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**Politics of Childcare Policy beyond the Left–Right Scale:
What Determines the State’s Responses to the Emergence of New
Social Risks?**

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Takeshi Hieda (Waseda University / WIAS)



1-6-1 Nishiwaseda, Shinjuku-ku, Tokyo 169-8050, Japan
Tel: +81-3-5286-2460 ; Fax: +81-3-5286-2470

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Abstract

This paper explores whether partisan differences have had an impact on the recent expansion of public childcare expenditures. It argues that political parties contend with each other over human capital investment and female labor force participation policy on the social-value dimension as well as the redistributive dimension, and that each political party has different policy preferences and strategies for women’s employment and childcare policy according to its position on the two-dimensional party competition space. Assuming that different party policies have distinct impact on public childcare policy, this paper hypothesizes that a government policy position—composed of the governing parties’ policy position—and its policy distance among them on the two-dimensional policy space affect changes in public spending for childcare services. Through analysis of the pooled time-series-and-cross-section data of 18 OECD countries from 1980 until 2005, this paper reveals that a government left–right policy position interacts with its libertarian–authoritarian policy position, and that a left–libertarian government raises its budget for childcare services while a left–authoritarian government does not. In addition, this paper also demonstrates that heterogeneous policy preferences among veto players in the two-dimensional policy space impede the expansion of public spending for childcare services.

JEL classification:

Keywords: Comparative Welfare States; New Social Risks; Party System; New Politics

Corresponding author. Takeshi Hieda

Tel.: +81-3-5286-2122

E-mail address: takeshi.hieda@aoni.waseda.jp

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1. Introduction

This paper examines how the emergence of new social risks is translated into new social policies in advanced industrialized democracies. New social risks result from postindustrialization, and the shift from the industrial economy toward the postindustrial service economy requires modern welfare states to respond to new social needs and demands, such as for childcare infrastructure, elderly care services, social protection against precarious employment, and individual security against unstable household structures. Focusing on public childcare policy from among new social risk policies, this paper explores the following two questions. First, does party politics matter to the development of childcare services? Second, if it matters, along what lines political parties compete with each other on this policy issue? Is it contended along the traditional left–right dimension? Is it debated in a multi-dimensional policy space?

This paper claims that childcare policy is now contended in a two-dimensional policy space because current party systems have been transformed into a two-dimensional system—where a redistributive axis and a social-value axis cross each other—in modern democracies. As most advanced democracies have been required to adapt to postindustrialization, childcare policy has become a more important part of labor market policy in recent decades. However, political parties have different preferences with regard to childcare policy according to their position in the two-dimensional party competition space. Left–libertarian parties, supported by newly emerging service and professional workers, seek to enhance female workers' employability without sacrificing equality. Public childcare services are an

indispensable policy tool to help young citizens reconcile career development and family life and boost the labor supply of young, well-educated women (activation). Left-authoritarian parties, rallying traditional blue-collar workers, prioritize the protection of male industrial workers and seek to establish a labor market for service employees apart from the core workers. Left-authoritarian parties prefer to see female citizens working part time after a career hiatus related to childrearing, because working part time with limited compensation does not threaten the traditional male-breadwinner/female-caregiver family model (dualism). Right-libertarian parties prefer to increase labor force participation by penalizing inactivity. These parties have an incentive to develop childcare services, but it can fulfill this purpose by deregulating these services and encouraging an inflow of cheap, flexible workers to them (workfare). Right-authoritarian parties prefer either dualism or workfare, depending on the configuration of their core constituencies. Because of these diverse preferences with regard to employment policy across political parties, government composition facilitates or obstructs the expansion of public subsidies for childcare services.

To examine the validity of the above argument, this paper constructs a new dataset measuring each government's policy position and policy distance between coalition partners along the social-value ("libertarian-authoritarian") dimension as well as the redistributive ("left-right") dimension; this is achieved by using Comparative Manifesto Project's (CMP) data.¹ Then, by analyzing the data from 1980 until 2005 in 18 OECD countries with multivariate regression methods, this paper explores how political parties' policy positions affect the changes in public expenditure for childcare programs.

¹ Budge, Klingemann, Volkens, Bara, and Tanenbaum 2001; Klingemann, Volkens, Bara, and Budge 2006; Volkens, Lacewell, Regel, Schultze, and Werner 2009.

This paper is organized into several sections. First, it explains what “new social risks” refer to and the strategic location of childcare policy in economic policy among advanced democracies; second, it shows the theoretical connection between the realignment of party systems and partisan differences on childcare policy in a multi-dimensional party competition space; third, it clarifies how this study constructs the dataset of government policy positions and policy distance, and it describes other variables used in regression models; fourth, it explains quantitative methods analyzing the pooled time-series and cross-section data of this study; fifth, it presents the results of regression analysis; finally, it summarizes the entire argument and discusses its implications for literature on comparative politics.

2. Childcare as Economic Policy

New social risks are now becoming the subject of important research in the study of comparative social policy literature.² New social risks are defined as “the risks that people now face in the course of their lives as a result of the economic and social changes associated with the transition to a postindustrial society.”³ To understand the “newness” of postindustrial social risks, it is useful to compare them with “old” industrial social risks. Old social risks refer to the risks of wage earners being unable to obtain an income in the labor market due to occupational injury, sickness, incapacity, unemployment, old age, and so on. During the industrial period, since the male-breadwinner/female-caregiver family model was prevalent in society, welfare programs concentrated on male breadwinners. The main role of welfare states

² See Armingeon and Bonoli 2006; Bonoli 2005, 2007; Esping-Andersen 1999, 2002; Häusermann 2006; Taylor-Gooby 2004b.

³ Taylor-Gooby 2004a, 3.

was to protect—mainly male—citizens by “decommodifying” them through cash benefit programs.⁴ In other words, it was male breadwinners that industrial welfare states insured against the volatility of the labor market during the post-war growth period.

New social risks are those risks emerging due to the demise of male-dominant labor markets, the emergence of the service economy, and the erosion of stable family structures. With the spread of postindustrialization creating labor demands for service workers, an increasingly large female labor force has been participating in the labor market. The feminization of the labor force makes invalid the standard family model that imposes the burden of child and elderly care on females in a household; it also creates new social needs and demands for support to the reconciliation between paid work in the labor market and unpaid care work in households. In a phenomenon not unrelated to the transformation of labor markets, the increase in divorces and single-parent households makes a nuclear family less dependable as a unit of social protection than it was in the past. Working women, especially single mothers, cannot reconcile their career with family burdens unless they can outsource caregiving in the market and/or to public programs. In addition, together with the massive entry of women into the labor market, the tertiarization of employment accompanies the increase in low-paying, atypical service jobs. While low-skilled workers used to be able to find relatively well-paid manual jobs because of the post-war economic growth, they now, in the postindustrial era, face a different dilemma: that between becoming members of the so-called “working poor” class and being in long-term unemployment. In sum, new social risks refer to those risks that cannot be insured against under standard cash

⁴ Esping-Andersen 1985, 1990.

benefits for male breadwinners, such as the inability to reconcile paid work and care work, poverty among single parents, and precarious employment and/or long-term unemployment among low-skilled workers.

