How Organized Labor Shaped the Origin and Structure of the Regulatory Revolution 1870-2000

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"Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence."
John Adams, "Argument in Defense of the Soldiers in the Boston Massacre Trials", December 1770

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Magnus Bergli Rasmussen
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1. Mapping and Conceptualizing an Institutional Revolution

In 1871 only one country in the world had introduced a major social policy program. [1] Effective social insurance was restricted to those who could afford to organize private solutions or had access to occupational pensions (e.g. sailors, miners, and civil servants). This lack of regulatory state institutions was endemic to the way the labor market operated at this point in time: No country had regulations for normal working hours for males,[2] no major national wage agreement had been signed by representatives of the main labor market actors, and employment relationships were unregulated or subsumed under old master and servant acts. Instead, most people were at the mercy of their employers or of the old poor relief system with its arbitrary rules of eligibility based on the distinction between deserving and non-deserving poor (Flora and Heidenheimer 1981; Rimlinger 1971). Recipients were also stigmatized, losing their civil and political rights, and the families of recipients were generally forced to pay the expenses (Carsten, Rasmussen, and Kahl 2015).

By 1924 most industrialized countries in Europe had introduced social policy programs covering risks such as accidents, old age, and sickness, and states had fully embraced the role as regulators of working time. Major social

[1] A major social program is defined as a program that gives a major social group the right to take out insurance or become eligible for benefits if a specific need arises. For additional information on what constitutes a major group see section 1.2.1. If nothing else is stated, data used in this chapter is from the Social Policy Around the World Database (SPAW), the working time regulation dataset and the trade union dataset developed and collected by the author. See the attached code books for a thorough discussion of data validity and sources. For trade union data, LF refers to Labor Force or the number of people in any form of gainful employment, and WSE to the total wage and salary earners gainfully employed. In industrial economies the difference between LF and WSE estimates of trade union density tend to be small, whereas in highly rural societies the estimated differences can be quite drastic.

[2] The first regulation that also applied to male workers was introduced in Switzerland in 1877. Earlier legislation had usually been restricted to female workers and children. Countries such as Great Britain and Denmark did not regulate working time through law until the late 1990s when EU directives forced governments to harmonize labor regulation.

programs had even spread to non-Western nations such as Uruguay (old-age pension 1919) and Chile (old-age pension 1924), with especially Anglo-Saxon settler colonies establishing successful non-contributory old-age programs (such as South Africa in 1928 and Southern Rhodesia in 1938).[3] The right to strike was accepted, industrial disputes became regulated by law in Scandinavian and continental countries, and sectorial or nation-level collective agreements were signed in almost all industrial nations (Bartolini 2007; Ebbinghaus 1995). These major programs broke with the stigmatization and arbitrariness inherent in the Poor Laws. The scope of the benefits and the conditions of eligibility was clearly spelt out. What is more, the payments were designed to better meet the needs of the recipients; the primary aim was not to keep the claimant on the brink of destitution.[4]

40 years later the average number of working hours in developed and developing countries with working hour regulation was 48 (Messenger, Lee, and McCann 2007). In the most developed countries 40 hours was the norm, and the average number of major welfare programs had increased to approximately three programs. This general increase was a result of major expansions taking place in French-colonial Africa through the extension of the French labor laws; this was related to further growth in Latin American countries and to the introduction of social security in the Middle East and in some Caribbean states.[5] The greatest regional laggard in this period was un-

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[3] These programs made explicit distinctions between Natives, Asiatic, Colored (offspring of white and native parents), and Whites concerning the amount of benefits a claimant could receive. In the beginning natives were excluded, and when they were included later on, it was at drastically lower benefit rates. Similarly, the old-age pension schemes in Australia and New Zealand excluded natives up until the 1960s. Ethnic groups were also sometimes excluded, targeting ethnically specific occupations such as reindeer workers (exclusively Sami people), as was the case of the Norwegian unemployment program of 1949.

[4] This break with arbitrariness in the way in which regulations were applied was incomplete in many countries. Especially the Anglo-Saxon settler colonies and the Scandinavian countries continued the tradition of stigmatizing recipients of old-age benefits, and even the reformed social assistance schemes came with civil restrictions together with eligibility requirements demanding that the claimant had a good moral character (Carsten, Rasmussen, and Kahl 2015).

[5] Examples of welfare state innovation in Latin America include the introduction of old-age benefits for manual factory workers in Argentina in 1947 under Péron, the introduction of old-age, sickness, and maternity insurance in Costa Rica between 1941 and 1943, the establishment of non-contributory benefits with old-age pensions in the Bahamas in 1959, the introduction of pensions and sickness benefits in Cuba in 1963, updated in 1964 (in addition to maternity benefits from 1934 on-

doubtedly Asia, where only Japan had developed an extensive regulatory system for social insurance. Another source of growth was the nearly universal adoption of family allowance benefits in Western nations following the Second World War.

An additional 40 years later the developed nations had introduced regulations for overtime remuneration; the average country had more than four major welfare programs. The introduction of new programs in Algeria (1994), Argentina (1991), Thailand (1990), Venezuela (1989), and Tunisia (1984) and the reintroduction of benefits in ex-communist Eastern European states, which had been dismantled after the war (Haggard and Kaufman 2008, 217), showed a new-found enthusiasm for unemployment programs.[6]

By the end of the century state institutions shaped the entry, operation, and exit of wage earners in the labor market to a degree never seen before. This process can be described as a regulatory revolution.[7] In order to better understand this revolution we need a working definition of institutions. I take North's definition of institutions as my starting point. North (1990, 3) defines institutions broadly as "the rules of the game in a society or, more formally (...) the humanly devised constraints that shape human interaction" (Pierson 1993, 608). The regulatory revolution – that is, *the ever-growing number of regulations specifying rules for the entry, operation, and exit of workers in the labor market* – in so far as it lays out the overall labor market rules, falls under North's definition. The regulatory revolution therefore cap-

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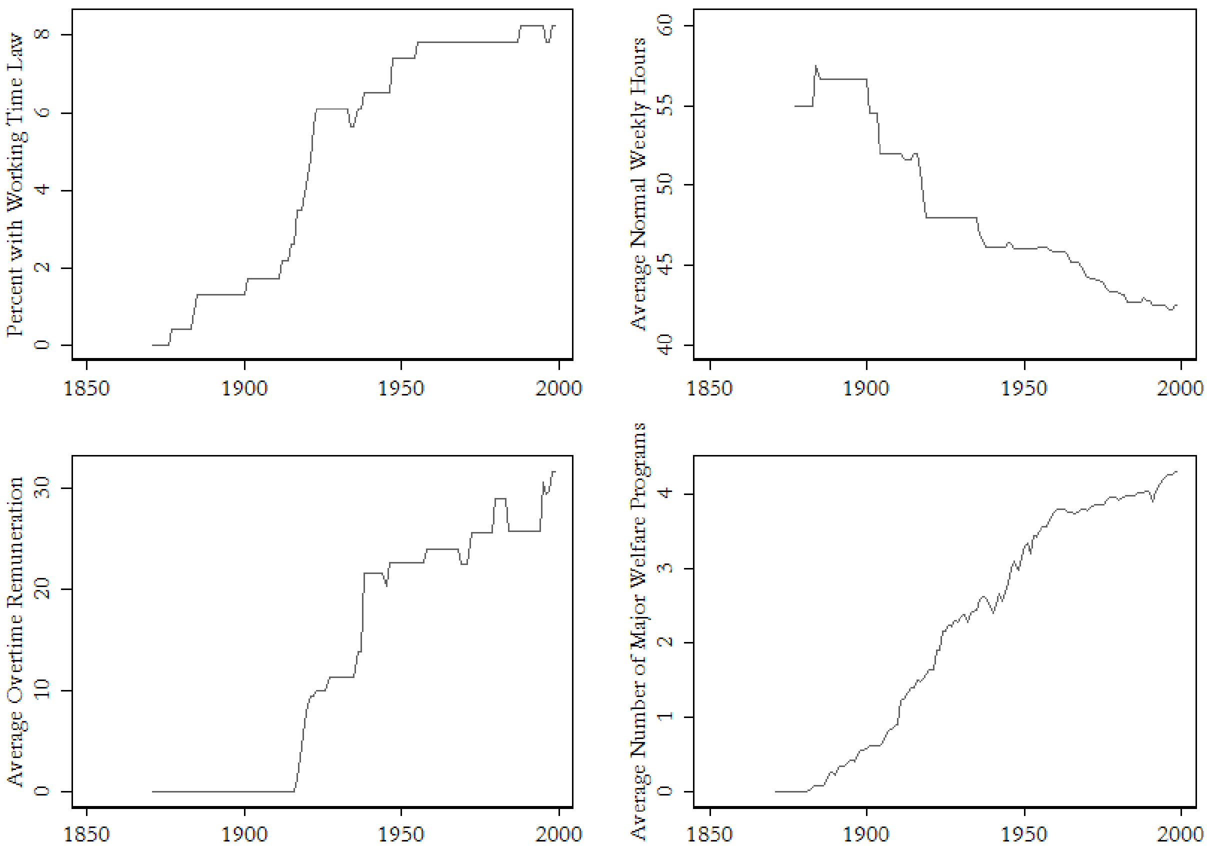
wards), and the introduction of sickness, maternity, and old-age pensions in Venezuela between 1940 and 1960.

[6] The Algerian system was in fact a reintroduction of an unemployment system introduced in 1954 but dismantled during the 1960s. The Thai system existed only on paper; it was not implemented until 2005, rivaling the Norwegian pension law of 1924 as the longest existing social security law never implemented or revoked – slightly rewritten and implemented by Nygaardsvold in 1936.

[7] I have chosen the word "revolution" in direct opposition to "evolution". Evolution entails a slow-moving process that unfolds over time. Revolution, on the other hand, marks a sudden, complete, or marked change. When viewed within the context of say 1870 to 2010, the growth in social policy regulation may be seen as slow moving; however, this would be a historical fallacy. During the period when humans have developed sophisticated state machinery, it has always been possible to create extensive regulatory laws for the operation of labor markets. In most instances there existed regulations, but these tended to be sustained by conventions or by non-state actors such as guilds. The massive growth in statutory social policies over the last 140 years can therefore hardly be described as a slow-developing process. For an overview of pre-capitalistic welfare regulation see Marshall (1950) and the chapters on poor relief in Lindert (2004A).

tures aspects of labor market regulation such as working time, welfare benefits and services, taxes, rules for dismissal and notification, use and introduction of technology, product standards, and factor inspection. In short, the regulatory revolution was a many-faced process spawning several types of regulation. Figure 1 shows the development of the regulatory revolution over time based on four indicators – see section 1.2.1 for further details.

Figure 1. The regulatory revolution



Graph A shows the percentage of industrialized rich nations with a law regulating normal working hours (22 countries). Graph B shows the legislated normal weekly hours for a maximum of 22 industrialized countries. Graph C shows the average percentage increases in basic wages for having worked one hour of overtime for 22 industrialized countries. Graph D shows the average number of major welfare state programs enacted for all independent countries during the period from 1871 to 2000. For data sources see section 1.8.

This thesis will aim to explain the determinants of this regulatory revolution, why some states adopted regulations faster than others, and why the specific legislations adopted differed in systematic ways between countries. But why should we care about variation within institutions? In order to answer this question, I will first present my understanding of institutions, how they re-late to human agency, and how they lay the playing field for power struggles between labor market actors. In this process I will group the overall question of institutional variation into three more specific puzzles.

North's definition of institutions conceptualizes institutions as a set of formal or informal rules that constrain human action. In this perspective institutions are first and foremost a set of exogenous rules that specify constraints on human interaction, determining which alternative options are available to actors. This view can be contrasted with the non-rationalist structuration perspective of institutions originating from sociology (Bourdieu 1984; Giddens 1984) and the rationalist equilibrium view borrowed from economics (Crawford and Ostrom 1995, 583). In the former institutions are seen as constraining and enabling at the same time, shaping both the pre-cognitive structures (how actors view and understand the world on a fundamental level) and cognitive beliefs and desires. In this view actors do not form beliefs about the world independently of the institutional structure. Instead, actors' beliefs and desires are socialized into a particular way of understanding the world and fuel unconscious strategies such as an aim to distinguish oneself from peers within the same institutional context (or social field in tribal terminology) (Bourdieu 1984). The decisive difference between this perspective and the two alternatives is that institutions are here seen as the primary movers of both actors' desires and beliefs, meaning that the explanatory power resides with the institutions, not with the agents (Hall and Taylor 1996). Alternatively, rationalist equilibrium theory sees institutions as simple, stable patterns of interaction between partners based on mutual expectations of how the partners will act, with some variation in how these interactions are influenced by power dynamics (Crawford and Ostrom 1995, 583; Korpi 2001, 247). Here institutions remain stable because it is not in the interest of actors to defect from a Nash-like equilibrium (Hall 2010, 205). However, this also means that they are simply the by-product of actors' current incentive structures.

As mentioned, I follow the Northian understanding of institutions. This means that I will view institutions as exogenous constraints on future action. This view is also prevalent in historical institutionalism, and it follows from my argument that labor market organizations have a distinct preference for the development of labor market institutions. If institutions are endogenous to labor market actors' preferences at any given point in time, the actors need not focus on ensuring that future institutions reflect their preferences, i.e. institutional structures become a simple outcome of immediately changing power resources. Instead, I view institutions as hard-to-change aspects of the social world (Pierson 2000a), meaning that short-term changes in the power balance between actors is not necessarily connected with immediate institutional change. Evidence of this can be found by simply looking at the regulatory revolution: Once a country has introduced a social insurance program there is close to zero probability that it will later remove it. Others have conducted more sophisticated analyses and found that welfare benefits rarely, if ever, change (Pierson 1996). This means that once in place, institutions are likely to stay.

In agreement with the structuration perspective, I also contend that institutions are, to some degree, able to shape and influence actors' beliefs and desires, in addition to cost and benefit analyses. At the same time, the literature tends to go too far in its rejection of rationality (Elster 1982, 534-457, 1985; Korpi 2001). If one acknowledges that rationality can be understood as multifaceted, it becomes easier to combine such institutional arguments with a rational understanding of politics. This can be done by relaxing two of Elster's (2015, 191) three conditions for actions to be deemed rational: "[T]he action must be optimal, given the beliefs; the beliefs must be as well supported as possible, given the evidence; and the evidence must result from an optimal investment in information gathering." In assuming that only the first condition must be present, I here adhere to a minimalist definition of rationality. This entails that actors' preferences are transitive and complete. Individuals with complete preferences will be able to select one or neither of the options available. An individual has transitive preferences if she prefers X to Y and Y to Z; she also prefers X to Z, since X beats Y, and Y beats Z. This conception of rationality is in line with what Herbert Simon has described as bounded rationality, taking into account the limited information-processing power of the human mind and time to collect information. This understanding has already been successfully applied by various authors to explain strikes, job loss, and welfare state growth (Golden 1997; Korpi 2001, 275), and it can explain the effect of institutions on beliefs, as the actor is neither required to have well-founded (given his objective situation) beliefs nor to have searched for additional information, besides that provided by the institutional framework.

Structuration theories also fail to appreciate situations were actors are in a position to move into unregulated fields. I will return to this very important point below, but what is important is that the theory has little to say in such situations, as the strategies adopted by actors originate from their institutional contexts. As the study of the regulatory revolution necessarily means that actors are moving into unregulated territories, facing a tabula rasa, so to speak, structuration theory can only offer partial guidance.

North's definition also makes a clear distinction between organizations and institutions (North 1990, 4-5). For workers, organizations bring structure to their daily life, somewhat in the same way as institutions, although the two remain conceptually different. While institutions lay down the rules of the game, organizations are the players that act within (or outside) these rules. Organizations are formed to influence the creation, development, or displacement of institutions (North 1990, 5). Once an institutional framework has been set up, institutions in turn influence the development of existing organizations and the ability of new groups to grow (Emmenegger 2015; Esping-Andersen 1985, 30-33; Western 1997). I will argue that two organizations in particular have played a main role in the regulatory revolution: first, political parties such as social democratic, social-liberal, and conservative parties; second, labor market organizations such as trade unions and urban and rural employers. The analytical focus will be on the former. I understand *trade unions as a voluntary combination of employees constituted in order to further their interests in the labor market vis-á-vis states and/or employers*. This definition is neutral as regards politics, organization structure, and religions; it does not make any distinctions as to whether unions are left-leaning, atheist, yellow, and religious, organized on the basis of craft or industry. This definition also includes the old guild organizations, but it excludes mandatory unions established by regimes to control labor. Regime-supported voluntary unions such as those established in Italy in the inter-war period would still be understood as unions in this scheme.

Labor market organizations are constituted of a set of leaders and members, with the leadership having the ability to set the policy position of the organization, and where there is ambiguity as to how best to satisfy the preferences of the members (Ahlquist and Levi 2013; Golden 1997, 27; Luebbert 1991, 45). Party leaders must alternate between appeasing a constituency of core voters with whom the party is historically and ideologically closely connected and groups which they are trying to win over in order to succeed in elections (Müller and Strøm 1999). In order to understand how these moving parts were combined to form organizational preferences, I must first specify in more detail which parts of the regulatory revolution that are part of my explanandum.

North argues that labor market institutions come in one of two forms: formal state policies decreed through law or collective bargaining agreements enforced by the social partners (representatives of the labor force, the employers, and the state). Still, the regulatory revolution, as defined here, will be restricted to state institutions for theoretical and pragmatic reasons. First, the choice to focus on statutory rules underpins my conceptualization of institutions as statutory and enduring features of social life. Rules originating from collective bargaining are more likely to reflect the immediate, changing power balance between employers and unions and, therefore, to fall within the understanding of institutions as equilibria outcomes of rationally optimizing agents. Second, the amount of collected data on collective bargaining outcomes is very limited. Just focusing on a single industrialized nation, say Germany, the available data series contain several gaps, and data is missing for various sectors within the same country (Woytinsky 1931). Third, for collective bargaining outcomes there is usually an aggregation problem. Unlike statutory regulation, collective bargaining results are not always enshrined at the national level, leaving data collectors with a problem of deciding what statistical data represents the agreed-upon regulation. This problem is further accentuated by data problems: Some sources only provide the maximum and minimum bargained normal working hours, while others provide the median or average agreed-to normal working hours. Due to time constraints I decided against including collective bargaining outcomes as part of the regulatory revolution studied here.

Even with a working definition of institutions, the question of what constitutes institutional change still remains somewhat open. I will adopt a straightforward definition of institutional change: Institutional change takes place when statutory rules are changed. By contrast, Mahoney and Thelen (2010, 4-5, 15) argue that such definitions will overlook important changes in how these institutions interact with their surroundings. Instead, direct rule change is just one of many ways in which institutions can be changed. Here they differentiate between drift, displacement, and layering, in addition to direct rule change – labeled "displacement" in their lingo. There are several reasons why I have decided to focus on one of these, which is layering. First, layering, i.e. the introduction of new rules in addition to existing rules, such as adding a new welfare program on top of another, is sufficiently captured by the definition of statutory rule change. Second, their critique that a focus on statutory rules will overlook major changes is somewhat misleading, and mostly a result of sample bias – a focus on short time period with few direct changes. Figure 2 underlines this point, focusing on the radical growth in statutory rules over the last 120 years, especially compared to the last 2,000. This means that a direct focus on rule change is not likely to miss important changes, as long as the time dimension is broad enough. Third, the literature on institutional change provides a perhaps too strong definition of rational and information-rich actors – assuming that actors behave highly rational and strategic. To understand why I must start with the contention that the new literature on institutional change has in many ways shifted the explanandum from institutions to the way institutions interact with the environment (e.g. Hacker 2004, 2005). Take for example drift. For this type of change, "rules remain formally the same but their impact changes as a result of shifts in external conditions" (Mahoney and Thelen 2010, 17). Change is here captured by the substantive impact of institutions, when the external environment changes. What is problematic with Mahoney and Thelen's focus on these additional forms of change is the assumptions one has to make concerning actors' rationality. Institutional change theories must assume that the actors involved are able to understand how various strategies of incremental change will impact on institutions in the long term. In some policy areas this may be a tenable assumption, but in others it is highly questionable. This is so because actors have already been defined as rationally bounded, meaning that political actors are constrained by both a lack of information and time to collect new information. Incidentally, in their critique of historical institutionalism Mahoney and Thelen (2010, 12) explicitly state that actors have cognitive limits, not recognizing the implication this has for their thesis. If policymakers are cognitively constrained, why would this not also be the case for actors using their strategies of institutional change? Consequently, the assumption that actors instead focus their attention on the institutional rules which they assume will lead to specific outcomes, without directly focusing on the outcomes themselves, seems much less tenuous. This would move actors away from strategies of incremental change to focusing on direct rule changes. Fourth, studying drift and conversion requires more complex and rich data than studying statutory rule changes. For example, data on drift would first require data on the statutory rules, but also on the impact of these institutions. In line with these arguments I focus instead on statutory rule changes as a measure of institutional change.

Let us now return to the regulatory revolution. In order for the study of this major institutional revolution to become manageable, I must reduce the number of policy areas I wish to investigate. I will therefore focus only on a few of the institutions involved in this revolution: working time regulation and welfare state benefits. There are both theoretical and pragmatic reasons for my choice of policies. Due to time constraints I have chosen to investigate one policy area that has been subjected to extensive research, and one that has seen close to no empirical investigation. The first allows me to draw on extensive previous literature, the second to explore new avenues of regulatory development. This singles out welfare state and working time institutions. The literature on comparative political economy contains extensive research into the origins and structures of welfare institutions; this literature is perhaps only rivaled by the research on education systems (e.g. Aghion, Persson, and Rouzet 2012; Ansell 2010; Ansell and Lindvall 2013; Busemeyer 2007; Busemeyer and Trampusch 2012; Jensen 2011a; Lindert 2004a). I contribute to the welfare state literature by extending the analysis back in time and to a larger number of countries, testing the scope conditions of existing theories. By comparison, there exists no study within political economy on the growth of statutory working time regulation. One excuse for this oversight may be that if social insurance and working time regulation developed at a similar pace, one could argue that explanations concerning social insurance could easily be extended to working time. For example, if countries are grouped according to a pattern similar to that of Esping-Andersen's three worlds of welfare capitalism – the seminal distinction between liberal, continental, and Scandinavian countries – such expectations may be warranted (Burgoon and Baxandall 2004). Unfortunately, investigating variations in overtime shows that this claim finds little support. Laws regulating working hours were more widespread and more accepted in liberal countries than social insurance ever would be. Working hours were more generous and extensive in what Esping-Andersen labels liberal countries, and these countries introduced the 40-hour workweek long before the Scandinavian and continental countries -France being the only exception. Contrary to what some authors have claimed, there was no straightforward "three worlds of working time" (e.g. Burgoon and Baxandall 2004). Working time regulation appears to have been more accepted than social insurance by liberal elites. Why is this so? I will argue that the preferences of high income workers are different for working time and social policies, respectively, and that this profoundly shapes the partisan dynamics behind these regulations.

Focusing on change in working time regulation and welfare state benefits I find that the speed with which the regulatory revolution unfolded over time was decisively different between countries. In some countries the revolution was slow moving, only pertinent to some forms of regulation, while in other countries it was fast and/or extensive. This naturally raises the question of why some states were faster than others to undergo the regulatory revolution. This is the first major puzzle of the regulatory revolution.

The second puzzle derives from the fact that institutions can also be understood as structures of power, facilitating and securing specific actors a place in the labor market (Acemoglu 2001; Hall and Taylor 1996, 937; Knight 1992; Mahoney and Thelen 2010, 8; Moe 1990, 2006; Pierson 2000b, 2004, 36-37). This is in opposition to the classic rational choice approach underlying much of the Northian understanding of institutions. Institutions here work to explain how actors with diverging preferences are able to voluntarily solve their collective action problem and co-operate for a mutual gain (Hall and Taylor 1996, 952). As cooperation is voluntarily agreed on, power tends to become no more than an afterthought in the analysis (Moe 1990). This is unfortunate, as rules put in place by institutions can work to enhance collective action, but they can also give certain groups preferential treatment (Moe 2005, 215). Mahoney and Thelen (2010, 8) make an even greater claim: Rules will by definition always lead to unequal resource allocation. This means that actors will have great interest in ensuring that their preferred institutional framework becomes dominant (Korpi 2001). This point was later highlighted by North (2005, 15) himself: "[H]ence the essential question we must ask is, who makes the rules for whom and what are their objectives." In essence, I argue that labor market institutions are contentious institutions, precisely because they set the rules of the game – rules that limit the options of actors, while actors want the rules that benefit them the most.

One of the ways in which institutions structure power relations in the labor market is by only allowing certain groups to enter, excluding others (Carnes 2009; Heckman and Pagês 2000; Lindbeck and Snower 1986; Ulyssea 2010). This will then create winners and losers. In pre-industrial Europe the crown handed out licenses to trade or pirate to certain favored actors. In addition, guild masters restricted the access to artisan professions (Ogilvie 2014; Stasavage 2011).[8] In the industrial era early factory legislation restricted the working hours of female workers, while maintaining a stable level for male workers, increasing the labor costs for female workers (Huberman and Lewchuk 2003). The introduction of dismissal protection protected union activists against arbitrary dismissal and may even have allowed them a say in company decisions on which workers were to be dismissed and when (Emmenegger 2014, 44-45). Most famously, job security provisions (advanced notice etc.) have been argued to create a dualized labor market of insiders and outsiders (Lindbeck and Snower 1986, 2001). In dualized labor markets those on the inside, protected by strong legislation, rarely have to worry about unemployment. On the other hand, rising labor costs following increased regulation makes it more difficult for those who are unemployed or unprotected by existing legislation – such as temporary workers – to gain access to the labor market (Heckman and Pagês 2000, 3). In all of these cases it can be argued that the growth in institutions created winners and losers and established the future power base of the winners. Institutions are therefore likely to be highly contentious.

Institutions are also the result of a power imbalance between labor market actors. For the contention that institutions are best conceptualized as being contested for them to have any explanatory clout, one must also consider the power balance in society. If the power is equally distributed, and all actors want to influence statutory rule changes, the implication is that institutions will reflect all of their preferences. At the same time, power seems to have been relatively unequally distributed in nearly all types of man-made societies (Boix 2015, 12). In order to understand how power resources are

[8] Compare this view of guilds as differentiating between winners and losers with the perspective on trade guilds as a mechanism for coordination, as outlined in Greif, Milgrom, and Weingast (1994).

distributed in societies undergoing industrialization I draw on power resource theory (PRT) (Korpi 1983, 2001, 2006, 172). Here it is assumed that power resources are asymmetrically distributed between two major groups. Some actors are structurally situated to concentrate their resources and have the ability to exercise violence, while others can do neither of these things (Korpi 2001, 244). Based on these considerations PRT tends to distinguish between actors relying on structural power and those who need to pool their resources through collective action. The former denotes powerful groups such as landlords and employers, which have traditionally opposed policies of working time regulation and welfare benefits (I further substantiate this claim below). The latter have tended to be employees who rely on selling their labor (human capital) in the labor market. Overall, these groups have tended to prefer lower working hours, protection against risks, and some degree of redistribution.

