

CHAPTER 15

POLITICAL INSTITUTIONS

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INTRODUCTION

As all of the entries in this Handbook testify, welfare state comparisons aim to answer particular puzzles. Thus, a specific question determines the range of cases chosen, the time-frame of the study, and the welfare state outcomes that will serve as the dependent variable. So, too, is it the case with states and political institutions. How they are defined and measured, what one chooses as the independent and dependent variables of a study, and the methodologies that one wishes to use, all stem from the particular questions about the welfare state that are being posed. This entry sketches the changing research questions that have motivated research on the impact of state structures and political institutions on welfare states over the last decades. It will pay particular attention to how researchers operationalize political institutions and state structures in both quantitative and qualitative analyses. It begins with the state-centred approach, moves on to the new institutionalism, and ends with new directions in institutionalist research. Indeed, as we will see, there has been a movement from broad, comparative-historical studies of state structures to a more narrow focus on the impact of particular political institutions. The future potential of this line of research, however, may well depend upon a reopening and broadening of research on states and political institutions to consider the transnational, comparative-historical questions with which this strand of research on the welfare state began.

THE STATE-CENTRED APPROACH

Contemporary theories about the role played by state structures and political institutions in the emergence, growth and (possible) decline of welfare states cannot be understood without reference to the larger debates that prompted interest in the study of the welfare state in the post-war period. Starting in the late 1970s, interest in the role of the *state* in the development of welfare states was connected to a general resurgence of interest in the state, which was a response both to pluralist theories of politics and political development, and to Marxist theories of the state. The pluralist view of politics assumed that (in an open political system), interest groups would form spontaneously as citizens felt disturbed by recurring problems, and that these groups would pressure government to enact policies to solve these problems. Responding to continued interest group struggle, governments would gradually improve these policies, such that all of the activities of government could be explained in terms of a balance of interest group pressures—including pressures from unorganized or ‘potential’ interests. For the welfare state, the implication was that social policies were simply a response to social need, as political rights could be used to pressure governments to respond to social imperatives. In a surprising twist on this argument, however, convergence theory argued that all governments—whether democratic or authoritarian—would need to address these functionalist needs, and that, therefore, welfare state spending could be predicted from the resources available for social spending (size of Gross National Product) and social need (per cent of the population over 65 years of age), as well as the age of the social security system (Wilensky 1975). Thus, the pluralist view, in both its interest group and functionalist variants, saw social need and economic development as the determinant of welfare state generosity.

With the resurgence of interest in Marxist theory at the end of the 1960s and early 1970s, a second type of functionalism emerged. Marxist functionalism posited that the capitalist state served the function of supporting the capitalist system. However, exactly how actors within the state were to be regarded—as representatives of the capitalists or as neutral managers—was the subject of heated debate, as well as the process by which civil servants and politicians would know which policies to introduce to serve the aims of capital. The welfare state was an important part of this debate, as welfare state policies could be interpreted either as proof that democratic politics could remedy the inequalities of capitalism or as a sign that capitalism was capable of surface reforms that nevertheless did not threaten the basis of the capitalist system itself. Indeed, some authors viewed the welfare state as a product of cross-class coalitions that rationalized capitalism in the short term, but would eventually undermine both the conditions for capitalist accumulation and legitimation (Block 1984; Gough 1979; Offe 1984).

One response to these bold declarations of both pluralist and Marxist functionalism was a debate on ‘Do politics matter?’, which focused on the role of left parties and partisan politics, as well as corporatist patterns of interest-group intermediation (Castles 1982a; Schmidt 1996; Wilensky 1981; see also Chapter 14 above), factors

whose impact is more apparent if the range of comparison is reduced to the ‘rich democracies’ (Wilensky 2002). A second response was the development of ‘conflict theory’, a Weberian alternative to both Marxist and pluralist views of politics, which saw the development of states and social policies as the product of political contestation, including contestation by social classes. In contrast to the debate with convergence theory, which took the form of quantitative, large-N tests and assumed continuous relationships between causal variables, conflict theory focused on the importance of specific national or regional trajectories, and on the role of historically particular configurations of states and social structures in explaining both political development and the emergence of the welfare state. Comparative case studies were critical to refuting the view of welfare states as a response to democracy and/or social need, as in authoritarian nations social rights were introduced as an *alternative* to political rights (Flora and Alber 1981).

