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ARTICLE

# Party Institutionalization and Welfare State Development

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## Abstract

This article argues that the extent to which political parties are institutionalized shapes welfare state development. Institutionalized parties allow politicians to overcome co-ordination problems, avoid capture by special interests and form stable linkages with broad social groups. These features both enable and incentivize politicians to pursue extensive welfare policies. The study employs measures of party institutionalization and welfare state features to study these proposed relationships. Even when accounting for country- and year-fixed effects and plausible confounders such as electoral system, unionization, regime type and state capacity, the authors find clear relationships between party institutionalization and more extensive *and* universal welfare states. Focusing on universalism, they find that the relationship is more pronounced when constraints on executives are strong and in democracies, but that it also exists in autocracies. Further, when disaggregating party institutionalization and evaluating mechanisms, the linkages that institutionalized parties form with social groups constitute one important, but not the only relevant, factor.

**Keywords:** social policy; welfare state; party institutionalization; universalism; parties

Countries across the world differ in the extent to which their social policies cater to the needs of the broader population rather than only to narrow occupational groups or people in a particular region. In other words, there are differences in the extent to which social policies are universalistic. Previous studies have indicated that differences in national-level institutions, including competitive elections and franchise rights (for example, Boix 2003; Lindert 2004), electoral systems (for example, Jurado and Leon 2019; Persson and Tabellini 2004) or state-administrative quality (for example, Orloff and Skocpol 1984; Rothstein, Samanni and Teorell 2012) explain this variation.

Focusing on aspects of core welfare state transfer programs, we highlight that features of political parties *also* play a key role in shaping policies in a more universalistic direction, even when looking beyond features pertaining to party ideology (see, for example, Huber and Stephens 2001). We argue that when party institutionalization is high, parties are better able to bargain and overcome veto players inside and outside the party organization in order to arrive at credible commitments to comprehensive policies as well as widen their constituency and elicit and aggregate information about constitutents' demands. These features shape both the *capabilities* and the *incentives* to adopt universal social policies. Building on insights from previous work on candidate capture by narrow or local interests (Martin and Swank 2008), dominant regime parties (Kim and Gandhi 2010; Magaloni 2006), programmatic vs. clientelistic party linkages (Kitschelt and Kselman 2013; Pribble 2013; Shefter 1977; Stokes et al. 2013), party organization and performance (Duverger 1959; Janda and Colman 1998; Tavits 2012a), and risk as a source of welfare demand (Moene and Wallerstein 2001), we develop an argument on how institutionalized parties contribute not only to more encompassing (that is, many risk areas covered) welfare states, but also to more universal ones.

Recent datasets with relevant measures on party institutionalization *and* national welfare policies allow us to test these hypotheses on extensive data material – covering most countries back to 1900. These extensive time series allow us to include information from a time when several countries had neither organized parties nor extensive welfare states, giving us ample information from which to draw inferences. The extensive time series also allow us to account for country- and year-fixed effects, and study potential heterogeneities in the relationship. Yet the relationships between party institutionalization, on the one hand, and encompassing and universal welfare states, on the other hand, turn out to be robust. The results hold up, for instance, when accounting for plausible alternative explanations concerning how democracy, electoral systems, working-class parties, unions, civil society participation or state capacity shape welfare states.

A handful of studies have studied features of parties and outcomes related to those that we analyze. Studying the nationalization of party systems (concerning the distribution of votes across the territory), Jurado (2014) finds a positive link to social spending. Further, the domination of parties by activists, as opposed to leadership, has been linked to welfare state retrenchment (Schumacher 2012; Schumacher, De Vries and Vis 2013). Yet, in addition to differences in the specific independent and dependent variables, these related studies focus only on democracies.

By focusing on party institutionalization as the key concept, we zoom in on differences in internal party characteristics and how decisions in parties are (a) taken according to clear, stable rules, which allow them to arrive at comprehensive bargains and credible policy proposals and (b) informed through dense networks linking party elites with broad constituencies of various kinds (from broader voter groups to civil society organizations to narrower constituencies in the form of local political elites). Several specific party features, such as the discipline and cohesiveness of a party's parliamentary group or well-developed local party branches, contribute to differentiating parties along these conceptual dimensions. Our measure of party institutionalization draws on indicators that are collected at the country-year level and coded by V-Dem (Coppedge et al. 2016a) country experts. These indicators explicitly give aggregate scores across all major parties in the system. Without party-specific indicators, we cannot study, for example, the diffusion of institutionalization between parties within a system. However, the data do provide aggregate party-system-level measures that can be compared across different institutional contexts: 'all major parties in the system' may imply all legislative parties in a parliamentary democracy, but only the regime party in certain autocracies.

This feature of the data allows us to assess fairly nuanced hypotheses by using data from a range of contexts. As we expand on below, we expect that certain features of party institutionalization affect welfare state policies quite similarly in both democracies and autocracies, while others should play a more prominent role in democracies. Indeed, our empirical analyses find that the anticipated relationships between party institutionalization and welfare state features appear strong in quite different contexts, including in both democratic and autocratic regimes. But they are stronger in democracies, and, incidentally, in systems with multiple institutional veto players.

Before proceeding, we want to make one important clarification. While we focus on party institutionalization, and thus parties' organizational characteristics, we highlight that other relevant aspects of parties can, of course, also have independent effects on welfare state make-up, or even moderate the relationship that we study here. Notable candidates include the nature of external party competition and governing party ideology. Regarding ideology, left-leaning parties tend to expand social policy programs when in government (for example, Huber and Stephens 2001). While we focus here on party institutionalization, our argument and findings do *not* rule out the possibility that left-leaning governments (or Christian Democratic governments for that matter), holding party institutionalization constant, contribute to more encompassing and universal welfare states (for example, Pribble 2013).

Yet some of the mechanisms that we discuss below are expectedly at work for parties with different ideologies, even for institutionalized right-leaning parties that form linkages with fairly

broad groups. Concerning life-course risks such as old age or sickness, both low- and high-income workers are likely to demand insurance (Esping-Andersen 1999), even if they support right-wing parties (Jensen 2014).

There is also an extensive literature detailing how religious cross-class parties, such as the Christian Democratic parties of continental Europe, have pursured generous welfare policies (Kalyvas and Kersbergen 2010). We leave a systematic study of whether ideology and religious identities of mobilization moderate the relationship between party institutionalization and welfare state development to future research.[1] However, we acknowledge how ideology and religion may relate, initially, to the institutionalization of particular parties, which may, in turn, enhance the incentives of other parties in the system to institutionalize, thereby driving institutionalization at the party-system level (for example, Duverger 1959; Kalvyas 1996). Importantly, we control for, for example, government ideology and trade union organization in tests below in order to ensure that our results are not simply picking up differences in ideology or labor market organization rather than party institutionalization.

## Theory

### *Party Institutionalization*

The literature on parties distinguishes two key aspects of party systems – their internal and external characteristics. The external dimension is often referred to as 'party system institutionalization' (for example, Hicken, Kuhonta and Weiss 2015), highlighting features such as how stably aligned voters and legislators are to particular parties, for instance using measures of vote volatility. This, in turn, is partly a function of a country's institutional set-up, notably its electoral system, but also its broader regime type and level of economic development (see, for example, Mainwaring and Torcal 2006), and democratic history (for example, Mainwaring and Zoco 2007). Further, extant research highlights how such linkages between parties, and especially electoral competition between them, can foster more inclusive social policies (for example, Fairfield and Garay, 2017; Pribble 2013).

However, we focus on the internal dimension, often referred to as 'party institutionalization', which can be high even when electoral competition between parties is absent (as in contemporary China or Vietnam). In order to understand party institutionalization, it is helpful to start by considering the 'positive pole' of this multi-faceted concept – that is, a political party that is highly institutionalized in all relevant concerns. In this idealized situation, decisions within parties are taken according to clear, stable rules, and informed through dense networks linking party elites with broad constituencies outside the core organization. Hence, the following features contribute to a high degree of party institutionalization: (1) decision making, which may be more or less centralized to national-level party organizations or local entities, should follow clearly specified rules that allow for the transparent aggregation of preferences and arriving at unequivocal decisions, (2) well-specified and organizationally determined roles for decision makers, (3) hierarchical arrangements that permit disciplining actors (such as members of parliament (MPs) or local party elites) who stray from the party line, (4) organizational complexity that allows for the division of labor and effective outreach to different geographical areas, and (5) relatively stable linkages between the party and politically relevant mass constituencies, such as particular social

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[1]Nonetheless, we did interact our measure of party institutionalization with various measures of left ideology (head of state ideology, left cabinet share and unionization) and added these terms to our benchmark model used below (see Appendix A12). These preliminary tests show no support for the claim that leftist ideology increases the effect of party institutionalization on universalism (cf. Pribble 2013). Instead, there is some indication that it might reduce it. These results do not mean that ideology is irrelevant for shaping the link between party institutionalization and welfare state development. However, the key relationship may be one of indirect effects rather than an interaction. Below, we discuss how certain ideologies may spur party institutionalization (first in particular parties and then diffuse throughout the system), which, in turn, should influence welfare state development.

groups, ethnic groups or citizens/voters located in certain geographic regions (see also Bizzarro et al. 2018).

Optimally, measures of party institutionalization should reflect this broad and multi-faceted concept, as well as the fact that parties could score relatively low/high on different features. More specifically, they should capture different features of party organizations, notably those listed directly above with points 1, 2 and 4, how parties function in co-ordinating and disciplining members (as indicated by point 3), and how parties link up to mass constituencies outside the core organization (as indicated by point 5), for example with enduring linkages expressed through stable, organizational co-operation with civil society organizations or widespread party membership. When parties lack these traits – that is, when party institutionalization is low – decision-making power rests outside the party organization, typically in the hands of particular individuals or narrow social groups. These individuals could be central party leaders. Hence, when decision-making power is centralized and located in a person rather than in the organization and its specified rules, party institutionalization is low.[2] One example is 'personalized rule' (for example, Geddes 1999) where leaders can sometimes exercise power in a near-monopolistic manner despite *formally* belonging to a party (or absent any political party).

