

Playing the Blame Avoidance Game? Party Competition, Electoral Punishment and Welfare State Reform¹

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Abstract

Will voters punish the government for cutting back welfare state entitlements? That is to say, will voters abstain from voting for the governing party or parties after such a reform? A central finding in the comparative literature on the welfare state suggests that the answer is *yes*. Unless governments can effectively use a strategy to avoid the blame of retrenchment, vote loss will result. Since a large majority of the voters support the welfare state status quo, most studies assume that implementing welfare state reform is equally unpopular for all political parties.

This study argues and empirically demonstrates that this assumption is incorrect. Based on a regression analysis of the electoral fate of the governing parties of 14 OECD countries between 1980 and 2002, we demonstrate that most parties with a positive welfare image (e.g. Social Democratic and Christian Democratic ones) lose after cutbacks, while most parties with a negative welfare image (e.g. Conservative and Liberal ones) do not lose or even win after cutbacks. The losses of the positive welfare image parties are due to the retrenchments, because these parties usually lose to other positive welfare image parties located further on the left.

This study increases our understanding of the politics of welfare state reform, by revealing the effect of parties' welfare images as well as the effect of party competition on the electoral punishment related to welfare state reform. Our results also suggest that the blame avoidance game that parties can play effectively varies across types of parties (positive welfare, negative welfare or neutral).

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Introduction: ‘How to do things to voters and get away with it?’

If the comparative literature on the welfare state and the literature on electoral change would be used to write a manual for parties on how not to lose votes, the two main lessons would read as follows. *Lesson one*: Do not pursue policy reforms that the median voter does not support. *Lesson two*: Make sure that the economy stays on track. It is not hard to see why diverting from these, so to speak, rules might cause the incumbent party or parties to lose votes. First, if a reform is unpopular, such as a cutback in public pensions, implementing the reform leads to unhappy voters who – consequently – are likely to vote for a rival party. Second, the literature on economic voting suggests that voters, at least partly, blame the governing parties for a deteriorating economic performance (Lewis-Beck & Paldam 2000; Van der Brug et al. 2007).

The dilemma for governing parties is that they cannot take up both lessons simultaneously. Given the existing pressures to reform the welfare state, such as ageing populations, declining fertility rates, structural unemployment, and slowing growth rates, the need for reform is on the agenda in all advanced democracies. However, there is broad (electoral) support for core social programs, which makes cutbacks in these programs unpopular (e.g. Boeri et al. 2001). In fact, the political riskiness of reform is one of the key assumptions of the comparative literature on welfare state reform (Huber & Stephens 2001; Pierson 2001; Starke 2006). Moreover, Armingeon and Giger (2008) demonstrate that voters did not punish many of the governing parties at the next election for having curtailed benefit entitlements. Of the 30 governments that cut entitlements by minimally 5 per cent, most (16) were not punished for it by losing 5 per cent of the vote or more. Some governments (7) did lose minimally 5 per cent of the vote, but not because of the cutbacks. Still, some governments (7) did lose because of the enacted cutbacks (Armingeon and Giger 2008: 570, Table 3).

How have such an unexpectedly large number of governments been able ‘to do things to voters and get away with it’? One of the central explanations in the literature for this absence of electoral repercussions for governments pursuing unpopular reform is the success of these cabinets’ so-called blame avoidance strategies. Originally, the theory of blame avoidance, which can be traced back to Downs’ (1957) theory of electoral competition, has had a clear focus on explaining why governments have a strong incentive to re-

frain from pursuing policies that are unpopular among voters. In this account, governments avoid blame primarily by not implementing unpopular measures in the first place, which explains the absence of unpopular reform. However, as Vis and van Kersbergen (2007) demonstrate, the theory of blame avoidance can be adapted to account also for how governments can get away with unpopular initiatives, that is, to account for the presence of unpopular reform. Armingeon and Giger's findings could then mean that blame avoidance strategies work in more than 50 per cent of the time. But we cannot be sure about that, because whether voters retaliate or not might depend on the ideological position of the governing parties as regards the welfare state and the corresponding expectations voters have of these parties.

In this paper we demonstrate that not all parties are punished equally. Parties that are historically tied to the rise of the welfare state and claimed credit for it (labelled *positive welfare image* parties) will be punished and blamed when attempting to reform the welfare state, while parties that are historically opposed to the welfare state and did not claim credit for it (labelled *negative welfare image* parties) will not only avoid blame but may even receive credit for initiating serious cutbacks. We demonstrate the party voter of both types of parties, although he or she supports the welfare state, also supports cuts in government spending. Under difficult economic conditions, voters accept the choice for cutting government spending at the expense of the welfare state, as long as it is done by a party with a negative welfare image. When parties with a positive welfare image take such a decision, voters sanction the party and switch vote for a rival party.