Actors who could end up benefiting from the regulatory revolution have had to rely on collective organization; this did not apply to the same extent to those who opposed regulation. This would entail that the development of the regulatory revolution was intrinsically connected to the development of collective action among employees, at the cost of the employers. This is in line with the major predictions of PRT researchers (Esping-Andersen 1985, 1990; Esping-Andersen and Van Kersbergen 1992; Huber and Stephens 2001; Korpi 1989, 1983; Stephens 1979; See also Haggard and Kaufman 2008, 2; Emmenegger 2014).

At the same time, the PRT errs when it fails to recognize the unequal ability of employees to act collectively. Some workers are structurally positioned in such a way that if they stop production the production in other sectors or professions will also come to a halt (Perrone 1983, 1984; Wallace, Griffin, and Rubin 1989). Strike threats from workers with greater disruptive potential are therefore more credible and costly for employers and states and allow these workers to more easily organize against employers and thus secure higher wages (Perrone 1983, 1984; Wallace, Griffin, and Rubin 1989; Wallace, Leicht, and Grant 1993). Similarly, workers who have few skills or work in geographically distant sites, such as mines or oil drilling rigs, are also more likely to survive employer hostility and to threaten or carry out successful strikes (Kimeldorf 2013; Marks 1989a). It is therefore not surprising that skilled manual workers are more likely to organize than unskilled manual workers (Kimeldorf 2013, 1044; Marks 1989a). The same is true of urban workers, as barriers to collective actions tend to be reduced in urban centers, while landowners could still choose to use violence against their workers (Moore 2003). In sum, given the structural imbalance between workers concerning the likelihood and ability to organize, collective action was not a tool available to all workers. Therefore, organized labor was not equally likely to represent all parts of the labor force, with skilled urban workers being their primary constituency.

The distribution of power between employers and landlords relative to employees is therefore decisive to understanding our first puzzle: the general growth of the regulatory revolution. At the same time, I will argue that the differences between workers who are able to act collectively and to organize in unions and those who are not are central to the second puzzle. Before I go into more detail I will explain why it is important for actors to set up their preferred institutional framework, as this leads naturally to the second puzzle.

Labor market actors had a strong interest in ensuring that their preferred institutional design was the first to be adopted. Once an institutional framework was in place, it tended to reinforce the power of the initial winners over the losers (Korpi 2001, 250; Pierson 2004, 36-37). Unemployment benefit schemes would raise the reservation wage, dismissal protection would protect employees against arbitrary dismissal, and systems managed by unions would increase their legitimacy among the rank and file etc. This meant that institutions also shaped the possibility of coalitions for or against the existing institutional framework (Esping-Andersen 1985, 1990; Häusermann 2010b; Korpi and Palme 1998). Solidarity between the various employee groups could even be secured by the right institutional framework: The existence of a generous universal welfare system would ensure that neither the middle class nor unorganized workers would have incentive to opt out of a coalition supporting an extensive welfare state (Esping-Andersen 1985, 32-33; Korpi 2001, 249). Alternatively, where occupational groups created their own occupational schemes, with generous arrangements and state subsidies, they would resist the incorporation of their scheme into a more universal general scheme (Esping-Andersen 1985; Korpi 2001; Mares 2003; Mesa-Lago 1978; Nijhuis 2009). Only where the state had created a universal alternative to occupational welfare and private arrangements would workers refrain from breaking the rules of solidarity (ibid., 33). In sum, institutions reflect earlier power struggles, but they also shape the current power balance and the preferences of actors.

In order to investigate changes in institutions such as these we need to recognize the importance of temporal chains (Pierson 2000b, 73), i.e. at which point in a specific temporal sequence one is studying a phenomenon. Unfortunately, too much institutional research deals with the issue of when to start the analysis a in a somewhat arbitrary way, even if they recognize the theoretical importance of temporal sequencing. This is usually the case for what is labeled quantitative, "variable"-oriented research (Abbott 1988;

Pierson 2004) – that is, researchers using quantitative tools to analyze data restricted to a snapshot or short period of time when trying understand how two properties are related to each other. This is likely to introduce bias, especially when studying institutions that rarely change or that directly change the future power resources of the actors in question (Korpi 2001; Plümper, Troeger, and Manow 2005). Recognizing this theoretical implication for empirical research, both Carnes (2009) and Emmenegger (2014) in their groundbreaking studies on the origins of job protection in Latin America and Western Europe, respectively, start their analysis around the time of the First World War, before the major labor market laws.[9] They therefore avoid the problems which so often plague "variable"-oriented analyses.

I will argue that this bias in "snapshot"-oriented research, while prevalent, is not inherent to institutional analysis based on quantitative measures, but that it can be avoided by collecting data on the entire regulatory revolution. By investigating the preferences of actors in an institutional situation akin to a tabula rasa, one can avoid the institutional bias problem raised above. This means that institutional analysis must, as done by Emmenegger and Carnes, begin before the first major institutional decisions occurred.

One way in which regulatory revolution determined which coalitions were possible was by its degree of segmentation. By segmentation I mean the extent to which benefits are targeted at specific social groups. In principle, benefits can be segmented along ethnic, religious, or occupational lines. But I will here focus on segmentation as it applies to important occupational groups in the labor market.

The degree of segmentation was a major dividing line between countries during the regulatory revolution. Broadly, one can speak of one group of countries where benefits were primarily targeted at wage and salary earners in large industrial or commercial firms, and countries where the new regulatory frameworks also came to benefit the fringe or less organized groups in the labor market (see also Korpi 2001). Generally, and perhaps simplifying too much, benefits tended to be segmented in continental countries and more universal and encompassing in Anglo-Saxon (including their settler colonies) and Scandinavian countries. This dividing line continues till this day, even if many countries have legislated more universal benefits than was the case during most of the first half of the 20th century (Carnes and Mares 2014; Flora and Heidenheimer 1981; Korpi and Palme 2007; Scruggs and Allan 2006). This is in line with the importance of the original institutional choice: Once locked in on a policy path, it is hard to break away. Therefore, it

9 See also Iversen and Soskice (2009), Skocpol (1992), Stephens (1979), and Thelen (2004).

becomes relevant to ask why some countries introduced more group-targeted benefits than others. The degree to which states developed segmented welfare policies is the second puzzle of this thesis.

Institutional generosity (Huberman 2012; Korpi 1989) represented another dividing line. To take working time and unemployment insurance as an example, a continental factory worker would in the inter-war period have a total of 48 regulated weekly working hours, while an English-speaking counterpart would only have 40 hours. A worker who suddenly found himself without a job would most likely receive a minimum of 16 weeks of paid unemployment benefit in 1933, if he was lucky to live in a country with unemployment insurance. At the same time, he could also be less lucky and end up with five weeks under the German program or even more lucky and get the 26 weeks introduced by the Ghent system in Czechoslovakia. These cross-country differences would continue to increase in the post-war era, but the general direction was one of expansion, even if several countries circumscribed their programs following the economic depression of the 1930s.

These three patterns of variation – the extent of the regulatory revolution, the degree to which it benefited large parts of the population, and the generosity of these regulations – require further explanation. It is therefore surprising that no comprehensive study of the regulatory revolution can be found.[10] The most likely explanation for this omission is a lack of data on this period, not restricted to a few industrialized countries. I have therefore meticulously collected, coded, and quantified two major datasets, one on welfare state legislation in 154 countries and one on working time regulation in 22 countries, covering the period from 1870 to 2010. With this data one can for the first time attempt to explain the major changes that took place between 1870 and 2000.

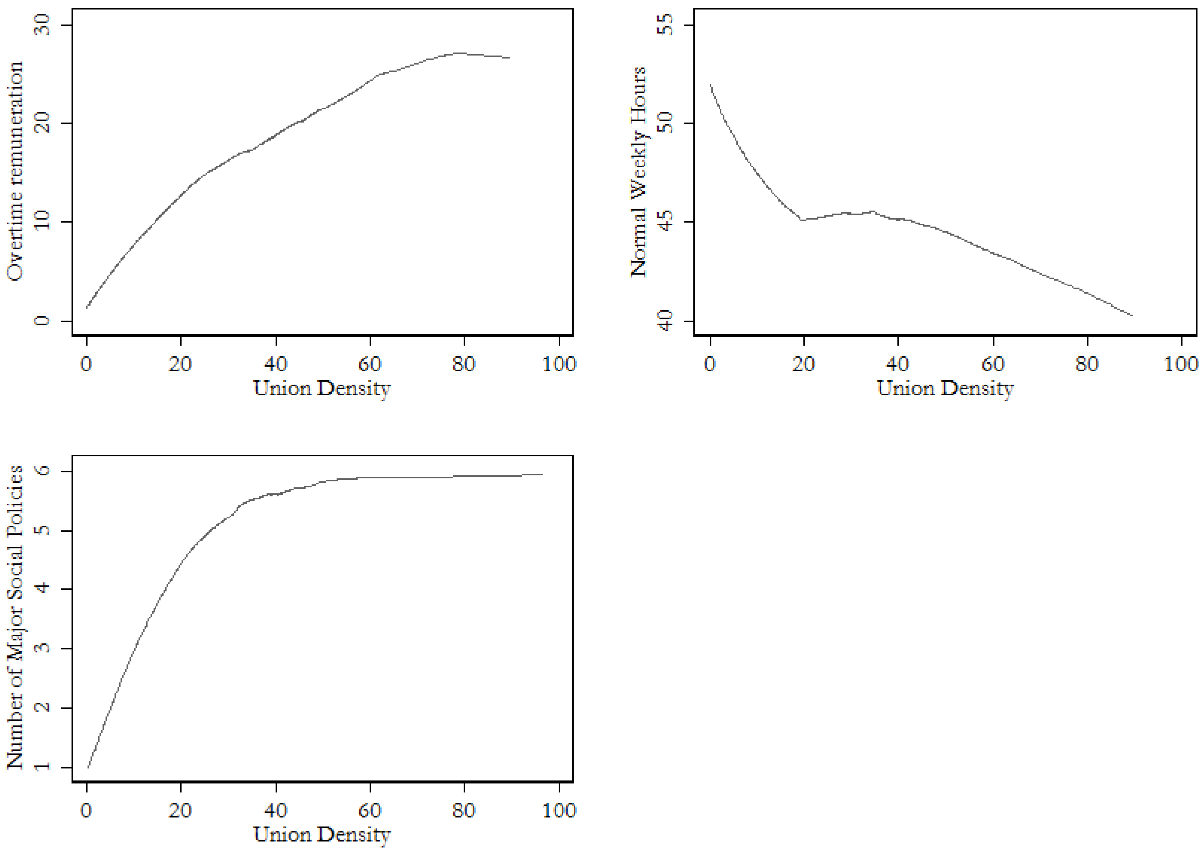
1.1 A Socio-Economic Theory of Policy Development

I will argue that one partial explanation for these three puzzles – why some countries adopted regulation before others, why some adopted more generous regulation than others, and the type of regulation adopted – is the variation in socio-economic conditions of trade union organizations, party politics, and electoral systems. Specifically, I will argue that *the growth and composition of unions, available party coalitions, and electoral systems facing the organized labor movement was decisive not only in driving the regulatory revolution, but also in shaping its contours*. Where unions grew to

[10] This claim is further substantiated in section 2.

become a sizable movement, welfare benefits and working time regulation came to be more generous. Figure 2 reveals the strong relation between certain aspects of the regulatory revolution and union organization, using locally weighted scatterplot smoothing (LOWESS). There is a strong linear correlation between trade union density and the expansion in overtime remuneration, lower working hours, and the generosity of unemployment insurance.

Figure 2. The unions and the regulatory revolution



Graph A shows the LOWESS relationship between overtime remuneration and trade union density (22 countries from 1880 to 2010). Graph B shows the LOWESS relationship between the mandated standard workweek and trade union density (22 countries from 1880 to 2010). Graph C shows the LOWESS relationship between the number of major social policy programs enacted and trade union density (32 countries 1881 to 2007). For data sources for graphs A-C see section 1.7.

At the same time, policies were largely targeted at traditional unionized groups. These effects were substantial. Where unions grew, the probability of having universal benefits for all sectors of the economy decreased, leaving central social groups such as workers in agriculture and domestic professions, homeworkers, and the self-employed largely uncovered. When unions became less concentrated in space and more sizeable in agriculture and among domestic workers, the unions became correlated with less segmented benefits.

Building on the literature on interest groups and the strategic co-optation of interest groups from state elites (Hicks 1999; Hicks, Misra, and Ng 1995, 330; Kim and Gandhi 2010; Knutsen and Rasmussen 2014; Mesa-Lago 1978, 7-10; Paster 2013; Rimlinger 1971), one can outline two broad, rather simple paths connecting interest group mobilization and segmented policies. In the first scenario strong occupational and sectorial interest groups, such as strategically located or skilled blue-collar workers, pushed governments to adopt policies targeted at their constituency (Mesa-Lago 1978, 8). The explanatory factor is here the interest groups' decision to push for segmented social policies. Examples include the mining unions under the social-liberal governments in Great Britain in the early 20th century, early railway unions, and later Perónian blue-collar industrial unions in Argentina (James 1978; Luebbert 1991; Mesa-Lago 1978, 163-164; Powell 1986; Thompson 2011). Once they had gained exclusive benefits, these groups would use their power and position to defend their exclusive benefits against less powerful groups. When new organized groups appeared and gained influence, new policies were extended to these groups, or they were incorporated into existing programs.

A second path goes through elite responses to interest group mobilization, introducing social policies as a way to co-opt groups that supported the regime views (Esping-Andersen 1990, 58-61; Hicks, Misra, and Ng 1995, 300; Huber, Ragin, and Stephens 1993; Knutsen and Rasmussen 2014; Korpi 2001, 2006, 176; Rimlinger 1971). A classic example is Bismarck in imperial Germany, who decided to outlaw socialist parties, but involved unions in the administration of sickness benefits. Another less famous example is the unions and/or accepted unions under the autocratic regime in Taiwan during the 1950s. Especially unions in strategically placed industries or occupations (oil, coal, railways/transportation etc.) with the ability to disrupt production in major industries (Perrone 1984) tended to be targeted for segmented policies. Elite co-optation strategies are not restricted to these well-known examples, but instead appear to be a general phenomenon among autocratic states (Flora and Heidenheimer 1981; Knutsen and Rasmussen 2014). The quantitative welfare state work has therefore tended to speak of the autocratic legacy effect on social policy expenditures (Huber, Ragin, and Stephens 1993, 722).

In this thesis I will focus on the logic behind the first process – interest groups demanding policy concessions from politicians. There are two ways in which union pressure can result in policy influence. First, unions and parties can create policy coalitions in favor of specific policies; here the unions will have to bargain with parties to achieve their policy preferences. Second, unions aim at capturing candidates and, ultimately, parties with electoral majority in order to influence policy development. The resulting outputs differ between the two paths. The first leads to stable access to policy influence, but few policy changes. The second leads to strong gains if successful, but can also result in substantial losses if unsuccessful – by not being able to capture a winning party. The latter is caused by the fact that parties which are susceptible to capture by unions are also likely to be captured by other groups. Such groups may prefer less regulation. Assuming that they are strong, why should the unions, then, not always pursue a strategy of candidate and party capture? This is because the electoral system in place largely determines which strategy that is likely to be successful. I will argue that unions' ability to capture parties is greater under majoritarian than under proportional electoral rules. Unions will therefore be more likely to pursue a strategy of policy coalition building under proportional electoral rules and party capture under majoritarian (MAJ) rules.

So why have I chosen to focus on interest group pressure instead of elite co-optation? This is because the existing welfare state literature tends to overlook this path to a segmented welfare state. Instead, the focus has been on elite co-optation. One reason for this can be that the most important interest organizations in labor markets have been trade unions, which in turn have been assumed to push for universal benefits. Segmented benefits must therefore be a result of the elite co-opting unions, not unions demanding such policies (e.g. Korpi 2001). At the same time, the implications of these models are hard to distinguish from each other in empirical testing. Even if the literature suggests that state elite co-optation is more likely to be found under autocracies (Esping-Andersen 1990; Hicks, Misra, and Ng 1995; Knutsen and Rasmussen 2014), others have argued that similar conditions can also arise in democratic or semi-democratic countries (Mesa-Lago 1978, 8; Olson 1982). Further empirical work is therefore needed to more precisely distinguish between these mechanisms. However, even if the elite co-optation model is the most prevalent for the expansion of segmented benefits, this still leaves us with the question of why some unions accepted such benefits and protested against or boycotted the same benefits at other times?

The general theory connecting unions and the regulatory revolution will be further expanded upon in section 3, but I will here give a quick introduction to the main arguments and the methodological framework, and finally link this contribution to the comparative politics literature on unions, parties, welfare states, and electoral systems.

Why did greater trade union organization result in statutory regulation and not collective bargaining or private occupational benefits? The connection between the regulatory revolutions would appear to be straightforward: Unions always prefer to fight for greater state regulation, as it is in their interest to move their struggle with the employers from the labor market to the political arena (Korpi 1983). Such sentiment fails to acknowledge unions' strong incentives to keep policy outside the hands of state regulators (Emmenegger 2015; Mares 2003; Nørgaard 1997). Specifically, unions have more direct control over the content of regulations when these are decided through collective bargaining and not by statutory law (Emmenegger 2014, 48). Concerns about free riding could also be mitigated to a greater extent through collective bargaining, as the benefits would either be assigned only to union members or the unionized sector of the economy (Hechter 2004; Olson 1965).[11]

Recent historical research has therefore argued and found support for the claim that where unions became strong during the early years of the regulatory revolution, state policies became less developed than in places where the unions were weak (Emmenegger 2014, 2015). In places with weak unions collective bargaining was less pronounced, and the state therefore played a more decisive role in the regulation of the labor market. This was especially true in instances where unions could gain issue ownership of the policy in question by signing collective agreements before the first major welfare laws (Crouch 1993, 297; Emmenegger 2014, 49). In these instances leftist parties would yield policy ownership to unions. Others have argued that it was only a specific type of union – industrial unions – that supported state regulation (Marks 1989a, 44-48; Nijhuis 2011, 2013). There is also a third literature focusing on explaining the recent decline in unionization as a result of unions losing relevance for workers as most of its functions have now been taken over by the state (Brady 2007; Hechter 2004). If this literature is correct, unions would have strong reason to resist the implementation of state regulation. Overall, the connection between unions and state regulation can therefore not be assumed to hold a prior.

When I argue against this position, it is because it overlooks two important caveats for why strong unions should still be associated with extensive state regulation.

First, it misses the fact that policymakers had both electoral and administrative reasons to accommodate union preferences. Both leftist and social-liberal parties had electoral reasons to win over unions (Boix 2010b; Luebbert 1987; Mares 2003; Nørgaard 2000; Powell 1986, 385), as unions could act as cohesive voting blocks, securing party leaders decisive support in elec-

[11] The degree to which collective bargaining only goes to unionized workers depends on the institutional framework for collective bargaining.

tions. Lawmakers also knew that if regulation was to become effective, unions needed to be brought around, preventing them from making competing arrangements (Mares 2003, 42n14). Legislators therefore tried to win union support by offering them an institutional role in early social policy developments in Scandinavia, the Low Countries, the United Kingdom, and Czechoslovakia, especially before the end of the First World War (Crouch 1999; Marks 1989a, 101-107; Rasmussen and Pontusson 2015). When unions resisted such overtures it was usually because they found the policies unsatisfactory: The Norwegian trade unions had supported voluntary subsidized unemployment benefits since 1902, but when the scheme appeared in 1906 no union signed up. Why? The reason was that the unions found the level of subsidies too low, meaning that if the system failed (and it did) they would be held responsible without having gained any real benefits. Once subsidies were increased, unions withdrew their boycott, setting up union-run funds.

Legislative arrangements also tended to allow collective agreements as a means of supplementing legislation, filling out holes intentionally left by policymakers (International Labour Organization 1936a, 36-37). This worked to reduce unions' concern that statutory regulation meant the displacement of their role in the labor market. In section 3.1 I show that there is indeed no negative relationship between the introduction of labor market regulation and subsequent levels of the degree of trade union organization.

Second, even if unions preferred collective agreements to statutory regulation, collective bargaining could also drive legislative enactments. As unions used collective agreements to lower the number of working hours and increase overtime compensation, the costs of fashioning universal legislation that benefited all workers declined. This made it easier for pro-regulation parties to enact national legislation.

The growth in state legislation therefore did not displace the unions; instead it could facilitate and strengthen their position. Employment protection protected union leaders against dismissals, the Ghent systems gave unions' the role of state administrators, and when sufficiently subsidized they also protected unions against the rise in unemployment (Emmenegger 2015; Freeman and Kleiner 1990; Rasmussen and Pontusson 2015; Scruggs 2002). At the same time, the position of the unions was in many ways influenced by strategic reactions to the existing system of welfare regulation. Where unions had an administrative role in unemployment benefits, they had strong incentives to pursue the expansion of benefits to new groups in order to secure these groups as new members (Gordon 2015). Social regulation could also work to foster working-class solidarity by creating equality between workers, cancelling out status differences (Esping-Andersen 1985, 33). It was therefore strategically important that unions built encompassing and universal policy systems that worked to create working-class solidarity (Esping-Andersen 1985, 32-33; Korpi 2001, 249-250). If systems were based on welfare state dualism – separate programs for different income classes or categories of workers – unions would instead prefer to fight for their own policies (Esping-Andersen 1985, 34).

The regulatory revolution therefore shaped both the organizational strength of the unions and their strategic preferences. I argue that this dual-feedback relationship between the unions and the regulatory revolution has not been sufficiently dealt with in the literature. As unions' policy position depends on the existing institutional framework, we need to establish which types of policies the unions preferred before the first major welfare systems were put in place. I will return to this problem below.

I argue that the key to understanding union preferences lies in the fact that not all workers were likely to become union members, and that this has historically resulted in spatial concentration of union membership (Kimeldorf 2013; Southall 1988; Southworth and Stepan-Norris 2009; Wallace, Griffin, and Rubin 1989). The degree to which unions clustered into specific occupations or sectors, and the extent of their membership within these sectors, were a result of the underlying labor market structures. Given that employers view unions as an opposition to managerial control and profit maximization, they tend to be hostile to union organization. Before institutions could protect unions against arbitrary dismissal and employer attacks, unions had to rely on the power resources gained by their strategic position in the labor market (Perrone 1983, 1984). Here the main decisive factors were the costs associated with replacing workers on strike with strikebreakers and the marginal costs associated with organizing new workers (Kimeldorf 2013; Perrone 1983; Wallace, Griffin, and Rubin 1989). The first factor reveals how concentrated unions were to specific occupations or sectors. The second factor reveals how easily unions could organize within these sectors. In countries where the costs of replacing strikers were high and somewhat widespread, it was easier for unions to organize outside a small number of professions and sectors. In countries where replacement costs were high only for a few groups of workers, attempts to establish unions outside of these professions usually failed. The unions were therefore more likely to be tightly clustered into professions where they could not be easily displaced – e.g. workers in mines, skilled professions, and occupations with disruptive potential. As the marginal costs of organizing new workers dropped, these occupations were likely to experience further union gains. This meant that many unions concentrated into a set of specific occupations highly conducive to union growth. Thus, it is not surprising that about 70 % of the 2.6 million trade union workers in 1910 were coal miners (Thompson 2011, 28).

It was this historical variation in the degree of union concentration that shaped union leaders' incentive to support segmented or non-segmented benefits.[12] Where unions were tightly concentrated into a few occupations, union leaders had clear incentives to lobby for segmented benefits in order to limit free riding. As unions became more encompassing, organizing workers into sectors such as agriculture or domestic professions, union leaders' preferences for free riding were inconsistent with members' preferences for insurance. As unions became less clustered in space they also became more supportive of less segmented welfare benefits.

I argue that we can distinguish between four ideal forms of union clustering with corresponding preferences for segmentation: occupational, sectorial, general, and encompassing unions. Occupational unions continued to be closely related to specific occupations, including miners, silk workers, dockworkers, sailors, railway or transportation professionals, and workers in skilled artisan professions; these were practically non-existent in others. These occupations also tended to be highly concentrated in space: In Great Britain, for example, in the period 1810-1900 unions were almost exclusively concentrated in artisan professions in urban London, textile factories in Lancashire, shipbuilders (shipwrights and caulkers) in Durham and London, and the northern coal fields (Southall 1988, 471). Similar to occupational unions, although somewhat more including in membership and organizational clout, sectorial unions were organized primarily within one sector. This meant that they clustered into one or a maximum of two of the three major sectors for wage earners: the factory or industrial sector, commerce or services, and the agricultural sector.

Highly concentrated, either in professions or sectors, unions of these types should therefore have an incentive to demand benefits targeted at their profession or sector. This was no problem, as professions and sectors (such as rural versus industrial or miners versus non-miners) were relatively easy for lawmakers to demarcate.

The general and encompassing unions would organize within all sectors and among other forms of employment such as self-employed or domestic workers. In these instances unions could not achieve efficient coverage for their own members through segmented welfare benefits. Instead, they had to focus on encompassing benefit structures: benefits that either accrued independent of labor market status or encompassed most forms of employment in the labor market.

The historical concentration of unions into specific professions and sectors has also had a geographic dimension (Kimeldorf 2013; Martin, Sunley,

[12] I will use concentration and clustering interchangeably throughout the thesis.

and Wills 1993; Southall 1988). As industries tended to be clustered into specific regional centers, and union organization was more likely in some industries than others, unions were necessarily tightly clustered into geographic and occupational space (Curry and George 1983; Ingham 1974; Southall 1988). Unions therefore operated as concentrated interest groups, underlining that unions could play a similar role to that of regional producers in Rogowski's (1987, 208) story of interest group influence under MAJ systems. In local districts where unions were particularly strong the running parties could even end up sponsoring union-nominated candidates on the party ticket (Luebbert 1991, 17). This point is important when I later focus on interest group pressure and electoral systems.

In papers 1-4 I document the effect of trade unions on welfare state benefits, working time regulation, and policy segmentation. Unions are more likely to push for: generous working hour standards, overtime compensation, state policies that cover life and labor market risks, and more segmented benefits. These effects are identified using samples running from 1870 to 2010, covering as many as 66 countries, and using a difference-in-differences estimator. To sum up, this is the first study that has been able to demonstrate that unions have, on average, tended to support state policies.

The influence unions had on policy depended on the party system. Not all parties were interested in winning union support, or their support was contingent on a specific set of factors being present. I will argue that the policies accepted by the parties depended on the preferences of their core group of voters. Here I build on the partisan logic outlined by Müller and Strøm (1999) and adapted by Kwon and Pontusson (2010) and Rueda (2006, 2007, 2008) to explain variation in welfare state generosity and universalism and by Rasmussen and Skorge (2014) to explain variation in work family policies. The general insight of this perspective is that parties have a core group of voters that sets their ideological constraints. Parties also have groups they want to win over in order to win elections, though only as long as this does not go against the interests of their core voters. In order to predict how parties are likely to act we must therefore first consider how these core voters will perceive the costs and benefits of various forms of regulation.

