

Globalization is What Parties Make of It: Welfare and Protectionism in Party Platforms

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ABSTRACT

Scholars debate whether and under what conditions political parties respond to economic globalization by demanding welfare compensation as opposed to protectionism, and whether partisanship matters to such responses. Yet existing empirical research has not adjudicated such debate since most studies focus on national aggregates of openness and national policy rather than the politics ostensibly connecting them. Focusing directly on party strategies, this paper clarifies how parties respond to globalization. First, trade and capital flows, stocks and openness should spur support for welfare compensation among left parties whose constituencies encompass those most at risk from openness and amenable to state intervention to address such risk, but not among right parties whose constituencies encompass more of those profiting from globalization and suspicious of state intervention. Second, both left and right parties tend to treat protectionism and welfare as imperfect substitutes attainable under scarce political resources, whereby parties tend to be less protectionist under more generous welfare conditions and tend generally to trade-off calls for protectionism with those for welfare. The paper finds support for these arguments in the party manifestos of 21 industrialized countries from 1960 to 1998.

Key words: Globalization, welfare state, protectionism, political parties, party platforms, party manifestos, partisanship, FDI flows, FDI stocks, trade flows, trade openness

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In ongoing debate over the responses of industrialized countries to economic globalization, a central question is whether and under what conditions trade and capital openness fuels demands for welfare compensation instead of protectionism. Many scholars expect openness to spur partisan demands for welfare compensation, even if they expect little impact on actual policy given varying influence of globalization's losers and given that globalization can constrain *supply* of welfare. Many question, however, how much globalization sparks such demands for welfare – on grounds that globalization constrains left and right parties to converge on neo-liberal reforms, that it is modest or takes forms that temper worker risks that parties address, or that it fuels demands for protectionism as much as for welfare. Unfortunately, existing scholarship has done little empirical work to adjudicate this disagreement. Most studies of globalization and welfare focus on aggregate national openness and welfare provision rather than the political-economic links connecting them. And recent attention to how globalization plays out at the level of individual attitudes says little about whether voter, group, or class interests get expressed by political parties – those most directly responsible for aggregating interests in democracies.

This article addresses these blind spots by developing and testing hypotheses about how parties respond to economic globalization, especially when and under what conditions such globalization spurs party support for welfare compensation rather than protectionism. The first expectation is that some parties more than others will respond to openness with demands for welfare compensation. Left parties disproportionately represent those facing risks of openness and tending to look to government to address economic risks, while right parties disproportionately represent socio-economic groups benefiting from globalization and tending to see government intervention in markets as less viable or desirable under more open economic conditions. Thus, globalization ought to inspire more support for welfare compensation among left parties than among right parties, such that the “compromise of embedded liberalism” has a partisan basis.

The second argument is that both left and right parties will tend to treat welfare or trade protectionism as imperfect substitutes for addressing economic risks of openness. This yields the familiar expectation that more generous welfare provisions should tend to diminish demands for protectionism, net of existing levels of globalization. But constituency lobbying for protectionism can be expected to obviate the need for welfare compensation, while the scarcity of political resources may necessitate concentrating on one or other policy approach to addressing economic

risks. For these reasons, both left and right parties can also be expected to trade off their calls for welfare or protectionism, such that a party's protectionism will negatively correlate with its support for welfare compensation, net of existing openness.

The empirical contribution is a test of these claims on a panel of party manifestos in 21 democracies between 1960 and 1998, using data from the Comparative Manifestos Project. Such data harbor comparable measures of how parties prioritize support for welfare and protectionist policies in their platforms, allowing direct study of the hypotheses above. Consistent with expectation, higher trade and capital flows, FDI stocks, and capital openness correlate with higher support for welfare programs among traditionally left and (former) communist parties and parties with the left-orientated platforms, and significantly less so for traditionally liberal and conservative parties and with the right-oriented platforms. The CMP data also suggest that higher levels of *ex ante* welfare provisions correlate with lower levels of protectionism among parties, and that demands for protectionism negatively correlate with party support for welfare – all net of existing levels of trade and capital flows.

1. GLOBALIZATION AND WELFARE IN EXISTING SCHOLARSHIP

At least since Karl Polanyi (1944) analyzed how market liberalization inspired spontaneous counter-movements to reverse or compensate for liberalization's social costs, many have noted that greater openness tends to threaten some groups, who in turn demand welfare policy as compensation. Implicit in these claims is the assertion that political demands for compensation will show up in the positions of at least some political parties contesting elections and devising policy. Interestingly, this assertion is shared by scholars going on to *disagree* over the effects of openness for policy outputs. Among those identifying mutual harmony between openness and welfare, for instance, Katzenstein (1985) reasoned that the necessary openness of small states generated demands for welfare and the institutions to provide it, and Ruggie (1982) reasoned that the “compromise of embedded liberalism” was rooted in demands for policy compensation for social costs of multilateral openness. Rodrik (1997) and others emphasize that openness sparks instability that may fuel demands for compensation, but in OECD settings also sets macroeconomic constraints while inspiring and empowering capital owners to frustrate *supply* of compensation. And others identifying conditions that mediate whether globalization constrains or spurs domestic priorities usually tow the

same demand-side line: For Swank (2002), openness sparks welfare demands but yields policy only where corporatism and inclusive electoral institutions champion vulnerable groups and facilitate compensation. Although these works leave the role of parties largely unexamined, all imply that parties respond to economic risks by calling for welfare compensation.

Geoffrey Garrett's work (1998) has been more explicit about partisan aggregation of demands for welfare to address globalization's risks. His expectation is that left parties provide footholds for socio-economic groups made vulnerable by globalization to support welfare provision. On such grounds, he expects that the power of left parties, together with centralization and strength of labor movements, will mediate globalization's effects: where Left-labor power is strong, globalization spurs compensation, and where it is weak globalization tends to be more neutral or constraining for compensation.

Plenty of voices in the globalization literature, however, question whether globalization spurs partisan demands for welfare compensation. Some argue that partisan contestation over welfare is constrained by globalization – manifesting Thomas Friedman's "Golden Straitjacket" – such that left parties will resemble their right-wing and liberal counterparts in making welfare consistent with the exigencies of economic openness (Piazza, 2001; Kurtzer, 1991). Although not focused on parties, studies have also questioned whether globalization increases growth and income volatility, in turn suggesting that parties should have few grievances to take up in their reactions to it (Iversen and Cusack, 2001). And still others expect openness to spark demands for government to mitigate risks, but emphasize how demands may manifest themselves as much in protectionism as welfare compensation (Adsera and Boix, 2002; Boix, 2004).

Although these often-competing claims are now common, they have rarely been subject to direct empirical study. Most studies of how globalization affects welfare rest on empirical research into national aggregates of globalization and welfare compensation. Such research is a blunt instrument to judge how openness affects political demands, because positive, negative, or non-existent correlation between national welfare and openness reflect the supply- as well as demand-side of globalization politics. A finding that openness tends to constrain welfare policies, for instance, is consistent with situations where openness spurs, reduces, or has no effect on compensatory demands among groups or parties – depending on what happens on the supply side. Garrett's work comes

closer to capturing how globalization affects partisan demands by focusing on how the power of left parties, unions and corporatism mediate the effects of globalization. But even here there is no direct evidence that left parties demand more welfare in the face of openness, or whether instead the mediating effect of “Left-labor power” captures demands of social actors in non-policy settings or the acquiescence to welfare by government or employers. In short, aggregate studies that have been criticized for yielding inconclusive results sensitive to different estimation approaches also tell us too little about the politics ostensibly connecting openness and welfare (Plümper, Trueger, and Manow, 2005).

Such connecting politics *are* the subject of studies into how openness affects individual attitudes relevant to welfare, and how welfare provision affects support for openness. Scheve and Slaughter (2004) have looked at how globalization measures increase subjective economic insecurity. Others have considered links between support for welfare programs and job and income insecurity (Aldrich et.al., 1999). And Hays, Ehrlich and Peinhardt (2005) find survey evidence that individuals with more generous welfare will, net of existing openness, be more free-trade oriented than those in less generous settings. All these are in line with identifying how openness affects welfare demands. But again none takes the next step to see whether openness affects the demands of *political parties* that are central to aggregating individual interests in democracies.

Finally, even the extensive scholarship focused on party politics has researched little on how globalization affects partisan strategies. For instance, debate continues to divide those believing that left parties are still distinct, and that left-right distinctions continue to shape platforms and outcomes in welfare state growth and retrenchment (Allan and Scruggs, 2004), versus those arguing that limits-to-growth, deindustrialization, aging or internal party reform have diminished partisan distinctions on welfare reform, inspiring “Third Way” or other moves to the center by left parties (Huber and Stephens, 1999; Pierson, 1996; Piven, 1992; Hopkin, 2004; Gray, 1996). Although sometimes addressing how globalization affects party stances on welfare, most do not explicitly address how globalization affects party demands. The few exceptions have focused on trade-policy platforms (Milner and Judkins, 2004), or on composites of left issues including support for unions and employment laws rather than welfare compensation *per se* (Piazza, 2001).

We lack, thus, empirical research to answer basic questions about the politics of globalization. Does economic globalization affect partisan demands for welfare, or do parties instead take a backseat to social actors or other groups representing such actors? Do parties differ in their responses to globalization, such that some call for more welfare compensation than others? Without answers to these basics, it is little surprise that we also lack answers to questions about *conditions under which* parties respond to globalization with welfare compensation. As we have seen, some argue that parties will see welfare and protectionism as imperfect substitutes, alternative responses to given levels of openness (Adsera and Boix, 2002; Boix, 2004). If so, do existing levels of welfare provision diminish partisan demands for protectionism? Might parties trade off their support for (opposition to) welfare against their support for (opposition to) protectionism?

2. PARTISANSHIP, WELFARE COMPENSATION AND PROTECTIONISM

2.1. Parties and Embedded Liberalism

Some simple reasoning about how party politics on welfare states and trade policy might map onto the distributional consequences of globalization suggests answers to all these questions. To begin, I argue that economic openness will spark more support for welfare compensation among left parties than among right parties. Such an argument is based on judgments of how globalization affects socio-economic groups in industrialized polities and how these groups tend to be represented by various parties.

The widely pondered and investigated Stolper-Samuelson expectations about distributional consequences of openness suggest that in industrialized countries abundant in skilled labor and capital, trade and capital openness generate job and income insecurity for workers and less-skilled workers in particular, while favoring security and income of skilled workers and owners of capital (Scheve and Slaughter, 2004; Mayda and Rodrik, 2004). A Ricardo-Viner specific factors model, on the other hand, expects cross-class, cross-skill coalitions tied to industries, where industry-specific comparative advantage varies across countries and time (Hiscox, 2001). And more recent research on how globalization affects elasticity as well as levels of demand for labor, suggests that openness affords exit options for capital but not workers, and possibilities for substituting international for domestic labor that increase workers' wage volatility and employment insecurity (Rodrik, 1997;

Scheve and Slaughter, 2004). Depending on which approach one emphasizes, then, one expects victims of globalization to be mainly less-skilled workers, those in import-competing manufacturing or agriculture, or workers generally.