The paper is structured as follows. The next sections elaborate that the logic of the "old politics" of the expansion of the welfare state is still at work in retrenchment and reform of social policies (cf. Scarbrough 2000). Political parties matter and different types of parties are facing distinct electoral consequences of their actions. A party's welfare image is crucial for whether and how hard the voters penalize the parties involved. Subsequently, we discuss the data and method. The empirical analysis, using an Ordinary Least Square (OLS) cross-sectional regression analysis, tests the hypotheses put forward. In order to assess to what extent the vote losing parties are unsuccessful in avoiding blame, we then turn ask to which parties these parties lost their votes. If these are parties on the left of the governing party or parties, i.e. where the welfare image is most positive, it is likely that the vote loss can be attributed to voters' discontent with welfare state reform. The

vote losing parties have been unable to avoid the blame for retrenchment policies. The paper ends with some concluding remarks.

Do parties matter?

Much of the comparative welfare state literature typically assumes that welfare reform is electorally dangerous for all political parties alike. As Pierson (1994) explains in his seminal study, also the constituencies of right-wing parties have developed into protagonists of the welfare state. Over time, these parties have come to see the core welfare state programs such as pensions as their established rights, thereby opposing cutbacks in these programs (see also Pierson 2001). Consequently, the differences as regards the welfare state across left-wing and right-wing parties have disappeared. According to other scholars, however, partisanship still has explanatory relevance. Some propose that right-wing parties display larger cutbacks than left-wing ones (e.g. Allan and Scruggs 2004; Korpi and Palme 2003). Conversely, others put forward that voters trust left-wing parties more when it comes to welfare reform according to a so-called Nixon-goes-to-China logic, just like the American voters trusted the highly conservative President Nixon to develop diplomatic relationships with China and not go soft on communism. Pro-welfare parties were therefore, counter intuitively, argued to reform more drastically and successfully in electoral terms than political parties with an anti-welfare state legacy (e.g. Ross 2000). However, also in the studies that argue that partisanship matters for retrenchment, the underlying assumption is that reform constitutes an electoral risk for all political parties, because the median voter supports the welfare state status quo. For this reason Armingeon and Giger (2008: 558) argue that the riskiness of welfare state reforms is ‘for many politicians and journalists (...) taken as a truism’.

Reform is difficult to implement for all parties alike to some extent, among other reasons because of the institutional difficulties involved. We propose, however, that the risk of vote loss after retrenching the welfare state, however, varies across types of parties. Different types of governing parties are neither punished nor rewarded equally for what they have done (or have failed to do) during a period in office. One of the reasons for this is that the preferences of voters conflict. That is to say, voters simultaneously support

views that are contradictory. This is important information because such conflicting preferences have dissimilar consequences for political parties with different welfare images.

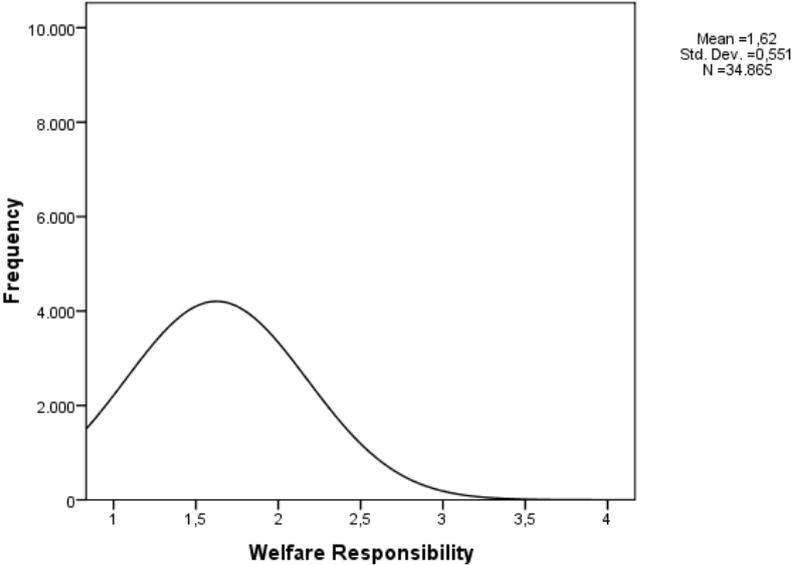
Voters' conflicting preferences

As is common knowledge among welfare state scholars and politicians alike, voters strongly support the welfare state (e.g. Boeri et al. 2001; Becker 2005; Brooks and Manza 2006). However, we should not view this broad support in isolation from other preferences of voters. As the two lessons referred to above indicate, voters might have conflicting demands. Consequently, parties catering to just one of these demands may wish to avoid the blame for neglecting or hurting the other demand. Remarkably, the comparative welfare state literature typically assumes that most voters reject welfare state retrenchment and that retrenchment is thus always unpopular. However, the story is slightly more complicated than that. First, a preference to keep the welfare state intact is not the sole determinant of vote choice. We assume that voters determine their choice on the basis of the utility they expect to receive from that choice. Let us also assume that a voter's utility in supporting the welfare state is grounded in feelings of solidarity and his or her own expected income. Retrenchment in a universal pension system would then be a direct loss of income for all voters and can therefore be considered to be highly unpopular. Retrenchment in other programs does not necessarily constitute a direct loss of income, but affects a voter's calculation of the risks attached to illness, disability or unemployment. Because for a majority of the voters such risks are palpable, most voters oppose welfare state retrenchment.