Conflict theory challenged pluralism by pointing out that pluralist politics played out on an uneven playing field, one structured in particular by the independent and powerful role played by states. From their engagement with Marxism, conflict theorists developed a series of class-centred views on the politics of the welfare state, but, at the same time, also an appreciation of the relative autonomy of the state. Coalitions between classes and political parties or between workers and employers in different economic sectors—i.e. class-based interests and class-based politics, also called the ‘democratic class struggle’—were important for explaining differences in the development of the welfare states (Esping-Andersen 1990; Korpi 1983; Stephens 1979). Once in place, however, these policies affected the mobilization of class-based interests by providing class actors with political and ideational resources, such as a belief in entitlement to social rights (Esping-Andersen and Korpi 1984). At the same time, however, studies of capitalist states rediscovered the ‘fiscal interests’ of the state so stressed by Schumpeter (Myles 1984) and the role of a relatively autonomous state in stabilizing market conditions for open economies (Cameron 1978; Stephens 1979). Thus, this engagement with class theory also produced an interest in state structures and actors, in sequences of political development, as well as in the feedback effects of public policies.

Perhaps nowhere was this view more directly and clearly stated than in Skocpol’s introduction to the book, *Bringing the State Back In* (1985). Here, Skocpol pointed to a range of work in political science and sociology that was influenced by Max Weber and Otto Hintze’s view of states as organizations controlling territory and engaged in transnational conflicts and relationships:

[T]hinking of states as organizations controlling territories leads us away from basic features common to all polities and toward consideration of the various ways in which state structures and actions are conditioned by historically changing transnational contexts. These contexts impinge on individual states through geopolitical relations of interstate domination and competition, through the international communication of ideals and models of public policy, and through world economic patterns of trade, division of productive activities, investment flows, and international finance. States necessarily stand at the intersections between domestic

socio-political orders and the transnational relations within which they must maneuver for survival and advantage in relation to other states. (1985: 8)

Thus, one could view states as actors and as structures peopled with officials whose interests, ideas, and capacities were dependent upon the organization and international position of the state. Moreover, states did not just assert 'relative' autonomy, but (as in the Tocquevillian view) influenced the organization, goals, and resources of social actors, whether these be viewed as classes, groups, or strata. As an example of the more concrete implications of this perspective, Skocpol turned to the work of Hecló (1974), which claimed that pension policy in Britain and Sweden had been shaped by civil servants 'puzzling' over problems of income security in old age, and as such by 'autonomous' state actors, rather than as a result of interest-group bargaining or class conflict more broadly understood.

On a more structural level, Huntington's (1971) analysis of how the particular pattern of political development in the United States had left in place a 'Tudor' state of courts and parties rather than a centralized, bureaucratic state along Weberian lines provides a good example of how state structure can influence policy development. As a consequence of this earlier phase in political development, Roosevelt could only count on sufficient state capacities for massive government intervention in the agricultural area, and this is where his 'New Deal' of the 1930s began. The particular pattern for political development had repercussions as well for the development of political parties, which jumped into the breach of weak bureaucracy to create a spoils system, bending American social policy in the late nineteenth century to the will of electoral machines in the area of civil war pensions (Skocpol 1992). Consequently, this policy legacy worked as a brake on further development of the United States welfare state during the interwar period, a time when many European states introduced social insurance on a widespread basis (Orloff and Skocpol 1984). State structures and policy legacies also affected the development of intellectual ideas about policy, the formation of interest group demands, and the development of policy coalitions, for example, in the spread of Keynesian ideas and policies during the Great Depression (Weir and Skocpol 1985).

THE NEW INSTITUTIONALISM AND THE WELFARE STATE

March and Olsen (1984) incorporated the 'state-centred' approach into their watershed article pointing to the development of a 'new institutionalism' in political science. This was the beginning of a shift in emphasis away from the state to one focusing more on political institutions, and as such, a shift away from a broader sociological analysis of the state to a narrower concern with the impact of democratic

political institutions on public policies. At the same time, in moving away from the state *qua* state, institutionalist perspectives on politics focused more strongly on questions of agency, identities, and interpretation than had the previous 'state-centred' approach (Immergut 2005).