As for representation, there is plenty of variation across countries and time with respect to the socio-economic groups left and right parties represent – for instance, with less educated and skilled workers in some countries moving to extreme right parties and with some decline in class-based voting. But plenty of research on public opinion, voting and party membership suggests that left parties disproportionately represent less-educated, less-skilled workers, while liberal and right parties disproportionately represent capital owners and highly skilled workers (Evans, 2000; Kitschelt, 1999, 2001). To the extent that distributional consequences of openness are factor-based, thus, one can expect left and communist parties to be champions of globalization’s losers, liberal and conservative parties the champions of its winners (Hiscox, 2001, and Verdier, 1995). But when sector-specific preferences dominate class- or skill-based ones, partisan representation of globalization’s losers and winners might be less skewed. And both left and right parties have constituencies that cannot be reduced to socio-economic cleavages. Despite this, the cleavages of class, skill and education should still matter to substantive positions of parties, allowing the generalization that left parties represent globalization’s losers more than do right parties, while right parties should represent its winners more than do left parties.

But what will parties representing these groups support or oppose? That depends on which policies address globalization’s risks. The policies redressing such risks include, especially: (1) those that (re)set the level and terms of international trade and capital-market openness, call them “protectionism”; and (2) those that mitigate or compensate for the risks associated with levels and terms of openness, which can be called “compensation.”¹ That protectionism and compensation may be imperfect substitutes has implications I will turn to momentarily, but in general globalization’s losers ought to be helped not only by protectionism but also compensatory policies. The latter may include government interventions that do not operate through spending or taxation (e.g. employment protections), or expenditures distant from but still indirectly mitigate globalization’s risks (e.g. defense spending). However, the policies most relevant to the distributive consequences of

¹ The line between these two alternative responses can be vague, since any policy differentiating economies might discourage trade or capital flows and thus be construed as non-tariff barriers.

globalization are narrowly defined “welfare state” provisions, both active and passive – unemployment insurance, active employment measures, pensions, healthcare and disability programs, childcare, and education programs. These same policies, however, are likely of more limited benefit to, and may even hurt globalization’s winners. The latter may see compensation as a means to buy-off more damaging protectionism, but they may also be the ones to disproportionately bear tax and non-wage-cost burdens of more generous welfare programs, which in turn might be more of a concern in the face of greater international competition.

If this reasoning holds, we can expect left parties to look to welfare compensation to redress risks of globalization, while right parties can be expected to be less so inclined and perhaps to be more inclined to seek reductions in welfare compensation. The complexity of party politics and the variety of groups that parties represent cloud strong expectations that left parties will respond to globalization by demanding welfare increases, and right parties by demanding retrenchment. But the different socio-economic underpinnings of left and right parties do suggest the following hypothesis of clear interest to anyone wondering how politics respond to globalization:

Hypothesis One: Higher international trade and capital flows and openness should spark more support for (less opposition to) welfare programs among left parties than among right parties.

What this all means for globalization politics at the level of party systems, is ambiguous. The argument above says little about how other, non-left or right parties respond to globalization: For instance, Green parties and Christian Democratic parties have constituencies cutting across the cleavages opened-up by globalization, and more checkered traditions towards economic openness and welfare provision. One might conjecture, however, that globalization should spark more support for welfare in party systems to the extent that left parties outnumber and are more powerful than right parties.²

² Based on the Comparative Party Manifesto Dataset and its party categorizations (Budge et.al. 2001), Social Democratic and/or (post) Communist parties have constituted the largest block in 16 of 22 OECD countries (all except Israel and Turkey) – representing more than 39 percent of total parties and averaging over 23 percent of legislative seats since 1945 (own calculations). Liberal and conservative parties are the second largest block, being under 30 percent of total parties and with 21 percent of legislative seats, and Christian Democratic parties are third, being about 13 percent of the parties and 14 percent of seats.

2.2. *To Compensate or Protect?*

In addition to how openness should affect partisan platforms on welfare compensation, the possibility that parties responding to globalization see welfare compensation (retrenchment) and protectionism (liberalization) as imperfect substitutes underlies two other expectations. The first is that existing welfare provision should also reduce a party's protectionism. In particular, whatever the actual exposure to international trade or capital flows, higher welfare provision should mitigate the felt risks individuals and their party champions face, diminishing the incentives of such groups and parties to demand new forms of trade or other protectionism. Although left parties can be expected to be more concerned about such risks than their right counterparts, following the logic above, there's no clear reason to expect the protectionism or free trade orientation of right parties to respond differently to existing welfare provisions. Hence, a second hypothesis:

Hypothesis Two: Higher levels of social policy provision should negatively affect left and right party support for protectionist measures, net of existing levels of globalization flows.

Second, we should also expect both left and right parties to take positions on welfare that are contingent upon their positions on protectionism, net of globalization flows. First and obviously, to the extent that actual protectionist policies entail a decrease in felt openness and the risk and insecurities that may bring, one would expect higher levels of policy protectionism to obviate the need for welfare compensation, thereby siphoning-off constituency support for welfare. *Proposed* protectionism, therefore, can be expected to lower expected risk, obviating the need to also propose welfare compensation – net of actual existing openness. Second, political demands must be formulated in a setting of scarce political resources that call for setting priorities, for concentrating such resources towards the achievement of some policy goals over others in the medium term. Thus, proposed protectionism captures priority given to the protectionist avenue to address risk that by political necessity calls for less emphasis on welfare compensation.

This reasoning suggests a third hypothesis about how proposed protectionism ought to affect welfare demands among both left and right parties.

Hypothesis Three: Higher proposed protectionism should diminish both left and right party support for welfare compensation, net of existing levels of actual openness.

There are no strong expectations that this tendency be partisan (applying to only left or right parties), because the incentives to trade off apply regardless of whether parties see openness as requiring/allowing lower or higher levels of protection or welfare – expansion for left parties or retrenchment for right parties. Thus, the average level of protectionism among parties in the party system should negatively correlate with the average support for welfare compensation among parties in that system, again net of existing openness.

3. EVIDENCE FROM PARTY MANIFESTOS

To test the above expectations, I analyze party platforms on welfare policies and on protectionism, based on party manifestos of 21 countries, from 1960 to 1998.³ The party manifesto data come from the Comparative Manifestos Project (CMP) dataset, which measures pleas of parties on a particular policy issue in a given election-year by the number of sentences (or quasi-sentences) about an issue as a percentage of total sentences in the manifesto (Budge et.al., 2001). The measures capture, in the first place, salience of an issue to a party, rather than support for or opposition to a program. But for some issues, the CMP separately measures positive and negative statements about a policy, whereby scores measure priority that a particular party attaches to support or opposition to particular programs (Milner and Judkins, 2004). Some researchers have found that in various domains, including welfare effort, manifesto scores do predict party behavior in office (Brauninger, 2005; Budge and Hofferbert, 1990; Klingemann et.al., 1994). Manifestos may, in any event, more directly canvas party wishes than what parties do in power, where initiatives reflect political-economic constraints and the demands of coalition partners.

These data provide a platform to directly test the hypotheses above. Tests come mainly from regressions of party manifestos with respect to support for welfare compensation and with respect to protectionism, but the descriptive statistics of the parameters for the analysis harbor some first-cut evidence.

³ The countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States. For a few regressions (those without most controls), I consider the full CMP sample, including Luxembourg, Israel and Turkey in addition to the above 21.

3.1. *Dependent variables: Net welfare support and Net protectionism*

Because my interest is mainly in how parties support or oppose welfare compensation in the face of globalization, I focus first on four parameters in the CMP dataset that capture the most focused measures of support for and opposition to social welfare provisions:

Welfare State support (per504): “Favorable mentions of need to introduce, maintain or expand any social service or social security scheme; support for social services such as health service or social housing. This category excludes education.”

Welfare State Limitation (per505): “Limiting expenditure on social services or social security; otherwise as 504, but negative.”

Education support (per506): “Need to expand and/or improve educational provisions at all levels. This excludes training which is coded 411.”

Educational Limitation (per507): “Limiting expenditure on education; otherwise, as 506, but negative.” (Budge et. al., 2001: 226)

The two pro and con sets address social security, social services (e.g. housing and health), and education that are clearly relevant to addressing individual economic risks, without being too broad in the sense of encompassing only broad principles, or touching upon protectionism or other government interventions distinct from welfare compensation.⁴

On the basis of these four parameters, I construct a single measure, *net welfare support*⁵: $Net\ Welfare\ Support = (Welfare\ support + Education\ support) - (Welfare\ limitation + Education\ limitation)$. Thus, higher positive numbers capture higher priority given to supporting education and welfare, net of priority given to opposing welfare programs. Negative numbers capture a platform that, in the net, puts higher priority on limiting welfare and education programs than on preserving or expanding them. In fact, both left and right party platforms include more positive than negative statements about either welfare or education provision. Indeed, the sample average for pro-welfare statements (per504) is 6.5 percent of manifestos (among the highest priorities), and for pro-education statements (per506) is 3.6 percent; and the sample averages for anti-welfare (per505) and anti-education policy (per507) statements are 0.3 percent and 0.1 percent respectively. Thus, differences

⁴ For instance, I exclude *social justice* (per503), because it encompasses any laws relevant to social justice and “addressing racial discrimination.” Similarly, I exclude *market regulation* (per403), because this encompasses anti-trust, consumer, pro-competition protections. And I exclude *technology and infrastructure* (per411), which addresses “technical training” but also research, technological development, and infrastructure.

⁵ The findings presented below, however, are robust to concentrating on one or another of these components.

between parties on *net welfare support* reflect more the differing priorities on supporting welfare and education than on opposing either.

The sample mean for *net welfare* is 9.7 (standard deviation 7.7), with plenty of variation across parties, countries, and time.⁶ To get a sense of variation across countries, Figure One shows the party-system means for *net welfare support* in 21 countries between 1960 and 1998. There is no obvious correlation between actual provision of and party-system support for welfare, and in fact the country with the highest mean is a traditionally modest welfare-spender (New Zealand, with around 17 percent net support) while that with the lowest is a big-spender (Denmark, around 5 percent). Such national-level summaries, however, mask greater party-level variation. The single lowest, anti-welfare manifesto scores -16.7 for the liberal Danish Independents Party in 1960, where nearly seventeen percent of its platform called for welfare and education policy *retrenchment*, net of positive statements towards such policies. And the single highest score is for the Finnish “Swedish People’s Party” in 1966, where net support was a whopping 63.41 percent of its platform.

[Figure One about here]

Protectionism. As a dependent variable to test Hypothesis Three (and explanatory variable for Hypothesis Four) I also measure protectionism of parties by focusing on the only two CMP parameters that explicitly address protectionism against international trade.

Protectionism: Positive (per406): Favorable mentions of extension or maintenance of tariffs to protect internal markets; other domestic economic protectionism such as quota restrictions
Protectionism: Negative (per407): Support for the concept of free trade; otherwise as 406, but negative.

The CMP data include other measures of even broader conceptions of protectionism, such as market intervention generally, but such measures include too many policies relevant to domestic economic regulation, and very often of welfare compensation – in any event policy realms whose relationship is here under investigation.