However, the welfare state itself can also be considered as a source for loss of income. Since the 1970s, arguments that the welfare state acts as a brake on economic growth have become more salient. The welfare state, among other things, is argued to create or reinforce unemployment, to be incapable of dealing with the consequences of an ageing society, and to discourage or even crowd out private investment (O'Connor 1973; OECD 1981). If voters consider their loss of income due to the welfare state larger than their potential gain in terms of protection against risks, voters will support retrenchment.

Figures 1, 2 and 3 portray voter preferences in 11 OECD countries,² based on the International Social Survey Programme (ISSP) 1995 dataset. The figures demonstrate that voters have conflicting preferences. All figures display the normalized distribution of voter preferences. Figure 1 presents a summary variable of three questions, asking if the government should take responsibility for the care of 1) the sick, 2) the elderly and 3) the unemployed. The answers show an overwhelming support for government involvement in the care of these weak groups. After the point 2.50 (out of 4), where a respondent questions the government’s responsibility for at least one of the three weak groups, we find only 5.6% of the respondents. This means that almost 95% of the respondents thinks the government should be responsible for taking care of these groups.

Figure 1. Welfare Responsibility Preferences



Notes: 1 = government should definitely take care of retired, sick, unemployed; 2 = government should probably take care; 3 = government should probably not take care; and 4 = government should definitely not take care).

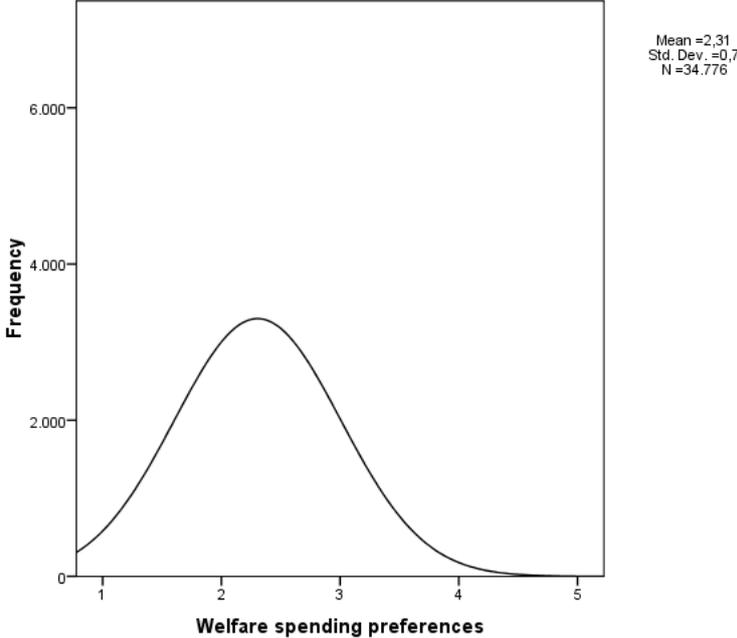
Source: ISSP (1995).

² Australia, Germany, United Kingdom (UK), Austria, Ireland, Netherlands, Norway, Sweden, New Zealand, Canada and France.

Figure 2 is a summary measure of questions about whether the respondent believes that the government should spend more or less on 1) health care, 2) elderly care and 3) unemployment programs. Again, we see overwhelming support for the welfare state status quo. Only 6.2% believes that the level of current welfare state spending should be decreased, indicating that over 90% of the respondents favours the status quo or expansion. The mean voter's position lies clearly around maintaining the status quo level of spending.

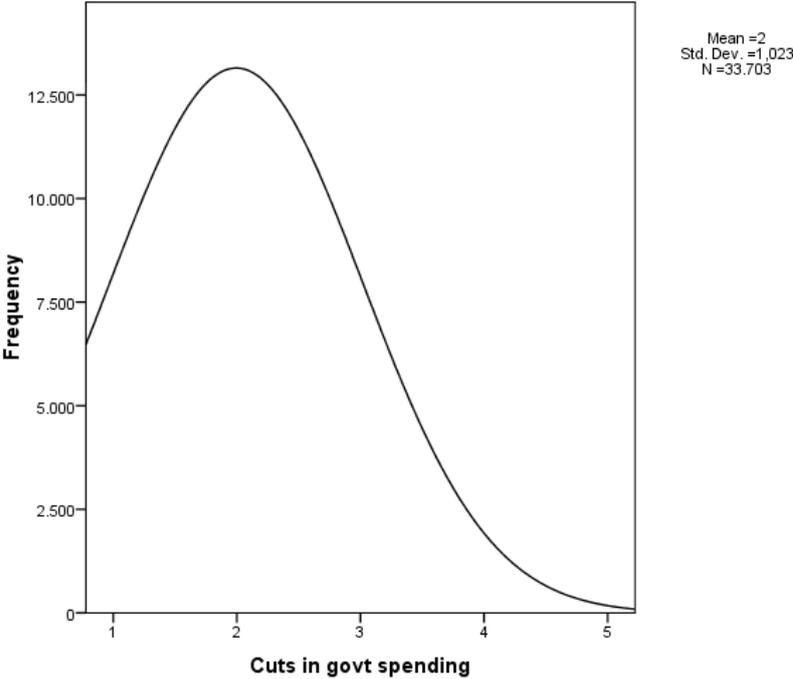
Figure 3, finally, presents the question whether government spending should be cut. Interestingly the answers conflict with the earlier results, because now an overwhelming majority supports cuts in government spending. The mean voter is at point 2.05, which is supportive of government cuts. However, more respondents, 37.8%, choose answer 1, which denotes support for radical cutbacks in government spending. Only 12% of the respondents advocate more government spending while almost 50% advocates more spending on the welfare state.

