Abstract

How to explain reform of the welfare state across countries and over time? In this paper, we draw on qualitative studies of welfare state reform and on the party behaviour literature to develop a new theoretical model of welfare state reform. Taking the cabinet as our unit of analysis, we hypothesize that strong internal party democracy induces a cabinet to policy-seeking behavior, and strong electoral incentives induce a cabinet to office-seeking behavior. When the first condition is present, a cabinet’s ideological position as presented in the cabinet party’s or parties’ manifesto is the best predictor of welfare state reform; when the second condition is present, the cabinet is more likely to adapt its policies to changing economic and political circumstances. These two conditions make up the cabinet’s political opportunity structure and explain why it decides to reform, or not to reform, the welfare state. We put forward ways to operationalize the variables in this model and illustrate the model’s empirical usefulness by examining the reform activities of seven Dutch cabinets between 1973 and 2002.

Key words: Welfare state reform; political parties; cabinets; decision-making.
Introduction

What factors explain welfare state reform? That is to say, how to account for those intentional political actions that alter welfare state policy output (Siegel, 2007)? Quantitatively oriented scholars have identified such diverse causes as globalization, cabinet ideology, ideas, and socio-economic pressures as explanations for the occasional currents of reform (Starke, 2006). Overall, these studies have substantially increased our knowledge of the factors influencing welfare state reform. However, because these studies typically leave aside the behavior of the cabinet, we argue that they fail to offer a fully convincing theoretical account of the process of welfare state reform.

In this paper, we endeavor to solve this lacuna by focusing on the cabinet's political opportunity structure. If we define reform as an intentional political action to change policy output, the behavior of political actors – especially the cabinet as the most important actor in welfare state reform – stands central. Taking the cabinet as the unit of analysis is therefore appropriate. Current macro-quantitative studies in the mainstream welfare state literature, conversely, typically take the country_year as the unit of analysis. Given this focus, it is not strange that they largely ignore the context in which the cabinet finds itself, that is the political opportunity structure it faces.

The political opportunity structure of the cabinet, which consists of the internal party democracy and the electoral incentives that a party faces, influences whether a cabinet reforms or not. Specifically, we propose – in line with the literature on party behavior and some qualitative studies about welfare state reform – that competition between parties and the intraparty discipline shape party behavior (Green-Pedersen, 2001; Kitschelt, 2001; Müller & Strøm, 1999). The strength of these two pressures
determines whether parties pursue policies or offices. In fact, parties, or actually parties’ leaders (Müller & Strøm, 1999), have one or multiple goals in mind when making decisions: 1) policy-seeking, that is the desire to implement policies; 2) office-seeking, that is the desire to gain offices; and 3) vote-seeking, that is the desire to increase the future share of votes in order to maximize access to policy-making or office. Parties may have no fixed preferences for either one of these aims. Moreover, preferences may change over time (Adams, Merill III, & Grofman, 2005; Müller & Strøm, 1999). This means that it is not the case that all parties across time and space always aim for policy or maximize votes. If the latter was the case, for example, how then to explain that niche parties (e.g. Communist, Socialist, Radical Protestant, Green parties) in multiparty systems have an almost fixed policy position over time and indicate no inclination to adapt their policy programs to the median voter (Adams, Clark, Ezrow, & Glasgow, 2006)? Furthermore, if parties are always policy-seeking how can we then account for the many examples of leftist parties implementing rightist policies and vice versa? Unlike what their policy preference would suggest, the Dutch and German Labour parties retrenched the welfare state in the 1990s. Following the work of among others Müller and Strøm, we argue that party activists’ influence on the party leadership induces parties to policy-seeking behavior. Strong electoral incentives, conversely, induce parties to office-seeking behavior. Parties’ goals and accompanying behavior can thus be assumed to be able to vary.

Most of the mainstream welfare state literature assumes that parties are policy-seeking. The other part of the literature, conversely, assumes parties to be office-seeking. In this paper, we relax this restrictive, and incorrect, assumption of party behavior. We
argue that if a cabinet is policy-seeking, its policy manifesto is the best predictor of reform. If a cabinet is office-seeking, conversely, the position of the median voter is the better predictor of reform, as winning the median voter position is most likely a winning electoral strategy. The political opportunity structure thereby helps to account for the variation across cabinets in the pursuit of reform in the welfare state. We argue that often recognized causes of reform like cabinet ideology and socio-economic pressures affect reform indirectly, via the political opportunity structure.

The model of welfare state reform we put forward and illustrate in this paper is innovative in three ways. First, taking into account the political opportunity structure helps us to understand the motivation of a cabinet to reform or not to reform. This allows us to both explain and predict governments’ behavior in welfare state reform. Second, we explicitly theorize economic effects as being indirect. Since economic effects do not cause reform but merely shape the political opportunity structure, this provides a more accurate representation of reform. Third, our model introduces a plausible feedback effect, by theorizing how policy preferences in future elections are shaped by the policy-seeking and office-seeking strategies of parties.

The paper is structured as follows. First, we offer a critique of the use of the country_year as unit of analysis and suggest replacing it with the cabinet. Second, we discuss that the current literature assumes parties to have fixed aims (policy or office) and suggest dropping this assumption. Next, we develop our new model of reform in the welfare state in which we specify the political opportunity structure and its consequences for the direction of reform. We discuss variables to measure the hypothesized relationships and illustrate our model by discussing Dutch cabinets’
behavior in welfare state reform from the 1970s to the early 2000s. The Netherlands is particularly suited for such an illustration as its cabinets display variation on all central variables (the variables measuring the parties’ political opportunity structure as well as the dependent variable), allowing us to demonstrate if and how our new theory works. Finally, we conclude by summarizing the main theoretical argument of the paper and by indicating how our theory is applicable beyond the Dutch cases as well.

**Unit of analysis: country_year versus cabinet**

Current macro-quantitative studies of welfare state reform usually take the country_year as the unit of analysis, analyzing about 20 countries over a period of 30 years. This results in around 600 observations (20 times 30), which is a convenient number for statistical analysis. Although substantially reducing the number of observations available, we propose to take the cabinet as the unit of analysis, as this makes more sense theoretically. Recall that we understand reform as an intentional political action to alter policy output. Given this definition, the cabinet is the appropriate unit of analysis, as it is the only political actor that has the formal authority to make binding decisions (Baccaro & Simoni, 2008). Even if social partners such as labour unions have co-decision power, for example on the level of allowances for the unemployed, they can only co-decide because the cabinet allows them to. Many studies in this field claim to be interested in political decision-making. For example, Korpi and Palme (2003: 435) state that they “are concerned here with cuts in benefit levels that can be seen as results of *political decision making* in the social policy area…” (italics added). However, such studies – including Korpi and Palme – use the country_year level as their
unit of analysis, while there is no theoretical rationale for doing so.