Before tying the concept of party institutionalization to welfare state features, we discuss, more generally, why certain political actors have stronger incentives and capabilities than others to erect encompassing welfare states that have programs with universal coverage.

## Parties' Incentives and Capabilities to Pursue Universal Social Policies

Citizens face various types of economic risks, particularly as workers: since most people are risk averse, they often want policy makers to alleviate these risks (Moene and Wallerstein 2001). Such demands can, however, be met by quite different policies. For example, risks related to involuntary unemployment can be mitigated by local constricted schemes, such as municipality-level workfare programs, as well as national schemes. Below we discuss how political parties vary in their incentives to create national welfare states that encompass multiple risks.

Yet even if parties decide that a nationwide program is desirable, the choice of *who is to benefit* remains. Should the program only cover workers in certain industries, be means tested and strictly targeted to the poor, or be 'universal' and cover all citizens?[3] When parties depend on narrow interests to stay in office, a relatively effective strategy is to introduce particularistic policy measures that channel resources to these groups instead of universal measures (which also advantage large groups of politically irrelevant citizens. See, for example, Bueno de Mesquita et al. 2003). Parties with broader constituencies should therefore prefer more universal programs than those that rely on narrower constituencies, be it geographically – in which case local

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[2]What primarily matters for achieving a high level of party institutionalization is thus the extent to which decision making follows clear and transparent rules, rather than the personal whims of the central leadership, or, for that matter, those of local party bosses at the regional level. Critically, such rule-following decision making enhances the credibility of commitments to policy proposals, as it is harder for individual actors to change policy of their own volition. We note that parties in which decision-making power is centralized to a narrow elite, and is therefore less constrained by rules and the organizational cadre, are more likely to engage in sudden policy shifts (Stokes et al. 2013), which undermines the ability to commit to programmatic policies (such as universal welfare programs). Instead, parties with decision-making power centralized in the hands of particular individuals or narrow elites focus on linking up with voters through clientelist atrrangements (e.g., Kitschelt and Kselman 2013).

[3]Martínez Franzoni and Sánchez-Ancochea (2016) advocate a more extensive understanding of universalism than only considering coverage, by incorporating equity in coverage and benefits plus the generosity of benefits. While some of our measures reflect the traditional conceptualization, we also use an expert-coded measure on universalism from V-Dem that accounts for the equity dimension. We treat generosity as a separate feature, and instead run robustness tests separately on more specific measures tapping generosity. Notably, these different tests point in the same direction, suggesting consistently positive effects of party institutionalization regardless of whether we choose a broader or more narrow definition of universalism (see also Pribble 2013, 9–12).

programs may be preferred – or particular social groups – in which case national programs may be targeted to these groups (for example, Haggard and Kaufman 2008; Knutsen and Rasmussen 2018; Pribble 2013; Shefter 1977).[4]

Adding to the relevance of different incentives to pursue particular welfare programs, political actors' *capacity* to develop and implement effective policies matters. While a party might *want to* focus on national solutions to work–life risks, it could still be *unable to* pursue such policies effectively. This could stem from either a lack of capacity to control the behavior of key party members, who sometimes face strong incentives to stray from the party line (Ansolabehere, Snyder and Stewart 2001), or an insufficient organizational apparatus for eliciting information about what viable policy designs look like in practice.

Given these hurdles, we cannot assume that *all* parties will favor, or have the ability to handle, various citizens' demands for risk-mitigating schemes through national-level universal social policies (see also, for example, Hicken 2009). We now detail our argument on how differences in party institutionalization contribute to explain variation in parties' preferences and capacities to pursue encompassing and universal welfare policies.

### Why Institutionalized Parties Lead to Welfare State Development

In the following, we explain how different facets of party institutionalization contribute to enhance parties' *incentives and capacities* to pursue universal welfare policies pertaining to different areas of risk. While multiple relevant mechanisms tie party institutionalization to welfare policies, we simplify the presentation by grouping them into two categories. The first category, *top-down mechanisms*, addresses how institutionalized parties can create comprehensive bargains in order to arrive at credible policy proposals and override politicans or social groups aspiring to veto the implementation of inclusive (and expensive) welfare legislation (for example, Ehrlich 2007; Huber and Stephens 2001). The second category, *bottom-up mechanisms,* focuses on how institutionalized parties identify and aggregate demands from citizens and organized interests through civil society linkages or local branches.

The *top-down* mechanisms relate to how party institutionalization affects parties' ability to discipline individual party members as well as overpower – or, perhaps even more important, strike credible deals with – powerful social groups that oppose the introduction of welfare schemes. Key in this regard is a strong party organization, which has the tools to monitor and sanction party members (inside and outside parliament) and other collaborators, as well as clear rules that permit the transparent aggregation of preferences from different actors in the party (for example, Janda and Colman 1998; Tavits 2012a). In many political systems, several politicians or social groups have the standing to de facto veto legislation or the implementation of new policies that they dislike (for example, Ehrlich 2007; on insituitional veto, see Immergut 1992). For example, large-scale landowners stand to lose from the enactment of an unemployment benefits system, since they would expect to bear much of the associated tax burden but enjoy few of the benefits (Ansell and Samuels 2014). Individual MPs with a formal party affiliation, but with an independent power base and diverging policy preferences, can also act as veto players. When facing such MPs, who may prefer targeted policies that benefit their personal constituency, the ability to call on *party discipline* is key for enabling national policy solutions.

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[4]To specify, a party's 'constituency' may be sub-divided into a smaller set of members such as MPs or local party elites (internal constituency) and the relevant, wider segment of citizens/the electorate that parties draw support from (external constituency). This particular argument relates to the second, broader meaning. Parties that have extensive membersip, local branches that connect them to citizens in different parts of the country, and form linkages to civil society organizations such as unions or churches should be better able to maintain broad external constituencies. We discuss issues pertaining to other features of party institutionalization (national organizations and clear rules) and managing the internal constituency below.

More generally, how can parties, which may gain electoral or other benefits from pursuing welfare policies, overcome such veto players? We believe there are at least three mechanisms through which institutionalized parties can overcome resistant social groups or individual politicians with strong incentives to stray from the party line (see also Bizzarro et al. 2018). First, institutionalized parties should avoid renegade politicians by screening candidates according to, for example, ideological position and opportunistic tendencies. Well-established, party-centered selection processes, focusing on shared ideology, should help to ensure party unity (Carreras 2012; Janda and Colman 1998). Second, institutionalized parties are enduring; insofar as this is known by relevant actors, actions should be taken with an eye towards their long-term consequences. When this second mechanism is combined with a third one – well-functioning organizational apparatuses provide fora for bargaining and tools for subsequent monitoring of different actors – party leaders, individual politicians and other powerful actors can strike comprehensive deals in which benefits and costs are distributed over longer time periods (Bizzarro et al. 2018; Boix and Svolik 2013; Gerring and Thacker 2004; Hicken and Simmons 2008).

Thus even if individual parliamentarians, for example from wealthy, rural districts, oppose comprehensive welfare legislation, a stable institutionalized party may allow party leaders to bring such politicians on board by credibly promising other policy or personal gains in mutually beneficial bargains. In a party with clear rules, and in which decision-making power is not centralized in a single person (national leader) or group of people (local party bosses), it is more difficult for actors to later renege on such bargains. This, in turn, makes the bargains more credible. Institutionalized parties should thus make politicians better able to overcome veto points and build broad coalitions behind universal welfare policies, covering multiple areas of risk, than less institutionalized parties.

In democracies (and perhaps even in some other electoral regimes with less intensive competition), institutionalized parties adopting long time horizons may also affect whether voters perceive future welfare payments as credible (Tavits 2012b, 84–85). If voters can choose between receiving an immediate good (reduced taxes, discretionary short-term payments, etc.) or an insurance against future risk (welfare benefit), the credibility of promises of the latter is key (Iversen 2005). If parties are unable to carry out policy promises, or are easily swayed to shift policy, voters will have few incentives to vote for parties that promise future welfare benefits. This suggests that institutionalized parties (in democracies) have stronger electoral incentives to expand welfare programs than non-institutionalized parties. In turn, voters are less likely to support universal welfare programs when parties are unable to credibly commit to promised programs, instead preferring personalized local goods such as jobs or direct cash payments, or some form of segmented arrangments instead (Kitschelt and Kselman 2013; Pribble 2013, 31–32).

Regarding bottom-up mechanisms, parties differ in how well they predict and aggregate voter preferences (for example, Spies and Kaiser 2014), in how they recruit candidates from different social strata across the territory (Katz 2001; Jones and Mainwaring 2003; Tavits 2012b), and in how they form linkages with parts of the electorate or civil society organizations (Allern and Bale 2012; Duverger 1959; Katz and Mair 1995; Pribble 2013, 31). These differences influence the policies that parties pursue. We highlight how institutionalized parties establish local branches *and* stable and dense linkages with civil society organizations. Local party branches and strong linkages with society are vital for effectively catching and interpreting the demands of broad groups of citizens and for cultivating mass party identification (Samuels and Zucco 2015; Tavits 2012b, 84–85). For example, local youth organizations can be set up to facilitate the training and selection of ideologically fitting candidates or candidates from under-represented groups (Folke and Rickne 2016).

While institutionalized parties in both autocratic and democratic contexts may establish local party branches and linkages, the specific motivations for doing so could differ. A core motivation

of linking up with civil society under autocracy could, for example, be to co-opt potentially revolting industrial workers, whereas voter mobilization could be the motivation under democracy (Kim and Gandhi 2010, 648).