Childcare policy is a typical example of new social risk policy. It aims to “recommodify” citizens rather than “decommodify” them.⁵ Childcare services protect young mothers and their children from the deficiency of social care, help those female workers reconcile career development and family life, and then integrate them into the labor market. Since the decline of gender inequality in educational opportunities and the increasing labor demands for service sector jobs lessen the comparative advantages of male workers in postindustrial society, childcare services can upgrade the skill configuration of the national economy by minimizing the career hiatus of well-educated female workers. In this sense, for modern governments in knowledge-based economies, a childcare policy is composed a part of human capital formation strategy. In fact, current policy papers assign economic efficiency rather than emancipation from the male-breadwinner/female-caregiver family model to developed childcare services in Europe.⁶

This paper takes childcare policy as a representative example of new social risk policies and examines partisan effects on the changes in public spending for childcare services in recent decades. While existing literature points out that path-dependent effects established at the turn of the twentieth century or during the golden age of welfare state development generally account for cross-national variations of new social risk policies,⁷ and particularly childcare services,⁸ this study focuses on current

⁵ Taylor-Gooby 2004a.

⁶ Esping-Andersen 2002, 2009; Rodrigues 2003.

⁷ Bonoli 2007; Van Kersbergen and Manow 2009.

⁸ Bonoli and Reber 2010; Morgan 2006.

government policy responses to the emergence of the service economy and the increasing labor demands for female workers in recent decades.⁹ The policy context surrounding childcare services has changed, and, as the European Union prescribed in the Lisbon Strategy, the significance of such childcare services as a policy tool to activate young female citizens is being increasingly recognized across advanced industrialized countries. There is no doubt that the recent expansion of childcare services has been a part of the modern state's functional response to postindustrialization. Is there any room for the influence of political partisanship in this policy area?

In the "politics matters" camp, the power resources theory is used for explaining the variations in public childcare policy across countries.¹⁰ However, its logic—which accounts for the variation in welfare states in general—cannot be applied straightforwardly to childcare policy. Although the proponents of this approach theorize the development of welfare programs as a part of social democratic parties' strategy for "decommodify" industrial workers and generating class solidarity among the working class,¹¹ public childcare programs "commodify" young female citizens. There is no obvious reason that the labor movement or social democratic parties prefer to encourage women to enter the labor market and heighten the wage competition among workers. The power resources theory's causal model for explaining variations

⁹ Bonoli and Reber 2010 claim that their statistical analysis examines recent time-series changes, as well as cross-national variations, in public childcare expenditures by using pooled time-series and cross-national data. However, they pool the data of 16 OECD countries for just six years (1998–2003) and analyze it without a lagged dependent variable or country dummies. Hence, it seems reasonable to say that their econometric models account for the cross-national variations crystallized during the 1960s and the 1970s rather than recent changes in public childcare programs under the postindustrial economy.

¹⁰ Esping-Andersen 1999; Huber and Stephens 2000; Iversen and Stephens 2008.

¹¹ Esping-Andersen 1985; Esping-Andersen and Korpi 1984; Korpi 1983.

in the decommodification policy is inapplicable to the recommodification policy.

Feminist welfare state scholars criticize the power resources approach because of its theoretical incapacity to take the recommodifying aspects of social policy into its framework: they propose incorporating (de-)gendering effects of welfare states into welfare/gender regime typologies.¹² However, feminist welfare state scholars do not present any solid causal models to explain cross-national variations and time-series changes in gender-related welfare programs, many of which can be categorized as new social risk policy in the context of this paper.

Furthermore, there is a justified rationale for expecting leftist parties to care less about the expansion of affordable childcare services than about other welfare programs. Rueda argues that “social democratic parties have strong incentives to consider insiders their core constituency.”¹³ That is, while social democratic parties have incentives to protect industrial workers as their constituency (insiders), these parties are less enthusiastic about promoting the interests of precarious workers (outsiders). Since many female employees are working as part-time or contract workers in public and private sectors, Rueda’s work implies that government partisanship would have no effects on public childcare provision.¹⁴

This paper challenges these assertions—the power resources approach’s exclusive attention to left–right struggles and the insider–outsider approach’s indifference to partisan differences—by examining the transformation of party systems in modern democracies and its implications for childcare policy.

¹² See, for example, Lewis 1992, 1997; O’Connor 1993; Orloff 1993; Sainsbury 1994, 1996.

¹³ Rueda 2005, 62.

¹⁴ Rueda 2005, 2006.

3. Postindustrial Party Competition and Childcare

Policy

This paper contends that party competition along a class cleavage and a newly-emerging social-value cleavage determines childcare policy in postindustrial society. Although left–right politics has been losing its influence on conventional welfare programs in mature welfare states,¹⁵ partisan differences along the redistributive dimension still have an impact on each government’s human capital investment strategies under postindustrialization and global competition.¹⁶ While leftist parties prefer to employ the public sector to upgrade national skill profiles and increase the productivity of labor, rightist parties leave physical and human capital investment to the private sector. Since childcare policy in the postindustrial society is becoming a policy tool to integrate young mothers into the labor market and prevent their marketable skills from deteriorating, childcare policy reflects government partisanship along the redistributive dimension. That is, while leftist parties work for the provision of childcare services, rightist parties prefer to leave it to the market. However, childcare policy is debated along the social-value cleavage as well, because it concerns life-style choices and family values. As Inglehart, Kitschelt, and others point out, “new politics,” such as environmental protection, fulfillment of individual liberty, feminism, and multiculturalism, appear in the politics of advanced democracies, and reactions to rapid changes of social values then also emerge as political issues in those countries.¹⁷ The contention over issues of values transforms party systems from uni-dimensional to multi-dimensional ones. Since childcare services can promote the

¹⁵ For example, Pierson 1994, 1996; Ross 2000.

¹⁶ Boix 1997, 1998; Iversen and Stephens 2008.

¹⁷ Inglehart 1977, 1997; Kitschelt 1994, 1997.

demise of traditional gender role models (male breadwinners/female care givers), partisan differences along the social-value dimension influence a government's policy choices with regard to childcare. Overall, the conventional left–right politics along the redistributive dimension interact with the new politics along the social-value dimension and then affect childcare policy.

As pointed out in the previous section, childcare policy is now a part of human capital investment policy in postindustrial democracies and therefore reflects partisan confrontation on economic policy between left and right parties. Boix maintains that leftist and rightist parties have different priorities on their platforms and employ distinct supply-side economic policies to maximize growth and reduce unemployment under global competition.¹⁸ That is, while left governments, concerned with achieving equality as well as growth, increase public spending on human capital formation to enhance national competitiveness, right governments, prioritizing growth over equality, seek to create an incentive structure to encourage private investment and labor supply by cutting taxes and lowering social wages. If Boix's argument is correct, partisan differences along the redistributive “left–right” dimension lead to distinctive childcare policy even though both political camps prefer to prevent the deterioration of young female workers' skill profiles. Leftist governments increase their involvement in the provision of childcare services in order to adapt their national economies to postindustrialization without sacrificing equality. By contrast, rightist governments, trying to achieve economic growth as well, deregulate childcare services and fulfill social demands for those services by encouraging the inflow of cheap and flexible workers to those services.

¹⁸ Boix 1997, 1998.

However, political confrontation in the social-value dimension complicates the politics of childcare policy in the postindustrial society. Many political scientists point out that political competition in advanced industrialized countries has shifted from a uni-dimensional, left-versus-right system toward a multi-dimensional one.¹⁹ Even those who claim political parties are still structured in a single “left–right” dimension in post-industrialized countries willingly admit that the current “left–right” axis puts less weight on economic redistributive issues and incorporates cultural issues, such as ecology, feminism, Europeanization, and immigration, instead.²⁰ Among these political scientists, Kitschelt accurately summarizes the transformation of party systems in advanced democracies.²¹ He claims that party systems have been realigned along the libertarian–authoritarian axis as well as the traditional left–right axis in recent decades. The new division of work associated with postindustrialization has been causing this transformation. While the conflicts between employees and employers in the manufacturing sector generated the basic structure of Western European party systems in the industrial era, the emergence of symbol- and client-processing service workers with higher education makes the post-materialistic values in political competition pivotal in the postindustrial era. Low-skilled manufacturing workers and the old middle-class (e.g., the self-employed and farmers) react to the rise of these post-materialistic values and put conservation of traditional values on political agendas. As a result, according to Kitschelt, libertarian-versus-authoritarian politics becomes salient in the party competition space in postindustrial societies.²²

¹⁹ Betz and Immerfall 1998; Bornschier 2010; Flanagan and Lee 2003; Inglehart 1977, 1984; Kitschelt 1994, 1997; Kriesi 1998; Kriesi, Grande, Lachat, Dolezal, Bornschier, and Frey 2006, 2008.