Institutions as Ideal Types

One approach to considering the impact of political institutions on public policies and government expenditures is based on grouping political systems into basic types. The most influential of these typologies is Lijphart's distinction between majoritarian versus consensus democracies (Lijphart 1999). Majoritarian democracies are characterized by institutions that allow a single party to obtain majority political representation and to use this majority power to enact policies; consensus democracies, by contrast, are characterized by sets of institutions that allow minorities to obtain political representation and wield political power, and thus impede majorities from neglecting their preferences and interests. Consequently, in consensus democracies, governments must take broad sets of preferences and interests into account, which, according to Lijphart, has resulted in more encompassing welfare states in these democracies (1999: 294). The specific institutions that define consensus democracy can be divided into those that fragment executive power (which Lijphart calls the 'executive-parties' dimension), and those that provide decision-making rights to centres of power alternative to the national-level government ('federalism-unitarism' dimension).

A competing typology for understanding the impact of institutions on policy outcomes has been developed by Persson and Tabellini (1999). They base their typology on two independent variables: the type of electoral system (proportional or majoritarian) and the type of regime (presidential or parliamentary). Persson and Tabellini go further than Lijphart in explaining just exactly how the political system favours particular policy outcomes, because they focus on the micro-incentives of the political system. They argue that the key to winning elections in proportional representation systems is winning greater proportions of votes. But in single-member electoral systems, the key is to maximize the number of districts. Consequently, politicians in single-member district (SMD) systems should favour distributive policies—that is policies in which voters receive more than they have contributed in taxes, and that are concentrated in one district. Entitlement programmes on the other hand, cannot be focused on particular electoral districts, and are hence more attractive to politicians running for office in proportional representation systems. In addition, Persson and Tabellini argue that as presidential systems provide voters with a clear person to blame for tax increases, presidents will tend to veto tax increases, whereas the diffuse responsibility of a parliamentary system will tend to allow more tax increases. Putting the two factors together, they argue that the size of government should be largest when the two factors come together; in other words in a parliamentary system based on proportional representation.

Political Configurations

Typologies provide us with a useful heuristic for identifying the key features of a political system, and to connect these to particular political patterns. However, they are highly vulnerable to the misspecification of cases, and are inherently static, as full-scale constitutional change occurs only rarely. Consequently, some scholars have argued that one should view political institutions as dynamic 'political configurations', which change with political majorities and political preferences. Tsebelis (1995) understands political configurations in terms of 'veto-players'. For Tsebelis, a veto player is any political actor that must agree for legislation to be passed. Veto players may be partisan or institutional. Partisan veto players are the parties in government. Institutional veto players are any institutions, such as second chambers, that must agree to legislation. However, not all veto players are equal. Amongst the partisan veto players, only the two with most diverging—i.e. most distant—positions on an issue are relevant. The reason is that if the two most distant political parties can come to agreement on a piece of legislation, all 'intermediate' parties should also agree to a given proposal. Similarly, an institutional veto player is only relevant to the extent that it has a different position from the government, otherwise, it is considered to be 'absorbed'. For example, if the United States Presidency, House, and Senate are all controlled by one party, we do not expect these three 'potential' institutional veto players to block one another's decisions, and hence, in this configuration there are no relevant institutional veto players. Veto players analysis aims to explain differences in the abilities of governments to pass specific laws, and thus to predict the likelihood of policy change.

Similarly, Immergut (1992*b*) focuses on institutional veto points created from the interaction of constitutional rules and political results. Veto points are essentially the institutional veto players seen from a different angle. As in the case of institutional veto players, what counts is whether a political arena is constitutionally qualified to veto a proposal, and whether the majority in this area differs from that of the government. Thus, veto points analysis also makes a distinction between 'potential' and relevant veto points. Potential veto points are second chambers, constitutional courts, and referenda. In addition, when governments lack a parliamentary majority, the first chamber of the parliament is a veto point. (For an overview of veto points and veto players in selected OECD countries, see Table 15.1.) As the table makes clear, the combination of electoral results and constitutional rules in creating veto points means that the number and locations of veto points in a particular political system change as the political configuration changes. Moreover, veto points by themselves do not veto anything; instead, they are used by opponents of legislation to block the legislation. Thus, veto points analysis is dynamic and depends upon political majorities and political preferences, including those of interest groups.