The core voter group of conservative right parties tended to be upscale groups such as urban or rural employers, trying to win over upper-middle class voters (Rueda 2007, 17). This meant that the right party platform built on the preferences of the employers when trying to win over the salaried employees. Conservative parties were therefore likely to resist the introduction of regulation that would increase employers' labor costs or hamper their ability to use labor in the production.

Leftist parties, on the other hand, tended to have a core constituency of semi-skilled and skilled manual workers, trying to win over middle-class workers such as salaried employees and unskilled lower-class workers (Rokkan 1987, 88-89; Rueda 2006). This posed several problems for social democrats, as the preferences of salaried workers for less redistributive benefits and wage-related employment-based social insurance could be hard to reconcile with unskilled workers' demands for more redistributive non-contributory insurance (Carnes and Mares 2014; Esping-Andersen 1990, 31). The political preferences of social democrats therefore depended on which of these groups of voters they decided to side with.

At the same time, what has often been overlooked is the incentives (and historically important role) of social-liberal center parties. The social liberals had a core constituency of middle-class urban voters and tried to build their electoral platform around attracting organized skilled manual workers (Boix 2010b; Luebbert 1987, 1991, 16-18; Rokkan 1987, 152; Thane 1984; Thompson 2011, 30). This meant that they were in direct competition with the social democratic parties over the skilled workers and unionists. Social liberals therefore tried to build an electoral platform of enactment of regulations such as working time policies or welfare state policies that matched the interests of the organized skilled manual workers and their own wage class (Luebbert 1987, 1991, 19-20; Powell 1986; Thompson 2011; Whiteside 1980). This was easiest with regard to working time regulation. As the demand for leisure increased with income (Huberman 2004; Wilensky 1961), the middle classes could support skilled manual workers' demand for regulation lowering the average working time. Salaried workers also supported social insurance policies, as long as these involved a relatively small degree of redistribution, provided that it was targeted at urban workers and restricted state expenditure growth. This allowed the social liberals to craft a coherent social policy platform based on the support of middle-class salaried and skilled manual workers.

This effect was attenuated by the growth of the social democrats among unionists and urban voters (Powell 1986, 369; Thane 1984). The social liberals, with their position threatened on their left flank, faced the challenge of adapting to this competition or go under. It is thus not surprising that the break with the old Poor Law tradition and the extension of trade union targeted benefits tended to appear under social-liberal governments. Examples include: in Great Britain, Lloyd George's people's budget (1906), which was the first non-contributory old-age pension that made no moral prescriptions on its claimants (1908), and the unemployment act of 1911; in Norway, unemployment insurance (the Ghent program) introduced by the liberals in 1906 at the behest of unions and administered by trade unions, and the first major working time law in 1915; in Sweden, the major pension law introduced by Karl Staaff's government in 1911; and in the Netherlands, the Ghent system introduced by the liberals in 1916. All of these are examples of major regulatory innovation under social-liberal governments.

One reason why previous researchers have failed to make precise predictions about the role of the social liberals is the tendency to view these parties as catering to a large heterogeneous group of voters, with no clear connection to any one group. The reason for this is heterogeneity lies in the fact observed by Luebbert (1987, 1991) and Rokkan (1987) that social liberals differed in the degree to which they, in addition to their urban voters, catered to a rural constituency. In Denmark the social liberals was an exclusively rural party, in Norway, Sweden, and Czechoslovakia they held an intermediary position, and in the United Kingdom it was an almost exclusively urban party (Luebbert 1991, 56-59; Nørgaard 1997; Rokkan 1987). By recognizing how this variation influenced their policy-position, one can start to understand the preferences of social-liberal parties.

This rural versus urban dependence of the social liberals was a decisive factor in their electoral strategies and preferences. The rural constituency had strong interests in restraining regulation that involved transfers from the rural sectors to urban groups, such as unemployment benefits, and they resisted any regulation that threatened their role as employers. Social-liberal parties that were dependent on a rural constituency were therefore less likely to introduce extensive labor market regulation. In this context of urban-rural balancing, the social liberals' policy position was decided by the growth of the social democratic parties and the size and ideological position of the unions. Where unions focused on skilled workers and did not appear as ideologically radical, social liberals tended to believe that overtures could succeed.

In short, the growth of the unions and electoral competition from the left forced social liberals to shift their policies to co-opt the labor movement, but their ability to do so was constrained by their urban salaried and/or rural voters. In paper 1 on the politics of time I find that social-liberal governments are as likely as leftist parties to introduce generous working time standards. For overtime compensation, a policy that was less beneficial to the core constituency of social-liberal parties, I find no such effects.

At the same time, this partisan logic of social liberalism was limited not only in space, but also in time. This was the result of two interrelated processes. First, and perhaps foremost, the social-liberal strategy generally failed to prevent voter flight to the social democrats, because the enacted policies failed to meet the expectations of organized workers. This was especially the case where the social liberals had to balance rural and urban demands, leading to inefficient policies for both groups (Bernstein 1983, 618, 623; Luebbert 1991, 18-19, 55, 110-112). Second, the growth of more radical, industrial unions which also organized unskilled workers marked the turning point for the connection between the liberal parties and the union movement (Boix 2010a; Bull 1955; Ebbinghaus 1995). With the demand of unskilled workers for greater redistribution, the policy compromise constructed by the social liberals between their primary constituency of salaried workers and the skilled manual unionists broke down on the issue of redistribution. Unskilled manual workers, who received a lower income and who were usually more exposed to risks, tended to demand greater redistribution than their skilled counterparts (Goldthorpe 2000; Kim 2007b; Thomas 1988, 121). With middle-class salaried employees being less exposed to risk and higher income, the social liberals could no longer maintain their position among the unions and appealed to salaried employees.

In most countries this transition took place in the inter-war period. The unions that did end up embracing industrial unionism, such as the Norwegian and Swedish unions, did so after the First World War (Boix 2007, 517-518; Bull 1955; Crouch 1993, 125-152; Ebbinghaus and Visser 2000; Esping-Andersen 1985, 64-70). As unions embraced industrial unionism together with unskilled workers, the incentives of social liberals to make pro-union overtures was reduced. This radically changed the role played by the social liberals in, for example, working time regulation: While I find that social liberals introduced working hour restrictions up until the Second World War, I find no effect after this period.

The policy influence of unions was not only dependent on the available coalition partners among the parties, but also on the electoral system. There is now extensive literature on electoral systems and regulatory policies. The consensus arising from this literature, using different measures and methodological approaches, is that proportional electoral systems (PR) are more likely to have generous, redistributive, and more universal welfare states than majoritarian (MAJ) systems (Austen-Smith 2000; Funk and Gathmann 2010; Iversen 2005; Iversen and Soskice 2006, 2009; Manow 2009; Persson, Roland, and Tabellini 2000, 2007; Persson and Tabellini 2004). In papers 3 and 4 I replicate these findings for the enactment of major welfare state programs. PR systems are more likely than Maj systems to have extensive welfare states.

There is also a literature on the influence of interest groups under different electoral systems which has gone somewhat unnoticed by the literature that focuses on welfare states. This theory of interest group influence under different electoral systems was developed following the work of Rogowski (1987) on trade protection in MAJ systems compared to PR systems.

Rogowski suggested that regional and concentrated interest groups could more easily lobby or pressure individual candidates in exposed (and small) districts under MAJ systems than under PR systems. Similar to Rogowski, Vernby (2007) argues that strikes are more likely in MAJ systems, as strikers are more likely to be compensated by incumbent governments.[13] This is a result of elections being more contested under MAJ systems. The generally steeper mapping from votes to legislature seats in MAJ systems – with only modest losses of votes often leading to large seat losses (e.g., Powell 2000) – meant that politicians are more sensitive to pressure from clearly voiced interests. This is particularly so when these interests represent fairly broad groups of voters and can be credibly expected to organize, for instance, election boycotts, protests, or strikes. It is now well documented that unions did indeed have the organizational capacity to launch such initiatives in order to influence elections during the 20th century (Lindvall 2013; Marks 1989a). In addition, the electoral district is typically much smaller (often one delegate per district) in MAJ systems; according to Rogowski (1987, 208), this further contributes to delegates being closely connected to particular sectoral or regional producer interests. Hence, delegates are likely to be strong advocates of their constituents' preferences.

Even if Rogowski does not talk about unions in particular, similar arguments can be made for strong unions in key constituency firms, regional industries (shipbuilding), and mining districts (Southall 1988). For example, in Great Britain the strong presence of local unions facilitated purely local bargains between the local umbrella association of unions and the local party organization with candidates taking a pro-union stance in policy (Luebbert 1991, 17). And when the local unions were powerful at the local level, such as miners' or factory workers' unions, union candidates could even end up becoming part of the party roster. However, this was not simply an alliance between the union and the social democrats. The mechanism was in place even before the social democrats displaced the liberals as the main workers' party, as the liberal endorsement of Owen Connellan, leader of the Leeds Typographical Society, and other skilled union members in Leeds around the turn of the century shows (Bernstein 1983, 251). This fits well with the fact that while Great Britain never introduced a general working hour regulation law, they did so for particularly well-organized and concentrated union groups. For example, a working time law for miners was introduced in 1908, followed by a law on minimum wages in 1912, and miners were granted an optional, but more generous old-age program.

[13] This holds for the entire regulatory revolution (1870 to 2010). See section 2.3 for descriptive evidence.

The ability of interest groups to capture party candidates is reinforced by the weaker position of national parties under MAJ systems, while under PR systems the national party has greater influence over the candidates (Gerring and Thacker 2008; Martin and Swank 2008). Under PR systems the question of which candidate will run in which district is usually decided internally, and candidates tend to depend on the party for campaign funds. This is unlike MAJ systems, where party nominations tend to be open, and candidates tend to seek private funding for their campaigns. For example, in the United States both private and public sector unions spend millions of dollars on supporting candidates which they believe will safeguard their interests (Moe 2006; Mullins n.d.; Rosenfeld 2014).

Overall, the fact that unions have tended to be concentrated geographically, be highly organized and have the ability to influence incumbent re-election chances gives a strong indication that, given the same level of power resources, unions should have a greater impact on policy under MAJ systems than under PR systems.

The close connection between PR systems and corporatist institutions further distanced union power resources from their direct influence. Corporatist institutions guaranteed unions and employers a say in policy matters, meaning that on average unions would have more consistent policy influence under PR systems. At the same time, corporatist institutions are based on a commitment to compromise, leading to discursive settings of deliberation and coordination between the labor market partners. This led to a greater degree of compromise and consensus between the social partners (Crepaz and Lijphart 1995; Lijphart and Crepaz 1991; Martin and Swank 2012; Nelson 2013), which meant that unions (and employers) could never fully realize their preferences, disconnecting policy outcomes under PR systems from the power resources of both employers and unions.

Building on these contributions I develop a theory on how incumbent candidates are more sensitive to pressure under MAJ systems than under PR systems. Specifically, the number of institutional access points for organizational groups is much larger under MAJ systems than under PR systems. I define institutional access points as constitutional rules that allow interest groups to influence candidates' policy position, their selection, and ultimately capture parties. This means that MAJ rules, to a greater extent than PR rules, allow both pro-welfare groups such as unions and anti-welfare groups such as landlords to push policy in their direction. Decisive differences between the two electoral systems are a result of the fact that while PR guarantees leftist parties and unions a say in policy matters, this is not the case under MAJ rules. Under MAJ rules policies depend on worker or other pro-welfare organizations' ability to influence parties; however, as employers and rural interest groups have greater power resources in the absence of effective union organization (Korpi 2001, 2006), MAJ systems will on average have less regulated labor markets than PR systems.

One implication of this argument is that the number of observed differences between PR and MAJ systems should be higher when anti-regulatory forces are strongest and lower when the opposite is true. Incidentally, this also means that the variation in welfare state coverage should also be greater under MAJ systems than under PR systems. While PR systems guarantee worker organizations a lasting power base for shaping policy, variations in power resources between anti-welfare and pro-welfare interest groups mean that MAJ systems can both be extensively regulated and less regulated. In addition, the influence of either interest group should be greater under MAJ systems than under PR systems. In papers 3-4 I document that this is indeed the case. The difference between PR and MAJ systems is largest when rural groups are weak (union groups are strong). The marginal impact of rural interest organizations on restricting welfare expansion is also greater under MAJ systems than under PR systems. Similarly, trade unions have greater policy impact under MAJ systems.

In sum, the framework proposed here is socio-economic; the workings of political institutions and organizations such as parties are seen as dependent on the interest groups originating in the labor market. In turn, the preferences and resources of these organizations are based on how they are concentrated and able to operate in the economy.

In making these broad claims, two caveats are in order.

First, the findings in this paper, while challenging the class-based explanations of trade unions in some instances, are overall in congruence with the main implication of these theories: that the organization of labor was decisive in the creation of social policies such as unemployment benefits. At the same time, my findings also indicate that unions actually did so for labor market policies in general, over a much larger time period and in many more countries than previously investigated. Furthermore, these findings on segmentation are not in direct opposition to previous studies, which concluded that unionization increased social spending and the generosity of benefits or reduced inequality (Bradley, Huber, Moller, Nielsen, and Stephens 2003; Hicks and Swank 1984b; Korpi 1989; Scheve and Stasavage 2009). Even if the introduction of benefits was more segmented here than where unions were weak, the new benefits tended to compress wages within the union movement (the unionized sector of the economy). Unions also tended to press for more generous systems which explains why unions have been found to increase social spending and replacement rates.

Second, it does not invalidate the explanatory power of more structural forces, although it does disqualify claims that the advent of the regulatory revolution was simply the result of purely structural pressure, such as exogenous shocks in the form of mass warfare (e.g. Scheve and Stasavage 2010; Obinger and Petersen 2014), urbanization and industrialization (e.g. Kerr, Dunlop, Harbison, and Meyers 1964; Rimlinger 1971), and demographic pressure (Lindert 1996, 2004a; but see Huber and Stephens 2001, 340 for a contrarian view). These factors set the stage for union organization, but what mattered was the organizational structure of unions, party coalitions, and their interaction with the electoral system.[14]

1.2 Research Design: Causality, Competing Explanations, and Methodological Framework

In this section I outline the understanding of descriptive and causal inferences on which I base my choice of methodological approach in the various papers. The section is structured as follows. I start by differentiating between descriptive and causal inferences. Second, I define causal explanations, arguing in favor of the potential outcome framework. Third, I discuss sample selection and related sample biases. Fourth, I discuss the validity of the main independent and dependent variables. Fifth, I outline the co-founders that may also shape the influence of the independent and dependent variables. Sixth and lastly, I discuss the statistical framework that is adopted in the four papers. Here I argue in favor of a difference-in-differences framework as a minimum condition for assuming that that one is comparing apples to apples in comparative political economy.

The aim of this thesis is twofold: First, I wish to describe and chart the substantive development of the regulatory revolution and, second, to reach explanations that allow me to make causal inferences concerning the regulatory revolution. The first part is therefore descriptive, aiming to track policy developments and describe the major, decisive changes and paths that countries could and did take during the regulatory revolution. Thus, it answers

[14] Note that several of these authors (especially Mares 2003 and Manow 2009) highlight the importance of political coalitions for or against regulation, arising from different exposure to risk originating from world markets. At the same time, the explanatory work in these theories is still done by trade exposure. This can easily be illustrated by the fact that the variable used to operationalize the size of the exposed coalition tends to be some measure of integration into world trade such as the sum of imports or exports of GDP.

what, and how the regulatory revolution took place. The second part is causal, aiming to make inferences about *how or why* the *what* came about.

Both of these types of inferences face challenges with regard to making unbiased inferences (Gerring 2012; King, Keohane, and Verba 1994). Unfortunately, there exists a bias against the importance of descriptive inferences, aptly captured under the label "mere description" (Gerring 2012). In many views of political science, descriptive inferences are the mere handmaidens to proper causal analysis. While some degree of understanding through descriptive inferences must always precede causal inferences (King, Keohane, and Verba 1994, 34), they remain a separate part of the investigation. The aim of the descriptive part of the thesis has been to create a set of indicators that capture different aspects of the regulatory revolution, which allows me to make general descriptive inferences about its development over time. Below I describe how these indicators were constructed and collected. As already outlined in the beginning and further elaborated in papers 1-2, all of these indicators show a marked increase in the extent to which labor markets are regulatory in all parts of the world, a trend that has not been reversed.

The causal explanation framework requires a somewhat more detailed description. Therefore, before moving on to the methodological framework adopted to explain this framework, I will first clarify what I mean by *explanation* and *causality*.

I adopt the modified view of causal explanation proposed by Wig (2015, 39): "logically coherent accounts that make causal relationships between outcomes and putative causes plausible, and make novel, falziable and clear predictions." Still, this definition needs a workable understanding of causal relationships to be complete.

In order to make strong causal inferences we can differentiate between two general understandings in the literature. First is the mechanist view, which argues that only studies that are able to track and verify the mechanism connecting X and Y are eligible to make strong causal claims (for an excellent overview of this view, see Hedström and Ylikoski 2010). Second, the potential outcome framework associated with Neyman, Rubin, and Holland (see Rubin 2011 for a historical overview of the POF framework of causality) involves evaluating the strength of a causal claim. This relies on the assumption that we can find a counterfactual unit i that is similar in *all relevant respects to unit* j, except that unit i has been assigned treatment X_1 and unit j treatment X_2. If this is the case, the observed difference between units i and j can be assumed to reflect the same difference that we would have found if we had been able to re-run history and assign different values to X for unit i. This difference is then labeled the causal effect. Consequently, in order to make strong causal claims one must be able to validate concerns about unit homogeneity – that the observed units are similar in *all relevant respects*, except for the independent variable (King, Keohane, and Verba 1994, 91-95).

It has become a recent fad among certain writers in comparative political economy to juxtapose mechanistic explanations as something different from correlational or associational explanations (e.g. George and Bennett 2005; Mahoney 2003b). While the number of definitions of mechanistic explanations has increased with the number of theoretical accounts of the subject, all they seem to have in common is that they specify some intermediary variables that connect the independent variable X and the dependent variable Y (Elster 2015; George and Bennett 2005; Gerring 2006; Hedström and Ylikoski 2010). There is also a tendency to equate mechanistic explanations with process tracing and other qualitative methods, as a way of capturing the path (a set of variables Z) between X and Y that is overlooked in statistical regressions (Kreuzer 2010; Mahoney and Goertz 2006; Pierson 2004).

This line of thinking collided with an iceberg when it was aptly pointed out that there is no inherent difference between a mechanistic explanation and a large quantitative N-design in comparative political economy (Gerring 2010). Furthermore, mechanistic relationships in themselves are nothing more than correlations at either the intermediary or lower level of analysis (lower than X and Y). It is therefore difficult to argue that the mechanistic view entails some sort of radical break with the understanding of explanations used in quantitative comparative political economy. Instead, all explanations, in order to meet some level of credibility, must point out how X may influence Y (King, Keohane, and Verba 1994, 84). In the social sciences this usually amounts to somehow specifying the agent-structure relationship, clarifying how agents are influenced by and shape institutions in a given explanation of a phenomenon (Giddens 1984; Wendt 1987).[15] This is what Wig (2015, 39) means when he argues that a causal explanation "makes the causal relationship between outcome and putative causes plausible."

Given the problems with the mechanistic approach I adopt the potential outcome framework of causality (Angrist and Pischke 2014, 4-11; King, Keohane, and Verba 1994, 76-82). Here causality is the difference between the actual observed state and a non-observed counterfactual state. Imagine that we have a country i. Then imagine that in this country the degree of welfare segmentation is Y_1 and unions are concentrated rather than encompassing. Now let us assume that we have the same country i, but with encompassing instead concentrated unions. The degree of welfare of the segmented country

[15] In this way, any social science explanation is an attempt to understand how actors and institutions (structures) influence each other in producing a given social phenomenon.

is Y_0. Since we are observing the same country, the only difference being that the unions are either clustered or encompassing, the causal difference will be Y_1-Y_0. Unfortunately, there is no way to directly observe the same country with two different forms of union organization, as country i will either have concentrated or encompassing unions at a specific point in time. This means that the counterfactual is never observed and, instead, must be inferred from the data.

One way of creating counterfactuals is to observe a country i over time and compare changes in welfare segmentation before and after unions change from concentrated to encompassing. Under the assumption that country i has not changed in any relevant way, except in its union organization, the time before unions change can be used as a control group. Alternatively, one can compare country i with country k, assuming that both countries are similar in all relevant respects, except for union organization. The third option is to combine both of these solutions: to compare two countries that are similar in all relevant respects, except for union organization, and one country over time before and after the change in union organization.

The gist is that by comparing groups that are equal in all relevant respects researchers create believable counterfactuals. Naturally, this is best done in randomized experiments, where individuals are randomly assigned to control and treatment groups. This automatically deals with issues of selection bias, meaning that the treated group, except for the treatment, is not systematically different from the control group. Unfortunately, I have not had the pleasure of assigning countries to treatment and control groups in this thesis. This means that I use observational data, so that countries that have assigned values in a non-random fashion cannot be manipulated by the researcher. Countries are therefore likely to systematically differ in other ways than in the treatment variable. For example, trade unions may be more likely to exist where there already is a universal and generous welfare state. If this is the case, we have selection bias. What is more problematic is that these systematic differences can be both observable and unobservable. With observable differences one need only introduce the relevant controls, but with the latter this is not as straightforward, because one does not know what to control for.

In order to make the case that I have uncovered causal relations between union organization, party systems, electoral systems, and the regulatory revolution I adopt a quantitative large-N framework. More precisely, I adopt a quasi-experimental estimator – the difference-in-differences estimator – in order to effectively remove country-specific factors and only compare changes within a country and differences between the treated country and the control country. Together with a set of controls that capture observable differences, I argue that this design is the most apt way of comparing apples to apples and not oranges in comparative political economy. The difference-in-differences set-up is therefore closely aligned with the potential outcome framework, as it aims to create comparisons between units that are otherwise similar, except for the independent variables. I discuss this further below in the section on statistical methods.

Having outlined the general aspects of the methodological framework I will now turn to the issue of sample selection (countries and time period) and subsequently provide a short validity discussion of the main independent variables. I finish by discussing possible errors to inferences based on conditional independence – selection bias and omitted variable bias – how these can be mitigated by controlling for specific co-founders, and by adopting the difference-in-differences estimator.

Case selection. Which cases are included? The answer differs in accordance with the different aspects of the regulatory revolution. For social policies, the number of selected cases dwarfs that of working time regulation. For welfare states, I have collected data for 154 countries in the SPAW database, a sample that drops to 66, 96, and 51 countries in papers 2-4, as I lack data on trade union organization (the main explanatory variable), for several countries. This means that SPAW, in principle, covers all countries that have been involved in the regulatory revolution in the years 1880 to 2010. For working time regulation, I have data for 22 industrializing Western and Asiatic countries. The reason for this qualitative difference in sample size is that I had to start from scratch when it came to working time regulation. There already existed datasets and major empirical investigations on welfare state regulation, which made it easier for me to map the methodological issues of constructing such a dataset. The working time data is therefore the first foray into understanding the politics surrounding leisure and work. There is therefore less need to test the scope conditions of the argument presented – while this should naturally be the aim of future research. This is contrary to the welfare state literature, which has been a burgeoning research field for a long time, though mostly verified on region-specific samples. Consequently, the need to test scope conditions is much greater for welfare state research than for working time regulation. There is also a pragmatic and boring reason: my supervisors forced me to stop collecting data in order for this thesis to be handed in on time.

Time period. Consistently with the highlighted danger of feedback bias and the related issue of scope conditions, all of my investigations go back to the 19th century and into the 2000s. This allows me to rule out that my results are shaped by existing *statutory* social regulation on the preferences of the social actors, as they are operating in an institutional tabula rasa. One danger of extending the analysis so far back in time is that the proposed causal mechanism may change over time, i.e. the path through which unions influence social policies may change, even if the general effect remains the same. If this is the case, a quantitative difference in the approach that is adopted here will not be able to discriminate such changes, unless they are explicitly modelled. To some extent, this has already been conceptualized through the argument that trade unions can influence social policy legislation through two major pathways, where the second pathway contains two different roads to social policies. With the theoretical framework presented here I therefore open two different pathways to policy change, which may operate in tandem or change depending on the context facing unions and politicians, but are not exhaustive of all possible pathways. The framework also recognizes that contexts can change when central actors change their preference for or against extensive regulation. One such change, it has been argued, is the inclusion of low skilled workers in the unions, paving the way for policy coalitions between unions and social-liberal parties. At the same time, one of the main aims of this thesis has been to uncover the general behavior of the major players when it comes to the regulatory revolution *in toto*.

I will now turn to the operationalization of the main measures used in this thesis. For a thorough validity discussion I refer to section 4, the methodology sections of the papers, and the SPAW codebook.

1.2.1. Dependent Variables

In this section I will give a non-exhaustive presentation of the dependent variables. I will focus on the measures that have been collected specifically for this thesis. Please see the attached SPAW codebook for more information on the welfare state measures.

First, I will discuss the encompassing risk coverage variable. This measure is constructed using a set of dummy variables that measures the presence of a major national social policy program for each of the six major risk categories: old age, accidents, sickness, maternity, unemployment, and family allowance. In order to distinguish between smaller, special programs and programs that do not break with the welfare delivery inherent in the poor laws, I have only coded a program as major if all of the following criteria are present: First, the program must be either national or federal – all local or state-level legislation is ignored. Second, the program is a transfer system, meaning that the recipient, if eligible, receives a lump sum or period transfer from the state – this excludes in-kind services. Third, if the program is based on voluntary insurance, the state must partake in the financing of the program. Fourth, the program must cover *at least one* of the following socio-economic groups: industrial/production workers, small-firm workers, self-employed, agricultural workers, students, employers, temporary/casual workers, family/domestic workers. These groups have been chosen based on preliminary readings of social insurance literature; they represent relatively large groups, which are either mentioned explicitly as covered or excluded. If these conditions are present I code the law as a major welfare law. This is done for each of the six major risks. I then create a summary measure, labeled encompassing risk coverage, which goes from zero (no program) to six (a major program with respect to all risks).

I will refer to this variable as encompassing risk coverage. This measure is used to track the historical forces behind the decisive growth in the welfare state in the period 1871-2002 in papers 3-4. Although this measure fails to capture the generosity or the degree of coverage within these programs (except for the minimum criteria that at least one group is covered), it still signals an important break in state intervention which now moved into previously unregulated areas of the labor market. It is also superior to previous attempts to classify major laws, as these have usually operated without any clear criteria for what constitutes a major welfare law. When such criteria exist, it has usually been applied inconsistently.