We highlight that the motivation and more specific processes through which (and the partnering organizations with whom) such linkages form may also depend on party ideology. Considering the historical experiences of Western Europe, for example, social democratic parties formed close ideological affinities with trade unions. Unions helped parties with funding, mobilizing supporters, fostering a working class identity and shaping policy positions (Ebbinghaus 1995). Similarly, confessional parties, later Christian democratic parties, formed close linkages with various civil organizations (formed at the behest of the church), trade unions, employer associations and youth organizations (Kalyvas 1996, 63–108; Kalyvas and Kersbergen 2010, 187). These linkages, which fostered greater institutionalization of some left-wing and Christian democratic parties of Western Europe, may, in turn, have pushed other parties in these countries to form extensive linkages with other organizations and voter groups in order to be able to compete with the former in terms of resources and votes (for example, Duverger 1959). Consequently, broad linkages can be built between civil organizations and parties of various ideological stripes, even if some types of parties have historically taken the lead in particular regions of the world (Duverger 1959; Kalyvas 1996).[5]

Regardless of the motivation and more specific trajectory of linkage building, parties that construct such systems to elicit preferences may effectively register policy preferences and other relevant information from a broad array of groups and organizations (Duverger 1959; Kitschelt and Kselman 2013; Samuels and Zucco 2015). Institutionalized parties with local organizations should be better able to separate signals from noise, and their information-processing capacities make them less likely to focus too much on one particular signal (such as the expressed preferences of an important lobbying group or a particular bloc of voters in the capital). Local party meetings allow party representatives to hear the preferences of their constituents, discuss the party line and inform voters how the party understands various issues. Local branches also allow the party to recruit from a broader pool of citizens. Local branches will be staffed with organizers and candidates from the community, who, in turn, may rise in the central organization (Frendreis, Gibson and Vertz 1990), and thus help the national organization form linkages with local civil organizations (Samuels and Zucco 2015).

Further, when parties create strong national organizations and extensive local branches, they become identifiable focal points for various groups of citizens (Tavits 2012b, 85). This enables parties to interact with economically disadvantaged groups that are often less well organized, such as land workers, unskilled urban workers in service industries or women. These relatively poor groups, who are unlikely to bear the brunt of the tax burden of welfare programs, should prefer social policies encompassing multiple areas of risk and universal coverage. When parties have weak preference-aggregation systems, such as under cartel parties (Katz and Mair 1995), cadre parties (Duverger 1959) or when parties are absent, the voices of such less resourceful citizens or those in distant regions might go unnoticed.

Highly institutionalized parties may thus try to represent the preferences of different local and social groups, and, at the same time, be capable of doing so with national policy solutions (Hicken, Kollman and Simmons 2016). The same informational capacity that allows parties to absorb information from different sources should allow institutionalized parties to transform these demands into policies that are amenable to effective implementation, for example by taking into consideration different practical obstacles to the registration of beneficiaries and monitoring of payments on the ground. Again, local constituency meetings, locally recruited candidates and

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[5]For a non-Western example, see Chhibber et al. (2014) on how the Communist and Hindu [BJP] parties have historically been the most institutionalized in India's party system.

links to civil society organizations, including unions, can inform the party of policy design issues or implementation problems. While high institutionalization gives parties the *capacity* to link up with broader groups of citizens, institutionalized parties may not always have an equally strong *incentive* to take the demands of these citizens into account. Given the need for broad support to win re-election in competitive multiparty contests, we thus anticipate that these bottom-up mechanisms will be particularly strong for institutionalized parties in democracies. We return to this more nuanced expectation below. Nonetheless, the wider discussion suggests two general hypotheses:

HYPOTHESIS 1: When party institutionalization increases, welfare states become more encompassing (in terms of the risk areas covered).

HYPOTHESIS 2: When party institutionalization increases, welfare programs become more universal.

The welfare state literature primarily focuses on highly developed Organization for Economic Co-operation and Development (OECD) democracies (see Haggard and Kaufmann 2008). Much of this literature has focused on working-class or confessional parties as agents of welfare state development, and is inextricably linked to the historical rise of left and Christian democratic parties in these countries.[6] Yet the differences in party organization, stability and links to voters that we have highlighted differ, and should matter, within both developed and developing countries.

The features of parties that we focus on also differ within regime categories. But, as discussed, the proposed bottom-up mechanisms presumably operate more strongly in democracies, as the fortunes of politicians are more clearly linked to demands from broad groups of constituents through contested elections. Still, many autocratic regimes hold multiparty elections, and although these elections are not always contested (for example, Levitsky and Way 2010), autocratic regime parties still care about mass demands for various reasons, including the need to mitigate revolutionary threats (see, for example, Acemoglu and Robinson 2006; Kim and Gandhi 2010; Miller 2015). Even if demands from large constituencies are less pertinent to some autocrats, especially those who do not face minimally competitive multiparty elections, all regimes rely on the support of some social groups to stay in power. And providing pension and other social policy programs that cover these groups is an effective distributional strategy for staying in power for autocrats (Knutsen and Rasmussen 2018). Further, we fail to see clear reasons why the top-down mechanisms should differ much between democratic and autocratic settings; leveraging an institutionalized party organization to negotiate with and overcome potential veto players such as local elites in rural areas may be an equally important tool for pursuing welfare state expansion for, say, Chinese Communist Party elites as for party elites in any democratic government.

In sum, we expect party institutionalization to matter for welfare state development in autocracies, but even more in democracies. Similarly, we anitcipate that institutionalized parties are important for overcoming the policy inertia associated with numerous veto players. We therefore expect institutionalization to be more important in settings with more veto players and in institutional contexts that enhance the latter's influence over policy making.

We test the implications of our argument by employing samples that pool historical information from all countries with available information. Yet we also assess how generalizable our argument is by testing for several relevant contextual factors that could moderate the proposed relationships between party institutionalization and welfare state features.

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[6]Yet even in these countries, neither the left nor the Christian democrats have been strong enough to single-handedly shape politics (Bartolini, 2000), leading to various left-center or right-center coalitions.

## Data and Empirical Specification

### *Party Institutionalization Index*

We employ the V-Dem Party Institutionalization Index (PI) as our key independent variable. PI is presented in detail and validated in Bizzarro et al. (2017). Briefly, PI records features of the main parties in a political system (easing comparisons between, for example, single- and multiparty systems); assessments are thus made at the country level. PI aims to capture '(1) the scope of party institutionalization in a country, (2) the proportion of parties that reach a threshold of minimal institutionalization, and (3) variations in the depth of this institutionalization – focusing on the links parties establish with voters and elites' (Bizzarro et al. 2017, 2).

PI covers more than 170 countries (Coppedge et al. 2016a; Coppedge et al. 2016b), with time series back to 1900. V-Dem indicators are typically coded by five country experts, who originally respond to questions on ordinal five-point scales (see Appendix Table A1 for question wording). Subsequently, the V-Dem measurement model, a Bayesian item response theory model, recovers interval-level scores on the latent dimension that these ordinal categories map on to. It does so by leveraging the ordinal-category responses – and several other pieces of information – by multiple country experts. By leveraging various types of 'bridging' information, such as expert scores on anchoring vignettes and cross-country coding by some of the experts, the model allows us to account for differential item functioning and ensure cross-coder consistency, as well as cross-country and inter-temporal comparability (Pemstein et al. 2017).

PI draws on several indicators that tap into different features of parties highlighted as relevant by our theoretical argument (Bizzarro, Hicken and Self 2017, 7–9). Party organization (*v2psorgs*) considers how many parties have permanent organizations. Local branches (*v2psprbrch*) considers the number of parties with permanent local party branches. Distinct platforms (*v2psplats*) concerns how many parties among those with representation in the legislature have publicly available, and distinct, party platforms (manifestos). Legislative cohesiveness (*v2pscohesv*) assesses legislative cohesion for represented parties, capturing the extent to which political elites submit to the position of their parties when voting on important bills. Finally, constituency linkages (*v2psprlnks*) considers the most common form of linkage between parties and their constituents, across all major parties; clientelistic linkages are assumed to signal low party institutionalization and programmatic policy linkages high institutionalization.[7] Among these indicators, local branches and constituency linkages are particularly attuned to capture the local embeddedness and societal links that were relevant for *the bottom-up* mechanisms, whereas party organization and legislative cohesiveness reflect the organizational tools and internal discipline and unity addressed by the *top-down* mechanisms. While we test these indicators individually, and briefly discuss the disaggregated results below, our main focus is on the composite PI measure, thus potentially capturing different mechanisms as set out in our comprehensive argument.

PI is aggregated by summing across standardized versions of these five indicators, and then normalizing the resulting measure on a 0–1 scale using its cumulative density function. An additive index allows for *partial substitutability* between indicators, meaning that a low value on one indicator can be compensated, but only partly, by high values on another (Goertz 2006). The aggregation thus reflects our argument in that different aspects of party institutionalization, such as a national organization with clear rules for decision making, or stable links with mass constituencies, may have some independent effects.[8] At the same time, partial substitutability

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[7]Including the indicator on party–constituent linkages allows us to capture the extent to which parties are firmly rooted as mass parties with (stable) links to wider constituencies – a core element of our argument. Since this indicator *might* generate concerns about conceptual overlap with our dependent variable, we also conduct tests that purge the relationship for its impact.

[8]We should thus expect a link between an indicator and welfare state outcomes even when controlling for the other indicators.
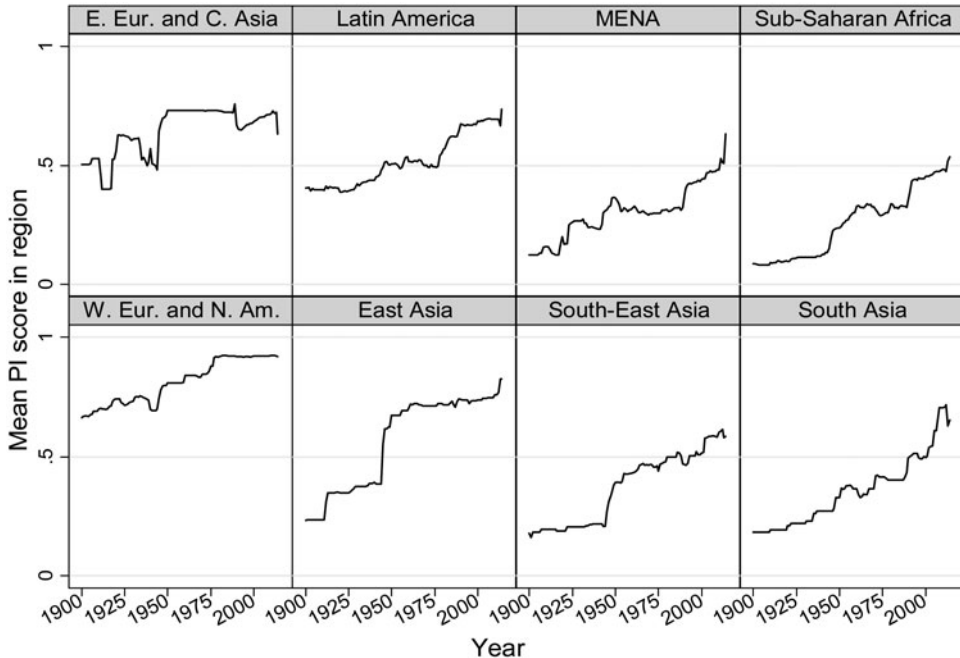
**Figure 1.** Average score on PI, over time, in eight world regions

suggests that low scores on some indicators can also (partially) be offset by high scores on others in terms of overall PI scores.[9]

Figure 1 shows that (average) PI increased throughout the twentieth century, but at different speeds – and starting from different levels – in different regions. Western Europe and North America have historically displayed comparatively high levels of PI, and Africa and the Middle East comparatively low levels. East and South-East Asia experienced intense increases after WWII, whereas Latin America experienced its sharpest increase in the 1980s. Eastern Europe and Central Asia have experienced several periods of declining PI. The pattern is even more mixed for between- and within-country variation. For example, several countries have experienced (gradual or steep) declines over some periods of time and increases during others.