Figure 2. Welfare Spending Preferences



Notes: 1 = should spend much more; 2 = should spend more; 3 = should stay the same; and 4 = should spend less, 5 = should spend much less).
Source: ISSP (1995).

Figure 3. Cuts in government spending



Notes: 1 = strongly in favour of cuts; 2 = in favour; 3 = in-between; 4 = not in favour; and 5 = strongly not in favour).
Source: ISSP (1995).

The above figures clearly indicate that voters have conflicting preferences. Arguably, some respondents may believe the government should spend more on the welfare state, but much less in general. However, the results point to some general feature of political preferences: a (rational) individual maximizes his access to government services, but minimizes his or her costs of these services. Hence, an overwhelming majority supports the welfare state, but at the same time is not willing to accept the status quo in government spending.

Parties’ welfare image and the degree of electoral punishment

If we think of electoral competition in the spatial voting tradition of Anthony Downs (1957), parties take positions on a distribution of voter preferences. A party’s aim is to find a position on that distribution that gives the highest pay-off in terms of vote share. However, among other things because of the way voters evaluate parties, parties do not jump from one position on the preference distribution to another. Voters use information gathered in the past to determine which party best suits their preferences. The clearer a

party's position is, the better the voter can assess whether to vote for the party. If a voter has to choose between a party of which the position is clear (leading to, so to speak, certain gains) and a party with a fickle position (and thus only a probability of gains), the voter will probably opt for the certain option. If a party jumps from one position (e.g. left-wing) to an opposite one (right-wing), the so-called flip-flopping, a voter quickly loses track of what a party stands for, limiting the likelihood of voting for it. However, because voters associate parties with a position on a number of issues (e.g. welfare state, Europe, economy), this situation also limits parties' strategic opportunities to take positions that do not tally well with the original, ideological position. Voters may then punish this party, out of disagreement of the new position taken or out of uncertainty of the future position on the issue.

Parties should thus carefully manage their ideological profiles. We argue that welfare state ideology is an important omitted variable in the analyses so far of electoral punishment for parties that have retrenched the welfare state. Parties cultivate a specific ideological orientation on the welfare state, which we label the *welfare image*. The roots of this image go back to the expansion phase of the welfare state, which lasted until around the first oil crises in the early 1970s. In that so-called Golden Age of the welfare state, some parties pledged themselves to expanding and maintaining the level of welfare provisions achieved. Based on the survey results presented above, also nowadays this seems to be a popular choice. The main architects of the welfare state are the Social Democratic and Christian Democratic parties with parliamentary support from the more radical left-wing parties (see e.g. Hubers and Stephens 2001; Van Kersbergen and Manow 2009). Although Liberal and Conservative parties have at times supported a further expansion of the welfare state, they have been generally opposed to a strong welfare state system (idem). Given these parties' pro-welfare state history, voters associate Social Democratic, Christian Democratic and Socialist parties with a positive position vis-à-vis the welfare state. We label this association a *positive welfare image*. Conversely, voters associate Liberal, Conservative and Nationalist parties with a negative attitude vis-à-vis the welfare state, a *negative welfare image*. For other parties, such as Agrarian, Special Interest, Green and Ethnic parties, we do not assume that voters associate them with either a positive or a negative attitude towards the welfare state. Therefore, we subsume these under the label *neutral welfare image*.

That these labels still have relevance today is shown in Table 1. The table demonstrates that the voters for parties with a negative welfare image believe that the state should take responsibility for the elderly, the sick and the unemployed and that the level of spending should remain at the status quo. However, they also believe that the government should cut its spending level. The voters for parties with a positive welfare image only have slightly stronger opinions about the welfare state status quo and their preference for spending cuts is lower, although still in favour of cuts. These mean values indicate that parties with a negative welfare image face far less problems when retrenching the welfare state than parties with a positive welfare image. Voters for the latter type of parties will support the cuts in government spending, but will be somewhat disappointed that the government chose the welfare state as the locus for cutting costs. Voters for the former type of parties will be less enthusiastic about the cuts and even more disappointed that the cuts are made in the welfare state.

Table 1. Mean values of voters on three different issues

| | Welfare Responsibility | Welfare Spending | Cuts in Government Spending |
|-------------------------------|------------------------|------------------|-----------------------------|
| Negative welfare image voters | 2.02 | 2.71 | 2.01 |
| Positive welfare image voters | 1.73 | 2.39 | 2.45 |
| <i>Average</i> | 1.88 | 2.56 | 2.21 |

Notes: Welfare Responsibility ranges from 1 to 4, with higher scores indicating that the government should be less responsible. Welfare Spending and Cuts in Government Spending range from 1 to 5, with higher scores indicating less positive attitude towards welfare spending and a more positive attitude towards cuts in government spending.