Using the above parameters, I consider two measures of a party’s protectionism. The first, *Protectionism*, takes positive statements of protectionism alone, capturing the degree to which a

⁶ Appendix Table One shows the summary statistics for this and all other parameters used in the analysis.

party emphasizes pursuing trade protectionism. This measure is important on its own, because protectionist statements can be very specific to a particular sector or situation, and should be measured without being watered-down by support that even very protectionist parties offer “the concept of free trade.” The sample mean is .38 (standard deviation 1.26). As Figure One shows, this and the country means are much smaller than for *net welfare support*. But variation is greater for *protectionism*, from a low of 0 (Danish Social Democrats in all 21 elections since 1945) to a high of 27.9 (Australian Nationalist Party in 1961) – the highest priority of that party for that election year.

In any event, I also consider how much parties prioritize protectionism *net of* free trade pleas with a second measure, *Net protectionism*, which subtracts scores for support for free trade (per407) from support for protectionism (per406). With support for free trade having a sample mean of 0.27 (slightly lower than basic protectionism), *net protectionism* tends to be a very small proportion of manifestos – with a sample mean of 0.12 – and is even more dispersed (standard deviation of 1.5), with scores ranging from –10.1 (British Liberal Party in 1955) to the just-mentioned 27.9 (Australian Nationalists in 1961).

3.2. Independent variables: Globalization, Partisanship, Welfare, and Protectionism

Globalization. I measure globalization with measures of trade and capital flows and stocks across countries and years, where all parties in a given country-year face the same levels of globalization. *Trade Flows* are exports plus imports as a proportion of GDP, with a sample mean of .49, a minimum of .067 (the United States in 1956), and a maximum of 1.4 (Belgium in 1985) (Heston, Summers, and Aten, 2002). *Capital Flows* are the sum of portfolio and foreign direct investment (FDI) inflows and outflows as a proportion of GDP, with a sample mean of .022, a minimum of -.018 (Denmark in 1977) and a maximum of .29 (UK in 1997) (Huber, Ragin, and Stephens, 2004). *FDI stocks* are outward and inward stocks of FDI as a proportion of GDP, available since 1980 (World Bank, 2004). And *Capital openness* is Dennis Quinn’s (2000) ordinal measure of openness on the current and capital accounts, ranging from 0 (complete closure) to 14 (complete openness). These various measures are meant to ensure that the analysis captures different faces of economic globalization – both *trade* and *investment*, both *portfolio* and *direct* investment, both *flows* and *stocks* of direct investment, and *openness to* as well as actual flows/stocks.

Partisanship. I measure partisanship by focusing on both left and right party identities, and a uni-dimensional measure of left orientation that varies across parties, countries, and years. The first two measures are dummy variables for left and right parties, respectively, based on partisan “families” in the CMP dataset associated with social democratic policies and politics, and with more market-oriented policies and politics. For the former, left parties, I group-together parties that are “Social Democratic” or “(post) Communist” – coding such party-years as 1 and others 0. And for the latter, “right” parties, I group parties given the “Liberal” and “Conservative” label (such parties=1, all others=0).⁷

The third measure is of left partisanship varying across time as well as parties, building on the efforts of Laver and Budge (1992), Laver and Garry (2000), and others to build a single left-right scale on the basis of factor analysis of the various salience categories in the CMP data.⁸ I focus on their measure but make two important changes. I remove those components that constitute this study’s measure of *net welfare support* –support for welfare and education in the left grouping, and opposition to welfare and education in the right grouping. Including these in my measures of right-left partisanship would obviously bias my attempt to see how partisanship mediates how globalization affects *net welfare support*. I also remove from this measure the components gauging support for and opposition to protectionism, so as not to bias the analysis of how a party’s protectionism relates its support for welfare compensation. With these changes, I subtract the “right” from the “left” components to generate a measure of left partisanship, higher scores representing higher priority in a given election to left positions and issues, and lower or negative scores suggesting more priority given to right positions and issues.⁹

The expectation from Hypothesis One, in any event, is that all three measures of partisanship should mediate how globalization measures correlate with net welfare support. Trade and capital globalization should correlate more positively with *net welfare support* among the *left* than among the *right* parties, and more positively when *left partisanship* is higher. Figure Two provides a

⁷ I also consider these parties separately in the analysis, and also other Green, Christian Democratic, Nationalist and other parties that I argue do not matter in mediating party responses to globalization.

⁸ Principal component analysis of CMP policy dimensions yields three groups – extremes at both ends of a single scale and a grouping the middle. The extremes can be taken as right and left, calculating a single scale by subtracting the scores of components loading together on one end of the scale from those at the other.

⁹ $Left\ partisanship = (per103 + per105 + per106 + per107 + per403 + per404 + per412 + per413 + per701 + per202) - (per104 + per201 + per203 + per305 + per401 + per402 + per414 + per601 + per603 + per605 + per606)$.

descriptive-statistic example of such interaction, focusing on the relationship between sample averages of trade openness and *net welfare support*, restricting samples to left and right parties, respectively. This snapshot shows that for most countries, left parties generally support welfare more than their right-party counterparts, and that partisanship slightly mediates how globalization affects welfare support: among *left parties*, average trade openness correlates slightly positively with the average *net welfare support*, but among *right parties* the relationship is weaker and negative.

[Figure Two about here]

Welfare provision. To test Hypothesis Two, we need also to consider how measures of welfare provision affect *net welfare support*. I consider two distinct metrics of social spending. The first is *social security transfers* as a percentage of GDP, a measure with the most coverage in countries and time, but with the draw-back that it does not cover various social service-oriented social policies (OECD, various years). Hence, a second measure is *social expenditures*, available for fewer country-years, but measuring service and transfer spending on healthcare, old-age, disability, family, housing, unemployment, and active labor-market programs (OECD, 2002). Although these spending measures imperfectly capture generosity, they are visible and concrete means by which polities gauge their own welfare efforts and may well have a stronger influence on how much parties contemplate protectionist alternatives. Figure Three, in any event, shows the country means in social transfers set against levels of *protectionism*, yielding a clearly negative relationship that provides descriptive-statistic support for Hypothesis Three.

[Figure Three about here]

Finally, the measures of *protectionism* discussed above are not only important as dependent variables for Hypothesis Three, but as independent variables in Hypothesis Four, that protectionism should correlate negatively with *Net welfare support*, net of existing globalization.¹⁰ Simple trends in *net welfare support* and *protectionism* in country averages support expectation. Figure Four shows the results for the largest OECD economies between 1945 and 1998, where the trend lines do

¹⁰ If protectionism and welfare compensation are imperfect substitutes, added combinations of *Net welfare support* and *net protectionism* should correlate positively with globalization. See below.

tend to move consistently in opposite directions – as *protectionism* goes up from one election to the next, *net welfare support* tends to go down. It is worth pointing out that a negative relationship here or in regressions below should not only be an artifact of how different percentages of any two platform-items might crowd each other out. In fact, *net welfare support* correlates *positively* with 44 percent of the 50 remaining planks (22 of the 50 non welfare- or protectionism planks).

[Figure Four about here]

Controls. For the analysis below, I control for factors that plausibly influence both globalization and party support for welfare compensation (for Hypotheses 1 and 3) and/or influence *ex ante* welfare and protectionism (for Hypothesis 2). *Social security transfers* is not only a key independent variable in estimations of support for protectionism, but matters in estimation of welfare support because it plausibly decreases (increases) how much parties call for yet further expansion of (retrenchment of) welfare in their platforms, and may also legitimate *ex ante* levels of openness (OECD *Historical Statistics*, various years). *Union density* affects support for globalization, sometimes a force for protection and sometimes for openness, and is relevant to support for welfare by capturing other political actors or possible constituencies to which parties cater (Huber and Stephens, 2004; Visser, 1989). *GDP growth* captures how business cycles affect international trade and investment, and may also influence the macroeconomic climate and perspectives of parties on how much welfare to champion (some inspired by downturns to support more welfare, others feeling more constrained) (Heston et.al., 2002). *Old-age population*, is the proportion of the population 65 and older, a measure of demographic pressure on the welfare state (OECD, various years). And *Seats in parliament* captures a party's proportion of seats in parliament at election time, relevant to how much parties will take positions on policies that are part of genuine policy-making resolutions as opposed to "grand standing" (Sartori, 1976). And for estimations of party protectionism I also consider the *surface area* of nation states to capture geographic trade-dependence (Rose, 2003).¹¹

¹¹ Including surface area with country dummies yields very high collinearity (individual VIFs above 30). Other controls considered include fiscal deficits, total debt, ethnic/religious fragmentation, per-capita GDP, population, corporatism, PR, federalism, democracy, voter turnout. These perform poorly or inconsistently in the models, and don't appreciably change the results for the three Hypotheses being investigated.

3.3. Estimation technique

With the party platform and other parameters, I construct an unbalanced panel of party-years – where the observations are three-dimensional country-specific party years. The panel is very unit-dominated – with some 200 parties as units and between 2 and 14 elections per party (7 on average) – and the number and spread of years per unit is uneven given the unique spread of elections in the different sample countries. Such a panel structure creates difficult obstacles to estimation, exacerbating how Ordinary Least Squares (OLS) estimates on panel and time-series cross-section (TSCS) data produce non-spherical errors – within *and* between unit correlation, and within *and* between unit heteroskedasticity (Greene, 1993). Indeed, diagnostics on OLS estimations of *net welfare support* suggest the presence of between-group heteroskedasticity and some within-group correlation. But many of the strategies for dealing with such non-spherical error structures are not possible with the unbalanced data with unevenly spaced time observations. For instance, the unit-dominated structure and unevenly-spaced years, averaging 7 per unit, rule-out panel-corrected standard errors with endogenous dependent variables as an option (Beck and Katz, 1995). And feasible generalized least squares (FGLS) with corrections for serial correlation and heteroskedasticity produce anti-conservative estimates of standard errors in panels with unit-domination and uneven years (Stimson, 1985; Beck, 2001).

Given the panel’s unit-domination and small number of and uneven-spacing of the elections per unit, my approach is to combine OLS estimation, providing consistent coefficient estimates with the Huber-White *robust-cluster* “sandwich” estimator of the standard errors, clustered over parties (country-specific). This provides correct coverage in the face of any correlations among errors *within* clusters, including correlation within and between units. As robustness checks I consider alternative estimators – e.g. FGLS correcting for heteroskedasticity and serial correlation, panel-corrected standard errors, etc. – which generally yield results *more favorable* to the argument than the robust-cluster approach reported here.