Figure 2 displays PI scores for four countries with very dissimilar trajectories. Norway has had high and fairly stable scores across the time series. The Philippines, by contrast, has experienced relatively low PI scores, especially during American colonial rule and Japanese occupation, but also decades later during Marcos' strong-man rule. While PI spiked with democratization in 1986, it has remained comparatively low, and dropped very recently. Botswana had extremely low PI under British colonial rule, but experienced a dramatic increase with decolonization in 1966. The high score has persisted thereafter, under multiparty elections and (continued) Botswana Democratic Party government. Bulgaria experienced increasing, and very high, PI with communist rule after WWII. PI then declined with the introduction of multiparty politics.

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[9]The multidimensional concept of PI is not well suited to be measured by components from a factor analysis; the concept does not correspond well to a reflective model in which indicators are 'symptoms' of the same underlying 'disease'. The concept instead follows a formative model in which high scores on some dimensions may go together with either high or low scores on other dimensions. Nonetheless, the Cronbach's alpha between the five indicators is 0.854.
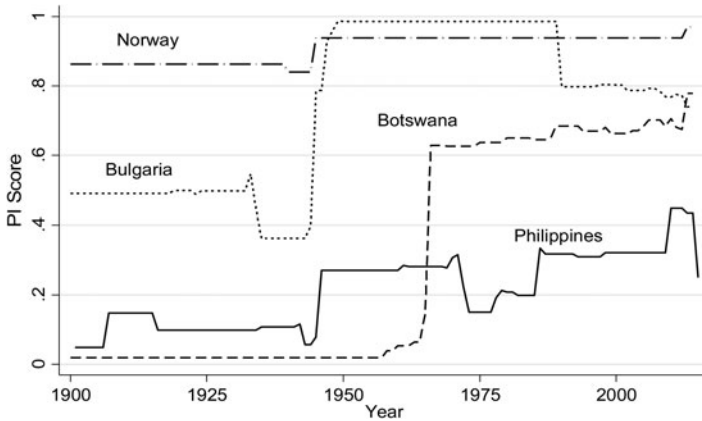
**Figure 2.** PI score over time in four selected countries

## Measures of Welfare State Features

We have argued that party institutionalization should foster national, extensive and universal social policies. There is no welfare state measure that properly captures all these dimensions together, except for over shorter periods of time (Scruggs 2006). Instead, we employ several measures, from various sources.

Our first measure is from the SPaW dataset. It captures how encompassing welfare states are. *Encompassingness* counts whether there is a major, national welfare law for each of the following risks: old age, unemployment, maternity leave, child birth (family allowances), work injury and sickness. A major program implies that *at least on*e of the following groups are covered: agricultural workers, industrial/production workers, small-firm workers, self-employed, students, employers, temporary/casual workers and family/domestic workers (see Knutsen and Rasmussen 2018). *Encompassingness* thus ranges from 0 (no major program) to 6 (major program in all areas). For the 9,053 observations in Model 1, Table 1, the mean score is 3.4 and the median is four programs. Figure 3 shows the distribution on *Encompassingness*, sorted by quartile on our measure of PI. Countries with high PI scores typically have more major welfare programs.

In order to capture how universal the welfare benefits are, we first use a universalism indicator from V-Dem: *Universal Programs* measures '[h]ow many welfare programs are means tested and how many benefit all (or virtually all) members of the polity?' Beneficial for isolating the universalism dimension, V-Dem expert coders are explicitly told not to score whether there is a welfare state presence, but instead the structure of the existing benefits. Thus *Universal Programs* should not tap welfare state size *per se*; neither should it be related, by construction, to our measure of encompassingess. It is perfectly conceivable to have national-level social policy programs that cover multiple areas of risk but only channel benefits to, say, one social group.[10] One benefit of universal programs relative to other measures of welfare program features, and especially those strictly focused on de jure characteristics, is its substantial time-series variation, which captures the fact that several countries have experienced periods of substantial decline in the extent to which welfare benefits are universally provided (such as Bulgaria, Chile, New Zealand and Russia).

Overall, for the 16,267 observations in Model 4, Table 1, the mean, median and standard deviations of this universalism measure are, respectively, −0.17, 0.02 and 1.47. The lowest score is −3.26 and the highest is 3.23. Figure 4 displays histograms for these observations, sorting the sample by PI quartiles, and Figure 5 plots PI against *Universal Programs* for two selected years. In general, countries with higher PI have higher universalism scores.

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[10]We test the sensitivity of our findings to this assumption by controlling for the number of major welfare policies enacted (Table A8).
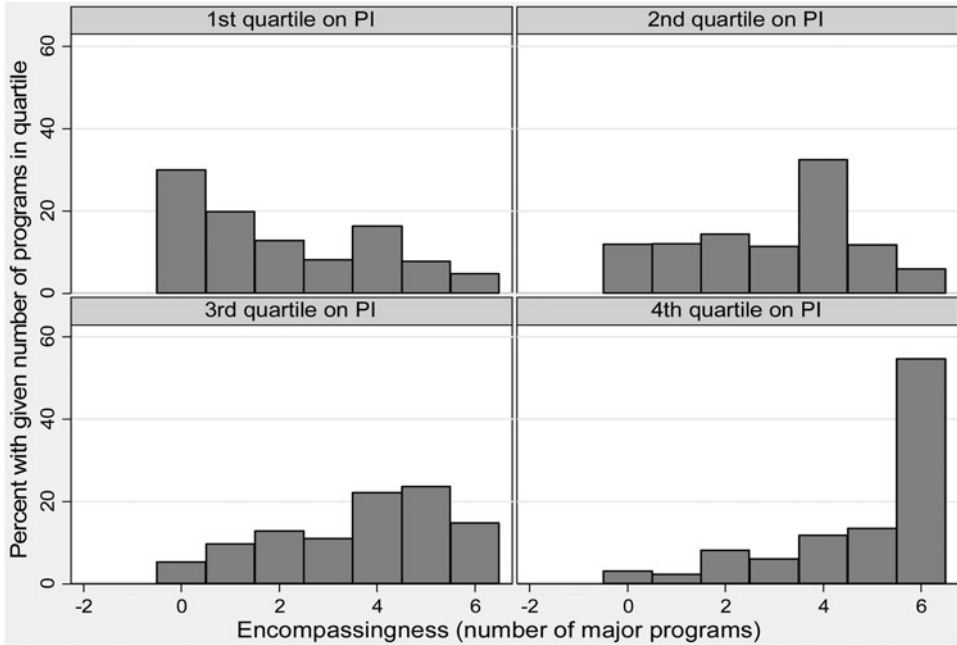
**Figure 3.** Histograms on Encompassingness for 9,053 obs. in Model 1, Table 1, by PI quartile
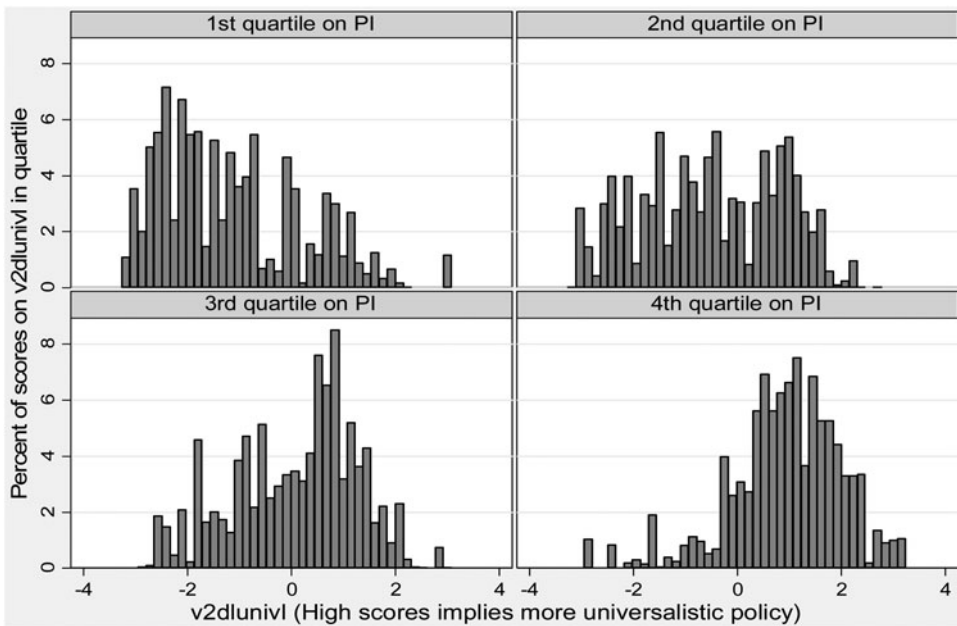