²⁰ Huber and Inglehart 1995; Lachat 2009; Van der Brug and Van Spanje 2009.

²¹ Kitschelt 1994.

²² Kitschelt 1994.

The social-value position of each political party is a significant determinant of its policy preferences with regard to public and private childcare services performed outside of households. First, the demography that is likely to need childcare services overlaps the constituents with libertarian values. Female-ness itself does not indicate an inclination to be libertarian.²³ However, women have taken a large proportion of symbol- and client-processing service jobs during the process of postindustrialization, and these young women working in the private and public service sectors are likely to overlap with those who more probably require childcare services. Second, libertarian values are much more supportive to outsourcing unpaid care work to paid care services than authoritarian values are. For instance, Flanagan and Lee's empirical study, which analyzes the data of the World Value Survey from twelve advanced democracies, shows that libertarians are much stronger supporters of women's rights than authoritarians.²⁴ While libertarians believe that having a paid job is important for women's independence and self-fulfillment, authoritarians are attached to a conventional male-breadwinner/female-caregiver gender model.

Due to these confrontations in the social-value dimension, we cannot presuppose that, in current advanced democracies, political parties' policy position on the redistributive left-right axis predicts their policy preferences for childcare services. The politics of childcare should be contemplated in at least the two-dimensional policy space. As Figure 1 indicates, this paper maintains that political parties, depending on their policy position in the two-dimensional policy space, can employ three different strategies for female employment and childcare issues. Left-libertarian parties, supported by newly emerging service and professional workers, seek *activation*. Since

²³ In many Western European countries, women were more likely to vote for the Christian Democratic party than men.

²⁴ Flanagan and Lee 2003, 253-256.

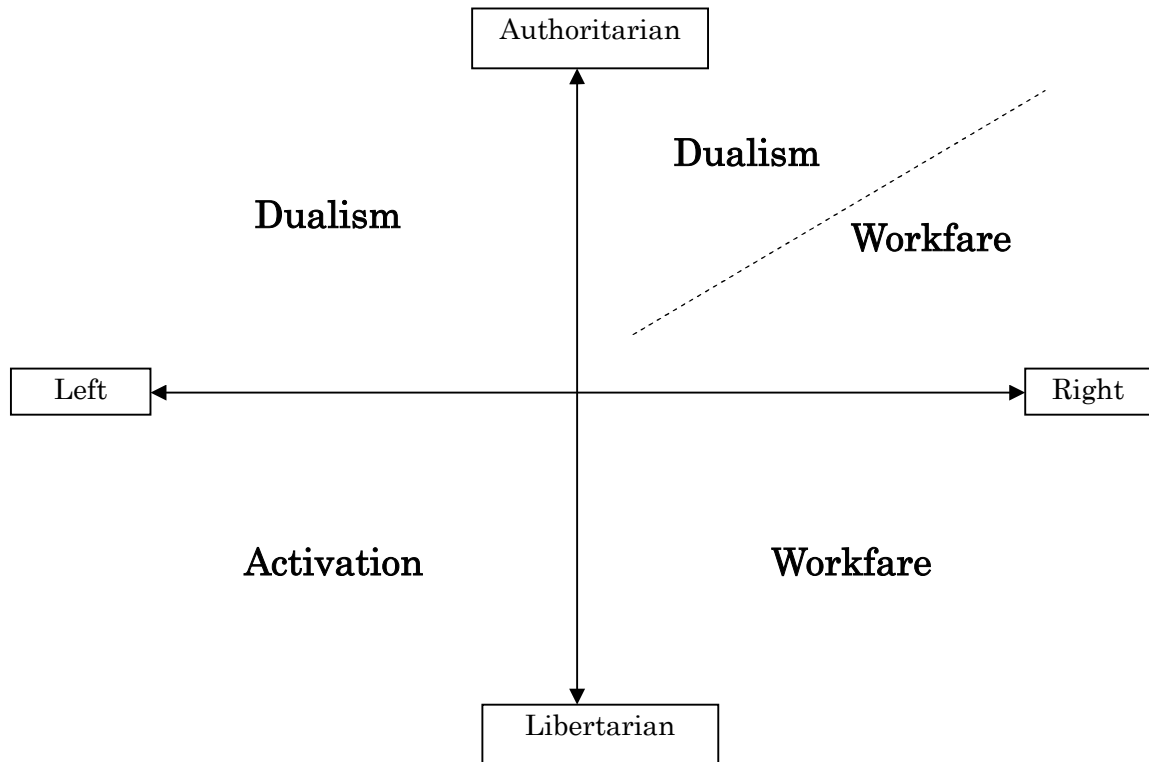
their goal is to enhance female workers' employability without sacrificing equality, they prefer to make the public sector actively step in for the provision of various services. For these parties, public childcare services are an important policy tool to help young citizens reconcile career development and family life and boost the labor supply of young, well-educated women.

Right-libertarian parties take *workfare* strategies. These parties encourage female labor force participation and adapt the national economy to postindustrialization without expanding the role of the public sector. Although right-libertarian parties also prefer to prevent female workers from exiting the labor market, they try to achieve this policy goal without involving the public sector. Aside from improving public childcare service provisions, a national economy can fulfill the demand for childcare services by deregulating them and encouraging an inflow of cheap, flexible workers to them.²⁵ Because childcare services are extremely labor-intensive, middle-class mothers cannot purchase these services from the market unless wage inequality is quite large and these services employ low-wage, low-skilled workers in the national economy. To put it the other way around, the market can fulfill the demand for childcare services if a government can sacrifice income equality. In fact, Bonoli and Reber's regression analysis shows that wage inequality is highly correlated with the coverage of childcare services among babies under three years old in 16 OECD countries.²⁶ Right-libertarian parties have an incentive to encourage female labor force participation, but they achieve this purpose by penalizing inactivity in single mothers and deregulating childcare services.

²⁵ Bonoli and Reber 2010; Morgan 2005

²⁶ Bonoli and Reber 2010, 106-107.

Figure 1. Partisan Differences on Two-Dimensional Policy Space



Left-authoritarian parties, rallying traditional blue-collar workers, opt for *dualism*. They prioritize the protection of male industrial workers and seek to establish a flexible labor market for service sector employees other than the core workers. Such parties prefer to see female citizens working part time after a career hiatus for childrearing because working part time with limited compensation does not threaten the traditional male-breadwinner/female-caregiver family model. Although dualism generates a huge wage inequality between protected and precarious employees, it can preserve traditional family values and social harmony as long as these precarious workers are maintained by male breadwinners.

Right-authoritarian parties prefer either dualism or workfare, depending on the configuration of their core constituencies. If right-authoritarian parties try to please

the capitalist and management class, they adopt the workfare strategy. On the other hand, if they cajole traditionalist blue-collar workers and the old middle-class into voting for them, they espouse dualism. Either way, right-authoritarian parties look unfavorably on the expansion of public childcare services.