I fit a range of models that take the following general forms:

$$Net\ welfare\ support_{pit} = \alpha + \beta_1 Openness_{it-1} + \beta_2 Partisanship_{pit} + \beta_3 Openness_{it-1}^* + \beta_4 Controls_{it-1} + \beta_5 Controls_{pit} + u_i + \varepsilon_{pit} \quad (1)$$

$$(Net)\ protectionism_{pit} = \alpha + \beta_1 Welfare\ compensation_{it-1} + \beta_2 Openness_{it-1} + \beta_3 Partisanship_{pit} + \beta_4 Controls_{it-1} + \beta_5 Controls_{pit} + u_{(p)i} + \varepsilon_{pit} \quad (2)$$

$$Net\ welfare\ support_{pit} = \alpha + \beta_1(Net)Protectionism_{pit} + \beta_2Openness_{it-1} + \beta_3Partisanship_{pit} + \beta_4Controls_{it-1} + \beta_5Controls_{pit} + u_{(p)i} + \varepsilon_{pit} \quad (3)$$

Model (1) considers how partisanship might mediate how globalization affects *net welfare support* by interacting measures of partisanship and globalization, taking fuller advantage of the data than simply splitting the panel by partisanship. Model (2) considers how *ex ante* welfare spending affects (net) protectionism. And model (3) considers how a party's protectionism influences its net welfare support, net of existing levels of openness. Some right-hand side conditions are party-country-year (such as a party's protectionism, its left or right orientation, and its proportion of seats in parliament); and others are country-year (e.g. globalization measures). I lag all right-hand side country-year measures by one year, to address possible endogeneity and account for the time it takes for parties to absorb economic and political changes relevant to the development of election manifestos.¹²

Finally, my preferred estimations include dummies for 21 countries (u_i) or 75 party groups (u_p), to further address unit-level heteroskedasticity and account for unobserved effects of parties and/or countries.¹³ Since such fixed effects are sometimes highly collinear with some right-hand side variables, such as old-age population, the above basic models have also been re-estimated without such fixed effects. Not surprising given the uneven distributions of elections, yearly or period effects are always jointly insignificant, so I use a year-count variable to account for trend effects.

3.4. Results

Table One summarizes estimates relevant to Hypothesis One. The Table reports results for how three measures of partisanship – *left partisanship* (varying across time and parties), *left parties* and *right parties* (varying only across time and countries) – interact with trade openness, capital flows, and capital openness. These globalization measures are examined in separate regressions because they have such different coverage and because they (capital flows and openness especially) are highly collinear. All nine estimations shown are with full controls and country fixed effects. The

¹² Endogeneity should be less severe in this study than in studies of national aggregates of globalization and welfare, because here the focus is on direct measures of strategies for future policies while key right-hand-side variables are lagged economic conditions (i.e. globalization) or policy (i.e. welfare compensation).

¹³ I also consider full fixed effects, with 235 dummies on top of the substantive variables. These tend to yield weaker results for the variables of interest here, but most parameters retain significance (though lower levels) and signs of coefficients always remain the same.

controls perform broadly in line with expectations, with union density (significantly) and economic growth (not significant) tending to increase welfare support, and with *ex ante* social security transfers and old-age proportion both significantly decreasing support. Proportion of existing seats are consistently positively correlated, suggesting that large parties tend to be more pressured than small parties to support welfare. And the country dummies are always very highly jointly significant. But the parameters of interest, of course, are the globalization measures and interaction of globalization and partisanship.

[Table One about here]

Interpreting the results requires doing more than simply looking at signs and significance of these parameters (Brambor, Clark, and Golder., 2005). But the interaction terms themselves are correctly signed and tend to reach significance levels suggesting that partisanship does, indeed, mediate how globalization affects net welfare support. In particular, globalization tends to spur support more as parties are or become more left-oriented in their platforms (columns 1-3). Furthermore, for parties with left traditions (columns 4-6), two of the three measures of globalization increase net welfare support significantly more than among non-left parties (Right, Christian Democratic, Green, nationalist, and others). And right parties, those with liberal or conservative traditions (columns 7-9), tend to respond to globalization by supporting welfare significantly less than non-right parties (Left, Christian Democratic, nationalists, Greens, etc.).

Whether globalization has meaningful effects for *net welfare support* mediated by partisanship, however, requires explicitly looking at the conditioned effects of globalization. The interactions with *left parties* and *right parties*, the globalization coefficients themselves suggest how trade, capital flows and openness correlate with net welfare support when these dummies are “zero” – that is how non-left and non-right parties respond to globalization. For *left partisanship*, the coefficients on the globalization measures are meaningless, since “zero”partisanship is in the middle of the sample distribution (from -80 to +60). For *left partisanship*, thus, we should analyze how variations in partisanship affect the marginal effect and significance of globalization. And for all the interactions we should consider how globalization affects *net welfare support* at varying levels of partisanship, and depending on whether parties are left, right or other.

Figure Five summarizes how the effects of trade and capital flows, and capital openness (on the y-axis in each panel) are mediated by variation in *left partisanship* (the x-axis), based on results in Table One (Brambor et.al., 2005). The solid line in each panel captures unstandardized coefficients under varying *left partisanship*, and the dashed lines capture the 95-percent confidence intervals. Where the solid line is above 0, coefficients predict that rising globalization spurs *net welfare support*, and where it falls below 0, globalization diminishes support. Where both upper and lower schedules of the confidence-interval are above (below) the 0 line on the y axis, the positive (negative) coefficients are significant with 95-percent confidence. The first panel shows that trade flows more positively affect welfare support as *left partisanship* rises, but insignificant at the 95 percent level, even among the most leftist parties – given by how the lower interval never rises above 0. The remaining panels, however, show that capital flows and openness increasingly spur *net welfare support* as *left partisanship* rises, significantly when *left partisanship* is higher than -30 (for capital flows) and -45 (for capital openness).

[Figure Five about here]

To judge the substantive size of these effects, Figure Six shows how the sample’s variation in capital flows and openness (where we know the effects are significant) affect *net welfare support* at low and high levels of *left partisanship*. The predicted effects in the Figure are generated with simulations based on the fitted models in Table One, using Tomz et.al.’s software *Clarify* (Tomz et.al., 2002; King et.al., 1999). The panels show how moving from the sample’s 1st through the 99th percentile of capital flows and openness (excluding outliers, thus) should affect *net welfare support* at low *left partisanship* (set at the 25th percentile in the sample, -20.75) versus at high *left partisanship* (set at the 75th percentile, +7). The *net welfare support* on the vertical axis is measured on a common scale of platforms given to support, net of opposition to welfare and education programs. The solid lines are the predicted schedules, and the dashed lines the lower and upper ends of the 95-percent confidence interval for the schedules where *left partisanship* is high.¹⁴

We can see that both capital flows and openness have more positive effects on *net welfare support* at higher than lower levels of *left partisanship*. The (almost) full variation in capital flows predicts a rise in *net welfare support*, where no flows predicts *net welfare support* of about 9 percent, and very

¹⁴ To make the Figures legible, I do not plot confidence intervals for the “low” schedule.

high flows (19 percent of GDP) predicts much higher *net welfare support* of almost 20 percent. The right-hand panel shows a similar effect of rising capital openness – with relative closure on capital and current accounts (4.5 on a scale of 0 to 14) predicting *net welfare support* of about 4 percent, and full capital openness (14 on the 14-point scale predicting almost 15 percent *net welfare support*. And this effect is appreciably stronger than where parties have low *left partisanship*, where in fact the positive effect is not significant at lower levels of the distribution.

[Figure Six about here]

Based on the results in columns 4 through 9 of Table One, one can also graphically capture how traditionally-left and traditionally-right parties react differently over time and across countries to globalization, providing further evidence that *partisanship* matters to embedding of liberalism. Figure Seven shows how capital flows and openness affect *net welfare support* more strongly among *left parties* (Social Democratic and post-Communist) than among non-left parties (right, Christian Democratic, Green, etc.). Based on counterfactual simulations of the same sample (excluding outliers), we see that capital flows predict higher welfare support than does capital openness. More importantly, we see that left parties tend to respond to capital flows and openness by calling for more welfare compensation than does the rest of the party system – captured by steeper slopes of the left-party than the non-left party schedules. Among left parties, rising capital flows (from the 1st to 99th percentile) predict a rise in welfare support, from 10 to about 20 percent of platforms, whereas the same rising capital flows elicit a rise from about 7.5 to 10 percent.

[Figure Seven about here]

Finally, Figure Eight shows how right parties respond to trade openness and capital flows (the statistically significant interactions in Columns 7-9 of Table One) compared to non-right parties. The first panel shows how among right parties trade openness may even yield decreases in welfare support, compared to modest increases among non-right parties – but these effects are not significant at the 95 percent level. The second panel shows how among right parties, rising capital openness still yields increases in welfare support, but as openness gets above roughly 8 percent of GDP that effect is not statistically significant (captured by the negative slope of the lower dashed line at that point). This compares starkly with how rising capital flows spark much more welfare support

among non-right parties, statistically significant throughout its schedule (confidence interval not shown).

[Figure Eight about here]

In sum, Table One presents evidence that partisanship does, indeed, tend to mediate how globalization affects party support for welfare compensation. Right wing parties respond to capital flows and trade openness with less support for welfare than do non-right parties; left-wing parties respond to capital openness and flows with *more* attention to welfare than do non-left parties; and the more left-oriented a given party becomes, the more it responds to capital openness and flows with calls for welfare compensation. Even where trade (or, in one instance, capital openness) is not statistically significant, the signs and joint significance levels all point in the same direction.

A range of sensitivity and robustness checks corroborate these results. The results are virtually identical in estimations without fixed effects, and the results for FDI stocks are very similar to those for capital flows. Splitting the sample and running regressions on a sample of only left parties (Social Democratic or Communist parties) yields significantly and positive coefficients for the globalization measures, while the estimations on only right parties (Liberal and Conservative parties) yield insignificantly positive or significantly *negative* correlation between globalization and welfare support. Splitting the sample over time reveals that the partisan split has gotten *larger* since the 1980s rather than smaller: contrary to some expectations (Gray, 1996; Piazza, 2001), left parties tend to increasingly respond to globalization with compensatory demands, and right parties increasingly with fewer such demands. Finally, we get very similar results to those in Table One with alternative measures of welfare support or opposition, and we get (as expected) no partisan effects when focusing on Christian Democratic, Green and nationalist parties.¹⁵

Embedded liberalism appears, thus, to be a partisan affair. But it is worth adding that the predominance of Left parties across industrialized polities implies that party systems tend to respond to most measures of globalization with demands for more welfare compensation. This is implicit in

¹⁵ These results are available in an online Supplemental Appendix, at <<www.....>> Supplemental Table A1 shows results for FDI stocks; A2 without fixed effects; A3 of splitting the sample into left and right parties, and pre- and post-1980; A4 for narrower net welfare (without pro and con- statements on education spending) and for welfare support and welfare opposition as separate dependent variables; and A5 shows the lack of partisanship effects when looking at Christian Democratic and Green parties.

the models shown in Table One, if one counterfactually estimates the effects of capital or trade openness for parties with average Left party scores. It is also evident in estimations such as those in Table One but without interaction terms or in estimations taking party-system means for each election year. In both such approaches, especially capital flows, capital openness, and FDI stocks correlate positively and significantly with net welfare demands generally. Whatever partisan effects might exist, thus, economic openness – particularly capital flows, stocks and openness – can be expected to modestly increase welfare-compensation demands in OECD party systems.¹⁶

The next set of estimations concerns Hypothesis Two, that actual welfare effort in place will diminish a party's protectionism, net of existing levels of economic openness. Table Two shows the results of the analysis, presenting two measures of a party's protectionism – *protectionism* (percentage of pro-protectionist statements) and *net protectionism* (percent protectionist statements minus pro-free trade statements) – and two measures of existing welfare effort (social security transfers and total social expenditures). The controls include, in addition to the models of net welfare support, also total surface area (logged). And the Table presents models with and without party-group effects (country effects are highly collinear with surface area, but yield similar pattern of results).