**Figure 4.** Histograms on universal programs for 16,267 observations in Model 4, Table 1, by PI quartile

*Encompassingness* and *Universal Programs* are our two primary measures. Both allow us to include more than 150 countries and time series longer than 100 years. Yet given concerns that PI and *Universal Programs* are both drawn from V-Dem and the potential resulting biases
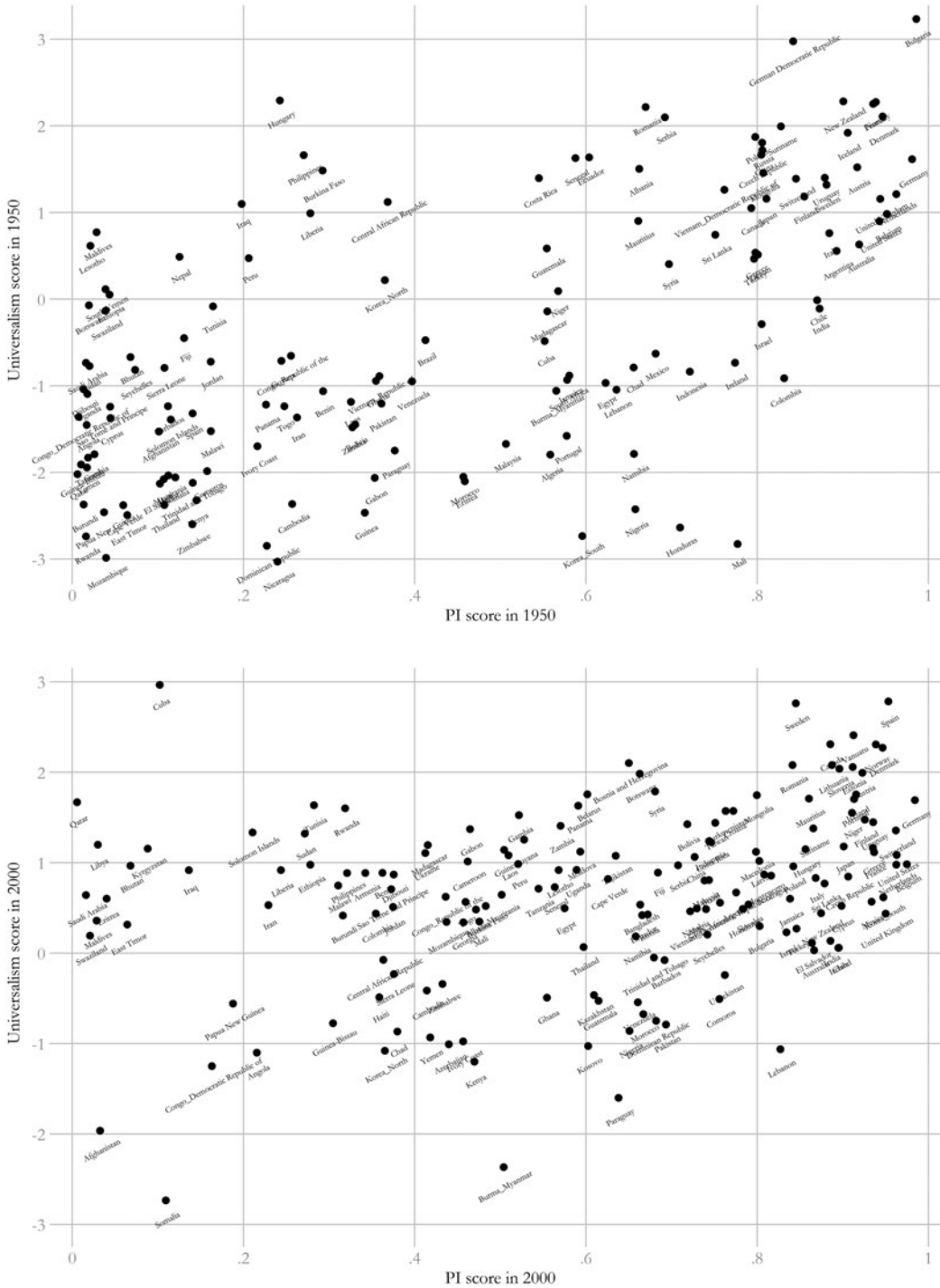
**Figure 5.** Scatter plots of PI and universal programs in 1950 (top) and 2000 (bottom)

from combining two V-Dem measures that rely on expert coding, which we discuss more closely below, we test two additional measures of universalism.

The first is the Universalism Index (UI) from SPaW, which also has extensive coverage. UI counts the number of social groups, as listed above, for each of the six major risk/policy areas in SPaW (Rasmussen 2016). More specifically, 0 is given for a policy area if there is no major program; 1 if a program is means tested based on some property criteria (income-based exclusions are not considered means tested); 2 if one social group is covered by a contribution- or employment-based program; 3 if two groups are covered, etc. Finally, programs that automatically include all citizens are scored 9. Since there are six policy areas, and the programs are aggregated by addition, UI ranges from 0–54. The other measure, from the Social Citizenship Indicator Program (SCIP) (Korpi and Palme 2007), captures the share of the workforce that is insured against sickness in a state program. These data allow us to include only twenty-one countries (mostly 'old' OECD members), from 1930 to 2000. Appendix B report tests with this and other relevant measures.[11]

### Control Variables and Benchmark Model

Our benchmark model is an ordinary least squares (OLS) estimator with panel-corrected standard errors. We always include country and year dummies. The country-fixed effects allow us to control for hard-to-observe factors that are fairly stable within countries (national party culture, ethnic composition, colonial history, a history of violent revolutions, etc.) and that may simultaneously determine both party institutionalization and social policy. Including country-fixed effects is made feasible by the long time series and substantial within-country variation in PI; the within-country standard deviation is 0.18, not far from the 0.26 between-country standard deviation. The year-fixed effects allow us to account for any global time trends in party and welfare state development and common 'shocks', such as International Labour Organization conventions, global economic depressions and world wars.

One complicating feature is the (presumably) complex causal relationships between PI and other observable factors that may affect welfare state development. Take income level, where one could expect that wealthier countries have advantages in allowing for more institutionalized parties (Kitschelt and Kselman 2013) *and* better opportunities to finance welfare schemes. This suggests that we should control for income. Yet, extant work also finds that party institutionalization enhances economic development (Bizzarro et al. 2018), so including income could induce post-treatment bias by controlling for an indirect effect. Likewise, regime type and electoral system could also be post-treatment to political party features (see, for example, Kitschelt and Kselman 2013).

Resolving this issue and identifying the single 'true' model is difficult. Our strategy is therefore to test both parsimonious models, which privilege mitigating post-treatment bias, *and* more extensive models, which privilege mitigating omitted variable bias. The most parsimonious models only include country and year dummies alongside PI as regressors. Our baseline extensive specification includes four controls for which we think there is a particularly strong theoretical rationale for considering as confounders. These are regime type/democracy, measured by V-Dem's Polyarchy (Teorell et al. 2019); electoral system (proportional representation and mixed-system dummies, with plural-majoritarian as the reference category) from V-Dem; ln GDP per capita (Purchasing Power Parity adjusted), from the Maddison Project (Bolt and Zanden 2014); and ln population from Miller (2015). Our results, however, do *not* rely on

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[11]We also test other proxies of welfare state universalism, such as V-Dem's 'v2dlencmps', which captures segmentation, or the targeting of goods to particular groups. In the Appendix, we also run tests on welfare state generosity, limited to more recent decades and OECD countries. Specifically, we consider the link between replacement rates – the ratio of an average worker's wage that would be replaced by the benefit – from the Comparative Welfare Entitlements Dataset (Scruggs 2006) and SCIP (Korpi and Palme 2007) datasets.

using these two *a priori* preferred specifications. We report additional models, for example controlling for the lagged dependent variable, to further guard against unobserved confounders.

We also use military and public order spending as outcomes in placebo tests to mitigate concerns that PI simply correlates with all forms of state size. Further, we test models controlling for features such as *urbanization, trade openness, income inequality, land inequality, union density, left-wing governments, interstate wars, civil wars, political corruption, civil society strength, female political participation* and *state–administration features*, and we leverage generalized sensitivity analysis to assess how great omitted variable bias from other unobserved confounders must be for our results to be spurious.

## Empirical Results

We first present the results from our core specifications. While we focus on the results using the composite PI and our two main measures of welfare state encompassingness and universalism, we also present the results for our alternative dependent variables and for indicators tapping different, specific aspects of party institutionalization. Next, we present and discuss robustness tests, focusing on the measure of welfare state universalism. Finally, we test for how the relationship travels across different contexts, again focusing on the relationship between party institutionalization and how universal a country's welfare policy is.

### Main Results

*Encompassingness* is our first dependent variable, capturing the number of national-level major welfare programs covering the six areas of risk as described above. Model 1, Table 1 is the parsimonious specification only including country- and year-fixed effects alongside PI. Drawing on 9,053 observations from 134 countries, it suggests a clear, positive significant relationship ($t = 8.8$). The point estimate suggests that a one-unit increase in PI increases the number of major national welfare programs by 0.59 – about one-sixth of the sample-mean number of programs (3.37). The result is only moderately attenuated when controlling for differences in electoral system, regime type, income and population in Model 2. While Model 2 suggests that high levels of per capita GDP, larger populations, proportional representation and – perhaps more surprisingly (but see Knutsen and Rasmussen 2018) – low levels of democracy also systematically relate to welfare state encompassingness, PI only drops from 0.59 to 0.42 and remains highly significant.[12]

Despite the fixed effects and other controls, one might worry that other (time-variant) confounders or co-integrated trends generate a spurious link between PI and *Encompassingness*. Yet different specifications that should purge such potential confounding bias suggest that this is not so. Model 3, for instance, uses changes in *Encompassingness* from the previous year as the dependent variable and includes a lagged dependent variable as the regressor. Even in this conservative model, PI has a t-value of 2.6.