In addition to making more sense theoretically, another advantage of the cabinet as the unit of analysis is that this provides a meaningful behavioral unit of analysis. This allows us to ask why, or under which conditions, cabinet X made decision Y. If, instead, the country_year is the unit of analysis, one asks why Y happened in year Z. We argue that decision Y may have little to do with year Z, but has a lot to do with the political opportunity structure of cabinet X that has led to decision Y. As argued, the political opportunity structure motivates politicians to pursue policies or offices, and thereby the occurrence, extent and direction of welfare reform.

**Political opportunity structure and welfare state studies**

Focusing on the cabinet as unit of analysis means that we have to examine parties, as these make up cabinets. In welfare state studies we find two conceptions of party behavior. In the *power resources* tradition, parties “tend to appear as the organized expressions of collective action geared towards safeguarding the diverging interests of groups differently located in the social structure” (Korpi 1989: 313, also see Esping-Andersen, 1990; Korpi, 1985, 1989; Stephens, 1979). In practice, this means that Social Democratic parties tend to increase generosity levels to safeguard the interests of the working-class and rightist parties tend to trim down generosity levels as lower taxes serve their constituents. Consequently, this tradition assumes “fixed government party preferences” (Kitschelt, 1999: 319): the left proposes leftist policies; the right puts forward rightist policies. Therefore, the power resources approach assumes parties to be strictly policy-seekers.
In the *new politics of the welfare state* approach (Pierson, 1996, 2001), conversely, political parties are assumed to be office-seeking. In this approach, which applies to the context of so-called “permanent austerity” (Pierson 2001) in which all parties face budget constraints, political parties try to avoid electoral blame. This means, for instance, that governments refrain from taking unpopular cutbacks unless they “believe that they are in a strong enough position to absorb the electoral consequences of an unpopular decision” (Pierson, 1996: 176). In a way, according to this perspective, left-wing and right-wing parties have become more alike. Left-wing parties cannot pursue their preferred policy of welfare state expansion because of budget constraints; right-wing parties cannot pursue their preferred policy of cutbacks because also their constituency has grown attached to welfare state’s programs. The consequence is that, empirically, the difference in policy reform between left-wing cabinets and right-wing ones vanishes. Hence, in order to keep office, parties cannot be policy-seekers in this model.

In sum, power resources theory predicts Social Democrats to behave as Social Democrats and disregards the possibility that some parties are more interested in seeking office instead of policy. The new politics approach, conversely, ignores the possibility that party leaders reform the welfare state because of policy-motivations. When faced with a context of permanent austerity, Social Democrats need to make a trade-off between policy and office, as do right-wing parties. We thus need to consider “the strategic calculus of party-politicians, predicated on voter preferences and strategic stances of competitors” (Kitschelt, 1999: 319).

While most mainstream quantitative studies ignore the importance of the political opportunity structure, a number of qualitative studies of welfare state reform take this
idea into account. Kitschelt (2001) argues that parties can engage in welfare state retrenchment if they have no credible competition from other parties and if the economic situation demands such a reform. For example, in a system where there is party competition between united market-liberals and united Social Democrats (Anglo-Saxon countries), market-liberals are hypothesized to blame economic problems on the size of the public economy and engage in full-scale retrenchment. Social Democrats, then, could steal voters away from the market-liberals by cutting back on the welfare state without being punished itself, as there is no credible alternative to the left. However, this policy choice for retrenchment could be blocked by party activists, curtailing the office-seeking ambitions of the party leadership. When left-libertarian parties are part of the system Social Democrats face a much tougher trade-off as cutbacks can win voters from the right, but they will subsequently lose voters to the left as well. Party systems and party organizations, thus, give opportunities and constraints for reform to parties.

Also focusing on the political opportunity structure, Green-Pedersen (2001) distinguishes between a bloc system and a pivot system. In a bloc system there are two competing blocs of parties (for example the Social Democratic and bourgeois blocs in Denmark). In a pivot system, conversely, there is a strong centre party that can cooperate with either side. Here the blame of reform is equally shared by political competitors (Green-Pedersen, 2001; Pierson, 1996; Weaver, 1986), increasing the likelihood of reform. Retrenchment will be especially strong when Christian Democrats team up with Social Democrats. Together with the usually much smaller left-libertarian and socialist parties, these parties are associated with the expansion or defence of the
welfare state by the voters. In the absence of a strong opposition positively associated with the welfare state the cabinet parties do not need to fear electoral punishment because dissatisfied voters have nowhere to turn to. In the case of bloc systems only Social Democrats can retrench, as for the bourgeois parties the risk of losing voters to Social Democrats as a consequence of welfare reform is too high. The Social Democrats, conversely, can only lose voters to left-libertarian or socialist parties in the case of welfare state retrenchment.

These qualitative studies show the importance of party behavior for explaining welfare state reform. Moreover, they allow us to make sense of why office-seeking Social Democratic parties, for example, choose reforms that seem the reverse of their ideological preferences. Here we can move beyond the simplistic conclusion of most of the welfare state literature that politics does not matter, simply because the ideological position is not indicative of the direction of reform. Moreover, we can understand why policy-seeking liberal parties, for example, pursue reforms in a situation of sure electoral defeat. This adds to the new politics of welfare state an explanation of the reforms taking place in the welfare state under significant societal opposition. This conception of party behavior from qualitative studies can clearly improve quantitative studies. Building on these insights, let us now propose a model that incorporates the political opportunity structure, and which allows it to be tested in a large-N setting.

**Towards a new theory**

*What explains policy-seeking and office-seeking behavior?*

In line with the literature on party behavior, we assume that parties are policy-
seeking or office-seeking (Müller & Strøm, 1999).\footnote{We do not examine vote-seeking behavior, as it is only an instrumental means for office or policy pay-offs and can therefore not be analytically separated (Müller & Strøm, 1999).} Which aim a party or a cabinet strives for, depends on four factors.