The distinction between major and special programs has been the source of much confusion in previous research. While I do not consider laws that only cover specific groups – such as civil servants – major laws, this seems to be the case for some of the classifications made in the SSPWT reports that have been commonly used in previous datasets (Hicks 1999; Korpi 1989; Mares and Carnes 2009).[16] If the presence of special programs was to mark the introduction of state coverage of a risk, the resulting scores would be quite nonsensical. For example, if we focus on the presence of special programs, then the first old-age legislation in Great Britain would have been introduced in 1835 with the civil servant pension and not in 1911 with the introduction of the non-contributory scheme. The immediate face value of such coding is highly unconvincing for the simple reason that it probably applied to less than one percent of the population.

Another common source of disagreement about what should be considered as the first major legislation is the fact that previous studies fail to distinguish between benefits of in-kind systems and transfer programs, respectively. To take a common mistake, Hicks, Misra, and Ng (1995, 337) classify New Zealand as having an unemployment program in 1930. Unfortunately, closer inspection of their sources reveals this program to be an unemploy-

[16] See the SPAW codebook for a list of my sources.

ment relief program, where unemployed workers were given public work in exchange for basic assistance. Even if one accepts this as an unemployment program and not as a form of poor relief, benefits were not made in payments, but instead in-kind. New Zealand did not introduce a transfer system until 1938.

A similar source of confusion is the arbitrary treatment of compulsory versus voluntary insurance. For example, the above-mentioned authors argue that the first Danish program came in 1907 with the introduction of a voluntary insurance scheme, whereas the first data given for Norway is from 1938, coinciding with the legislation of a compulsory program not implemented until the Second World War was over. This scoring would have been somewhat acceptable had it not been for the fact that Norway introduced a voluntary system in 1906, leaving the reader unsure as to which criteria were used to code Norway as covered in 1938 and not in 1906. To amend such ad hoc scoring I have made no distinction between compulsory and voluntary coverage, but I have ignored voluntary coverage programs with no form of state subsidies.

Second is the measure of welfare state segmentation. The extent to which eligibility is segmented – i.e. concentrated to one or more specific groups – depends on the number of social or occupational groups (see the groups above) entitled to benefits under major programs. If entitlement is universal, or dependent on a stringent mean test, the program is assigned the lowest score. In these systems benefits are not targeted at specific groups, meaning that all citizens (or citizens experiencing a drastic loss of resources) are entitled to benefits. Then we have private mandatory or social insurance programs. Here eligibility is either dependent on the duration of employment or the payment of contributions, and eligibility is usually formally restricted to specific sectors or professions. I therefore distinguish between these programs depending on the degree to which entitlement is restricted to many or few groups. If only one group has access, the program is considered fully segmented and given a score of eight.

0. No policy
1. Universal or means-tested
2. Employment [contribution/employment based] – seven social groups covered
3. Employment [contribution/employment based] – six social groups covered
4. Employment [contribution/employment based] – five social groups covered
5. Employment [contribution/employment based] – four social groups covered

6. Employment [contribution/employment based] – three social groups covered
7. Employment [contribution/employment based] – two social groups covered
8. Employment [contribution/employment based] – one social group covered

This measure has been constructed for each of the six major risks, although the indexes for sickness and maternity were unfinished at the time of writing.

One could argue that the index above only captures one aspect of segmentation and leaves out the degree to which coverage is extended to many groups, but through a network of special and major programs unique to each group. I agree completely with any reader able to make such a comment. Originally, the plan was therefore to construct an index combining the segmentation measure for each program with the number of special programs within that risk category in order to thus create an overarching segmentation index. Unfortunately, the data on special programs provided was highly irregular or outright contradictory over time within the same source. I therefore decided against creating such an aggregated index and instead opted for creating a specific segmentation index for each major program.

For further information on these and the additional variables collected on various aspects of the welfare state I refer the reader to the 40-page SPAW codebook. Here I further discuss the classification criteria and list the sources used – see section 4 for validity testing.

To capture working time regulation I focus on two major policies. The first is regulation of normal weekly hours, the second is overtime compensation. For both of these regulations I have assumed that the worker is a 40-year-old male factory worker, who has been in full-time employment for over a year. Any special regulations – such as those for salaried workers in most continental or Latin American countries – have been ignored. Since the coding here reflects regulation for male factory workers, it should *not* be taken as an indication of the statutory regulated working hours of agricultural, domestic, female, or child workers. The last two categories usually had their own legislation, while the first two were usually unregulated up until the Second World War.

The *normal workweek* is the maximum number of hours a worker is allowed to work in any week before overtime must be paid (Messenger, Lee, and McCann 2007). Sometimes legislators only specify the maximum number of daily working hours a worker is allowed to work before overtime must be paid – or before working hours are counted as overtime, which is again regulated. In these cases, I have coded the weekly maximum as a five-day workweek (the English week). This means that countries where working hours were regulated by daily maximums and the workweek was six days would be assigned a lower weekly maximum than was actually the case.

Remuneration for overtime is measured as the percentagewise wage increase for the first hour of overtime. In order to avoid complications that arise with extensions in remuneration after one hour of overtime, only the rate applied for the first hour of overtime is taken into account.

Together these laws capture both the direct limits to how much time can be spent working and the price paid for exceeding this limit. They therefore curtail employers' ability to demand labor to work.

One major problem is that the power of employers to use averaging rules to change employees' work schedule has increased, especially in the late 2000s. The increasing flexibility in working hours has led to a reduction in the importance of normal working hours – and related rules for overtime remuneration. The reduction in normal hours after 2000 should therefore be viewed adjacent to changes in increasing flexibility in work rules.

All data from these two measures has been collected by myself and is available in the Working Time Regulatory (WTR) dataset. Here I also coded the length of the standard work day, the amount of overtime allowed per week/day, and the number of paid annual holidays. I chose to exclude these two measures for two reasons. First, it is harder to classify the amount of overtime allowed as the different ways of reaching this permitted number of hours is quite dissimilar among OECD countries. Second, for the annual paid vacation measure I have not included the number of holidays – a policy which one might expect would to be formulated in connection with paid annual leave schemes. Both of these measures may therefore be expected to have a lower quality than the normal weekly hours and overtime compensation data.

For more specifics on collection, measurement and validation I refer the reader to section 4 concerning validity testing and the attached codebook on the SPAW database.

1.2.2 Independent Variables

The standard way of measuring union power is the approach which is adopted in this project (Crouch 1993, 62; Gordon 2015, 12; Hicks, Misra, and Ng 1995, 338; Korpi 1983; Korpi and Shalev 1979; Stephens 1979; Wallerstein 1989, 481). Union power is measured as the percentage of wage and salary earning members of a trade union. The assumption is that the percentage of organized employees is related to the unions' ability to pressure both employers and governments (Ebbinghaus and Visser 2000, 59). Increasing membership means increasing membership contributions, a higher percentage of employees demanding collective bargaining from their employers, more strikers, greater legitimacy and pull in political bargaining as unions can argue that they represent an organized voting segment. These strengths can be traded for policy influence. Increasing union membership is therefore fundamental, not just to the ability of unions to force through their power in the labor market, but also to their influence on state policies.

How can union encompassingness be measured? Encompassingness is the degree to which unions have mobilized among all forms of labor, not just skilled workers or large industrial firms. An encompassing union movement is therefore a union movement with low concentration. Here it would have been preferable with some measure that directly captures how unions are organizing in all sectors, share of various organized groups or share of total union members from one industry as a total of all unionized members. Unfortunately, this data is limited to a few handfuls of observations of dubious quality (Visser 2011). My own attempts to provide such data also ended in frustration and loud courses in Japanese. One is therefore left with proxies.

I argue that encompassingness of union membership can be captured, if imperfectly, by the same measure that is used to capture union power: union density (Garrett 1998, 13). The reason for this is that the historical clustering of union membership in space has tended to follow overall levels of union density. At low levels of union density, unions will tend to organize within occupations or sectors with high replacement costs such as skilled professions or manufacturing with continued production. At higher levels of union density the replacement costs of various professions or sectors decrease and unions are able to move into new areas of the economy. While imprecise, the general difference at low vs. high union density should be sufficiently strong to capture the general degree of union concentration.

There is also precedence in the literature for treating union density as a measure of encompassingness (Garrett 1998, 13; Garrett and Way 1999). This measure is sometimes combined with centralization measures of the main (or all) union federations or the number of unions and/or federations (Checchi and Visser 2005; Garrett and Way 1999; Iversen 2005; Stephens 1979). This is then proxied either by measures of confederal authority or the number of unions or federations. I am not convinced that these are truly better measures of encompassingness. Instead, these measures would appear to map unions' ability to act collectively at the national level, with more centralized union federations, and with a smaller number of individual unions having smaller collective action problems (Garrett 1998, 13). This is also the case with so-called modified Herfindahl indexes at either the sectoral or confederal level, capturing membership concentration (Visser 2011). These are more capable of measuring union coordination problems in bargaining than union organization in all sectors of the economy (Golden 1993; Iversen 1998).

While union density is theorized to linearly capture the concept of union power – another percentage increase means more influence over policy – the relationship between encompassingness and density is curve-linear: concentration is high at low levels and low at high levels of union density. Therefore, historical union clustering and its relationship to overall union density allow us to test our theory of union preferences as derived from clustering of membership in space.

I refer the reader to section 4 for the data sources and a series of validation tests of union density as a measure to capture both union strength and encompassingness.

To measure the influence of leftist and social-liberal parties I use the novel head-of-government ideology (HOG) database collected by Brambor, Lindvall, and Stjernquist (2014). This database codes the ideological party-family position for heads of government for 33 countries from 1870 to 2010. Their scheme has two ideological dimensions: economic (left, center, or right) and a religious dimension (an explicitly Christian platform or a non-explicitly Christian platform). The HOG database is the first attempt to provide a stringently coded measure of partisan ideology from 1870 up to 2010 for selected Western and Latin American countries. Coding ideology over such long stretches of time in several different contexts presents several hurdles, the most important one being the consistency of the ideological concept used.

The authors try to deal with such concerns by focusing on heads of states rather than the parliamentary composition or government composition and by using quite broad terms, such as party families. Their data collection effort is therefore an impressive attempt to move into the uncharted waters of partisan ideology before the Second World War and in Latin American countries.

In HOG database the variable hogideo gives the ideological orientation of the head of government. Governments are coded either (ignoring missing or the "other category") as rightist (conservative), leftist (social democratic or communist) or center. The definition of both the rightist and the leftist ideology position has immediate face validity. Their leftist government scores also match those of Scheve and Stasavage with a correlation of 0.64. Most important is the fact that a center government is identified specifically as social liberalism: "a general market-oriented ideology combined with a social reform agenda". This fits well with my understanding of social-liberal parties as mobilizing from both the worker spheres and the middle classes. While not a perfect measure because it includes pure agrarian parties that are correctly coded as centrists (see section 3 on the preference of rural interests), it is still a fitting first-cut measure to test my expectations.

To measure electoral systems, I use the data collected by Schjølset (2008, pp. 135-142). Schjølset's electoral system data is an impressive work of data collection, going as far back as 1817 for 125 democracies. It is also the only available historical source on electoral systems that allows me to investigate the expectation that interest groups (unions and agrarian interests) have greater policy influence under MAJ systems than under PR systems for the entire regulatory revolution.

Schjølset's classification is tripartite, distinguishing mixed/semi-PR systems from plurality and MAJ systems as well as "full" PR systems. As the theory only refers to the PR-majoritarian distinction, I focus primarily on the differences between PR and MAJ, combining majoritarian and semi-PR systems under the same heading. Even so, it turns out that the placement of the semi-PR category has little direct impact on the substantial findings of this thesis.

To measure the power resources of rural groups, I use agricultural income as a share of GDP as a proxy, with data provided by Miller (2013). The gist of the argument for using this measure is that the general power resources of agricultural interests can be (imprecisely) captured by their general dominance of the economy. As the agricultural share of GDP declines, one can assume that the relative bargaining power of these interest groups tends to decline. While the measure is not ideal (as for example it does not capture the organizational characteristics pertaining to rural interest groups), it has the clear advantage that data exists over the entire period of my inquiry.

While a highly imperfect measure, I and my co-author show in paper 3 that it correlates quite strongly with historical levels of rural interest organizations. Fears that this measure is just capturing economic backwardness are also mitigated as our models always include a measure GDP per capita, and I also control for the share of family farms in order to control for differences in ownership between countries in the rural sector – differences that are likely to shape rural support for redistribution.

Having outlined the main variables of interest, their operationalizing and available data, I now turn to the discussion of possible co-founders, i.e. factors that, if they go unmeasured, violate the requirement for conditional independence. Thus, they are factors that shape both the probability to have treatment (value on X) and are correlated with the dependent variable. In order to save space, I refer readers interested in how these aspects are measured to the specific papers which discuss this in more detail.

1.2.3 Structural Co-Founders

This thesis investigates how in tandem with electoral system and party politics, organized labor shaped various outcomes associated with the regulatory revolution. At the same time and as already foreshadowed, the growth of unions was closely linked to the structure of the labor market and forces that made union organization more likely. This meant that the effect of unions and of parties' electoral systems reacting to union organization was dependent on certain structural forces being present.

The broader literature on comparative politics gives some plausible indication of such structurally relevant factors. The most prevalently assumed factor might be the economic development, and how this relates to increases in productivity and industrialization. The latter is important as industrialization facilitates the breakdown of old traditional safety nets, increasing demands for state-delivered social insurance (Polanyi 1944). Richer societies would also have a larger pie to distribute and thus more to spend on social insurance. Richer citizens would have more to lose if they became unemployed, and higher income is associated with greater demand for leisure (Moene and Wallerstein 2001; Wilensky 1961, 2002). It therefore seems plausible to assume that increases in economic wealth should be closely linked to regulatory expansion.

State capacity, or state quality, is also very likely to be interconnected to the regulatory expansion and possibly to trade union organization. As the state becomes better capable of implementing social programs by having the ability to collect taxes and social contributions, it is more likely that voters and politicians will use the state to achieve social goals. Several studies have therefore documented an effect of state quality on the generosity and size of the welfare state (Dahlström, Lindvall, and Rothstein 2013; Mares 2005, 627; Rothstein, Samanni, and Teorell 2012). By their own definition, impartial states should be less likely to be used by employers to repress union organization. Unfortunately, for our time period there is insufficient proper data on state quality (Fukuyama 2013; Rothstein, Samanni, and Teorell 2012). One way of handling this will be to use a proxy that correlates highly with state quality: GDP per capita. Again, this highlights the importance of always controlling for GDP per capita.

Another factor that is most likely linked both to union organization and regulatory expansion is urbanization (e.g. Kerr, Dunlop, Harbison, and Meyers 1964; Rimlinger 1971). The massive shift from the rural countryside to cities drove up demand for social insurance as the traditional rural safety nets were no longer applicable (Polanyi 1944). In addition, the concentration of workers in urban centers reduced collective action problems associated with forming trade unions (Luebbert 1991, 40; Moore 2003). Urbanization has therefore been found to influence welfare state spending and development in previous seminal qualitative work (Haggard and Kaufman 2008; Mesa-Lago 1978).

Given the plausibility of wealth, state capacity, and urbanization as potential co-founders, I will use these factors as basic controls in my empirical investigations.

Another very reasonable alternative explanation might be the degree to which a country was integrated into world trade. Here there are two competing, empirical literatures both of which connect increasing dependence on trade with labor organization and regulatory development, but with quite different predictions on whether this effect is positive or negative (Brady, Beckfield, and Seeleib-Kaiser 2005; Van Kersbergen and Vis 2013, 125). In what can be labeled the compensation literature on trade, increasing trade dependence is argued to facilitate corporative bargaining and industrial unionism, creating a powerful coalition for extensive welfare regulation among employers and employee organizations (Adsera and Boix 2002; Cameron 1978; Huberman 2012; Huberman and Lewchuk 2003; Mares 2003, 2004, 2005). Another similar claim is that countries would actually only open up their markets to international competition if they had sufficient welfare systems to compensate for the increased risk (Brambor and Lindvall 2014; Huberman 2012).

The effect of increased risk shapes organizations' support for not only more state spending, but also their support for encompassing (universal) social policy coverage. Mares (2003, 42-49, 2004), using historical and statistical evidence on the policy position unions have and the effect of trade on coverage extensions in the inter-war period, shows that increasing trade leads to an increase in the degree of coverage. This is a result of labor market actors, such as unions, accepting a higher degree of risk pooling when they are exposed to risk. With higher risk come also higher costs for those involved in the program.[17] Coverage extensions were therefore a way to pool the cost of the higher risk. The greater the risk, the more unions will support further coverage extensions to reduce the cost of said risk.

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[17] This is one part where the argument somewhat falters. While it is true that the costs of workers in a contributory system would go up as risk increases, it does not mean that coverage extension is their only option to achieve solvency. Workers could equally well pressure for state subsidies to cover the increased costs as coverage extensions. This was the case with e.g. the miner pension funds in both France and Germany (International Social Security Association 1987).

This means that in order to test whether trade unions prefer segmented over more universal benefits, it is important to control for the level of risks. Even if union leaders have an incentive to restrain free riding, the incentive to reduce contribution costs could be greater, pushing unions to extend coverage to new sectors.

The efficiency thesis has the polar-opposite prediction. In an integrated economy, increasingly mobile capital forces governments to reduce labor costs and cut social benefits. Increasing competition should also be detrimental to union organization. As unionized firms will have higher labor costs than non-unionized firms, unionized firms will refuse unions' attempts to raise wages, reducing the benefit of union membership. Other effects could be indirect, with governments responding to international competition by dismantling collective bargaining institutions or allowing for more part-time work, all factors argued to reduce unionization (Cheechi and Visser 2005).

Overall, trade integration seems to influence both the general strength of unions, the support for a larger welfare state and also the support for coverage extensions. In the empirical literature, support seems to be in favor of the compensation thesis (Brady, Beckfield, and Seeleib-Kaiser 2005; Van Kersbergen and Vis 2013). The empirical evidence for such an effect also comes from a literature focusing on more regions and time periods than what is common in comparative politics (Avelino, Brown, and Hunter 2005; Cameron 1978; Jiang 2014; Kaufman and Segura-Ubiergo 2001; Mares 2005). Alternatively, others have argued that the effect is dependent on the used sample (Leibrecht, Klien, and Onaran 2010; Rudra 2002, 2004), and that the effect is reverse causality or mutual dependency (Brambor and Lindvall 2014; Huberman 2012), or that both can be true at the same time just over different time periods. Even if I remain somewhat agnostic as to including the findings in this literature given the abundance of this literature and the theorized impact on union strategies, this validates its inclusion as a major alternative explanation.

Other factors could be the major impact of mass mobilization following a declaration of war (Obinger and Petersen 2014; Scheve and Stasavage 2010, 2012) or the advent of democratic governance (Aidt, Dutta, and Loukoianova 2006; Ansell 2010; Kim 2008; Lindert 1998, 2004a).

I find little evidence that these factors were important for the aspects of the regulatory revolution investigated here. For economic globalization, the effect estimates are usually negative or not significant at standard levels. Closer examination shows that the lack of an effect stems from the inclusion of urbanization in the estimated model. Once urbanization is dropped, economic globalization usually turns significant. The reason is that as states become more urbanized, with the populace moving from the countryside to the cities, they also tend to increase their trade and exports. This means that the dislocating effects of urbanization can also be captured by increases in trade, leading to an overstatement of the latter. Unfortunately, this point has been overlooked by those investigating the effect of economic openness. This identifies a bias in the current literature on economic globalization.

I find no strong effect of mass mobilization following war; neither do I find any clear-cut effects of democratization. The latter echoes recent evidence from comparative political economy (Knutsen and Rasmussen 2014; Scheve and Stasavage 2012). The former might require some explanation. I argue that the lack of any clear effect can be attributed to the fact that several of the policies which I focus on here are not directly related to redistribution: working time policies can find support among middle-income salaried employees. The mass mobilization hypothesis puts redistribution center stage: it is a theory that aims to explain progressivity of taxes and redistributing from the rich to the poor by changes in solidarity based on the unequal costs of mass mobilization during war periods. This means that the theory should be able to explain variations in redistributionary policies; however, the predictions are less clear for policies where middle classes are naturally inclined to supporting such policies.

1.2.4 Statistical Model and Estimation

In order to estimate the effects of the variables of interest I use primarily two estimators. First, I use the usual suspect of political economy, Ordinary Least Squares (OLS) regression. Second, I use count models estimated with Maximum Likelihood (ML). As I only use ML sparingly in this thesis the following discussion will mostly focus on OLS. While I argue that the difference-in-differences framework adopted here is the most fitting given the data, I also follow Leamer's (1983) plea by showing that my results are indeed robust for using a variety of robustness tests over different samples and operationalizations of the same concept.

I start with the models for the working time regulation and welfare state segmentation data. These variables are at interval level (or ordinal level for the segmentation variable). This means that one can estimate models for these variables using regular OLS regression. This has several advantages, primarily that the results from these models are simple to interpret: an increase in X_1 by one unit, holding the other variables constant, increases predicted Y with the estimate for X_1 (B_{X1}).

The collected data has a Cross-Sectional Time Series structure (CSTS), meaning that I have several observations in time for several countries that are then pooled in order to estimate average effects of the independent variables – excluding variations that the control variables and the independent variables have in common. This kind of data structure allows for testing of hypothesis on variation, both between countries and over time within countries. In addition, by increasing the number of countries and periods for which I have data, I substantially increase the degrees of freedom compared to previous studies in comparative, political economy. It also mitigates the multicollinearity problem that has plagued comparative political economy (Huber, Ragin, and Stephens 1993). For example, Huber and Stephens (2001) found that trade union density and leftist government power correlated at above 0.80, meaning that including both variables in the same model would lead to biased estimates. In table 1 I have correlated all the main independent and reoccurring control variables, excluding all observations that are missing for the encompassing dependent variable. As can be seen, none of the bivariate correlations in the sample have values above 0.60, and no correlation is close to the critical value of 0.80.

The readers should also note that the correlation between leftist executive government and union density is quite low. This is due to the fact that trade unions tended to become more extensively organized in countries where the political support of the leftist parties was moderate up to the 1930s. This is not just a result of the measure used here. If instead I had used the leftist voting variable with data reported for each decade from 1900 up to 1950 by Martin and Swank (2012), the results would have been even weaker: a Pearson correlation coefficient of 0.26 (52 observations, 14 countries). For those readers who are interested to read more, Hicks (1999) discusses this fact in more detail. For this analysis it means that while I have treated (and will further expand upon this below) trade unions as a theoretical entity that can be separated from leftist parties, they are also quite easy to distinguish empirically in an OLS framework.

Table 1. Bivariate Correlations for Major Independent and Reoccurring Control Variables

	Left Exc.	Soci.Lib. Exc	Agro share	PR	Union Den.	Urban	Openness	GDP(log)	Federalism	Parliam.
Left Exc.	1									
Soci.Lib. Exc	-0.302***	1								
Agro share	-0.262***	0.189***	1							
PR	0.169***	0.0389	-0.297***	1						
Union Den.	0.272***	-0.101***	-0.408***	0.453***	1					
Urban	0.262***	-0.184***	-0.849***	0.274***	0.366***	1				
Openness	0.178***	-0.0806***	-0.204***	0.204***	0.135***	0.312***	1			
GDP (log)	0.295***	-0.173***	-0.853***	0.312***	0.401***	0.796***	0.166***	1		
Federalism	-0.0860***	-0.00350	-0.148***	-0.188***	-0.118***	0.101***	-0.0216	0.138***	1	
Parliam.	0.0663***	-0.186***	-0.417***	-0.000473	0.248***	0.226***	0.0852***	0.405***	-0.0553***	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. All observations with a missing value on the dependent variable encompassing (the number of major programs enacted) have been excluded.

Given that its assumptions are true, OLS produces efficient, linear, unbiased estimates. OLS is still widely used for the simple reason that as long as its assumptions hold, OLS produces estimators with the lowest standard errors. Unfortunately, for researchers using data for several different countries reported over time, the assumptions necessary for OLS can usually be assumed to be broken a prior (Beck 2001; Beck and Katz 1995; Green, Kim, and Yoon 2001; Plümper, Troeger, and Manow 2005).. These include, but are not restricted to, the presence of 'interdependence' between observations over time (last year's observations predict the current year's observations) and between observations in space (observations within a country being more similar and groups of countries being more similar to each other). These are problems of autocorrelation, temporal dependence and heteroscedasticity as well as spatial dependence – all of which invalidate the requirement that observations be independent for OLS to be efficiently estimated.

Following a trendsetting article by Beck and Katz (1995) it has therefore become common to estimate OLS with panel-corrected standard errors and common AR(1) error correction (Beck 2001; Huber and Stephens 2001; Kwon and Pontusson 2010). This set-up corrects for common autocorrelation by the AR(1) term (I also test for country-specific autocorrelation) in case the variance is different for different countries and also corrects for contemporaneous correlation in the errors when country X is correlated with country Y at *t*. Furthermore, this set-up can be used to estimate unbalanced panels. Cross-sectional units have unevenly numbered time-series observations as is the case for most of the models estimated in this thesis.

One alternative was to use single equation Error Correction Models (ECM) instead, in order to model the temporal dimension in the data (De Boef and Keele 2008). This allowed for several advantageous aspects. Specifically, researchers could model the long- and short-term effects of independent variables. This would allow for more advanced tests of existing theories and became widely used in the welfare state literature (Jensen 2014). At the same time, recent statisticians have cast doubt on whether the original assumptions underlying the single equation ECM were indeed true – specifically the issue of cointegration, and the modeling of time dynamics was shown to become unstable in unbalanced samples (Grant and Lebo 2016). The fact that most samples used for this project are unbalanced means that ECM should only be used as a robustness test and not as a primary model.

I therefore primary use OLS estimation with panel-corrected standard errors and a common (or panel-specific) A(1) error term as the starting baseline model for the models on working time and welfare state segmentation.

Unfortunately, since the encompassing risk coverage is a count variable – it sums up the number of major welfare programs enacted each year – using OLS to estimate these models would result in inefficient, inconsistent, and biased estimates (Rabe-Hesketh and Skrondal 2008). It is therefore recommended to estimate models with count variables as dependent variables, using a count model, usually a Poisson model. However, the Poisson model does not allow for overdispersion – i.e. that some countries are less likely to introduce any programs, that some countries are very likely to introduce very many programs, and so on. For example, in paper 4 I show that using a naïve model to explain the number of major laws introduced predicts that only 1 % of all country-year observations should have no legislation, but the actual number with no law in the sample is 17 %. This overdispersion can result from two factors: heterogeneity in the estimated effects – effects are not identical for all observations in the sample, or an excessive amount of zeroes, more than what is allowed in the Poisson distribution. One solution is to use negative binomial regression that allows for overdispersion, assuming that excessive zeros result from heterogeneity in the effects, and not some systematic factor.[18] At the same time, it turns out that using an OLS, Poisson, or negative binomial model yields the same substantial results – also independent of further specifications such as fixed effects.

