond between parties' and governments' policy preferences (Cfr. Chapter I, Figure 1.4) to identify the main determinants of the positions adopted by coalition governments in West

European parliamentary democracies on the ideological RILE scale and on the more policy-based welfare scale.

As endorsed by the theories of party government sketched in chapter I (Cfr. Section 1.3), chapter III demonstrates that, both on the RILE and on the welfare dimensions, governing parties are likely to formulate coalition agreements which are somehow coherent with the policy stances expressed in their electoral manifestos at the election time (Cfr. Chapter III, Section 3.3). This promising result allows concluding that the second link of the ideal chain of responsiveness holds.

However, this finding does not rule out the presence of additional forces able to weak the robustness of this linkage. Notably, the analysis proposed in the previous chapter suggests that, on the RILE dimension, the formateur party is able to influence declared cabinet's position more than its share of seats in the lower chamber would have suggested. Similarly, on the welfare dimension, the two political actors able to exploit their positions more than their proportional share of seats are the median parliamentary party and the party holding the labor and social affairs portfolios. Finally, results underline how the economic condition experienced by governing parties during their mandate strongly affects cabinet's position on the welfare dimension (Cfr. Chapter III, Section 3.3).

Once proved that governmental declarations are similar to the policy promises formulated by governing parties at the election time, it is time to look at what political parties actually do in the social policy domain when they are charged with governmental responsibilities (i.e., at the CD bond of the ideal chain of responsiveness; cfr. Chapter I, Figure 1.5). Do political parties in office significantly affect government behavior and shape social policies according to their ideological preferences? Although this question may look as trivial, the relationship between political partisanship and policy outcomes is one of the key issues in comparative political economy (Jensen & Mortensen, 2014) inasmuch as political scientists and political economists struggled to answer it. Indeed, studies dealing with this topic failed to reach any firm conclusion, providing, at best, mixed results (e.g. Baumgartner *et al.*, 2009; John *et al.*, 2014).

As described in the next section, studies split into two schools of thought, here labelled as "parties-do-matter" and "parties-do-not-matter" hypotheses. Under the first one, it is possible to locate at least three broad streams of literature, namely Partisan Theory (PT),

Power Resources Theory (PRT) and Mandate Theory (MT), all of them establishing a clear linkage between parties' long lasting ideological preferences, their contextual electoral pledges and policy outcomes pursued once they are in office. Vice-versa, scholars belonging to the opposite school of thought, the "parties-do-not-matter" hypothesis, tend to find limited or inconsistent partisan effects on policy design, underlying the role played by growing economic and institutional constraints in conditioning political parties' ability to manipulate policies for electoral and partisan gains (Cfr. Section 4.1).

Despite the conventional wisdom on the "dependent variable problem" (Green-Pedersen, 2002), according to which empirical works using aggregate spending measures as dependent variables are more likely to confirm the "parties-do-not-matter" hypothesis, while studies adopting measures of welfare state generosity tend to support the "parties-do-matter" hypothesis, I posit that such mixed results could be driven by an "independent variable problem".

Indeed, as recently underlined by Häusermann *et al.* (2013), the large majority of studies dealing with party politics and welfare state adopts an overly rough measure of political partisanship. In particular, scholars use to operationalize the ideological position of governments on the left-right dimension by clear-cut dichotomies at party level between parties of the left and the right, with allowances sometimes made for Christian Democrats in the center. Adopting this questionable approach, groups of parties in coalition government contexts are treated with simple dummy variables, indicating whether a government is more left or right leaning.

I intend to contribute to the literature in this field going beyond such dichotomous left-right classification of political parties. In particular, I operationalize government partisanship building a continuous variable based on all of the major party expert surveys. I argue that, adopting this measure, the "parties-do-matter" hypothesis will be confirmed, no matter the choice of the dependent variable to account for social and labor market policies (Cfr. Section 4.2.2).

This expectation is borne out in an empirical test of the effect of government partisanship on three sets of dependent variables used to operationalize social and labor policies in 19 OECD countries from 1985-2011, time span defined as the era of "permanent austerity" (Pierson, 1994), "the silver age of welfare state retrenchment" (Taylor-Gooby, 2002) or

"recalibration" (Ferrera, 2008). The first and the second sets of dependent variables consist in aggregate spending measures, while the third one is an index of welfare state generosity (Cfr. Section 4.2.1).

This chapter begins by discussing the previous inconclusive evidences for partisan effects on social and labor policy outcomes (Cfr. Section 4.1). Then, it presents the research design, namely the choice of three sets of dependent variables to take into account the "dependent variable problem" (Cfr. Section 4.2.1) and the construction of a continuous measure of government partisanship to overcome what I call the "independent variable problem" (Cfr. Section 4.2.2). A description of control variables (Cfr. Section 4.2.3) and of the estimation technique (Cfr. Section 4.2.4) follows. In the third section, I present evidences for my expectation. Conclusions are provided in the last section.

4.1 Partisan influence on social and labor policies: state of the art and theoretical underpinnings

The role played by political parties charged with governmental responsibilities in shaping public policies, especially social ones, is the object of a long-standing debate among political scientists and political economists. According to the supported stance, two schools of thought could be identified, here labelled as "parties-do-matter" and "parties-do-not-matter" hypotheses.

Under the label "parties-do-matter" hypothesis, it is possible to locate at least three broad streams of literature, namely Partisan Theory (PT), Power Resources Theory (PRT) and Mandate Theory (MT).

PT was firstly formulated by Hibbs (1977, 1992), Hewitt (1977) and Tufte (1978) in the realm of comparative political economy to analyze the effect of political parties on social policies and welfare state developments in modern representative democracies (See also Cameron, 1978, 1984, 1985; Schmidt, 1978, 1982, 1983; Garrett & Lange, 1986, 1991). According to this approach, political parties tend to implement public policies consistent with the economic interests of their core electoral constituencies, which are defined in terms of social classes. PT rests on the stylized argument that the electorate of left parties is manly made up of individuals belonging to down-scale groups, whose economic well-being depends almost entirely on earning from labor and which usually occupy

unsheltered and lower paid jobs. Conversely, supporters of right parties are seen as primarily members of up-scale groups, holding financial capital and higher status jobs. Economic conditions experienced by individuals in their everyday life shape their revealed preferences in macroeconomic policies (Wittman, 1983; Keech, 1995). On the one hand, the working class bears the costs of unemployment and therefore favors an active role of the State in promoting expansionary policies able to minimize the unemployment rate. On the other hand, the upper class is mainly concerned to keep the price level constant because inflation undermines financial capital gain. Since to win elections parties have to promote policies consistent with the preferences of their constituencies, the basic prediction of PT is that, when in office, left parties are more likely than right ones to pursue expansionary policies designed to yield lower unemployment and extra growth. The same, right parties are more likely than left ones to promote policies designed to keep the inflation rate steady (Castles, 1982, 1986a, 1986b).

Parallel to PT, Stephens (1979) and Korpi (1983) developed a relate, but separate, approach, known as "power resources theory" (PRT). In particular, this approach argues that social policies are the outcomes of distributive conflicts between socioeconomic groups. Since these conflicts are solved in the political arena, partisan politics plays a crucial role in shaping social policy outcomes. Moreover, social rights won in the parliamentary arena by left parties feed back into the economic sphere as new power resources for the working class, counterbalancing the power of capital. In this manner, PRT makes the link between class mobilization, party affiliation and partisan government more explicit than the original PT: indeed, it emphasizes the feedback effects of policies on collective mobilization through political parties and unions and supports the constituency-party link with detailed studies on the class structure of politics.

In the later decades of the XIX century, Downs (1957) derived from economic theory an alternative model, labelled "mandate theory" (MT). This third tradition focuses on the extent to which political parties, once in office, fulfil the preferences of the median voter (See also Black, 1958; Kavanagh, 1981; Page & Shapiro, 1983; Burstein, 2003; Ezrow, 2007). According to MT, parties are teams of politicians, which compete to be hired as the agents of the whole society, rather than of particular social segments. More precisely, MT states that popular preferences translate into public policies because, at the election time, voters choose as their government the political party or the coalition of parties

offering the closest policy program to their preferred policy outcomes. Therefore, political parties, once elected, are bounded to carry through the programs on which they have been selected (Polsby & Wildavsky, 1971; Sullivan & O'Connor, 1972; Ranney, 1975; Aldrich, 1995).

According to McDonald and Budge's median mandate thesis of democratic governance (Cfr. Chapter I, Section 1.3; Chapter III, Section 3.1), for example, governing parties are expected to align their policy decisions with the preferences of the median legislator in Parliament and, ultimately, with those of the median voter in the electorate. As noticed by Warwick (2011), this is a particularly strong version of the idea that government policy-making is centripetal because it implies that governments (a) intentionally seek to match the middle and (b) largely achieve this end. Unfortunately, the analysis developed by these two authors finds weak results: the left-right positions of the median voter and of the median legislator in Parliament prove not to be good determinants of the central governmental spending on social welfare as percentage of GDP from 1982 to 1992 in 21 democracies. The same happens for the weighted left-right position of the coalescing parties (McDonald & Budge2005: 158-161).

I contend that these PT, PRT and MT could be considered as variants of the canonical principal-agent model of democracy (Miller, 2005), which sees the executive as the agent of the parties in Parliament, which in turn are considered the agents of the electorate (Muller, 2000; Strøm *et al.,* 2003).

On a more detailed inspection, however, PT, PRT and MT display relevant differences (Katz, 2014). In particular, even though MT investigates parties' influence on governments' decision making as PT and PRT, it differs from the latest for the following reasons. As first, MT and PT/PRT differ in their notions of political parties, which are seen as teams of politicians competing to be the agents of the whole society (MT) or as associations of citizens acting as agents of particular social segments (PT/PRT). As second, they deviate in their conceptualizations of the political space: a policy continuum and a fluid society (MT) versus clusters of policy positions and discrete classes of citizens (PT/PRT). As third, they diverge in their characterization of the ultimate principal: the entire electorate as embodied in the median voter (MT) versus the social segment or coalition of social segments associated with the party or coalition of parties that won the previous election (PT/PRT).

Lastly, moving from the theoretical to the empirical ground, MT differs from PT and PRT because it ties parties' influence to public policy promises made by parties in their formal electoral programs (Budge & Hofferbert, 1990). Therefore, it can be refuted by showing that the actual government policies are not related to the electoral programs on which political parties in office won the ballot of the median voter at the election time. On the contrary, PT and PRT can be falsified by demonstrating that government policies are not consistent with long-standing ideological and policy positions of the governing parties, driven by the economic interests of their core electoral constituencies.

Scholars belonging to the opposing school of thought, the "parties-do-not-matter" hypothesis, criticize the approaches reviewed so far for underemphasizing the role played by growing economic and institutional constraints in conditioning political parties' abilities to manipulate policies for electoral and partisan gains.

The role of economic constraints is seen as crucial by the so-called "industrialization thesis" (IT). According to this approach, political parties, once in office, play little if any role in driving public policies design because policy differences that exist between countries at any time or within countries over time are shaped by overwhelming economical, technological and demographic imperatives (Dawson & Robinson, 1963; Cutright, 1965). This approach has been firstly applied to the welfare state development in the aftermath of the Second World War, which has been explained by the unexpected matching between increasing needs for social protection and the availability of financial resources provided by the economic growth (Wilensky, 1975). More recently, it has been employed to analyze welfare state retrenchment: analogously, post-industrial labor markets and population ageing create the need for revising existing welfare state schemes (Espring-Andersen, 1999, 2002; Taylor-Gooby, 2002; Armigeon & Bonoli, 2006), but reduced economic growth and pre-existing welfare commitments force public authorities to contain public expenditure in social protection programs.

Other scholars focus their attention on the process of globalization, suggesting that increasing trade and financial openness diminish left parties' ability to implement expansionary policies, vanishing the distinction between left and right-wing executives (Keohane & Nye, 1989; Scharpf, 1988; Rose, 2014).

Moving from economic to institutional constraints, scholars underline how the environment in which governments act condition the ability to shape public policies according to their partisan preferences. Studies in this branch focus on electoral systems, representation and competition (Cox, 1997), coalition formation (Laver & Shepsle, 1996), divided government and shared policy control (Tsebelis, 2002) and thousands of other issues in delegation and agency, common pools, regulation and oversight (Franzese, 2002). The veto player theory, for example, highlights that the governmental willingness to implement particular policies could be restrained by the number of parties involved in the government coalition, by their degree of reciprocal cohesion and by the ideological distance between the actual government and the previous one (Tsebelis, 2002; Franzese, 2002).

Moreover, scholars investigating the effect of partisanship on policy design tend to stress how path dependency and policy legacies diminish the role of political parties in shaping policy outcomes: using McDonald and Budge's words, "policies change from one government to the next, but not much and not rapidly" (2005:171). Wildavsky (1964), for example, interprets the slow and incremental changes in departmental budgets as an example of bureaucratic bargaining. King and Laver (1999) endorses this positions showing that US government expenditures are as related to political parties' preferences as to national baseball scores.

In this stream it is possible to locate one of the most important contributions to the "parties-do-not-matter" hypothesis, namely the "new politics approach" (NPA), fuelled by Pierson (1994, 1996, 2001), which focuses on the role played by policy legacies in determining welfare state changes in the era of austerity. In particular, Pierson underlines how, despite growing external and internal pressures, welfare institutions do not display radical changes for two reasons: first, welfare dismantling is a fairly unpopular policy; second, the expansion of the welfare state has contributed to the emergence of "powerful groups surrounding social programs", which act as veto points, preventing radical reforms (Bonoli, 2001). Therefore, according to this view, the effect of partisanship on social policy has been weakened, if not erased, by policy legacies.

Conclusions formulated by scholars belonging to the "parties-do-not-matter" hypothesis induced supporters of the opposing school of thoughts to re-conceptualize their main arguments, detecting the ways in which parties might still matter in spite of austerity and

globalization (Korpi & Palme, 2003; Rueda, 2005; Ferrera, 2008; Green-Pedersen & Haverland, 2002). Notably, Korpi and Palme (2003) and Allan and Scruggs (2004) reviewed the original PT and PRT. Particularly, their empirical analysis on the evolution of social programs entitlements suggest that partisanship still matters even in times of crisis: during the era of welfare-state expansion, left-wing governments have been associated with a more generous expansion of social entitlements, while in the era of retrenchment, one observes that right-wing governments are more ready to rein in social entitlements. Therefore, these scholars apply the same reasoning formulated by PT and PRT in the golden age of welfare state expansion to the silver age of welfare state retrenchment: they argue, indeed, that left parties stand for less cuts in the realm of social policy because they represent the beneficiaries of the welfare state and sustain a pro-welfare ideology.

Analogously, Rueda (2005) reframed the stylized argument at the basis of PT to take into account recent socio-economic transformations in post-industrial labor markets. Particularly, he underlines how the economic grow experienced by most industrial democracies in the late 1960s as well as the social unrest and union activism in the early 1970s decreased unemployment's threat to the working class as a whole, letting precarious workers enduring the most of economic fluctuations (Bentolila & Bertola 1990; Blanchard *et al.* 1986). The segmentation of labor into individuals with secure jobs, the insiders, and individuals without, the outsiders, changed the electoral constituency of left parties. According to the author, indeed, left parties in government disregard the needs of the most vulnerable sectors of the labor market, made up of unemployed people and atypical workers, promoting social and labor policies consistent with the preferences of standard workers only.

In conclusion, this literature review proves that we are confronted with a multitude of plausible causal mechanisms linking government partisanship to social policy outcomes. Theories sketched so far underline both the role played by long lasting ideological preferences of political parties in making them able to shape social policies according to their will and the action of economical and institutional constraints, vanishing parties' role. A meta-analysis of 693 published cross-section estimates on this issue found that 22% of the estimates endorses the "parties-do-matter" hypothesis, while the remaining ones fail to support it. The same research explained such inconsistency by the severe

limitations of the existing methods to measure the party composition of governments (Imbeau *et al.*, 2001).

Given these inconsistent results, chapter IV assesses the robustness of the "parties-do-matter" and the "parties-do-not-matter" hypotheses. As better explained in the next section, it verifies whether government partisanship affects social and labor policy outcomes by devoting considerable attention to the operationalization of the main dependent and independent variables.

4.2   Research design, data and model specification

4.2.1   *Three sets of outcomes to take into account the "dependent variable problem"*

Empirical works dealing with the impact of political partisanship on social and labor policies have to take into account the so-called "dependent variable problem" (Green-Pedersen, 2002, 2004), an expression used to underline how the choice of different measures to operationalize social and labor policies could significantly affect the estimates. Particularly, studies using aggregate spending measures as dependent variables are more likely to confirm the "parties-do-not-matter" hypothesis, while studies adopting measures of welfare state generosity are more likely to detect a statistically significant role of political partisanship on welfare state developments (Allan & Scruggs, 2004).

Taking into account this general pattern, I will operationalize social and labor policies using three sets of dependent variables observed in 19 OECD countries over the period 1985-2011. The first and the second sets of depend variables consist in aggregate spending measures, while the third one is an index of welfare state generosity.

The first dependent variable is the total public and mandatory private social expenditure as a percentage of gross domestic product (GDP) and it is provided by the online OECD Social Expenditure Statistics[i]. Even though this is the commonest indicator of welfare effort (e.g., Huber & Stephens, 2001 a, b; Swank, 2002), reservations about the use of expenditure data are well documented (Castles & Mitchell, 1992; Claygton & Pontusson, 1998; Esping-Andersen, 1987, 1990; Neil & Moon, 1988; Goodin *et al.* 1999). In particular, scholars underline how regulatory decisions as well as decisions with a longer phase-in period are not captured by this kind of data, due to their lack of an immediate

impact on spending (Hinrichs & Kangas, 2003). Moreover, expenditure data can give a misleading impression, as the spending ratio automatically increases during periods of economic crisis due to higher recipient numbers of many benefits combined with the drop in GDP, the denominator of the social expenditure ratio. Finally, differences in the tax treatment of transfers distort the degree to which social spending, as measured in national accounts, translates into disposable income for program recipients (Allan & Scruggs, 2004).

Since the total public social expenditure could be too crude, a second set of dependent variables, namely public spending in active (ALMP) and passive (PLMP) labor market policies, is introduced. Among the available social policy dimensions, I chose the one of labor-market interventions because it has been described in literature as the most conflict-ridden social policy area in modern-day welfare state (Jensen, 2012; Pierson, 1994). These two additional dependent variables are measured as public spending in active[ii] and passive[iii] labor market policies as percentage of GDP using OECD data, which are available from 1985 to 2011 (Grubb & Puymoyen 2008)[iv].

Finally, the third dependent variables, namely the net unemployment replacement rate, is used to take into account the argument formulated by Esping-Andersen in his influential study of welfare state regimes, *The Three Worlds of Welfare Capitalism* (1990). In particular, the author suggests to use individual entitlement measures as dependent variables because they show more clearly how changes in welfare state impacted upon the life chances of typical individuals in the labor market. In particular, I will make use of the net unemployment replacement rate as calculated by Scruggs (2004) for a married worker with a non-employed spouse and two children. Replacement rate information is provided from 1971 to 2002[v].

According to data availability, information concerning total public social expenditure (first dependent variable) and public spending in ALMP and PLMP (second and third dependent variables) will be observed from 1985 to 2011 in 19 OECD countries, namely Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom. Information referring to net unemployment replacement rates for a married worker (forth dependent variable), instead, will be observed from 1985 to 2002 in 17 OECD countries, due to the non-availability of data concerning Greece and

Portugal. A description of these dependent variables can be found in Appendix Table 4.1, whereas summary statistics are reported in Appendix Table 4.2.

4.2.2   The main independent variable: going beyond the dichotomous operationalization of partisanship

The main independent variable of this study is the ideological position of governments on the left-right dimension. The large majority of studies investigating the link between parties' preferences and social policies outcomes uses to adopt clear-cut dichotomies at party level between parties of the left and the right or categorical classifications referring to party families. However, as already discussed in chapter II (Cfr. Section 2.2), these classifications of parties' ideological position do not make much sense anymore (Häusermann *et al.*, 2013). Accordingly, this chapter intends to contribute to the existing literature assessing to what extent shifts in government partisanship on a continuous left-right scale correspond to consistent social policy changes.

Two information sets are required to build a continuous variable referring to government partisanship: one concerning the presence of parties in government and the other reflecting their ideological characteristics. The first information set has been drawn from the Parliament and Government Composition Database (Döring and Manow, 2012), better known as *ParlGov* database. I used it to collect the following information concerning governments: starting and ending dates, the names of parties with ministers in cabinets and the share of seats won by each party in the lower Chamber.

Concerning the second information set, assessments of left-right party positions are mainly based on two different methods: expert surveys and the analysis of party manifestos. None of these methods is free of costs. On the one hand, the major shortcoming affecting the expert surveys is that they are rarely performed and therefore data hardly reflect through-time variation in parties' positions. In addition, national experts could differently interpret the questions according to their national contexts (Gabel & Huber, 2000). On the other hand, data provided by the analysis of party manifestos could simply reflect what parties say to public opinion to win the elections and not necessarily what they will do once they won them. This is a particularly relevant problem for the analysis developed in the present paper: left parties, for example, may not wish to emphasize in their electoral pledges their intentions not to increase public

spending in social and labor market policies to prevent critics from describing them as unconcerned about the interests of their core electoral constituencies.

Therefore, taking into account pros and cons of these two different methods, I decided to use expert opinions to measure the ideological position of governments. In particular, the variable *Partisanship* combines the information provided by ParlGov database to all of the major party expert surveys, namely Castes and Mair (1984), Laver and Hunt[vi] (1992), Huber and Inglehart (1995), Benoit and Laver[vii] (2006) and Chapel Hill (1999-2010)[viii]. The left-right indexes provided by these surveys have been standardized from 1 (extreme left) to 20 (extreme right) at party level and then collapsed to capture the influence of parties in governments. Therefore, *Partisanship* is equal to the mean of the left-right indexes of the parties involved in the government coalition according to the expert survey nearest to the election date.

Since scholars demonstrated that the proportion of parliamentary seats possessed by each political party charged with government responsibilities in the lower Chamber influences its political power in the governing coalition (Browne & Franklin, 1973; Huber & Powell, 1994; Muller & Strom, 2000), *Partisanship* weights the influence of each party in the governing coalition by its share of seats in the lower Chamber.

Although not all issue positions can be adequately captured by it (Cfr. Chapter III, Sections 3.1 and 3.2), confining the analysis to the left–right dimension is also a reasonable compromise in most instances. Indeed, this ideological continuum represents by far the best single measure of overall position because it is grounded on the class-based cleavage whose omnipresence across countries is attested by the presence of Socialist or Labor parties everywhere. As discussed by MacDonald and Budge (2005: 31), among the traditional four cleavages identified by Rokkan (1970), "the Conservative-Liberal conflict in its nineteenth form has been buried by history, while the urban-rural cleavage outside Scandinavia was largely subsumed under others". Regional cleavages, involving minority nationalist parties against the rest, tend to be insulated from mainstream national politics, while the religious one has been overtaken by the comprehensive separation of Church and State. Moreover, the left-right continuum has been used as such in countless studies (Warwick, 2011)[ix].

Since all the dependent variables are early based, the variable *Partisanship* has been ascribed to all the years in which the same government stayed in power. When there were more than one government in office in the same year, the indexes have been weighed by the numbers of days in which each government has been in office. Definition and summary statistics of this variable are reported in Appendix Tables 4.1 and 4.2.

Finally, it is important to underline that the choice to employ expert surveys rather than party manifestos has been driven also by the need to make chapter IV directly comparable with relevant empirical studies in the same field (See, *inter alia*, Scruggs, 2004; Rueda, 2005). However, Table 6.2 in Chapter VI demonstrates that results obtained thr this operationalization of government partisanship (Cfr. Section 4.3) that governing parties are able to affect social expenditure according to their preferences even when their placement on the ideological RILE scale and on the more policy based welfare scale is operationalized using electoral manifestos.

4.2.3   Control variables

As discussed in section 4.1, scholars belonging the "parties-do-not-matter" hypothesis underline how economic and demographic imperatives, together with budgetary and institutional constraints, vanish the ability of political parties to shape public policies according to their will. The present analysis embeds these constraints as control variables in the model specification.

Starting from economic and demographic imperatives, given that all the dependent variables can be affected by the overall economic situation, it is important to control for the effect of economic growth on the policy decisions of partisan governments. For this reason, the real GDP growth as percentage change from the previous year is included in the model using OECD data.

Social policy expenditure may also respond immediately and semi-automatically to inflation rates. Social transfers could be insufficiently indexed to keep real payments unchanged, so that inflation lowers social transfers without any current policy-makers response. Vice versa, social transfers may be over-indexed. Either way, controlling for inflation seems wise (OECD data).

Moreover, since aggregate spending measures concerning social and labor policies tend to increase as answer to increasing societal needs, the unemployment rate and the percentage of population ageing more than 65 years old are used as control variables (OECD data).