Party organization – The first factor that matters for explaining the degree of policy-seeking or office-seeking behavior is the way parties are organized internally, especially the influence party activists have. In some parties, party activists have the means to control the party leadership. Party congresses can keep the leadership in check, can have far-reaching responsibilities in making policy choices, and can decide on participation in a cabinet. Party activists are more policy-oriented than party leaders, because activists cannot immediately (if at all) enjoy office pay-offs. Therefore, the more the leadership is curtailed by party activists, the more policy-seeking a party is. The party leadership may reward party activists with important offices in exchange for short-term changes in policy. However, the long-term effect is that the party will be increasingly governed by party professionals who are more inclined to policy pursuit than people recruited from outside the party. These three party organizational aspects – decentralization of policy decisions, promotion of activists to offices, and leadership accountability determine the necessity of policy pursuit for party leaders (Müller & Strøm, 1999; Strøm, 1990). On this basis we can formulate our first hypothesis, which we label the activist hypothesis.

Activist Hypothesis: The more party activists have the ability to keep the party leadership of cabinet parties accountable, the more reform of the welfare state reflects that party’s policy position.
Electoral system – The second factor that influences whether a cabinet seeks office or policy is the electoral system. In highly competitive majoritarian systems, access to policy is only possible by being in office. In less competitive, proportional representation (PR) systems, conversely, multiparty cabinets are the norm, which means that other office pay-offs are shared between several parties. In the latter case, parties face a less severe trade-off between office and policy (Kitschelt, 2001; Müller & Strom, 1999; Strom, 1990). In a PR system it also matters what kind of parties are present. When Christian Democratic, Agrarian, Left-Libertarian or Socialist parties are in opposition, a Social Democratic cabinet proposing retrenchment policies faces the possibility of electoral defeat against these parties, as they are welfare defenders (Green-Pedersen, 2002; Kitschelt, 2001). The same logic applies to Liberal and Conservative cabinets. When there are strong opposition parties positively associated with the welfare state the cabinet might refrain from retrenchment in order to avert electoral losses. Hence, the electoral system and the configuration of parties within the system determine whether parties choose policy-seeking or office-seeking strategies. If cabinets are office-seeking we expect them to adopt policies that increase their likelihood of winning elections. In majoritarian electoral systems there is competition between two or three parties and basing a decision on the position of the median voter will typically be sufficient to avert the danger of losing votes and keeping office. In PR electoral systems, conversely, there are many parties and the optimal position for a party is unclear. It is probably wisest to adopt the position of the strongest competitor in the system, because taking this competitor’s position means that the party will stop losing votes to this competitor. In addition, PR systems exercise less electoral pressures on parties than Westminster
system, as in the latter winning the elections is essential for office and policy pay-offs, while in the former parties retain influence through the parliament or as a junior member of a multiparty cabinet.

The more electoral pressure parties face the likelier they are to change their policy position in line with the median voter’s position (majoritarian system) or the position of the party voter of the party they compete with (PR system). This leads to the following two hypotheses for competition (one for majoritarian systems and one for PR systems).

**Competition hypothesis (majoritarian):** *The more competition from other opposition parties, the more the cabinet bases its decision on what the median voter thinks.*

**Competition hypothesis (PR):** *The more competition from other parties, the more the cabinet bases its decision on what the party voter of a competitor party thinks.*

**Economy** - The economic situation that a cabinet faces influences both the need for welfare reform and voters’ support for the cabinet. Economic voting, meaning that voters punish or reward the cabinet for economic performance, is “a generalized phenomenon in industrial democracies” (Pacek & Radcliff, 1995: 44). For example, when voters or other parties blame the cabinet for an increase in unemployment this stimulates cabinets to act. In this case the cabinet might adopt the policy position of a powerful competitor or the median voter position, as a strategy to prevent electoral loss (see above). In sum, a deteriorating economic situation motivates office-seeking behavior. What exaggerates this pull towards office-seeking behavior, is that in the
current context of tight budgets, cabinets are trapped between the “(...) Scylla of economic mismanagement and the Charybdis of dismantling the welfare state” (Hemerijck & Schludi, 2000: 129). Given the economic voting tendency discussed above, cabinets are more likely to lose votes when the economy is in dire straits. We therefore propose the following hypothesis.

**Economic conditions hypothesis:** The more economic conditions deteriorate in an electoral term, the more the cabinet displays office-seeking behavior.

**Feedback** – Finally, we introduce a feedback effect in our model. This feedback effect is a different kind of effect as it influences not so much the goal that parties seek, but parties’ policy preferences. Specifically, we propose that the political and economic variables for electoral term \( t \) to explain the change in the policy positions parties adopt at \( t+1 \). The feedback hypothesis thus looks as follows.

**The feedback hypothesis:** The more feedback of electoral or organizational pressures, the more the policy position in a next term changes.

In terms of specifying causal relations our model distinguishes itself in three ways from conventional macro-quantitative models in welfare state studies. First, in contrast to models with expenditures as dependent variable, we model no automatic effects. Clearly, there is an automatic link between welfare expenditures at \( t \) and fluctuations in the number of unemployment or retired at \( t-1 \). However, this change in expenditure is
not an intentional political action to alter policy output and is thus according to our
definition not a reform. Modeling such an automatic effect to explain welfare reform
makes therefore no sense theoretically (Shalev, 2007). Second, in conventional studies
other, not-automatic, independent variables of a socioeconomic nature (trade openness,
inflation, GDP growth) are modeled to have a lagged effect at $t-1$ on the dependent
variable at $t$. For example, a change in the total sum of imports and exports at $t-1$ (trade
openness) is argued to lead to a decision to change reform at $t$. We argue that this class
of independent variables cannot explain reform independently. It merely shapes the
political opportunity structure and it then crucially depends on the flexibility of the
cabinet and the political necessity of implementing reforms. Hence, socioeconomic
variables should be modeled as having an indirect effect on the dependent variable.
Additionally, given the unpopularity and complexity of welfare state reform it is very
likely that the pace of reform is tedious and slow, any cause of the eventual outcome of
the reform should be present in a more distant past than $t-1$. Third, changes in parties’
position on welfare issues are inevitably related to other variables, both independent and
dependent ones (Esping-Andersen, 2007; Siegel, 2007). Economic development at say $t-15$ to $t-10$ likely influences parties’ position on welfare issues at $t-1$. Moreover, large scale
welfare reform at $t-5$ to $t-1$ possibly shapes the political environment for Social
Democrats and Christian Democrats at point $t$. Failure to win office could induce parties
to propose more centrists programs in the future, or an inflexible party organization
could just hold them back from moving to the centre.