Models 4–6 replicate Models 1–3, but using *Universal Programs* as the dependent variable. As anticipated by our argument, PI is a clear and strong predictor.[13] Hence, the more institutionalized political parties are, the more that social policies are oriented towards broad groups. In Model 4, the estimated effect of going from the minimum (0) to maximum (1) values of PI is a 1.31-point increase in *Universal Programs*. This is only slightly lower than the sample standard

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[12]The results are robust to using a cumulative measure of democracy, which is also intended to capture long-term effects of regime type (see Huber and Stephens 2012). These results are reported in Appendix Table A13.

[13]The number of observations ranges from 16,267 in the model excluding covariates to 7,124 observations in one of the models including all the benchmark covariates. The main reason why the parsimonious model includes so many observations is because the V-Dem also codes the political experiences of colonies. In the extensive models, colonies are excluded due to missing data on covariates.

**Table 1.** Party institutionalization and welfare state encompassingness, universality, generosity and size: main models

| Data source | SPAW | | | V-Dem | | | SPAW |
|---|---|---|---|---|---|---|---|
| Dep. var. | encompassingness | | | universalism | | | universalism |
| Level/Change | L | L | C | L | L | C | L |
| Model | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Party Institut. | 0.59*** | 0.42*** | 0.090** | 1.31*** | 1.30*** | 0.21*** | 1.90*** |
| | (8.80) | (5.85) | (2.63) | (30.73) | (16.23) | (7.73) | (4.81) |
| PR | | 0.55*** | 0.073*** | | 0.10** | 0.042*** | 0.63** |
| | | (16.22) | (4.28) | | (2.65) | (3.38) | (3.17) |
| Mixed el. sys. | | 0.52*** | 0.042* | | −0.14*** | −0.0064 | 2.13*** |
| | | (11.37) | (2.10) | | (−3.80) | (−0.48) | (7.22) |
| Polyarchy | | −0.44*** | −0.020 | | 0.35*** | −0.0029 | 0.70 |
| | | (−6.30) | (−0.64) | | (5.42) | (−0.12) | (1.69) |
| Pop. (ln) | | 1.17*** | 0.23*** | | 0.10* | −0.014 | 0.81* |
| | | (26.99) | (9.73) | | (2.53) | (−1.05) | (2.56) |
| GDP p.c. (ln) | | 0.18*** | 0.060*** | | 0.28*** | 0.0062 | 0.40 |
| | | (4.98) | (3.61) | | (9.74) | (0.60) | (1.76) |
| Dep. Var.$_{t-1}$ | | | −0.17*** | | | −0.083*** | |
| | | | (−17.60) | | | (−13.89) | |
| Country FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 9,053 | 6,154 | 6,109 | 16,267 | 7,137 | 7,124 | 4,172 |
| Countries | 134 | 121 | 121 | 169 | 142 | 142 | 113 |
| Time period | 1900–2013 | 1900–2004 | 1900–2004 | 1900–2015 | 1900–2004 | 1901–2004 | 1900–2004 |

*Note*: OLS with panel-corrected standard errors. T-values reported in parentheses. Constant, year dummies and country dummies not displayed. Concerning the dependent variable specifications, L = Level, C = Change (from t-1 to t). *p < 0.05, ** p < 0.01, ***p < 0.001

deviation (1.47). The short-term relationship might even underestimate the effect. Indeed, when calculating the long-run effect from Model 6, we find an implied effect of about 2.55, close to a two-standard-deviation change in *Universal Programs*.

One issue – potential coder-induced bias – warrants caution when interpreting the results from Models 4–6. The results may be upward biased since *some* V-Dem coders are rating multiple V-Dem surveys and thus scoring countries on both of the indicators included in PI and *Universal Programs*. Yet such coder biases, if present, should also affect V-Dem's electoral democracy measure (Polyarchy). Controlling for Polyarchy should therefore help purge the PI–universalism relationship of this bias. Encouragingly, the results are very similar when including and excluding Polyarchy. Further, the PI–universalism result also persists for other universalism measures.

Model 7 displays an extensive specification that is similar to Model 5, but using the UI measure from SPaW. While UI has its own limitations, notably that it does not capture and weight the size of the social groups covered by the major welfare state programs, any relationship with PI should be unaffected by the type of coder bias discussed above. PI remains significant in Model 7 (t = 4.8), suggesting that institutionalized parties correspond to social policy programs covering more social groups, although the link with PI is not as robust to changing the model specification as for our other welfare measures (see, for example, Appendix Tables A6 and A17). Other results (for example, Appendix Tables A4 and A5) on quite different measures, including sickness benefit coverage data from OECD countries, reinforce the robust relationship between PI and welfare state universalism.

We now turn to disaggregating PI. Gauging results based on the individual indicators included in PI helps inform us about which of the discussed mechanisms operate more strongly, as the indicators relate to different, theoretically relevant sub-components of party institutionalization. For presentational reasons, we mainly discuss how the individual indicators of PI relate to welfare state universalism. Thus, the regressions presented in Table 2 employ *Universal Programs* as the dependent variable, but similar specifications on alternative dependent variables are in Appendix A5.

For *Universal Programs,* four of the five components included in PI have a strong and consistent relationship. Model 6, Table 2 shows that this also holds when including all five indicators simultaneously, suggesting that different mechanisms linking PI to welfare state development operate simultaneously, in accordance with our comprehensive argument (and the choice of additive aggregation for PI, allowing for partial substitutability between indicators). Due to the moderate to strong positive correlations between the indicators, we put more trust in Model 6 than Models 1–5 when discussing the individual relationships. Thus, despite the potential for multicolinearity increasing estimate uncertainty in Model 6, we find it preferable to, say, Model 4, as *Distinct Platforms* in Model 4 might be biased by picking up an effect of either *Local Branches* (bivariate correlation of r = 0.82) or *Constituency Linkages* (r = 0.58) on welfare state universalism.

In Model 6, *Party Linkages* displays the strongest relationship, closely followed by *Permanent Organizations*, *Local Branches* and *Legislative Cohesion*. The presence of local branches and types of linkages were key to the bottom-up mechanisms posited in our theoretical argument, allowing institutionalized parties to widen their circle of constituents and elicit information from various groups. Nonetheless, the two features that are key to the top-down mechanisms are robust. Stable national organizations are vital for bargaining and overcoming various veto players, whereas legislative party cohesion is a direct signal of parties' ability to discipline and co-ordinate members.

*Distinct Party Platforms*, which presumably captures a clearly expressed ideology- and policy-based competition between parties, has the opposite effect of what we expected in Model 6, which simultaneously controls for all five indicators. This could be an indication that the correlation displayed in Model 4 is spurious, and that mere policy-based competition between parties is not a decisive factor for introducing universal benefits. This points to the finding, which we

**Table 2.** Disaggregating party institutionalization and estimating effects on welfare state universalism

| Dependent variable: | V-Dem universal programs | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Party organization | 0.27***<br>(17.40) | | | | | 0.21***<br>(10.87) |
| Local branches | | 0.24***<br>(13.86) | | | | 0.071***<br>(3.40) |
| Constituency linkages | | | 0.33***<br>(21.78) | | | 0.29***<br>(18.57) |
| Distinct platforms | | | | 0.065***<br>(3.99) | | −0.16***<br>(−9.63) |
| Legislative cohesiveness | | | | | 0.21***<br>(13.87) | 0.14***<br>(9.89) |
| Population (logged) | 0.17***<br>(4.20) | 0.12**<br>(2.99) | 0.15***<br>(3.70) | 0.18***<br>(4.23) | 0.21***<br>(4.94) | 0.15***<br>(3.89) |
| GDP per capita (logged) | 0.29***<br>(10.22) | 0.26***<br>(8.92) | 0.22***<br>(7.78) | 0.29***<br>(9.94) | 0.26***<br>(8.87) | 0.20***<br>(7.09) |
| Polyarchy | 0.38***<br>(5.94) | 0.50***<br>(7.70) | 0.50***<br>(7.70) | 0.75***<br>(10.84) | 1.05***<br>(15.68) | 0.49***<br>(7.63) |
| PR | 0.12**<br>(3.17) | 0.12**<br>(3.17) | 0.051<br>(1.35) | 0.11**<br>(2.81) | 0.17***<br>(4.56) | 0.12***<br>(3.34) |
| Mixed | −0.13***<br>(−3.41) | −0.13***<br>(−3.60) | −0.15***<br>(−4.12) | −0.14***<br>(−3.62) | −0.13***<br>(−3.71) | −0.12***<br>(−3.56) |
| Country FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 7,137 | 7,137 | 7,125 | 7,125 | 7,093 | 7,093 |
| Countries | 142 | 142 | 142 | 142 | 142 | 121 |
| Time period | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 |

*Note*: OLS with panel-corrected standard errors. T-values reported in parentheses. *p < 0.05, **p < 0.01, ***p < 0.001

will discuss in the sub-section on assessing heterogeneity, that PI has a clear relationship with welfare state universalism in both democracies and autocracies.[14]

### Robustness Tests

We tested an extensive battery of specifications. Briefly summarized, the core finding (on PI) is very robust. Most tests are presented in the Appendix, but we report and discuss a selection of important, and quite different, tests in this section, focusing on welfare state universalism. Table 3 presents these tests for *Universal Programs*.

Model 1, Table 3 replicates our extensive benchmark model (Model 6, Table 1). The first robustness test, Model 2, alters the lag specification, lagging all independent variables by five years. PI is somewhat attenuated, dropping from 1.3 to 0.8, but it remains highly significant. In Model 3, we further extend the lag to 10 years, and PI remains significant, although the estimated coefficient drops further to 0.3. These results suggest, first, that PI may have both fairly proximal and distal effects on welfare state development. Secondly, even though we cannot, of course, exclude the possibility, our core result is less likely to (only) reflect a reverse causality bias, as measuring the independent variable 10 years before the dependent variable should help mitigate X-Y circularity.