[Table Two about here]

The controls perform broadly as expected. Surface area does correlate positively, consistent with expectation that large countries be more protectionist. Actual trade flows correlate positively with protectionism, consistent with expectation that openness spurs risks that spark demands for some kind of protectionist insurance (more on this below). Proportion of parliamentary seats correlates negatively, suggesting that more substantial parties deemphasize calls for particularistic policies, the opposite of their tendency to emphasize encompassing welfare compensation. And left partisanship tends to correlate positively with protectionism, though here it is not insensitively significant.¹⁷

¹⁶ In a Supplemental Appendix, at <<www...>>, Supplemental Table A6a shows the results without interaction effects; Supplemental Table A6b shows the results for party-system means. Supplemental Table A7 shows how FGLS or panel-corrected standard errors estimators. Supplemental Table A1 shows the results for FDI stocks. A range of other tests corroborate the results: clustering over countries instead of party groups yields virtually identical results; and adding or subtracting controls have little effect, though removing union density increases the coefficients and significance of trade openness.

¹⁷ This correlation is weaker than Milner and Judkins (2004) find, because the measure of protectionism used here focuses on trade protectionism rather than their focus on state economic interventions generally – inappropriate for the

Union density correlates negatively, suggesting that more unionized settings inspire or accommodate party support for openness and compensation. But old-age share and economic growth insignificantly relate to partisan protectionism.

As for measures of welfare effort, the pattern is clear: more generous spending on welfare programs tends to lower a party's protectionism. This result is not sensitive to particular measures of partisanship, confirmed by how interacting openness with partisanship yields insignificant coefficients for those terms in the models. The effects are modest in absolute levels of protectionism changed, not surprising given how little priority parties give to protectionism, net of free trade statements. But marginally the effects are more substantial, captured by the counterfactual in-sample predictions in Figure Nine. Moving from the 10th to the 50th percentiles of the sample distribution of social security expenditures – comparable to moving from the sample mean of Portugal (13.2 percent of GDP) to that of Denmark (39 percent of GDP) – we can expect net protectionism to drop by more than half (from more than .4 to less than .2 percent of platforms). In any event, the results are robust to alternative specifications and estimators.¹⁸

[Figure Nine about here]

The final estimations concern Hypothesis Three, that a party's protectionism and support for welfare compensation are imperfect substitutes pursued under political constraints, leading to specialization such that *protectionism* should negatively correlate with *net welfare support*. Table Three summarizes the support for this Hypothesis. Columns 1 through 8 consider how measures of protectionism affect a party's *net welfare support*, net of *ex ante* openness and other controls, considering separate estimations for both simple *protectionism* and *net protectionism* (protectionist statements minus pro-free trade statements). For each measure, the Table shows four different specifications: a minimal specification without fixed effects (Columns 1 and 5); with country fixed effects (columns 2 and 6); with party-group effects (3 and 7); and a final specification, with only those controls measured in the CMP dataset, allowing a test with all 1971 observations in that

present study of trade offs between protectionism and welfare compensation. Broader measures of “protection” yield more significant positive coefficients for left partisanship.

¹⁸ For instance, the results don't appreciably change with alternative welfare measures or different arrays of controls, such as adding alternative measures for business cycles (e.g. unemployment), demography (e.g. population size), or fiscal constraints (e.g. deficit). Supplemental Table A8 displays some such robustness tests.

dataset.¹⁹ The results are clear: higher priority attached to supporting protectionism, alone and net of free-trade pleas, correlate with less *net welfare support*. These results are significant for all specifications except the last, *net protectionism* in Column 8 (without most controls), part of the general pattern that *protectionism* correlates more negatively with *net welfare support* than does *net protectionism*.

[Table Three about here]

A final Figure Ten summarizes the substantive size of these effects based on the fitted values from Columns 2 and 6 for simple *protectionism* and *net protectionism*, respectively. Focusing first on *protectionism* in the left panel, the full range of increasing protectionism across parties yields a drop in predicted *net welfare support* from a platform with 10 percent welfare support, to less than 0 – that is, net welfare opposition. To capture variation within a given party system, the same model predicts that moving from platforms with 0 to those with an extremely high 25 percent *protectionism* yields a drop from roughly 10 to 7 percent – roughly equivalent to the difference between the sample means for Japan’s Liberal Democrats and its Communist Party, respectively. Figure Ten also shows the substantive effects of varying *net protectionism*, which are even more modest than for *protectionism* – with the range of *net protectionism* predicting a modest drop in *net welfare support*, from roughly 10 to 5 percent of platforms. In any event, the marginal effects are significant throughout this distribution, even at the tails of the distribution.

[Figure Ten about here]

The last Column 9 in Table Three provides further evidence that protectionism and welfare compensation are imperfect substitutes, whether or not specialization takes place whereby priority given to one lowers that given to the other. Here the dependent variable is the sum of *net welfare support* and *net protectionism* – a measure of the combined policy coverage for risks of openness. The key right-hand-side variables are trade flows and capital openness (measured separately, and looking at FDI stocks or capital flows doesn’t change the picture). These globalization measures correlate positively with the combined measure of insurance for risks of openness, even if, as we have seen, parties pursue protectionism and welfare compensation as alternatives more than

¹⁹ The sample here has a total of 1971 observations (rather than the full 1991), because I take yearly averages where more than election is held in a year.

complements. As with the other Tables, all these results are robust to a range of specifications and estimators.²⁰

4. CONCLUSION

This paper has tried to show that looking closely at party platforms sheds useful light on the question of how industrialized polities respond to economic globalization – a question that has fascinated social scientists at least since Karl Polanyi’s *Great Transformation*, and that informs political agendas of politicians and activists alike. Answering this question by looking at connections between aggregate national openness and welfare policies obscures the strategies and interaction of political agents that connect those aggregates and constitute the agency in globalization politics. And ignoring the strategies of political parties avoids those agents that are, at least in mature democracies, key aggregators of societal interests and autonomous actors in those politics.

Given these premises, the arguments and evidence above underscore three lessons about globalization politics. The first is that plenty of political parties are indeed agents of globalization politics by reacting to international openness with calls for more welfare compensation – whatever the role may be of other agents, such as unions, social movements, employers, or government officials (who may act distinct from party ties). The second lesson is that as agents of embedded liberalism, not all parties are created equal: Left parties do tend to champion welfare compensation as an answer to international economic risks more than do non-left parties; and right parties tend to look less to such compensation as an answer to globalization’s risks. The third lesson, in any event, is that parties of all stripes see different paths to embedding liberalism as imperfect substitutes: net of actual international exposure, *ex ante* levels of welfare effort tend to reduce a party’s protectionism; and such protectionism appears to crowd-out its support for welfare, while lower protectionism leaves room for or mandates more welfare support.

Further study of globalization politics should test and move beyond these lessons. More should be done to test the basic line of argument, given that the empirical focus has been on a particular kind of dataset on party activities, and on quantitative correlation. The question is, thus, whether the same

²⁰ Supplemental Appendix Table A9 shows how party protectionism correlates with net welfare support with FGLS and panel-corrected standard errors estimators, a range of additional controls, and with a party’s protectionism on the RHS and its net welfare support on the LHS.

partisan embedding of liberalism, the same trading-off of protectionism and welfare-compensation, show up in other measures of partisan activity, and in qualitative-historical treatments of parties over time and space. In the meantime, the present study affirms the work by scholars focusing on the *power* of particular groups and parties in mediating national responses to globalization, and provides a mandate to look to new partisan dynamics in globalization politics. For instance, future research should investigate more fine-grained distinctions between parties, looking at how party strategies have changed over time, and looking at how party demands make their way (or don't) into actual legislative and policy initiatives. Future research could also consider how factor mobility, institutional differences, or other conditions mediate how globalization affects partisan positions on protectionism and on welfare compensation. And further research should consider how access to and provision of trade and capital protections, not just that protectionism demanded, affect compensatory demands net of existing globalization flows.

Finally, this study also has implications for political practice with respect to globalization. For those hoping for or fearing welfare compensation to address the risks of openness – seeing uncompensated openness or protectionist backlash as alternatives – the findings on partisanship recommend targeting some political parties and not others. Those hoping for an embedding of liberalism through the welfare state, for instance, have reason to expect left parties to be better allies than Christian Democrats or Greens, and to down-right fear how liberal and conservative parties respond to globalization. And the real political concern that a globalization backlash may emerge as welfare programs become politically and economically constrained gets strengthened by the patterns revealed here – that calls for protectionism do indeed rise as *ex ante* welfare compensation drops and get traded-off with demands for further such compensation. If the various results of this study hold tone, thus, the stakes for the embedding of liberalism are substantial, and the political mechanisms for maintaining it are clearer.

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Party Platforms and Globalization

Table One: Partisanship, Globalization and Net Welfare Support

(Dependent Variable: % party platform supportive of welfare and education programs, minus percent negative)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Trade _{t-1}	2.117 (3.090)			0.390 (3.004)			2.317 (3.063)		
Capital flows _{t-1}		51.366*** (13.000)			21.941* (12.706)			50.618*** (14.060)	
Capital openness _{t-1}			1.120*** (0.192)			0.855*** (0.200)			1.156*** (0.213)
Left manifesto _t	0.006 (0.031)	0.052** (0.022)	-0.080 (0.050)						
Trade * Left manifesto	0.107* (0.056)								
Capital flows * Left manifesto		0.898*** (0.303)							
Capital open * Left manifesto			0.014*** (0.005)						
Left parties dummy				1.617 (1.081)	2.745*** (0.724)	-3.880* (2.011)			
Trade * Left parties				2.123† (1.804)					
Capital flows * Left parties					33.019** (14.260)				
Capital open * Left parties						0.627*** (0.182)			
Right parties dummy							0.613 (1.071)	-0.744 (0.855)	1.600 (2.217)
Trade * Right parties							-3.931** (1.641)		
Capital flows * Right parties								-32.292** (14.094)	
Capital open * Right parties									-0.276† (0.208)
Seats _t	3.932** (1.880)	5.151** (2.358)	3.804** (1.897)	2.838 (1.756)	3.939* (2.098)	2.660 (1.756)	3.941** (1.917)	5.345** (2.510)	3.545* (1.955)
Old age pop. _{t-1}	-1.440*** (0.341)	-1.526*** (0.476)	-2.474*** (0.343)	-1.287*** (0.345)	-1.370*** (0.477)	-2.295*** (0.338)	-1.337*** (0.352)	-1.458*** (0.478)	-2.356*** (0.356)
Growth _{t-1}	0.107 (0.101)	0.089 (0.157)	0.067 (0.096)	0.108 (0.102)	0.076 (0.155)	0.062 (0.096)	0.108 (0.102)	0.088 (0.156)	0.072 (0.097)
Social Transfers _{t-1}	-0.338*** (0.115)	-0.594*** (0.157)	-0.254** (0.104)	-0.362*** (0.114)	-0.650*** (0.154)	-0.271** (0.106)	-0.334*** (0.117)	-0.640*** (0.155)	-0.221** (0.108)
Union density _{t-1}	0.159*** (0.054)	0.253*** (0.091)	0.197*** (0.052)	0.158*** (0.054)	0.266*** (0.091)	0.191*** (0.052)	0.152*** (0.055)	0.273*** (0.089)	0.187*** (0.054)
Trend count	0.299*** (0.065)	0.275*** (0.084)	0.259*** (0.063)	0.269*** (0.065)	0.248*** (0.080)	0.218*** (0.060)	0.266*** (0.067)	0.249*** (0.081)	0.212*** (0.063)

Party Platforms and Globalization

Constant	-564*** (124.5)	-519*** (162.7)	-485.1*** (119.4)	-508.3*** (123.5)	-468.6*** (153.9)	-404.2*** (114.2)	-500.4*** (127.5)	-470.3*** (156.4)	-393.4*** (120.7)
Fixed effects	Countries	Countries	Countries	Countries	Countries	Countries	Countries	Countries	Countries
Observations	1212	684	1141	1212	684	1141	1212	684	1141
R-squared	0.21	0.21	0.24	0.22	0.23	0.25	0.20	0.19	0.23

OLS coefficients with robust standard errors (in parentheses), clustered over parties (country-specific). Country dummies not shown.