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2 This pertains particularly to changes in pension entitlements. The model we elaborate is a first
step to deal with this problem, but does not solve it completely.
Figure 1 graphically represents the new model of welfare state reform. The model corresponds to one electoral term, starting with a preference for a particular set of policies. During the electoral term, party leaders endure pressures from the internal organization (decentralization of policy decisions, promotion of activists to offices, and leadership accountability), which influences the aim they pursue. As the activist hypothesis proposes, the stronger are the internal organizational pressures, the higher is the degree of policy-seeking. Conversely, party leaders adapt to the external electoral opportunities (median voter position, presence of credible welfare state competitors), which – as the competition hypothesis proposes – push them towards office-seeking. In addition, the economic condition shapes the electoral opportunities, as deteriorating conditions induce voters to a negative attitude vis-à-vis the cabinet (economic condition hypothesis). Finally, the policy position in the next electoral term is influenced by feedback effects from previous cabinet period(s) (feedback effect hypothesis).

--- Figure 1 about here ---

**Data, operationalization and method**

How to put these hypotheses to an empirical test? We suggest a number of ways to operationalize our variables.

**Dependent variable**

The conceptualization of welfare state reform influences the way we operationalize reform – a problem known as the dependent variable problem (Clasen &
Siegel, 2007; Green-Pedersen, 2004; Green-Pedersen & Haverland, 2002). Green-Pedersen (2004) correctly argues that the “correct” conceptualization and operationalization of *retrenchment* should depend on one’s theoretical perspective; an argument that can be extended to the conceptualization and operationalization of *reform*. A theoretical focus on explaining decision-making warrants a focus on policy output (Siegel, 2007: 55). In the literature two dependent variables are used: social expenditure data and social rights data. The former suffers from the automatic effects’ problem we discussed earlier. Therefore, we prefer to use social rights data. Using indicators of social rights to examine the degree of welfare state generosity goes back to the power resources approach (Allan & Scruggs, 2004; Esping-Andersen, 1990; Huber & Stephens, 2001; Korpi, 1989; Korpi & Palme, 2003). Particularly influential in this respect is Esping-Andersen’s (1990) development of an indicator of the degree of decommodification. His index measures decommodification in terms of 1) benefit replacement rates, 2) the number of weeks of employment required to qualify, 3) the number of waiting days before benefits are paid, and 4) the number of weeks in which a benefit can be maintained for unemployment, sickness, and public pensions. The data, however, are available for (around) 1980 only. Fortunately, Scruggs’ (2004) Comparative Welfare Entitlement Dataset (CWED) includes annual time series for the same indicators as Esping-Andersen uses, containing data for 18 countries between 1970 and 2002 (Allan & Scruggs, 2004; Scruggs, 2006, 2007). These data capture the social rights citizen are entitled to (excluding services) and are therefore an excellent measure for the degree of welfare state’s generosity across space and time.

We propose three dependent variables to study changes in welfare state
generosity: 1) the net unemployment insurance replacement rate \( (dUE) \), 2) the net sick pay replacement rate \( (dSick) \), and 3) the net universal standard pension replacement rate \( (dPension) \). We measure all three as the percentage point change during the cabinet period, averaged for two groups: a single, fully insured 40-year old individual earning average production worker wage and a married APW with a nonemployed spouse and two children (Scruggs, 2004, see Scruggs & Allan, 2006). Following Armingeon and Giger (2008) we only include those years in which the cabinet was in office for at least six months because a new cabinet needs some time to adjust to office.

Table 1 presents data on these three dependent variables for the Dutch cabinets between 1973 and 2002. Note that we omit Van Agt 2 and Van Agt 3 because they were in office less than a year. The latter cabinet was a caretaker cabinet and therefore lacked the authority to implement welfare reform. The former cabinet is excluded because for the calculation of the dependent variable, a cabinet needs to be in office for more than a year. The data indicate that Den Uyl, Van Agt 1, and Kok 2 on average expanded welfare state generosity, while the Lubbers cabinets and to a lesser extent Kok 1 on average retrenched welfare state generosity.

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--- Table 1 about here ---

3 A problem of net rates is that they are at least partly determined by factors outside the benefit system, such as the tax system. Another drawback of the data is that they are based on calculations using the average production worker's (APW) wage – an individual whose wage may not be an adequate representation of actual workers. The latter drawback cannot be dealt with here, simply because no better measures are available or can be calculated. Suffice to say that the use of the APW wage allows for comparison of the different countries’ data, making them useful despite this drawback.
Independent variables

Recall that our model starts with the cabinet’s initial *policy position* on the welfare state. Most welfare state studies use a left-right scale to indicate a party’s policy position. We, however, propose to employ the so-called *welfare dimension* (Schumacher, 2009). Left and right typically denote the position of a party on a range of issues such as moral issues, socio-economic issues and welfare issues. Inclusion of non-welfare issues distorts the placement of parties on welfare issues (Schumacher, 2009). Moreover, parties remain left or right over time. This neglects the possibility of feedback effects on the policy preferences of parties. For example, many left-wing parties (e.g. in the UK, Netherlands, Denmark, and Germany) moved from an outspoken positive attitude vis-à-vis the welfare state to a more negative attitude in the 1990s. This welfare dimension places parties solely on the basis of their policy preferences on welfare on a time-variant scale.

Since we are interested in parties’ *actual* policy preferences, we focus on the content of policy documents in election time. Specifically, we use data from the Manifesto Research Group (Budge, Klingemann, Volkens, Bara, & Tanenbaum, 2001) to estimate these policy positions. These data indicate the percentage of quasi-sentences devoted to a particular issue in the party manifesto. We establish the welfare dimension by subtracting the percentage of quasi-sentences about welfare state limitation in each policy document from the percentage of quasi-sentences about welfare state expansion and social justice. From this “raw value” we subtract the mean of all policy document scores for one particular election (Franzmann & Kaiser, 2006; Schumacher, 2009). The subsequent policy scores for each party indicate whether they emphasize welfare issues more or less than the average party does. The interpretation is that parties that strongly
emphasize welfare issues support the status quo of the welfare state or its expansion. Parties that de-emphasize welfare issues find other policy areas more important and will be more likely to pursue welfare state retrenchment. In the case of multiparty cabinets, the cabinet position is estimated by taking the sum of the products of the welfare position and the party’s relative cabinet seats.