We also tested specifications with additional controls to further mitigate omitted variable bias (although this typically reduces the sample size and could introduce post-treatment bias). Models 4–6 are three examples. Model 4 includes extra socio-economic covariates that may affect universalism and correlate with PI – *urbanization, trade openness, income inequality and land inequality* (Appendix Table A1 provides operationalizations and data sources). Model 5 includes two pertinent controls for working-class organization – *union density and left government*. Model 6 adds controls for relevant national-level political institutions and events – *interstate war, civil war, political corruption, impartiality of the state administration, civil society strength and participation in politics,* and *female political participation*. These tests are important as they account for other core explanations of welfare state universalism – such as working-class power or female political mobilization (for example, Huber and Stephens 2001), or that having high-quality state institutions eases the implementation of comprehensive welfare programs (for example, Rothstein, Samanni and Teorell 2012). Several of these controls are, indeed, highly significant in the expected direction. Yet our main result is stable. The benchmark PI coefficient is 1.3, whereas PI ranges between 1.3 and 1.6 in Models 4–6, and t-values range from 7.4 to 16.3. The results remain stable when we include different combinations of controls or enter any of them separately in the benchmark.

We tested various ways of aggregating the indicators (or subsets of indicators) of PI, such as extracting the first component from a factor analysis (Model 7). The result for welfare state universalism is robust. One specific worry is that the strong correlation could come from V-Dem coders considering whether parties adopt broad, national welfare programs and let this influence their coding of parties as programmatic rather than clientelist. Thus we add the linkages indicator as a separate control in Model 8, thereby purging the PI coefficient for the influence of this indicator. While PI is attenuated, both PI and linkages are sizeable and significant at 1 per cent. The result on welfare state universalism is also robust to dropping the linkages indicator before reconstructing PI (Appendix A8). We also note that the results are robust to using various cumulative measures of PI (for a similar measure on democracy, see Huber and Stephens 2012), thus capturing a country's recorded history of party institutionalization.

We also tested alternative estimators. Model 9, a random-effects model, allows us to also capture within-country variation. PI remains comparable in size to the benchmark, although the

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[14]The patterns are less consistent across welfare measures for the indicator-specific tests than for PI, overall. For example, *Party Organization* and *Party Linkages* are robust for *Generosity* (*Replacement Rates*; Table A11), whereas *Distinct Platforms* and *Local Branches* are robust for *Encompassingness* (Table A9).

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**Table 3.** Robustness tests on universal programs

| Estimation | 1 OLS Baseline | 2 OLS 5-year lag | 3 OLS 10-year lag | 4 OLS Socio-econ. controls | 5 OLS Work. class controls | 6 OLS Political controls | 7 OLS First component PI | 8 OLS Control linkages | 9 RE Random effects model | 10 RE Ologit Ordinal logistic |
|---|---|---|---|---|---|---|---|---|---|---|
| Party Instit. | 1.30*** | 0.75*** | 0.34*** | 1.26*** | 1.64*** | 1.26*** | 0.33*** | 0.75*** | 1.29** | 3.47* |
| | (16.23) | (9.89) | (4.64) | (11.32) | (7.44) | (16.33) | (20.85) | (8.91) | (2.65) | (2.25) |
| Polyarchy | 0.35*** | 0.70*** | 0.85*** | 0.59*** | 1.65*** | −0.37*** | 0.23*** | 0.28*** | 0.34 | 1.89 |
| | (5.42) | (10.67) | (12.56) | (8.13) | (11.11) | (−3.80) | (3.53) | (4.35) | (0.99) | (1.46) |
| Pop. (ln) | 0.10* | 0.14** | 0.20*** | 0.62*** | −0.61*** | 0.28*** | 0.14*** | 0.11** | 0.014 | −0.25 |
| | (2.53) | (3.09) | (4.24) | (9.51) | (−6.50) | (6.82) | (3.51) | (2.75) | (0.10) | (−0.43) |
| GDP pc (ln) | 0.28*** | 0.24*** | 0.24*** | 0.42*** | 0.23*** | 0.25*** | 0.22*** | 0.23*** | 0.25* | 1.06** |
| | (9.74) | (7.90) | (7.86) | (12.38) | (3.31) | (7.99) | (7.66) | (7.93) | (1.98) | (2.61) |
| PR | 0.10** | 0.10* | 0.080 | −0.21*** | 0.58*** | 0.13*** | 0.094* | 0.044 | 0.10 | 0.40 |
| | (2.65) | (2.50) | (1.88) | (−4.24) | (9.53) | (3.61) | (2.55) | (1.17) | (0.61) | (0.74) |
| Mixed | −0.14*** | −0.14*** | −0.17*** | −0.26*** | 0.48*** | −0.068 | −0.16*** | −0.16*** | −0.14 | −0.51 |
| | (−3.80) | (−3.61) | (−4.21) | (−5.95) | (5.24) | (−1.83) | (−4.26) | (−4.33) | (−0.80) | (−0.88) |
| Urbaniz. | | | | $1.1 \times 10^{-10}$ | | | | | | |
| | | | | (0.19) | | | | | | |
| Openness | | | | 0.0017 | | | | | | |
| | | | | (0.92) | | | | | | |
| Income ineq. | | | | −0.0044** | | | | | | |
| | | | | (−3.04) | | | | | | |
| Fam. farms | | | | 0.0065*** | | | | | | |
| | | | | (5.48) | | | | | | |
| Union dens. | | | | | 0.0077*** | | | | | |
| | | | | | (7.16) | | | | | |
| Left-govt. | | | | | 0.15*** | | | | | |
| | | | | | (4.83) | | | | | |
| Inter-st. war | | | | | | −0.052 | | | | |
| | | | | | | (−1.47) | | | | |
| Civil war | | | | | | −0.19*** | | | | |
| | | | | | | (−5.65) | | | | |
| Corruption | | | | | | −1.22*** | | | | |
| | | | | | | (−12.03) | | | | |
| Imp. Admin. | | | | | | 0.13*** | | | | |
| | | | | | | (8.89) | | | | |
| Civil society | | | | | | −0.50 | | | | |
| | | | | | | (−0.57) | | | | |
| Female parti. | | | | | | 1.87*** | | | | |
| | | | | | | (24.97) | | | | |
| Party link. | | | | | | | | 0.27*** | | |
| | | | | | | | | (16.26) | | |
| Country FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | No |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 7,137 | 6,975 | 6,732 | 4,208 | 1,635 | 6,116 | 7,093 | 7,125 | 7,137 | 7,137 |
| Countries | 142 | 142 | 142 | 129 | 31 | 130 | 142 | 142 | 142 | 142 |
| Time Period | 1900–2004 | 1905–2004 | 1910–2004 | 1935–2004 | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 |

*Note*: OLS with panel-corrected standard errors. T-values reported in parentheses. *p < 0.05, **p < 0.01, ***p < 0.001
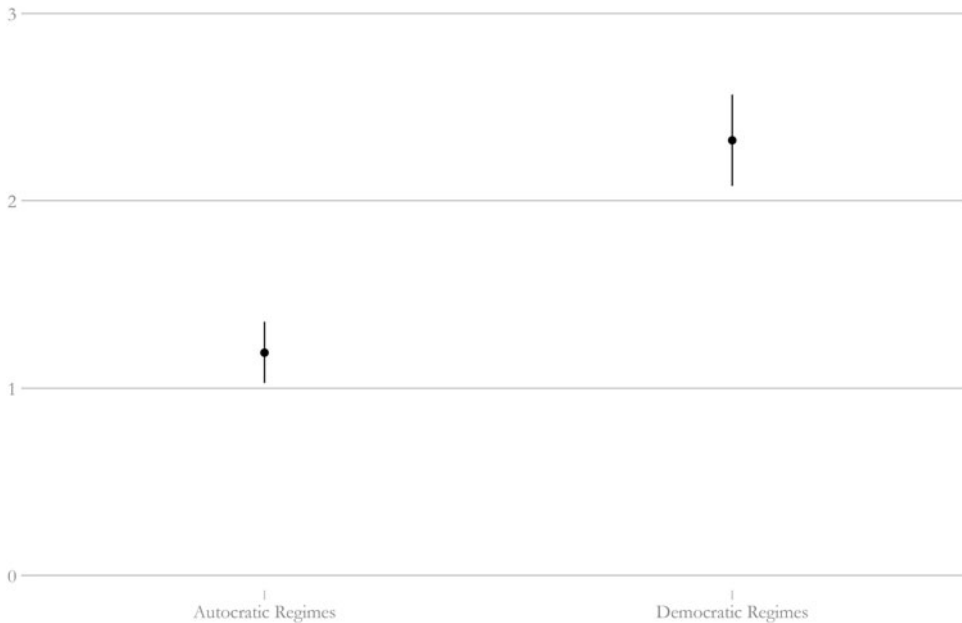
**Figure 6.** Estimated effect on universal programs of increasing PI from 0 to 1 in autocracies and democracies
*Note*: figure includes 95 per cent confidence intervals. The specification resembles Models 1 and 2, Table 4, but is run on full sample and includes interaction term.

standard error increases. Nonetheless, PI remains significant at 1 per cent. In Model 10 we employ the ordinalized version of *Universal Programs* and re-estimate our benchmark using ordinal logit. PI remains robust.

We undertook two placebo tests, using military and public order spending as dependent variables (Appendix A9). We argued that PI is key to welfare state development because it incentivizes and enables parties to carry out national, universal legislative proposals even when particularistic elite interests oppose these initiatives. We surmise that military and public order spending do not face similar hostile vested (elite) interests, and we otherwise fail to see how our argument should pertain clearly to such spending. Consequently, we should *not* observe a clear relationship with PI. Instead, a significant relationship might indicate that PI correlates with all forms of state expansion, and that the relationship of interest is driven by some unmeasured confounder. PI is not systematically related to military spending (t-value 0.39) or public order spending (t-value −0.63).

To further assess the likelihood that omitted confounders are driving our results, we test how serious such bias would have to be for the t-value of the PI coefficient to drop below 1.96, using generalized sensitivity analysis. We provide a closer discussion and interpretation in the Appendix. In brief, any omitted factor would have to correlate much higher with our welfare measures and PI than any of the theoretically plausible controls included in our regressions, such as democracy (Polyarchy), GDP, population or trade openness. This further increases our confidence that omitted variable bias is unlikely to drive the observed correlation.