Several studies of the development of the welfare state have shown that constitutional veto points matter for interests that wish to block greater governmental intervention in health and other social policy areas. At the same time, however, these authors point to other variables that must be considered as well, such as the

Table 15.1 Veto points and Veto players in selected OECD countries (1980–2005)

Country	Potential Institutional Veto Points ^a	Institutional Veto Points After Absorption ^b	Typical Governments	Institutional Veto Points		Partisan Veto Players		Max. Policy Distance between Governmental Parties ^c	
				Range	Average	Range	Average	Range	Average
Australia	Bicameralism High Court Referendum	Senate, High Court	Single or Two-Party Majority	1–2	1.92	1–2	1.5	0–14.5	3.5
Austria	Constitutional Court Federalism	Constitutional Court	Single or Multi-Party Majority	0–1	0.56	1–2	1.85	0–36.3	21.4
Belgium	Bicameralism Federalism	None	Multi-Party Surplus Majority	0	0	4–6	4.58	11.5–55.6	26.3
Canada	Supreme Court Federalism SMDs	Joint Decision Making ^d	mainly Single-Party Majority	0–2	1.6	1	1	0	0
Denmark	Referendum	Parliament	Multi-Party Minority	0–1	0.94	1–4	2.64	0–50.5	17.4
Finland	President (pre-1999)	President (pre-1999), Parliament	Multi-Party Surplus Majority	0–2	1.29	3–5	4.12	8.9–79.0	39.5
France	President Bicameralism Constitutional Court Referendum SMD's	President, Constitutional Court	Single and Multi-Party Majority	1–2	1.34	1–3	2.07	0–32.9	14.1
Germany	Bicameralism Constitutional Court Federalism	Second Chamber Constitutional Court	Multi-Party Majority	0–2	1.70	2–3	2.56	1.3–28.3	17.3
Greece	None	None	Mainly Single-Party Majority	0	0	1–3	1.04	0–58.7	1.4
Ireland	Supreme Court Referendum	Parliament, Referendum	Single or Multi-Party Majority (Minority)	0–2	0.95	1–3	1.78	0–54.1	15.9

(continued)

Table 15.1 Continued

Country	Potential Institutional Veto Points ^a	Institutional Veto Points After Absorption ^b	Typical Governments	Institutional Veto Points		Partisan Veto Players		Max. Policy Distance between Governmental Parties ^c	
				Range	Average	Range	Average	Range	Average
Italy	Bicameralism	Chamber of Deputies, Senate	Multi-Party Minority/Majority	0-2	0.24	1-8	5.12	0-41.5	20.7
Japan	Bicameralism	House of Representatives	Until 1993 Single-Party Majority, then mainly Multi-Party Majority	0-1	0.14	1-7	1.95	0-29.3	5.32
Luxembourg	Council of State Constitutional Court	None	Multi-Party Majority	0	0	2	2	2.7-21.6	11.6
Netherlands	Bicameralism	First Chamber, Second Chamber	Multi-Party Majority (Minority)	0-2	0.03	2-3	2.43	2.8-32.7	18.7
New Zealand	Pre-1993 SMDs	House of Representatives	Pre-1993 Single-Party Majority, then Single- or Multi-Party Minority	0-1	0.38	1-2	1.30	0-29.63	4.79
Portugal	President Constitutional Court Referendum	President, Parliament, Constitutional Court	Single or Multi-Party Majority (Minority)	1-3	1.86	0-3	1.44	0-15.0	2.3
Spain	Constitutional Court	Lower House of Parliament	Single-Party Majority/Minority	0-1	0.45	1	1	0	0
Sweden	None except Parliament	Parliament	Single-Party Minority or Multi-Party Minority/Majority	0-1	0.94	1-4	1.52	0-44.4	7.8

Country	Potential Institutional Veto Points ^a	Institutional Veto Points After Absorption ^b	Typical Governments	Institutional Veto Points		Partisan Veto Players		Max. Policy Distance between Governmental Parties ^c	
				Range	Average	Range	Average	Range	Average
Switzerland	Collegial Executive Bicameralism Federal Court Federalism Referendum	Referendum	4-Party Surplus Majority	1	1	4	4	20.5-80.1	51.7
UK	SMDs	None	Single Party	0	0	1	1	0	0
USA	President Bicameralism Supreme Court Federalism SMDs	President, House of Representatives, Senate	Single Party	1-4	3.69	1	1	0	0

Sources: Country chapters and country data found in: Immergut et al. 2007; Klingemann et al. 2006; Obinger et al. 2005.