Source: ISSP (2005).

The different welfare images shape voters’ expectations as regards a party’s behaviour on welfare state reform. A voter for a party with a positive welfare image expects that this party will support the status quo in the welfare state or propose an expansion of entitlements. If such a party decides to retrench the welfare state, the voter will be disappointed and uncertain whether this party will in the future be the best choice for the voter. Because the voter takes utility in maintaining the welfare state status quo, he or she is likely to vote for another party of which he or she is more certain that it will defend the welfare state status quo. Hence, retrenching is risky business for positive welfare image parties,

because their voters do not like it and, as is often forgotten in the welfare state literature, because it blurs their ideological profile. Conversely, parties with a negative welfare image face a lower risk. Their voters do not associate these parties with the welfare state and therefore do not expect them to keep the welfare state status quo.

In conclusion, we expect that parties with a positive welfare image will be more severely punished by voters if they retrench than parties with a negative welfare image. Since parties with a positive and negative welfare state image can govern together, such as in the Dutch Purple coalitions in the 1990s, the degree of electoral punishment may very well vary across the coalition partners.

Based on the above, we can formulate the following two hypotheses.

H1: Voters sanction parties with a positive welfare image more for retrenchment than parties with a negative welfare image.

H2: If voters sanction parties with a positive welfare image, they will vote for rival parties with a positive welfare image or new parties with a pro-welfare stance.

Moreover, there is even some probability that parties with a negative welfare image will be rewarded for retrenchment, because voters appreciate the cuts in spending for the positive economic consequences retrenchment may entail. This leads us to propose hypothesis 3.

H3: Voters reward parties with a negative welfare image after retrenchment because of their competent handling of the economy.

Data and method

Data

The dependent variable of this study is the aggregate loss (gain) of votes in an election inflicted on parties that were member of the cabinet in the period before the election. Our unit of analysis is thus the `party_cabinet`. We collect data for all elections between 1970

and 2002 for 14 parliamentary democracies.³ In comparison to Armingeon and Giger (2008) we analyze a longer period of time, but exclude the United States (US) and Switzerland. We exclude the US because it is no parliamentary democracy and Switzerland because – due to the so-called magic formula that divides the seven executive positions between the four main parties – there is no traditional party competition. Consequently, these two countries are not well suited for testing our hypotheses. Given that these countries include only four cases of retrenchment cabinets, that is cabinets cutting spending on entitlements by more than 5 per cent, we do not expect this exclusion to affect our results substantially.

To test hypothesis 1 that voters punish parties with a positive welfare state image more for having enacted cutbacks than parties with a negative welfare state image, we construct three dummy variables in order to categorize the parties in the three different party images: positive welfare image, negative welfare image and neutral welfare image. Members of the Social democratic, Christian Democratic and Socialist party families have a positive welfare image, members of the Liberal, Conservative and Nationalist party families have a negative welfare image, members of the Green, Ethnic, Special Interest and Agrarian party families have a neutral welfare image. We use the Comparative Manifesto Project's categorization of party families (Budge et. al. 2001). The rationale for this categorization is that parties within the positive category actively helped to build the welfare state, and parties within the negative category have historically opposed the welfare state. In the neutral category there are parties that did not exist in the age of welfare state expansion (mainly Green parties) or that have historically supported both the positive and negative camp.

We include a number of variables to control for alternative explanations for the electoral fate of governing parties. The first one of this is a measurement to distinguish between electoral systems with proportional representation (0), single member districts (2), and a hybrid form of the two electoral systems (1) (Huber et. al. 2004). This variable, labelled *single member district*, controls for the fact that electoral gains and losses may differ across electoral systems. A single member district system distorts the transformation of votes into seats (Lijphart 1999). This distortion may motivate voters of parties that are

³ See footnote 2.

clearly losing in the district to stay at home because their vote does not matter. Also, these voters have no serious alternative to vote for, as would be the case in proportional representation systems. This may overstate the support for the winning party. Another reason to include this variable is that single member districts tend to create single party governments. In a single party government it is clear that voters can blame only one party for unpopular measures, while in a multiparty government parties can always play the card that they were forced to take unpopular measures because the other parties told them to. The clarity of responsibility (Powell and Whitten 1993) that single-party government entails, thus, has consequences for the severity of the punishment that may be inflicted on the governing party.

In order to compare our results to those of Armingeon and Giger (2008), we include some of their variables. To capture the effect of the degree of retrenchment, we include the *total percentage point change in the welfare program replacement rates* (that is, pensions, sick pay, and unemployment benefits combined) (Scruggs 2004). Here we expect that the larger is the degree of retrenchment, the higher are the vote losses. We took the unemployment rate and growth in gross domestic product (GDP) rate as typical indicators of positive or negative economic circumstances. A high unemployment rate and a depressed growth of GDP are typical reasons for voters to sanction their government (Duch and Stevenson 2008). We also include Armingeon and Giger's (2008) *campaign* variable that indicates whether the welfare state was an issue in the election campaign. As they correctly note, 'ordinary voters are only able to link retrenchment of entitlements to their electoral decision if social policy becomes a major and contested issue in the electoral campaign' (Armingeon and Giger 2008: 569)⁴. In their findings only an interaction effect