Finally, two variables capturing the degree of a country's trade and financial openness have been introduced to take into account the potential effects of international interdependence on the budgetary autonomy of governments. Trade openness has been measured as imports plus exports as percentage of GDP. Data are provided by the United Nations Conference on Trade and Development (UNCTAD) Statistical Office. Financial openness has been operationalized with the Chinn and Ito's KAOPEN index (2006), which takes on higher values the more open the country is to cross-border capital transactions[x].

Following Rokkan's motto (1970) according to which "Votes count, but resources decide", budgetary constraints on the ability of political parties to shape social and labor policies according to their preferences have been operationalize as the central government debt as percentage of GDP (OECD data). Indeed, if the share of central government debt over GDP increases, the impact of government partisanship on social and labor policies spending is likely to decrease because governing parties will have fewer resources at their disposal.

Moreover, to formulate their preferred social and labor policies, governments have to take into account not only the preferences expressed by political parties involved in the executive coalitions, but also the requests formulated by trade unions. Specifically, strong labor movements are expected to have a positive impact on all the dependent variables considered in the present study. The strength of labor movements is measured by the degree of union density, namely the percentage of unionized workers over the labor force (OECD data).

Finally, several scholars in public policy studies, particularly those belonging to the incremental approach, underlined the importance to take into account the effect of path dependence in policies developments (cfr. section 1). Therefore, the lagged values of each dependent variable are embedded in the model specifications.

Table 4.1 in the Appendix lists and defines all these control variables, whereas Table 4.2 in the Appendix provides descriptive statistics.

4.2.4   Statistical model specification

Once summarized the alternative hypotheses formulated in literature on the role played by government partisanship in shaping social and labor policy outcomes (Cfr. Section 4.1) and described the operationalization of the main dependent (Cfr. Section 4.2.1) and independent variables (Cfr. Sections 4.2.2 and 4.2.3), this section focuses on the statistical model specification.

The panel data set contains repeated observations from 1985 to 2011 over 19 OECD countries, for a total of 513 observations (T=27, N=19, NT=513). The countries involved in the study are the following ones: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom. The main criterion determining the selection of time span and countries has been the availability of data for the dependent variables (Cfr. Section 4.2.1).

Panel data offer important advantages. As first, since variables vary along two dimensions, namely years and countries, the number of degrees of freedom increases. This usually strengthens the efficiency of the estimates with respect to a cross sectional dataset with the same number of observations. As second, they allow the researcher to measure the effect of countries' behavior, observable with cross-sectional data, in its temporal evolution, usually emphasized by time series data. Finally, panel data provide internal instruments: endogenous regressors could be easily replaced by transformations or lags of the independent variables, which are highly correlated with the endogenous regressors, but not with the error term.

However, temporal and spatial properties of this kind of data make their use problematic. In particular, panel data are likely to exhibit contemporaneous correlation of the residuals (i.e. residuals from different cross-sections in the same time-period are correlated) in addition to the more usual time-series' property of serial-correlation and the typical cross-sections' property of heteroskedasticity. The joint effect of contemporaneous correlation,

serial-correlation and heteroskedasticity may lead to inefficient estimates and inconsistent standard errors.

Taking into account these issues, I firstly adopt panel-corrected standard errors (PCSE), the commonly used technique for the analysis of panel data proposed by Beck and Katz (1995). In particular, I deal with the temporal and spatial properties of my data simply regressing the change in each dependent variable on its lagged level and the lagged levels of the independent variables listed in sections 4.2.2 and 4.2.3. Accordingly, the first estimation equation will have the following general form:

$$\Delta Y_{it} = \alpha + \beta_1 Y_{it-1} + \beta_2 \text{Partisanhip}_{it-1} + \sum \beta j \mathbf{X}_{it-1} + \varepsilon_{it} \qquad (1)$$

where ΔY_{it} is the change in the dependent variable (i.e. social expenditure, ALMP expenditure, PLMP expenditure or unemployment replacement rate) in country i in year t from one year to the next; α is the constant, Y_{it-1} is the lagged level of each dependent variable multiplied by its estimated coefficient, β_1. Partisanhip$_{it-1}$ is the lagged level of the main independent variable, referring to the location of the executive power on the left-right scale in country i, multiplied by its estimated coefficient, β_2. Finally, $\mathbf{X}_{it-1}$ is a (k x 1) vector of lagged control variables, taken in levels; βj is a (k x 1) vector of coefficients with the subscript j referring to the particular explanatory variable, ε_{it} is the error term. Country and year dummies are included.

Once estimated the effect of government partisanship on social and labor policies using PCSE, I turn to a more sophisticated model specification, namely the Error Correction Model (ECM).

Tests on the four dependent variables reveal that they may have a unit root. In particular, I performed the Maddala and Wu (1999) test for panel unit root in unbalanced panel dataset with various lagged differences and with and without trends, failing to reject the null hypothesis according to which all the series are non-stationary. This result is confirmed also by the t-test for unit roots in heterogeneous panels proposed by Im, Pesaran and Shin (2003), which, differently from the previous one, provides consistent estimates under the hypothesis of cross-sectional dependence. The same tests, performed on the regressors, reveal that several likely candidates for co-integration exist. Specifically, the amount of public debt, the inflation rate, the unemployment rate and the share of

population ageing 65 or more may have a unit root, a necessary condition for co-integration.

In this situation, proceeding with simple lagged-dependent variable models as the one proposed before (Cfr. Equation 1) may be misleading: an ECM is advised. This method, developed by Beck (1992), consists in regressing the change in the dependent variable on its lagged level, the lagged level of each potential co-integrating factor and whatever other levels or differences theory or empirics may suggest. Provided that the coefficient on the lagged dependent variable in levels is negative, this approach provides valid estimates.

Using the ECM structure, the estimated coefficients of differenced independent variables refer to *momentum*-like, short-run, transitory relations between changes in independent and dependent variables. The estimated coefficients of independent variables in levels refer to *equilibrium*-like, long run, permanent, relations between levels. Moreover, the long-term effects dissipate over time through the coefficients on the lagged dependent variable, reflecting rates of adjustments of levels to *equilibrium* relations (Franzese, 2002). In the present application, the large majority of the independent variables may have both short term and long-term effects. For this reason, they enter the regression in current changes and lagged levels. Vice versa, trade union density, trade openness and financial openness enter in lagged levels only.

Accordingly, the general form of the second estimation equation will be:

$$\Delta Y_{it} = \alpha + \lambda Y_{it\text{-}1} + \sum \beta_j \Delta \mathbf{X}_{it\text{-}1} + \sum \beta_j \mathbf{X}_{it\text{-}1} + \varepsilon_{it} \qquad (2)$$

where ΔY_{it} is the change in the dependent variable in country i in year t from one year to the next. $\mathbf{X}$ is a vector of (k x 1) explanatory variables with the subscript j referring to the particular explanatory variable. α is the intercept and ε is the disturbance term. The short-term effects are measured by the estimated coefficient β_j of any differenced independent variable. The long-term effects are captured by dividing the coefficient β_j of any independent variable in levels by λ, which is called "error correction rate". As suggested by Beck and Katz (1995), even with this model specification, I use PCSE to correct for panel heteroskedasticity in the data structure. Next section provides results for both the model specifications corresponding to the equations 1 and 2.

4.3   Results

Table 1 displays four models, one for each dependent variable, estimated according to the equation 1. The first model, Δ *Social exp.*, aims at assessing the impact of a unitary increase in the lagged values of each independent variable on the change in the total public and mandatory private social expenditure as percentage of GDP from one year to the next.

Table 4.1: The effect of government partisanship on social and labor policies (PCSE)

	Δ Social exp.	Δ ALMP exp.	Δ PLMP exp.	Δ UEF
Partisanship $_{t-1}$	-0.0437*	-0.00777*	-0.0192***	-0.0157*
	(0.0177)	(0.00397)	(0.00452)	(0.00663)
Y_{t-1}	-0.115***	-0.157***	-0.0433	-1.018***
	(0.0278)	(0.0346)	(0.0242)	(0.218)
GDP growth $_{t-1}$	-0.129***	-0.0100**	-0.0440***	0.000433
	(0.0262)	(0.00372)	(0.00544)	(0.00452)
Debt $_{t-1}$	-0.0122***	0.0000549	-0.00279***	0.000458
	(0.00334)	(0.000563)	(0.000774)	(0.00154)
Inflation $_{t-1}$	-0.0542*	0.00321	-0.00203	-0.00389
	(0.0272)	(0.00476)	(0.00567)	(0.00644)
Unemployment $_{t-1}$	-0.0659***	-0.00163	-0.0271***	0.00606
	(0.0174)	(0.00331)	(0.00511)	(0.00772)
Elderly $_{t-1}$	0.000196***	0.00000325	0.0000335***	0.0000124
	(0.0000352)	(0.00000691)	(0.00000886)	(0.00000945)
Trade unions $_{t-1}$	-0.0343***	-0.00124	-0.00526*	-0.0149*
	(0.00832)	(0.00152)	(0.00250)	(0.00587)
Trade openness $_{t-1}$	-0.0137*	-0.00147	-0.00366**	-0.00106
	(0.00559)	(0.000774)	(0.00120)	(0.00119)
Financial openness $_{t-1}$	0.0875	0.0104	0.00951	0.0213
	(0.0629)	(0.00786)	(0.0115)	(0.0187)
Constant	1.694*	0.116	0.370*	0.879***
	(0.698)	(0.115)	(0.170)	(0.260)
Year and country d.	Yes	Yes	Yes	Yes
R²	0.669	0.300	0.609	0.575
N	403	390	402	227

Notes: OLS estimations with panel corrected standard errors in parentheses. * p<0.05, ** p<0.01, *** p<0.001

In particular, results suggest that if the government coalition moves one point toward the right side of the ideological spectrum in the year *t-1*, the change in the share of social expenditure over GDP in the year *t* is expected to be 0.04 percentage points lower than what it would have been without this ideological shift. In particular, if the social expenditure as percentage of GDP in the year *t* increases (i.e. ΔY_{it} is positive), it would have been 0.04 percentage points higher without this ideological shift in the year *t-1*. Vice versa, if the same decreases (i.e. ΔY_{it} is negative), this retrenchment would have been 0.04

percentage points lower without the same ideological shift of the governing coalition in the year *t-1*.

The same reasoning applies to the estimated coefficients of the independent variable of interest, *Partisanship*, in the remaining three models. Indeed, all the betas are negative and statistically significant at least at the 95% confidence interval. Overall, if the governing coalition in the year *t-1* moves to the right, there will be a negative, although modest in magnitude, impact on the changes in the amounts of money devoted to social and labor policies and in the index of welfare state generosity in the following year.

As discussed in the previous section, these findings could be significantly biased by the joint effect of contemporaneous correlation, serial-correlation and heteroskedasticity in the data structure. To better address these properties, Table 4.2 shows four ECMs, estimated according to the equation 2.

As first, the coefficients of the lagged dependent variables in levels are negative and highly statistically significant, meaning that inferences from these estimates should be free of unit-root concerns. Results suggest that social policy expenditure adjusts very slowly. In particular, 86% (1-.14=.86) of a shock in one year persists into the next, than 86% of that into the following year, and so forth. Thus, the long-run impact of any permanent shock in the share of social policy expenditure over GDP is about 7.14 ($\approx.14^{-1}$) times its immediate impact. The same reasoning applies to ALMP and PLMP spending as percentages of GDP. Specifically, respectively 86% and 90% of a shock in one year in the amount of money devoted to ALMP and PLMP persist into the next years, and so forth. Thus, the long-run impacts of any permanent shock in the share of money devoted to these two programs are respectively about 6.25 and 10 times their immediate impacts. A different behavior is shown by the last dependent variable, the net unemployment replacement rate. Indeed, in this case, only the 1% of a shock in one year will persists into the next. It means that the long run impact of a shock in the net unemployment replacement rate nearly coincides with its immediate impact.

Having discussed the error corrections terms of the four models, I focus on the estimated coefficients of the main independent variable, *Partisanship*, which enters the regressions both in current changes and in lagged levels.

Table 4.2: The effect of government partisanship on social and labor policies (ECM)

	Δ Social exp.	Δ ALMP exp.	Δ PLMP exp.	Δ UEF
Δ Partisanship$_t$	0.0290	0.00520	0.00304	-0.000275
	(0.0260)	(0.00528)	(0.00573)	(0.00562)
Partisanship$_{t-1}$	-0.0378*	-0.00814*	-0.0144**	-0.0118**
	(0.0177)	(0.00412)	(0.00452)	(0.00458)
Y$_{t-1}$	-0.142***	-0.161***	-0.106***	-0.999***
	(0.0280)	(0.0336)	(0.0284)	(0.196)
Δ GDP growth$_t$	-0.181***	-0.00463	-0.0168**	-0.00452
	(0.0204)	(0.00431)	(0.00536)	(0.00705)
GDP growth$_{t-1}$	-0.190***	-0.0142*	-0.0185**	-0.00543
	(0.0282)	(0.00570)	(0.00676)	(0.00824)
Δ Debt$_t$	0.0408***	0.00438**	0.00929***	0.00210
	(0.00953)	(0.00155)	(0.00204)	(0.00248)
Debt$_{t-1}$	-0.00386	0.000403	-0.000617	0.00167
	(0.00315)	(0.000562)	(0.000683)	(0.00124)
Δ Inflation$_t$	-0.0633*	-0.00956	-0.0192**	-0.0159*
	(0.0302)	(0.00623)	(0.00631)	(0.00670)
Inflation$_{t-1}$	-0.0950***	-0.00126	-0.0111*	-0.0124
	(0.0273)	(0.00498)	(0.00522)	(0.00711)
Δ Unemployment$_t$	0.00249	-0.0198*	0.0895***	-0.0190
	(0.0338)	(0.00770)	(0.00943)	(0.0133)
Unemployment$_{t-1}$	-0.0616***	-0.00590	-0.00977	-0.00328
	(0.0175)	(0.00348)	(0.00571)	(0.00686)
Δ Elderly$_t$	0.000736***	0.000106*	0.0000910*	0.0000161
	(0.000198)	(0.0000461)	(0.0000396)	(0.0000369)
Elderly$_{t-1}$	0.000106***	-0.000000573	0.0000179*	0.000000975
	(0.0000316)	(0.00000697)	(0.00000778)	(0.00000811)
Trade unions$_{t-1}$	-0.0216*	-0.000386	-0.00244	-0.0110*
	(0.00850)	(0.00149)	(0.00229)	(0.00445)
Trade openness$_{t-1}$	-0.00431	-0.00110	-0.00145	-0.000311
	(0.00457)	(0.000778)	(0.000925)	(0.000982)
Financial openness$_{t-1}$	0.0489	0.00368	0.0129	0.00808
	(0.0581)	(0.00758)	(0.0107)	(0.0130)
Constant	1.990**	0.0563	-0.207	0.825***
	(0.763)	(0.117)	(0.138)	(0.219)
Year and country d.	Yes	Yes	Yes	Yes
R^2	0.747	0.327	0.718	0.577
N	403	390	402	248

Notes: OLS estimations with panel corrected standard errors in parentheses. * $p<0.05$, ** $p<0.01$, *** $p<0.001$

The probabilities that the estimated coefficients of the independent variable Partisanship in first differences and in lagged levels are simultaneously equal to zero have been tested through four Wald tests. P-levels always reject H0.

Overall, the four models suggest that there are not short-term relations between changes in government partisanship and social and labor policy outcomes. A temporary 1 point

movement toward the ideological right in the governing coalition induces statistically insignificant changes in the amount of money devoted to social and labor policies and in the index of welfare state generosity.

These results are consistent with McDonald and Budge's finding of inconsistent and week short-term relationship between government partisanship and social policy outcomes. Also the analysis performed by these authors, indeed, reveal that while "preferences of voters translate into preferences of governors reasonably well", on the short-run there is some sort of disconnection between the preferences of governing parties and actual social policy outcomes (2005: 158-161).

McDonald and Budge explain this absence of short term effects by the transient nature of power holding in democracy (2005: 230-231): "If any one party was fixed in power over a long period of time, it could well take policy in the direction it prefers. But that is precisely what representative democracy has a system guards against. Either it produces coalitions were policy has to be negotiated between partners. Or it creates elective dictatorship where everything a government does in its limited term of office is subverted by the next one (2005: 230-233)".

On the short run, policy change from one government to the next may even be imperceptible. For a full understanding of the democratic policy process, a broader time horizon is needed. Taking this perspective, all the models displayed in Table 4.2 detect statistically significant relationships between government partisanship and the four dependent. In particular, a permanent shift toward the right of the governing coalition is estimated to produce significant .27% (-(-.0378)/-.142 ≈-.27), .05% and .14% declines respectively in the amount of money devoted to social expenditure, ALMP and PLMP. Finally, the same permanent shift in the ideological position of the executive is expected to decrease of .01 point the unemployment replacement rate. The implications of these results will be discussed in the last section.

4.4   Conclusion and discussion

This chapter addresses the following research question: "Do political parties' long-lasting ideological positions significantly affect government decision making concerning social and labor market policies?".

Being able to answer in an affirmative way to this question holds important implications for research on parties and public policy and, more generally, for theories of democratic representation. As first, proving that government partisanship still plays a role in determining welfare state developments helps political scientists to get rid of a quite disturbing result. Indeed, the uninfluential role of political variables in shaping policy variations damages the relevance of the political science as discipline, which is inherently tied to the substantive importance of the phenomena it examines. As second, from the perspective of democratic theory, it means supporting the broad conclusion that parties' behavior once in office offers voters real differences in their policy priorities.

As highlighted by the literature review (Cfr. Section 4.1), at least from the late 1970s, more and more contributions in comparative political economy and welfare state research tried to analyze the linkage between political partisanship and social policy outcomes. However, there is not yet sufficient evidence to end the debate on this issue: researches analyzing the effect of partisanship on the overall social expenditure (levels or dynamics), single program expenditure or income replacement rates seem to be inconclusive, as some scholar find evidence in favor of the "parties-do-matter" hypothesis, some against it, some other reports mixed results. In sum, the quantitative literature on the policy impact of political parties displays a high level of accumulation, but it has not achieved a comparable level of scientific aggregation (Imbeau *et. al.*, 2001).

The main contribution of chapter IV is the choice to test the robustness of the "parties-do-matter" and the "parties-do-not-matter" hypotheses taking both "the dependent variable problem" (Green-Pedersen, 2002) and the "independent variable" one seriously. This study, indeed, employs three sets of outcomes ranging from general spending measures to an index of welfare state generosity and relates them to a continuous variable referring to government partisanship, able to overcome the classifications of governments based on both left-right dichotomies and party families.

Another contribution of this chapter is the use of an ECM, which is able to directly estimate the speed at which a dependent variable returns to equilibrium after a change in the independent variable of interest. With this multiple time series model, indeed, economic controls can be embedded in the estimation equation without dampen the effect of political variables, which, on the contrary, tend to be erased using simple lagged dependent variables models.

Results suggest, as expected, that the ideological position of the executive on the left-right scale is unable to affect social policy outcomes in the short run, when economic control variables prevail. However, parties' influence seems to acquire relevance on the long run. Specifically, the estimated coefficients of the lagged independent variable in levels are always statistically significant and correctly signed: *ceteris paribus*, when the government coalition moves to the right, there is a negative impact on social expenditure as a whole, on public spending in active (ALMP) and passive (PLMP) labor market policies and on the net unemployment replacement rate.

To sum up: political parties are unable to affect social policy outcomes on the short run, their influences on social policy-making are tangible only on the long run. Is it enough to say that the third link of the chain of responsiveness, the CD bond between governmental social policy preferences and actual social policy outcomes (Cfr. Chapter I, Figure 1.5), holds?

McDonald and Budge (2005) would have certainly suggested to say "Yes". In their seminal contribution, indeed, they explain: "Democracy requires competition. From competition come winners and losers, and being one or the other has consequences for a person's willingness to support democracy. Over the long haul, however, an especially important contribution to maintaining democracies comes from the consent of losers" (2005: 232). Therefore, according to them, this slow moving policy change is the most important way representative democracy has to keep the consent of the societal segments who recently lost the elections.

Nevertheless, it is impossible not to think about the motto by John Maynard Keynes (1971 [1924]: 65), according to which: "In the long run, we are all dead". Of course, Keynes addressed this over-cited critique to the economists, which tend to "set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that

when the storm is long past the ocean is flat again". However, the same reasoning may be applied to the political sphere. Taking this long-view on the parties-policies nexus, am I simply waiting that the ocean becomes flat again?

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Appendix

Appendix table 4.1 – Variables' description

Name	Description	Source	T	N
Dep. variables				
Social expenditure	Total public and mandatory private social expenditure as a % of GDP.	OECD Social Expenditure Database.	1985-2011	19
ALMP expenditure	First measure: public spending in active policies as % of GDP. Second measure: share of ALMP spending in total labor market spending as % of GDP.	OECD Employment Database.	1985-2011	19
PLMP expenditure	First measure: Public spending in passive policies as % of GDP. Second measure: Share of PLMP spending in total labor market spending as % of GDP.	OECD Employment Database.	1985-2011	19
Unemployment replacement rate	Net unemployment replacement rate for a couple with a single earner and two dependent children.	L. Scruggs (2004), Welfare State Entitlements Data Set, Version 1.1.	1985-2002	17
Indep. variable				
Partisanship	Early based mean of the left-right indexes of the parties involved in the government coalition according to the expert survey nearest to the election date. The influence of each party has been weighted by its share of seats in the lower Chamber. It goes from 1 (extreme left) to 20 (extreme right).	Parliament and Government Composition Database (Döring and Manow 2012) combined with the following expert surveys: Castes & Mair (1983), Laver & Hunt (1992), Huber & Inglehart (1995), Benoit & Laver (2006) and Chapel Hill (1999-2010).	1985-2011	19
Control variables				
GDP growth	Real GDP growth as % change from the previous year.	OECD Factbook Country Statistical Profiles, 2013 edition.	1985-2011	19
Debt	Gross government debt (financial liabilities) as % of GDP.	OECD dataset on Central Government Debt – 2013 edition.	1985-2011	19
Inflation	Growth of consumer price index (CPI), all items, percent change from previous year.	OECD Main Economic Indicators Database.	1985-2011	19
Unemployment	Unemployment rate: unemployed persons divided by the labor force.	OECD Employment Database.	1985-2011	19
Elderly	% of population ageing more than 65 years old.	OECD Employment Database.	1985-2011	19
Trade unions	Trade union density: % of employees who are trade unions' members.	OECD Employment database.	1985-2011	19
Trade openness	Imports plus exports as % of GDP in current prices.	UNCTAD Statistical Office.	1985-2011	19

| Financial openness | KAOPEN index, measuring countries' degree of capital account openness. | Chinn, M. D. & Ito, H. (2006). "What Matters for Financial Development? Capital Controls, Institutions, and Interactions". *Journal of Development Economics* 81 (1): 163-192. | 1985-2011 | 19 |

Appendix table 4.2: Descriptive statistics

Variable		Mean	Std. Dev.	Min.	Max.	Observations
Social expenditure	overall	22.64004	5.143651	10.4	36.2	N = 472
	between		4.632098	15.504	30.576	n = 19
	within		2.431908	15.50404	30.90404	T = 24.8421
ALMP expenditure	overall	.7915584	.4906436	.1	2.8	N = 462
	between		.4426433	.2	1.824	n = 19
	within		.2337973	-.0324416	1.767558	T = 24.3158
PLMP expenditure	overall	1.474681	1.047618	.1	5.3	N = 470
	between		.9125421	.412	3.552	n = 19
	within		.5487886	-.3773191	3.842681	T = 24.7368
Unemployment repl. rate	overall	.6612258	.137776	0	.910798	N = 284
	between		.1230917	.3621204	.8248106	n = 16
	within		.0675222	-.0845608	.9066253	T = 17.75
Partisanship	overall	5.360433	1.56025	.3318956	8.660761	N = 513
	between		.7562842	4.379128	7.546601	n = 19
	within		1.375304	1.06005	9.142351	T = 27
GDP growth	overall	2.349001	2.411645	-8.538561	11.27173	N = 513
	between		.746444	1.44224	4.783084	n = 19
	within		2.29938	-8.830272	8.837645	T = 27
Debt	overall	55.02813	31.87047	4.922	183.53	N = 459
	between		28.22651	10.53631	109.8807	n = 19
	within		16.22304	4.856606	141.4126	T = 24.1579
Inflation	overall	3.062997	3.002812	-4.479938	23.01544	N = 513
	between		1.76947	.5281248	8.765069	n = 19
	within		2.458628	-4.491998	17.31337	T = 27
Unemployment	overall	7.837281	3.894426	1.616833	24.04179	N = 498
	between		3.114519	3.62666	16.71926	n = 19
	within		2.473658	-.5717737	16.07745	T= 26.2105
Elderly	overall	4673.184	5583.425	383	29752	N = 513
	between		5517.705	431.9407	20768.59	n = 19
	within		1508.512	-3623.409	13656.59	T = 27
Trade unions	overall	38.16933	20.2504	7.575857	83.89023	N = 489
	between		20.23463	9.175788	78.02036	n = 19
	within		4.660003	26.74539	56.71079	T = 25.7368
Trade openness	overall	72.03188	33.59106	15.92399	187.8485	N = 512
	between		32.14736	22.21595	142.2611	n = 19
	within		12.06371	26.19032	117.6193	T = 26.9474
Financial openness	overall	1.920704	.930721	-1.168828	2.439009	N = 502
	between		.4490194	.7932544	2.439009	n = 19
	within		.8224545	-.7159914	3.566459	T= 26.4211

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[i] In accordance with the availability of data concerning the second set of dependent variables, namely active and passive labor market policy spending as percentage of GDP (cfr. endnote iv), the time span taken into account for this first dependent variable will be 1985-2011.