In summary, for the working time and segmentation models I employ the standard workhouse of political economy research: OLS with panel-corrected standard errors and a common AR(1) correction term. For the encompassing risk coverage variable I use a negative binomial count model – with robust Huber sandwich standard errors.

Causal inference problem. A common problem for causal inference is how to deal with unobservable unit-specific factors that might influence the independent or dependent variable when using non-randomized data. In randomized data one knows the probability for a participant being assigned to a control group or an experimental group. One also knows that if everything else is equal the two groups are similar with respect to the factors of importance. Unfortunately, this is not the case with observational data. Rather than some researchers going into the world and assigning strong trade unions to some countries, weak unions to others, and then giving some countries different electoral systems in a randomized fashion, countries have preassigned values because of unobservable factors and observable factors. This could include factors that might be related to having or not having strong union movements and extensive labor market regulation. In the latter case one will be unable to build

[18] I rule out the other plausible alternative, the zero-inflated Poisson model, as there are no clear criteria one can use to distinguish the groups which have no programs from those which have at least one program. Experimenting with level of GDP did not provide any reasonable results.

a strong causal claim following the potential outcome definition of causality adopted above.

Country-level factors might also be hard to measure, or our theoretical understanding of the world has yet to identify them as dangers to inferences as far as the relationship between union organization and welfare state growth is concerned. It might be that certain geographical or resource endowments make it more likely that trade unions will cluster within specific occupations, at the same time influencing the probability of having segmented welfare benefits. Alternatively, religious traditions might split the union movement and create occupationally segmented labor markets split along confessional lines, which again shapes political interest mobilization and ultimately leads to more segmented welfare states. This increases the inferential problems in comparative political economy which focus on explaining country-level variation.

In order to deal with this problem of unmeasured country-level differences, two approaches are common, each with its defenders and believers (Bell and Jones 2015). On the one hand there is the fixed-effects model. Here each country is treated as having a constant term – with all variables being measured as a deviation from its country mean. This model treats country differences as reflecting fixed, non-random aspects of these countries, and the inclusion of country dummies removes differences in levels between countries, e.g. that Sweden has a less segmented welfare state than Greece. On the other hand there is the random effects model that also assigns each country an intercept, but treats countries as drawn from a random distribution of possible countries -that our world is one of many possible worlds with different countries. This means that as long as the intercepts (countries) are randomly selected and not correlated with the independent variables, random effects models are more efficient than FE models.

Using fixed effects allows researchers to deal with factors that are individual to countries, but hard to measure, such as specific cultural heritage, colonial legacy, political consensus, historical trust levels, and religious traditions. These are factors that one might plausibly argue shape both the level of interest group organization, the probability of introduction of certain electoral systems, and the labor market regulation (Botero, Djankov, La Porta, López de Silanes, et al. 2003; Van Kersbergen and Manow 2009).

Looking at the methodological recommendations usually given within the political economy literature, one will find several authors highlighting the dangers of fixed effects: fixed-effect estimators take away crucial variation, hide level effects, etc. (Bell and Jones 2015; Plümper, Troeger, and Manow 2005). In small samples, such considerations are very relevant. Several variables of interest, such as election systems, institutional veto points, or political regime tend to remain fixed once established. Attempts to estimate the effects of electoral systems therefore run into finite sample problem: estimates are inefficiently estimated when the sample consists of only a few countries (from 15 to 18) over a short time period (usually 1970 to 2000). For factors that are time-invariant it becomes impossible to estimate the effects as they are completely captured by the country intercepts.

Quickly summarized, the choice between these two estimators can largely be equated to the difference between making a Type I error or a Type II error. Under RE models one includes more variation, increasing the degree of freedom, but one also runs the risk of finding a significant difference where there is no difference. In fixed-effects models, one excludes information that might be relevant in order to capture the effect in question, leading to larger standard errors and a conclusion that there is no effect even when there is.

Unfortunately, the assumptions which need to be in place to motivate random effect models are hardly tenable for a comparative political economy thesis focusing using country-level data. First, as already outlined above, the countries investigated in this thesis were not chosen randomly from a large pile of countries, meaning that the randomization requirement of country intercepts is not met. Second, it seems implausible that the unobserved country-level factors are unrelated to the independent variables, as the countries used have not been sampled from a general population of countries. Given the implausibility of the random effect model, I therefore use the fixed-effects approach to modelling unobserved country-level factors.

Specifically, I combine country-fixed effects with year-fixed effects in order to adopt a quasi-experimental design, a difference-in-differences (from now on DiD) estimator. The DiD estimator follows the logic of group comparisons: assuming that both groups are subject to similar time trends, developing in the same way before the change in the variable in question, one can estimate the effect of a variable by comparing differences in the trend before and after in the country that experienced a change and also with countries that did not experience such a change. This provides a powerful tool to deal with omitted variable biases and set up a believable counterfactual case as one is keeping all unit-specific factors and common year differences stable.

The decisive assumption underlying DiD is that of a common trend or parallel lines (Angrist and Pischke 2014), i.e. that in the absence of a treatment effect, country i should trend at a similar rate as country k. The country trends should thus be parallel. If this assumption is seriously violated, country k is unlikely to be a good counterfactual case for country i. If trends are dissimilar, even when controlling for observable state-specific co-founders, this can be dealt with by including a set of country trends to the regression equation. With country trends countries are allowed to grow by a rate specified by the estimated country-specific trend variable, relaxing the common trend assumption.

There are several additional gains by using the DiD framework. Specifically, DiD framework allows for a powerful test of reverse causality using the Granger test framework, and it also tests for the temporal structure of the effects (Angrist and Pischke 2008, 237). Using the leads of the independent variable (t+1 and so on), one can see whether increases in the dependent variable precedes the increase of the independent variable. When this is the case, and we have little reason to suspect expectation effects, one can infer that the effect is indeed not causal. Alternatively, using the lags of the independent variable, one can estimate whether the effect is short-term (t-1 t-2 t-3) or long-term (t-4, t-5 t-6). Combining both lags and leads of the theoretical variable in question therefore allows for a test of reverse causality as well as the timing of the effect.

The possibility of reverse causality is empirically investigated in section 4. I find no support for any reverse effect (either negative or positive) of regulation upon union organization. Naturally, this does not rule out this possibility, but it does make it less likely.

I also use several robustness tests. One cannot always assume that time and year effects will take away unobservable factors. There might still be unmeasured factors that systematically shape trade union organization and welfare state policies differently over time. Alternatively, using a fixed-effect estimate increases the possibility of measurement error driving the estimate (Angrist and Pischke 2008, 225; De Deken and Kittel 2007). I therefore aim to illustrate that estimated effects can be reproduced using several different specifications, different time and country samples, including a lagged dependent variable (with or without fixed effects) and different operationalization of the dependent variables. If the effect is robust to these changes in the model specification, one can be more certain that the effect is indeed causal. To ease the readers' suspense, I can reveal that the effects are robust to such changes.

1.2.5 The Way Forward

The rest of the introduction is structured as follows: First, I outline how my theoretical project contributes to the overall comparative literature on welfare states and trade unions. Second, I provide a more specific outline of the socioeconomic theory underlying this thesis. Here I also present additional evidence not found in the four papers. Third, I discuss measurement of the dependent and independent variables and the data collection process, and I outline and discuss the various sources and provide validity and reliability test of the collected indicators. In the fourth section I summarize the empirical findings from papers 1-4. In the the final section I summarize my conclusions and make some suggestive statements about the future of the regulative revolution.

2.
Situating the Thesis

In the following I will outline how the socio-economic theory of the regulatory revolution relates to the broader literature on welfare states and working time in comparative politics. This section also works as a more general introduction to the research field on regulatory state development.

On the theoretical level, I contribute to the literature on trade unions and welfare state expansion by developing an alternative explanation for the kind of policies which unions will prefer in order to break with the existing class and heterogeneity approaches to unionism. I contribute to the partisan literature by highlighting the important role of the social-liberal parties, to the literature on electoral systems by highlighting how the effects of electoral systems depend on interest group organization, and finally to the welfare state literature, by highlighting that actors have clear preferences for welfare state segmentation and determining who is granted benefits.

I show that the validity of my thesis is not restricted to just one or two countries or a certain time period by analyzing regulatory developments over 120 years for several policies. These findings also hold when investigating policy changes in over 66 countries between 1870 and 2000, with some variations in the number of countries and years depending on the measure in question.

Methodologically, I argue that past literature has paid insufficient attention to issues such as feedback bias of already existing regulations on labor market actors' preferences, even despite the fact that most work on historical institutionalism within the welfare state literature draws attention to such effects. One way of dealing with this issue is by expanding samples to periods before the first welfare institutions were put in place. Similarly, the literature has paid insufficient attention to the issue of explanatory scope, restricting theory testing to a sample of countries compiled ad hoc for a restricted time period. While it increases internal validity and is a valid pragmatic response to missing data, it still ends up confining our knowledge on arbitrary or on misinformed theoretical grounds.

In the following sections I will more clearly elaborate on these issues in connection with especially the literature on welfare state development.

2.1 The Role of Organized Labor

This investigation into the origins of the regulatory revolution highlights the important role played by organized labor. It is in many ways a follow-up to Nijhuis' (2013, 3-4) contention that too much research, especially the various class-focused explanations regarding welfare state growth, has left the independent role of organized labor in the dark.[19] These sins of omission take on many faces, by overlooking the role played by unions entirely or by focusing instead on the role of social-democratic parties (Allan and Scruggs 2004; Huber, Ragin, and Stephens 1993; Huber and Stephens 2001), thus reducing unions to mere voting machines for parties (Kwon and Pontusson 2010; Przeworski 1986, 110-111). The literature that does deal with unions as individual actors makes the untested assumption that unions promote universal benefits, either motivated by worker solidarity or fear of non-unionized, underbidding union workers (e.g. Esping-Andersen 1990; Esping-Andersen and Korpi 1986; Therborn 1984, 1987).

These positions are found within the dominant working-class theory of unions PRT where unions are conceptualized as working-class agents (Bradley, Huber, Moller, Nielsen, and Stephens 2003, 196-197; Esping-Andersen 1990, 16; Esping-Andersen and Korpi 1986; Esping-Andersen and Van Kersbergen 1992; Korpi 1983, 2006; Stephens 1979; Therborn 1984, 1987). In PRT, employees are understood to be relatively homogenous in their demand for regulatory policies such as social insurance (Korpi 2006, 174). As these regulations decrease the discretionary power of employers, the introduction of regulations shifts the power balance between employers and employees in favor of the latter (Esping-Andersen 1990). Trade unions therefore have a strong interest in creating a common playground, effectively circumscribing the discretionary power of employers and increasing their own bargaining power (Esping-Andersen 1985). In order to be effective, these regulations must also cover the non-organized. Unions therefore have an incentive to act as if representing the common interest of all workers, promoting benefits for all workers independent of their labor market position or membership status (Esping-Andersen 1985; Korpi 2006; Therborn 1984). The growth of unions should be a decisive factor in promoting universal, generous and redistributive policies.

The PRT is also an endogenous theory of welfare state development. In order to create unified worker solidarity, it was argued that social-democratic forces had to push for universal, generous income replacement

[19] See also Pontusson (2013) on the general absence of union-based explains in political economy.

schemes and employment protection. Only by creating these common levels of protection and insurance which unified all workers, could working-class solidarity be created and sustained (Esping-Andersen 1985, 32-34; Korpi 2001). Under means-tested systems, the better-off (which would invariably mean the skilled unionists) would instead prefer private arranges. Similarly, dualist systems would reinforce segmentation as salaried or skilled workers would fight for their own benefits. Overall, social policy development was endogenous in that actors' preferences and dispositions depended on already existing structures of regulation (Esping-Andersen 1990; Korpi and Palme 1998). This implied that unions would prefer more universal policies under systems of universal insurance, more segmented under segmented systems, and more private insurance under means-tested systems.

From having been a centerpiece in the early foundations of PRT (Korpi 1983, 1989; Stephens 1979; Therborn 1984), unions disappeared somewhat until recent scholarship rediscovered unions as an actor independent from leftist parties (e.g. Becher and Pontusson 2011; Mares 2003; Nijhuis 2009; Pontusson 2013). This means that PRT's assumptions regarding unions have often been repeated, but rarely put to an empirical test (Nijhuis 2013, 4). Some researchers, citing high co-linearity (see Esping-Andersen 1990, 111; Huber, Ragin, and Stephens 1993, 730; Huber and Stephens 2001, 21-22) even go so far as to argue that findings regarding social democratic parties also hold for trade unions (see also Huberman and Minns 2007 for a similar example on working time regulation).[20] An independent test to verify their findings for leftist parties on unions was therefore not needed (cf. Jensen 2012b). Indeed, this sentiment reflects the opinion that took hold in the PRT literature: that unions were little more than vote-maximizing machines for social democratic parties (e.g. Przeworski and Sprague 1986; cf. Pedersen 1990), effectively confining our knowledge about the impact of unions on labor market regulation.

The endogeneity of organized labor preferences to existing structures of social regulation was never consistently investigated either. Neither of the seminal studies in PRT which theoretically argue for such effects, create empirical designs to deal with the problem that the degree of solidarity adopted by unions or social democratic parties is partly endogenously determined by the current structure of welfare benefits (Esping-Andersen 1985; Esping-

[20] As I documented in the methodology section of this introduction, the correlation between union density and left governments or left voting is consistently below the critical levels of 0.70 or 0.80.

Andersen and Korpi 1986; Hicks and Swank 1984b; Korpi 1989, 2006; Stephens 1979, 46).[21]

This raises serious concerns about earlier PRT findings. For example, Scandinavia had established major universal pension systems prior to the 1930s (with the exception of Norway). All of these experienced comparatively strong union growth following the 1930s (Kjellberg 1983). That Korpi (1989) in his seminal study on welfare coverage and generosity which starts in 1930, ends up finding that union growth is associated with coverage extension is therefore not surprising. However, it might be a result of increases in union strength taking place within a specific institutional setting of universal social policy programs.

Research within what may be labeled as the labor-heterogeneous approach to unionism challenge several of the assumptions of PRT. Here Nijhuis (2009, 2011, 2013) and the insider-outsider literature (Jensen 2012b; Rueda 2008; Rueda and Pontusson 2000) have highlighted the independent role of unions from parties, focusing their attention on explicitly testing how unions shape regulatory policies. This literature has broadened our understanding of trade union preferences when it comes to regulatory measures such as minimum wages, old-age pensions, employment protection, and working-family policies (Davidsson and Emmenegger 2013; Ebbinghaus and Hassel 2000; Emmenegger 2014; Häusermann 2006, 2010a; Nijhuis 2013; Pontusson 2013; Rasmussen and Skorge 2014).

The major departure in this literature is how it breaks with the PRT assertion of labor as a homogenous risk group. Instead, labor remains split between high-skilled (income) vs. low-skilled (income) workers (Becher and Pontusson 2011; Häusermann 2010b). Low-skilled workers will demand state insurance because they are unable to achieve generous private arrangements, while high-income workers will prefer private insurance and less redistributive policies. How prevalent these splits end up being depends on the organizational structure of unions (Garrett 1998, 13,33; Gordon 2015; Nijhuis 2013, 11-12; Streeck 2010), with the major dividing line going between craft and industrial unions (Marks 1989a). The reason why organizational structure is so decisive in shaping union preferences hinges on the fact that industrial unions combine both forms of labor within the same organizational unit, with close contact facilitating solidarity among high- and low-

[21] One prominent exception is Huber, Ragin, and Stephens (1993), who try to capture the effects of elite co-optation of trade unions and workers by segmented policies and how this might influence post-war spending patterns. However, these authors do not test whether trade union support for universal benefits varied with autocratic legacies.

skilled workers (Ebbinghaus and Visser 2000; Visser 2012). Industrial unions would therefore foster encompassing worker solidarity, allowing unions to pursue a more redistributionary, universal policy line. Craft unions on the other hand organize exclusively within one occupation, nurturing organizational division between high- and low-skilled labor. This effectively splits the organized union movement, meaning that unions should support more segmented and targeted benefits and be less supportive of redistributive policies.

This distinction has also been used to explain union support for legislative agreements rather than occupational, private arrangements (Esping-Andersen 1990, 29; Nijhuis 2011; Stephens 1979, 45, 49; Streeck 2010). As the high-skilled union members in craft unions would be better capable of negotiating generous collective agreements on pensions and severance pay, they have little need for state arrangements. Instead, they might actually fear the introduction of state schemes as these could end up replacing their own schemes, allowing redistribution between high- and low-skilled workers (Nijhuis 2013, 10).

While I agree with above claims that the position of organized labor must be tested, not just postulated, the competing claims from labor heterogenists also suffer from a central constraint that pervades most of political economy work on social policy regulation: a tendency to build theoretical framework based on a few cases during a short time period, which is subsequently not tested on a broader sample. For example, leaving aside the additional problems of endogeneity, Nijhuis' (2009) innovative analysis builds entirely on the observed difference between Dutch and English unions in the post-war period. This lack of investigation into the scope conditions is a serious problem as we do not know whether the patterns observed actually hold for most of the theoretically possible universe of cases. In other words: is the class- and organizational structure theory of unionism a fitting description of the role unions primarily played in the regulatory revolution? Or do they rather describe idiosyncrasies enclosed in time and space? This question can only be answered by moving beyond case studies covering one or two countries for a short period of time when studying the influence unions had on the entire regulatory revolution.

The organizational structure theory also suffers from a lacking micro-theory of union preferences. Especially problematic is the question of why high-skilled workers would want to be members of an industrial union, eventually accepting redistribution to low-skilled workers when they could easily avoid this by joining a craft union. All the while skilled union members did walk out on arrangements that ended up redistributing from high- to low-skilled workers (e.g. Iversen 1996), this remains a pertinent problem for those highlighting union organizational structure as an explanation for union preferences. In short, the micro-logic of the union organizational structure remains underdeveloped and fails to take into account that union structure in many ways is endogenous to the structure of union membership (cf. Ahlquist 2010).

Instead, I offer an alternative theory of union preferences, by combining union leaders' fear of free riding with the historical observation that union membership tends to concentrated in space (specific occupations and sectors), and that this clustering varies significantly between counties and over time (Ebbinghaus and Visser 2000; Marks 1989a). Since unionization is only likely to take hold where the replacement costs of workers are high – otherwise they will be squashed by employers – unions will necessarily only represent a very specific part of the workforce (Kimeldorf 2013; Marks 1989a). Union leaders, fearing free riding if benefits are enacted for all workers, but lacking the power to make benefits dependent on membership, instead turn to targeted benefits as the second best solution.[22] With targeted benefits, coverage can be restricted to the unionized sectors of the economy, allowing unions to use informal and formal means such as closed shop or intimidation in order to pressure the non-organized to organize themselves. This offers a powerful explanation of why unions on average promoted targeted and segmented benefits during the regulatory revolution. This theory is further elaborated in section 3.2 and in paper 2 "The Origin of the Segmented Welfare State".

Also, there is little evidence that trade unions generally prefer non-state solutions. A consistent finding through papers 1-4 is that generally unions have preferred state regulations enacted though legislation during the entire regulatory revolution. This means that while there is some evidence of unions preferring more state regulations under industrial unionism – see paper 2, table 2, this effect is hardly sufficiently substantial to validate the current claims made by the labor heterogenists. An increase in union strength still results in state regulations under both craft and industrial unionism, even if the effect is somewhat reduced under craft organization (see papers 1-4). It should therefore be highlighted that even if this thesis builds on a critique of PRT, one of the main claims by PRT – that unions prefer generous state regulations over private arrangements – is substantiated by these findings.

Why did the fact that unions have occupational, private arrangements not incentivize unions to stop enactment of state regulations? There are two reasons for this. First, collective bargaining agreements have tended to drive

[22] Instances in which union membership has been made a criterion for eligibility for social insurance are close to non-existent.

policy enactments. Second, state arrangements allowed for private arrangements within state schemes. The former argument comes in two forms. Where collective bargaining coverage was extensive, the cost of rolling in new legislation was minimal, and legislators therefore faced less opposition when proposing new state regulations. This was especially true in Sweden, where bargaining outcomes drove legislative enactments (International Labour Organization 1995). In countries with extensive award systems such as New Zealand after 1894, collective bargaining outcomes were integrated into law by an award system, meaning that unions could directly shape legislative developments through bargaining. Concerning the latter, it often goes unrecognized that legislators also tended to be aware of the need of incorporating existing schemes within the newly established state schemes in order to secure their success. As organizers of private schemes that could compete with state measures, unions needed to be brought on board in order to secure the viability of the state schemes (Ashford 1987, 162; Mares 2003, 42n14). This was the case under liberal governments as well as social-democratic governments (see Rasmussen and Pontusson 2015). In liberal countries, policymakers took great care to win over unions when introducing state schemes. A primary example of this is the attempt by the liberal government of Lloyd George to introduce compulsory unemployment insurance in 1911. Recognizing the veto power of the unions after they had protested against the proposed scheme, policymakers took steps to appease them. The second part of the 1911 unemployment act therefore allowed unions to continue their existing insurance schemes or even administer the state scheme in their sector (Crouch 1999, 438; Rasmussen and Pontusson 2015; Toft 1995; Whiteside 1980). Opposition to state schemes could therefore be effectively mitigated, and with targeting, it might even be turned into support from the organized labor movement.

2.2 Understanding Partisanship over 100 Years

A second contribution comes in the form of a modification of the central tenants in the partisan literature of welfare state development. This modification comes in two parts: 1) overly focus on leftist parties and 2) misconceptions with regard to leftist parties.

Most investigations into the role played by partisan actors during the origins of the regulatory revolution focus on leftist parties (cf. Ansell and Lindvall 2013; Scheve and Stasavage 2007, 2009, 2010). Even if partisan theories regarding the postindustrial period have taken the importance of Christian democratic parties for welfare state development into account (cf. Allan and Scruggs 2004; Huber, Ragin, and Stephens 1993; Huber and Stephens 2001; Van Kersbergen and Manow 2009; Wilensky 2002), the literature still overlooks the importance of the social-liberal center parties in shaping the regulatory revolution. This is in some ways surprising, as more qualitative work on the welfare state and corporatism has long highlighted the importance of these parties (Luebbert 1987, 1991; Nørgaard 1997, 2000; but see Hicks, Misra, and Ng 1995), but this work has tended to be a-theoretical, to a higher degree documenting liberal actions than actually explaining them (e.g. Hicks 1999).

Building on this literature and additional work by Boix (2010b), this thesis also draws attention to how important the social liberals were to the development of especially working time arrangements, but also to how negotiations between liberals and the unions allowed the latter to influence politics independently of leftist parties. At the turn of the 20th century the social liberals faced the problem of delivering labor market regulation that benefited both their core constituency and the growing worker vote, especially among the organized trade unions. Where social liberals were able to deliver on such policies they were able to co-opt the labor movement or at least slow down the rise of the labor parties (Boix 2010a, 2010b; Luebbert 1987, 1991; Rasmussen and Pontusson 2015).

This is one of the central themes of the first paper, "The Politics of Time". Here I argue that since the demands for leisure increases with income, high income voters will be supportive of policies reducing working hours, allowing liberals to combine overtures to wage workers with the preferences of their own core group of salaried middle- to high-income voters. This coalition breaks down when it comes to policies of a more redistributive nature. For example, overtime compensation is likely to benefit manually skilled workers more than salaried employees, reducing their relative income differentials. Fearing a drop in relative status (Corneo and Grüner 2002), salaried workers withdraw their support for overtime policies. Thus, social liberals were instrumental in introducing new regulatory policies, but their effect was restrained to policies with low redistributive impact.

An additional contribution to the party literature is a revision of the partisan literature claim that leftist parties are most likely to prefer a universal, solidaristic and citizenship-based welfare state (e.g. Esping-Andersen 1990, 16-17,24, 127, 137; Esping-Andersen and Korpi 1986; Huber, Ragin, and Stephens 1993; Huber and Stephens 1993, 2001, 41-44; Korpi 1989; Korpi and Palme 1998; Lin and Carroll 2006; Therborn 1987). This claim does not square well with more historically oriented findings (Baldwin 1990), but a theoretical understanding of why social democrats are not pushing for more universal benefits is lacking in this literature. One possible explanation which has gained traction in recent times is the insider/outsider literature (e.g. Lindbeck and Snower 1986, 2001; Lindvall and Rueda 2014; Marx 2012; Rueda 2006, 2007, 2008). Here it is argued that leftist parties will find themselves torn between supporting a constituency of workers with stable employment and a second group with weak ties (if any at all) to the labor market (Reuda 2006). The electoral dilemma of the left arises from the fact that creating greater access to the labor market for the outsiders will decrease the security of the insiders. Social democrats must therefore side with one or the other. This claim has seen strong empirical support in recent studies, with studies finding that social democrats face such tradeoffs even in social democratic Sweden (Lindvall and Rueda 2013).

While a powerful argument, it is arbitrarily constrained to just explaining leftist strategies in post-industrial welfare states. Rueda (2007, 2008) explicitly says that the insider-outsider dynamic is only pertinent to periods with high structural employment and some degree of legislated employment protection, i.e. sometime after the 1970s. When structural unemployment is low, the left could more easily reconcile the preferences of insiders and outsiders, as employment protection is likely to benefit both groups. A central assumption is then that unemployment levels for periods of welfare state expansion deviate significantly from periods of retrenchment, and this is usually assumed to be true (Pierson 1996; Rueda 2005, 61). Though undoubtedly correct with respect to the immediate post-war period, welfare state expansion took place long before this period. Looking at the variations in the data for major periods of welfare state expansion, one finds quite high levels of unemployment: 5.2 % prior to 1914, 6.6 % between 1918 and 1922, and 10.8 % during the period 1933-1939.[23] This is about equivalent to the average unemployment rate in the first decade of the post-industrial period (8.8 % from 1980-1990). At the same time, employment protection had been established for some categories of skilled manual labor together with salaried employees during the 1920s and 1930s (International Labour Organization 1937; Molitor 1927). Leftist parties should therefore face the same electoral dilemma both during periods of expansion and retrenchment. This insight has

[23] The average unemployment rate is calculated from period averages using the available unemployment data from several sources (see data section) for a maximum of 66 countries. The unemployment rate is seriously underestimated in rural societies where unemployment is only recorded by labor exchanges (also a result of the regulatory revolution (Edling 2008; International Labour Organization 1933a) as these exchanges were usually placed in urban centers. Workers would therefore have to leave their homestead in order to be registered as unemployed – incurring the high costs of travel without compensation as unemployment benefits either did not exist or tended to be targeted at industrial workers.

gone unnoticed in the literature which focuses on the growth of the welfare state during the 1920s and 1930s.