* significant at 10%; ** significant at 5%; *** significant at 1% or lower, † Joint significance of interaction term and components at 1% or lower

Table Two: Social Welfare Expenditures and Support for Protectionism

(Dependent Variable (1)-(4): % party platform supportive of trade protectionism)

(Dependent Variable (5)-(8): % party platform supportive of trade protectionism, minus percent supportive of free trade)

	<i>Protectionism</i>				<i>Net protectionism</i>			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Social Transfers _{t-1}	-0.039*** (0.013)	-0.043*** (0.013)			-0.034** (0.015)	-0.038*** (0.014)		
Social Expenditures _{t-1}			-0.027 (0.017)	-0.036* (0.019)			-0.037* (0.019)	-0.048** (0.021)
Trade _{t-1}	0.756*** (0.237)	0.924*** (0.281)	-0.004 (0.160)	-0.282 (0.205)	0.655*** (0.246)	0.772** (0.298)	-0.117 (0.241)	-0.483 (0.316)
Surface area (log) _t	0.241*** (0.074)	0.230*** (0.067)	0.074* (0.042)	0.042 (0.048)	0.183** (0.077)	0.169** (0.067)	-0.029 (0.070)	-0.067 (0.077)
Left manifesto _t	0.000 (0.003)	0.001 (0.003)	0.003 (0.003)	0.006* (0.003)	0.000 (0.003)	0.001 (0.003)	0.006* (0.003)	0.006* (0.004)
Growth _{t-1}	-0.002 (0.012)	0.001 (0.011)	0.005 (0.015)	-0.004 (0.016)	0.017 (0.014)	0.018 (0.014)	0.009 (0.020)	-0.004 (0.020)
Union density _{t-1}	-0.006** (0.003)	-0.006** (0.003)	-0.003 (0.004)	0.000 (0.004)	-0.004 (0.003)	-0.002 (0.003)	-0.003 (0.005)	0.004 (0.004)
Old age pop. _{t-1}	-0.007 (0.021)	-0.014 (0.023)	-0.028 (0.020)	-0.038 (0.023)	-0.024 (0.023)	-0.034 (0.025)	0.027 (0.037)	0.003 (0.039)
Seats _t	-0.551** (0.275)	-0.569 (0.398)	-0.623*** (0.237)	-0.878* (0.448)	-0.673** (0.305)	-0.746* (0.435)	-0.988*** (0.315)	-1.052** (0.518)
Trend count	0.001 (0.009)	0.003 (0.012)	0.015 (0.012)	0.022* (0.012)	0.008 (0.010)	0.007 (0.013)	0.013 (0.013)	0.019 (0.014)
Constant	-4.180 (16.584)	-8.305 (22.213)	-29.913 (23.025)	-42.015* (23.776)	-17.260 (18.297)	-15.495 (24.017)	-24.581 (26.250)	-35.838 (27.356)
Fixed effects	None	Party groups	None	Party groups	None	Party groups	None	Party groups
Observations	1212	1212	599	599	1212	1212	599	599
R-squared	0.09	0.15	0.11	0.30	0.06	0.13	0.07	0.24

OLS coefficients with robust standard errors (in parentheses), clustered over parties (country-specific). Dummies for party groups (columns 5-8) not shown.

* significant at 10%; ** significant at 5%; *** significant at 1% or lower.

Table Three: Protectionism, Globalization and Net Welfare Support

(Dependent Variable (1)-(8): % party platform supportive of welfare and education programs, minus percent negative)

(Dependent Variable (9): % party platform supportive of welfare, education *and protectionism* programs, minus percent negative)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Protectionism	-0.501*** (0.135)	-0.426** (0.175)	-0.516*** (0.166)	-0.426*** (0.137)					
Net protectionism					-0.269* (0.143)	-0.231** (0.112)	-0.373*** (0.116)	-0.171 (0.113)	
Trade _{t-1}	1.296 (1.229)	1.699 (3.056)	2.732* (1.623)		1.340 (1.228)	1.385 (3.071)	2.755* (1.627)		4.13 (3.32)
Capital openness _{t-1}									1.06*** (0.198)
Left manifesto _t	0.064*** (0.017)	0.056*** (0.016)	0.059*** (0.019)	0.069*** (0.013)	0.064*** (0.017)	0.056*** (0.016)	0.058*** (0.019)	0.068*** (0.013)	0.052*** (0.016)
Seats _t	4.146** (1.861)	3.741** (1.867)	-0.760 (2.623)	0.106 (2.381)	4.147** (1.884)	3.846** (1.868)	-0.799 (2.587)	0.107 (2.353)	3.11 (1.892)
Old age pop. _{t-1}	-0.472** (0.209)	-1.294*** (0.351)	-0.311 (0.210)		-0.458** (0.209)	-1.366*** (0.350)	-0.303 (0.209)		-1.901*** (0.406)
Growth _{t-1}	0.185* (0.101)	0.103 (0.103)	0.160 (0.099)		0.187* (0.100)	0.109 (0.102)	0.164* (0.099)		0.074 (0.101)
Social Transfers _{t-1}	-0.087 (0.076)	-0.327*** (0.116)	-0.084 (0.086)		-0.078 (0.075)	-0.323*** (0.116)	-0.077 (0.086)		-0.22* (0.115)
Union density _{t-1}	0.027 (0.023)	0.147*** (0.054)	0.030 (0.024)		0.029 (0.023)	0.151*** (0.054)	0.032 (0.024)		0.169*** (0.055)
Trend count	0.100** (0.044)	0.273*** (0.067)	0.056 (0.045)	0.050*** (0.015)	0.098** (0.043)	0.286*** (0.067)	0.054 (0.045)	0.052*** (0.015)	0.145* (0.083)
Fixed effects	None	Country	Party group	Party group	None	Country	Party group	Party group	Country
Constant	-183.540** (84.520)	-515.466*** (127.436)	-102.845 (87.532)	-93.227*** (29.743)	-181.223** (83.364)	-539.393*** (127.283)	-99.576 (86.772)	-96.814*** (29.862)	-267.13* (157.91)
Observations	1212	1212	1212	1971	1212	1212	1212	1971	1141
R-squared	0.07	0.21	0.20	0.18	0.06	0.21	0.20	0.18	0.24

OLS coefficients with robust standard errors (in parentheses), clustered over parties (country-specific). Dummies for countries (columns 2, 6, and 9) and for party groups (columns 3, 4, 7, and 8) not shown.

* significant at 10%; ** significant at 5%; *** significant at 1% or lower.

Figure One:
Net support for welfare programs and for Protectionism, country means 1960-98

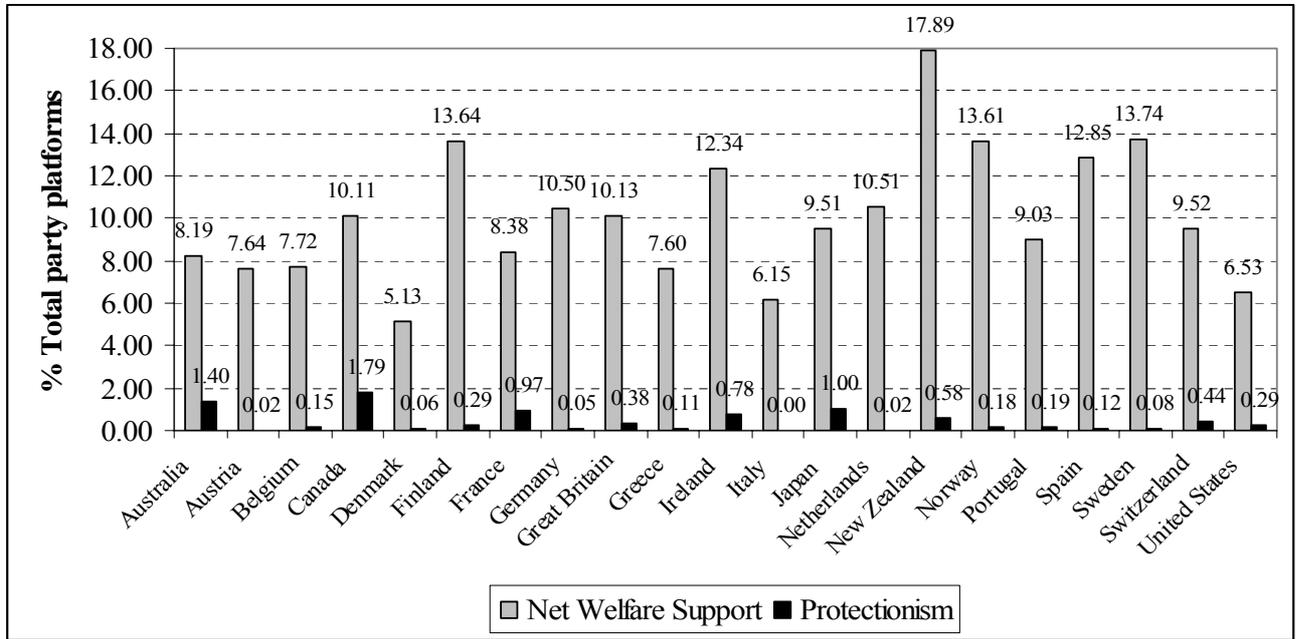


Figure Two:
Trade openness and Net welfare support among Left and Right parties, 1950-98

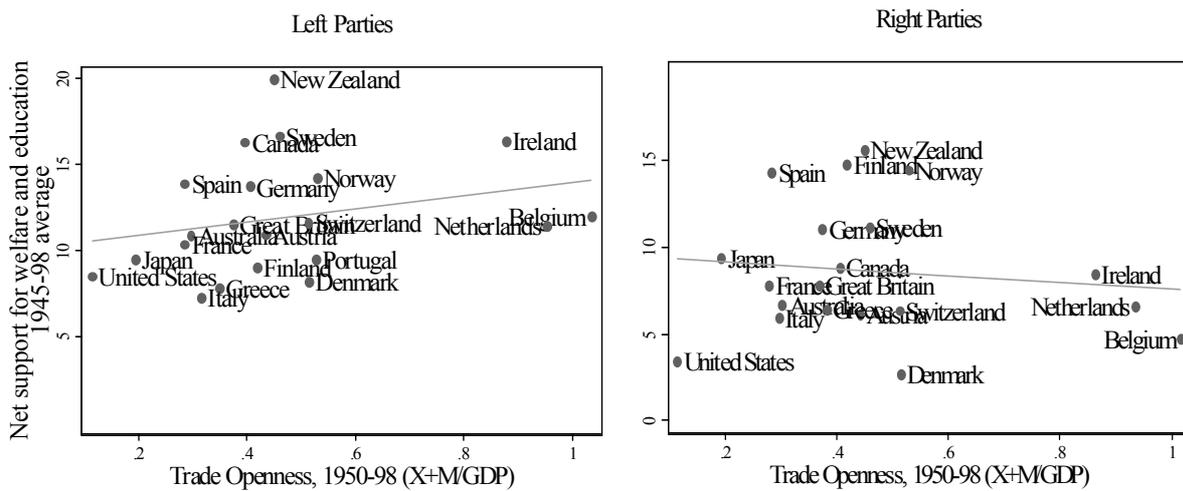


Figure Three:
Social security Transfers (% GDP) and Protectionism among Parties (country means), 1960-98