[ii] The operationalization of ALMP effort adopted in this paper, namely public spending in active policies as percentage of GDP, is the commonest. However, it presents two drawbacks. As firstly, it neglects that spending for labor market policies tends to increase with the level of unemployment: a sudden increase in ALMPs may simply be due to a contextual growth in the unemployment rate, rather than being the evidence of an aware policy change implemented by governments. As second, it does not take into account the overall labor market policy structure: two countries may allocate the same amount of financial resources expressed as a percentage of GDP in ALMP, despite the fact that they can vary hugely in their labor programs overall structures, which encompasses PLMP too. To overcome these limits, following Armigeon (2007), estimations have been replicated using a second indicator of ALMP, namely the share of ALMP spending in total labor market spending as percentage of GDP. For reasons of space, my discussion of the empirical results focuses only on the first indicator. Models using this second indicator are available upon request.

[iii] As for ALMP, an additional indicator is used to measure PLMP efforts, namely the share of PLMP spending in total labor market spending as percentage of GDP. Models using this second indicator are available upon request.

[iv] The OECD collected data on public expenditure on labor market programs from 1985 to 2002. Starting with reference year 1998, Eurostat started collecting data according to a different classification system. After some time, the OECD adopted most of the features of the Eurostat system. OECD data according to the new classification are available for reference year 2002 onwards, or 1998 onwards for Eurostat countries. Grubb and Puymoyen warn that it is no longer practicable to combined using crude extrapolation the old data, which stop in 2002, with the new ones, which start in 2002, because time-series movements will result primarily from statistical breaks (i.e. changes in definition and coverage of the statistics) rather than from real changes in spending patterns. For this reason, the authors reconstruct long time series in this domain according to the updated classification system from 1985 (Grubb and Puymoyen, 2008). Therefore, 1985 – 2011 will be the time span taken into account by the present study.

[v] In accordance with the availability of data referring to the public expenditure in ALMP and PLMP, the time span taken into account for this last set of dependent variables will be 1985-2002. Unfortunately, Scruggs (2004) does not provide data for Greece and Portugal. Therefore, information concerning replacement rates are available for 17 countries out of the 19 covered by the present study.

[vi] In the original dataset by Laver and Hunt (1992), the dimension "left-right" was absent. Therefore, I used the dimension "public ownership", which in literature has shown to be highly correlated with the positioning of political parties over the general left-right continuum.

[vii] In the original dataset by Laver and Benoit (2006), the dimension "left-right" was missing for French political parties. Not to lose observations, I replaced this dimension with the "taxes v. spending" one for this country.

[viii] These expert surveys are not scaled up the same range. Particularly, the left-right indexes provided by Castes & Mair (1983) and by Chapel Hill (1999-2010) range from 0 (extreme left) to 10 (extreme right); the one by Huber & Inglehart (1995) goes from 1 (extreme left) to 10 (extreme right); while the ones computed by Laver & Hunt (1992) and Benoit and Laver (2005) run from 1 (extreme left) to 20 (extreme right). For this reason, they have been standardized from 1 (extreme left) to 20 (extreme right) at party level.

[ix] Table 6.2 in Chapter VI demonstrates that governing parties are able to affect social expenditure even when their policy preferences are operationalized as the weighted mean position of cabinet parties on the welfare dimension using electoral manifestos.

[x] This index belongs to the broad category of *de jure* measures of financial openness. As most of the *de jure* indicators, this index performs a data reduction exercise on the IMF's Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER), which summarizes, in prose format, the rules and regulations that countries use to govern capital transactions, as well as the proceeds arising from them, between residents and non-residents. KAOPEN has been preferred to other indices because it provides the broadest country and time coverage (Quinn, Schindler and Toyoda, 2011) and because it is publicly available.

Chapter V

Zooming in on the third link of the chain of responsiveness.

Missing links in explaining government's ability to shape social expenditure according to its will: an application to the Italian case (1946-2009)

Abstract. Although both political scientists and political economists wrote reams of papers on the relationship between governing parties' ideological positions and actual social policy outcomes, empirical studies failed to reach any firm conclusion. I maintain that such mixed results could be driven by two major shortcomings affecting this field of studies. The first limitation comes at the empirical level and concerns the ways in which governments' partisanship uses to be operationalized. The second limitation, instead, is rooted at the theoretical level and refers to the over-simplified idea of political parties as unitary actors. This chapter addresses both these limitations. In particular, I take advantage of two datasets, both referring to the Italian case over the last 70 years. The first one provides data on the positions of Italian Prime Ministers and parties; the second one reports the policy positions expressed by factions inside Italian parties. This chapter demonstrates that declared cabinets' positions on welfare state expansion as expressed in Prime Ministers' investiture and confidence speeches are strong determinants of social expenditure. However, results prove also that the "agenda setting power" enjoyed by the cabinet is strongly weaken by party politics dynamics (the majority the governing coalition enjoys in the lower chamber and the ideological distance between the actual and the previous government) and, more interestingly, by intra-party dynamics. In particular, the ability to shape social expenditure according to the content of the coalition agreement proves to be strongly undermined by the degree of internal polarization inside the major party of the governing coalition.

Introduction

Chapter IV shed light on the last link of the ideal chain of responsiveness (Cfr. Chapter I, Figure 1.5), demonstrating that, on the long run, governing parties are able to shape social policy outcomes according to their long lasting ideological preferences (Cfr.

Chapter IV, Sections 4.3 and 4.4). In detail, that chapter proved that the inconsistent results provided so far in literature on the executives' abilities to affect social policies (Cfr. Chapter IV, Section 4.1) can be explained by an "independent variable problem", that is by the tendency to measure governments' positions using dummy variables, distinguishing between left and right executives, or categorical variables, classifying governments according to the party families they embed (Cfr. Chapter IV, Section 4.2.2). Once substituted such rough measures with a continuous variable based on parties' placements provided by the major expert surveys, governments' partisanship turned to be a good determinant of social policy outcomes, at least on the long run (Cfr. Chapter IV, Sections 4.3 and 4.4).

However, because of data shortage in comparative perspective, the analysis developed in chapter IV was unable to address two additional shortcomings affecting the large majority of studies dealing with governing parties' preferences and social policy outcomes. The first limitation comes at the empirical level and concerns once more the operationalization of governing parties' ideological preferences. The second limitation, instead, is rooted at the theoretical level and refers to the over-simplified idea of political parties as unitary actors. Chapter V addresses these two limitations by taking advantage of two datasets, both referring to the Italian case over the last 70 years: the first one provides data on the positions of Italian Prime Ministers and parties; the second one reports the policy positions expressed by factions inside Italian parties (Cfr. Sections 5.2.3 and 5.2.4).

Concerning the first limitation, I maintain that, even if measures of executives' ideological preferences based on expert surveys or parties' manifestos are surely preferable to dummy or categorical variables referring to party families, they are still less suitable than Prime Ministers' (PMs) investiture and confidence speeches. Indeed, I assert that these speeches, when available, are better proxies of the agreement the coalescing parties have reached (Cfr. Section 5.1.1).

In particular, chapter V tests whether or not declared cabinets' positions on welfare state expansion, as expressed by Italian PMs in their investiture and confidence speeches, correspond to the weighted mean of the coalescing parties' positions on the same issue. Once established that these two measures, even if positively correlated, do not describe exactly the same phenomenon (Cfr. Section 5.3, Figure 5.2), chapter V assesses their respective impact on social policy outcomes, proving that declared cabinets' positions on

welfare state expansion stated in PMs' investiture and confidence speeches are more likely to affect social policy design. Finally, this chapter demonstrates that the executive power's ability to affect social policies is conditional on the parliamentary majority enjoyed by the governing coalition in the lower chamber and on the ideological distance between the actual and the previous cabinet.

Concerning the second limitation, all the empirical studies in the field of policy congruence conceive political parties as unitary actors, whose members display cohesive behaviors consistent with party preferences. I maintain that this claim is nothing but a fictional representation of reality and, accordingly, I hypothesize and demonstrate that the more heterogeneous social policy preferences are inside governing parties, the more difficult will be for the executive to implement the coalition agreement in this policy area (Cfr. Sections 5.1.2 and 5.3).

Chapter V is structured as follows. Section 5.1 presents the puzzle and formulates the research hypotheses. In particular, section 5.1.1 justifies the choice to assess the executives' ideological positions using PMs' investiture and confidence speeches and describes the expected effect of governmental partisanship on social policy outcomes, conditional on the majority enjoyed by the governing coalition in the lower chamber and on the ideological distance between the actual and the previous government. Section 5.1.2 motivates the importance to take into account intra-party policy preferences and discusses why intra-party heterogeneity is expected to decrease the executive's ability to shape social policies according to the content of the coalition agreement. Section 5.2 presents the research design. In detail, it describes the dataset and the case study-selection (Cfr. Section 5.2.1), the operationalization of the dependent (Cfr. Section 5.2.2) and independent variables (Cfr. Sections 5.2.3, 5.2.4, 5.2.5).

The research hypotheses formulated in section 5.1 are borne out in an empirical test of the effect of governments' partisanship on social expenditure in Italy from 1946 to 2009 (Cfr. Section 5.3). As better detailed later (Cfr. Section 5.2.1), I focused on the Italian case because both the main independent variable of interest, namely executives' social policy preferences as expressed in PMs' investiture and confidence speeches and intra-party social policy preferences, were not available in a comparative setting and have to be manually computed. Last section concludes (Cfr. Section 5.4).

5.1   The puzzle

5.1.1.   *Using investiture and confidence speeches as better proxies of governments' positions*

Chapter IV identified the main shortcoming affecting the large majority of studies dealing with party politics and welfare state with the tendency to operationalize governments' ideological positions either by clear-cut dichotomies at party level between parties of the left and the right or by categorical variables referring to party families. To overcome these rough measures of governments' partisanship, I assessed governments' ideological position by computing the weighted mean of the coalescing parties' positions, with their relative legislative sizes constituting the weights (Cfr. Chapter IV, Section 4.2.2). In chapter IV, I employed expert surveys to assess each governing party's position on the left-right spectrum. However, governing parties' positions could be obtained also through the analysis of party manifestos, as will be done in the last chapter of this dissertation (Cfr. Chapter VI).

Even if better than dummy or categorical variables referring to party families, these methods are not free of costs. The major shortcoming affecting expert surveys is that they are rarely performed. Similarly, data relying on party manifestos risk to be strongly affected by electoral dynamics: in their electoral pledges, parties talk to voters and, by doing that, they emphasize policy and ideological divides in order to maximize their policy and office seeking objectives (Budge *et al.*, 2001; Strom, 1990; Warwich, 2014; Curini *et al.*, forthcoming).

In this chapter, I decide to avoid all these alternative methods (i.e. dummy variables distinguishing between left-wing and right-wing executives; categorical variables classifying governments according to the party families they embed; weighted mean of coalescing parties' positions as attributed by experts or as coded from electoral manifestos). On the contrary, the ideological positions of the Italian executives have been estimated by coding the investiture and confidence speeches pronounced by Prime Ministers (PM) in the parliamentary arena from 1946 to 2009 following the CMP method (Budge *et al.*, 2001; Curini, 2011).

Indeed, according to the Italian Constitution, shortly after its formal nomination by the President of the Republic, the PM pronounces two speeches to seek investiture through a positive vote of confidence by the lower (Camera dei Deputati) and the upper (Senato

della Repubblica) houses. On both occasions, he/she is expected to detail governmental policy proposals. After each speech, parliamentary debate is opened and party representatives are allowed to speak, discussing the wide range of issues mentioned by the PM and concluding with a vote of confidence.

The choice to assess the ideological position of the Italian executives using PMs' investiture and confidence speeches may be fruitful for the following reasons.

As first, measures of governments' positions based on PMs' investiture and confidence speeches are less likely to be biased by electoral dynamics than measures derived from coalescing parties' manifestos. Indeed, in their electoral manifestos, political parties tend to highlight their peculiarities rather than common policy positions, in order to maximize their vote-seeking objectives (McDonald & Budge, 2005; Warwick, 2011). Vice-versa, investiture and confidence speeches are pronounced by the PM in a formal legislative setting, where he/she is supposed to publicly confront him/herself with the other members of Parliament (MPs). In these formal occasions, the PM and the MPs mainly talk to themselves rather than to voters, shifting the dimension of conflict from purely ideological positions to issues more related to the actual agenda of the cabinet (Curini, Hino & Osaki, forthcoming). According to McDonald and Budge (2005: 141) suggestion, PMs' investiture and confidence speeches should certainly be taken as better indicators of eventual policy than simple party electoral program intentions because "they have the advantage of outlining a whole range of plans, for legislation and administration as well as spending".

As second, measures of governments' positions based on PMs' investiture and confidence speeches are more suitable to approximate the agreement that the coalescing parties have reached than measures based on the weighted mean of coalescing parties' positions as expressed by MPs during the legislative debate. Indeed, PMs' investiture and confidence speeches are unified textual documents summarizing what the coalescing parties actually intend to do on a wide range of policy issues (Warwick, 2011). These documents have to be considered as effective ex-ante control mechanisms, helping coalescing parties to prevent ministers from unilateral actions that benefits their parties at the cost of the coalition partners. In particular, it has been proved that the more detailed the coalition agreements are, the lower the probability of cabinet members pursuing policies not acceptable to the coalition partners (Strom & Muller, 2000). Vice-versa, in the speeches

pronounced by MPs in reaction to the investiture or confidence speech spelled by the PM, governing parties are supposed to show their closeness to the PM while, at the same time, underlining those policy issues on which an agreement has not yet been achieved.

Therefore, I argue that the most direct strategy to establish governments' position is to code the investiture and confidence speeches pronounced by the PMs. According to this claim, the following hypotheses concerning the relationship between government's positions on welfare state expansion and social expenditure will be tested:

> *H_1: In his/her investiture or confidence speech, the PM spells the compromise the coalescing parties have reached on social expenditure. Therefore, if in his/her investiture or confidence speech, the PM expresses negative (positive) attitudes toward welfare state expansion, he/she is expected to cut (increase) social expenditure.*

> *H_2: The seat weighted mean of governing parties' positions on welfare state expansion does not necessarily correspond to the coalition agreement they have reached. Therefore, the seat weighted mean of governing parties' positions on welfare state expansion is expected to be weakly positively correlated with the PM's position on the same issue. Moreover, the seat weighted mean of governing parties' positions on welfare state expansion is expected to be less related to social expenditure than the PM's position on the same issue.*

Of course, as highlighted by theories of party discipline, the executive power is more likely to be able to shape social expenditure according to the content of the coalition agreement when the governing coalition enjoys a large majority in Parliament (e.g. Cox & McCubbins, 1993; Cox *et al.*, 1999). Accordingly, I expect that in case of minority governments, the executive's ability to shape social expenditure following the content of the coalition agreement should be weaken. In this situation, indeed, the PM is forced to offer policy concessions as inducements both to governing parties' and to external supporters that might otherwise defect from voting to avoid the blame of enacting electorally costly policies, like measures of welfare state retrenchment are (Jensen & Mortensen, 2014).

> *H_3: Even if in his/her investiture or confidence speech the PM expresses negative (positive) attitudes toward welfare state expansion, he/she is expected to be less able to cut (increase) social expenditure in case of minority government.*

Finally, it has been argued that the governmental ability to shape public policies according to its preferences is crucially affected by the degree of conflict among the governing parties and by the ideological distance between the current and the previous governments (Tsebelis, 2002). If the impact of governing parties' heterogeneity on the executive's policy making power seems straightforward, the role played by the ideological distance between the current and the previous governments deserves more attention.

Indeed, governments' alternation crucially affects the position of the *status quo* and the perception of its stability (Zucchini, 2011a). In particular, when alternation is a rare feature of the party system, the *status quo* in different policy areas is less likely to be between the government and the opposition. Vice-versa, it is expected to be within the present government's range or, at the most, marginally on its left or right. The *status quo*, indeed, mostly coincides with the policy outcome of the previous government, which in the absence of alternation is ideologically very similar to the current one.

Things change when the alternation becomes a stable feature of the party system. In this case, indeed, the policy outcomes of the previous government (i.e. the *status quo*) are more likely to be outside the government's range, between the actual government and the opposition. This is relevant for the present study because, if the *status quo* concerning social policies is far from the ideal outcome of the whole governing coalition, the PM's ability to shape social expenditure according to the content of the coalition agreement is expected to be strengthened.

> *H_4: PM's ability to cut (increase) social expenditure according to the negative (positive) attitudes toward welfare state expansion expressed in his/her investiture or confidence speech is expected to increase as the alternation between his/her cabinet and the previous one increases.*

5.1.2   *Going beyond the assumption of political parties as unitary actors*

Once discussed the first shortcoming affecting the research on governments' preferences and actual policy outcomes at the empirical level (i.e. the ways in which governments' positions use to be operationalized), I move to the second limitation, which undermines this field of studies at the theoretical level.

All the empirical studies dealing with the linkage between governments' positions and policy outcomes conceive political parties as unitary actors, whose members display cohesive behaviors consistent with party preferences. As recently underlined, however, this claim is nothing but a fictional representation of reality (Schumacher, 2012; Ceron, 2013; Marx & Schumacher, 2013; Bevan & Greene, 2015). Parties are complex organizations composed by a variety of subgroups (i.e. factions) retaining similar, but non-identical, preferences (Ceron, 2015). Scholars identified several elements affecting party unity, such as the features of the national electoral law (Carey & Shugart; 1995; Shugart, 2001, 2005; Pasquino, 1972; Cox *et al.*, 1999; Carey, 2007); the effective number of parties and their respective polarization (Sartori, 1976); internal electoral rules or modes of party organization (Sartori, 1971, 1973; Ceron, 2011); the ways in which resources (Zincone, 1972) and offices (Zuckerman, 1979; Golden & Chang, 2001; Bettcher, 2005) are distributed among party members and the heterogeneity of policy preferences (Reiter, 2004).

Among these elements, this chapter draws attention on the last one, namely the heterogeneity of policy preferences inside a political party. Bernauer and Braüninger (2009) analyzed parliamentary speeches released in the 15th German Bundestag showing that "factionalism manifests itself in observable intra-party preference heterogeneity". In another case study concerning factional membership within the Italian Democrats of the Left (DS), Giannetti and Laver (2009) highlighted how divergent factional preferences alter the degree of party unity and explain variation in MPs' voting behavior.

Building on this research, I argue that the more heterogeneous the major party of the governing coalition is in terms of preferences concerning welfare state expansion, the less effective the PM will be in implementing the coalition agreement. In this case, indeed, the number of potential veto players with which the PM is forced to compromise is expected to increase, including both the governing parties and the polarized factions inside the major party of the executive coalition.

> *H₅: Heterogeneous intra-party preferences on welfare state expansion in the major party of the governing coalition are expected to decrease PM's ability to shape social expenditure according to the attitudes toward welfare state expansion expressed in his/her investiture or confidence speech (Cfr. H₁).*

5.2   Research design

This section describes the dataset (Cfr. Section 5.2.1) on which hypotheses H_1 to H_5 will be tested. In particular, it deals with the operationalization of the dependent (Cfr. Section 5.2.2) and independent variables of interest, namely PMs' and coalescing parties' positions on welfare state expansion (Cfr. Section 5.2.3) and the factional preferences on the same topic inside the major party of the governing coalition (Cfr. Section 5.2.4). Finally, it briefly discusses controls variables (Cfr. section 5.2.5).

5.2.1   Data and case selection

The ideal research design to test the hypotheses listed so far would have involved a large N dataset providing information on two issues, namely the annual proportion of public expenditure devoted to social policies and political actors' preferences on welfare state expansion in several parliamentary democracies over a consistent period of time. Unfortunately, if it is easy to find budgetary data, such a vast archive on political actors' preferences does not yet exist. Indeed, expert surveys and CMP data collect information concerning the policy preferences expressed by political parties, but provide only limited facts referring to PMs' investiture and confidence speeches and do not supply any clue on party factions.

In detail, the dataset on governments' policy preferences built by Laver and Budge (1992) and already employed in chapter III (Cfr. Chapter III, Section 3.2 and Appendix Table 3.1) is not suitable to test hypotheses H_1 to H_5 for two reasons. As first, I would have still lack information on party factions in a comparative perspective to test the main theoretical claim (i.e. the need to go beyond the idea of parties as unitary actors). As second, these data largely refers to cabinets in office from the aftermath of World War II until the Eighties, a period of time that has been defined as the "golden age of welfare state expansion", in which both right-wing and left-wing governments hugely increased social expenditure. Unfortunately, the two scholars ceased to code government declarations exactly at the beginning of the so-called "silver age of welfare state retrenchment" (Pierson, 1994; Taylor-Gooby, 2002, Ferrera, 2008), in which increasing socio-economic constraints forced governments to cut welfare provisions, taking ideology-based decisions.

The information I need could be grasped only through a time-consuming textual analysis of both PMs' investiture and confidence speeches and motions presented by party factions on party congresses over a longer period of time, including also the latest three decades. Fortunately, there are two available datasets, both referring to the Italian case: the first one (i.e. ILSD, 2014) provides data on the positions of Italian PMs and parties from 1946 to 2014 (Curini & Martelli, 2009, 2010; Curini, 2011; Curini & Ceron, 2014); the second one reports factions' policy positions inside Italian parties from 1946 to 2010 (Ceron, 2012). Thanks to these datasets, I have been able to test the five hypotheses on the Italian case over 63 years (1946–2009).

Beside data availability, there are other good reasons to draw attention on the Italian case (Curini & Zucchini, 2014). Indeed, the Italian political system experienced relevant modification in the government's agenda-setting power and repeated changes in its electoral system during its nearly 70 years of history.

Concerning the first element, it is possible to distinguish the so-called First Italian Republic (1946–1994), which presented the highest rate of cabinet turnover in Western Europe (Müller & Strøm, 2000; Curini, 2011) and a lack of substantial alternation (Mershon, 1996; Curini & Pinto, 2013), from the so-called Second Italian Republic (1994-now), in which the government's informal agenda-setting power (Zucchini, 2011a, b) dramatically increased. Starting with the bribe scandals and the reform of the electoral law in 1993, indeed, Italy experienced a sudden transition toward a new political system (Morlino, 1996). In particular, a new bipolar party system appeared during the 1994 elections and, two years later, in 1996 national election, the first complete governmental alternation in the Italian history took place (see also Newell, 2000). From then on, the center-left and the center-right coalitions have alternated in government and the government has dramatically boosted its informal agenda-setting power (Zucchini, 2011a, b) through a significant increase in delegations received from Parliament.

Moving to the second element, the Italian history has also been characterized by various electoral systems. In particular, until 1993, elections were held under proportional representation with an open list; from 1994 until 2001, elections were held under a mixed electoral system, in which 75% of seats were assigned by the "first-past-the-post" system (SMPS) and the remaining 25% were allocated using a proportional electoral system with

a closed list; finally, beginning with the 2006 general election, seats were allocated according to a proportional system with a closed list[i].

Because of this interplay between a changing party-system dynamic that caused a *de facto* increase in the government's agenda-setting power and a varying electoral system, Italy appears a fruitful case-study to test the five hypotheses. Finally, this single-country analysis allows to control for any idiosyncratic country factors referring to the institutional setting.

5.2.2   *Measuring public expenditure in social services in Italy from 1946 to 2009*

This analysis relies on budgetary data on public spending classified by function from 1946 to 2009 in Italy. These data have been elaborated and published by the State General Accounting Department in the year 2011 applying the harmonized COFOG classification scheme to the Italian budgetary laws (Ragioneria Generale dello Stato, 2011).

As highlighted by the publication itself, Italian public expenditure as percentage over GDP is comparable in levels and historical trend to those of other European countries, namely France and Great Britain. However, it displays significant peculiarities in terms of composition. In particular, Italy seems to be characterized by a significantly higher incidence of public expenditure devoted to retirement plans, social security and public health. Moreover, public expenditure in these functions acquired increasing importance after World War II, when it gradually moved from representing less than 1% point of the total public expenditure to the 30% in the last 1980s (n.b. from 1946 to 2009, Italy devoted to social expenditure a mean of 15% of the total public expenditure, Cfr. Figure 5.1). Constrained by periodic economic crises, the Italian executives repeatedly tried to cut it, obtaining heterogeneous results (Ragioneria Generale dello Stato, 2011).