⁴ To arrive at a measure of the saliency of the welfare state in the campaign, Armingeon and Giger re-analysed reports on electoral campaigns using the 'Notes on Recent Elections' section of *Electoral Studies* and the European Data Yearbook by the *European Journal of Political Research* (the latter was available since 1991) for the 29 cabinets in their sample that retrenched entitlements overall by minimally 5 per cent. To assess the importance of the welfare issue in the campaign, Armingeon and Giger used the variables social justice, welfare state expansion, and welfare state retrenchment from the Party Manifesto Data (Budge et al. 2001), which they aggregated into a single dummy variable. Far from being perfect, this indicator nicely taps the degree of saliency of the welfare state in an electoral period. If all major parties pay ample attention to the welfare state, either positively or negatively, this suggests that the welfare state is considered an important issue by these parties. Consequently, it is likely that the media pick up on this issue. An advan-

between campaign and the reduction in total replacement rates was significant. We therefore include the interaction effect and its constituent elements (campaign and reduction in replacement rates). We omit the Powell/Whitten Index of Clarity (Powell and Whitten 1993), the Clarity of Responsibility and the effective number of parties' variables that Armingeon and Giger (2008) use. The latter two are insignificant in their model and all three of them are at least theoretically related. Moreover, our single member district variable essentially captures that the more districts there are, the lower is the number of parties and therefore the higher is the probability for single-party government, which then increases the clarity of responsibility for voters.⁵

Estimation technique

We apply four different models to test if parties with a positive welfare image lose more votes after having retrenched welfare entitlements than parties with a negative welfare image. First, we test whether a change in replacement rates of unemployment insurance, sick pay, and pensions (growth or reduction) affects the electoral outcomes for positive welfare image parties and negative welfare image parties separately, only controlling for the differences in electoral systems. These are our baseline models (models 1 and 2). Then, we assess whether the welfare image matters for those cabinets that have retrenched the welfare state, controlling only for total change (now only reduction) in replacement rates and the differences between electoral systems (model 3). To this we add economic and political (campaign) variables to build our full model (model 4). We employ cross-sectional OLS regression to test all models. Since our observations are clustered in cabinets and countries, the assumption of independence of observations for OLS regression may be violated. We test our models for autocorrelation finding Durbin-Watson values of around 2, indicating that the errors of our observations are not or only weakly correlated. To be on the safe side, we re-analyze our fourth, full model in a pooled analysis,

tage of this indicator of the saliency of the welfare state in the campaign over the more direct previous measure is that it is available for all cases.

⁵ Armingeon and Giger (2008) argue that the Clarity of Responsibility variable is superior to time-invariant measures such as our single member district variable. That is correct, but only in the case of a longitudinal analysis, which is something we do not do (nor Armingeon and Giger for that matter).

whereby we control for country specific effects in the error term (model 5) or cabinet specific effects (model 6). The outlier analysis suggests that our results are strongly driven by the 2003 elections in Austria. Here the ÖVP gained an impressive 15 per cent at the expense of co-governing party the FPÖ, which lost an equally striking 15 per cent. This change of heart of the electorate was mainly due to the erratic behaviour of Jorg Haider, who shortly before the election twice visited Saddam Hoessein (Fallend 2003). Since this cabinet therefore constitutes both theoretically and statistically an outlier, we omit it from our analyses.

To test our second hypothesis, namely that the votes that parties with a positive welfare lose will go to parties that also have a positive welfare image, we analyze which parties gain votes in the elections after positive welfare image parties enacted retrenchment measures. We simply present the means of each party family, controlling for differences between PR systems and single member districts. Although this is a rather crude method, it offers a useful first test for our hypothesis. In future research, our findings should be re-analyzed using a more sophisticated approach.

For testing the third hypothesis, namely that parties with a negative welfare image may actually be rewarded after retrenchment, we calculate the means of vote gain or loss for the possible conditions (positive economic growth, negative economic growth and retrenchment, no retrenchment) controlling for differences in electoral system.

Results

Do voters punish parties with a positive welfare image when they retrench social security entitlements? Table 2 presents the results of the OLS regressions for this hypothesis. Model 1 shows that a decrease of 1 per cent in replacement rates corresponds to a 0.06% decrease in votes, and vice versa for increases in replacement rates. This basic model explains very little variance because expanding the welfare state may simply not have the same type of impact on voting behaviour as retrenching the welfare state (Pierson 1994; 2001). That is to say, retrenching the welfare state triggers a stronger negative reaction (blame) among the electorate than the expansion of the welfare yields a positive one (credit). Also, parties may lose votes because of other issues than what is done to the welfare state. Model 2 shows that there is no significant relationship between changes in re-

placement rates and parties with a negative welfare image. This signifies that indeed there are substantial differences between parties.