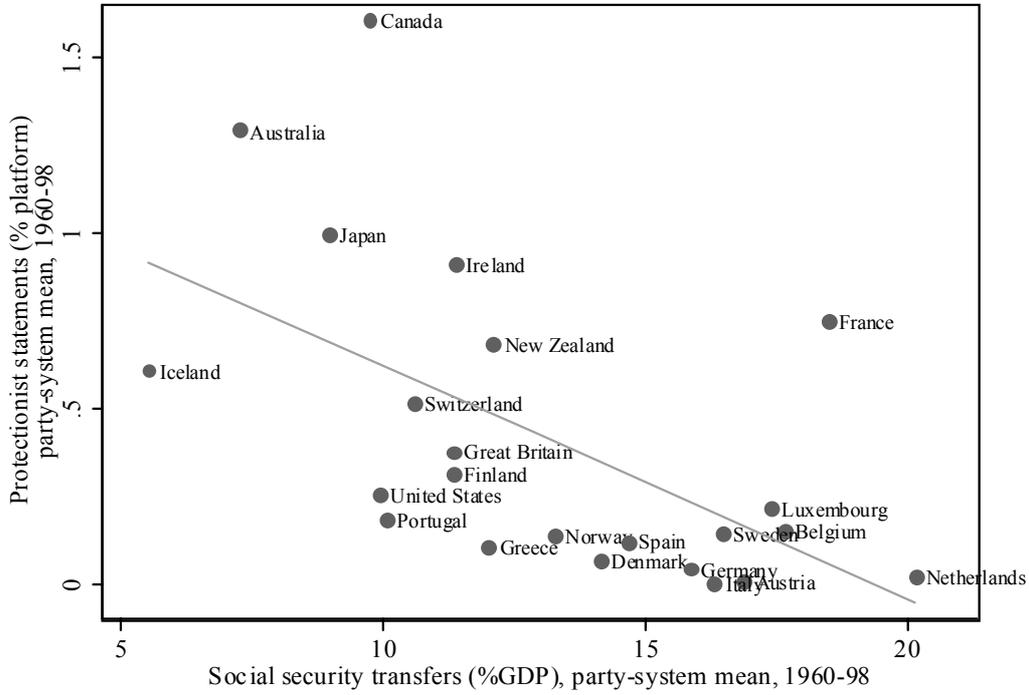


Figure Four:
Net welfare support and Protectionism in party manifestos of US, UK, Germany and Japan, 1945-98

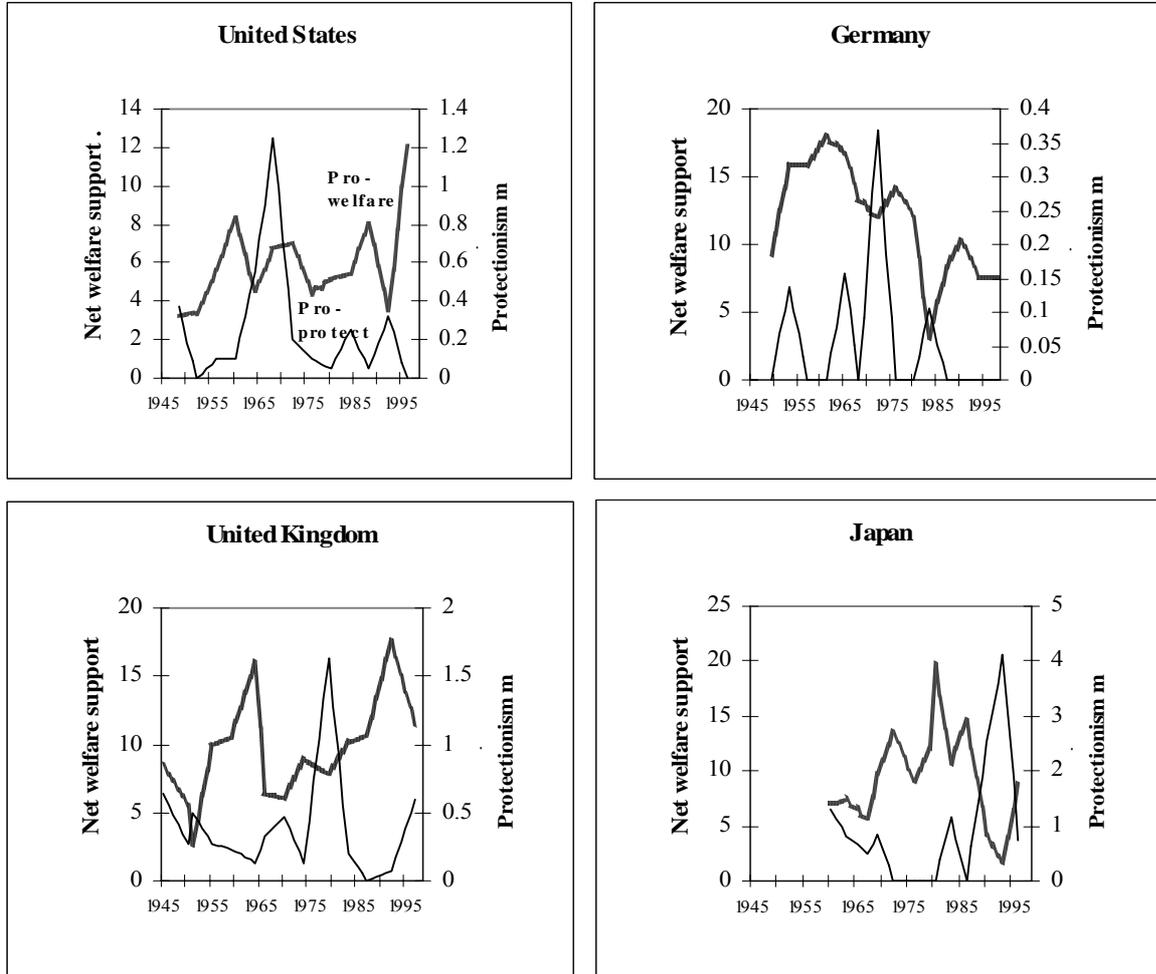


Figure Five:
Marginal Effect of Globalization on Net Welfare Support as Left Partisanship Rises

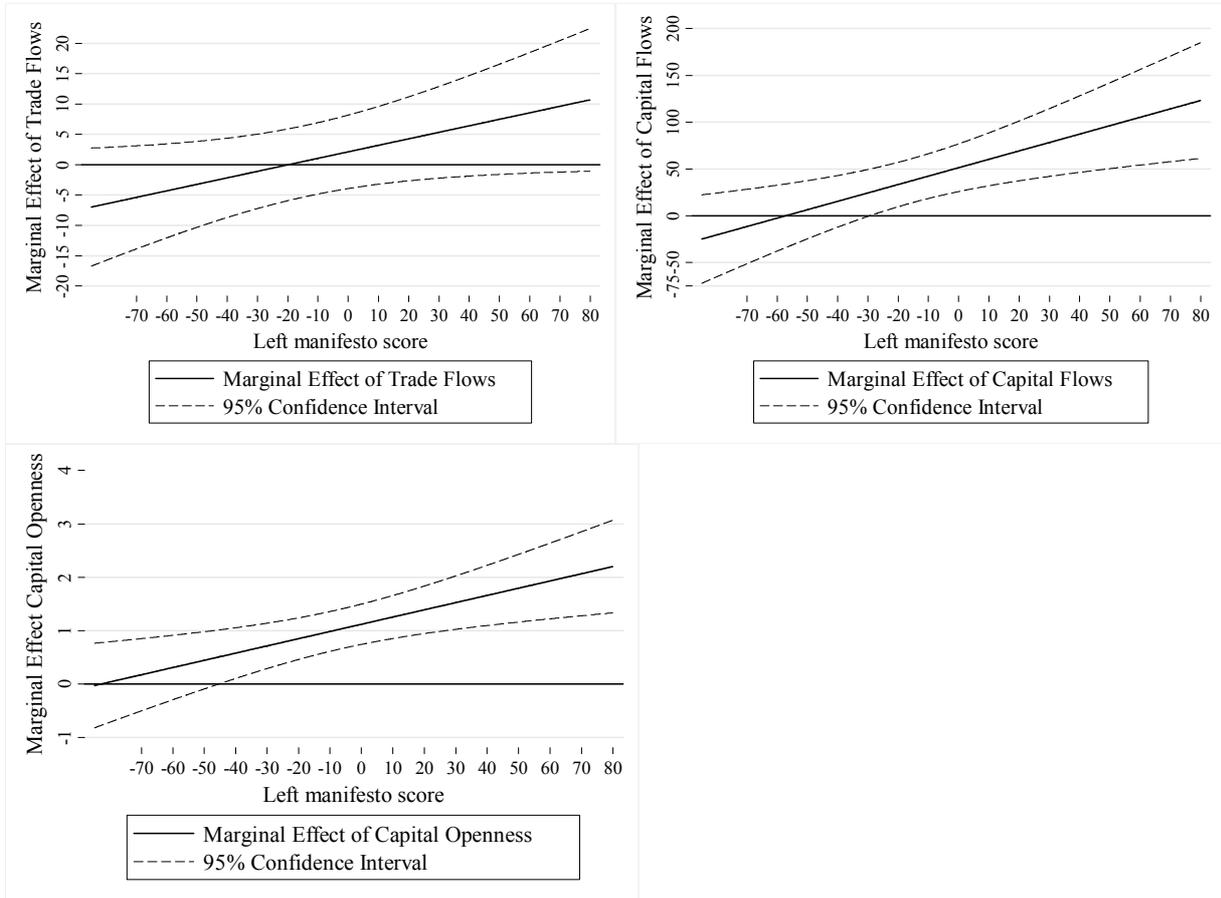


Figure Six:
Capital Flows and Openness and Predicted Net Welfare Support Under Varying Left Partisanship