The argument presented above—political parties adopt different strategies for childcare according to their policy position in the two-dimensional party competition space—leads to two hypotheses. First, if partisan differences do matter to childcare policy, the government policy position, composed of coalition parties' policy preferences, does also have an influence on public childcare policy. Specifically, the expansion of government spending and subsidies for childcare services requires a “left” and “libertarian” government in the two-dimensional policy space. Second, if political parties' policy preferences for childcare affect government childcare policy, heterogeneity of policy preferences among coalition partners in the two-dimensional policy space also does matter. As Tsebelis and others argue, a wider range of policy preferences among “veto players” limits the possible policy changes from the status quo.²⁷ Since expanding the public sector's role in childcare is a change from the status quo, the policy range among coalition partners in the left-right dimension and the libertarian-authoritarian dimension should affect changes with regard to public childcare policy. In other words, the greater the heterogeneity of the policy preferences among veto players, the slower the growth in public spending for childcare services in the postindustrial society. In later sections, this paper tests these two hypotheses with empirical data.

²⁷ Tsebelis 1999, 2002; Tsebelis and Chang 2004.

4. Data

This section describes the data and the variables used in the regression models. This study analyzes data on 18 advanced industrialized countries from 1980 to 2005.²⁸ Its dependent variable is annual changes in public spending for childcare services as a percentage of GDP. Since this study is interested in the effects of partisan differences on a government's welfare efforts for childcare services, it takes time-series changes of aggregate expenditure levels for childcare as its dependent variable. As previous research suggests, recipients of public childcare services and subsidies do not seek public spending *per se*.²⁹ Aggregate expenditure levels do not express how spending is distributed among those who need childcare services. However, this study's interest is in determining whether political factors motivate welfare states to allocate scarce resources to public childcare services. Hence, its use of an aggregate spending level as an approximation of welfare efforts is justifiable.

The data for the dependent variable comes from the OECD *Social Expenditure Database* (SOCX).³⁰ It consists of in-kind expenditure for daycare centres, home help services, and others. OECD changes its definition of "in-kind benefits for family" and adds pre-primary education expenditures to this category for the data in 1998 and later. As Figure 2—which shows time trends for public spending on in-kind benefits for family as a percentage of GDP in 18 countries—clearly indicates, this definitional change creates a huge break in data for several countries, such as Belgium, France, and Italy. To absorb these effects and make time-series comparison possible, this study

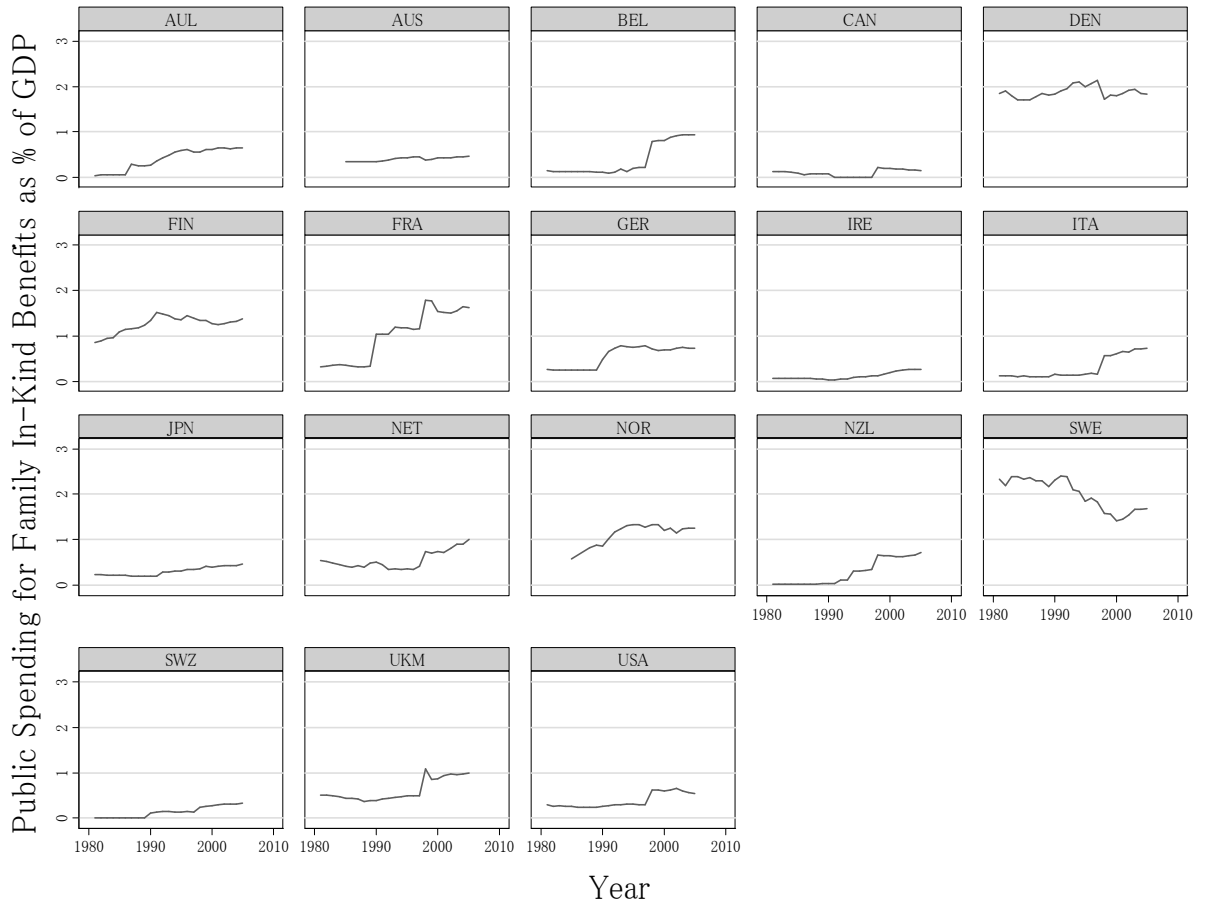
²⁸ These 18 countries are composed of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, The Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, and the United States.

²⁹ See Allan and Scruggs 2004; Esping-Andersen 1990.

³⁰ OECD 2009e.

creates a period dummy (i.e., 1 in 1998; otherwise 0) for each country, and puts these 18 dummy variables into regression models.

Figure 2. Public Spending for Childcare Services as % of GDP in 18 OECD Countries, 1980-2005.



Source: OECD 2009e *Social Expenditure Database: 1980-2005*.

To test the influences of party competition along the social-value dimension as well as the redistributive dimension, this paper constructs a *New Veto Players Dataset: 1960–2005*. This is essentially an extended and updated version of Tsebelis’s *Veto*

Players Dataset with the newest data on government composition.³¹ While Tsebelis's dataset does not consider the social-value dimension, does not cover Italian and Japanese data after their respective party system transformations in the mid 1990s, and ends in 1999, this study's dataset covers the social libertarian–authoritarian dimension as well as the economic left–right dimension by using Comparative Manifestos Project's (CMP) data³² and extend the time periods until 2005 with the data from *European Journal of Political Research* (various issues).

This dataset locates each political party's policy position both in the economic left–right and the social libertarian–authoritarian dimensions with CMP's data. To measure political parties' policy positions, political scientists have proposed two main approaches: expert surveys and content analysis. Researchers employing expert surveys send a questionnaire to political scientists in examined countries and ask them to locate their countries' political parties in several policy dimensions.³³ While such estimations of party policy positions are intuitive, this approach has several considerable shortcomings. First, since expert surveys cannot be conducted retrospectively, it is impossible to estimate the policy positions of those parties that existed before the first expert survey was held in the late 1980s. Second, the data on short-lived parties are missing because expert surveys are carried out once every five to ten years. Third, it is extremely difficult to follow time-series changes in parties' policy positions because expert surveys are conducted sporadically. On the other hand, content analysis analyzes party manifestos and estimates party policy positions from text data.³⁴ Although content analysis of political text might have greater errors than

³¹ Tsebelis n.d.