Notes: ^a This column lists only the institutions mentioned by Huber, Ragin, and Stephens 1993, and does not include the first chamber of parliaments, as they are only a veto point when governments lack a majority in this chamber. As Huber, Ragin, and Stephens's coding of the veto points includes single member districts, this institutional feature is included here as well, although perhaps the electoral system should be considered as part of the system of political competition rather than as a veto point. Largely following Huber, Ragin & Stephens's coding decisions, referenda are listed only when regularly used to veto laws, which is also in line with the discussion in Tsebelis 1995. When governments can control the calling of referenda, however, they are absorbed, thus leaving Switzerland as the only country with the referendum as an active veto point, in line with Huber, Ragin and Stephens's coding as well. In place of Huber, Ragin, and Stephens's later work including judicial review, we mention only courts that actually regularly veto laws, and thus focus more directly on constitutional courts than judicial review in general.

^b This column is based on Immergut et al. 2007, which considers the majorities for each political configuration in order to determine whether a veto point is open or closed at a particular point in time. The procedures here are the same as used by Tsebelis 1995, except for the consideration of first chambers of parliament as veto points under minority governments. The partisan veto players are coded following Tsebelis 1995.

^c Difference between the two most distant parties in government; based on the Manifesto Research Group's coding of the left-right positions of parties (Klingemann et al. 2006).

^d See Canada chapter in Obinger et al. 2005.

type of political parties (Maioni 1998; Obinger 1998), feedback effects over time (Hacker 1998), and to diffusion effects (Brooks 2009), all of which will be discussed in more depth below. Moreover, the impact of veto points has varied over time and across policy areas, indicating the importance of historical contingency and other more complex patterns of contextual causality (Tuohy 1999). Geographic context may also be important. Studies of Latin American pension politics show support for the veto points approach: pension privatization has been more difficult where veto points facilitate interest group or partisan opposition to privatization (Brooks 2002; Kay 1999). However, in Western Europe, politicians have actually been successful in introducing pension reforms in systems with strong veto points and many veto players (Bonoli 2000a; Immergut et al. 2007). One reason for this may be that when governments cannot force change through the political decision-making process, they must generate societal consensus for reforms, which may be more effective than a pattern of top-down decision making followed by public protests (Baccaro 2002; Natali and Rhodes 2004; Schludi 2005). Consensus generation may be more important in mature democracies, however; hence the greater applicability of veto points theory to Western Europe in the interwar and immediate post-war periods, and to Latin America today.

Multivariate Analysis

Quantitative efforts to test the impact of state structures and political institutions on welfare state outcomes have been highly influenced by the work of Huber, Ragin, and Stephens (Huber et al. 1993). Previous efforts to operationalize state structure had been limited to state administrative capacities, defined as state centralization, the age of social security programmes, the budgetary weight of government personnel, and traditions of bureaucratic patrimonialism (Hicks and Swank 1992; Pempel and Williamson 1989; Wilensky 1981, 1975). Instead, Huber et al. focus on the impact of institutions on political decision making, and therefore on the ability of societal actors to press their claims upon the state. Drawing both on the distinction between majoritarian and consensus democracy, as well as veto points analysis, they combine institutional rigidities providing barriers to government action (federalism, presidentialism, bicameralism, referenda) or parliamentary representation (single-member districts) into an index of constitutional structure. Controlling for partisanship, they find that these institutional impediments do indeed slow the growth of social expenditures in the expansion phase of the welfare state, but exert only a moderate impact on retrenchment efforts (Huber and Stephens 2001a). Schmidt, too, has investigated the impact of institutional veto points and partisanship on social expenditures (even expanding the list of institutional veto players to include central banks and membership in the EU) and finds them to be significant as brakes to both welfare state expansion and retrenchment (2002a). Some scholars include unions and employers' associations as a 'veto point,' as their role in social insurance administration may place them in a position to veto policies (Ebbinghaus

and Hassel 2000). In my view, however, it is preferable to consider only political institutions as veto points, and to analyse the extremely important role of social interests and economic processes (e.g. economic integration) as separate variables. Armingeon (2002) separates sources of policy blockage into several dimensions, arguing that one must consider the effects of counter-majoritarian institutions (veto points or institutional veto players) separately from those of consociationalism (coalition government or partisan veto players), as veto points prevent the growth of social expenditures in the first place, whereas consociational institutions are helpful for negotiating welfare state cutbacks. (See also the discussion of competitive versus consensual veto points in Birchfield and Crepaz 1998).