To illustrate this variable, figure 2 displays the scores of the Dutch cabinets on the welfare dimension for nine Dutch cabinets between 1973 and 2002. In the 30 year period, there are two cabinets that strongly emphasize welfare state issues, as indicated by a positive score on the welfare dimension (Den Uyl 1 and Van Agt 2). Four cabinets, conversely, strongly de-emphasize welfare state issues (Van Agt 1, Lubbers 1 and 2, and Kok 2). Finally, there are three cabinets that qualify as centre cabinets, as they neither strongly emphasize, nor strongly de-emphasize welfare state issues (Van Agt 3, Lubbers 3, and Kok 1).

--- Figure 2 about here ---

In the next step of the model, pressures to pursue pay-offs from policy or office alter the initial policy position. One way to measure the degree of policy-seeking and office-seeking is to take expert survey data from the Laver and Hunt dataset (Laver & Hunt, 1992). In this survey, country experts are asked the following question. “Forced to make a choice, would party leaders give up policy objectives in order to get into government

--- Figure 2 about here ---

Note that the way the welfare dimension is constructed, allows for the calculation of the welfare positions of the Van Agt 2 and Van Agt 3 cabinets. Although we do not include these cabinets in our illustration below, because of the missing data on the dependent variable, we present these data here.
or would they sacrifice a place in government in order to maintain policy objectives?” The experts assign a value from 1 to 20 (1=policy, 20=office) to this question, whereby the mean of the expert judgments is the indicator for policy-oriented or office-oriented behavior (labeled caboffice). When a party or cabinet scores 1 through 10 on this indicator, it is policy-seeking; when a party or cabinet scores >10 through 20, Laver and Hunt consider it to be office-seeking. For the parties participating in the Dutch cabinets since 1973, most are at least partially office-seeking. Specifically, according to the data, the Conservative Liberals (VVD) is the most office-seeking party with a score of 15.9. They are followed closely by the Christian Democrats (CDA, 14.8). The Progressive Liberals (D66) and the Social Democrats (PvdA), conversely, are more geared towards policy-seeking (12.4 and 11.3). In fact, the left-wing, Christian niche party PPR is the only party in the party system that is clearly policy-seeking (4.4).5

Given the complexity of this question, we doubt that it makes sense to interpret these scores literally. Instead, we suggest transforming them into an ordinal scale, ranging from least pressure for policy-seeking to most pressure for policy-seeking (see table 2). The plausibility of this new scale, then, can be cross validated by a number of indicators of Müller and Strøm (1999) for measuring the degree of policy-seeking behavior (activist bargaining power, party recruitment, party finances). Some of these latter variables are formally regulated in one country; therefore there is no purpose of including them as they do not indicate the differences between the parties (an example is party finances). Like with the Laver and Hunt variable, most of the Müller/Strøm data...
do not vary over time (bargaining power, party recruitment). However, the literature suggests that there has been a clear change in the behavior of the PvdA before the elections of 1989. Hillebrand and Irwin (1999) argue that activists’ influence on policy was curbed in the run up to the latter election. Consequently, policy-seeking behavior moved from high to moderate (see table 2).

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Let us now turn to the office-seeking pressures. The main variable here is the electoral system. The Netherlands is an extreme case of proportional representation in which the entire country is one electoral district. The consequence hereof is that political competition is low in comparison to majoritarian systems. The Netherlands has, for example, a number of parties at the fringes of the political spectrum that have a low but stable number of voters. The PPR is such a case. For these parties, office-seeking is hardly an issue. For the other, more mainstream parties, office-seeking pressures are lower than they would be in a majoritarian system, as being out of office does not necessarily imply being without influence. Another interesting feature of the Dutch system is that the CDA holds a pivot position in the system, as it participated in every cabinet between 1917 and 1994 (Hillebrand & Irwin, 1999). As a centre party, it is important for the CDA to uphold this pivotal position and thus stay ideologically between the VVD on the right and the PvdA on the left. Given the low pressure for policy-seeking, the CDA can fulfil its office-seeking ambitions by taking this middle position.
Interestingly, because of the CDA’s pivotal position, the strategic choices faced by most other parties in the Dutch system are quite simple – at least, they were until the early 2000s. The electoral support for the VVD has always been of such a level that office was only an option for this party if the CDA invited it into the coalition. The same holds for D66 (Hillebrand & Irwin, 1999). The PvdA’s strategic choices were much more intricate. They were particularly pressured towards policy on socio-economic issues, which – because the PvdA’s views on this issue differed from the CDA’s – meant less office-seeking. Conversely, there was a strong ambition within the PvdA to become the dominant party in the Netherlands. This was partly successful. The PvdA did become one of the largest parties in the country and has won several elections. However, it was not able to act on this position, as it was excluded from office in most cabinets between 1958 and 1989. The PvdA’s polarization strategy on socio-economic issues was one of the causes for this exclusion. It was only in 1989, when the party changed its organization, that this strategy was reversed and office became more central in the PvdA’s strategy.

Institutional settings like the electoral system and the party organization (indicated by the box at the top in figure 1) are (mostly) fixed over time anyway. Only the strategic position at each electoral term is subject to change. Therefore, we propose to measure the median voter position, party voter position, the degree of credible welfare opposition, and the economic condition as pressures that stimulate office-seeking behavior. These are the so-called short term effects in our model.

If there is credible welfare opposition, cabinets that are interested in retrenchment face an additional electoral risk, which motivates office-seeking behavior.
Credible welfare opposition parties are those parties known for supporting the welfare state, which are the parties from the Socialist, Green, Social Democratic and Christian Democratic party families (in the Netherlands these parties are the SP, the PPR and later the Greens [Groenlinks], the PvdA, and the CDA). We assume that these parties can at all times form a credible opposition against welfare state retrenchment because voters associate these parties with a pro-welfare state position – notwithstanding possible temporal deviations in their policy program. To estimate the strength of these parties, that is the degree of credible welfare competition, we can take the relative number of seats in parliament as indicator.

We use data from the Dutch Parliamentary Election studies (Nationaal Kiezersonderzoek) to determine the median voter position. These data are available for all elections between 1971 and 1998, which is for the time-period we are interested in. Before each election, a sample of 2000 respondents was surveyed. Respondents were asked what they considered to be the most important national problem (and the 2nd, 3rd and 4th most important problem). Respondent could choose from a number of categories. We used those categories that suggested positive statements about the welfare state (e.g. benefits are too low) and negatives statements about it (e.g. benefits are too high). We subtracted the number of positive statements from the number of negative statements to determine a median voter position.