³² Budge et al. 2001; Klingemann et al. 2006; Volkens et al. 2009.

³³ Benoit and Laver 2006; Huber and Inglehart 1995; Laver and Hunt 1992.

³⁴ Budge et al. 2001; Klingemann et al. 2006; Laver and Garry 2000.

expert surveys,³⁵ content analysis has advantages in terms of estimating time-series changes in policy preferences of political parties, because political parties issue their manifestos at the time of every election. Since this study analyzes annual changes in public spending for childcare services, estimating time-series changes in party policy positions is indispensable for its analysis. Hence, this study uses CMP's data as a *de facto* standard of content analysis approach.

To estimate each political party's policy positions in the redistributive left–right and the social-value libertarian–authoritarian dimensions, New Veto Players Dataset generates two indicators: *Economic Left–Right Policy Position* and *Social Libertarian–Authoritarian Policy Position*. CMP assigns each sentence in electoral programs to one of 56 pre-determined categories and calculates the ratio of each category in each electoral manifesto. Following McDonald and Mendes's approach, while this dataset attributes 13 categories to “Left” and 9 categories to “Right,” it ascribes 5 categories to “Libertarian” and 5 to “Authoritarian” (see Table 1).³⁶ An Economic Left–Right Policy Position subtracts the score of “Left” categories from that of “Right” categories (– = left; + = right) in each country and each election. In the same way, a Social Libertarian–Authoritarian Policy Position subtracts the score of “Libertarian” categories from that of “Authoritarian” categories (– = libertarian; + = authoritarian) in each country and each election. This study assumes that political parties maintain their policy position during the interval between elections, and it makes the left–right and the libertarian–authoritarian scores annual data by this assumption. Although separating the social–value dimension from the economic left–right dimension makes no sense unless these two dimensions are orthogonal to each other, the

³⁵ McDonald and Mendes 2001.

³⁶ McDonald and Mendes 2001, 108-111.

two-dimensional policy space appears conceptually and substantively valid, because the correlation between Economic Left–Right Policy Position and Social Libertarian–Authoritarian Policy Position is quite weak (Pearson’s $r = 0.119$ for all parties, 1980–2005).

Table 1. Subtractive Measures of Economic Left–Right and Social Libertarian–Authoritarian Policy Position

Economic categories		Social categories					
Left		Right		Libertarian		Authoritarian	
302	Centralization: pro	301	Decentralization	602	National way of life: con	601	National way of life: pro
403	Market regulation	401	Free enterprise	604	Traditional morality: con	603	Traditional morality: pro
404	Economic planning	407	Protectionism: con	607	Multiculturalism: pro	608	Multiculturalism: con
405	Corporatism	410	Productivity	705	Minority groups: pro	605	Law and order
406	Protectionism: pro	411	Infrastructure	706	Non-economic groups	606	Social harmony
409	Keynesian economics	414	Economic orthodoxy				
412	Controlled economy	505	Welfare: con				
413	Nationalization	507	Education: con				
415	Marxism	702	Labor groups: con				
503	Social Justice						
504	Welfare: pro						
506	Education: pro						
701	Labor groups: pro						

Note: Numbering corresponds to CMP.

After each political party's policy positions are located on the left–right as well as the libertarian–authoritarian dimensions, each single-party or coalition government's policy positions in these two dimensions are estimated. The dataset uses, as the measure of each government's policy position, an average of each coalition party's policy position weighted by its share of seats in the lower house among governing parties, calculated using the following equation:

$$\text{Government Policy Position} = \sum_i^n P_i W_i$$

where P_i denotes a coalition party i 's policy position in either the left–right dimension or the libertarian–authoritarian dimension, and W_i indicates a coalition party i 's decimal share of seats to the entire ruling coalition's seats in the lower house. Based on the data of each government's policy position, I calculated the *Government Left–Right Policy Position* and *Government Libertarian–Authoritarian Policy Position*. These variables are the annual scores of government policy position in the redistributive left–right and the social libertarian–authoritarian dimensions, respectively, weighted by the duration of cabinets in each year.

To test the effects of veto players, New Veto Players Dataset also calculates *Left–Right Policy Range* and *Libertarian–Authoritarian Policy Range*. Previous studies reveal that wider policy distance among coalition partners impedes the cabinet from reforming its policies and creates a status-quo bias.³⁸ As discussed in the previous section, if childcare policy is contended along the social-value dimension as

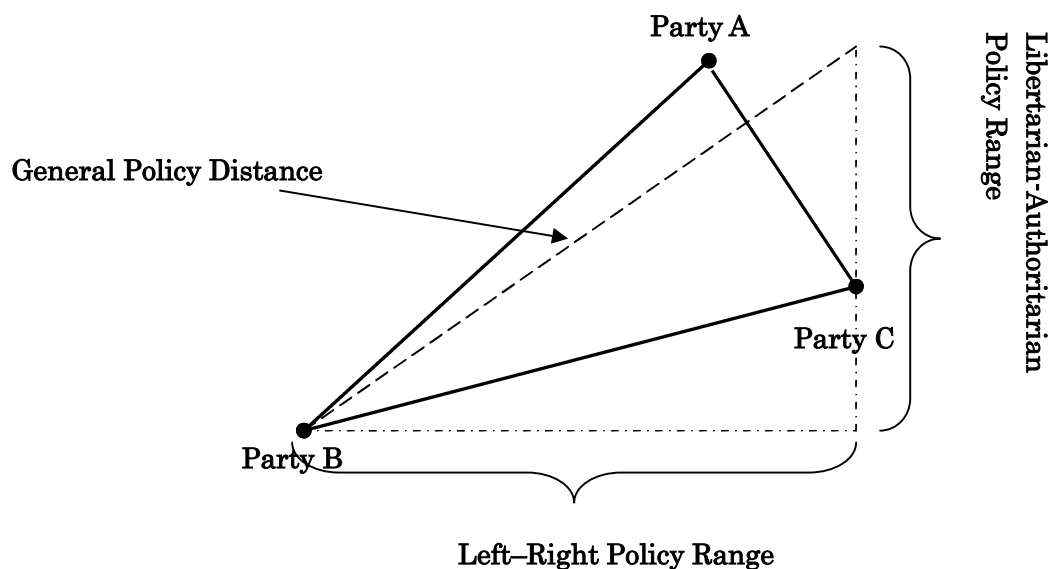
³⁸ Tsebelis 1999, 2002; Tsebelis and Chang 2004.

well as the redistributive dimension, policy distance among veto players should be measured in these dimensions and used for estimating effects on the changes in public spending for childcare services. These two variables measure the policy distance between the two most extreme parties among coalition partners in the left–right dimension and the libertarian–authoritarian dimension, respectively. Furthermore, the dataset also calculates *General Policy Distance* by measuring the distance among coalition partners in the two-dimensional Euclidian space (see Figure 3). This was done by taking the square root of the Left–Right Policy Range’s square and Libertarian–Authoritarian Policy Range’s square:

$$\text{General Policy Distance} = \sqrt{\text{Left-Right Policy Range}^2 + \text{Libertarian-Authoritarian Policy Range}^2}$$

These three annual variables are also weighted by the duration of cabinets in each year.