I argue – and in paper 2 empirically demonstrate – that leftist parties did not play a significant role in the expansion of universal policies, and neither did they decrease the degree of group targeting. In section 3.5, I get into the details of why leftist parties have always faced the problem of either supporting a constituency of largely unionized, manually skilled workers who prefer segmented benefits or unorganized low-skilled workers demanding non-contributory insurance. This dilemma is less of a problem when unions become general or encompassing in their structure (see section 3.6), but it simply means that what matters the most is union organization, not the leftist parties themselves. Overall, I find little support for the claim that leftist parties were decisive in shaping the degree of universalism as PRT claims (Esping-Andersen 1990).[24]

2.2 The Segmented Welfare State

A major contribution is highlighting the need to focus on rules for eligibility. Nearly all the major studies of welfare state expansion either focus on spending (Jensen 2012a; Lindert 2004a; Martin and Swank 2012), generosity measures (Allan and Scruggs 2004; Amable, Gatti, and Schumacher 2006; Korpi 1989, 2003; Rothstein, Samanni, and Teorell 2012), redistribution though transfers (Swank 2015), or the degree of coverage (e.g. Kim 2007a; Mares 2004). Neither of these studies focuses on the structure of eligibility, i.e. how citizens become eligible for benefits. Is it through compulsory insurance, voluntary insurance, by paying into private accounts, by citizenship, or by need? This question, I argue, precedes that of generosity and redistribution as few actors would fight for generous benefits without some consideration as to whom it will benefit (cf. Esping-Andersen 1990).

The Marshallian tradition tends to view welfare state development as linear development from demeaning poor relief to means-tested security to social benefits as a universal, social right (Marshall 1950). This understanding underlies the PRT tradition, evident in Esping-Andersen's (1990:21) distinction between means-tested and universal policies. However, this dichotomy fails to capture the most pertinent form of welfare state eligibility which is the degree of segmentation, or the degree of targeting, see also Ferrera (2005). A segmented welfare state is different from both the means-tested

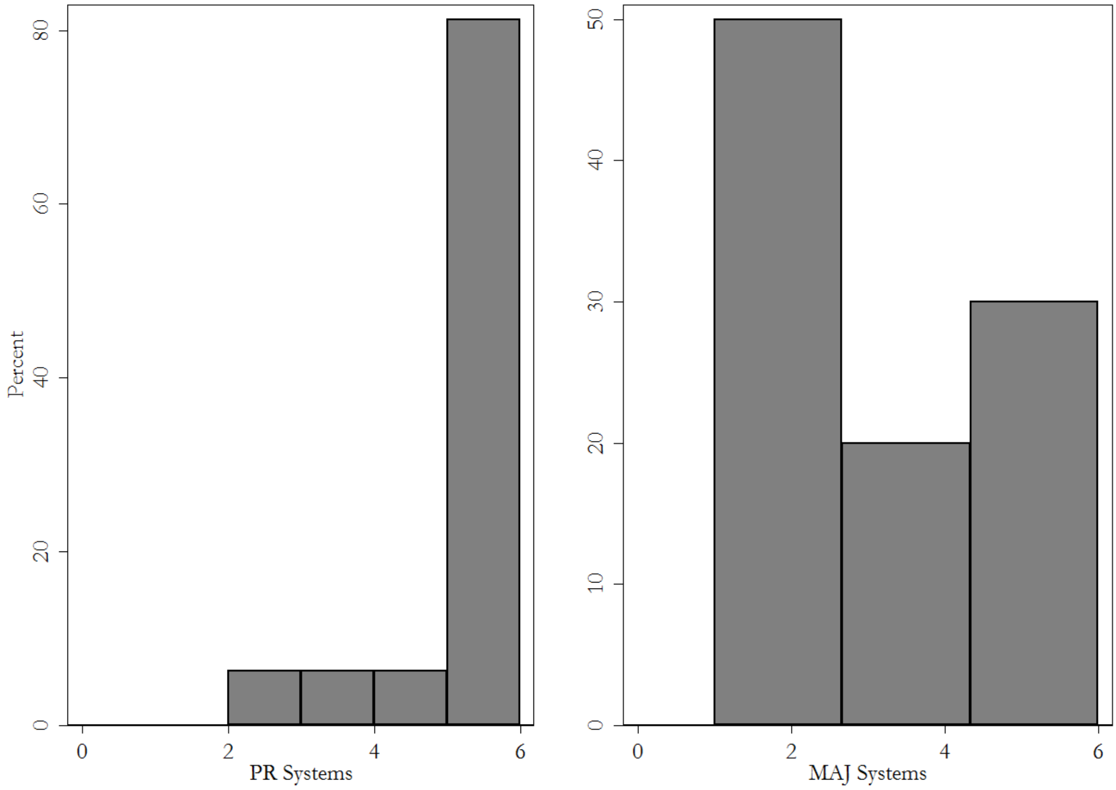
[24] An absence of an effect in my findings does not preclude those earlier findings that leftist partisanship was decisive during specific periods of time, but in the long run, leftist partisanship was not a decisive factor.

and the universal one in that benefits accrue not as a result of need or right, but rather from group membership. This group membership can be occupational, social or ethnic. The development of welfare states was not just a development from demeaning poor relief to universalism. In many ways, a more apt description is to say that it was a road starting with benefits granted to a few select groups (ethnic or occupational) which was slowly expanded to new groups as these gained enough power to influence policymaking. Even if the Nordic and Anglo-Saxon countries and their settler-offshoot pension programs generally followed the poor-relief-to-universalism trend, ethnic group targeting was present, especially in the settler colonies up until the 1960s, and powerful interest groups would push for targeted, earnings-related benefits within the universal systems. Outside of this handful of countries, benefits were initially targeted at the industrial elite of wage workers in large industrial firms, sometimes even limited to urban areas. The tendency to overlook welfare state targeting is therefore highly problematic if we want to understand why some states ended up with universal systems while others instead targeted benefits at a few selected groups. This development is further elaborated in the paper "The Origin of the Segmented Welfare State" (paper 2).

2.3 Interest Groups and Electoral Systems

The fourth contribution concerns the interaction between interest groups and electoral systems. The existing literature on welfare state development has now established that there is a clear link between redistribution, welfare state growth and electoral systems (Funk and Gathmann 2010; Iversen 2005; Iversen and Soskice 2006, 2009, 2015; Iversen and Stephens 2008; Persson, Roland, and Tabellini 2007; Persson and Tabellini 2004; Crepaz 1998; Birchfield and Crepaz 1998; but see Lupu and Pontusson 2011; Aidt, Dutta, and Loukoianova 2006 for contrarian findings). Even if there is still some disagreement as to which mechanism is driving these results (Döring and Manow Forthcoming), there is now clear consensus that PR systems have more generous and redistributive welfare states than MAJ (Rodden 2009).

Figure 3. Histogram



Histogram showing percentage of observations of major welfare state programs in PR and majoritarian electoral systems, using data for 1949. At this point in time, dropping countries with missing values for my main explanatory variables, 15 countries have PR and 10 majoritarian systems. Figure is taken from paper 4. Reproducing the same figure but with data from the whole time period only increase the variation within MAJ systems compared to that of PR systems.

What this literature has failed to capture is that all the while most PR systems tend to deliver effective coverage and generous benefits. The variations among countries with MAJ rules are much higher. Here countries range from some which have close to no coverage of risks or having insufficient benefits to others being on par with PR systems. This can be seen in Figure 3, showing percentage of observations for the number of major welfare state programs for PR and MAJ systems, respectively, using data for 1949. Using all available data only reinforces this pattern.

I argue that the presence of strong interest organizations which pressure governments for or against welfare state expansion explains this variation. In making this argument I build on the extensive literature on trade protection (Rogowski 1987; Rogowski and Kayser 2002), electoral and party systems (Gerring and Thacker 2008; Persson and Tabellini 2004; Vernby 2007), consensus and corporatism (Crepaz 1996; Crepaz and Lijphart 1995; Lijphart and Crepaz 1991; Martin and Swank 2012; Swank and Martin 2001), and finally the veto points literature (Huber, Ragin, and Stephens 1993, 720-722; Immergut 1990; Maioni 1997). Together, these separate traditions have pinpointed several features of MAJ electoral systems which – I argue – make them more susceptible to interest group pressure and especially geographically concentrated interest groups: more contested elections, the presence of just a few pivotal districts, smaller district size, less national party strength or autonomy, and less policy stability. Together these features indicate that MAJ systems have more institutional access points than PR, points which interest groups with sufficient resources can use to shift policies in their preferred direction.

Specifically, MAJ systems have more contested elections, where a one or two percent shift in votes might end up costing the incumbents their reelection (Vernby 2007), with the elections being decided by the outcome in a few close-run districts (Persson and Tabellini 2004; Rogowski 1987). Incumbent candidates running for re-election should be more sensitive to interest groups targeting these districts. The payoffs for using power is also higher under the second condition. Interest groups need only threaten to withdraw support or call strikes in the close-run districts to effectively pressure the candidate. Analyzing the effect of electoral systems on industrial militancy Vernby (2007) therefore finds that when holding several factors constant, strikes are more likely under majoritarian rules, based on data between 1960 and 2000 for 17 countries. At the same time, it might be that this is a feature of modern PR systems or only OECD countries. Using data from the same source as employed by Vernby I have compiled data on strikes and lockouts (the technical definition being industrial conflict, see section 5) for 111 countries from the 1800s up to 2010. This allows me to investigate whether majoritarian systems were more conducive to striking over the long term. In table 2 I show the distribution of industrial conflicts by electoral systems, with each decade starting in 1900. Irrespective of which year we observe the systems, the data reveals a clear and concise pattern: the number of industrial conflicts is higher under MAJ than PR systems, i.e. in concurrence with Vernby's claim.

MAJ systems also have weaker national parties, and candidates running in small single-member districts are more sensitive to local geographically concentrated interest groups. These aspects of MAJ work to reinforce interest group influence over politics in MAJ systems. In MAJ systems, interest groups can influence candidate selection because parties under MAJ rules tend to have poorer party discipline, with party leaders lacking control over nominations or campaign funds (Gallagher and Marsh 1988; Rogowski 1987, 209). Interest organizations can influence the selection of candidates and their policy position by offers of support or by working against a candidate. Similarly, in small districts with local cornerstone industries, strong landlords, or concentrated union groups such as miners, candidates will tend to secure the support of such groups in order to get elected (Crepaz 1998, 62; Rogowski 1987, 204). Under PR, parties are on average stronger, with candidates having higher party discipline (Crepaz 1998, 62; Gerring and Thacker 2008), and with the central party nearly monopolizing candidate selection under list-PR. Under PR, districts are also larger on average, with the extreme being one national district. PR therefore protects candidates' selection and the policy position of candidates from interest group pressure.

Table 2. Average Number of Industrial Conflicts by Electoral System

Year	PR	MAJ	Autocracies
1900	146	1109	448
1910	108	355	651
1920	755	1003	852
1930	128	307	172
1940	34	859	93
1950	387	798	234
1960	266	801	56
1970	514	1291	265
1980	388	712	360
1990	238	388	270
2000	134	415	94

The average number of industrial conflicts from Mitchel (2003), statistical yearbooks from International Labour Organization (Various), and electoral system classifications from Schjolset (2008). Schjølset's classifications only refer to countries with a polity 2 score of >=2, classifying countries with lower scores as autocracies. I have therefore added the average of this category under the heading autocracies.Table reproduced from paper 4.

Politics under majoritarian rules are also less consensus-oriented, in two ways: first, they are less capable of integrating diffuse interests into the political system (Crepaz 1998, 62) and lack the institutional systems for the political integration of employer and union organizations into policymaking (Crepaz 1996; Iversen and Soskice 2009; Martin and Swank 2012). Corporatist institutions facilitate interest group mediation, the development of trust among the social partners, and compromises on contentious issues (Martin and Swank 2012, 23-26; Nelson 2013; Swank and Martin 2001). Paradoxically, this ensured that interest groups such as unions would have a say in social policy irrespective of their changing power resources, meaning that a fall in union organization would not spell disaster for their influence because consensus orientation of institutions secure a place at the table for them. It also meant that unions would be unable to fully capitalize on upturns in their organizational strength. Corporatist institutions under PR therefore work to de-connect union power resources from their policy gains.

I also link up to the institutional veto point literature. Following the innovative work of Immergut (1990) and Maioni (1997), Huber, Stephens and others' innovative work has shown how constitution structures inhibit actors from building or retrenching welfare programs.[25] I argue that the above features of majoritarian systems allow interest groups to influence policies to a greater degree than simply the sum of their organizational powers. At the same time, the veto point literature has focused overly on constitutional structures as inhibiting policy developments. In their own words: "A relatively large number of veto points in a country's constitutional structure, i.e. points in the political process at which legislations *can be blocked,* depress welfare state expansion by enabling relatively small groups to *obstruct legislation"* (Bradley, Huber, Moller, Nielsen, and Stephens 2003, 199 My italics). This overlooks how the very same institutions might also facilitate policy access for interest organizations aiming to introduce new schemes. For example, Rogowski (1987) argues that interest groups use small single-member districts – identified by the veto points theorists as inhibiting change – to facilitate the creation of protectionist policies. An alternative way to understand veto points would therefore be as institutional points of access. Systems with several points of access would then be more susceptible to interest group pressure than systems with few points of access. This would also bring the definition closer to answering the original question posed by Immergut (1990, 391) "what makes a political system vulnerable to interest groups?"

The major implication is the following: Incumbent candidates should be much more sensitive to pressure from concentrated pro-welfare interest groups such as unions, from anti-welfare groups such as rural interests (landlords, family farmers etc.), and from urban employers in systems with a high number of access points. MAJ systems have more access points than PR systems. As the power of the pro-welfare interest organizations has varied significantly over time and space within MAJ systems, this could explain why MAJ systems have greater variations in welfare state policies than PR. Interest organizations learned how to use these institutional points of access. In

[25] See for example Birchfield and Crepaz 1998; Bradley, Huber, Moller, Nielsen, and Stephens 2003; Hacker, Thelen, and Pierson 2013; Huber, Ragin, and Stephens 1993; Huber and Stephens 2001; Jensen and Mortensen 2014; Mahoney and Thelen 2010; Skocpol 1992.

his seminal study of union politics under majoritarian rules, Marks (1989a) shows how after a period of learning American unions began to using these tactics in order to exercise their policy influence in candidate selections at the national and also at the local level.

The theoretical argument underlying this contention is outlined in detail in papers 3 and 4. In paper 3, entitled "Arrested Development: How electoral systems have shaped the ability of rural interests to hold back welfare expansion, 1871–2002", I and my co-author Carl Henrik Knutsen document that the anti-welfare coalition groups were able to use the MAJ rules to their advantage: rural interest groups are more likely to retard welfare growth under MAJ systems than PR. These effects are robust when using a variety of measures for the regulatory revolution, from program extensions, institutional generosity measures and welfare spending, diverse samples of countries and time points, and various econometric techniques. In paper 4 I find that pro-welfare groups such as unions had a decisively stronger marginal impact on the enactment of major welfare state policies under MAJ than PR rules. The effect is so substantial that the effect of going from MAJ to PR becomes insignificant at high levels of union density. In addition, paper 1 finds that unions were more influential in obtaining working time regulations under MAJ than PR. In short, electoral systems significantly shaped the regulatory revolution, but the observed differences in regulatory expansion were conditioned on the forces who promoted regulation and those opposing it.

2.4 Working Time Regulation: Beyond the Welfare State

A fifth contribution lies in bringing in working time regulation as an integral part of the regulatory state. The existing literature on labor market regulation has been overly focused on social transfer policies, leaving aside the major policy fields of taxation, education, employment protection, and especially working time regulation. This has been borne out of especially PRT's focus on explaining redistribution and inequality, focusing on how the welfare states adjust inequalities originating from market redistribution (Bradley, Huber, Moller, Nielsen, and Stephens 2003; Korpi 1989, 2006). This is problematic as it ignores the importance of regulatory policies also in shaping market incomes prior to redistributive transfers, services, and taxes (Estevez-Abe 2008, 3-4; Estevez-Abe, Iversen, and Soskice 2001, 150). These more indirect policies can be argued to impact the daily life of citizens to the same extent as social insurance programs, as working time regulation impacts how all wage earners can act in the labor market, while it is only a specific, smaller segment that ends up having to rely on social insurance such as unemployment benefits(see also Ansell and Lindvall 2013).

Regulations also work to shape pre-distribution of earnings and opportunities in the labor market (Huberman and Lewchuk 2003). For example, increased overtime compensation would also allow wage workers to increase their earnings, reducing the gap to salaried workers. In essence, if we want to know how institutions shape the ultimate distribution of earnings, we need to take pre-distributive institutions into account. This realization has also taken hold in the latest research, with innovative research bringing education and employment protection into the laboratory for investigation (Ansell 2010; Busemeyer and Trampusch 2012; Emmenegger 2014; Estevez-Abe, Iversen, and Soskice 2001; Lindert 1996, 2004a). At the same time, the issue of working time regulation has been delegated to the waiting room.

There is also reason to focus on working time regulation beyond its effect on inequality. From a control perspective, working time regulation takes away from employers' and managers' ability to set working hours at their discretion. This means that employers lose direct control over the work in their firms. Employers, preferring to keep the managerial prerogative in their own hands, should therefore be especially critical of working time regulation. Workers, who in the absence of regulation are unable to set their preferred hours in bargaining with employers, will turn to unions and the state in order to restrain the demands of employers. This view can be found in early PRT work (e.g. Stephens 1979, 24), where the growth of labor market organization was to shift the ability to control labor away from employers (Capital) to labor organizations and the state. One should therefore expect that trade unions and leftist parties have a strong effect on hours of work per worker and legislation that facilitates this.

The existing studies have tended to focus on hours actually worked (Alesina, Glaeser, and Sacerdote 2006; Burgoon and Baxandall 2004; Burgoon and Raess 2009; Huberman 2004; Huberman and Minns 2007). It is interesting that these studies find that unions tend to increase, not reduce, the number of hours worked per worker (Burgoon and Baxandall 2004). This seems to indicate that unions do not push for fewer hours. Unfortunately, unions might not work directly on the issue of hours, but rather through institutions set up to bring workers' desired hours in line with their actual hours. Unfortunately, no study has taken upon itself to investigate the origins of these institutions. The only attempt is by Huberman and Lewchuk (2003), but they focus only on working time regulation for children and mothers. We therefore know little about the development of more general working time institutions.

This study mitigates the problem by creating the first dataset on regulation of hours and compensation for overtime for 22 rich industrial nations from 1880 to 2010. The data reveals that social policies and regulation of hours apparently developed independently of each other in that the welfare state laggards, such as the United States in the 1930s, developed more generous regulations than e.g. the Nordic countries. This is especially evident when it comes to the 40-hour workweek. Rather than having the Scandinavian countries as forerunners, this symbolic restriction in hours was first achieved in the Anglo-Saxon settler colonies during the 1930s. It was not introduced until 1973 in Sweden and 1976 in Norway.

What explains this pattern? First, investigating the general pattern of working time enactments, I find that trade unions played a decisive role in expanding overtime compensation, reducing the number of normal weekly hours, and that they were decisive in introducing the first major working time laws. This indicates that early union organization did not restrict the development of statutory regulation. It also shows that while unions might not have had a direct effect on actual worked number of hours, they still shaped working hour legislation.

Second, I argue and find decisive support for the fact that the reason for Anglo-Saxon countries spearheading development of working time was the connection between strong union growth and MAJ systems increased unions' ability to pressure governments into extending policies demanded by the unions, while similar growth in union power under PR systems did not result in more generous policies. At the same time, it also explains why regulatory development halted in the Anglo-Saxon countries, with developments after the 1970s being constrained to Asian and continental countries within the OECD group. With unions losing their power base and with no other pro-group to replace them, incumbent governments in MAJ instead became beholden to interests preferring to expand hours and decrease overtime compensation.

2.5 Scope Conditions – Restrictions in Time and Space

Another contribution comes in the form of expanding the scope of investigation beyond the traditional region restricted samples in the literature. Unfortunately, most existing databases on social policies start in the 1970s, going up to the early 2000s, and only cover a restricted number of countries, all being relatively wealthy and democratic (Adema and Ladaique 2009; De Deken and Kittel 2007; Korpi and Palme 2007; OECD 2007; Scruggs 2006; see Wenzelburger, Zohlnhöfer, and Wolf 2013 for an overview). This means that most of the systematic evidence for the factors that shape welfare state development has been restricted to democratic, rich, industrialized, highly urban countries in the post-war period.[26] In some instances, this case selection has been systematic, with PRT scholars specifically arguing that their main explanatory variable, working-class organization, is only possible only under democratic regimes, and they have therefore restricted their analysis to long-term democratic countries (Bradley, Huber, Moller, Nielsen, and Stephens 2003, 197; Korpi 1989, 310). This is the reasoning underlying the SCIP database covering 18 OECD countries, starting in 1930 and going up to 2005. Other studies have instead restricted their analysis based on available data. In this section I will chart how these sample selection criteria lead to strange sampling results, and why there is no reason to assume that labor organization should only be present in democratic regimes or have little to no influence in autocratic or elite-controlled democracies (cf. Luebbert 1987, 1991).

The PRT sampling strategy embodies a peculiar understanding of sampling based on most-similar systems logic: the aim is to only compare countries that "have had a record of political democracy during the entire post-war period" (Korpi 1989, 310), a criterion that has never been consistently applied as Japan was under military control up to the 1950s, but still is included in the sample. [27] If this criterion had been consistently applied, and thus making the definition of political democracy less stringent throughout the whole period, the sample of possible countries should be dramatically larger than the one commonly used by PRT researchers. This is because sev-

[26] (e.g. Allan and Scruggs 2004; Amable, Gatti, and Schumacher 2006; Baccaro 2011; Becher and Pontusson 2011; Bradley, Huber, Moller, Nielsen, and Stephens 2003; Brady, Beckfield, and Seeleib-Kaiser 2005; Brady and Lee 2014; Brooks and Manza 2008; Cameron 1978; Cusack, Iversen, and Rehm 2006; Dahlström, Lindvall, and Rothstein 2013, 2013; Esping-Andersen 1990; Finseraas and Vernby 2011; Gifford 2006; Gordon 2015; Ha 2007; Häusermann 2010b; Hibbs 1977; Hicks and Misra 1993; Hicks and Swank 1984a, 1984b, 1992; Hicks, Swank, and Ambuhl 1989; Hicks and Zorn 2005; Huber and Stephens 1993, 2001; Iversen 2005; Iversen and Cusack 2000; Jensen 2010, 2011b, 2011c, 2012a, 2014; Jensen, Knill, Schulze, and Tosun 2014; Jensen and Mortensen 2014; Jensen and Seeberg 2014; Korpi 2003; Korpi and Palme 1998, 2003; Kwon and Pontusson 2010; Martin and Swank 2004, 2008; Moene and Wallerstein 2001; Pierson 1996, 2000a; Pontusson, Rueda, and Way 2002; Rasmussen and Skorge 2014; Rehm 2011; Rothstein, Samanni, and Teorell 2012; Rueda 2006, 2007, 2008; Schmidt 1996; Swank and Martin 2001; Vis 2011; cf. Mares and Carnes 2009; Ebbinghaus 2010).
[27] Japan is not coded as a democracy using the BMR index until 1952 (Boix, Miller, and Rosato 2012)

eral countries, such as South Korea (democratic in 1998, using BMR), made the transition to democracy in the post-war period. This seems to have been recognized by later PRT researchers, with the sample now also including several Eastern European countries. Unfortunately, no case selection criterion is clearly spelt out for the inclusion of these cases. Therefore, the newer editions fall into the arbitrary case selection category. There is also the highly peculiar issue of retrospective case selection: Germany and Italy are selected as part of the sample in 1933 and 1939, based on the reasoning that they had democracy in the entire post-war period. It should be obvious to any reader that this makes little sense.

Let us therefore assume that we apply the criterion above consistently. Is the theoretical reasoning behind it sound? The underlying argumentation that freedom of association is necessary for the organizations of unions, and that this would only be sufficiently present in democracies (Bradley, Huber, Moller, Nielsen, and Stephens 2003, 197), seems immediately appealing (Møller and Skaaning 2013). However, I argue that the facts clearly indicate that unions are able to organize extensively in autocratic contexts, and that elites in these regimes are sensitive to union demands (Kim and Gandhi 2010; Mesa-Lago 1978).

The claim that freedom of association was intrinsically related to union organization overlooks the fact that unions in most instances were allowed to operate even within stringent autocratic regimes or might even end up supporting autocratic leaders such as Miguel Primo de Rivera in Spain during the 1920s (Crouch 1993) and Peron in Argentina (Doyon 1984). Imperial Germany and inter-war Finland also show that unions could continue to operate even if the regime became outright repressive to social democratic parties (Crouch 1993; Marks 1989a). It is therefore not surprising that I do not find union density to be highly correlated with democracy. Using my own data on union density, the correlation with the Boix, Miller, and Rosato (2012) (BMR) democracy measure is only 0.30, and 0.32 with the Polity 2 measure of democracy (Polity 2012).[28] A difference-in-differences analysis – using either democracy measure while controlling for the fact that democracies are more urbanized than autocracies (and urbanization has been strongly linked to union organization while proxying for anti-democratic forces such as landowners) – show that democratic regimes have no significant effects on union organization (see table 3). While it is not definitive evidence that de-

[28] This comparison excludes countries with obligatory union membership for the obvious reason that unions are unlikely to be independent actors in these situations.

mocracy does not cause union growth, it indicates that unions were not dependent on democratic governance to organize.

Table 3. Democratic Regimes and the Growth of Trade Union Organization

	(1) Union Density	(2) Union Density
Democracy (BMR)	1.3	
	(1.37)	
Urbanization	0.7^{***}	0.7^{***}
	(18.91)	(19.60)
Polity 2		0.08
		(1.12)
Country Dummies	Yes	Yes
Year Dummies	Yes	Yes
Observations	2401	2385

t statistics in parentheses. OLS estimates. Country dummies, year and period dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

This goes to show that unions were allowed to operate and even facilitated policy bargains with elites, giving unions influence over policy formulation in autocratic contexts. In labor hostile regimes, the organization of unions could also be met by counter-measures to co-opt unions, such as social policies (Kim and Gandhi 2010; Paster 2013, 2015). This meant that increasing union organization could be met by policy changes in elite-controlled regimes, even if the motive was simply to co-opt unions in order to achieve industrial peace (Rimlinger 1971).

It therefore appears that democracy is not a necessary condition for the existence of powerful labor organizations or for their influence. While elites sometimes responded with repression of labor unions, they also had incentives to co-opt, especially high skilled unions (Bellin 2000; Kim 2007a; Kim and Gandhi 2010; Mesa-Lago 1978). In this way, unions were not bereft of influence under non-democratic regimes.