The impact of institutions may have cumulative effects over time, which Swank terms 'second-order' effects (2002). 'Inclusive' electoral institutions such as proportional representation (and the associated higher effective number of political parties) were important for the original expansion of the welfare state, and are thus associated with welfare states that enjoy high levels of popular support. At the same time, proportional representation allows contemporary defenders of the welfare state more opportunities for political impact. Similarly, institutional veto points affect current retrenchment politics both directly and indirectly. Their direct effect is to allow opponents of programme cuts to block retrenchment; but as their past impact has been to block the development of an expansive welfare state in the first place, they are also associated with more 'liberal' welfare states that enjoy less favourable public support and are hence easier to cut back (2002: 56-8). Thus, institutions have a long-term impact on political coalitions, and even on norms and values favouring public commitment to the welfare state.

Single Institutions and Institutional Origins

After a period of focus on the politics of retrenchment and the new politics of the welfare state, one can now observe a movement back to a focus on the origins and development of the welfare state, as well as on the origins of individual political institutions themselves (cf. the discussion in Chapter 12 above). One current focus is on federalism. As any study of federalism shows, the label of federalism must be further clarified to set out exactly the impact of federal institutions on political and administrative decision making. One important feature of federalist polities is the widespread use of powerful second chambers (strong bicameralism), as well as constitutional courts and (less commonly) referenda, which is where the blocking effect on political decision making arises (Obinger et al. 2005a). A second critical aspect is 'fiscal federalism,' the extent to which jurisdictions enjoy fiscal independence and are subject to fiscal competition, and indeed the exact nature of revenue raising and revenue sharing arrangements (Rodden 2006). It is only where fiscal federalism results in direct tax responsibility in a system of tax competition and/or political blockages are active that federalism exerts a negative influence on welfare states. Moreover, the effects of fiscal arrangements and institutional veto points depend, as previously discussed, on

party politics, coalitions, and feedbacks between previous policies and current political interests—in short, on political context. In addition, political and interest-group strategies can be found that bypass federal constraints on welfare state expansion or blockages to welfare state reform (Hacker 2002; Maioni 1998; Obinger et al. 2005a). Finally, federalism (again in conjunction with specific party systems) may not only have an impact on the welfare state, but on the constellations of interests and their organization, thus affecting the politics of the welfare state by changing the constellation of political actors (Martin and Swank 2008).

Electoral Systems

Although included in earlier quantitative studies of the emergence and generosity of welfare states (Huber et al. 1993), electoral systems are re-emerging as a focus of analysis. Cusack, Estévez-Abe, Iversen, and Soskice have all pointed to the link between proportional representation, coordinated market economies and social policies (Cusack et al. 2007; Estévez-Abe et al. 2001). They argue that proportional representation allows interests favouring a generous social wage, incentives for human capital formation, and substantial employment protection to achieve better political representation. Critical to their argument is that proportional electoral systems allow the representation of more interests, and that therefore alliances between middle class and working class voters favouring redistribution on terms favourable to the middle class emerge more readily than in majoritarian systems. Similarly, Lynch (2006) argues that the ability of policymakers to modernize systems of occupational welfare to include all citizens, and to cover risks of the entire life-cycle more equally, depends upon the rules of the electoral game—whether politicians make programmatic or clientelistic appeals to voters—and on programme structures (fragmented or consolidated). Kersbergen and Manow combine the analysis of electoral systems with social cleavages to explain the development of different types of welfare states (van Kersbergen and Manow 2009). Proportional representation combined with the rural–urban cleavage in the Scandinavian countries made agricultural interests central as a coalition partner, and, hence, were responsible for the universal welfare states of the so-called ‘social democratic’ world of welfare. Proportional representation combined with the state–church cleavage in continental Europe produced the Christian democratic or ‘conservative’ welfare state, with its emphasis on subsidiarity and status-conserving benefits. Majoritarian electoral systems, by contrast, resulted in less redistribution, and hence, ‘liberal’ welfare states.