Figure 3. Example of policy distance in a three-party coalition government



In addition, I put a *Minority Dummy* and *Oversize Coalition Dummy* into regression models. While the policy distance between coalition partners is underestimated when the coalition is a minority government or the president faces a divided government, it is overestimated when the government is an oversized coalition. These two dummy variables are intended to adjust for these effects. If the cabinet coalition has a minority position in the lower house, the *Minority Dummy* takes one; otherwise, it takes zero. If the cabinet coalition can maintain its majority status in the lower house even when the smallest coalition partner leaves the cabinet, the *Oversize Coalition Dummy* takes one; otherwise, it takes zero. Since these two variables are also annualized by taking the average weighted with the duration of cabinets in each year, the *Minority Dummy* and *Oversize Coalition Dummy* take a continuous value between 0 and 1.

Since existing research emphasizes the impact of women's economic and political mobilization on public social services,³⁹ this study puts *% of Women in Parliaments* into the regression models.⁴⁰ In addition, to control for the effects of socio-demographic demands for childcare services, *Population under 15 Years of Age*⁴¹ and *% of Service Sector Employment*⁴² are put into the models. While the former measures the percentage of the population under 15 years of age, the latter indicates male and female employment in services as a percentage of total civilian employment. Although the female labor force participation rate is the immediate candidate for explaining social demands for public childcare expenditures, public spending on childcare services itself is a part of government tactics to encourage women's

³⁹ Huber and Stephens 2000, 2006.

⁴⁰ Armingeon, Leimgruber, Beyeler, and Menegale 2006; Inter-Parliamentary Union 2010.

⁴¹ OECD 2009d.

⁴² OECD 2000, 2009b.

employment, and then putting it into regression models generates endogeneity. The results of regression models replacing *% of Service Sector Employment* with *Female Labor Force Participation Rate*⁴³ are shown in Appendix A.

Finally, *Natural Logarithm of Purchasing Power Parity GDP per capita*⁴⁴, *Growth Rate of Real GDP*⁴⁵, and *Consumer Price Index*⁴⁶ are added to the regression models to control the levels of economic development, business cycles, and inflation. Table 2 presents the descriptive statistics of dependent and independent variables.

⁴³ OECD 2009a.

⁴⁴ OECD 2009c.

⁴⁵ IMF n.d..

⁴⁶ IMF n.d..

Table 2. Descriptive Statistics of Dependent and Independent Variables

Variable	N	Min	Mean	Max	Overall S.D.	b/w S.D.	within S.D.
Dependent Variables							
Annual changes in public spending for childcare services (% of GDP)	432	-0.405	0.017	0.693	0.089	0.015	0.088
Independent Variables							
Natural log. of GDP per capita (PPP US\$)	468	8.736	9.870	10.764	0.376	0.121	0.357
Growth rate of real GDP	468	-6.244	2.535	11.495	2.029	0.764	1.887
Consumer price index	468	-11.316	3.905	21.800	3.746	1.385	3.496
% of population under 15 years of age	468	13.700	19.349	30.400	2.921	2.571	1.508
% of service sector employment	468	47.800	65.740	78.600	6.786	5.174	4.551
% of female labor force participation	467	32.300	57.713	79.300	10.938	9.600	5.702
% of women in parliaments	468	1.400	18.622	45.300	11.703	10.202	6.201
Minority dummy	468	0.000	0.268	1.000	0.432	0.358	0.256
Oversize coalition dummy	468	0.000	0.240	1.000	0.414	0.343	0.246
Left–Right policy position	452	-0.381	-0.052	0.326	0.132	0.076	0.110
Left–Right policy range	452	0.000	0.127	0.650	0.135	0.100	0.094
Libertarian–Authoritarian policy position	452	-0.268	0.018	0.276	0.068	0.029	0.062
Libertarian–Authoritarian policy range	452	0.000	0.079	0.739	0.110	0.087	0.069
General policy distance	452	0.000	0.158	0.798	0.166	0.130	0.107

Note: S.D. = Standard Deviation.

5. Method

Since the dataset is pooled time-series and cross-section (TSCS) data, following a conventional method in comparative political economy, this study uses a unit-fixed-effect model with panel-corrected standard errors in order to estimate the effects of independent variables on a dependent variable.⁴⁷ A unit-fixed-effect model is a parameter estimation method putting unit dummies into regression. These unit dummy variables perfectly absorb unobservable country-specific effects so that the fixed effect models utilize only within-country variance of variables.⁴⁸ Since the fixed-effect models utilize only changes in dependent and independent variables in each unit, this analytical method is robust to omitted-variable and sample-selection biases.

Although panel-corrected standard errors correct contemporaneous heteroscedasticity across countries, the fixed-effect model still requires us to address serial correlation of residuals. Since the main explanatory variables of this study—the cabinet’s policy position and policy distance among coalition partners—are supposed to affect the changes in public spending on childcare services rather than the level of the spending, this study uses annual changes in the public spending as its dependent variable and puts a lagged expenditure level into models in order to incorporate the dynamics of the dependent variable.⁴⁹ In addition, all independent variables except

⁴⁷ Beck 2001; Beck and Katz 1995, 1996.

⁴⁸ This is because fixed-effect models can be transformed into the following equation (Plümer et al. 2005: 331):

$$y_{i,t} - \bar{y}_i = \beta_k (x_{k,i,t} - \bar{x}_{k,i}) + (e_{i,t} - \bar{e}_i)$$

, where y denotes a dependent variable, x the vector of constant and k independent variables, e residuals, i a unit, and t a time period.

⁴⁹ This study’s models can be summarized in the following equation:

$$\Delta Y_{i,t} = \delta Y_{i,t-1} + \beta X_{i,t} + \alpha_i + \varepsilon_{i,t},$$

where Y indicates a dependent variable, X the vector of explanatory variables, α country dummies, ε error terms, i unit, t time period. This model can be easily

macroeconomic indicators are one-year lagged, because a typical budgeting process occurs in the year previous to the current fiscal year and political factors influence the budgeting politics in the previous year.

6. Results

reformulated into a well-known lagged-dependent variable model:

$Y_{i,t} - Y_{i,t-1} = \delta Y_{i,t-1} + \beta X_{i,t} + \alpha_i + \varepsilon_{i,t} \Leftrightarrow Y_{i,t} = (1 + \delta) Y_{i,t-1} + \beta X_{i,t} + \alpha_i + \varepsilon_{i,t}$. See Beck and Katz 1996; Iversen and Cusack 2000.

Table 2. Regression of Annual Changes in Public Spending for Childcare Services on Explanatory Variables in 18 OECD Countries, 1980–2005

	(1)	(2)	(3)	(4)
Public Spending for Family Services (t-1)	-0.088 (0.024)**	-0.080 (0.025)**	-0.090 (0.024)**	-0.088 (0.023)**
Natural Log of GDP per capita (PPP)	0.005 (0.026)	0.019 (0.028)	0.001 (0.028)	-0.009 (0.028)
Real GDP Growth Rate	-0.003 (0.002)+	-0.003 (0.002)+	-0.003 (0.002)+	-0.002 (0.002)
Consumer Price Index	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)
% of Population under 15 Years of Age (t-1)	-0.009 (0.003)**	-0.008 (0.003)**	-0.009 (0.003)**	-0.010 (0.003)**
% of Service Employment (t-1)	0.000 (0.003)	-0.002 (0.003)	0.000 (0.003)	0.000 (0.003)
% of Women in Parliaments (t-1)	0.000 (0.001)	0.001 (0.001)+	0.000 (0.001)	0.000 (0.001)
Minority Government Dummy (t-1)	0.031 (0.012)*	0.033 (0.013)*	0.033 (0.012)**	0.034 (0.012)**
Oversize Government Dummy (t-1)	-0.001 (0.014)	-0.004 (0.014)	0.001 (0.014)	0.002 (0.014)
Left–Right Policy Position (t-1)	-0.115 (0.034)**	-	-0.117 (0.034)**	-0.128 (0.034)**
Left–Right Policy Range (t-1)	-0.058 (0.030)*	-	-	-
Libertarian–Authoritarian Policy Position (t-1)	-	0.004 (0.051)	0.042 (0.049)	0.112 (0.052)*
Libertarian–Authoritarian Policy Range (t-1)	-	-0.064 (0.039)	-	-
Left–Right Policy Position (t-1) X Libertarian–Authoritarian Policy Position (t-1)	-	-	-	0.601 (0.300)*
General Policy Distance in the Two- Dimensional Policy Space (t-1)	-	-	-0.052 (0.027)+	-0.050 (0.027)+
Constant	0.148 (0.238)	0.095 (0.236)	0.209 (0.244)	0.308 (0.255)
Observations	421	421	421	421
Countries	18	18	18	18
R²	0.605	0.589	0.605	0.608
Model	FE	FE	FE	FE