## Assessing Heterogeneity

We now test whether our estimates mask heterogeneous effects across contexts by running split-sample tests for theoretically interesting factors. This is one simple and transparent way of investigating heterogeneity, but Appendix A10 and Figure 6 report interaction models as an alternative

**Table 4.** Split-sample tests on party institutionalization and universal programs

| Sample: | 1<br>Autocratic | 2<br>Democratic | 3<br>Western countries | 4<br>Non-Western countries | 5<br>Low rural inequality | 6<br>High rural inequality |
|---|---|---|---|---|---|---|
| Party Institut. | 0.73*** | 2.42*** | 2.30*** | 0.98*** | 1.21*** | 0.94*** |
|  | (7.77) | (16.19) | (13.13) | (11.94) | (13.25) | (7.17) |
| Population (ln) | −0.26** | −0.012 | −0.35*** | 0.48*** | 0.46*** | 0.17 |
|  | (−2.97) | (−0.27) | (−3.96) | (7.90) | (9.04) | (1.54) |
| GDP p.c. (ln) | 0.19*** | 0.54*** | 0.60*** | 0.23*** | 0.47*** | 0.23** |
|  | (5.05) | (15.77) | (7.45) | (7.57) | (15.85) | (2.99) |
| PR | −0.030 | 0.078 | 0.52*** | −0.10* | 0.038 | 0.15** |
|  | (−0.65) | (1.75) | (9.44) | (−2.45) | (1.01) | (2.58) |
| Mixed | −0.22*** | 0.12* | 0.48*** | −0.22*** | −0.20*** | 0.13 |
|  | (−4.62) | (1.98) | (4.83) | (−5.40) | (−4.39) | (1.96) |
| Polyarchy |  |  | 1.00*** | −0.069 | −0.026 | 0.65*** |
|  |  |  | (8.46) | (−0.97) | (−0.37) | (5.56) |
| Country FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 3,981 | 3,137 | 1,718 | 5,419 | 4,167 | 2,885 |
| Countries | 115 | 98 | 20 | 122 | 124 | 93 |
| Time period | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 | 1900–2004 |

*Note*: OLS with panel-corrected standard errors. T-values reported in parentheses. Regime samples are determined by the Boix, Miller and Rosato (2013) binary measure of democracy. For high- and low-inequality samples we use median sample-score (33) on percentage share of farm land that is family farms (from Vanhanen 1997) as cutoff. $p < 0.05$, **$p < 0.01$, ***$p < 0.001$
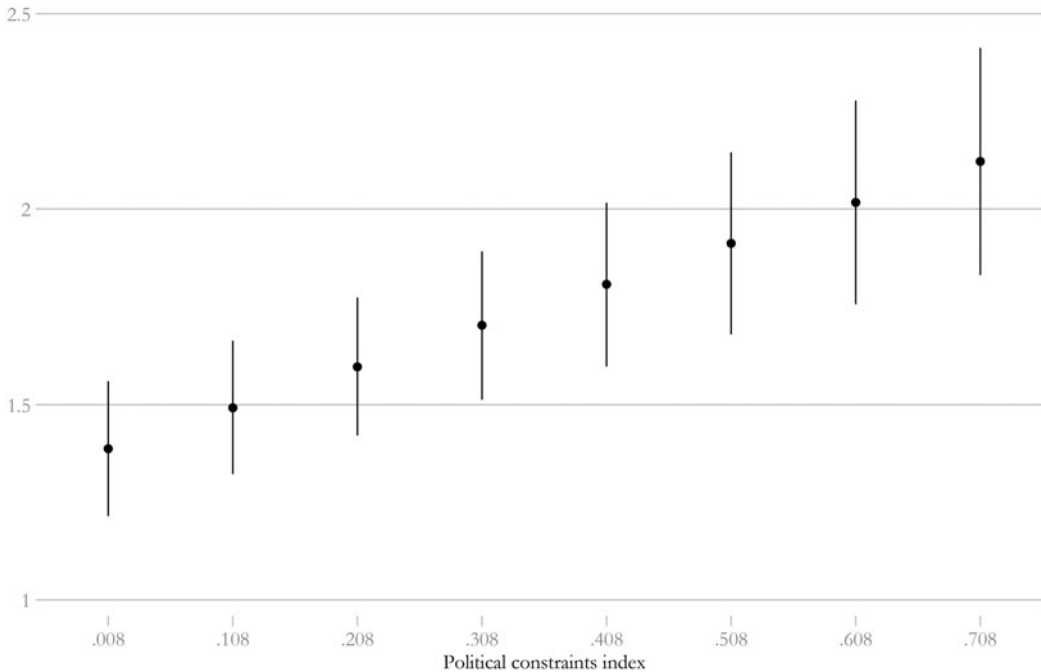
**Figure 7.** Estimated marginal effect on universal programs of PI going from min to max on Polcon V index
*Note*: figure includes 95 per cent confidence intervals. The specification resembles the benchmark on full sample, but includes Polcon V and its interaction with PI.

way of testing such heterogeneity. In general, we find systematic links between PI and the different welfare state features in various contexts. Again, we mainly focus on results for *Universal Programs*, and display other dependent variables in Appendix A7.

First, we noted that the proposed bottom-up mechanisms might not work as strongly in autocracies as in democracies, although the top-down mechanisms suggest that institutionalized parties should enhance, for example, universalism in both democracies and autocracies. Splitting the sample according to the dichotomous Boix, Miller and Rosato (2013) measure (BMR), we find that PI is about three times larger in democracies (Model 2, Table 4) than in autocracies (Model 1). Nonetheless, PI is also substantially large and significant for autocracies. This difference across regimes is persistent, but typically smaller, in other specifications; Figure 6 presents point estimates from an interaction specification (resembling Models 1 and 2, but adding PI*BMR) run on the full sample. PI is a significant predictor in both regime contexts, but the estimated effect is about twice as large in democracies.[15]

Secondly, we investigate whether the link between PI and universalism is stronger in contexts that offer 'status quo actors' greater leverage. PI should be more important for welfare state development in such contexts due to its importance for over-riding potential veto players. We use the Polcon V Index (Henisz 2002), which combines information on the number of independent government branches, control over these by a single party, judicial independence and sub-federal entities. Higher values equal greater institutional constraints on executives, presumably enhancing the leverage of veto players. Figure 7 shows the result from an extension of the benchmark, adding Polcon V and its interaction with PI. The results clearly suggest that PI has a larger marginal effect on welfare state universalism when veto players have greater leverage – while always

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[15]For *Encompassingness*, PI is positive but close to zero for autocracies, but large and significant for democracies. For split-sample and interaction tests, see Appendices A7 and A10.

positive and clearly different from zero, the estimated effect is much higher for high values on Polcon V.

Thirdly, we test whether our results are driven by the experiences of Western countries. If so, the support for our (general) argument would be weakened, or this would at least suggest some (untheorized) historical or cultural prerequisites for our mechanisms to work. While the PI coefficient is larger in Western (Model 3; 2.3) than other (Model 4; 1.0) countries, it is substantial in size and highly significant in both samples. (Appendix A10 contains analysis removing specific regions from the sample, and the relationship is robust). We also took out colonies and controlled for (10-year) post-independence effects, and the results are robust.

Fourthly, we checked whether the effect is strongly contingent on a society's socio-economic features. One might hypothesize that strong, mass-based parties help ensure the formulation and effective implementation of universal welfare programs only where there is low economic inequality, and thus smaller redistributive burdens on elites (see Boix 2003). Alternatively, institutionalized parties could display a stronger relationship with universalism in high-inequality settings, as institutionalized parties would be needed to overcome powerful elite groups, such as rural landlords. Yet, when using Vanhanen's share of family farms as a proxy for land inequality, and splitting the sample at the median, PI is related to universalism in both low- and high-inequality settings; the coefficient is only moderately higher in low-inequality settings. The results are basically similar if we split the sample using Gini coefficients on income inequality (Table A34). Nor is the relationship restricted to developing *or* developed countries. When splitting the sample by median GDP per capita, PI relates quite similarly (and significantly) to *Universal Programs* in both contexts. Additional tests show fairly consistent relationships across countries that are less or more corrupt or that have less or more impartial public administrations, suggesting that strong state institutional capacity is not a prerequisite for institutionalized parties to influence welfare state development (cf. Shefter 1977).

## Conclusion

We have argued that highly institutionalized parties have both the incentives and the capacity to enact more universal welfare programs. We identify two types of mechanisms that may contribute to this relationship – bottom-up and top-down mechanisms. The former refers to parties' ability to widen their circle of constituents and elicit information about their demands, whereas the latter refers to their capacity to overcome veto players inside and outside their organizations. Both types of mechanisms are theorized to pull in the same direction, implying that highly institutionalized parties should make for more universal welfare states.

These expectations find support in our empirical analysis. Our extensive samples, going well beyond the 'typical' set of developed post-war OECD democracies, allow us to assess whether or not our argument finds support in various spatial, temporal, socio-economic and political regime contexts – as it generally turns out to do.

Our argument and empirical results contribute to two hitherto distinct literatures. First, previous explanations of the origins of welfare universalism have often focused on specific actors or the power balance between actors, typically highlighting social democratic parties (for example, Huber and Stephens 2001), Christian democratic parties (Kalyvas and Kersbergen 2010), democratization and bureaucratization (Orloff and Skocpol 1984), or a combination of impartial and effective state institutions and working-class mobilization (for example, Rothstein, Samanni and Teorell 2012). We also find that working-class organization and state structures matter, but neither factor cancels out the links between party institutionalization and welfare state development.

Secondly, we contribute to work on political parties and their effects. A vast literature has detailed how features of parties in democratic systems, and party institutionalization in particular, shape various outcomes, including democratic stability and public goods provision (for example, Hicken et al. 2015). Likewise, a rapidly growing literature on parties in autocracies has detailed

how institutionalized parties – and regime parties in particular – affect different outcomes such as regime stability, prospects for democratization and investment (for example, Gehlbach and Keefer 2011; Magaloni 2006; Svolik 2012; Wright 2008). We add to, and help bridge, these literatures by showing how party institutionalization matters for social policy characteristics, and by theorizing and showing that the effects of party institutionalization manifest themselves in both democratic and autocratic settings.

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