The existing datasets also constrain our sample in arbitrary, non-theoretical manners.[29] These restrictions are in many ways driven by data limitations, but several novel data collection projects also seem to be driven by convention, as is the case with any theoretical reasoning why certain cases are excluded or included. Examples of this are two otherwise groundbreak-

29 See Korpi 1989 for a defense of the SCIP-sampling based on most similar systems logic.

ing studies, Lindert (2004a, 2004b) and Hicks and colleagues (1995)[30] Both of these studies collected new and innovative data, Lindert on spending on different welfare categories and Hicks and colleagues on the enactment of major welfare state policies. Starting with Hicks and co-authors, the aim is to explain program adoption for the years 1920 and 1929 in “formally sovereign nations, eschewing nations like Ireland, India, Hungary, and Czechoslovakia” with per capita GDP of more than $2,000 dollars in 1913. Following these criteria one would find that the following countries in Latin America and Europe should have been included: Argentina ($2115 in 1883), Chile ($2099 in 1891), Uruguay ($2180, as well as Spain ($2056 in 1913), when in fact they are not even mentioned in the paper. There is also the question why Austria in 1913 is considered a sovereign nation, while Hungary is not. Social policy in these two members of the Austro-Hungarian Empire was formulated independently of each other, with pensions and sickness benefit following different trajectories (see chapters on Austria and Hungary in International Labour Organization 1936b).

There is also the arbitrary restriction of choosing a GDP level of $2000 and 1913 as the decisive time point for exclusion. Several countries, scoring beneath this GDP level at this point in time, both in Latin America and Eastern Europe, developed extensive welfare policies in the 1920s, also embracing regulations for working hours. One such country was Bulgaria with a per capita GDP of $1137 dollars in 1912. The Hicks criterion would assume little-to-no welfare state development in Bulgaria from 1920 to 1929. Still, Bulgaria was quick to introduce welfare measures after the First World War. Bulgaria introduced sickness insurance (1918, 1924), old-age pensions (1924), accident insurance (1924), and even an unemployment insurance scheme (1925). This was two years earlier than Germany (1927). Similar cases could be made for Romania ($1741 in 1913), Poland ($1739 in 1913), and South Africa ($1151 in 1911). As a country must have been independent in 1913, it also ends up excluding several interesting cases that would introduce extensive welfare states programs after their independence around 1917-1920. Finland, Czechoslovakia, and the Baltic States come to mind.

Moving on to Lindert, his case selection breaks with the preceding authors in that Latin American countries such as Argentina, Brazil, and Mexico are also included. Unfortunately, the addition of these cases just begs the question why the more regulated and organized countries such the above-mentioned Uruguay and Chile are left out.

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30 In all fairness, it should be mentioned that in an earlier work (e.g. Lindert 1996), Lindert has a much more expansive sample than used in the 2004 book, but a lot of the criticism readied here is still applicable to this earlier work.

Lindert also breaks with Hicks and colleagues by including countries from the southern parts of Europe, including Greece, Portugal, and Spain. At the same time, this begs the question why countries at similar levels of GDP which also experienced regime changes in the 1920s are left out.

It should be mentioned that the two above-mentioned studies in no way are the worst offenders. Rather, they mark some of the most impressive studies charting welfare state development though the early parts of the regulatory revolution. At the same time, it goes to show how our research has been constricted to an arbitrary chosen time period and a few selected countries, using selection criteria that have neither been sufficiently applied and are perhaps not theoretically sound.

This criticism is not new (see e.g. Huberman 2012 on the importance of the early regulation; and Kreuzer 2010 on the relevance of Eastern European countries), but its consequences have not been thoroughly taken into consideration in any works on the growth of the regulatory revolution.[31] We simply have no study that charts the impact of organized labor on regulatory development for the entire period in question. This leaves us with unclear scope conditions: given that unions can be highly organized under dictatorships, can we really assume that they have no policy influence in autocracies? As both strong growth in unionization and regulatory developments were seen before, during and shortly after the First World War, can we assume that the influence of labor is restricted to the post-war period as is often assumed? While these questions remain unanswered, it is abundantly clear that we need to shift our focus from the usual suspects in the post-war period and expand our sample in time and space to also include non-democratic regimes.

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[31] Instead, the literature seems to have split into various camps that investigate developments in different regions that are separate from each other. For example it has become commonplace to investigate quite similar hypotheses such as the effect of increasing trade openness or leftist government in samples either restricted to Western OECD states or Latin American nations (Avelino, Brown, and Hunter 2005; Carnes and Mares 2014; Huber, Nielsen, Pribble, and Stephens 2006; Huber, Mustillo, and Stephens 2008; Huber and Stephens 2012; Kaufman and Segura-Ubiergo 2001; Pribble, Huber, and Stephens 2009). Underlying this development seems to be the view that policymaking is inherently different in different parts of the world, reducing the benefit of regional comparisons (Haggard and Kaufman 2008). At the same time, commonly cited causes of these insurmountable differences, such as different levels of development, can be captured by controls such as GDP per capita and urbanization. Moreover, as long as regional-specific factors can be captured by various econometric techniques, it seems short-sighted that these cases cannot be compared.

Another reason for going beyond the usual set-up is that what concerns us here is not just why already regulated states adopt further policies, but also why some countries introduced policies in the first place. This point was recognized by Flora and Heidenheimer (1981), Hicks (1999), and Usui (1994), but most studies that followed instead focused on the variation in generosity or degree of GDP captured by social spending (e.g. Allan and Scruggs 2004; Huber, Ragin, and Stephens 1993; Iversen 2005; Korpi 1989; Wilensky 2002). At the same time, in new innovative historical work such as the work by Aidt and Jensen (2009) and Kim (2008) on the institutional structure of welfare benefits and the work by Scheve and Stasavage (2009, 2010, 2012) on top-income inequality, equal attention is now being paid to the historical origins of regulations, not just the difference in generosity between already regulated states (see also Huberman and Lewchuk 2003; Mares and Queralt 2015). Still, these are the exceptions in the literature.

In order to deal with these sample problems I have compiled three datasets:

The first, the Social Policy Around the World (SPAW) database, covers the institutional make-up of all seven major transfer schemes[32] from the first major social law enacted in 1871 up to 2010 for 154 countries[33] resulting in a total of 13,851 manually coded observations.

The second, the Working Time Regulatory (WTR) dataset, codes all state regulations on normal working time and overtime compensation from 1860 to 2010 for 22 industrialized nations.

The third, the Structure and Membership of Trade Unions (SMTU) dataset, contains information on union organization (membership and wage bargaining coverage) and industrial unrest for 66 to 111 countries[34] from 1880 to 2010. For the same time period, but restricted to 22 countries, I have also coded the industrial organization principle adopted by the major trade union federations (or largest single unions), distinguishing between industrial and craft unions.

Together, this data allows us to make inquiries into of aspects of the regulatory revolution previously excluded from investigation. These datasets also break decisively with the post-war democracy bias identified in the literature at large. While restricted to rich industrialized nations, the working

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32 Old-age, accident, sickness, maternity, unemployment insurance and family allowance programs.

33 See section 1.7.2 on social policies for the exact sample.

34 For trade union measures I have data for 66 countries, but for industrial unrest variables (number of strikes, number of people affected by strikes, and number of working days lost to strikes) I have compiled data for 111 countries.

time dataset still breaks with the other factors highlighted above. Data starts with the initial policies in the 1870s, going up to 2010, i.e. that the first laws and policy changes before the post-war period are included. It also makes no distinction between autocratic or democratic countries.

2.6 Feedback Bias – Endogeneity of Preferences For Institutional Framework

The final contribution lies in providing a solution to the feedback bias in welfare state studies. A major concern with existing welfare state research is the methodological insensitivity to feedback bias, i.e. researchers tend not to deal with the fact that existing welfare policies influence the political strategy and preferences of parties or union leaders (Anderson and Pontusson 2007; Campbell 2012; Esping-Andersen 1985, 33-35; Gingrich and Ansell 2012; Mares 2003, 53; Pierson 1996, 2000a). The position taken by unions on e.g. the issue of increasing the state subsidy for the earnings-related pension would depend on who has access to what under the existing scheme, and whether unions are involved in the administration of these benefits (Gordon 2015). The earlier introduction of special benefits for some groups could shape the position taken by these actors on a new general social insurance for all workers. For example, German unionized miners defended their already extended benefits against incorporation into general social security after the Second World War (Mares 2003, 54). In the cases where unemployment benefits are administered by the unions, with Belgium being one example, unions have a strong interest in not only securing increased state finances, but also extending coverage to new workers who can be unionized (Rasmussen and Pontusson 2015). As Pierson (1996, 596) originally put it: "major public policies also constitute important rules of the game, influencing the allocation of economic and political resources, modifying the costs and benefits associated with alternative political strategies, and consequently altering ensuing political development".

Unfortunately, the fact that actors' preferences are sensitive to existing institutional arrangements has been overlooked in the quantitative literature on social policy development (but see Jensen 2010). Recognizing the impact of major government policies on the strategies adopted by actors means that the common strategies of simply running regressions on social expenditure or institutional welfare measures data from arbitrary starting points are no longer an option.

Failing to recognize that by choosing arbitrary starting points for analysis (such as the common 1971 or 1980) one overlooks that unions start within different, institutional environments and that this most likely shapes their preferences. In the worst case, this can result in biased estimates. For example, if we are estimating the effect on segmentation, unions acting under union-administered unemployment schemes are more likely to support less targeting as their ability to restrict free riders is much higher than under state-administered social insurance (Rasmussen and Pontusson 2015; Rothstein 1992; Scruggs 2002). This means that trying to estimate an average union effect from, say, 1980 to 2000 would be problematic, because the estimated coefficient is pulled to zero as unions fight to preserve target benefits under state social contributory insurance, while trying to extend them under Ghent insurance.

This conundrum leaves researchers with two options: 1) carefully parse out how existing programs shift actors' preferences, a daunting task if there ever was one, [35] or 2) start the analysis prior to the advent of major welfare programs. This last option is akin to identifying periods of "ex novo" and tracing the effects of unions from the initial major welfare legislation up until today. During these periods of "ex novo", the policies pursued by unions are unmoderated by existing programs, and it should therefore be expected that the position taken by unions more accurately reflect their preferences.

In order to capture these periods of "ex novo" one needs data on the first laws enacted, and these must be included in the analysis in order to deal with this problem. This is not the case with any of the major available datasets. For example, the SCIP dataset starts in 1930 as this reduced its data collection efforts drastically due to the availability of ILO's international survey of social services that provides data for 1930 and 1933 on all major transfer programs around the world (International Labour Organization 1933c, 1936b; Korpi 1989, 325). As already documented, most countries had already established extensive networks of welfare state services and transfers by that time. Also, it is not correct that extensive statistical and descriptive data was not available for earlier periods. ILO and the United States Bureau of Labor Statistics published extensive reports starting in the early 1900s. Using these and a wealth of additional sources, the datasets described above track over 150 countries from before their first laws up to 2002. What this means is that for the first time we can estimate the effects of organized labor unions, reducing the potential that our estimates reflect feedback bias from actors taking positions dependent on already existing policies. Naturally, it does not

[35] See e.g. Davidsson and Emmenegger (2013) and Jensen (2010) for arguments on how existing institutional framework influences parties' and organized labor's preferences.

totally rule out effects of even more basic social legislation, such as social assistance (poor relief before the 1900s), but it does mitigate it.[36]

[36] See Heclo (1974, 317) for an investigation on the impact of the poor laws on social policy development in Sweden.

3. A Theoretical Framework: A Socio-Economic Explanation of Regulatory Development

My theoretical starting point is the materialistic foundation for labor market organization. I make a distinction between those groups which have structural power in the labor market and are less dependent on organization and those which have to organize in order to gain bargaining power. Examples of the former group are urban employers and rural interests such as landlords. An example of the latter group is wage workers, split into those who have and those who do not have the resources to organize in the face of adamant opposition from employers or states. These materialistic conditions can then be mediated by institutional frameworks that decrease or increase the costs/benefits of collective action. Once unions have formed stable organizations, they can opt to work closely with parties in order to establish policy coalitions or try to capture candidates or entire parties. The options available to unions depend on the policy in question. With respect to policies which the median voters – higher income employees such as salaried employees – can accept, unions can bargain with both social-liberal and leftist parties. Policies that only benefit low-income workers are more likely to be supported by leftist parties. Whether unions end up choosing policy coalitions with parties or party capture is dependent on the electoral system, with the latter strategy being more likely for interest groups under MAJ rules than PR.

In the first section I outline the decision of workers to join unions and unions' incentives to organize workers as a cost/benefit calculation, with a decisive factor being the costs faced by employers in trying to stop unions from becoming entrenched in their sector of the economy. Following Kimeldorf (2013), this is defined as the replacement cost associated with bringing in a strikebreaker. Given that replacement costs were unequally distributed within the labor market, unions ended up being concentrated to only a few sectors of the economy. Unions only broke out of these sectors when structural factors became more conducive to union organization. Structural factors encompass both production methods and the legal framework regulating industrial conflict. the first section ends by providing empirical evidence (in addition to the previous, theoretical arguments) that the rise of state regulations did not result in a decline in union membership, discounting worries that a cost/benefit view of unionism is incompatible with a view that unions prefer state regulation.

In the second section I argue that the historical concentration of unions ended up as decisive for the degree of group targeting in policies (segmentation), preferred by union leaders. Fearing that members will leave unions if political gains are also given to non-members, leaders have incentives to target benefits to unionized sectors. More specifically, focusing on differences in membership concentration, I distinguish between four different types of unions, all with expected different levels of support for group targeting. In order to substantiate this claim further, I use historical evidence on how concentrated mobilization of coal mining unions resulted in the introduction of generous legislation for coal miners. These policies persisted even when general insurance measures were introduced.

The third section discusses alternative sources of union members' preferences. Here I focus on the organizational principle (difference between craft and industrial unions), corporatism, and labor market institutions. This section ends with a test of whether union institutions could influence union preferences indirectly by shaping union membership. Using the DiD strategy, I find no evidence that this should be the case.

The fourth section focuses on the preferences of the agrarian sector for social regulation, arguing that their primary motive was to restrict the growth of policies that might end up subsidizing wage labor or urban risks. Where the Agrarian interests were prevalent and able to exert strong pressure on the state, social policies were enacted later, to a less extent, and less generous than where urban interests prevailed.

The fifth section sets up the parties that unions have historically had to bargain with. I outline the preferences of conservatives, leftist and social-liberal parties. This is done using a simple model based on their core voter groups and the voter groups they would like to attract. As this model is meant to explain partisanship over 130 years, it necessarily has to simplify a highly complex picture. I will specifically focus on the social liberals, given the lack of attention to this party group in the literature. The need for social liberals to win over working-class voters was a result of the extension of the vote to workers. Accordingly, these parties could only hope to survive by appealing to middle- and lower-class voters. Particularly important for social-liberal parties were their connections to unions. These supported the social liberals as long as the latter could deliver policy concessions. Social-liberals ability to deliver these goods to unions was more constrained where they also had to find support among rural interests. Dissatisfied with what the liberals could offer, the unions were quick to turn to independent labor candidates. This meant that the break between unions and the social liberals would come sooner in these countries than where the liberals organized from urban constituencies (Luebbert 1991).

The sixth section outlines the policy coalitions between parties and unions that are likely to emerge as a consequence of mobilization of the low-skilled workers in unions.

The seventh section discusses the importance of electoral rules for the strategies adopted by interest groups when either focusing on party bargaining or party capture. Which strategy is adopted depends on the number of institutional access points for interest group influence, with MAJ having a higher number of access points than PR systems. I derive two main implications from this argument. The first is that the expected effect of electoral rule change is dependent on whether the power of pro-regulation interest groups, such as unions, outweighs the power of anti-regulation groups such as rural or urban interest. The second is that one should see greater policy impact of interest groups under MAJ than under PR rules, ceteris paribus.

The last section reiterates how these pieces fit together. Here I present the “two roads, three paths to power” model of union influence on the regulatory revolution.

3.1 The Historical Origins of Union Strength and Concentration

I adopt a cost/benefit view of union organization. The spread of unionism can be understood as a result of workers’ incentive to join unions and union leaders’ incentive to organize new workers (Olson 1965; Wallerstein 1989). The probability of a worker being a member of a union is conceptualized as the expected gains of membership minus the incurred costs (see Booth 1984). The gains are things such as access to social insurance and wage premiums (union perks), while probable costs are membership dues and possibly hostile reactions from employers. From the view point of the union, the organizational incentives to organize new workers follow from the expected gains of greater coverage in collective bargaining minus the cost of convincing new workers to join (Schnabel and Wagner 2005, 3; Wallerstein 1989). Here I will distinguish between two factors: first are factors that influence unions’ ability to organize within a sector or profession, i.e. factors that reduce the marginal benefit of organizing more workers; second are factors that allow unions to organize in different sectors or occupations, i.e. factors that reduce the cost of setting up a new union in another sector. Together these factors shape the concentration of unions in specific sectors or occupations and the extent to which they are able to organize extensively within these professions or sectors.

I start with factors that increase the marginal benefit of organizing new workers. The success of a union can be expected to be reflected in the economic and institutional factors that shape the expected gains and costs of becoming a member (organizing new workers). If, for example, expected gains remain constant, but the membership premium increases, workers should be less likely to join union.

Union membership should therefore reflect factors that reduce workers' wages, as decreasing wages make it more costly to become members. In this context, researchers have investigated factors such as unemployment, inflation, and other economic calamities which reduce wages and the ability of workers to pay membership dues (Ashenfelter and Pencavel 1969; Bain and Elsheikh 1976). Even if unions have unemployment insurance against exactly these kinds of possibilities, when unemployment rises the required membership fees are likely to increase alongside the level of unemployment, i.e. the cost of membership for employed unionists increases without an increase in the payoffs. In some instances this can lead to a negative spiral that may result in the union going bankrupt. This was especially true for unions during the 1920s when the post-war depression brought forward levels of unemployment not previously experienced (Galenson and Zellner 1957). For example, the Norwegian unions were hit particularly hard, with members being unable to pay their increased dues, and with several union-organized unemployment funds going bankrupt (Bull 1955; Koht 1937).

The cost of membership could be mitigated by the institutional framework. The most commonly cited example is the presence of highly subsidized union-run unemployment insurances (Ebbinghaus, Göbel, and Koos 2011; Western 1997). Such systems are argued to reduce union costs during times of substantial unemployment. With the state covering most expenses of increased unemployment, membership premiums can stay the same for employed workers. For workers at risk of unemployment, membership will become more valued as workers tend to be believe (and are influenced by fund managers to believe) that membership in unions is required in order to be entitled to benefits (Rasmussen and Pontusson 2015; Scruggs 2002; Western 1997).

An illustration of this effect can be seen in table 4. In the presence of a Ghent system, increasing unemployment (unemployed share of the labor force) is positively associated with increasing trade union membership even if the effect is not robustly significant. Again I have used a difference-in-differences framework with panel-corrected standard errors.[37]

37 Classification of Ghent systems is taken from the SPAW database. See also Rasmussen and Pontusson (2015).

The second factor concerns the degree to which workers would be likely to set up unions in other occupations or sectors. I argue that this is primarily captured by the degree to which workers are in possession of certain skills or in position to hurt employers by striking. Let us preliminary think of this as workers' sensitivity to hostility from their employers. If union members could be easily replaced by alternative workers, there would be little need for management to acknowledge unions at their firms. The gains from membership would then be minimal. Furthermore, if the unions tried to protect their local leaders by calling strikes, as described in Golden (1997), and these could easily be crushed by employers, a backward indication would demonstrate that workers would be highly unlikely to set up unions where workers are highly sensitive to employer hostility.

Table 4. Effect of Unemployment under Ghent Systems on Trade Union Density

	(1)	(2)	(3)
Unemployment (perct.)	-0.8***	-0.2*	-0.4***
	(-11.02)	(-2.10)	(-6.48)
Ghent	0.9	2.4*	0.9
	(0.68)	(2.24)	(1.11)
Ghent*Unemployment	0.7***	0.3**	0.4***
	(6.28)	(3.11)	(5.94)
Urbanization	0.8***	0.8***	-0.01
	(18.23)	(16.06)	(-0.15)
GDP (log)	-9.5***	3.2*	-11.0***
	(-7.59)	(1.98)	(-6.40)
Country Dummies	Yes	Yes	Yes
Year Dummies	No	Yes	Yes
Country-trends	No	No	Yes
Countries	44	44	44
Observations	1719	1719	1719

t statistics in parentheses. OLS estimates. Country and year dummies together with country trends excluded. Estimated with panel-corrected standard.* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

It is important to recognize that this sensitivity was not equal for all workers. Indeed, the costs associated with the replacement of workers by strikebreakers during a work stoppage were radically different for a miner and for a sharecropper. This was especially the case in unregulated labor markets. Following the groundbreaking work of Italian sociologist Perrone (1983, 1984), Kimeldorf (2013) labels these structural differences *replacement costs* (see also Wallace, Griffin, and Rubin 1989; Wallace, Leicht, and Grant 1993). Replacement costs are high in occupations or industries where there is 1) scarcity of skilled labor such as printers or typographers, where unions could monopolize the skill acquisition process, 2) geographically isolated worksites such as mining, and 3) time-sensitive tasks as prevalent in continuous production or transport (Kimeldorf 2013, 1034,1043). All of these factors raised the costs or made it impractical to crush a union strike by using strikebreakers, thus raising the bargaining power of unions. In other words, replacement costs reduced the sensitivity of workers to employer hostility.

Replacement costs are intrinsically connected to conditions of the production process. This means that a union's "survival rate" (and "birth rate") is decisively shaped by the production technology which is used. Where production took long to start up, continuous production could be especially hurt by strikes, or workers strategically placed in long production bottlenecks could, metaphorically speaking, stop production up-river or down-river (Wallace, Leicht, and Grant 1993). Depending on their occupation and employment sector, workers would therefore be split into two segments: easy-to- organize and hard-to-organize. In the absence of institutions that protected union leaders and shop floor activists, unionization would therefore be concentrated to specific sectors.

That only some workers are likely to organize has implications for the assumptions underlying the class-based theory of unionism. With different levels of protection from employer hostility, workers would not be equally capable of acting collectively as it is assumed in class-based theory of unionism (e.g. Korpi 2006, 172). The cluster theory of unionism is especially critical of the contention that "Employees, *especially categories with limited economic resources*, are therefore expected to organize for collective action in political parties and unions to modify conditions for and outcomes of market distribution" [my italics]. In the absence of protective institutional frameworks and building on the logic of replacement costs, the cluster theory of unionism would instead make the somewhat opposite prediction: collective action would be more likely among structurally strong workers than among those in a less fortunate position.

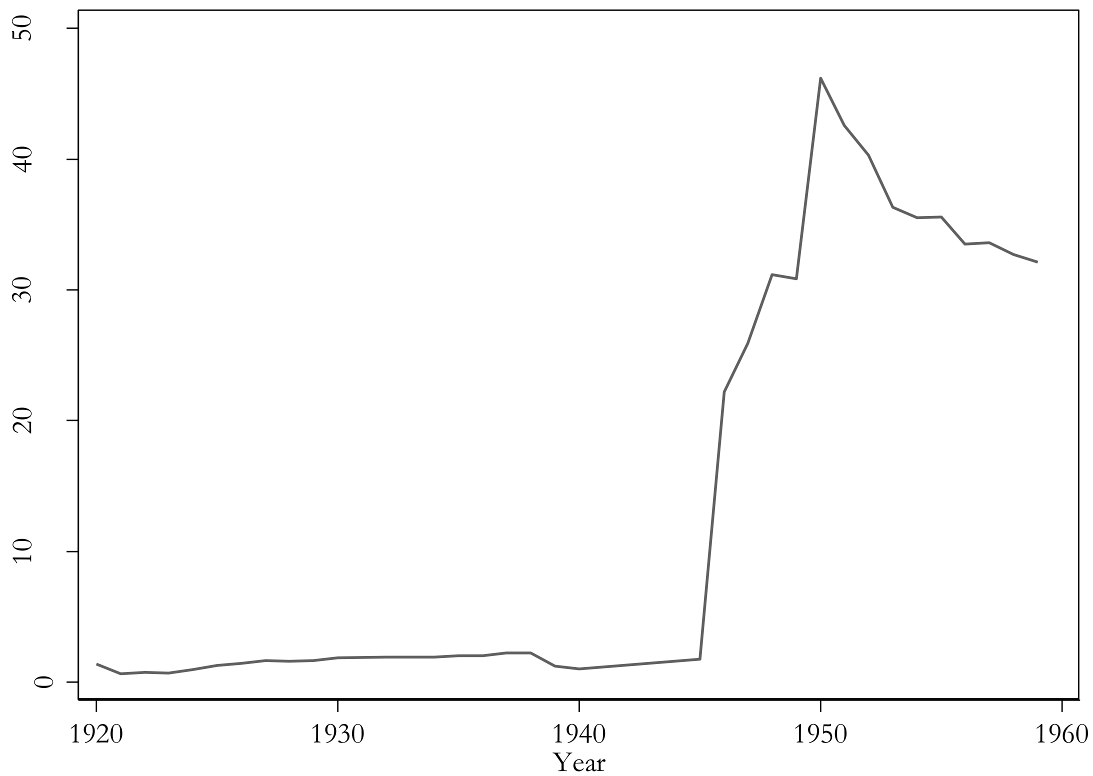
Replacement costs ensured that unions would not only be concentrated within specific occupations, but also geographically. Mining production had to be placed where the mines were and factories where there was access to cheap power (waterfalls, etc.). Historically, before unions got their breakthrough within manufacturing, they tended to be heavily represented among occupations with high replacement costs such as mining, dockworkers, engineering, and railroads. This was seen in countries in many different parts of the world, in Scandinavia, the United Kingdom, France, Imperial Germany, Argentina, and Chile (Kimeldorf 2013; Marks 1989a, 87-92; Mesa-Lago 1978). In the United States, miners constituted the largest union group, with over a million members in 1910. Similar numbers can be found for both British and Germany unions (see Marks 1989a, 87-88). On the other hand, organization among rural workers was close to non-existent. Of the four million unionists in Great Britain in 1913, only 20 thousand worked within agriculture (Luebbert 1991, 320). What set the miners, dockworkers, and railroad workers apart from their cousins within agriculture was their structural position: major strikes that could be felt throughout the entire economy could easily be mounted, and it would be expensive to replace them by strikebreakers (Kimeldorf 2013; Marks 1989a, 86; Perrone 1983). With members less likely to be replaced, it explains why these unions would be more likely to risk major strikes. It is therefore not surprising to find out that coal miners made up more than 80 % of all strikes in the inter-war period (Jackson 1987, 32), accounting for more work stoppages and working days lost in the United States from 1927-1940 than any other group, and they remained a dominant group in the post-war period (ibid., 40-41). Meanwhile the British miners totally dominated the strike statistics from the general strike in 1924 to the 1960s (ibid., 87).

One consequence of this geographical concentration was that unions would end up acting as concentrated geographical pressure groups, capable of exerting force at local elections or in the selection of local candidates in national elections (Luebbert 1991, 19; Marks 1989a).