Note:

1. + significant at 10%; * significant at 5%; ** significant at 1% (two-tailed tests).
2. Panel-corrected standard errors in parentheses.
3. FE = fixed-effect model.
4. The coefficients and standard errors of country dummies and period dummies for year 1998 are not shown to save space.

Table 2 presents the results of multivariate regression models analyzing the effects of explanatory variables on the annual changes in public spending for childcare services. Among socio-economic factors, first, per capita GDP and the percentage of service sector employment do not show statistically significant effects on the dependent variable. Although modernization without doubt results in individual prosperity and the tertiarization and feminization of employment and leads to a growing demand for childcare services, the levels of material affluence and tertiarization do not necessarily induce a government to immediately raise its involvement in childcare services. It seems that some other factors intervene between postindustrialization and public spending on childcare services. Second, as is expected, the percentage of female labor force participation increases public expenditures for childcare services (see Appendix A). However, as discussed above, the percentage of female labor force participation is endogenous to the dependent variable, and therefore it must be carefully regarded as causal effects. Third, contrary to this study's expectations, the percentage of population under 15 years of age consistently indicates its negative effects in all models. Welfare states currently respond to declining birthrate and number of children by increasing their efforts for childcare services.

The interpretation of political variables requires cautious consideration. Models 1 to 3 appear to show that the redistributive dimension is more dominant than the social-value dimension in public childcare policy. Model 1 includes only Government Left–Right Policy Position and Government Left–Right Policy Range in its equation, from among party policy variables. While Government Left–Right Policy Position shows negative effects on the dependent variable with statistical significance, Government Left–Right Policy Range also indicates negative effects. This result

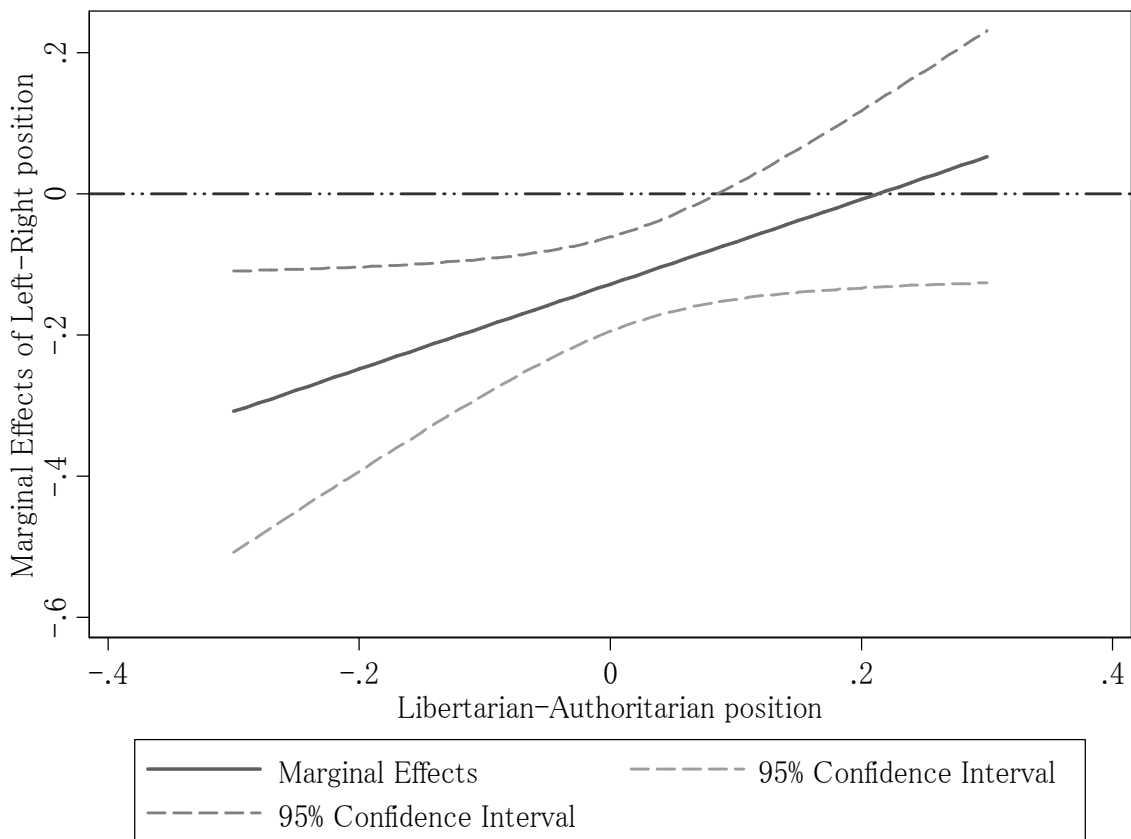
suggests that the shift in government policy position toward the left (i.e., negative) actually increases public spending on childcare services, while distant policy preferences among coalition partners in the left–right dimension impede it. Similarly, Model 2 puts only Government Libertarian–Authoritarian Policy Position and Government Libertarian–Authoritarian Policy Range into its equation, from among party policy variables. Both variables do not show statistically significant effects. While Model 3 includes Government Left–Right Policy Position, Government Libertarian–Authoritarian Policy Position, and General Policy Distance in the regression equation, just the left–right position and policy distance indicate statistically significant effects on the dependent variable.

However, this paper’s theoretical section claimed that the expansion of public childcare expenditure requires a “left” and “libertarian” government in the two-dimensional policy space: therefore, it follows that a government policy position in the left–right dimension should interact with that in the libertarian–authoritarian dimension. To test the interaction effects, Model 4 puts an interaction term between Government Left–Right Policy Position and Government Libertarian–Authoritarian Policy Position into its equation. Since interaction effects cannot be interpreted based on only a regression table,⁵⁰ the interaction effects between these two variables are calculated by using Model 4’s variance-covariance matrix and presented in Figure 4. This figure clearly demonstrates that the effects of a government’s left–right policy position on the dependent variable rely on its libertarian–authoritarian policy position. As long as a government’s policy position is located on the libertarian side (i.e., negative on the horizontal axis), the coefficient of the Government Left–Right Policy

⁵⁰ Kam and Franzese 2007.

Position remains negative, which means that a left government increases public spending for childcare services. But the coefficient of the Government Left–Right Policy Position becomes statistically indistinguishable from 0 when the Government Libertarian–Authoritarian Policy Position approaches 0.1. A left–authoritarian government has no positive effects on the dependent variable. This result matches this paper’s theoretical expectations.