To order the respondents answers, we attach weights to what they consider most important, second most important, etc. To account for the different number of respondents per question we divided the number of positive or negative statements by the number of total statements. In formula:

\[(Q1posw / Q1all)*5 + (Q2posw / Q2all)*4 + (Q3posw / Q3all)*3 + (Q4posw / Q4all))*2 + \]
statement about the median voter, this measurements indicates the emphasis (or de-emphasis) of the median voter on welfare issues. This measurement corresponds better with our measurement of the cabinet policy preferences, which also stresses emphasis. Moreover, positional statements say very little about voters’ preference ordering. A voter may still be pro-welfare, but may believe other problems are more stressing. Therefore, this voter will not necessarily oppose contra-welfare measures. Figure 3 shows the development of the median voter position over time. As with the cabinet policy position, there are far more positive statements about the welfare state than negative statement about the welfare state (hence, the consistent positive values). In the 1980s, voters were the most concerned with welfare issues. In 1971 and 1972, voters were less concerned, mainly because at points there was no discussion about the welfare state at all. In the 1990s, voters seemed much less concerned with the welfare state than in the 1980s. Interestingly, if the median voter position is calculated per party a very similar trend line emerges. Differences between party voters are slim; however there is an almost consistent (and expected) ordering of positions with VVD voters as the least pro-welfare, CDA and PvdA almost equally pro-welfare. PPR and D66 voters move typically between centre positions and the most pro-welfare position.\footnote{This figure is available on request.}

\[(Q5posw/Q5all) - Q1negw / Q1all)*5 + (Q2negw / Q2all)*4 + (Q3negw / Q3all)*3 + (Q4negw / Q4all)*2 + (Q5negw/Q5all).\]
A final short term effect is the economic position. To assess the economic developments within the cabinet term, we propose to use two indicators. We expect that a deteriorating economic situation affects voters’ perception of the cabinet negatively, thereby motivating the cabinet to be more office-seeking. Therefore we focus on the percentage point change in GDP growth during the cabinet period as well as the percentage point change in unemployment. We take these data from the Comparative Political Data set (Armingeon, Gerber, Leimgruber, & Beyeler, 2008), calculating the changes per cabinet period ourselves.

Illustration of model

The behavior of the Dutch cabinets in terms of welfare state reform is a particularly interesting for testing our new model. First, the Netherlands has always constituted somewhat of a puzzle when it comes to welfare state retrenchment (see e.g. Green-Pedersen, 2001). The Dutch voters support the welfare state, making cutbacks electorally hazardous, and its institutions work against easily pushing through retrenchment. More interesting for our argument is that one of the largest parties in the system – the Social Democrats (PvdA) – has been severely caught between policy-seeking and office-seeking and, consequently, also displays substantial variation in terms of this behavior. This variation allows us to assess the effect of different values on the policy–office variable, which is one of the central variables in our model.

Table 3 gives an overview of the main variables from our model on the cabinet level. In the first column, the table displays a summary of the direction of welfare state reform (+ or -), which sums up the average of the changes in the three dependent
variables table 1 presents. The other columns display the scores on the variables measuring the short-term effects in the model (the socio-economic situation, measured by the change in the level of unemployment and in the level of gross domestic product (GDP) during the cabinet period, the degree of credible welfare competition – with a higher score meaning a higher level of competition – and the median voter position – whereby a higher position indicates that the median voter cares more about the welfare state.

--- Table 3 about here ---

Table 4 presents data for the same cabinets on the party level, so as to provide insight into where the cabinet scores come from. The table shows the degree of policy-seeking and office-seeking (low, moderate, or high) of each cabinet party, its welfare position (measured by Schumacher’s welfare dimension), and the share of cabinet seats the party holds. The latter variable is an indication of the weight of the party in the cabinet – the influence of D66 and the PPR in the Den Uyl cabinet, each holding 6 per cent of the cabinet seats, is naturally lower than that of the PvdA (39%) or the KVP (27%).

--- Table 4 about here ---

If we combine the information from tables 3 and 4, do we then find support for our model of welfare state reform? Yes, to a large extent we do. Let us examine the seven cabinets in turn. The Den Uyl cabinet, although reducing slightly the unemployment and
sick pay benefits, overall increases welfare state generosity. This is exactly what our model would predict. Given the only moderate office-seeking pressures, which result from the low degree of welfare competition and the low median voter’s emphasis on welfare, and the overall moderate to high policy-seeking tendency, our activist hypothesis states that the cabinet’s welfare position can best predict reform. The cabinet’s positive position on welfare thus translates into the direction of welfare state expansion.

The Van Agt 1 cabinet, conversely, holds a negative welfare position. Also contrary to Den Uyl, this cabinet is low on policy-seeking and high on office-seeking. The latter behavior stems particularly from the deteriorating socio-economic situation and the high degree of welfare competition. In the opposition benches, the PvdA is waiting to reap the possible electoral gains of the cabinet’s cutbacks – gains that are particularly likely given the median voter’s strong emphasis of welfare. Pulled towards office and facing this competition, the competition hypothesis predicts that cabinet policy moves towards the median voter or competitor party voter position. In fact, Van Agt moves towards the median voter – which is also the PvdA's and CDA's party voter - and expands welfare state generosity. The fact that this expansion takes place shortly before the elections in 1981 enforces our conclusion that this cabinet is office-seeking.

Also the Lubbers 1 cabinet scores low on policy-seeking position and high on office-seeking. In such a context, we would expect the cabinet to move to the median voter and in this case thus to expand the welfare state. Given the possible electoral penalty for not keeping the economy on track (discussed above), the best office-seeking strategy this cabinet can follow in the context of the very gloomy economic context is to
retrench the welfare state – that is, to display economically sound behavior. The assumption is that the median voter – and other parties’ voters – dislike economic downturns more than welfare state retrenchment. This behavior also tallies well enough with their welfare position. The VVD is strongly negative on welfare and although the CDA is not that negative, it is also not strongly in favour of welfare state expansion. Lubbers I did in fact engage in large-scale retrenchment which verifies the economic conditions hypothesis.

The Lubbers 2 cabinet finds itself in largely the same situation as the previous cabinet and also here the cutbacks thus come as expected. They are even more plausible in this second Lubbers cabinet, as now also the CDA is negative on welfare.