This analysis focuses on the proportion of public expenditure devoted each year from 1946 to 2009 by the Italian executives to social services (i.e. to retirement plans, social security and public health) for the following reasons. As already explained, indeed, this is the most investigated budgetary dimension by the studies on the relationship between governments' partisanship and policy outcomes (Cfr. Chapter I, Section 1.4.1 and Chapter IV, Section 4.2.1). Moreover, the role of the State in providing social services proved to

be the most debated topic during PMs' investiture and confidence speeches together with defense (Curini, 2011).

Figure 5.1: Proportion of public expenditure devoted to social services
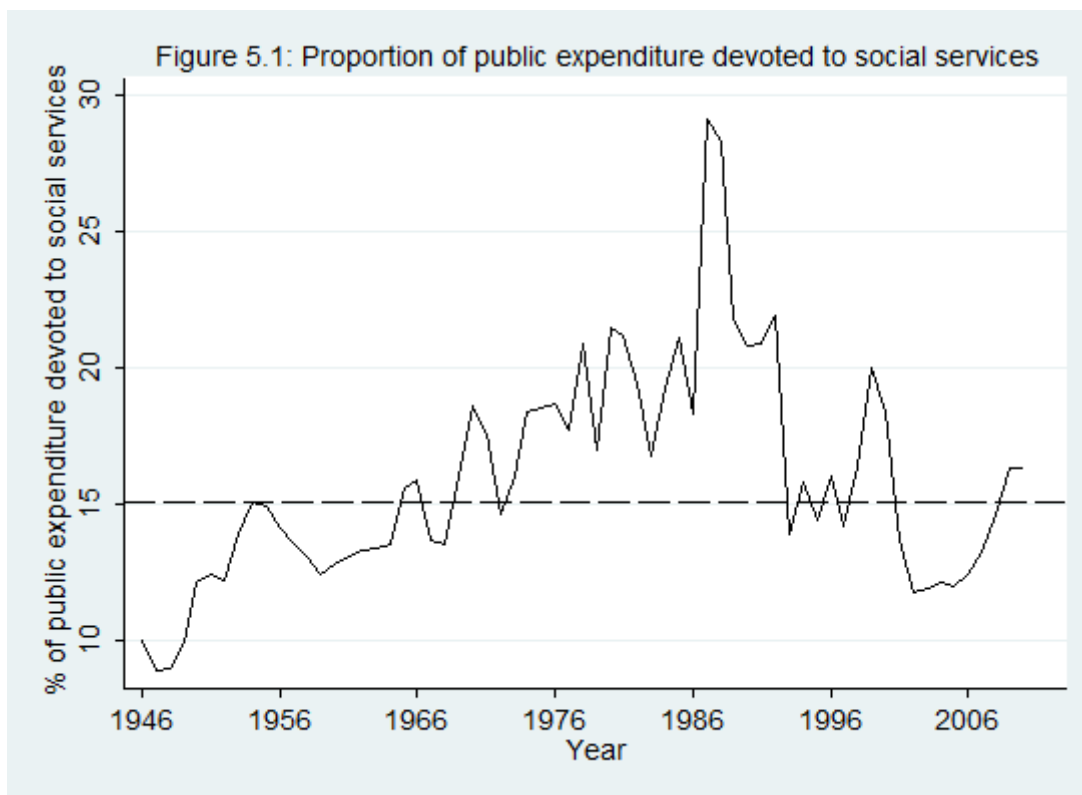
Time series data on public expenditure may pose unit root concerns. I performed the Augmented Dickey-Fuller unit-root test including the constant and one lagged value in the regression. At 90% confidence interval, the test rejected the null hypothesis that the variable contains a unit root, suggesting that it has been generated by a stationary process (MacKinnon approximate p-value for $Z(t) = 0.0676$). In addition, I tested it again using the Phillips-Perron test, which uses Newey-West standard errors to account for serial correlation. Again, the null hypothesis according to which the variable contains a unit root could be rejected at 95% confidence interval (MacKinnon approximate p-value for $Z(t) = 0.0553$). These tests made me quite confident that the dependent variable does not contain a unit root and allowed to keep it in levels into the estimation equation. This is quite a good result because, if the dependent variable had had a unit root, I would have been forced to differentiate it, losing at least one observation. Anyway, for additional precaution, I controlled for the lagged values of the dependent variable in levels and I differentiated once the two control variables presenting potential risk of co-integration

(i.e. the employment rate and the proportion of population ageing more than 65 years old, cfr. Section 5.2.5).

5.2.3   *Measuring PM's and governing parties' preferences on welfare state expansion*

In section 5.1.1, I claimed that the PM's investiture and confidence speeches represent the best proxies of the compromises the coalescing parties have reached on several issues, among those, social expenditure. Accordingly, if these speeches contain negative (positive) attitudes toward welfare state expansion, a cut (increase) in social expenditure should be expected (Cfr. H_1). Hypothesis H_2 added that the seat weighted mean of governing parties' positions on welfare state expansions as expressed by MPs during legislative speeches does not necessarily correspond to the coalition agreement on the same topic. Therefore, a weakly positive correlation between the seat weighted mean of governing parties' positions and the one expressed by the PM on welfare state expansion should be expected. For the same reason, the seat weighted mean of governing parties' positions on welfare state expansion should be less related to social expenditure than the PM's one.

The empirical test of these two hypotheses is made possible thanks to the Italian Legislative Speeches Dataset (ILSD, 2014), which provides information about the positions of Italian PMs and parties from 1946 to 2014 (Curini & Martelli, 2009, 2010; Curini, 2011; Curini & Ceron, 2014). These dataset is based on a manual codification of all the investiture and confidence debates of the Italian governments. For each debate, the authors selected and codified the speeches released by the party leader (or by a relevant representative) plus the PM's programmatic speech. Following the well-known CMP methods (Budge *et al.*, 2001), in each legislative speech the authors identified the number of quasi-sentences and assigned each of them to a number of pre-established categories that form the classification scheme. To take into account the Italian political context, the original 56 categories of the CMP dataset have been increased to 68. The dataset contains the percentage of the total text of legislative speech that deals with these categories.

Similarly to what has been done in the previous chapters, the executive's position on welfare state expansion as expressed in PM's investiture or confidence speech in the year t has been estimated as follows:

$$PM_t = \frac{(\text{Pro-market polarity}_t - \text{Pro-State polarity}_t)}{\sum_{i=1}^{n}(\text{Pro-market}_{it} + \text{Pro-State polarity}_{it})*s_{it}\,/100}$$

where s_{it} is governing party i's share of seats in the lower house. The summation is over the number of parties within each governing coalition (n). Finally, since the dependent variable (i.e. public expenditure in social services as a proportion over the total amount of public spending), is early based while PMs' investiture and confidence speeches are not, I attributed to each annual observation the position on welfare state expansion of the PM's which adopted the corresponding budgetary law. For example, the position expressed by Bettino Craxi in his fist investiture speech held in August 1983 has been attributed to the years 1984, 1985 and 1986 because his government was responsible for the budgetary laws determining social expenditure in those years. Unfortunately, information concerning the day in which each budgetary law has been approved are available only from 1978 until today. It means that, from 1946 to 1977, it is impossible to attribute each budgetary law to a single cabinet if there have been more than one government per year. In these cases, I computed the mean of the positions on welfare state expansion expressed by all the PMs in office in the same year, weighting them by the number of days in office.

I used exactly the same formula to estimate each governing party position on welfare state expansion and then I computed their weighted mean, obtaining the seat weighted mean of governing parties' positions needed to test H_2. As for PMs' positions, I attributed to each annual observation the position of the governing coalition that adopted the corresponding budgetary law. As before, for the years 1946 to 1977, I computed the mean of the positions on welfare state expansion expressed by all the governing coalitions in office in the same year, weighting them by the number of days in office.

To test whether the executive's ability to shape social expenditure according to the content of the coalition agreement is affected by the parliamentary majority enjoyed by the governing coalition (Cfr. H_3), I generated a dummy variable called *Minority government*. It is equal to 1 if the government responsible for the adoption of the budgetary law in the year t does not possess the majority of the overall seats in the lower house, 0 otherwise. Again, since it is impossible to attribute each budgetary law to a single cabinet from the year 1946 to the year 1977, in this period of time the dummy variable *Minority government*

is equal to 1 if the government which has been in power for the longest amount of days in that year has been a minority one, 0 otherwise.

Finally, to verify whether the executive's ability to cut (increase) social expenditure according to the negative (positive) attitudes toward welfare state expansion expressed in PM's investiture or confidence speech increases as the ideological distance between the actual and the previous cabinet enlarges (Cfr. H4), I measured governmental alternation as the absolute difference between the seat weighted mean of governing parties' position in the year t and the same variable in the year t-1.

5.2.4   *Measuring intra-party preferences on welfare state expansion*

In section 5.1.2, I claimed that the executive's ability to shape social expenditure according to the content of the coalition agreement could be weakened, if not totally vanished, by the presence of heterogeneous intra-party preferences on welfare state expansion in the major party of the governing coalition. Indeed, I hypothesized, that in this case the PM would be forced to compromise not only with the political parties in his/her coalition, but also with such polarized factions (Cfr. H5).

To test this claim, I need to assess political parties' internal degree of polarization on welfare state expansion, evaluating the different policy positions expressed by rival intra-party factions on this topic. Several techniques are available to achieve this goal (Giannetti & Benoit, 2009).

Some authors (e.g., Spirling & Quinn, 2010) estimated factional preferences through roll call votes (RCVs). However, this technique seems not to fit the purpose of the present study because, by scaling RCVs, I would obtain a description of the "revealed behavioral space" (Hix & Jun, 2009) and a measure of actual ex-post behaviors, while I am interested in ex-ante ideological preferences. In addition, data concerning roll call votes in the Italian parliament are available only since 1988, after the removal of the secret ballot.

Alternatively, factional preferences can be evaluated by analyzing parliamentary speeches (Bäck *et al.*, 2011; Proksch & Slapin, 2010). However, this approach could be problematical as well. Indeed, looking at legislative debates as interplays between party leaders and backbenchers, parliamentary speeches may misrepresent ideological

heterogeneity within the party. In fact, legislative speeches delivered publicly are easy to observe and are likely to be affected by the party whip (Proksch & Slapin, 2012; Herzog & Benoit, 2015).

Taking into account these concerns, I propose an index of intra-party divisiveness on welfare state expansion grounded on the content analysis of the motions drafted by each party faction on party congresses. This kind of texts, indeed, have been defined as "the best choice to identify <intra party groups'> respective preferences" (Benoit *et al.*, 2009) because they are supposed to be exogenous to legislative behavior and unaffected by leaders' control. Moreover, congress motions seem fruitful documents to estimate factional preferences because factions are almost completely free to express their views about the party platform given that, during internal debates, party discipline should play only a limited role (Ceron, 2015).

In particular, I gathered 57 motions presented by factions during 12 contested party congresses held by the Italian governing parties from 1946 to 2009. These 57 motions have been coded manually, following the well-known CMP method (Budge *et al.*, 2001)[ii]. The party congress is an assembly of delegates elected by party members. It is the arena where "factions organize teams of candidates and appeal to people enjoying the right to vote for one team or another" (Mershon, 2001). Factions usually compete for members' votes, presenting a policy motion attached to a list of candidates. The congress motion is an omnibus policy document that aims to shape party strategy and ideology, setting out the factions' "opposing views on the ideological direction of the party" (Giannetti & Laver, 2009). After a public debate, party congress delegates vote on the policy principals and establish the new party line that the leadership should pursue (Levy, 2004). Delegates elect the party body (i.e. a committee in charge of running the party until the next congress) and, directly or indirectly, the party leader. In that sense, party congresses provide "hard data" about the party's factional structure (Giannetti & Laver, 2009), helping to determine the number and strength of each faction (Boucek, 2009), as well as their policy positions.

As first, I assessed the position of each faction (i) on welfare state expansion in each congress (t) according to the following formula[iii]:

$$F_{it} = \frac{(\text{Pro-market polarity}_{it} - \text{Pro-State polarity}_{it})}{\sum_{i=1}^{n} (\text{Pro-market}_{it} + \text{Pro-State polarity}_{it}) * s_{it} / 100}$$

where F_{it} is faction i's policy position in the congress t and s_{it} is faction i's share of seats in the party body. The summation is over the number of factions within each congress (n). These measures proved to be positively correlated with the scores totalized by the same motions on the latent scale proposed by the device of quantitative text analysis Wordfish (i.e., 0.55 at 99% confidence interval)[iv].

Then, I built the index of intra-party divisiveness on welfare state expansion (IPD) in each congress (t), adapting the concept of "ideological standard deviation" (Warwick, 1992) to intra-party politics (Ceron, 2015).

$$IPD_t = \sqrt{\sum_{i=1}^{n} s_{it} (\text{Position of faction}_{it} - WFP_t)^2}$$

where WFP is the weighted mean of faction positions in the congress t. Of course, in case of non-contested party congresses (i.e., the ones in which only a single motion is discussed, without any rival position), the index of IPD on welfare state expansion is supposed to be 0. Finally, since the dependent variable is early based while parties' congress do not take place every year, I attributed to each annual observation the index of IPD totalized by the major party of the governing coalition in its nearest congress in time. On average, the time gap between the observed party congress and the nearest PM's investiture or confidence speech lasts nine months.

5.2.5   Control variables

As already discussed in chapter IV (Cfr. Section 4.1), several scholars proved to be skeptical concerning the executives' ability to shape social policies according to their ideological positions. Indeed, they underlined the role played by economic and demographic imperatives, together with institutional constraints. This analysis embeds these potential limitations as control variables in the model specifications.

Starting from economic and demographic imperatives, since aggregate spending measures concerning social policies tend to increase as answers to increasing societal needs, the

annual changes in the employment rate (Broadberry, Giordano & Zollino, 2011) and in the proportion of population ageing more than 65 years old (ISTAT, 2013) are added as control variables.

Moving to institutional constraints, I took into account the absolute number of coalescing parties in the governing coalition (ILSD, 2014) and the absolute number of factions in the mayor party in each governing coalition (Ceron, 2012). As for PMs' and governing parties' positions on welfare state expansion, for the years 1946 to 1977, I computed the mean of the absolute number of parties in all the governing coalitions in office in the same year, weighting them by the number of days in office. The same procedure has been followed to compute the absolute number of factions inside the major party of all the governing coalition in office in the same year.

Moreover, I estimated an index of Intra Government Divisiveness (IGD) similar to the index of IPD previously described (Cfr. Section 5.2.4):

$$IGD_t = \sqrt{\sum_{i=1}^{n} s_{it} \, (\text{Position of party}_{it} - WPP_t)^2}$$

where WPP is the weighted mean of coalescing parties' positions in the year t. The summation is over the number of parties within each government (n). Since our dependent variable is early based, I attributed to each annual observation the index of IGD of the governing coalition that voted the corresponding budgetary law. As before, from 1946 to 1977, I computed the mean of the indexes of IGD on welfare state expansion of all the governing coalitions in office in the same year, weighting them by the number of days in office.

Appendix Table 5.1 lists all the variables employed in this analysis and provides descriptive statistics.

5.3   Results

The dependent variable, public expenditure in social policies, is expressed as a proportion over the total amount of public expenditure whose values are bounded by 0 and 1. Consequently, the assumptions required by the ordinary least squares (OLS) estimator may not hold due to heteroscedasticity and/or non-normal distribution of the errors

(Wooldridge, 2002). Moreover, adopting the OLS estimator, the predicted values may fall outside the unit interval. Therefore, taking into account the nature of the dependent variable, I decided to adopt a fractional logit model, which is a generalized linear model (GLM) with a binomial distribution and a logit link function (Papke & Wooldridge, 1996)[v]. To test the hypotheses formulated in section 5.1, I estimated five different model specifications (Cfr. Table 5.1).

Table 5.1: PM's ability to shape social expenditure according to the content of the coalition agreement

	M1	M2	M3	M4	M5
Y_{t-1}	4.954***	5.433***	5.639***	4.363***	3.863***
	(0.686)	(0.553)	(-0.588)	(0.786)	(0.795)
PM's position	-0.196*	-0.155**	-0.009†	-0.235**	-0.219*
	(0.092)	(0.055)	(0.054)	(0.074)	(0.096)
Governing parties' position	0.159				
	(0.139)				
Minority government		0.001			
		(0.048)			
PM's position*Minority gov.		0.226*			
		(0.088)			
Alternation			0.09		
			(0.092)		
PM's position*Alternation			-0.518*		
			(0.202)		
Intra-party divisiveness				0.051*	0.045
				(0.026)	(0.038)
PM's position*Intra-party div.				0.106*	0.123*
				(0.045)	(0.057)
Abs. number of factions					0.028*
					(0.012)
Abs. number of gov. parties					0.049*
					(0.022)
Intra government divisiveness	0.114	-0.026	-0.0534	-0.004	-0.2
	(0.107)	(0.098)	(-0.066)	(0.089)	(0.124)
Δ Employment rate	0.033	0.025	0.021	0.05	0
	(0.061)	(0.063)	(0.063)	(0.066)	(0.053)
Δ Population over 65	0.273	0.214	0.194	0.227	0.163
	(0.265)	(0.244)	(0.222)	(0.249)	(0.220)
Constant	-2.545***	-2.571***	-2.643***	-2.492***	-2.591***
	(0.099)	(0.089)	(0.093)	(0.088)	(0.085)
Log Pseudolikelihood	-19.026	-19.027	-19.027	-19.018	-19.005
N	62	62	62	62	62

Notes: The models are fractional logistic regressions. Robust standard errors in parentheses.
† $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$

The empirical analysis provides strong evidence for the executives' ability to shape social expenditure according to the content of the coalition agreements. Indeed, declared cabinet position on welfare state expansion as expressed in PM's investiture and confidence speech is rightly signed and statistically significant across all the models, even after the inclusion of several interaction and control variables. These results mean that if PM's position on welfare state expansion moves one point to the right (i.e. if he/she declares to support the limitation of the role of the state in the national economy in his/her investiture or confidence speech), the executive is expected to cut the amount of public expenditure devoted to social policies. These findings strongly support H_1, according to which the PM's position on welfare state expansion is expected to translate into consistent budgetary decisions because his/her investiture or confidence speech represents the compromise on which all the coalescing parties have agreed.

Once provided support for H_1, further questions arise. To what extent does the position on welfare state expansion expressed by the PM in his/her investiture or confidence speech resemble the weighted mean position of governing parties on the same issue? Moreover, do these two measures of government position have the same impact on social expenditure?

Figure 5.2: Pairwise correlation between PM's and governing parties' positions
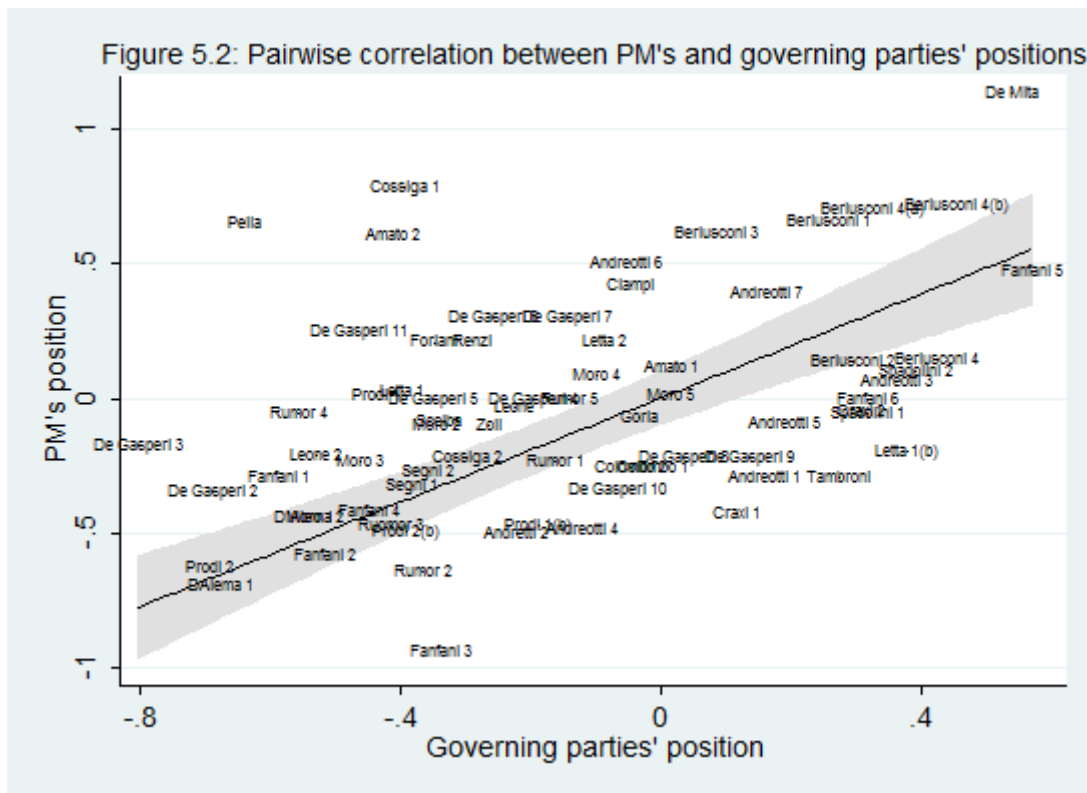
To answer these questions, I firstly estimated the pairwise correlation coefficient between these measures (Cfr. Figure 5.2). PMs' positions on welfare state expansion, as expressed in the investiture or confidence speeches pronounced from 1946 to 2013, proved to be positively correlated with the weighted mean positions of the parties involved in their coalitions (i.e. 0.436 at 99% confidence interval).

This coefficient, however, suggests that PMs' and governing parties' positions on welfare state expansion, even if similar, do not describe exactly the same phenomenon, giving us a reason to test if they are equally responsible for social expenditure decision making (Cfr. model M_1 in Table 5.1 and models M_1b and M_1c in Appendix Table 5.2). M_1 regresses the percentage of public expenditure devoted to social policies on its lagged value, government's position operationalized as PM's social policy preferences and as the weighted mean of coalescing parties' positions on the same topic, socio-economic controls and the index of IGD. This model demonstrates that the attitudes toward welfare state expansion expressed by the PM in his/her speech are able to consistently affect social expenditure even controlling for governing parties' ones. Vice-versa, this second measure of government's position fails to reach statistical significance[vi]. Accordingly, it is possible to confirm H_2: the seat weighted mean of governing parties' positions on welfare state expansion does not necessarily correspond to the PM's position on the same issue, representing the compromise the coalescing parties have reached. For this reason, PM's position on welfare state expansion proves to be a better determinant of social expenditure than governing parties' one.

However, PM's ability to shape social expenditure according to the content of the coalition agreement is affected by external political constraints. M_2 adds to the baseline specification (Cfr. M_1b in Appendix Table 5.2) a dummy variable equal to 1 if the government responsible for the adoption of the budgetary law in that year did not enjoy the majority of the overall seats in the lower house and then interacts this dummy variable with the PM's position on welfare state expansion.

Figure 5.3, based on M_2, plots the effect of PM's position on welfare state expansion when his cabinet is supported by the overall majority of the MPs in the lower chamber or not.

Figure 5.3: Effect of PM's position conditional on minority government
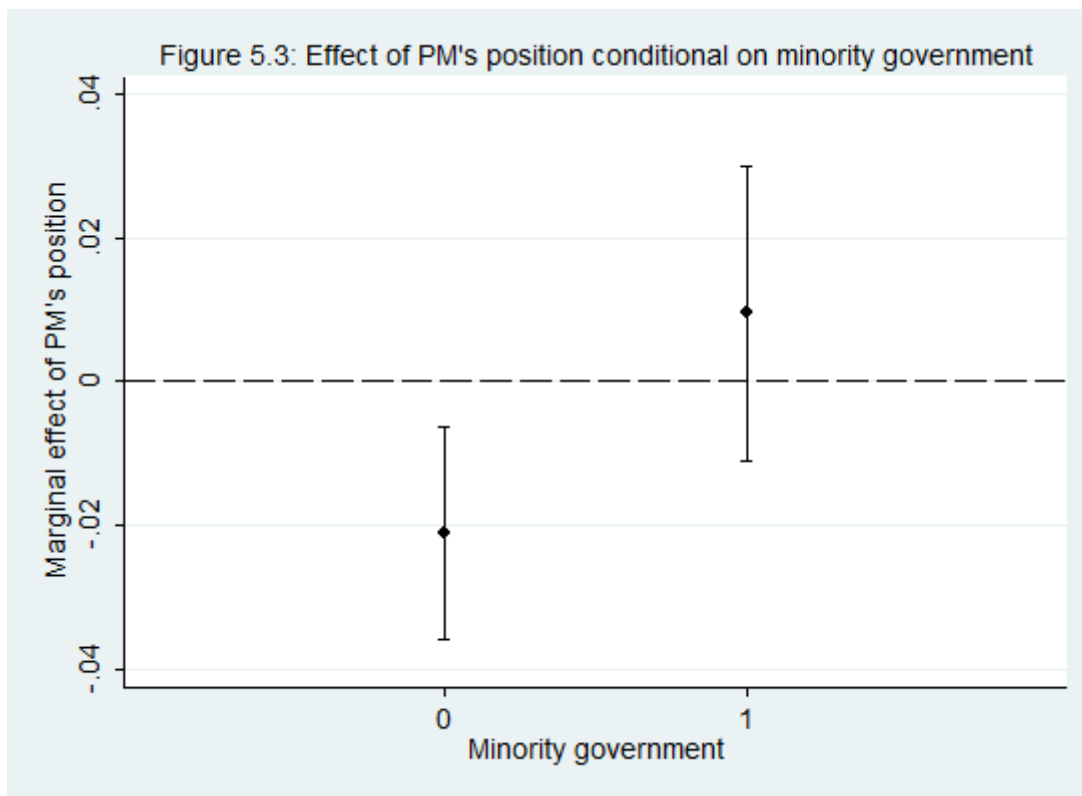
Results support H$_3$: even if the PM expresses negative attitudes toward welfare state expansion in his investiture or confidence speech, he/she will not be able to cut social expenditure if his/her government is a minority one. In this situation, indeed, he/she is more likely to be forced to offer policy concessions as inducements both to governing parties' and to external supporters that might otherwise defect from voting electorally costly policies, like measures of welfare state retrenchment (Jensen & Mortensen, 2014).