Figure 4. Estimated Interaction Effects between Government Left–Right Policy Position and Government Libertarian–Authoritarian Policy Position in Model A4



Furthermore, the effects of party policy variables are substantive. For instance, when a government shifts its policy position toward the left and the libertarian side by one standard deviation respectively (i.e., -0.132 in the left–right dimension and -0.068 in the libertarian–authoritarian dimension), Model 4 predicts that the policy shift will increase public spending on childcare services by 0.015% of GDP, *ceteris paribus*.⁵¹ Although the absolute value seems tiny because the scale of the dependent variable is small, this value is equivalent to 16.5% of the dependent variable’s standard deviation. The same directional policy shift by two standard deviations is expected to raise the dependent variable by 0.040% of GDP, which is equivalent to 45.1% of its standard deviation, *holding other things constant*. Similarly, one standard deviation increase of General Policy Distance (= 0.166) is estimated to decrease public spending on childcare services by 0.008% of GDP in Model 4, which is equal to 9.3% of one standard deviation of the dependent variable. The results of this study’s regression analysis suggest that a government’s policy position and policy distance among coalition partners in the two-dimensional policy space influence its decision to expand or reduce the public sector’s role in childcare.

7. Conclusion

This paper took childcare policy as a representative example of new social risk policies and explored whether partisan differences have had an impact on the recent expansion of public childcare expenditure. It argued that political parties contend with each other over human capital investment strategies and female labor force participation

⁵¹ This can be calculated by $-0.128 \times \text{left–right policy position} + 0.112 \times \text{libertarian–authoritarian policy position} + 0.601 \times \text{left–right policy position} \times \text{libertarian–authoritarian policy position}$.

in the social-value dimension as well as the redistributive dimension, and that each political party has different policy preferences and strategies for women's employment and childcare policy according to its position in the two-dimensional party competition space. That is, a left-libertarian party prefers activation, a left-authoritarian party dualism, a right-libertarian party workfare, and a right-authoritarian party dualism or workfare. From among these strategies, only activation is favorable to the expansion of public childcare expenditures. Assuming that different party policies have a distinct impact on public childcare policy, this paper hypothesized that a government policy position composed of governing parties' policy positions and the policy distance between them in the two-dimensional policy space affect the changes in public spending for childcare services. By analyzing the pooled time-series and cross-section data of 18 OECD countries from 1980 until 2005 using multivariate regression methods, this paper revealed that a government's left-right policy position interacts with its libertarian-authoritarian policy position, and that a left-libertarian government raises its budget for childcare services while a left-authoritarian government does not. In addition, this paper also demonstrated that a wider policy distance between veto players in the two-dimensional policy space impedes the expansion of public spending for childcare services.

This paper has several implications for the literature of comparative politics. First, this study reveals that the politics of new social risks and welfare state restructuring is structured, not by a uni-dimensional left-right policy space, but by a multi-dimensional party competition space in postindustrial democracies. While a number of party system researchers have discussed the emergence of the social-value cleavage and its impact on party systems in Western European countries since

Inglehart's seminal work,⁵² few scholars have explored the effects of the party system transformation on public policy in the welfare state literature.⁵³ This study creates a new dataset measuring each political party's policy position not just in the redistributive dimension but also in the social-value dimension and empirically demonstrates that political competition over childcare policy is conducted in the two-dimensional policy space. This study's empirical approach and results defy the conventional "left-right" perspective in welfare state research.

Second, this paper exemplifies the idea that social democratic parties need to be differentiated according to their policy position in the libertarian-authoritarian dimension. While Rueda argues that current social democratic parties are owned by the interests of protected workers,⁵⁴ this study suggests that whether a leftist party defends less-protected workers depends on its policy position in the social-value dimension. This paper's empirical results show that although a government's "left" position does not necessarily help female employees to reconcile their paid work and unpaid care work, a "left-libertarian" government serves beneficial public goods to young female workers, at least, in the area of childcare. This paper's multi-dimensional approach can deepen the understanding of insider-outsider politics as well.

Finally, this study demonstrates that the logic of representative democracy is still working in the politics of new social risk policies. Postindustrialization led to the tertiarization and feminization of the labor market and generated a new social-value cleavage in industrialized countries. Political parties are now rallying those voters

⁵² Inglehart 1977.

⁵³ Häusermann's works are exceptional in this respect. See Häusermann 2006, 2010a, 2010b.

⁵⁴ Rueda 2005, 2006.

diversified in the multi-dimensional policy space with public policy. Although it has been pointed out that economic “left” and “right” parties are approaching each other around the politics of conventional welfare programs such as pensions,⁵⁵ this paper illuminates that partisan differences along the redistributive dimension as well as the social-value dimension have an impact on the politics of childcare policy. Constituents with diversified preferences choose their representative parties through elections, a government composed of those political parties makes its childcare policy by reflecting the constituents’ preferences, and then the government enforces the policy. Childcare policy is a product of postindustrial party competition.

⁵⁵ See, for instance, Kitschelt 1994; Pierson 1994, 1996; Ross 2000. However, some scholars argue that partisan differences on the redistributive dimension still influence cash benefit programs significantly. See Allan and Scruggs 2004; Korpi and Palme 2003.

Appendix A. Regression of Annual Changes of Public Spending for Childcare Services on Explanatory Variables in 18 OECD Countries, 1980–2005, with Female Labor Force Participation Rates

	(A1)	(A2)	(A3)	(A4)
Public Spending for Family Services (t-1)	-0.094	-0.092	-0.095	-0.093
	(0.024)**	(0.025)**	(0.024)**	(0.024)**
Natural Log of GDP per capita (PPP)	-0.010	-0.018	-0.015	-0.021
	(0.023)	(0.023)	(0.023)	(0.024)
Real GDP Growth Rate	-0.002	-0.002	-0.002	-0.002
	(0.002)	(0.002)	(0.002)	(0.002)
Consumer Price Index	0.001	0.001	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)
% of Population under 15 Years Old (t-1)	-0.007	-0.005	-0.007	-0.008
	(0.002)**	(0.002)*	(0.002)**	(0.003)**
% of Female Labor Force Participation (t-1)	0.002	0.003	0.002	0.002
	(0.001)*	(0.001)**	(0.001)**	(0.001)*
% of Women in Parliaments (t-1)	0.000	0.001	0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)
Minority Government Dummy (t-1)	0.029	0.032	0.030	0.031
	(0.013)*	(0.014)*	(0.013)*	(0.013)*
Oversize Government Dummy (t-1)	-0.003	-0.005	-0.001	0.000
	(0.013)	(0.013)	(0.014)	(0.014)
Left–Right Policy Position (t-1)	-0.102	-	-0.102	-0.112
	(0.033)**	-	(0.033)**	(0.034)**
Left–Right Policy Range (t-1)	-0.057	-	-	-
	(0.031)+	-	-	-
Libertarian–Authoritarian Policy Position (t-1)	-	-0.002	0.029	0.090
	-	(0.049)	(0.046)	(0.051)+
Libertarian–Authoritarian Policy Range (t-1)	-	-0.089	-	-
	-	(0.039)*	-	-
Left–Right Policy Position (t-1) X	-	-	-	0.516
Libertarian–Authoritarian Policy Position (t-1)	-	-	-	(0.297)+
General Policy Distance in the Two-Dimensional	-	-	-0.058	-0.056
Policy Space (t-1)	-	-	(0.027)*	(0.027)*
Constant	0.128	0.120	0.180	0.264
	(0.243)	(0.236)	(0.245)	(0.258)
Observations	420	420	420	420
Countries	18	18	18	18
R²	0.611	0.600	0.612	0.614
Model	FE	FE	FE	FE

Note:

1. + significant at 10%; * significant at 5%; ** significant at 1% (two-tailed tests).
2. Panel-corrected standard errors in parentheses.
3. FE = fixed-effect model.
4. The coefficients and standard errors of country and period dummies are not shown for saving space.

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