Table 2. OLS regression analysis for hypothesis 1

| | Model 1 | Model 2 | Model 3 | Model 4 |
|-------------------------------------|---------------------------------|---------------------------------|---------------------------|--------------------------------|
| | Positive welfare image cabinets | Negative welfare image cabinets | Only retrenching cabinets | With campaign variable |
| Constant | -1.61 (.37) | -.55 (.51) | -.90 (.74) | 6.56* (3.39) |
| Positive welfare image | | | -1.55* (.78) | -3.38*** (1.16) |
| Neutral welfare image | | | -.08 (1.07) | -1.25 (1.54) |
| Total change in replacement rates | .06* (.04) | -.07 (.05) | -.04 (.06) | .62** (.28) |
| Single member districts | -1.62** (.70) | -2.33*** (.53) | -1.57* (.53) | -1.78** (.81) |
| Campaign | | | | -7.94*** (1.89) |
| Unemployment rate | | | | -.02 (.25) |
| Growth rate | | | | .16 (.21) |
| Campaign*Total change in repl.rates | | | | -6.66*** ⁶ (.24) |
| N | 147 | 106 | 116 | 44 |
| R ² | .06 | .17 | .09 | .57 |
| R ² adjusted | .05 | .15 | .06 | .47 |

* p<.10; ** p<.05, ***p<.01 (two-tailed).

Notes: Standard errors between brackets.

Model 3 only includes cabinet parties that enacted retrenchment. Here, we test the differences between positive welfare image, neutral welfare image and negative welfare image parties by introducing the dummy variables. We find that positive welfare parties will lose 1.55 per cent more of the vote than negative welfare image parties. We do not find, as

⁶ This is the unconditional effect. The conditional effect is -8.60 with standard error of 2.10. For the calculation of conditional effects and their standard error, see Brambor et. al. (2006).

expected, significant differences between neutral and negative welfare image parties. Again, model 3 has a very low level of explained variance because parties may lose elections because of other reasons than the retrenchment of the welfare state.

In model 4 we add the economic and political controls. This strongly improves the level of explained variance of our model. With an explained variance of 57 per cent our model tops that of Armingeon and Giger who explained 43 per cent (2008: 571). According to this model positive welfare image parties lose 3.38 per cent of the vote when retrenching in comparison to negative welfare parties. Our model gives even stronger evidence for the effect of campaigns on electoral outcomes. Whereas Armingeon and Giger (2008) only find significant results for the interaction term, we find that both the constituent elements and the interaction term are significant. If welfare state is an important issue in the campaign (value = 1), a party can expect a loss of almost 8 per cent of the votes, which increases with the rate of reduction in replacement rates. The economic variables are not significant.

Tabel 3 presents our full model again, but now using different specifications in a pooled analysis. The results do not significantly differ from model 4. This indicates the robustness of our results. In conclusion, we find strong evidence for our first hypothesis that voters sanction welfare image parties for pursuing retrenchment, while voters are milder towards negative welfare image parties.

To which party do disappointed voters turn?

The next question is whether voters sanction positive welfare image parties by moving to an electoral rival with an equally positive welfare image. Table 4 shows the mean gains or losses for opposition parties of various party families in the election after a positive welfare image party enacted cutbacks in welfare state entitlements. In countries with proportional representation voters reward opposition parties with a positive welfare image. This suggests that voters move away from the governing party to an opposition party with a positive welfare image because of their disappointment with the governing party on welfare issues. Also Green and Special Interest parties seem to gain in this situation. Although Green parties are not associated with the expansion of the welfare state, they are, as newcomers, associated with a positive welfare stance. Therefore it is no surprise that

these parties gain at the expense of governing parties that have cut welfare. In the case of the Special Interest parties, there are at least two Pensioner Parties, whose sole purpose was to defend the status quo level of welfare for the elderly.

Table 3. Model 4 using different specifications

| | Model 5 | Model 6 |
|-------------------------------------|---------------------------------|-------------------------------|
| | Pooled (country) analysis | Clustered (cabinet) analysis |
| Constant | 6.62* (3.86) | 6.56** (2.85) |
| Positive welfare image | -3.29*** (1.15) | -3.38*** (1.14) |
| Neutral welfare image | -1.25 (1.53) | -1.25 (1.06) |
| Total change in repl.rates | .68** (.30) | .62*** (.19) |
| Single member districts | -1.74* (.91) | -1.77** (.74) |
| Campaign | -8.06*** (2.02) | -7.94*** (1.42) |
| Unemployment rate | -.06 (.29) | -.01 .14 |
| Growth rate | .14 (.22) | .16 .18 |
| Campaign*Total change in repl.rates | -.70*** ⁷ (.3.86) | -.66*** ⁸ (.16) |
| N | 44 | 44 |
| R ² | .57 | .57 |

⁷ This is the unconditional effect. The conditional effect is -8.76 with standard error of 2.23 (see note 6).

⁸ This is the unconditional effect. The conditional effect is -8.60 with standard error of 1.55 (see note 6).

