Politics, Class, and Growth in Social Security Effort:  
A Cross-National Analysis*

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ABSTRACT

Between 1965 and 1975 most nations experienced an historic expansion in the proportion of the national product spent on social security programs. Several competing theories of social security development are considered in an effort to account for this expansion. Panel regression results are presented for 32 developing and 26 industrial nations. For the industrial nations, the level of democracy proves more useful than any indicator of working class strength for explaining variation in social security effort. Evidence is presented suggesting that for many nations spending on social security programs may be more a reflection of middle-class power than of working class power. Evidence is also presented that percent aged is a stronger predictor of social security effort in developing nations than in industrial nations.

THE RELATIONSHIP between degree of political democracy and spending in the social welfare sector has long been a concern among comparative political sociologists. This has been an important aspect of a more general interest in assessing the relevance of political factors as determinants of cross-national variation in the proportion of a nation’s national product spent on social welfare programs. Although there have been several studies of social security development in recent years (e.g., Aaron, 1976; Cutright, 1976; Pryor, 1968; Wilensky, 1975; Haniff, 1976; Hewitt, 1977; Coughlin and Armour, 1983), a number of important issues have not been given adequate attention. First, most previous studies have considered indicators associated with

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one or two of the theoretical perspectives considered in the present study, but
few have attempted to be comprehensive. Of particular note has been the
neglect of indicators associated with dependency theory. Second, most
previous studies suggest that variation in social security spending is basically
an issue for industrial nations, not for developing nations. Very few studies
have included developing nations, and fewer still have attempted to construct
separate models for these nations (Castles and Mckinlay, 1979). Growth in
social security expenditures is becoming an increasingly important issue for
developing nations as well. Third, most studies to date have been based on
cross-sectional data. The present study is the first to carry out a longitudinal
analysis (using panel regression) that includes developing nations. Longitudinal data are particularly useful when the goal is, as in the present
study, to account for changes in spending patterns over time.

Theoretical background

Industrialism Theory

This theory is used to explain the development of a number of major social
institutions and structures within industrial societies in terms of the re-
quirements and consequences of an industrial economy (Wilensky and
the dislocation associated with the process of economic development reduces
the effectiveness and adequacy of traditional familial based social support
systems, creating a need for government intervention in the form of various
social welfare programs. There are many versions of industrialism theory. Some focus on economic development (Kerr et al., 1960), while others em-
phasize some of the demographic and bureaucratic changes associated with this
development (Wilensky, 1975; Pampel and Williamson, 1985). Of particular
relevance for the present study is the emphasis in industrialism theory on
economic development to the exclusion of political institutions (democratic
theory) and class conflict (class theory) (Mishra, 1977). A strong version of in-
dustrialism theory can be used to hypothesize that when level of development
is controlled, other predictors of social security effort suggested by democratic
theory, class theory, and dependency theory will prove to be spurious. A
weaker (less extreme) version of the theory can be used to hypothesize the same
outcome when certain industrialism-linked indicators of demographic demand
(e.g., Percent Aged) and bureaucratic development (e.g, Social Insurance Pro-
gram Experience) are controlled. A number of studies provide empirical sup-
port for this theory (Jackman, 1975; Wilensky, 1975; Haniff, 1976).

Corporatist Theory

The concept of corporatism has been proposed by Wilensky (1976, 1981)
and it can be viewed as an extension of industrialism theory. Corporatism
denotes a system of policy making in which centralized unions and leftist