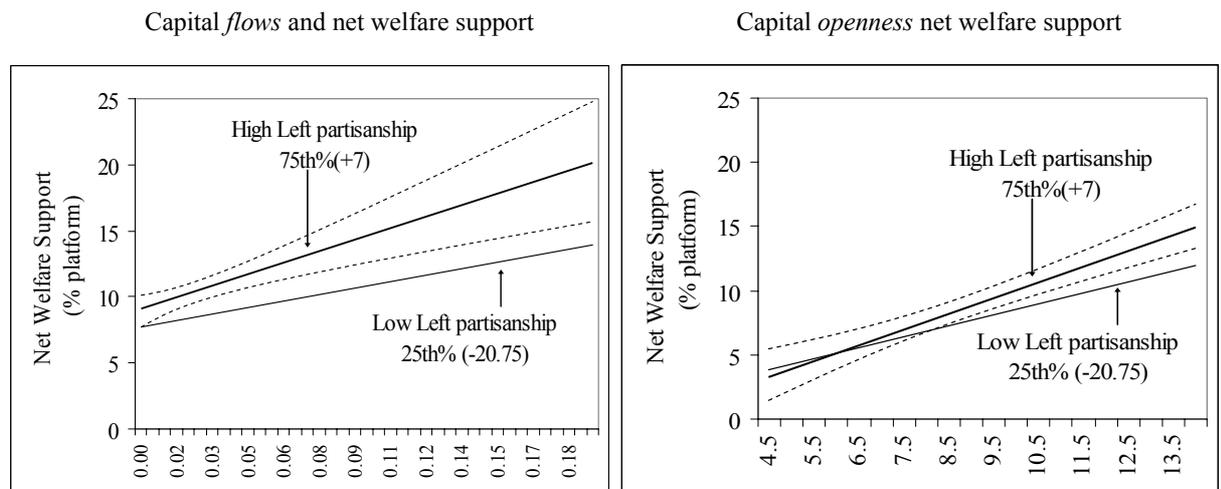


Figure Seven:

Capital Flows and Openness, and Predicted Net Welfare Support Under Left vs. Non-left Parties

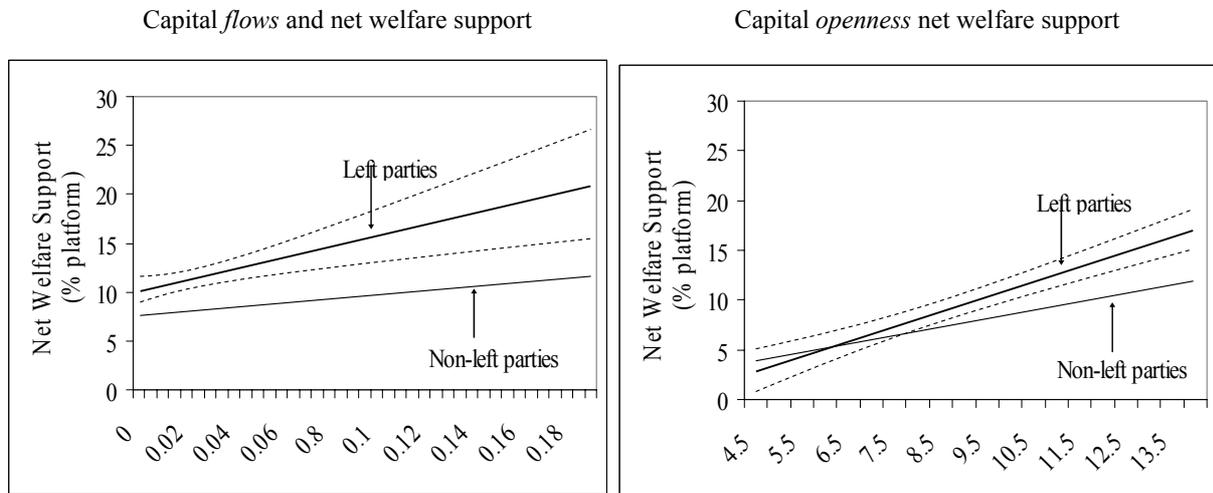


Figure Eight:
Trade and Capital Flows and Predicted Net Welfare Support Under Right vs. Non-right Parties

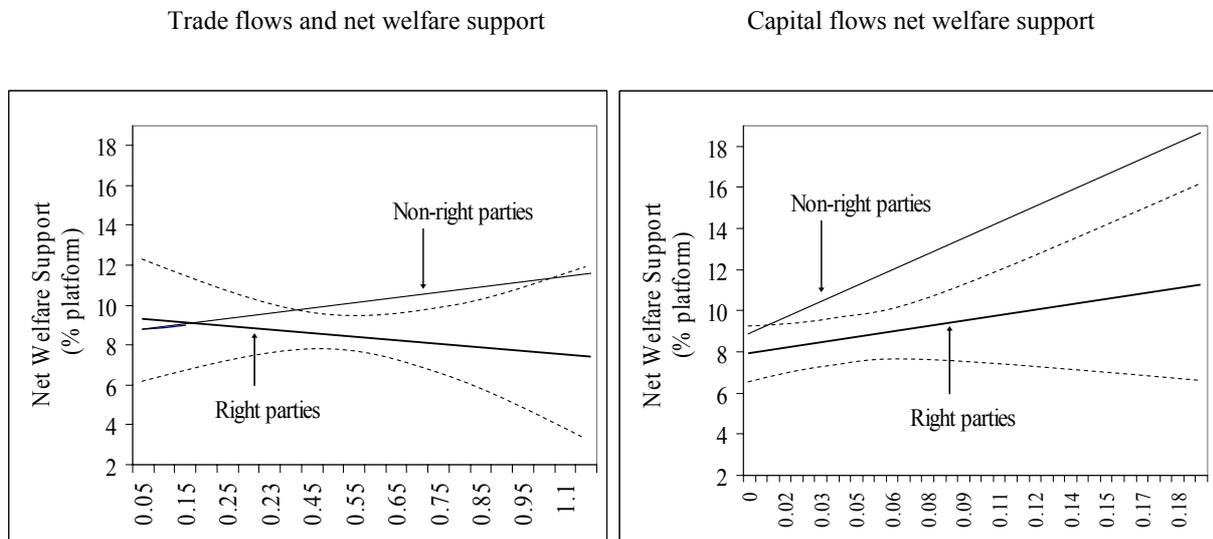


Figure Nine:
Social Expenditures and Predicted Net Protectionism

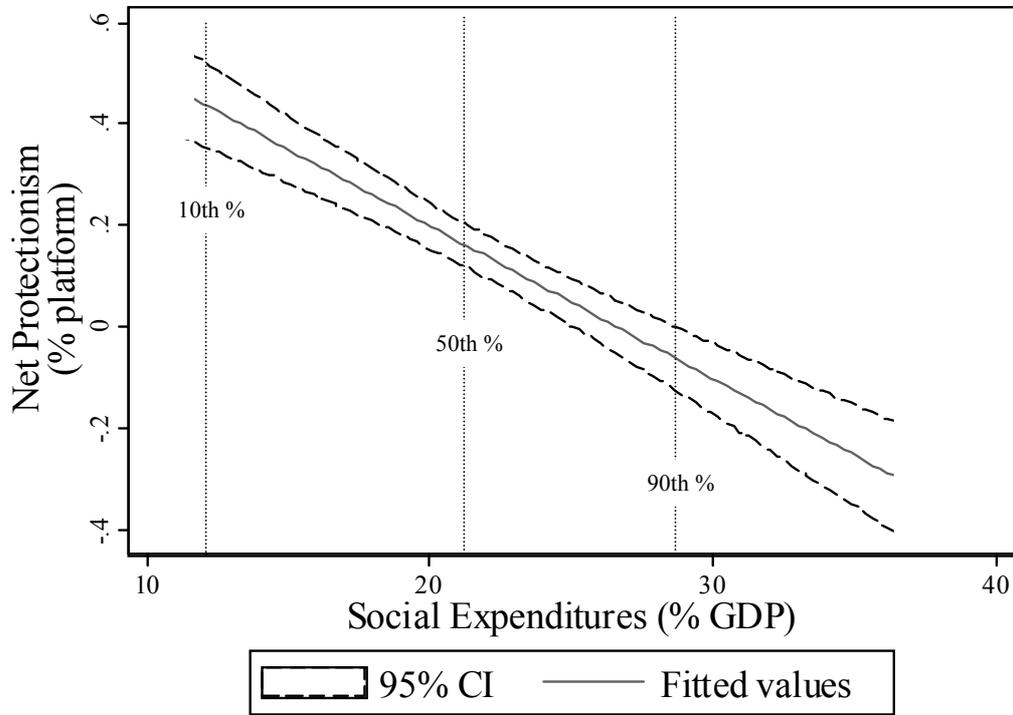
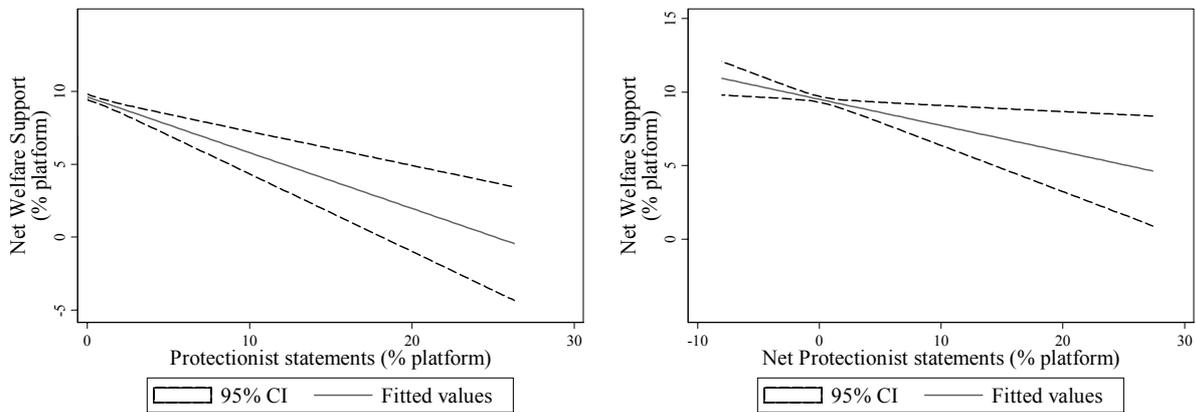


Figure Ten:
Protectionist platforms and Predicted Net Welfare Support



Party Platforms and Globalization

Appendix:

Summary Statistics, 21 countries, 1960-98

Variable	Obs	Mean	Std. Dev.	Min	Max
<i>Net welfare support</i>	1325	9.69	7.68	-16.67	63.41
<i>Protectionism</i>	1325	0.38	1.26	0.00	27.90
<i>Net protectionism</i>	1325	0.16	1.42	-9.63	27.90
<i>Trade flows</i>	1325	0.51	0.26	0.07	1.40
<i>Capital flows</i>	753	0.02	0.04	-0.02	0.29
<i>Capital openness</i>	1170	10.09	2.51	4.50	14.00
<i>Left partisanship</i>	1325	-5.73	20.31	-80.77	59.99
<i>Left party</i>	1325	0.38	0.49	0.00	1.00
<i>Right party</i>	1325	0.28	0.45	0.00	1.00
<i>Social security transfers</i>	1270	13.75	4.86	3.70	26.90
<i>Social expenditures</i>	657	22.53	5.99	10.96	36.66
<i>Old-age pop.</i>	1267	12.38	2.46	5.81	18.28
<i>Union density</i>	1296	45.80	17.97	10.43	84.61
<i>Growth</i>	1303	3.09	2.51	-4.30	12.80
<i>Seats</i>	1325	0.17	0.17	0.00	0.75