M$_3$ adds to the baseline specification (Cfr. M$_1$b in Appendix Table 5.2) a measure of governmental alternation and then interacts this variable with the PM's position on welfare state expansion. Results are graphically displayed in Figure 5.4.

As expected, PM's ability to shape social expenditure according to the attitudes toward welfare state expansion expressed in his/her speech increases when the ideological divide between his/her governing coalition and the previous one deepens (Cfr. H$_4$). In particular, a PM willing to reduce welfare state provisions is expected to increasingly cut social expenditure as the alternation between his government and the previous one increases.

Finally, M$_4$ and M$_5$ shift the attention from party-politics to intra-party politics, adding to the baseline specification (Cfr. M$_1$b in Appendix Table 5.2) the index of IPD (Cfr. section

3.4) and then interacting it with the PM's position on welfare state expansion. Moreover, M_5 controls for the absolute number of parties in the governing coalition and for the absolute number of factions in the major party of the same coalition (Cfr. section 5.2.5).

Figure 5.4: Effect of PM's position conditional on government alternation
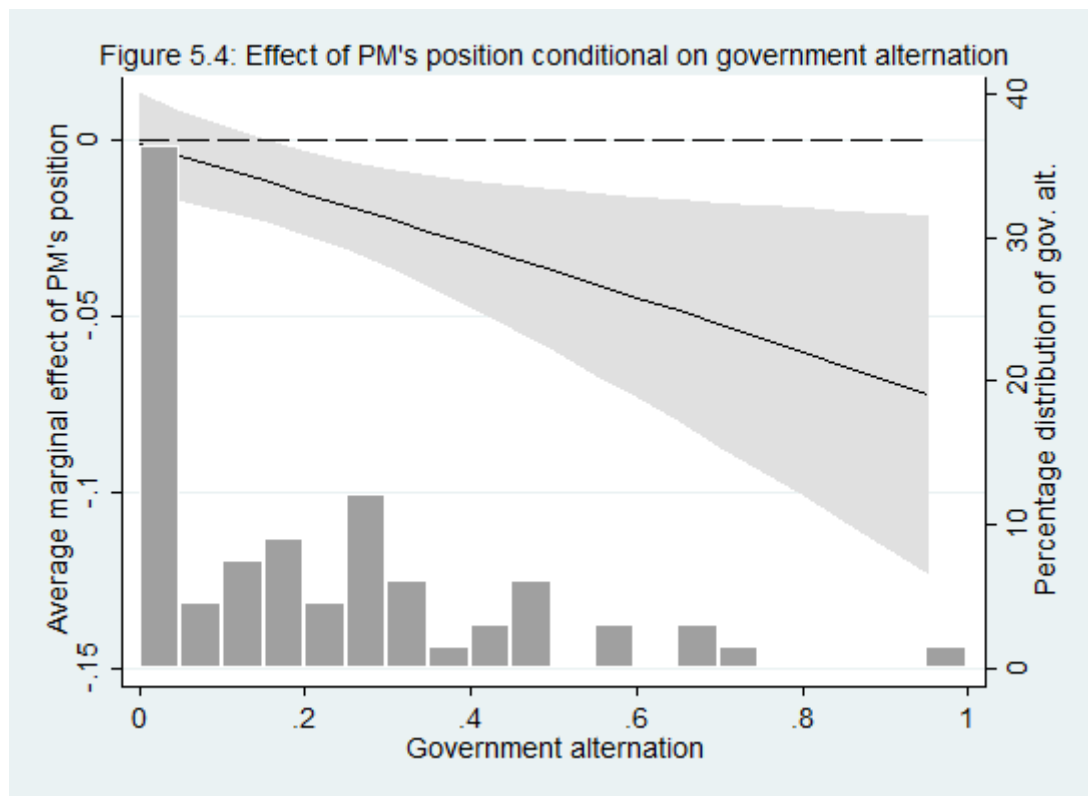
Figure 5.5, based on M_4, plots the average marginal effect of PM's position on welfare state expansion on social expenditure as the index of IPD increases from 0 to 4. Results show that PM's willingness to shape social expenditure is strongly affected by the level of internal divisiveness in the major party of his coalition.

In particular, when the index of IPD becomes higher than 1, PM's decision making power turns to statistical insignificance. These results hold even controlling for the absolute number of coalescing parties and for the absolute number of factions in the major party of the governing coalition (Cfr. M_5). Therefore, the last hypothesis is confirmed: the more heterogeneous intra-party preferences on welfare state expansion are in the major party of the governing coalition, the less the PM will be able to shape social expenditure according to the content of the coalition agreement because he/she is more likely to be forced to compromise (Cfr. H_5).

Figure 5.5: Effect of PM's position conditional on intra-party divisiveness
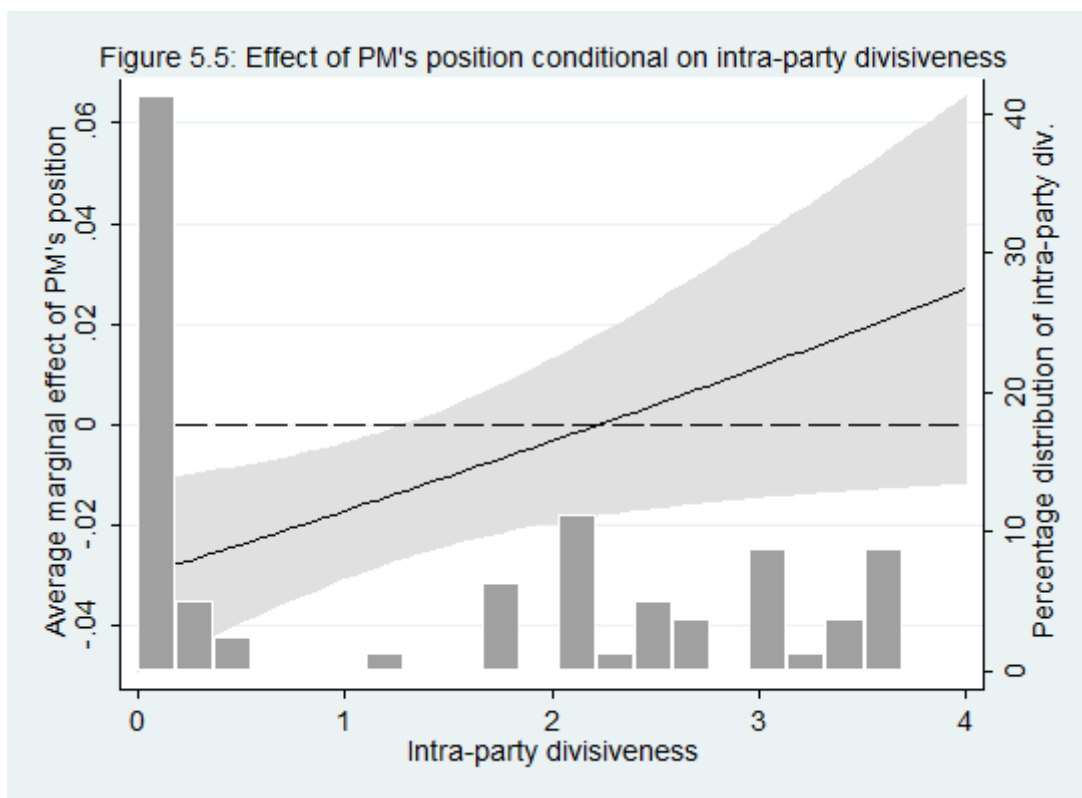
Moreover, the additional control variables embedded in M_5 suggest that when the absolute number of stakeholders that has to agree to cut social expenditure increases (i.e. when the absolute numbers of coalescing parties and factions increase by 1 unit), welfare state retrenchment becomes more difficult to implement.

5.4   Conclusion and discussion

As the previous one (Cfr. Chapter IV), chapter V deals with the last link of the chain of responsiveness to assess whether and to what extent executives are able to shape social policy outcomes according to their will (Cfr. Chapter I, Figure 1.5). Indeed, it focuses on the Italian case from 1946 to 2009 to address the two major shortcomings that, according to me, affect the research on policy congruence: namely, the ways in which governments' policy positions use to be operationalized and the so far uncontested idea of parties as unitary actors.

In detail, the analysis here performed estimates the Italian executives' ability to shape social expenditure according to the policy preferences on welfare state expansion expressed by PMs in their investiture and confidence speeches. Moreover, it takes into

account both party and intra-party politics, assessing the conditional roles played by the parliamentary majority the governing coalition enjoys in the lower chamber, the ideological alternation between subsequent governments and, more interestingly, the heterogeneity of policy preferences among factions inside the major party of the governing coalition.

Results provide strong evidences for the five research hypotheses listed in section 5.1. As first, the pairwise correlation between PMs' positions on welfare state expansion and the seat weighted means of the coalescing parties' positions on the same issue proves to be weekly positive, suggesting that these two data sources do not describe exactly the same phenomenon. In particular, PM's social policy preferences demonstrate to be strong determinants of budgetary decisions, confirming once again that the last link of the chain of responsiveness (Cfr. Chapter I, Figure 1.5) holds. This pattern, however, is not confirmed using the seat weighted positions of the coalescing parties on the same issue. I explain this difference claiming that PMs' investiture and confidence speeches directly represent the compromises on which the coalescing parties have agreed.

As second, results show that PM's ability to shape social expenditure according to the content of the coalition agreement is affected by external political constraints. In particular, the ability of Italian executives to shape social expenditure according to their will is strongly weakened, if not completely erased, in case of minority government. In this case, indeed, the PM is more likely to be forced to offer policy concessions as inducements both to governing parties' and to external supporters that might otherwise defect from voting measures of welfare state retrenchment. Vice-versa, the executives' ability to shape social expenditure increases when the ideological divide between the actual and the previous government deepens.

Finally, shifting the attention from party-politics to intra-party politics, findings point out how the cabinet's willingness to shape social expenditure is strongly affected by the level of internal divisiveness in the major party of the governing coalition. In particular, this study proves that higher levels of IPD make the cabinet's decision-making power statistically insignificant.

In conclusion, the cabinet is able to shape social expenditure according to the policy preferences expressed in PM's investiture or confidence speech, but this ability could be

strongly affected by party and, most of all, intra-party politics. The more polarized the major party in the governing coalition is, the less likely is the executive to be able to implement the content of the coalition agreement.

Even if significant, these results leave unanswered an important question. Is the PM's investiture or confidence speech strongly related to policy outcomes because it is the most suitable proxy of the coalition agreement the governing parties have reached, as hypothesized in chapter III and in this chapter, or because it embeds also the charismatic power the PM exercises as a leader?

Indeed, the Weberian ideal-type of cabinet government in parliamentary democracies prescribes that all ministers should be equal colleagues, collectively responsible of their decisions in front of the parliament (Andeweg & Thomassen, 2010; Kooiman & Van Vliet 1993, Rhodes 2000: 26; Tsebelis 2002). However, there are many formal and informal factors able to make governments to deviate from this ideal-type. Among these factors, the special position occupied by the PM immediately comes to mind.

According to the Italian Constitution, "the Government of the Republic is made up of the President of the Council and the Ministers who together form the Council of Ministers" (Article 92) and "the Ministers are collectively responsible for the acts of the Council of Ministers" (Article 95). However, the same formal provisions set for the PM a leading role in the cabinet. In particular, he/she nominates a list of ministers to be appointed by the President of the Republic (Article 92) and, most notably, he/she holds responsibility for the general policy of the Government. According to the Article 95, indeed, "the President of the Council ensures the coherence of political and administrative policies by promoting and coordinating the activity of the Ministers".

This PM's leading power has been used to a quite variable extent during the Italian history, according to individual ministers' and coalescing parties' political strength. For example, the PM's lack of formal authority to fire ministers has been substituted by the practice of cabinet reshuffles and by individual vote of no confidence by the Parliament. Moreover, from the Nineties, the custom to add the leader's name on the party's or on the coalition's symbols at the election time has increased the likelihood for these leaders to be nominated by the President of the Republic as the appointed PM during consultations. Finally, the process of presidentialization, widely applied to the premierships of Tony Blair and

Margaret Thatcher in United Kingdom (Foley, 2000) emphasized the role played by individual leadership, personal communications and presentational style, factors which might provide powerful PMs, assisted by favorable political conditions, with the means to be "first among less equals". By now, I have not been able to disentangle the role played by such individual factors, but I keep them in mind for future developments of the present research.

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Appendix

Appendix Table 5.1: Descriptive statistics

Variable	Operationalization	Souces	Obs.	Mean	Std d.	Min.	Max.
Social expenditure	Public expenditure in social services as % over public expenditure.	Rag. Gen. d. Stato, 2011.	62	0.159	0.040	0.089	0.291
PM's position	Difference between pro-market and pro-state quasi-sentences in PM's investiture or confidence speech (Cfr. Section 5.2.3)	ILSD, 2014.	62	-0.085	0.390	-0.944	1.134
Governing parties' position	Difference between pro-market and pro-state quasi-sentences in governing parties answers to PM's investiture or confidence speech (Cfr. Section 5.2.3)	ILSD, 2014.	62	-0.139	0.313	-0.691	0.569
Minority government	Dummy variable equal to 1 if the executive responsible for the budgetary law in year t is a minority one (Cfr. Section 5.2.3).	ILSD, 2014.	62	0.203	0.405	0	1
Alternation	Absolute difference between the seats weighted mean of governing parties' position in the year t and the same variable in the year t-1.	ILSD, 2014.	62	0.203	0.221	0	0.998
Intra-party divisiveness	Cfr. Section 5.2.4.	Ceron, 2012.	62	1.763	1.367	0	3.694
Abs. number of factions	# of factions in the nearest congress of the major party in the governing coalition (Cfr. Section 5.2.5).	Ceron, 2012.	62	2.864	2.350	0	7
Abs. number of gov. parties	# of parties in the governing coalition (Cfr. Section 5.2.5).	ILSD, 2014.	62	3.625	1.768	0	8
Intra government divisiveness	Cfr. Section 5.2.5.	ILSD, 2014.	62	0.316	0.225	0	0.828
Δ Empl. rate	Annual change in the proportion of working-age population (from 15 to 64 years old) that is employed.	Broadberry et al., 2011.	62	-0.055	0.462	-1.115	0.788
Δ Population over 65	Annual change in the proportion of population that is more than 65 years old.	ISTAT, 2013.	62	0.2	0.126	-0.200	0.400

Appendix Table 5.2: Comparison between PM's and governing parties abilities to affect social expenditure

	M₁b	M₁c
Y_{t-1}	5.375***	5.132***
	(0.539)	(0.678)
PM's position	-0.122*	
	(0.519)	
Governing parties' position		-0.001
		(-0.095)
Oversized government		
PM's position*Oversized gov.		
Intra-party divisiveness		
PM's position*Intra-party div.		
Intra government divisiveness	0.03	-0.001
	(0.081)	(-0.095)
Δ Employment rate	0.025	0.028
	(0.062)	(0.063)
Δ Population over 65	0.2	0.136
	(0.247)	(0.261)
Constant	-2.585***	-2.512***
	(0.091)	(0.105)
Log Pseudolikelihood	-19.03	-19.039
N	62	62

Notes: The models are fractional logistic regressions. Robust standard errors in parentheses.
†p<0.10, * p<0.05, ** p<0.01, *** p<0.001

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[i] In 2015, Italy changed once again its electoral law. In detail, Law 6 May 2015 n. 52, colloquially known as "Italicum", provides for a two-round system based on party-list proportional representation, corrected by a majority bonus and a 3% election threshold. Candidates run for election in 100 multi-member constituencies with open lists, except for a single candidate chosen by each party who is the first to be elected. However, this last electoral reform is not taken into account in the present analysis because the dataset here employed ends in 2009.

[ii] Data available upon request.

[iii] Detailed information on the dimensions used to compute Pro-market and Pro-State polarities are provided in Martelli & Curini, 2009; Curini, 2010.

[iv] Data available upon request.

[v] To check the robustness of our results, I re-estimated all the models reported in Table 5.1 and in Appendix Table 5.2 adopting the standard OLS estimator. Results hold and are available upon request.

[vi] M1b and M1c reported in Appendix Table 5.2 are baseline models estimated to test the robustness of this first result. M1b operationalizes government position only through

PM's one, while M1c only through the governing parties' one. As displayed, PM's position on welfare state expansion is a statistically significant determinant of social expenditure, while governing parties' position on the same issue failed to reach statistical significance even alone.

Chapter VI

Conclusion.

Putting the pieces back together

Abstract. This last chapter reviews and discusses the main findings of this dissertation. In detail, it underlines how the doomsday scenario according to which democracy at the national level has been hollowed out has jet to come. Of course, exogenous socio-economic processes and the complexities of politics weaken parties' responsiveness toward their voters. However, this dissertation reveals that parties still play a role in Western democracies, at least in the social policy domain. Moreover, this chapter has a last look on the overall chain of responsiveness, from voters' preferences directly to governmental social policy outcomes, to understand whether citizens' preferences manage to overcome all the obstacles identified in the previous chapters so that they can be translated into consistent spending choices. In particular, controlling for a complete set of potential external confounders and, more interestingly, for the position of the median legislator in Parliament and for that of the ruling coalition, this last chapter demonstrates that median voter's preferences in the year t-1 are related to the change in social expenditure in the subsequent year. Finally, to contrast popular frustration with political parties, this chapter proposes a learning model of party government, which sees both voters and parties as able to alter, respectively, their policy preferences and their electoral promises according to the contingent constraints imposed by external reality.

6.1 Putting two and two together: the chain of responsiveness holds but "the job has become harder"

This dissertation tried to assess whether and to what extent the normatively informed vision of representative democracy discussed in chapter I (Cfr. Chapter I, Sections 1.1, 1.2 and 1.3) captures the essential relations among voters, political parties, governments and social policy outcomes. In particular, it revolved around the following question: do political parties perform their expressive and instrumental functions (Cfr. Chapter I, Section 1.2), allowing voters' wants, needs and preferences to be translated into consistent governmental choices in the social policy domain, or are they little more than moribund anachronisms, now superseded by other linkages between state and society?

Providing an answer to this core question is of great importance because, in recent years, the notion of representative democracy has come under serious attack both inside and outside the academia. Inside the academia, an increasing volume of literature denounces that elected politicians are no more able to provide authoritative solutions due to increasing globalization and internationalization. Outside the academia, citizens are increasingly distrustful toward the political process, with lower levels of electoral participation and party membership and a fading sense of identification with traditional party families (Cfr. Chapter I, Section 1.4)

To measure how far actual representative processes are from the normatively informed vision of representative democracy, this dissertation focused on social and labor policies. Since the 1970s, indeed, these policy areas largely drew the attention of scholars concerned with the role of parties in achieving policy congruence because they refer to the main cleavage in industrial democracies: the capital-labor conflict. Moreover, in times of crises, focusing on social and labor policies, which imply heavy budgetary consequences, allows to shed light on the so-called "politics of constrained choice" (Cfr. Chapter I, Section 1.4.1).

Through the chapters of this dissertation, the ideal chain of responsiveness between voters' redistributive preferences and governmental social policy outcomes (Cfr. Figure 6.1) has been broken down and each linkage has been theoretically and empirically analyzed, every time maximizing the number of observations according to the available data sources (Cfr. Table 6.1).

Figure 6.1: Schematic rendering of the ideal chain of responsiveness applied to the social policy dimension
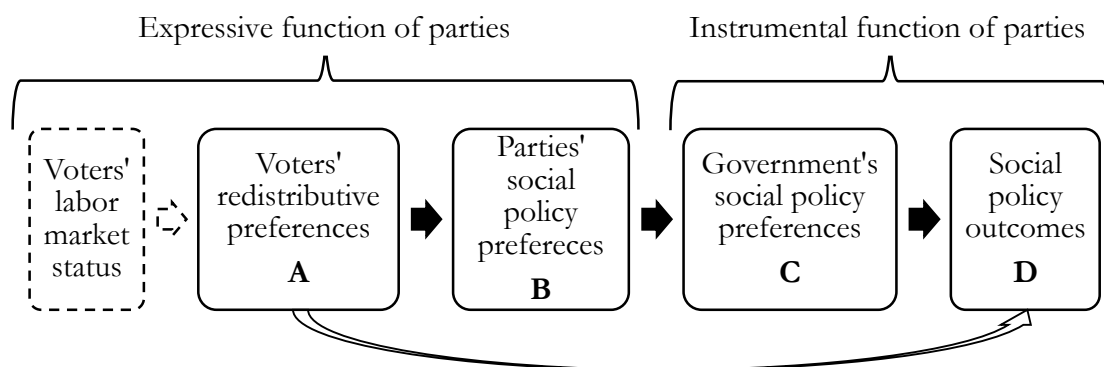
Chapter II, titled "Labor market risk, redistributive demand and parties' social policy supply. Not all labor market outsiders are created equal", explored the AB bond between

citizens' redistributive preferences and parties' social policy supply (Cfr. Figure 6.1). In particular, it investigated the role played by labor market status in shaping individual social policy preferences and political orientations by combining individual level data from the European Social Surveys (i.e., the 4th, the 5th and the 6th waves) for 23 OECD countries with party level information from the Comparative Manifesto Project Database (MARPOR, 2014; cfr. Table 6.1 and Chapter II, Section 2.2). Beside discrete choice models, instrumental variables and matching statistical techniques have been employed to test the robustness of the main findings (Cfr. Chapter II, Section 2.4).

Results confirmed that the AB bond of the ideal chain of responsiveness holds. In particular, economic conditions experienced by individuals in the labor market strongly determine their social policy preferences and their electoral behaviors. Moreover, results suggest that future research should overcome the simple notion of dualization of the labor market between insiders and outsiders, emphasizing the differences between temporary workers and unemployed individuals. Temporary workers, indeed, proved to be clearly distinguished from labor market insiders by their stronger support for redistributive policies and by their more pro-left and pro-welfare lining political preferences. However, they appear to be more integrated in the political process than unemployed individuals are. Finally, their stronger support for left and pro-welfare parties seems not to be combined with more pronounced non-corporatist attitudes (Cfr. Chapter II, Sections 2.3, 2.4 and 2.5).

Once verified that political parties are able to perform their expressive function at the election time, chapter III, titled "From parties' policy supply to declared government positions: who affects the coalition agreement on the left-right and on the welfare dimensions and why", shed light on the BC bond of the chain of responsiveness. Indeed, it assessed the degree of correspondence between governing parties' positions, as obtained from their electoral manifestos (i.e., the B terminal in Figure 6.1), and declared governments' positions, as derived from their investiture and confidence speeches (i.e., the C terminal in Figure 6.1) in 10 West European parliamentary democracies from the aftermath of World War II until 2002 (Cfr. Table 6.1).