The Lubbers 3 cabinet combines the two pro-welfare parties (the PvdA and the CDA) in one cabinet. Interestingly, and crucial for our argument, the former’s position on welfare has by then become much more moderate than it was in the period up to 1986. In fact, because of the ineffectiveness in terms of gaining office of the polarization strategy discussed above, the PvdA de-emphasized welfare issues by the late 1980s. Combined with the negative position of the CDA on welfare and the virtual absence of credible welfare opposition, it comes theoretically as no surprise that this cabinet tried to turn the poor socio-economic situation for the better by implementing cutbacks in welfare state generosity.

By the time the Kok 1 cabinet took office, the PvdA’s position on welfare had become even more negative. In fact, the cabinet’s average position on welfare was clearly negative. The cabinet is hardly pulled towards office-seeking, as a result of which the welfare position accurately predicts the occurring welfare state retrenchment.
Finally, the PvdA re-emphasized welfare state issues halfway 1990s. With the economy doing well, there is more room for increasing welfare state generosity. Moreover, there is no economic necessity to retrench. The PvdA remains a policy-oriented party and therefore its pro-welfare position in 1998 explains the expansion of welfare state generosity in the Kok 2 cabinet. The more office-oriented VVD complied with this expansion, despite its negative position on the welfare dimension, because economic conditions did not justify retrenchment and there were few opportunities to win voters with welfare state retrenchment.

To sum up, the behavior of the seven Dutch cabinets discussed above can quite well be explained by means of our new model of welfare state reform. The activist hypothesis finds particular confirmation in the case of the PvdA or, more generally, the Den Uyl cabinet. Pulled towards policy, and not distracted by office, the cabinet’s position on welfare in this case best predicted welfare state reform. Moreover, it appears that the economic condition hypothesis finds the strongest confirmation, triumphing the party activists hypothesis and median voter position’s. The competition hypothesis holds as well, but only in the cases of the cabinet Agt 1 and the VVD in Kok 2. Finally, we find support for the feedback hypothesis in how the PvdA emphasized, de-emphasized, and later re-emphasized welfare state issues in its electoral manifestos. Its pro-welfare position was hugely popular among the electorate and it was able to increase its share of the vote in a number of elections. However, given the severity of the economic conditions around the 1980s, the CDA feared cooperation with the PvdA as the median voter would become dissatisfied with the lack of economic performance. For office-seeking reasons, the CDA chose to cooperate with the VVD. Due to strong activist
influence on party policy, the PvdA was unable to adapt to its exclusion from office (Hillebrand & Irwin 1999). However, in the long run this exclusion had its effect on the organisation of the PvdA. Before 1989 the PvdA curtailed the abilities of activities to set policies for the party and as a consequence their 1989 electoral programme was much less radical, which made at a suitable cabinet partner for the CDA. Here we thus see the dynamic effect of the outcomes of earlier strategies on future policy-making.

Concluding remarks

This paper’s main theoretical argument is that a cabinet’s strategic position affects the occurrence and direction of reform of welfare state generosity. Specifically, we proposed that strong internal party democracy induces parties to policy-seeking behaviour and strong electoral incentives to office-seeking behaviour. Under the first condition, a party’s ideological position explains welfare state reform; under the second condition, cabinets are likelier to adapt their policies to changing economic and political circumstances.

The discussion of the reform-activities of the Dutch cabinets suggested that the model holds explanatory power. Can it also account for the behaviour of other cabinets than the Dutch ones? We have collected preliminary data for the variables discussed earlier for 200 cabinets in 16 OECD countries between 1970 and 2003. Based on these data, we can conclude that there are a large number of cabinets for which the model works well (e.g. the Jorgensen 5, Nyrop Rasmussen 4, Mulroney 1 and 2, Fraser 3, 4 & 5, Schröder 1, Van Agt 1, Chrétien 2, Hawke 3, Gorton 3 & McMahon 1, Lynch 3 & Haughey 1, and Haughey 3, and Dehaene 1).
Interestingly, there are also a few cabinets where the direction of welfare state reform goes against the policy position of the cabinet as well as of the median voter (Howard 2, Keating 3, Whitlam 1 & 2, Trudeau 4 & 5, Chrétien 3, Howard 1, and Fraser 4&5). This may suggest that the median voter position has changed within the electoral term of these cabinets. While all these cabinets (except Keating 3) score very high on office-seeking, there are no other factors (the degree of credible welfare competition, the percentage point change in GDP growth and the level of unemployment during the cabinet period) that they have in common and which could account for this pattern.

Despite the latter findings, we argue that our focus on cabinets’ decision-making and their strategic position is an important theoretical innovation in the comparative welfare state literature. In our view, cabinets deserve a central place in the analysis of reform. While many qualitative studies do indeed examine what cabinets do, most conventional quantitative studies focus on the country_year and thereby leave underdeveloped the role of the cabinet. By integrating the literature on the pay-offs parties pursue (policy or office) into the welfare state literature this paper has augmented our theoretical knowledge of cabinets’ behaviour.

Moreover, we use and develop several new and in our view central variables to the study of welfare state reform: the welfare dimension to capture parties’ and cabinets’ position on welfare state issues; the median voter’s position on welfare issues to capture the degree to which cabinets respond to this voter’s position; the degree of credible welfare competition to measure the extent to which cabinets face organizational pressures to reform or not; and the degree to which the cabinet is office-seeking or policy-seeking. We propose that investigating these variables in more detail is important
from a theoretical perspective.
References


### Table 1. Dependent variable organized on cabinet level

<table>
<thead>
<tr>
<th>Cabinet</th>
<th>Period in office</th>
<th>Cabinet parties</th>
<th>dPension</th>
<th>dUE</th>
<th>dSick</th>
</tr>
</thead>
<tbody>
<tr>
<td>Van Agt 1</td>
<td>12.1977-09.1981</td>
<td>CDA, VVD</td>
<td>-</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Lubbers 1</td>
<td>11.1982-07.1986</td>
<td>CDA, VVD</td>
<td>-5.7</td>
<td>-9</td>
<td>-9</td>
</tr>
<tr>
<td>Lubbers 2</td>
<td>07.1986-11.1989</td>
<td>CDA, VVD</td>
<td>-1.4</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Lubbers 3</td>
<td>11.1989-08.1994</td>
<td>CDA, PvdA</td>
<td>-1.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Kok 1</td>
<td>08.1994-08.1998</td>
<td>PvdA, VVD, D66</td>
<td>0.9</td>
<td>-0.7</td>
<td>-0.7</td>
</tr>
<tr>
<td>Kok 2</td>
<td>08.1998-07.2002</td>
<td>PvdA, VVD, D66</td>
<td>1.7</td>
<td>2.2</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Sources: Benefit entitlements data: Scruggs (2004); other data: Armingeon et al. (2008).