Presidentialism and Regimes

Empirical work is just taking off on other institutions that may be important for broadening the perspective of welfare state research to the supra-national politics of the EU and to include newer democracies, such as those in Latin America and

Eastern Europe. Given the literature on presidential versus parliamentary political systems, the treatment of the presidency is an important issue for understanding the impact of institutions on social policies (Huber et al. 1993; Huber and Stephens 2001a). Further, Huber et al.’s recent work on social spending in Latin America (2008) demonstrates that for this region, regime—whether democratic or authoritarian—is critical for welfare state spending. Given increasing evidence of the persistence of autocratic regimes, more attention to political regime would be important for moving the agenda of welfare state research beyond its initial geographic focus on Western Europe and the OECD nations. Similarly, in light of the prominent role of judicial politics in the European Union and the increasing interest in cosmopolitan rights of citizenship as a solution to problems of migration and inclusion, the impact of courts on social policies would appear to be a promising research frontier.

Broader Views of Institutional Effects

Recent work on institutional effects on the welfare state has broadened the view of institutions from formal political institutions to the more encompassing state capacities, policy legacies, and societal mobilization previously emphasized by the state-centred approach—in short, to the welfare state as an institution in its own right. One important line of research looks at the feedback effects of institutions over time. Not only do welfare state institutions create their own supporters, as suggested by the ‘new politics’ approach, attention to the time dimension can demonstrate the impact of sequences of events on welfare state politics, which may be very difficult to capture in variable approaches (P. Pierson 2004). Previous political decisions may create watersheds in welfare state development—such as the focus on occupational welfare in the United States after the failure to expand the universal welfare state after World War II—which then generate new sets of actors and interests as private insurers, unions, and employers adjust to the new institutional realities (Hacker 1998). Moreover, institutional change may occur through ‘non-legislative’ means—an awkward term meant to suggest that non-political means of changing policies may be highly political even though not presented as political decisions. These ‘means’ include increasing government deficits to the point that future welfare state expansion is precluded (Paul Pierson’s ‘systematic retrenchment’ 1994) or privatizing risk and allowing policy ‘drift’ (Hacker 2004a).

Previous policies affect state administrative capacities, and thus the basis for both welfare state expansion and recalibration, including policies that depend not just on government but on support from societal actors, such as in the case of activation and training policies (Martin and Thelen 2007). Feedback effects may not only influence actors’ degrees of political mobilization and perceptions of their own interests, but may generate beliefs about the normative justifications for the institutions (Rothstein 1998). Further, by classifying citizens, welfare states do not just respond to social stratification but, in fact, effect stratification through their categories. Older work on the welfare state recognized the importance of status categories in continental

European welfare states with their distinctions between workers, salaried employees, and civil servants (Kocka 1981). Newer work has turned to the impact of welfare states in demarcating 'self' and 'other' in issues of race and ethnicity, as well as gender (Lieberman 2005; Naumann 2005). Thus, welfare state politics and policies do not just affect the organization of interests and their expression in politics, but can even reframe societal categories and reconfigure the categories of political conflict.

CONCLUSIONS

From this survey of the impact of state structures and political institutions on the welfare state, we see that institutions have had a significant impact on welfare state structures and outcomes. Institutional veto points have provided leverage over political decision making to actors opposed to expansion of social rights for various reasons, and are hence associated with more restricted welfare states and lower levels of government expenditures. By allowing interests opposed to government intervention with opportunities for blocking policies, veto points have had a significant impact on the public-private mix in social provision. Partisan veto players, on the other hand, have proved to be more significant for the politics of welfare state retrenchment, notably *not* by blocking legislation, but instead by helping to generate societal consensus for policy change.

Institutional effects are interaction effects, however, and thus cannot be predicted without attention to the preferences of political actors. Moreover, as institutions and political decisions made within those institutions affect the constellation of organized actors, the preferences of citizens, and the capacities of states, institutional effects must be studied over time and with sensitivity to the fact that such effects change over time. In addition, institutional analysis must consider the problem of 'endogeneity'. Institutions emerge in specific social contexts. Therefore, one cannot consider the impact of institutions on welfare state outcomes without also considering whether particular institutions were chosen with those welfare state outcomes in mind. Finally, recent research demonstrates that geographic dispersion may be as important as the time dimension. New research on the welfare state is thus headed for greater cross-regional comparison and the engagement with transnational patterns and processes with which the state-centred approach began.