Table 6.1: Country and year coverage by chapter

	Chapter II	Chapter III	Chapter IV	Chapter V	Chapter VI
Analyzed link of the chain of responsiveness (Cfr. Figure 6.1)	AB bond between voters' and parties' social policy preferences	BC bond between parties' and governments' social policy preferences	CD bond between governments social policy preferences and social policy outcomes	CD bond between governments social policy preferences and social policy outcomes	AD bond between voters' social policy preferences and social policy outcomes
# of countries	23	10	19	1	27
Countries			Australia		Australia
			Austria		Austria
	Belgium	Belgium	Belgium		Belgium
			Canada		Canada
	Czech Republic				Czech Republic
	Denmark	Denmark	Denmark		Denmark
	Estonia				Estonia
	Finland		Finland		Finland
	France	France	France		France
	Germany	Germany	Germany		Germany
	Greece		Greece		Greece
	Hungary				Hungary
	Iceland				Iceland
	Ireland	Ireland	Ireland		Ireland
	Italy	Italy	Italy	Italy	Italy
			Japan		Japan
		Luxembourg			Luxembourg
	Netherlands	Netherlands	Netherlands		Netherlands
	Norway	Norway	Norway		Norway
	Poland				Poland
	Portugal		Portugal		Portugal
	Slovakia				Slovakia
	Slovenia				Slovenia
	Spain		Spain		Spain
	Sweden	Sweden	Sweden		Sweden
	Switzerland		Switzerland		Switzerland
	Turkey				
	United Kingdom		United Kingdom		United Kingdom
Years	2008-2012	1945-2002	1985-2011	1946-2009	1985-2011
Technique	Logit models CEM Instrumental variables	PCSE	PCSE ECM	Fractional logit	PCSE Mediation analysis

In detail, it investigated several hypotheses (Cfr. Chapter III, Section 3.1, Table 3.1) on the main determinants of the positions adopted by coalition governments on two separate dimensions: the traditionally employed ideological left-right scale and a more genuinely policy-based welfare scale. The most important finding of chapter III is that there is a connection between the weighted mean positions of cabinet parties as obtained from their electoral manifestos (i.e., the B terminal in Figure 6.1) and declared cabinets' policy stances (i.e., the C terminal in Figure 6.1) both on the left-right and on the welfare dimensions.

However, the magnitude of this relationship is far from the one-to-one correspondence needed to affirm that the proportional criterion at the basis of the Gamson's rule (1961) applies to policy payoffs as well as to portfolio allocations.

Indeed, the comparison between the ideological left-right dimension and the policy based welfare dimension suggested that there are other political actors and external forces able to affect declared cabinets' positions. Notably, such political actors and external forces do not behave in the same way on the left-right and on the welfare dimensions (Cfr. Chapter III, Sections 3.3 and 3.4), suggesting that Lowi's motto according to which "Policies determine politics" is not far from the truth (1972).

In particular, on the left-right scale, declared cabinet position is driven by the weighted mean position of cabinet parties and by the position of the formateur party. Conversely, on the welfare scale, declared cabinet position is also affected by the position of the parliamentary median party and by those expressed by the parties holding the labor and social affairs portfolios (Cfr. Chapter III, Sections 3.3 and 3.4). This finding has been explained by the distributive and redistributive nature of the programs included in the welfare dimension, which need an higher engagement of parliamentary parties and of the labor and social affairs ministers in decision-making processes because they usually see economic resources to be provided to specific societal segments. In addition, declared cabinet position on the welfare dimension shows a marked tendency to drift rightward with adverse economic conditions. These results proved once again that the genuinely policy based nature of the welfare dimension allows capturing the effect of adverse economic conditions on declared cabinet positions better than the ideological nature of the left-right dimension does (Cfr. Chapter III, Sections 3.3 and 3.4).

Once stated that the weighted mean positions of coalescing parties consistently affect declared cabinets' positions, chapter IV, titled "Partisan influence on social and labor policies: Do parties matter?", moved to the last link of the chain of responsiveness: the CD bond between governments' social policy preferences and actual social policy outcomes (Cfr. Figure 6.1).

The ideal research design to test the robustness of this last link of the chain of responsiveness would have implied a systematic comparison between declared governments' positions (i.e., the C terminal in Figure 6.1) and actual social policy

outcomes (i.e., the D terminal in Figure 6.1) across different countries and over a consistent period of time. Unfortunately, the dataset on declared cabinets' policy preferences already employed in chapter III (Cfr. Chapter III, Section 3.2 and Appendix Table 3.1) embeds only 10 countries and largely refers to cabinets in office from the aftermath of World War II until the Eighties, a period in which both right and left governments increased welfare state provisions. Therefore, I turned to the familiar operationalization of cabinet's ideological position as the mean position of cabinet parties, weighted by their parliamentary seat share (Cfr. Chapter IV, Section 4.2.2).

The CD bond is, at the same time, the most intriguing and the most awkward linkage of the chain of responsiveness to be studied. Indeed, it is exactly in this last segment that governing parties' ability to shape social policies according to the will of their voters encounter "the burden of responsibility", that is the necessity to take into account internal and international systemic constraints and compatibilities (Mair, 2009; cfr. Chapter I, Section 1.4.4). Accordingly, the task of chapter IV has been to document if and to what extent the burden of responsibility is making it harder for political parties to respond sympathetically to their electorate, executing social policies consistent with their long lasting ideological preferences.

Despite the conventional wisdom on the "dependent variable problem" (Green-Pedersen, 2002), according to which studies using aggregate spending measures are less likely to identify a significant role of parties in shaping social policies, while studies adopting measures of welfare state generosity are more likely to do it, chapter IV demonstrated that such mixed results are related to an "independent variable problem". Indeed, the large majority of studies dealing with party politics and social policy outcomes uses to operationalize governments' ideological position either by clear-cut dichotomies at party level between parties of the left and the right or by categorical variables referring to party families.

Chapter IV went beyond such dichotomous left-right classifications of government partisanship by building a continuous variable based on all of the major party expert surveys (Cfr. Chapter IV, Section 4.2.2). Adopting this continuous measure, the role of governing parties in shaping social policy outcomes is confirmed, no matter the choice of the dependent variable to account for social policies (i.e., public spending in social

policies, public spending in active and passive labor market policies or the level of unemployment insurance replacement rate; cfr. Chapter IV, Section 4.2.1).

In particular, results obtained analyzing data on 19 OECD countries from 1985-2011 through an Error Correction Model (Cfr. Table 6.1 and Chapter IV, Section 4.2.4) proved that the ideological position of the executive on the left-right scale appears unable to affect social policy outcomes in the short run, when economic control variables prevail. However, parties' influence acquires relevance on the long run. *Ceteris paribus*, when the government coalition moves to the right, there is a negative impact on social expenditure as a whole, on public spending in active and passive labor market policies and on the net unemployment replacement rate (Cfr. Chapter IV, Sections 4.3 and 4.4).

Finally, chapter V, titled "Missing links in explaining government's ability to shape social expenditure according to its will: an application to the Italian case (1946-2009)", drew its attention once more the CD bond between governments' social policy preferences and social policy outcomes (Cfr. Figure 6.1), but developed a single-country case study in order to shed light on two important, but empirically under researched, aspects of congruence. In particular, it addressed the role exercised by the executive power and the one played by factions inside the major parties of the governing coalitions in shaping social expenditure (Cfr. Chapter V, Section 5.1) in Italy over the 63 years (i.e., from 1946 to 2009; cfr. Table 6.1). The choice to focus on the Italian case allowed me to avoid the problem of data shortage discussed above for chapter IV. Accordingly, in this case, the C terminal has been operationalized using Prime Ministers' (PM's) investiture and confidence speeches, while public expenditure in social services represented the D terminal (Cfr. Figure 6.1).

Several reasons have been put forward to justify the choice to develop this single country case study (Cfr. Chapter V, Section 5.2.1). The first one has been the availability of two datasets suitable to analyze both the role of cabinets (Curini &Martelli, 2009; Curini, 2011; cfr. Chapter V, Section 5.2.3) and the one of party factions (Ceron, 2012; cfr. Chapter V, Section 5.2.4). Moreover, Italy appeared a fruitful case-study because the Italian political system has experienced relevant modifications in governments' agenda-setting power and repeated changes in its electoral system during its nearly 70 years of history (Curini & Zucchini, 2014). Finally, this case-study allowed to control for any idiosyncratic country factors referring to the institutional setting.

Results proved once more that the CD bond holds: indeed, cabinets' positions on welfare state expansion as derived from PMs' investiture and confidence speeches are strong determinant of social expenditure. However, results underlined also that cabinets' agenda setting power is strongly weaken by party politics dynamics and, more interestingly, by intra-party dynamics.

Concerning party politics dynamics, government's agenda setting power is strongly weakened, if not completely erased, in case of minority government because in this case the PM is more likely to be forced to offer policy concessions as inducements both to governing parties' and to external supporters that might otherwise defect from voting. Vice-versa, government's ability to shape social policies increases when the ideological divide between the actual governing coalition and the previous one deepens (Cfr. Chapter V, Sections 5.3 and 5.4).

Shifting the attention from party-politics to intra-party politics, results highlighted that higher levels of internal divisiveness in the major party of the governing coalition erase the executive's ability to shape social policy according to the content of the coalition agreement. In this case, indeed, the PM becomes less effective because the number of potential veto players with which he/she is forced to compromise increases, including both the governing parties and the polarized factions inside the major party of the executive coalition (Cfr. Chapter V, Sections 5.3 and 5.4).

Chapters II to V dissected the rough path from voters' redistributive preferences to social policy outcomes. At the end of this journey, I have to agree with G. Bingham Powell, when he pointed out that in the real world, the chain of responsiveness can be quite complex (2005). Indeed, this dissertation highlighted how the linkages connecting citizens' redistributive preferences and electoral behaviors, parties' electoral pledges and long lasting ideological commitments, cabinets' positions and actual social policy outcomes may be subverted at each stage (Powell, 2004).

Just to recall some of the issues discussed in the previous chapters, economic conditions experienced by each individual in his/her everyday life is likely to affect his/her redistributive preferences and, accordingly, his/her behavior at the election time (Cfr. Chapter II). While the relationship between labor market status, once labelled "social class belonging", and political behavior has been a constant in the industrialized democratic

world of forty years ago, this dissertation outlined that political parties are able to bundle together the demands of their various constituencies in a coherent and stable fashion even in post-industrial labor markets.

However, their "job has become harder". Indeed, our society is more affluent, leisured, introverted and cognitively mobilized: citizens are less closely bound to parties through old social group identities and less dependent on them for their cognitive clues about public affairs. Moreover, parties are forced to share the stage with other actors, such as interest groups, social movements and the mass media, which involve citizens in the political arena in respect of single issues that concern them (Webb, 2002; van Biezen & Poguntke, 2014).

The obstacles that voters' redistributive preferences have to overcome to be translated into consistent social policy outcomes could arise even after the dust of the election has settled, on the one hand, when a governmental coalition has to be formed in Parliament and, on the other hand, when the governing parties have to face the constraints imposed by external reality.

The previous chapters, indeed, highlighted that the position of the party holding the median legislator (Cfr. Chapter III) and the parliamentary majority the cabinet enjoys (Cfr. Chapter V) are able to respectively affect cabinet's social policy position and social expenditure.

Shifting the attention from the Parliament to the executive, previous results highlighted how cabinet's position on social policy is likely to be biased by those of the labor and social affairs ministers (Cfr. Chapter III). Moreover, a higher number of parties in the governing coalition and their degree of ideological heterogeneity significantly diminish cabinet's ability to implement social policies consistent with the coalition agreement (Cfr. Chapter V). In addition, intra-party politics seems to play a role: as intra-party divisiveness and fractionalization increases, the government's "agenda setting" power in policy-making processes is erased (Cfr. Chapter V).

Finally, several external forces are making it more difficult for governing parties to be effectively as well as formally responsible for social policy outcomes. Namely, adverse economic conditions (i.e., GDP growth, inflation rate and unemployment rate; Cfr. chapters III, IV and V); population ageing (Cfr. chapters III, IV and V); globalization

and international interdependence (Cfr. Chapter IV) force the chain of responsiveness sketched by Figure 6.1.

Does this long list of obstacles imply that the margin to manoeuvre left for parties is so heavily constrained that it is drained of all meaning or are there still significant political choices to be made even within the tightening constraints? This is a crucial question because if it appears that "elections and changes of government cannot make a difference, the democratic legitimacy of the political regime itself may be undermined" (Scharpf, 2011: 4). If parties cannot be responsive to electorates, why vote? If party differences do not matter, why have party government? (Laffan, 2014).

At the end of this dissertation, it is possible to say that we have not to accept the doomsday scenario according to which democracy at the national level has been hollowed out (Krastev, 2002; Mair, 2002, 2006). Of course, the challenges and complexities of politics and the socio-economic processes affecting Western post-industrial democracies rob politicians of agency and weaken their responsibility to engage with their electorates. Social and labor market policies fall within the political space of constrained choice. However, these policy domains imply choices nonetheless.

Indeed, social and labor market policies, together with taxation and education, largely remain national responsibilities with choices about the structure and the overall level of public expenditure to be made. National governments have to make choices about the balance between spending cuts and tax increases and, within both categories, about where to cut and where to raise taxes (Laffan, 2014).

Of course, the politics of constrained choice is much more difficult for parties and electorates than populist appeals: distributing pain across the board is easier than taking on entrenched vested interests. It appears particularly challenging for parties of the centre-left as centre-right voters are more in favor of a less interventionist role of the State in national economies.

However, notwithstanding the constraints undoubtedly imposed by globalization, international interdependence, adverse economic conditions, demographic changes and bargaining processes among parliamentary and governing parties, the previous chapters demonstrated that party effects can still be readily discerned. Breaking down the chain of responsiveness, results highlighted that the partisan composition of governing coalitions

does affect welfare state developments in parliamentary democracies. Moreover, from the perspective of democratic theory, confirming the ability of governing parties to shape social policies according to their long lasting ideological stances supports the broad conclusion that parties' behavior offers voters real differences in their policy priorities. Therefore, my view is that there is no real case for concluding that parties' centrality to national governmental processes and social policy outcomes has been declining.

So far, good news for the normatively informed vision of representative democracy. What is missing? What is lacking is an overall view on the chain of responsiveness from voters' social policy preferences to governmental social policy outcomes (i.e., the additional arrow connecting the A terminal to the D one in Figure 6.1). Do citizens' preferences manage to overcome all the obstacles identified in the previous chapters so that they can be translated into consistent spending choices in the field of social policies? Vice-versa, do they get stuck in some links of the chain of responsiveness? This is the question that this last chapter aims to answer.

6.2 Data description

To verify whether and to what extent voters' social policy preferences consistently translate into social policy outcomes once the dust of the election is settled, the analysis here performed largely draws on data-sources already discussed and employed in the previous chapters.

There is only one measure used in this last chapter that has not already been described: namely, the A terminal in figure 6.1, referring to voters' social policy preferences. Indeed, chapter II, which dealt with the correspondence between individuals' redistributive preferences and parties' social policy supplies, addressed the AB linkage of the chain of responsiveness by adopting a micro-level approach. This last chapter, instead, asks for an aggregate measure of voters' needs and preferences, which has to be confronted with social policy outcomes by country and over time. Accordingly, section 6.2.1 discusses how voters' social policy preferences (i.e. the A terminal in Figure 6.1) have been operationalized in this last chapter; while section 6.2.2 briefly recalls the other dependent and independent variables.

6.2.1   Measuring voters' preferences on the RILE and on the welfare dimensions

To investigate how well elected individuals or parties, as agents, represent citizens, as principals, through the electoral delegation process, valid and reliable estimations of the substantive policy preferences of parties and citizens are needed. The substantive representation literature, which focuses exactly on this topic, suggests three different approaches (Powell, 2009).

The first approach identifies parties' positions through expert surveys asking country experts to place political forces on a left-right scale and the position of the median citizen through mass surveys asking citizens to place themselves on a left-right scale. Party placements formulated by country experts are then employed to find out the location of the median legislator in Parliament and that of the governing coalition. Examples of studies using this approach are Huber and Powell (1994), Powell (2000; 2006) and Powell and Vanberg (2000).

The second approach estimates parties' positions and that of the median citizen through mass surveys asking citizens to place both political parties and themselves on a left-right scale. As before, the positions of the median parliamentarian and that of the government are obtained from parties' placements. Recent works like Blais and Bodet (2006), Powell (2009) and Golder and Stramski (2010) employed this approach. The Comparative Study of Electoral Systems (CSES), a collaborative program of research among election study teams from around the world, is the most important data-source adopting this technique.

Finally, the third approach relies on data collected by the MARPOR (Manifesto Research on Political Representation) Manifesto Project, funded by the German Science Foundation (DFG). This project continues the work of the Manifesto Research Group (MRG) and the Comparative Manifestos Project (CMP), performing the comparative content analysis of over 1000 parties' manifestos from 1945 until today in over 50 countries. Parties' placements on the left-right scale are estimated through the measure proposed by Laver and Budge (1992; Cfr. Chapter II, Section 2.2). These placements are then used to locate on the left-right spectrum the median legislator in Parliament and the governing coalition. Moreover, Heemin Kim and Richard C. Fording (1998; 2002; 2003) developed a three steps procedure to locate the median voter on a left-right ideological scale staring for parties' placements and vote shares.

In particular, for each election, it is necessary to rank political parties on the left-right continuum. Then, according to the Euclidean preference relations, it is assumed that the voters of each particular party fall into the interval that goes from the midpoint between the chosen party and the one immediately left of it to the midpoint between the same party and the one immediately right of it. Finally, for each election, the percentage of votes obtained by each party is used to estimate the percentage of the electorate that falls into each interval created in the previous step. At this point, data have to be transformed into a grouped frequency distribution and, applying a basic statistical formula[i], it is possible to estimate the median voter's position. Beside Kim and Fording (1998; 2002; 2003), McDonald, Mendes and Budge (2004) and McDonald and Budge (2005) employed this procedure[ii].

None of these three methods is free of costs. The first approach rests on the rather dubious assumption that citizens and experts interpret the left-right scale in the same way (Kim & Fording, 1998; Blais & Bodet, 2006; Powell, 2009). Moreover, citizens' and experts' surveys are usually conducted at different points in time and they tend to be based on different scales. Therefore, authors are forced to make some adjustments to be able to compare these two data sources (Blais & Bodet, 2006).

The second approach is based on two rather problematic assumptions too. As first, it assumes that citizens are effectively informed about the position of each party, while they may in fact be ignorant about the left-right position of several parties. Using Powell's words, citizens are likely to be "more ignorant than the experts" and to offer perceptions "that are less authentic than manifestos. The citizens may be subject to stereotypes, rationalization of non ideologically based support, projection of their own beliefs, and so forth" (2009: 1479). As second, this approach assumes that citizen placed themselves truly on left-right scale, whereas less politically involved citizens may place themselves just by guessing. As third, cross-national studies asking citizens to estimate the position of both parties and themselves are very recent: the CSES project, for example, began only in 1996.

The most serious problem affecting the third approach is that the identification of the position of the median voter lies on the assumption that all voters support the party that is closest to their own ideological positions (Blais & Bodet, 2006; Powell, 2009). However, according to Richard Rose and Ian McAllister (1992: 115), which summarized a larger body of literature on voting behavior, voters may approach elections in two ways. In

particular, they may act expressively, when their primary goal is simply to get the opportunity to express their preferences, or they may act instrumentally, when they care about nothing except the policies they are likely to get. In this second case, voters may choose to support a party which is not the closest to their policy preferences in the attempt to move the expected policy outcomes closer to their ideal points. Moreover, electoral behavior is not entirely a matter of individual voter choice: it may be affected by additional determinants, such as the nature of the party system, incumbent's status, leader's performance evaluation and valence issues (Blais & Bodet, 2006). Kim and Fording (1998) addressed this critique claiming that instrumental voting primarily takes place under single-member district plurality electoral systems, where third party supporters may vote for one of the major parties. In the overwhelming majority of democratic political systems, instead, the possible bias introduced by this instrumental behavior is minimal.

Lastly, another potential problem affecting MARPOR based measures of voters' and parties' ideological positions is the circularity of data, namely the fact that the median voter's positions are estimated through parties' positions as derived from their electoral manifestoes. This is probably the reason why this approach generates more congruence in respect to the others (Powell, 2009). Nevertheless, McDonald, Mendes and Budge argued that measuring the preferences of the different actors involved in the chain of responsiveness (Cfr. Figure 6.1) through the same scale has not to be considered as a limit: on the contrary has to be seen as a benefit and a necessary requirement for a meaningful analysis (2004: 42).

Taking into account pros and cons of each approach, I decided to adopt the MARPOR based method in the following empirical analysis. Indeed, without neglecting the potential problems just recalled, there are several strengths that led me to select this approach

First of all, the most important advantages are the large number of countries and the considerable time span for which data are available. Indeed, while cross-country mass surveys asking people to place themselves on a left-right scale are not readily available for most countries prior to 1970s and estimate citizens' positions only in few specific points in time, with the MARPOR based method data are available since 1946 for many countries.

As second, the fact that both voters and parties are located on the same ideological scale makes the comparison between the relative positions of electorates, parties and governments across countries and time-periods easier.

As third, using party manifestoes and actual vote shares as the main sources of information seems promising both on the citizens' and on the parties' sides. Indeed, on the one hand, electoral manifestoes collapse in comprehensive documents all the promises made by parties during electoral campaigns; on the other hand, actual vote shares are behavioral manifestations of voters' real preferences. On the contrary, mass surveys provide only the median positions of the subgroups of citizens that answer to surveys' questions (Powell, 2000).

Finally, I tried to assess median voter's positions through the recently released MARPOR Party-Voter Dataset (Lehmann & Schultze, 2012), which combines data on parties' placements (MARPOR, 2014) with the most relevant international surveys data (i.e., the Eurobarometer Trend file; Modules I, II and III from the CSES; the World Value Survey V Wave Aggregated File 1981-2008 and the European Values Study Longitudinal Data File 1981-2008). However, this new data set turned not to be suitable for measuring programmatic congruence between voters and governing parties at the aggregate level. Indeed, the variable *selfrile*, which reports respondents' self-placement on a common 1-9 left-right scale, tend to be cross-country and time invariant (i.e., it tends to be always equal to 5).

In the following analysis, the median voter's positions are calculated according to the procedure developed by Kim & Fording (1998; 2002; 2003), as adjusted by McDonald & Budge (2005: 113-115). As in Chapters II (Cfr. Section 2.2) and III (Cfr. Section 3.2), median voter's positions have been estimated on two dimensions: the traditionally employed RILE scale (Laver & Budge, 1992) and the more policy based welfare scale. In particular, this last dimension is based on the difference between the percentage of quasi-sentences devoted to welfare state retrenchment (CMP variable per505; Cfr. MARPOR, 2014) and that devoted to social justice and welfare state expansion (CMP variables per 503 and per504; Cfr. MARPOR, 2014) in parties' manifestos[iii].

These two measures of voters' preferences are the treatment variables whose effects on social policy outcomes I am interested in. Note that, since the dependent variable referring

to social policy outcomes is early based (Cfr. Section 6.2.2), median voter's positions have been ascribed to all the years between two subsequent parliamentary elections, weighting them by the number of days. Further details and descriptive statistics are reported in Appendix Tables 6.1 and 6.2.

6.2.2   *Recalling the other dependent and independent variables*

Starting from the dependent variable, social policy outcomes (i.e., the D terminal in Figure 6.1) have been operationalized by the commonest indicator of welfare effort, namely the total public and mandatory private social expenditure as a percentage of GDP (e.g., Huber & Stephens, 2001 a, b; Swank, 2002). This measure is provided by the online OECD Social Expenditure Statistics from 1980 to 2011 for the large majority of the countries included in this study[iv] (For a brief discussion on pros and cons of this indicator, see Chapter IV, Section 4.2.1). As in chapter IV, this dependent variable enters the model specification as first difference in order to control for serial-correlation. Moreover, its lagged level is embedded among the regressors to take into account the effect of path dependency in social policies developments (Cfr. Chapter IV, Section 4.2.4).

To be translated into consistent social policy outcomes (i.e., the D terminal in Figure 6.1), voters' preferences (i.e., the A terminal in Figure 6.1) have to be mediated by political parties (i.e., the B terminal in Figure 6.1), especially by those in office (i.e., the C terminal in Figure 6.1). The roles played by these political actors have been taken into account drawing on the analysis developed in Chapter III (Cfr. Chapter III, Section 3.2). In particular, the weighted mean position of governing parties and the position of the median party in parliament have been estimated by combining the information provided by the CMP's coding of the electoral manifestos (MARPOR, 2014) with the ones on governments' compositions provided by Woldendorp, Keman and Budge (2000).

The most important mediator variables are the *cabinet weighted means on the RILE and on the welfare dimensions.* The first one corresponds to the mean of the RILE positions of cabinet parties, weighted by their seats share in the lower chamber (Powell, 2009). Similarly, the second one has been calculated as the mean of the welfare positions of cabinet parties, weighted by their seats share in the lower chamber[v]. Since the dependent variable is yearly based, these two measures have been ascribed to all the years in which the same

government stayed in power. When there were more than one government in office in the same year, they have been weighed by the numbers of days in which each government has been in office.

Moreover, the mediator variables *cabinet weighted mean on the RILE* and *on the welfare dimensions* enter the model specification also as deviations from median voter's positions on the same scale. Indeed, the variable *cabinet – voter distance on the RILE dimension* corresponds to the governing coalition's RILE position minus the median voter's position on the same dimension. Similarly, the variable *cabinet – voter distance on the welfare dimension* measures the difference between the government's welfare position and that of the median voter on the same scale[vi].