### Table 2. Policy-seeking pressures for major Dutch parties

<table>
<thead>
<tr>
<th>Party</th>
<th>Laver/Hunt</th>
<th>Laver/Hunt</th>
<th>Laver/Hunt</th>
<th>Müller and Strøm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Policy pressures</td>
<td>Activists' political influence</td>
<td>Activists' cabinet participation influence</td>
<td>Policy pursuit</td>
</tr>
<tr>
<td>CDA</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>1981-82: High</td>
</tr>
<tr>
<td>PvdA</td>
<td>Moderate</td>
<td>High</td>
<td>Moderate</td>
<td>1989-94: Moderate</td>
</tr>
<tr>
<td>VVD</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>D66</td>
<td>Moderate</td>
<td>High</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>PPR</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Laver and Hunt (1992); Müller and Strøm (1999).
Table 3. Main variables (cabinet level)

<table>
<thead>
<tr>
<th></th>
<th>Reform of WFS generosity</th>
<th>Unem.</th>
<th>GDP</th>
<th>Degree of credible welfare competition</th>
<th>Median voter position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Den Uyl</td>
<td>+</td>
<td>3.2</td>
<td>-3.9</td>
<td>15%</td>
<td>1.56</td>
</tr>
<tr>
<td>van Agt 1</td>
<td>+</td>
<td>3.2</td>
<td>-2.7</td>
<td>39%</td>
<td>4.19</td>
</tr>
<tr>
<td>Lubbers 1</td>
<td>-</td>
<td>-1.5</td>
<td>1.3</td>
<td>37%</td>
<td>4.06</td>
</tr>
<tr>
<td>Lubbers 2</td>
<td>-</td>
<td>-1.3</td>
<td>2.4</td>
<td>37%</td>
<td>4.29</td>
</tr>
<tr>
<td>Lubbers 3</td>
<td>-</td>
<td>-0.7</td>
<td>-1.2</td>
<td>4%</td>
<td>3.61</td>
</tr>
<tr>
<td>Kok 1</td>
<td>-</td>
<td>-2.8</td>
<td>0.8</td>
<td>31%</td>
<td>3.6</td>
</tr>
<tr>
<td>Kok 2</td>
<td>+</td>
<td>-1</td>
<td>-4.6</td>
<td>30%</td>
<td>2.51</td>
</tr>
</tbody>
</table>

_Sources_: See main text.
Table 4. Main variables (cabinet party level)

<table>
<thead>
<tr>
<th>Party</th>
<th>Policy-seeking</th>
<th>Office-seeking</th>
<th>Welfare position</th>
<th>Share of cabinet seats</th>
</tr>
</thead>
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<tr>
<td>Den Uyl</td>
<td>PvdA</td>
<td>High</td>
<td>Moderate</td>
<td>4.21</td>
</tr>
<tr>
<td></td>
<td>KVP</td>
<td>Low</td>
<td>Moderate</td>
<td>1.81</td>
</tr>
<tr>
<td></td>
<td>ARP</td>
<td>Low</td>
<td>Moderate</td>
<td>1.8125</td>
</tr>
<tr>
<td></td>
<td>D66</td>
<td>High</td>
<td>Moderate</td>
<td>4.21</td>
</tr>
<tr>
<td></td>
<td>PPR</td>
<td>Moderate</td>
<td>Moderate</td>
<td>4.21</td>
</tr>
<tr>
<td>van Agt 1</td>
<td>CDA</td>
<td>Low</td>
<td>High</td>
<td>-6.82</td>
</tr>
<tr>
<td></td>
<td>VVD</td>
<td>Low</td>
<td>High</td>
<td>-8.62</td>
</tr>
<tr>
<td>Lubbers 1</td>
<td>CDA</td>
<td>Low</td>
<td>High</td>
<td>0.76</td>
</tr>
<tr>
<td></td>
<td>VVD</td>
<td>Low</td>
<td>High</td>
<td>-10.14</td>
</tr>
<tr>
<td>Lubbers 2</td>
<td>CDA</td>
<td>Low</td>
<td>High</td>
<td>-2.58</td>
</tr>
<tr>
<td></td>
<td>VVD</td>
<td>Low</td>
<td>High</td>
<td>-4.28</td>
</tr>
<tr>
<td>Lubbers 3</td>
<td>CDA</td>
<td>Low</td>
<td>Moderate</td>
<td>-1.86</td>
</tr>
<tr>
<td></td>
<td>PvdA</td>
<td>Moderate</td>
<td>Moderate</td>
<td>1.14</td>
</tr>
<tr>
<td>Kok 1</td>
<td>PvdA</td>
<td>Moderate</td>
<td>Low</td>
<td>0.92</td>
</tr>
<tr>
<td></td>
<td>VVD</td>
<td>Low</td>
<td>Low</td>
<td>-3.21</td>
</tr>
<tr>
<td></td>
<td>D66</td>
<td>Moderate</td>
<td>Low</td>
<td>-0.05</td>
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<td>Kok 2</td>
<td>PvdA</td>
<td>Moderate</td>
<td>Moderate</td>
<td>3.64</td>
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<td>VVD</td>
<td>Low</td>
<td>Moderate</td>
<td>-9.59</td>
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<td>D66</td>
<td>Moderate</td>
<td>Moderate</td>
<td>-4.59</td>
</tr>
</tbody>
</table>

*Source:* See main text.
Figure 1  New theoretical model of welfare state reform

Policy preference

Electoral pressure
(Competition hypothesis)

Organizational pressure
(Activist Hypothesis)

Feedback effect
(Feedback hypothesis)

Economy
(Economic condition hypothesis)

Decision to reform
Figure 2. Welfare position of Dutch cabinets, 1973–2002

![Welfare Position Graph](image)

*Note:* The higher the score on the welfare dimension, the more the cabinet positively emphasizes the welfare state compared to the parties’ average position on welfare in the election period. A positive score indicates that a cabinet supports welfare state expansion; a negative score that it favors welfare state retrenchment.


Figure 3. Dutch Median Voter position (1971-1998)

![Median Voter Graph](image)

*Note:* For information on the calculation of the median voter position, see main text.

*Source:* Dutch Parliamentary Election studies (*Nationaal Kiesonderzoek*) various years, own calculations.