Table 4. Mean vote gain or loss of opposition parties per party family in election after positive welfare cabinet retrenchments

| | | PR | | Single Member district | |
|------------------------|----------------------|-------|----|------------------------|---|
| | | Mean | N | Mean | N |
| Positive welfare image | Socialist | 1.65 | 19 | -2.03 | 1 |
| | Social Democratic | 2.81 | 10 | 2.22 | 3 |
| | Christian Democratic | 2.08 | 6 | | |
| Neutral welfare image | Green | 1.16 | 15 | 7.84 | 1 |
| | Agrarian | 0.46 | 10 | -0.26 | 3 |
| | Ethnic | 0.57 | 5 | | |
| | Special interest | 2.17 | 7 | | |
| Negative welfare image | Liberal | 0.44 | 25 | -1.51 | 2 |
| | Conservative | -0.77 | 13 | 5.4 | 8 |
| | Nationalist | | | 2.89 | 1 |

Table 4 also demonstrates that for countries with an electoral system with single member districts, the story is very different. Social Democratic and Green parties gain strongly but there are only few of them. Voting for these parties is, however, far less attractive than in PR systems. For example, the Australian Greens and Democrats saw a strong increase in votes after the Australian Labor Party enacted retrenchment measures in the 1990s. However, both parties failed to obtain parliamentary seats due to the electoral system distortion. In single member district party systems there is much more direct and open battle for the median voter than in PR systems. Therefore, it is to be expected that conservative parties win over the median voter and gain at the expensive of the positive welfare image parties.

Finally, let us assess if negative welfare image parties are rewarded by voters for retrenchment, especially if the economy turns bad during the time in office of the negative image party? That is, let us test hypothesis 3. Table 5 shows the mean percentages of gains and losses of parties with a negative welfare image controlling for the differences in electoral systems. If the economy is doing well and there is no retrenchment voters on average reward negative welfare image parties. However, voters punish these parties if there is retrenchment under good economic conditions, and if there is no retrenchment

under bad economic conditions. If these parties retrench under negative economic conditions the mean of their vote share only slightly falls, but it is significantly above the mean performance of these parties. In the case of single member districts voters move away from negative welfare image parties if the economy is on track, and support negative welfare image parties if the economy is deteriorating. Again, for parties that retrench the welfare state negative economic conditions spur their electoral support. However, the main difference between the two electoral systems is that voters in the single member district system reward negative welfare image parties more if they do not retrench.

Table 5. Mean Gains/Losses in case of retrenchment/no retrenchment and positive/negative growth for negative welfare image parties

| Proportional Representation (Mean = -0.66% N = 69) | | |
|---|--------------|-----------------|
| | Retrenchment | No retrenchment |
| Positive Growth | -2.13% | 0.11% |
| Negative Growth | -0.03% | -2.07% |
| Single Member districts (Mean = -4.08%, N = 37) | | |
| Positive Growth | -4.03% | -5.77% |
| Negative Growth | -2.16% | -0.42% |

In sum, we find some evidence that voters reward (or, better put, punish less severely than on average) negative welfare image parties for retrenching the welfare state.

Concluding remarks

This study’s main finding is that whether voters punish governing parties for cutting back welfare state entitlements depends on the government’s or party’s image. If a party has a positive welfare image, it loses after cutbacks. Such a party has thus been unable to play the blame avoidance game successfully. Opposition parties with an equally positive welfare image tend to gain from the electorate punishing retrenching positive welfare image parties in government. Governments or parties with a negative welfare image do not lose after cutbacks or even win if cutbacks are to help the economy back on track. These par-

ties are thus able to play the blame avoidance game successfully. Our findings hereby reaffirm the original and intuitive expectation that pro-welfare parties, such as Social Democratic ones, that decide to cutback social spending will trigger a fairly harsh negative response among the electorate. In addition and equally intuitive, political parties that have never really endorsed the welfare state project, are generally supported in their attempt to reduce social spending, especially if they can credibly argue that the economy (growth, employment) will benefit.

In short, our findings go against the ‘Nixon-goes-to-China’ logic. Although a Social Democratic party may be able to get away with unpopular measures, we argue that the more likely route is that it is punished electorally, i.e. blamed, for trying to economize on social spending. If retrenchment is unavoidable, which is a political statement of which the cabinet needs to convince the voters, a party with a positive welfare image may be better at pushing through the retrenchment than a party with a negative welfare image. It remains to be seen, though, how a ‘successful’ retrenchment translates at the ballot box. Implementing a retrenchment is one thing; getting away with it is something completely different. We see here, in line with the work of for instance Kitschelt (2001) and Green-Pedersen (2002), a crucial role for the degree of party competition that the retrenching party or parties face. Most cabinets in multiparty settings need to be aware that there are several parties with welfare credentials that are happy to take in disappointed voters. Success in retrenchment may thus mean failure at the ballot box. In this respect, an intriguing question is under which conditions a positive welfare image party pursues retrenchment, or under which conditions Nixon went to China. Although only postmodernists may dispute that Nixon actually went to China, would he also have done so if the Republicans had faced a right-wing competitor in Congress that was even harder on communism? In the case of welfare state reform, the presence of a positive welfare image party in opposition to the retrenching positive welfare governing party fosters electoral losses for the latter. Although this does not dismiss the plausibility of the Nixon goes to China argument for explaining the variation across cabinets in the *success* of retrenchment, in the sense of making it happen, it cannot explain the degree of electoral losses resulting from the retrenchment. Consequently, it is the welfare image that explains the extent to which voters punish parties. This again brings back the question why these parties decide to retrench: what is the rationality behind this retrenchment if punishment seems inevitable?

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