The CMP dataset (MARPOR, 2014) has been used also to locate the median legislator on the RILE and on the welfare dimensions (Cfr. Chapter III, Section 3.2). In particular, the variable *median party – voter distance on the RILE dimension* corresponds to the median party's RILE position minus that of the median voter on the same dimension. The variable *median party – voter distance on the welfare dimension* is equal to the difference between the median party's welfare position and that of the median voter on the same scale[vii]. Since the dependent variable is early based, *median party – voter distances on the RILE and on the welfare dimensions* have been ascribed to all the years between two subsequent parliamentary elections, weighting them by the number of days.

Finally, voters' preferences need to overcome external constraints imposed by economic and demographic imperatives, together with budgetary restrictions, to be translated into consistent social policy outcomes. As in Chapter IV (Cfr. Section 4.2.3), lagged levels of these potential confounding factors are embedded as control variables in the model specification (Cfr. Appendix Table 6.1 for complete list of these control variables).

Appendix Tables 6.1 and 6.2 provide detail descriptions, data sources and descriptive statistics of all the variables listed so far.

6.3 Results

6.3.1 *Assessing the role played by the median voter in shaping social expenditure*

I begin my analysis by investigating the direct effects of the mediator variables (M) on the outcome variable (Y). In detail, the models displayed in Table 6.2 respectively estimate the impact of a unitary shift in the lagged values of government partisanship toward the right side of the political spectrum (M_1) and toward a more contractionary attitude in welfare state development (M_2) on the annual change in social expenditure as percentage of GDP. Complete set of control variables in t-1 is included.

Table 6.2: Effect of government partisanship (mediator variable) on social expenditure (outcome variable)

	RILE dimension	Welfare dimension
	M_1	M_2
Cabinet weighted mean$_{t-1}$	-0.00748**	-0.0230**
	(0.00268)	(0.00726)
Y_{t-1}	-0.0771**	-0.0703*
	(0.0279)	(0.0275)
GDP growth$_{t-1}$	-0.108**	-0.112***
	(0.0331)	(0.0330)
Debt$_{t-1}$	-0.00454	-0.00444
	(0.00309)	(0.00311)
Inflation$_{t-1}$	0.0403†	0.0426*
	(0.0213)	(0.0213)
Unemployment$_{t-1}$	-0.0810***	-0.0819***
	(0.0215)	(0.0210)
Elderly$_{t-1}$	0.143**	0.141**
	(0.0447)	(0.0444)
Trade unions$_{t-1}$	-0.0225**	-0.0246**
	(0.00815)	(0.00830)
Trade openness$_{t-1}$	-0.00267	-0.00190
	(0.00671)	(0.00667)
Financial openness$_{t-1}$	0.0927	0.124
	(0.295)	(0.293)
Constant	1.628	1.103
	(1.505)	(1.500)
Year and country d.	Yes	Yes
R^2	0.287	0.290
N	642	642

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is the change in the total public and mandatory private social expenditure as percentage of GDP from one year to the next. †$p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

M_1 and M_2 confirm that the mediator variables have the expected effects on the outcome variable. Indeed, if the governing coalition moves one point toward the right side of the ideological spectrum in the year t-1, the change in the share of total public and mandatory private social expenditure as percentage of GDP in the year t is expected to be 0.007 percentage points lower than what it would have been without this ideological shift. The

effect is more pronounced on the welfare dimension, where a unitary increase in the lagged value of the cabinet weighted mean in the year t-1 is associated with a decrease of about 0.02 percentage points in the annual change of social expenditure as percentage of GDP.

In the next step, I investigate the direct effect of the treatment variables (T) on the outcome variable (Y). In particular, M_3 and M_4 assess the impact of a unitary increase in the lagged values of the median voter's position on the RILE and on the welfare dimensions on the annual change in the total public and mandatory private social expenditure as percentage of GDP. As before, a complete set of control variables in t-1 is included (Cfr. Table 6.3).

Table 6.3: Effect of median voter's position (T) on social expenditure (Y)

	RILE dimension	Welfare dimension
	M_3	M_4
Median voter's position$_{t-1}$	-0.0121**	-0.0179*
	(0.00403)	(0.00907)
Y_{t-1}	-0.0749**	-0.0732**
	(0.0270)	(0.0272)
GDP growth$_{t-1}$	-0.107**	-0.111***
	(0.0330)	(0.0335)
Debt$_{t-1}$	-0.00431	-0.00457
	(0.00304)	(0.00307)
Inflation$_{t-1}$	0.0352†	0.0385†
	(0.0213)	(0.0216)
Unemployment$_{t-1}$	-0.0846***	-0.0863***
	(0.0212)	(0.0209)
Elderly$_{t-1}$	0.123**	0.136**
	(0.0424)	(0.0437)
Trade unions$_{t-1}$	-0.0209**	-0.0206**
	(0.00724)	(0.00787)
Trade openness $_{t-1}$	-0.00208	-0.00236
	(0.00659)	(0.00663)
Financial openness $_{t-1}$	0.132	0.178
	(0.301)	(0.299)
Constant	1.697	1.108
	(1.488)	(1.494)
Year and country d.	Yes	Yes
R^2	0.290	0.283
N	652	650

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is the change in the total public and mandatory private social expenditure as percentage of GDP from one year to the next. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

The estimated coefficients highlight that the treatment variables have the expected effects on the outcome variable. As expected, if the median voter's position moves one point toward the right side of the ideological spectrum in the year t-1, the change in the share of social expenditure over GDP in the year t is expected to be 0.01 percentage points

lower than what it would have been without this ideological shift. Similarly, on the welfare dimension, if the median voter's position moves one point toward a more contractionary attitude in the year t-1, the change in the outcome variable in the year t is expected to be 0.02 percentage points lower than what it would have been[viii].

So far, models displayed in tables 6.2 and 6.3 demonstrated that, both on the RILE and on the welfare dimensions, a unitary increase in the mediator variables (i.e., the lagged positions of the governing coalition; cfr. Table 6.2) or in the treatment variables (i.e., the lagged positions of the median voter; cfr. Table 6.3) are associated with a decrease in the annual change of social expenditure over GDP. However, these encouraging results may be undermined by the ways in which the treatment variables are operationalized.

Indeed, as better explained in section 6.2.1, the MARPOR approach derives the position of the median voter from parties' placements on the RILE and on the welfare dimensions as obtained by their electoral manifestos. The same parties' placements are then employed to locate both the position of the median legislator in Parliament and that of the governing coalition (Cfr. Section 6.2.1). In the sample, the similarity between the weighted mean position of governing parties (M) and the position of the median voter (T) appears to be quite strong. In particular, the pairwise correlation coefficient between the mediator and the treatment variables on the RILE dimension is equal to 0.753 (significant at 5% level or better); while the one on the welfare dimension is equal to 0.832 (significant at 5% level or better)[ix].

To avoid any risk of multicollinearity, I follow the same procedure employed in chapter III (Cfr. Chapter III, Section 3.2), generating two additional control variables equal to the difference between cabinet's and median voter's positions on the RILE and on the welfare dimensions. Models M_5 and M_6 in Table 6.4 demonstrate that the treatment variables (i.e., the lagged median voter's positions) keep their negative effects on the annual change in the share of social expenditure over GDP even controlling for the distance between the governing coalition's and the median voter's placements.

The analysis performed in chapter III suggested that, especially on the welfare dimension, the median legislator in Parliament is likely to bias declared cabinet's position toward his/her ideal point (Cfr. Chapter III, Sections 3.3 and 3.4). Accordingly, this political actor may play a role also in shaping welfare state expenditure. In this analysis, the position of

the median legislator in Parliament is embedded through the variable *median party-voter distance$_{t-1}$*, which is equal to the difference between the position of median legislator and that of the median voter in the year t-1[x]. Models M_7 and M_8 in Table 6.4 suggest that the negative relation between the lagged median voter's position (T) and the annual change in the share of social expenditure over GDP (Y) holds controlling for the variable *median party-voter distance$_{t-1}$*[xi] too.

Table 6.4: Effect of median voter's position (T) on social expenditure (Y) controlling for cabinet's and median legislator's positions

	RILE dimension	Welfare dimension	RILE dimension	Welfare dimension
	M_5	M_6	M_7	M_8
Median voter$_{t-1}$	-0.0126**	-0.0183†	-0.0123**	-0.0178†
	(0.00425)	(0.00982)	(0.00427)	(0.00980)
Cabinet-voter distance$_{t-1}$	-0.00399	-0.0281**	-0.00128	-0.0214*
	(0.00292)	(0.00886)	(0.00423)	(0.0102)
Median party-voter distance$_{t-1}$			-0.00570	-0.0222
			(0.00547)	(0.0140)
Y_{t-1}	-0.0777**	-0.0692*	-0.0758**	-0.0661*
	(0.0277)	(0.0276)	(0.0277)	(0.0276)
GDP growth$_{t-1}$	-0.107**	-0.112***	-0.106**	-0.110***
	(0.0329)	(0.0331)	(0.0327)	(0.0331)
Debt$_{t-1}$	-0.00415	-0.00463	-0.00437	-0.00494
	(0.00310)	(0.00307)	(0.00307)	(0.00310)
Inflation$_{t-1}$	0.0387†	0.0429*	0.0402†	0.0446*
	(0.0212)	(0.0214)	(0.0212)	(0.0214)
Unemployment$_{t-1}$	-0.0806***	-0.0821***	-0.0813***	-0.0824***
	(0.0216)	(0.0210)	(0.0217)	(0.0210)
Elderly$_{t-1}$	0.129**	0.144**	0.132**	0.150***
	(0.0440)	(0.0441)	(0.0445)	(0.0449)
Trade unions$_{t-1}$	-0.0215**	-0.0248**	-0.0210**	-0.0248**
	(0.00795)	(0.00825)	(0.00800)	(0.00821)
Trade openness $_{t-1}$	-0.00230	-0.00177	-0.00200	-0.00180
	(0.00665)	(0.00669)	(0.00671)	(0.00667)
Financial openness $_{t-1}$	0.0798	0.116	0.0944	0.125
	(0.295)	(0.294)	(0.296)	(0.293)
Constant	1.769	1.139	1.569	0.939
	(1.504)	(1.500)	(1.540)	(1.497)
Year and country d.	Yes	Yes	Yes	Yes
R^2	0.290	0.290	0.291	0.292
N	641	641	641	641

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is the change in the total public and mandatory private social expenditure as percentage of GDP from one year to the next. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

In sum, results obtained through PCSE seem encouraging. Indeed, controlling for a complete set of potential external confounders and, more interestingly, for the position of the median legislator in Parliament and for that of the ruling coalition, median voter's preferences in the year t-1 (i.e., the A terminal in Figure 6.1) prove to be related to the change in social expenditure in the subsequent year (i.e., the D terminal in Figure 6.1).

6.3.2   Assessing the role played by the median voter in shaping social expenditure through causal mediation analysis

Kosuke Imai, Luke Keele and Dustin Tingley (2010; see also Imai *et al.*, 2011) recently proposed the causal mediation analysis to estimate the role of causal mechanisms that transmit the effect of a treatment variable (T) on an outcome (Y).

Following the potential outcomes framework of causal inference (Holland, 1986; Neyman, [1923] 1990; Rubin, 1974), the authors defined a causal mechanism as a process whereby one variable T casually effects another variable Y through an intermediate variable or a mediator M (Imai *et al.*, 2011). Thus, the inferential goal is to decompose the average treatment effect (ATE) into the average causal mediation effect (ACME), which represents the indirect effect of the treatment on the outcome through the mediating variable, and the average direct effect (ADE). Graphically, the ACME combines two arrows going from the treatment T to the outcome Y through the mediator M, while the ADE may be represented as a single arrow connecting T to Y.

Even if this method is suitable also for non-binary treatment (see Imai *et al.*, 2010), let us take into consideration the case of a binary treatment (T_i), which is equal to 1 when unit i is in the treatment group and 0 otherwise. Accordingly, $Y_i(1)$ is the potential outcome that would be realized under the treatment; $Y_i(0)$ is the potential outcome that would be realized under the control condition.

Given this setup, the causal effect of the treatment can be defined as the difference between $Y_i(1)$ and $Y_i(0)$. However, it is impossible to observe both $Y_i(1)$ and $Y_i(0)$ on the same unit i (i.e., the so-called fundamental problem of causal inference; cfr. Holland, 1986). For this reason, researchers estimate the average treatment effect (ATE) over a population[xii], which is the average difference in outcome means between the treatment and control groups.

Now, let $M_i(t)$ denote the potential value of a mediator of interest for unit i under the treatment status $T_i=t$. $Y_i(t, m)$ corresponds to the potential outcome that would result if the treatment and mediating variables equal to t and m, respectively. As before, only one of the two potential outcomes can be observed. In particular, the observed outcome (Y_i) equals $Y_i(T_i, M_i(T_i))$, which depends upon both the treatment status and the level of the

mediator under the observed treatment status. Accordingly, the total unit treatment effect can be written as $\tau_i \equiv Y_i(1, M_i(1)) - Y_i(0, M_i(0))$.

According to this framework, the ACME for each unit i will be equal to the difference in the outcome if the dependent variable is estimated with the mediator 1. under the condition of having estimated the mediator with the treatment variable and 2. under the condition of omitting the treatment variable from the estimation of the mediator (Imai *et al.*, 2010: 311). Formally, $\delta_i(t) \equiv Y_i(t, M_i(1)) - Y_i(t, M_i(0))$. If the treatment has no effect on the mediator, i.e., $M_i(1) = M_i(0)$, then the ACME will be equal to zero.

The ADE for each unit i and each treatment status t=0, 1 is defined as $\zeta_i(t) \equiv Y_i(1, M_i(t)) - Y_i(0, M_i(t))$. It corresponds to the causal effect of the treatment on the outcome that is not transmitted by the hypothesized mediator.

In what follows, I conduct a mediation analysis to distinguish the ADE of the median voter's position in the year t-1 (T) on the annual change in social expenditure as percentage of GDP (Y) from the ACME, which operates through political parties in office (M). As before, to avoid any risk of multicollinearity, the mediator variable, namely the role of political parties charged with government responsibilities, is embedded in the model specifications as the difference between the position of the ruling coalition and that of the median voter in the year t-1. The same procedure has been followed to take into account the position of the median legislator in Parliament among the controls. Complete set of control variables in t-1 is included.

The estimation strategy consists in two steps. First, the mediator is modeled as a function of the treatment and any relevant controls. Second, the outcome is modeled as a function of the mediator, the treatment and controls. From these two steps, the model parameters are simulated from their sampling distribution. Based on these simulated potential values of the mediator and the resulting simulated outcomes values, it is possible to estimate the ADE and the ACME of the treatment variable (Hicks & Tingley, 2011). Table 6.5 presents the regressions the mediation analysis is based on.

In detail, models M_9 and M_{11}, referring to the first step of the analysis on the RILE and on the welfare dimensions, use ordinary least squares (OLS) with robust standard errors clustered by country to estimate the effect of median voter's position in t-1 (T) on cabinet-voter distance in t-1 (M). On both dimensions, treatment variables prove not to be good

determinants of mediator variables: indeed, betas referring to the median voter's positions on the RILE and on the welfare scales are not statistically different from zero. These results are consistent with the operationalization of the mediator variables, which are already expressed as cabinet's deviations from median voter's position.

Table 6.5: Mediation analysis

	RILE dimension		Welfare dimension	
	M_9 (I step)	M_{10} (II step)	M_{11} (I step)	M_{12} (II step)
Dependent variable	Cabinet-voter distance$_{t-1}$	ΔSocial expenditure	Cabinet-voter distance$_{t-1}$	ΔSocial expenditure
Median voter's position$_{t-1}$	-0.0460	-0.0107*	0.0195	-0.023*
	(0.0613)	(0.0047)	(0.0395)	(0.0091)
Cabinet-voter dist$_{t-1}$		-0.0012		-0.025†
		(0.0038)		(0.013)
Median party-voter distance$_{t-1}$	0.8128***	-0.0052	0.7433***	-0.0063
	(0.0881)	(0.0052)	(0.1381)	(0.0233)
Y_{t-1}	-0.1683	-0.0370***	-0.0661	-0.0385***
	(0.1389)	(0.0095)	(0.0497)	(0.0089)
GDP growth$_{t-1}$	-0.2680	-0.0975***	-0.1404*	-0.1057***
	(0.1646)	(0.0232)	(0.0523)	(0.0243)
Debt$_{t-1}$	-0.0215	-0.0023	-0.0033	-0.0013
	(0.0189)	(0.0014)	(0.0053)	(0.0011)
Inflation$_{t-1}$	-0.3697†	0.0403*	-0.0869	0.0383*
	(0.2049)	(0.0154)	(0.0562)	(0.0155)
Unemployment$_{t-1}$	0.1266	-0.0423**	-0.0357	-0.0472***
	(0.1607)	(0.0121)	(0.0694)	(0.0126)
Elderly$_{t-1}$	0.2587	0.0497*	-0.0315	0.0528**
	(0.3804)	(0.0186)	(0.1114)	(0.0178)
Trade unions$_{t-1}$	0.0629	-0.0035†	-0.0012	-0.0048*
	(0.0414)	(0.0019)	(0.0138)	(0.002)
Trade openness$_{t-1}$	0.0167	0.0014	-0.0036	0.0015
	(0.0176)	(0.0012)	(0.0055)	(0.0011)
Financial openness$_{t-1}$	-2.8857	0.0629	-0.6922	0.0294
	(3.4848)	(0.1641)	(0.9285)	(0.1376)
Constant	1.0729	0.0746	4.2725†	-0.1563
	(5.3956)	(0.3560)	(2.2759)	(0.2721)
Year dummies	Yes	Yes	Yes	Yes
R^2	0.444	0.212	0.280	0.215
N	641	641	641	641

Notes: OLS estimations with robust standard errors clustered by country in parentheses. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

Models M_{10} and M_{12}, referring to the second step of the analysis, estimate the effect of median voter's positions in t-1 on the annual change in total public and mandatory private social expenditure as percentage of GDP including the mediator variables among the covariates. Both on the RILE and on the welfare dimensions, median voter's positions seem to have a direct effect on the outcome variable. Indeed, model M_{10} suggests that a unitary shift in median voter's placement toward the right side of the political spectrum decreases the annual change in social expenditure over GDP of 0.01 percentage points. Similarly, model M_{12} reveals that a similar shift in median voter's position toward a more

contractionary attitude with respect to welfare state expansion decreases the annual change in social expenditure over GDP of about 0.02 percentage points[xiii].

Finally, Table 6.6 presents the ACME and the ADE of median voter's position on the annual change in social expenditure as percentage over GDP. On both dimensions, there is a significant and negative direct effect of median voter's positions on the annual change in social expenditure, but no indirect effects through the distance between the position of the ruling coalition and that of the median voter[xiv].

Table 6.6: Simulated direct (ADE) and indirect (ACME) effects of median voter's position on social expenditure

RILE dimension			Welfare dimension		
Effect	Mean	95% conf. interval	Effect	Mean	95% conf. interval
ACME	0.0000	-0.0005	0.0008	ACME	-0.0005	-0.003	0.0017
ADE	-0.0104*	-0.0185	-0.0022	ADE	-0.0224*	-0.0394	-0.0053
ATE	-0.0103*	-0.0186	-0.0018	ATE	-0.0229*	-0.0400	-0.0053

In sum, the mediation analysis confirms previous results (Cfr. Section 6.3.1). Both on the RILE and on the welfare dimensions, median voter's preferences in the year t-1 (i.e., the A terminal in Figure 6.1) exert a direct effect (ADE) on the change in social expenditure in the subsequent year (i.e., the D terminal in Figure 6.1). In detail, if the median voter moves one point toward the right side of the ideological spectrum or toward a more contractionary attitude in welfare state expansion, the annual change in the share of social expenditure over GDP is expected to be lower than it would have been without these shifts in the electorate. Moreover, the indirect effect of the median voter's position on the outcome through the political parties in office (ACME) does not reach statistical significance. This additional finding may suggest that governing parties' positions largely correspond to the median voter's ones, making the difference between the two unable to affect social policy outcomes. Following this reasoning, governing parties' ability to shape public spending in the social policy domain has to be seen as largely emanating exactly from voters' will.

This last chapter aimed to verify whether and to what extent median voter's preferences on the RILE and on the welfare dimensions relate to final spending choices in the social policy domain. Luckily for the normatively informed vision of representative democracy, the answer is "Yes". However, the mediation analysis here performed added a potential insight, suggesting not only that voter's will affects social policy outcomes, but also that it does it directly. This additional result surely deserves a deeper investigation. Are

governments' preferences so close to the median voter's ones that political parties in office do not need to shift policy outcomes toward their ideal points? Are there other mediating actors, such as trade unions and the media, to be taken into account? I will leave these questions for future developments of this research.

Conclusion

The analyses developed in chapters II to V (Cfr. Section 6.1) and the results presented in section 6.3 proved that the chain of responsiveness works largely as it is intended to, at least in the social policy domain.

Indeed, notwithstanding the constraints, which are undoubtedly imposed by external reality and by a degree of left-right converge, this dissertation demonstrated that there is congruence between voters' social policy preferences, the themes stressed in party manifestos and the subsequent social policies enacted by the parties that get into government. Accordingly, it is possible to state that, overall, political parties are reasonably responsive toward their electorate (i.e., the representative function in Figure 6.1) and that there is no real case for concluding that parties' ability to shape social policies at the national level has been irremediably declining (i.e., the instrumental function in Figure 6.1). These results are consistent with those of Robert Rohrschneider and Stephen Whitefield (2012), which showed that political parties in Western and Eastern Europe are fulfilling their representative function reasonably well.

Accordingly, political parties continue to be useful and necessary instruments for our democratic systems (Dalton & Weldon, 2005). However, these findings stand in direct contradiction not only with the unequivocal decline in parties' capacity to attract members and raise identification, but especially with the poor confidence they inspire in citizens. In other words, in advanced industrial democracies, political parties continue to assure a meaningful degree of popular choice and control over policies, but they need to regain citizens' hearts and minds. The question is: "How?".

Over the past twenty years, political parties tried to answer to concerns about their waning legitimacy by undertaking internal reforms and by amending the legal contexts in which they operate. To foster intra-party democracy, they introduced participatory incentives in

internal decision-making processes for grass-roots members and sometimes even for non-member supporters. Moreover, they tried to enhance citizens' participation in the selection of candidates and in the major policy decisions by introducing primary elections and voter juries and by exploiting the new possibilities generated by ICTs. These internal reforms have blurred the distinction between traditional parties' members and simple voters, giving to the latter increasing agenda setting power in candidates' selections and policy decisions. Accordingly, parties' membership may be declining because parties' supporters do not feel the need to bear membership's costs, knowing that they can still participate in parties' decision-making processes. This is a topic deserving a deeper investigation.

In the same vain, in many advanced industrial democracies, regulatory frameworks have been adopted to foster the transparency of parties' income, preventing irregular and corrupt behaviors (Webb, 2002).

Nevertheless, it is worth acknowledging that the response of the society to these reforms has not been particularly enthusiastic so far. Such changes, indeed, have rendered parties immune neither from scandals associated with political recruitment and illegitimate activities nor from popular disenchantment.

Far from understating the negative valence of scandals and illegitimate activities, I believe that popular frustration with political parties is more likely to stem from the perception that they are ineffective in government than from the one that they are self-interested, unduly privileged and inclined to corruption.

This dissertation proved that in most systems parties do make a significant difference to governing outputs, at least in the social policy domain. However, it underlined also how their ability to shape social policy outcomes according to their will or according to the preferences of their voters has to face formidable obstacles. These obstacles pose severe problems for responsible party government.

In his behavioral model, Ted Gurr (1970) predicted that repeated failure of major parties to implement public policies consistent with voters' preferences will determine popular frustration toward the party system and, over the long run, its destruction. Indeed, according to the equilibrium of responsible party government postulated by Schumpeter (1943; Cfr. Chapter I, Section I), insofar as major parties fail to deliver what voters want,

the latter can switch to new parties, often protest parties, that claim to have the abilities to meet popular expectations. However, once in office, such new parties will be subjects to the same constraints that caused their predecessors to disappoint the electorate. Using Rose's words, "in such circumstances, the rotation of parties in office risks becoming the recycling of failures" (Rose, 2014: 264).

A possible answer may arise from a learning model of party government (Rose, 2014) which sees both voters and parties as able to alter, respectively, their policy preferences and their electoral promises according to the contingent constraints imposed by external reality.

As far as voters are concerned, it is not to be aprioristically excluded that we can think about them in an optimistic perspective. Indeed, voters cannot be represented only as subjects endowed with fixed or exogenous policy preferences. Rather, they are rational actors, able to evaluate feedbacks starting from policy outcomes and to formulate judgements that take into account the real constraints on the capacity of their national governments to meet their preferences. Accordingly, in times of crises, citizens may modify their expectations toward governmental activity exactly as they are able to adjust their standards of living to the economic circumstances.

Of course, voters may modify their expectations only if political parties adopt blame sharing tactics. In detail, both governing and opposition parties should encourage the awareness in the electorate that, whichever party wins the election, many aspects will remain beyond their control. All parties aspiring to govern need to be more explicit in their electoral manifestos about the constraints they are likely to face once in office if they want to prevent the destruction of the party system (i.e., if they want to guarantee their survival). This may be an intriguing research topic for further developments of this dissertation. Indeed, it would be interesting to measure the percentage of quasi sentences referring to external constraints in parties' electoral manifestos. In this way, it would be possible to operationalize such blame sharing tactics, relating them to parties electoral behaviours and vote shares.

As far as parties' are concerned, at the election time they can compete on two kinds of issues: "position issues" and "valence issues" (Stokes, 1963). The former "involve advocacy of government actions from a set of alternatives over which a distribution of

voter preferences is defined", while the latter "merely involve the linking of the parties with some condition that is positively or negatively valued by the electorate". Twenty years later, James M. Enelow and Melvin J. Hinich (1982) clarified this distinction. In detail, they defined position issues as those that determine conflicts of interest among groups of electors (e.g., being in favor of or against welfare state expansion, civil partnership, etc.) and valence issues as those candidate characteristics about which all electors share the same (positive or negative) judgment. Giving the fact that all voters hold identical positions, valence issues can be both policy-based (e.g., reducing crime or increasing economic growth) and non-policy based (e.g., trustworthiness, credibility, integrity, campaigning ability, etc.) (Curini, 2015).

With increasing external constraints exercised by intergovernmental institutions spanning continents and limited margin of manoeuvre at their disposal given by deteriorating economic conditions and debt crises, parties may still compete on non-policy based valence issues at the election time. Indeed, "character valence" attributes, such as honesty and competence (i.e., on which one would be best in coping with external constraint), and "strategic valence" attributes, such as fundraising skill, name recognition and campaigning ability (Adams *et al.*, 2011) are expected to gain more and more space in electoral manifestos and to increasingly determines party fortunes.

Literature has already underlined the effect of valence issues on political parties' electoral support (See, *inter alia*, Abney *et al.*, 2013; Buttice & Stone, 2012; Clark, 2009, 2014; Clarke et al., 2009; Green & Jennings, 2012). In detail, Luigi Curini (2015) and Paolo Martelli (together, 2015) demonstrated through a comparative analysis that, in multiparty systems, the more parties resemble each other on the ideological left-right continuum (i.e., when two or more parties are spatially adjacent on position issues), the greater their incentive to make use of non-policy based valence issues as a competitive strategy. Indeed, adjacent parties are less likely to praise one's own policy position and to criticize that of one's adversary because, as the two programs are very similar, would be like to praising the adversary's position and criticizing one's own (Curini, 2015).

From a normatively informed vision of representative democracy, this expected shift from position issues to valence issues, especially to non-policy based ones, in party competition has to be considered positive or negative?

On the one hand, it seems to rule out the celebrated proposal formulated by the cartel party thesis, according to which the evolution of party structure toward the cartel party would have determined collusion and limited political competition (Katz & Mair, 1995). Indeed, as the salience of position issues declines, parties' incentives for campaigning on non-policy based valence issues is expected to increase, making it harder for the same parties to collude as a cartel (Curini, 2015; Curini & Martelli, 2015; Krouwel, 2012).

On the other hand, this dissertation demonstrated that, even in this world of constrained choice, political parties are still able to shape social policies according to their ideological preferences, which largely mirrors their electoral promises and their voters will. With limited margin of manoeuvre at their disposal, being ruled by a left government or by a right one still makes a difference on the policy outcomes citizens are likely to get.

The recent past is here to remind us that an international financial crisis can blow up in a few days with painful and long-lasting consequences on national public finances. Similarly, transnational terrorist attacks and states' failures may occur without warning, leaving an unsettling aftermath with thousands of refugees searching for a safe harbor. Even adopting a pessimistic perspective, in this context, there is still a position issue on which parties have to confront themselves at the election time, namely on how the costs of economic difficulties should be distributed among different societal segments.

Over the long term, this new regime of "constrained choice" imposed on political parties by European integration, economic globalization, demographic changes and adverse economic circumstances may even generate societal benefits. Indeed, choosing to balance public budgets over the cycle may be considered as the provision of a public good (Laffan, 2014). In this way, governing parties may prevent the society to adopt policy commitments at the expenses of future generations. Similarly, external surveillance and scrutiny performed by third bodies and technical agencies may shed light on distributive policies that favor some societal segments over others, leaving to domestic rent seekers fewer places to hide.

Although a number of scholars argued that, with the end of the Cold War, the division between left and right has lost its grip on Western democracies so that these concepts have become obsolete and blurred (e.g., Giddens, 1994; Fairclough 2000), this dissertation revealed that ideology still plays a role, at least in shaping social policy outcomes.

Even in this era of welfare state retrenchment and constrained choice, there will always be reasons to side for the left or the right. The end of history (Fukuyama, 2006) has jet to come.

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Appendix

Appendix Table 6.1: Variables' description

Name	Description	Source
Outcome variable		
Social expenditure	Total public and mandatory private social expenditure as % of GDP. This variable enters the model specification in first difference when employed as outcome variable, in its lagged level when employed as control.	OECD Social Expenditure Database.
Mediator variables		
Cabinet weighted mean on the RILE dimension	Early based mean of governing parties' RILE positions as given in their electoral manifestos. The influence of each party has been weighted by its share of seat in Parliament.	Woldendorp, J., Keman, H. & Budge, I. (2000). *Party Government in 20 Democracies, 1945-1998*. Dordrecht, Boston and London: Kluwer Academic Publishers.
Cabinet weighted mean on the welfare dimension	As before but on the welfare dimension. Party$_i$ position: (per505)-(per503+per504)	Seki, K. &. Williams, L. K. (2014). "Updating the Party Government Data Set". *Electoral Studies* 34: 270-279.
Cabinet weighted mean on welfare state expansion	As before, but on welfare state expansion. Party$_i$ position: per503+per504	Budge, I., Klingemann, H. D., Volkens, A., Bara, J. & Tanenbaum, E. (2001). *Mapping Policy Preferences. Estimates for Parties, Electors, and Governments 1945-1998*. Oxford: Oxford University Press.
Cabinet – voter distance on the RILE dimension	Early based distance between the cabinet's position and that of the median voter on the RILE dimension.	
Cabinet – voter distance on the welfare dimension	As before, but on the welfare dimension.	Volkens, A., Lehmann, P., Merz, N., Regel, S., Werner, A. & Schultze, H. (2014): *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2014b.* Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).
Cabinet – voter distance on welfare state expansion	As before, but on welfare state expansion.	
Median party – voter distance on the RILE dimension	Early based distance between the position of the median party in Parliament and that of the median voter on the RILE dimension.	Budge, I., Klingemann, H. D., Volkens, A., Bara, J. & Tanenbaum, E. (2001). *Mapping Policy Preferences. Estimates for Parties, Electors, and Governments 1945-1998*. Oxford: Oxford University Press.
Median party – voter distance on the welfare dimension	As before, but on the welfare dimension.	Volkens, A., Lehmann, P., Merz, N., Regel, S., Werner, A. & Schultze, H. (2014): *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2014b.* Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).
Median party – voter distance on welfare state expansion	As before, but on welfare state expansion.	
Treatment variables		
Median voter's position on the RILE dimension	Early based median voter's position on the RILE dimension according to the procedure developed by Kim & Fording (1998; 2002; 2003), as adjusted by	Budge, I., Klingemann, H. D., Volkens, A., Bara, J. & Tanenbaum, E. (2001). *Mapping Policy Preferences. Estimates for Parties, Electors,*

	McDonald & Budge (2005: 113-115).	*and Governments 1945-1998*. Oxford: Oxford University Press.
Median voter's position on the welfare dimension	As before, but on the welfare dimension.	Volkens, A., Lehmann, P., Merz, N., Regel, S., Werner, A. & Schultze, H. (2014): *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2014b.* Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).
Median voter's position on welfare state expansion	As before, but on welfare state expansion.	
Control variables		
GDP growth	Real GDP growth as % change from the previous year.	OECD Factbook Country Statistical Profiles, 2013 edition.
Debt	Gross government debt (financial liabilities) as % of GDP.	OECD dataset on Central Government Debt – 2013 edition.
Inflation	Growth of consumer price index (CPI), all items, percent change from previous year.	OECD Main Economic Indicators Database.
Unemployment	Unemployment rate: unemployed persons divided by the labor force.	OECD Employment Database.
Elderly	% of population ageing more than 65 years old.	
Trade unions	Trade union density: % of employees who are trade unions' members.	
Trade openness	Imports plus exports as % of GDP in current prices.	UNCTAD Statistical Office.
Financial openness	KAOPEN index, measuring countries' degree of capital account openness.	Chinn, M. D. & Ito, H. (2006). "What Matters for Financial Development? Capital Controls, Institutions, and Interactions". *Journal of Development Economics* 81 (1): 163-192.

Appendix Table 6.2: Descriptive statistics

Variable		Mean	Std. Dev.	Min	Max	Observations
Social expenditure	overall	21.386	4.983	5.8	36	N = 766
	between		4.184	14.669	29.334	n = 27
	within		2.728	5.827	30.286	T = 28.370
Cabinet weighted mean on the RILE dimension	overall	0.126	15.004	-36.653	48.458	N = 772
	between		8.436	-17.035	16.960	n = 27
	within		12.367	-32.869	42.224	T-bar = 28.593
Cabinet weighted mean on the welfare dimension	overall	-11.55	6.03	-39.7	2.572	N = 772
	between		3.353	-20.431	-4.187	n = 27
	within		4.984	-32.909	3.33	T-bar = 28.593
Cabinet weighted mean on welfare state expansion	overall	12.168	5.82	0	39.7	N = 772
	between		3.24	4.919	21.157	n = 27
	within		4.794	-2.778	33.272	T-bar = 28.593
Cabinet – voter distance on the RILE dimension	overall	2.68	10.935	-20.078	47.250	N = 771
	between		4.058	-3.043	15.568	n = 27
	within		10.135	-25.197	34.362	T-bar = 28.556
Cabinet – voter distance on the welfare dimension	overall	-0.083	3.489	-22.028	10.488	N = 771
	between		1.041	-2.164	2.544	n = 27
	within		3.329	-21.275	10.843	T-bar = 28.556
Cabinet – voter distance on welfare state expansion	overall	0.226	3.291	-8.85	22.028	N = 769
	between		1.079	-2.893	2.3652	n = 27
	within		3.115	-8.201	21.429	T-bar = 28.481
Median party – voter distance on the RILE dimension	overall	0.251	8.176	-20.612	47.250	N = 824
	between		3.954	-5.036	14.586	n = 27
	within		7.146	-21.327	32.915	T-bar = 30.518
Median party – voter distance on the welfare dimension	overall	0.123	2.235	-12.111	9.802	N = 822
	between		0.9344	-1.57	2.503	n = 27
	within		2.032	-10.418	7.422	T-bar = 30.444
Median party – voter distance on welfare state expansion	overall	-0.151	2.135	-7.992	11.545	N = 822
	between		0.9115	-2.823	1.298	n = 27
	within		1.94	-5.761	10.450	T-bar = 30.444
Median voter's position on the RILE dimension	overall	-2.565	11.227	-33.233	39.64	N = 824
	between		6.934	-18.397	12.913	n = 27
	within		8.853	-32.12	32.181	T-bar = 30.518
Median voter's position on the welfare dimension	overall	-11.581	4.87	-32.213	-0.3	N = 822
	between		3.066	-18.67	-3.398	n = 27
	within		3.808	-25.123	0.275	T-bar = 30.444
Median voter's position on welfare state expansion	overall	12.077	4.69	1.992	32.213	N = 822
	between		2.847	4.69	19.117	n = 27
	within		3.736	2.312	25.23	T-bar = 30.444
GDP growth	overall	2.398	2.902	-14.738	11.736	N = 819
	between		0.969	1.084	4.545	n = 27
	within		2.763	-16.885	9.59	T-bar = 30.333
Debt	overall	62.501	33.794	4.638	216.477	N = 776
	between		28.585	9.703	124.908	n = 27
	within		19.576	-3.975	164.347	T-bar = 28.741

Inflation	overall	6.364	22.011	-4.5	552.1	N = 820
	between		8.454	1.03	44.821	n = 27
	within		20.707	-37.558	513.642	T-bar = 30.37
Unemployment	overall	7.373	4.037	0.166	24.8	N = 808
	between		3.398	2.416	15.767	n = 27
	within		2.375	-0.194	22.672	T-bar = 29.926
Elderly	overall	14.541	2.47	9.1	24.1	N = 828
	between		1.804	11.112	17.46	n = 27
	within		1.711	8.001	23.001	T-bar = 30.667
Trade unions	overall	40.403	21.488	7.1	99.1	N = 764
	between		19.649	10.329	85.776	n = 27
	within		8.401	20.648	108.86	T = 28.296
Trade openness	overall	84.707	47.87	15.924	319.554	N = 801
	between		45.172	22.998	230.696	n = 27
	within		17.544	6.087	173.565	T = 29.667
Financial openness	overall	0.792	0.288	0	1	N = 757
	between		0.19	0.3	1	n = 26
	within		0.227	0.039	1.253	T-bar = 29.115

Appendix Table 6.3: Effects of government's (M) and median voter's (T) positions on social expenditure (Y)

	Welfare state expansion	Welfare state expansion
	M_{2b} **(First step)**	M_{4b} **(Second step)**
Cabinet weighted mean$_{t-1}$	0.0235**	
	(0.00730)	
Median voter's position$_{t-1}$		0.0182*
		(0.00894)
Y_{t-1}	-0.0704*	-0.0708**
	(0.0275)	(0.0272)
GDP growth$_{t-1}$	-0.111***	-0.110**
	(0.0330)	(0.0335)
Debt$_{t-1}$	-0.00457	-0.00466
	(0.00311)	(0.00312)
Inflation$_{t-1}$	0.0426*	0.0382†
	(0.0214)	(0.0216)
Unemployment$_{t-1}$	-0.0827***	-0.0875***
	(0.0211)	(0.0210)
Elderly$_{t-1}$	0.141**	0.137**
	(0.0444)	(0.0434)
Trade unions$_{t-1}$	-0.0243**	-0.0228**
	(0.00820)	(0.00756)
Trade openness $_{t-1}$	-0.00208	-0.00275
	(0.00665)	(0.00665)
Financial openness $_{t-1}$	0.130	0.177
	(0.293)	(0.301)
Constant	1.088	1.211
	(1.495)	(1.497)
Year and country d.	Yes	Yes
R^2	0.290	0.282
N	642	650

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is the change in the total public and mandatory private social expenditure as percentage of GDP from one year to the next. † p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

Appendix Table 6.4: Effect of median voter's position (T) on social expenditure (Y) controlling for cabinet's and median legislator's positions

	Welfare state expansion	Welfare state expansion
	M_{6b}	M_{8b}
Median voter's position$_{t-1}$	0.0182†	0.0176†
	(0.00955)	(0.00959)
Cabinet-voter distance$_{t-1}$	0.0296**	0.0231*
	(0.00937)	(0.0117)
Median party-voter distance$_{t-1}$		0.0200
		(0.0158)
Y_{t-1}	-0.0693*	-0.0677*
	(0.0276)	(0.0276)
GDP growth$_{t-1}$	-0.110***	-0.109***
	(0.0330)	(0.0331)
Debt$_{t-1}$	-0.00494	-0.00522
	(0.00315)	(0.00318)
Inflation$_{t-1}$	0.0432*	0.0445*
	(0.0214)	(0.0214)
Unemployment$_{t-1}$	-0.0826***	-0.0829***
	(0.0211)	(0.0211)
Elderly$_{t-1}$	0.145**	0.151***
	(0.0443)	(0.0450)
Trade unions$_{t-1}$	-0.0243**	-0.0246**
	(0.00816)	(0.00814)
Trade openness$_{t-1}$	-0.00216	-0.00214
	(0.00667)	(0.00668)
Financial openness$_{t-1}$	0.119	0.127
	(0.295)	(0.295)
Constant	1.129	1.001
	(1.497)	(1.494)
Year and country d.	Yes	Yes
R²	0.291	0.292
N	639	639

Notes: OLS estimations with panel corrected standard errors in parentheses. The dependent variable is the change in the total public and mandatory private social expenditure as percentage of GDP from one year to the next. † $p<0.10$, * $p<0.05$, ** $p<0.01$, *** $p<0.001$.

Appendix Table 6.5: Mediation analysis

	Welfare state expansion	
	M_{11b} (I step)	M_{12b} (II step)
Dependent variable	Cabinet-voter distance$_{t-1}$	ΔSocial expenditure
Median voter's position$_{t-1}$	0.007	0.0229*
	(0.0389)	(0.0089)
Cabinet-voter distance$_{t-1}$		0.0291*
		(0.014)
Median party-voter distance$_{t-1}$	0.8062***	-0.0051
	(0.1005)	(0.0236)
Y_{t-1}	0.0477	-0.0391***
	(0.0392)	(0.0091)
GDP growth$_{t-1}$	0.0917*	-0.1046***
	(0.0435)	(0.025)
Debt$_{t-1}$	0.0015	-0.0013
	(0.0043)	(0.0012)
Inflation$_{t-1}$	0.0453	0.0397*
	(0.0454)	(0.0156)
Unemployment$_{t-1}$	0.0132	-0.0461**
	(0.0658)	(0.013)
Elderly$_{t-1}$	-0.0001	0.0558**
	(0.0922)	(0.018)
Trade unions$_{t-1}$	0.0023	-0.0047*
	(0.0109)	(0.0022)
Trade openness$_{t-1}$	0.0057	0.0014
	(0.0049)	(0.0011)
Financial openness$_{t-1}$	-0.0434	0.0296
	(0.8083)	(0.1432)
Constant	-1.9397	-0.2106
	(1.5761)	(0.3024)
Year dummies	Yes	Yes
R^2	0.332	0.213
N	639	639

Notes: OLS estimations with robust standard errors clustered by country in parentheses. †p<0.10, * p<0.05, ** p<0.01, *** p<0.001.

Appendix Table 6.6: Simulated direct (ADE) and indirect (ACME) eff. of median voter's position on social exp.

	Welfare state expansion		
Effect	**Mean**	**95% conf. interval**	
ACME	0.0002	-0.0023	0.0028
ADE	0.0236*	0.0071	0.0403
ATE	0.0238*	0.0068	0.0409

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[i] The Kim and Fording's formula to estimate the median voter's position is M=L+[(50-C)/F]*W. M is the median voter position (ideological score); L is the lower end (ideological score) of the interval containing the median; C is the cumulative frequency (vote share) up to but not including the interval containing the median; F is the frequency (vote share) in the interval containing the median; W is the width of the interval containing the median. For a more complete description of this procedure, see Kim and Fording (1998).

[ii] Whereas Kim and Fording locate different parties on a scale that ranges from 0 (left) to 100 (right), McDonald, Mendes and Budge employed a left-right scale that ranges from -100 (left) to +100 (right). In the following analyzes, I will use this kind of left-right scale.

[iii] As in chapter III, the robustness of the results obtained on the welfare dimension has been tested by employing a second version of this variable, namely *median voter's position on welfare state expansion* only. The formula behind this additional variable corresponds to the one employed in chapter II to operationalize political parties' social policy supply on the welfare dimension (Cfr. Chapter II, Section 2.2). In detail, it is equal to the CMP dimension "welfare", which sums the CMP variables per 504, referring to welfare state expansion, and per503, referring to social justice (Cfr. Appendix tables 6.1 and 6.2).

[iv] In detail, the variable *total private and mandatory private social expenditure as percentage of GDP* is available from the year 1990 for Czech Republic, Greece, Iceland and Poland; 1995 for Slovakia and Slovenia; 1999 for Estonia and Hungary.

[v] A second version of the variable *weighted cabinet position on the welfare dimension* has been calculated, namely the *weighted cabinet position on welfare state expansion* only. It corresponds to the weighted (parliamentary seats) mean of governing parties' positions on the CMP dimension "welfare" (CMP variables per503 and per504; cfr. Appendix Tables 6.1 and 6.2).

[vi] A second version of the variable *cabinet - voter distance on the welfare dimension* has been calculated, namely the *cabinet – voter distance on welfare state expansion* only. It corresponds to the distance between the position of the ruling coalition on the CMP dimension "welfare" (CMP variables per503 and per504) and that of the median voter on the same dimension (Cfr. Appendix Tables 6.1 and 6.2).

[vii] A second version of the variable *median party - voter distance on the welfare dimension* has been calculated, namely the *median party - voter distance on welfare state expansion* only. It corresponds to the distance between the position of the party containing the median legislator on the CMP dimension "welfare" (CMP variables per503 and per504) and that of the median voter on the same scale (Cfr. Appendix Tables 6.1 and 6.2).

[viii] Appendix Table 6.3 tests the robustness of the results discussed so far on the welfare dimension by employing the second versions of the variables *weighted cabinet position* and *median voter's position on the welfare dimension* (Cfr. Appendix Tables 6.1 and 6.2 and endnotes iii and v). As in Chapter III (Cfr. Chapter III, Appendix Table 3.2), indeed, these additional variables are based on the CMP dimension "welfare" (CMP variables per503 and per504). Overall, models M_{2b} and M_{4b} confirm previous results. In particular, M_{2b} highlights that, if the governing coalition moves one point toward a more expansionary attitude in the year t-1, the change in the share of social expenditure over GDP in the year t is expected to be 0.02 percentage points higher than what it would have been without this shift. M_{4b} proves that, if the median voter's position moves one point toward a more expansionary attitude in the year t-1, the change in the share of social expenditure over GDP in the year t is expected to be 0.02 percentage points higher than what it would have been without this shift. Note that the coefficients are positive because these variables refer to welfare state expansion only.

[ix] The pairwise correlation coefficient between the mediator and the treatment variables on welfare state expansion only (CMP dimension "welfare", given by the CMP variables per503 and per504) is equal to 0.843 (significant at 5% level or better).

[x] The pairwise correlation coefficient between the position of the median parliamentarian and that of the median voter on the RILE dimension is equal to 0.846 (significant at 5% level or better); while the one on the welfare dimension is equal to 0.917 (significant at 5% level or better). The pairwise correlation coefficient is equal to 0.918 (significant at

5% level or better) even taking into account only positive statements on welfare state expansions (CMP dimension "welfare", equal to the CMP variables per503 and per504). The similarity between the position of the median voter and that of the median parliamentarian suggests embedding this last political actor in the model specification as difference from the median voter's placement.

[xi] Appendix Table 6.4 tests the robustness of the results obtained by models M_6 and M_8 displayed in Table 6.4. Models M_{6b} and M_{8b}, indeed, embed the second versions of the variables *cabinet-voter distance* and *median party-voter distance on the welfare dimension* (Cfr. Appendix Tables 6.1 and 6.2 and endnotes vi and vii), which are based on the CMP variables per503 and per504. Overall, models M_{6b} and M_{8b} confirm previous results, estimating positive relations between unitary shifts in the lagged median voter's positions toward more expansionary attitudes and the annual change in the share of social expenditure over GDP. Note that the coefficients are positive because these variables refer to welfare state expansion only.

[xii] In randomized studies, the probability of receiving the treatment does not depend on the values of the potential outcomes. Formally, the treatment is jointly independent from the potential outcomes, $\{Y_i(1), Y_i(0)\} \perp\!\!\!\perp T_i$. In observational studies, researchers have to statistically adjust for the observed differences in the pretreatment covariates X_i between the treatment and control groups through regression, matching or other techniques. Assuming that the treatment is assigned as if it is randomized among those units that have identical values of the observed pretreatment covariates, $\{Y_i(1), Y_i(0)\} \perp\!\!\!\perp T_i | X_i = x$ for any value x in the support of X_i.

[xiii] Appendix Table 6.5 displays the regressions the mediation analysis is based on for the scale "welfare state expansion", which corresponds on the CMP dimension "welfare" (CMP variables per503 and per504). In detail, model M_{11b}, referring to the first step of the analysis, employs ordinary least squares (OLS) with robust standard errors clustered by country to estimate the effect of median voter's position in t-1 (T) on cabinet-voter distance in t-1 (M). As before (Cfr. Table 6.5, M_{11}), the coefficient of the treatment variable fails to reach statistical significance. This result is reasonable because the mediator variable is operationalized as cabinet's deviation from median voter's position. Model M_{12b} estimates the effect of median voter's positions in t-1 on the annual change in total private and mandatory private social expenditure as percentage of GDP including the mediator variables among the covariates (i.e., the second step of the analysis). Here too (Cfr. Table 6.5, M_{12}), median voter's position has a direct effect on the outcome variable. Indeed, model M_{12b} reveals that a unitary shift in median voter's position toward a more expansionary attitude with respect to welfare state provisions increases the annual change in social expenditure over GDP of about 0.02 percentage points.

[xiv] Appendix Table 6.6 presents the ACME and the ADE of median voter's position on the annual change in social expenditure as percentage over GDP for the dimension "welfare state expansion" (i.e., CMP dimension "welfare", given by the CMP variables per503 and per504). Here too (Cfr. Table 6.6), there is significant and positive direct effect of median voter's positions on the annual change in social expenditure, but no indirect effects via the distance between the position of the ruling coalition and that of the median voter.