Institutions could also mitigate replacement costs for workers. This is never more evident than in the legal protection of workers' right to organize or strike. Even if the right to associate had been granted in several states, it was harder for elites to grant the right to combine for trade purposes or to strike (Ebbinghaus 1995, 61). In periods with contested combination and strike rights, employers could use the legal system to repress organization initiatives among unions and use the police or the army in order to break up strikes (Ebbinghaus 1995; Marks 1989a). This meant that the cost of breaking up strikes would be passed on to the state, reducing the direct costs endured by the employers. In these instances, only workers in sectors and professions with relatively high levels of replacement costs could sustain an organization in the long term. Where the legal system allowed unions to operate, granting rights to bargaining and striking, unions would be much more costly to repress, requiring employers to bear the cost of hiring strikebreakers. The legal security of unions was therefore consequential by moderating the replacement costs.

Major institutional shocks, such as those caused by the First and the Second World War, were also fundamental in shaping the ability of labor to organize (Crouch 1993, 125-140; Marks 1989a, 107-118; Obinger and Petersen 2014). Cursory evidence that employers' ability to circumvent union organization is heavily influenced by external shocks can be seen in the case of Japan. During the inter-war period union organization never exceeded 2.1 % of the labor force, the lowest among the industrialized countries (International Labour Organization 1933b). After Japan's defeat in the Second World War and the subsequent American occupation, the institutional framework for labor governance was dramatically changed to allow union organization, with the strike and the combination right granted by the constitution of 1947 (International Labour Organization 1950; Kikuchi 1959). This resulted in one of the greatest leaps in union organization ever seen in any industrialized country. Figure 4 shows how union density jumped from 1 % in 1945 to 22 % in 1946, topping out at 46.2 % in 1950. The post-war average for the Japanese unions would be around 30 %, a major leap from the inter-war average of 1.5 %.

Figure 4. Trade union density for Japan from 1920 to 1960



Ignoring such exogenous shocks for employer power, the major growth of unionism was primarily driven by the advent of Fordist production, which resulted in an increasing dependency of skilled workers on unskilled workers in the production process (Iversen and Soskice 2015; Visser 2012). This dependency gave union leaders clear incentives to extend membership not just to skilled, but also to unskilled labor, as the bargaining power of the union could no longer be secured by organizing just skilled workers (Iversen and Soskice 2015; Wallerstein 1990). This codependence between skilled and unskilled labor also facilitated the growth of centralized industrial unions and cooperation with employers under what has been labeled the Fordist compromise (Streeck 2010, 268). In addition, Fordist production techniques usually depended on large-scale assembly lines, leading to an increase in the average number of workers per firm. This effectively decreased the cost of unionizing new workers (Booth 1986, 42). The breakthrough of Fordist production was therefore the primary source of unionization of low-skilled workers and the advance of unions in industry (Pontusson 1995, 496; Visser 2012). There is extensive evidence for a firm size effect on union organization, using either the European Social Survey (e.g. Ebbinghaus, Göbel, and Koos 2011), the British worker survey (Booth 1986), or the German panel data survey (Schnabel and Wagner 2005).

This suggests that the decline in average firm size observed in many countries tended to weaken unionization (Schnabel 2013, 259), but evidence for the other part of the Fordist compromise, i.e. the low- and high-skill codependency with manufacturing employment, has been lacking (Schnabel 2013, 258; Visser 1993, 210; Wallerstein 1989, 492). Unfortunately, these empirical results might again be the product of the post-war bias in unionization literature, as all of these papers focus on unionization after the 1970s or 1960s depending on the specific paper. This means that all of these studies test for effects of skill codependency during a period where most commentators argues that it has broken down (Iversen 1996; Iversen and Soskice 2015).

Using industrialization as a proxy for firm size and Fordist production, I estimate a series of DiD models on union density, using share of industrial employment from either Banks (2008) or Bartolini (2007), controlling for urbanization and (log) GDP. The results are presented in table 5. Using the results from model 2, a standard deviation shift in industrial employment will increase union density by 3.3 %. These effects come from models that pool data over 100 years and indicate that the previous results most likely suffered from testing the theory on the wrong time period. In order to ensure that this is indeed the case I rerun model 2 with only union data after 1959. The effect of industrial employment share is now insignificant (t-value 1.41) which supports my interpretation of these theories.

Table 5. The Industrial Origins of Labor Organization – Dependent Variable is Union Density

	(1) Bartolini data	(2) Banks data
Share Employment in Industry	1.1***	0.07***
	(7.42)	(8.50)
GDP (log)	2.5	-4.9*
	(0.63)	(-2.25)
Urbanization	0.8***	0.06
	(10.57)	(0.97)
Country Dummies	Yes	Yes
Year Dummies	Yes	Yes
Observations	270	1364
Countries	14	54
Time Series	1892-1989	1870-1980

t statistics in parentheses. OLS estimates. Country, year, and period dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

To sum up: the decisive factors shaping the magnitude and composition of trade union membership have been argued to be a combination of business cycle effects, replacement costs, and the presence of large-scale manufacturing with codependency between skilled and unskilled labor. Together these factors explain why unions tend to be concentrated within specific occupations, and why unions were more successful in organizing within these professions. The impact of these factors is mitigated by institutional factors that either makes it more beneficial to become a member or reduce employers' ability to directly break unions or their strikes.

Before moving on to the significance of membership composition for union preferences, I should deal with the question of substitution services, i.e. that the demand for union services should decline, together with union membership, if the state takes upon itself to deliver welfare services. The demand-and-supply framework applied here would also seem to support such a contention (Olson 1965). Also, this claim has been put forward by authors trying to explain falling unionization by arguing that when the state takes upon itself to deliver insurance against risk (previously delivered by unions), the importance of union membership becomes less important for workers given state guaranties (Hechter 2004). In the investigation of trade union organization by means of individual level data, Brady (2007) finds that workers are less likely to be union members in countries with high welfare spending. This conclusion is wholly derived from cross-sectional evidence, i.e. that we do not know whether the pattern can be explained by country-level factors, or whether increases in welfare state regulation decrease union mobilization.

At the same time, if true it has implications for the major claim of this thesis – that increases in labor strength leads to more extensive state regulation. If unions are likely to experience membership losses when they push for state regulation, leaders should have strong incentives not to do so. Assuming that union leaders are sensitive to free riding, collective bargaining would be the preferred strategy (Olson 1965). To some extent this issue has already been covered in previous parts of the introduction. In the next section I will discuss another aspect of why the growth of state regulation does not crowd out unions, but for now I will limit myself to showing empirically that the increase in statutory social policy is not correlated with declines in labor organization up to 10 years later.

First, I test whether the introduction of welfare laws reduces union organization. Second, I test whether this was also the case for working time regulations, more generous state legislation for weekly working hours, and overtime remuneration. All of these policies contained factors that were also regulated through collective bargaining or delivered by unions. In order to avoid simultaneous bias, as it is my argument that unions promote these policies, I use an arbitrarily selected number of lags – from one to five and then 10 years. Tables 6 to 8 show the results from a set of DiD models with GDP (log) and urbanization as the only controls and panel-corrected standard errors. In model 7 in table 6 I follow Brady (2007, 74) and Hechter (2004, 432) in controlling for the presence of Ghent systems. Overall, the results clearly show that there is no indication that the introduction of state regulation offsets union organization. One should also note that this index only contains information on transfer programs, whereas the major expansion in public employment (known to drive unionization, see Schnabel 2013 for a review) is not included. This means that the effect is not a result of bias resulting from the expansion of new state programs leading to more public sector workers which again opens the door for public sector unionism. Adding unit trends in order to deal with problems of parallel lines – common in country-level data, as suggested by Angrist and Pischke (2014, 196-197) — has no substantial impact on the results other than driving down the t-values.

Table 6. Did the Introduction of Welfare Benefits Reduce Workers' Incentives to Join Unions?

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Major W. laws$_{t-1}$	0.1						0.09
	(0.46)						(0.36)
Major W. laws$_{t-2}$		-0.4					
		(-1.54)					
Major W. laws$_{t-3}$			0.01				
			(0.05)				
Major W. laws$_{t-4}$				-0.1			
				(-0.58)			
Major W. laws$_{t-5}$					-0.05		
					(-0.20)		
Major W. laws$_{t-10}$						-0.04	
						(-0.14)	
GDP (log)	0.9	0.9	1.1	1.0	1.5	0.3	1.9
	(0.55)	(0.55)	(0.64)	(0.57)	(0.89)	(0.19)	(1.10)
Urbanization	0.1*	0.1*	0.1*	0.1*	0.1*	0.1*	0.1*
	(2.42)	(2.17)	(2.10)	(2.11)	(1.98)	(2.26)	(2.26)
Ghent							4.2***
							(6.23)
Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2154	2152	2149	2143	2132	2089	2150

t statistics in parentheses. OLS estimates. Country, year and period dummies excluded. Panel-corrected standard errors.* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 7. Did More Generous Working Time Laws Reduce Workers' Incentives to Join Unions?

	(1)	(2)	(3)	(4)	(5)	(6)
Normal weekly hours$_{t-1}$	0.01					
	(0.97)					
Normal weekly hours$_{t-2}$		-0.004				
		(-0.28)				
Normal weekly hours$_{t-3}$			-0.05**			
			(-3.16)			
Normal weekly hours$_{t-4}$				0.006		
				(0.43)		
Normal weekly hours$_{t-5}$					-0.000007	
					(-0.00)	
Normal weekly hours$_{t-10}$						-0.02
						(-1.42)
GDP/capita (logged)	2.5	2.5	2.7	2.5	2.4	1.6
	(1.27)	(1.28)	(1.39)	(1.25)	(1.20)	(0.82)
Urbanization	-0.007	-0.01	0.005	-0.005	-0.007	0.01
	(-0.14)	(-0.24)	(0.09)	(-0.10)	(-0.13)	(0.29)
Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1283	1284	1284	1284	1283	1271

t statistics in parentheses. OLS estimates. Country, year and period dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 8. Did More Generous Overtime Remuneration Laws Reduce Workers' Incentives to Join Unions?

	(1)	(2)	(3)	(4)	(5)	(6)
Overtime Remuneration$_{t-1}$	-0.02					
	(-0.83)					
Overtime Remuneration$_{t-2}$		0.04				
		(1.82)				
Overtime Remuneration$_{t-3}$			-0.002			
			(-0.09)			
Overtime Remuneration$_{t-4}$				-0.02		
				(-1.29)		
Overtime Remuneration$_{t-5}$					0.002	
					(0.13)	
Overtime Remuneration$_{t-10}$						0.02
						(0.88)
GDP (log)	3.2	2.9	2.4	2.5	2.5	2.9
	(1.93)	(1.79)	(1.49)	(1.53)	(1.51)	(1.77)
Urbanization	-0.08	-0.09	-0.09	-0.10	-0.10	-0.10
	(-0.95)	(-1.00)	(-1.05)	(-1.16)	(-1.21)	(-1.27)
Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1417	1422	1428	1433	1438	1448

t statistics in parentheses. OLS estimates. Country, year and period dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Overall, there is no robust evidence that the introduction of major regulatory laws has had any significant impact on trade union organization. In the next section I argue that this is precisely because trade union leaders take the problem of free riding into account when the push for welfare state regulation.

3.2 Four Ideal Types of Unionism: Formation and Preferences

In this section I will outline a cluster theory of union preferences: how union concentration relates to the policy position adopted by unions. I will also highlight how this perspective breaks with the class-based view of unions, and how it relates to the institutional theories of variation in union behavior.

The source of union preferences can be analytically separated into two parts: 1) the preferences of their members and 2) the preferences of the organization, i.e. the union leaders. Because unions function as democratic institutions (Becher and Pontusson 2011; Pontusson 2005; with variation in the involvement of unions in confederal decisions as highlighted by Baccaro and Simoni [2010]), members' preferences will prevail if leaders go against members wishes, at least in the long term (see Ahlquist and Levi 2013, 5-9, for an discussion). At the same time, in instances where members have unspecified preferences or preferences that can be satisfied by several different policy responses, leaders will have greater leeway in pushing through their agenda. Luebbert (1991, 45) drives this point home, as follows: "the safest generalization that can be made is that most union members did not care most of the time what the handful of activists who ran the union did until it adversely impinged their lives." That is to say that as long as unions delivered the goods, their members did not have any strong opinion as to how it came about.

I argue that when taking the historical concentration of union membership and leaders' incentive to restrain free riding into account, this simple theory of union preferences has important explanatory power with respect to an understanding of union policy at various stages of union organization.

Labor market structures — discussed in the preceding section — laid the groundwork needed in order to understand the extent of union organization over time, but these same structures also shape union preferences. This happens in two ways: first, the labor market created a large group of employees having an interest in organizing themselves in order to obtain policies that amend their structurally weak position vis-á-vis their employers (Korpi 2006, 217; Stephens 1979, 19). Second, labor market structures changed union organization by affecting the probability of workers being more likely (or able) to organize themselves depending on their replacement costs (Kimeldorf 2013; Perrone 1984). Therefore, structural factors give direction to workers' preferences, but they also select who will be able to unionize. Furthermore, the distribution of replacement costs between occupations and sectors facilitate the encompassing of occupational union movements. If replacement costs are evenly distributed, one gets encompassing union movements: unions that organize in all sectors of the economy. If instead the costs are highly concentrated, unions will be occupational by nature. I argue that this variation in concentration was fundamental in shaping leaders' preferences for group-targeted – segmented – regulation.

Potential union members – being wage and salary earners – tended to be in a structurally disadvantaged positons with regard to their preferred hours, wages, and insurance against basic labor market risks (Korpi 2006). *Unions'* *members would therefore push union leaders to deliver effective reductions in hours, compensate for overtime, increase wages and insurance against social risks* (Freeman and Medoff 1979; Korpi 1989). Naturally, unions also work as disseminators of information, encouraging workers to demand more advantageous working regulations (Pontusson 2013). An increase in union organization can therefore be associated with aggregate demands for greater regulation.

This is in line with the classic statements regarding the class view of unionism in PRT, insofar as workers are viewed as being at a disadvantage compared to employers or capital (Korpi 2006; Stephens 1979; Therborn 1984; see also Emmenegger 2014), a difference that can be mitigated by union organization and state regulation. Members will therefore demand effective regulations from their union leaders in order to mitigate employer power in the marketplace and insure against risk. However, union leaders do not necessarily have incentives to demand such policies for all workers. The reason for this lies in the incentives union leaders face as a result of union clustering.

Union leaders are assumed to care for the organizational long-term viability of the union as it secures their access to stable rents (whether ideological or monetarily in form – see Ahlquist and Levi [2013]). For leaders to be able to do this, they need to care for the livelihood of the organization both politically and economically. Therefore, *leaders are expected to have clear preferences for securing political legitimacy, financial strength by extending their membership, retraining already existing members, and securing the independence of the union from external actors* (Parties and the state). Thus, the key to leaders' success is the union membership, supplying the resources needed to pressure and bargain with governments over regulations. The importance of a future membership base is therefore likely to make leaders aware of the free rider problem; if the new state regulations end up benefiting all workers, independently of their union membership, then it will be in the interest of even the organized to abstain from paying their membership dues (Olson 1965). If this notion takes hold, the most important source of union resources — the members — will decline and the unions will be unable to function. All else being equal, union leaders therefore have a strong interest in restraining free riding, i.e. to make sure that non-members do not partake in the political gains achieved by the union.

The most optimal way of dealing with this problem would be to make access to social insurance dependent on union membership, i.e. to establish state regulation that to some degree resembles an exclusive union perk. Unfortunately for the unions, hardly any union in any democratic country has ever been able to pressure governments into establishing systems that required union membership in order to obtain social insurance.[38] Even in the Soviet Union, where the regime had close ideological ties with the unions, union membership just provided some specific perks within the social insurance (10 % higher replacement rate, see the SSPTW dataset), meaning that trade union leaders would have to look elsewhere for solutions.

The second-order solution that union leaders promoted was to pressure for benefits targeted at unionized occupations, sectors, or industries. This restricted the amount of free riders to localities with strong union presence, allowing unions to exert informal (social intimidation) or formal (closed shops) pressure on the non-organized to become members. Leaders could not directly solve the free rider problem, but they could mitigate its impact by restricting demands for regulation to only fall on unionized areas of the economy. It would also be in their interest to stop expansion of coverage to non-unionized professions as again, this would expand the number of free riders. At the same time, unions would fight to extend benefits when their organizational presence spread to new professions or sectors of the economy, even if these were only partially organized. This is because the members' preferences for insurance should take precedence over the leaders' preferences for restricting free riding.

This also goes to show how union density did not decline with the introduction of major welfare laws or more generous working time regulations as discussed in section 3.1. When unions mostly organized in strategic occupations such as mining, railway, and transportation workers, benefits were consistently targeted at these occupations (Mesa-Lago 1978). Similarly, when the first major welfare state laws or working time policies were enacted, they were in most instances restricted to wage earners in large industrial firms. This effectively created major sector differences in policy coverage – between the rural and the urban sectors and between the unionized and the non-unionized professions. It should not come as a surprise that this was also the case for the initial regulations of working hours, usually introduced under the name "factory laws", reflecting the fact that they only covered workers employed in factories.

There are two processes at work here: the first is that concentrated unions are likely to formulate their demands on an occupational or sectorial basis, as occupational or sectorial schemes. This means that one should observe occupational policies targeted at unionized professions such as miners, railway workers, or electricians. The second is related to the first: once having gained occupational or sectorial benefits, these groups will, all else being equal, have incentives to protect their schemes from becoming integrated in-

38 But see the closed shop system in New Zealand (Western 1997, 72-73).

to more extensive schemes (or extending coverage in already existing schemes).

In order to better understand how union concentration is related to the degree of welfare segmentation, it is beneficial to think of clustering as creating four ideal types of unions, with distinct preferences for social policy targeting: *Occupational unions, sectorial unions, general unions, and encompassing unions*, with the two latter groups wanting less rather the more targeting. I will now expand on how union clustering gives rise to these various forms of unionism and give some empirical examples that did not make it into paper 2.

Occupational unions signify unions which were tightly clustered in space in strategically advantageous occupations or sectors where repression of them could only come at a great cost for the employers (Dunlop 1948; Kimeldorf 2013). Under occupational unionism, membership is therefore highly homogenous and tightly grouped to specific areas in the economy. I have argued that this clustering was decisive in order to understand the policy position of unions to early regulative measures. With unions tightly clustered in specific occupations, union leaders had strong incentives to target benefits at their own occupations as a way of restricting free riding.

A case in point is mining unions. Replacement and disruption costs were high within mining. Strikebreakers would first have to be recruited, brought in over great distances, and be housed on site (Kimeldorf 2013, 1047). This gave miners a powerful position to organize and to use the strike weapon against employers or governments (Marks 1989a chapter 5). Organization and strikes among miners were therefore usually followed by occupational regulation, targeted specifically at the miners. In countries where mining unions gained a strong foothold, the first regulatory policies were usually restricted to this group. This lasted until unions spread into the rest of the economy (for an overview of special social security rights, see Craig 1955; and International Labour Organization 1938b, for Hour Regulations see 1931, 1935). This can be seen especially in how the unionized British coal miners at the start of the 1900s were able to extract several special regulations. The coal miners were one of the few groups in Great Britain who received a minimum wage before the passing of the minimum wage act in 1999 (Metcalf 1999, 171-173). It was the result of a massive strike by the coal miners, ending when the liberal government met the union demands and passed the Coal Mines (Minimum Wage) Act of 1912. Four years earlier, the coal miners pressured the government to introduce hour regulations, becoming the first and only male group to be granted such regulation by a British liberal government. In 1919, the daily working time was further reduced to seven hours per day ("Coal Mines Regulation Act 1908", n.d.). General workers would not receive hour regulations until 1998, 80 years after the miners.

Once a unionized group had gained occupational regulation, it usually resisted integration into national schemes (Mares 2003; Mesa-Lago 1978; Nijhuis 2011). If mining unions were successful in resisting pressure for integration of their scheme into general social security plans, their benefits tended to be more generous than those of the average worker. Table 9 shows how special miners' pensions in 1955 differed from the general old-age benefits. Miners' pensions were more generous in all instances, and retirement levels differed by up to 10 year in favor of miners in the Low Countries. The differences in replacement rates are also staggering, with a general West German worker having 38 % of wages replaced compared to full wage replacement for miners. Taking the hard and dangerous work conditions that miners were exposed to into account – coal workers' pneumoconiosis comes to mind – such differential treatment might appear as a way to compensate for lower life expectancy (Marks 1989a, 163; Wissell 1948). At the same time, similarly exposed groups in equally hazardous environments such as mechanized agriculture, manufacturing, and especially the armament industry did not receive similar schemes, and general disability pensions were in many countries defined in such a way that all strenuous work was compensated by less beneficial conditions (International Labour Organization 1938b, 1953). Miners were also granted special sickness insurance schemes. The French and Dutch miners had their own special sickness scheme, other miners had their own special funds (Czechoslovakia, Germany, and Poland), while others again were included on a similar footing in general schemes (Britain, Japan, and Poland [excluding Upper Silesia]).

These European examples of coal mining unions obtaining particularly beneficial regulations were to an even higher degree witnessed in Latin American countries. Here, welfare programs and labor codes would arrive first for influential military or civil servants groups. Only then (sometimes as much as 100 years later) would organized labor in strategically important occupations receive benefits (Alba 1968; Carnes 2009; International Labour Organization 1958; Mesa-Lago 1978; Moisés 1928, 1934; Stack 1941). Encompassing coverage was usually non-existent in most of these countries, with the non-contributory pension systems of Costa Rica and Uruguay being two prominent exceptions. In Mesa-Lago (1978), a groundbreaking study of early social policy development in Latin America, the pattern described above is documented as prevalent in five countries, from their date of independence up to 1976. Workers in a structurally advantageous position and with strong interest organizations were usually covered long before any major general schemes were enacted.

Table 9. Comparing Miners' Special Pensions and General Pensions ca. 1955

	Type of miner program	Ret-age general	Ret age miners	Difference	Rep. rate general	Rep rate miners	Difference
Australia	Special	65	60	-5	35	56	21
Belgium	Special	65	55	-10	41	60	19
France	Special	60	55	-5	46	50	4
West Germany	Special	65	65	0	38	100	62
Netherlands	Special	65	55	-10	42	65	23
United Kingdom	Voluntary	65	65	0	30	38	8
United States	Special	65	60	-5	48	78	30

Ret-age: Retirement age. Rep. rate: Replacement rate (average benefit/average earnings). Miner's rep. rates calculated for a worker with a record of 30 years employment, with at least 15 in underground work. Sources Craig (1955; International Labour Organization (1953) on miners pensions and Korpi and Palme (2007) for general rep-rates and SPAW for general ret-age.

In some of these cases, the state elites perceived unions as an important support group, using social policy as a way to co-opt these groups and strengthen their future power base (Mesa-Lago 1978, 13). The development of occupational regulation in Chile is telling. Only two private groups of workers received regulatory benefits before the 1900s. The first group was the sailors. Having political influence through their guild organization, they were able to get old-age pensions in 1880. The second group was the miners, who received a progressive mining code in 1888 under the liberal president Barmaceda. Under President Barros, the powerful railroad union – with the strong position of railroad engineers – would be the first group to get coverage in the new century with the introduction of old-age benefits to railroad workers in 1911. Between 1916 and 1918, President Sanfuentes would further strengthen this system. The major expansions to blue-collar factory workers and urban commerce white collar workers did not come until 1924 under President Arturo Alessandri. In line with expectations, coverage was not extended to agricultural workers, and wage and salary earners were covered in their own separate schemes for old-age pensions. This reflected the fact that the Chilean unions organized within both groups, not just among blue collars, with white-collar unions pushing for separate funds. Even after the enactment of broad compulsory insurance (sickness and old-age) in 1924, the strong occupational unions would continue to pressure for benefits targeted at their own sector. In 1938, the Chilean railroad unions – now the powerful "Federation of Railroad Workers of Chile" – received a special lump sum transfer scheme. That same year the mining unions were able to obtain special safety regulations. Up until the 1960s, the Chilean system was therefore segmented in two ways: the first split was between workers who had special benefits enacted in favor of powerful union groups and workers who relied on the general schemes for blue- or white-collar workers. The second split was between the urban workers who had coverage and the rural sector in which coverage was non-existent. Only after a series of strikes, initiated by the newly formed rural unions, were peasants granted occupational accident insurance under President Frei in 1968. In his summary of social policy development in Chile, Mesa-Lago (1978, 32) explicitly points out that the coverage of blue-collar groups followed from these groups receiving the right to vote, but also from these groups becoming organized.

Thus, strong occupational unions could pressure governments to introduce employee benefits, and if the unions remained strong – relative to other actors, but also within the union movement – these benefits were unlikely to be included or equalized in later national programs.

Sectorial unionism was the next stage for union expansion, usually the form of unions gaining a foothold among the non-skilled in the manufacturing industry (Ebbinghaus 1993; Marks 1989a; Visser 1989). In broad strokes, this was what was happening during the period from 1910 to 1930s. In many instances, especially where these organizations could effectively leverage and bargain with political elites, this was associated with large regulatory gains and the enactment of the first major social regulatory frameworks. For the first time, working time regulation was introduced for factory workers at large (defined as workers involved in production using electric power). This included pensions and sickness insurance for industrial workers, breaking with the previous tradition of special benefits for smaller occupational segments.

General unions were the result of unions breaking out of large manufacturing firms and skilled-worker occupations into previous unorganized sectors of the economy (Ebbinghaus and Visser 2000, 62). This had implication for unions in that benefits had to be extended to new groups (small firms, salaried employees, mechanized agriculture and in some instances all rural workers). Most of the new groups could still be precisely targeted within contributory or employment based programs, so policy targeting continued to be a viable strategy for union leaders, however, the degree of targeting declined. This was the stage which most unions reached between the 1930s and 1970s in countries such as Czechoslovakia, Germany, the United Kingdom, and Norway (Ebbinghaus 1993; Luebbert 1987; Visser 1993).

For encompassing unions, group-targeted regulation is no longer a viable strategy for union leaders. Once unions have started to organize beyond the traditional wage labor sectors – such as labor market outsiders, domestic workers, students, some forms of self-employed workers and low-income workers – coverage can no longer be effectively achieved within contributory policies restricted to occupational sectors (Becher and Pontusson 2011; Gordon 2015, 14; Häusermann 2010a, 2010b). To the degree that these new groups tend to have spotty employment records or low income, effective insurance becomes harder to deliver by targeted employment-based insurance (Carnes and Mares 2014). Unions will therefore compensate by introducing more universal coverage.

Unions can end up promoting universal programs in two contexts. In the first scenario, where unions are operating within a setting of already existing, targeted, earnings-related benefits, they will push for additional basic programs to create a safety floor in addition to the earnings-related scheme. In the second scenario, unions have encompassing organizational structures prior to major state regulation being introduced. In this context unions will push for universal programs in addition to contributory targeted benefits. In this way they appeased the highly skilled with earnings-related benefits while the low-skilled would be covered by non-contributor systems. In both of these scenarios the overall degree of welfare state segmentation would decline.

What could influence the preferences of union leaders to push governments for more encompassing benefits? According to Mares (2003, 2004, 747), preferences for broader insurance schemes can be understood as a function of the risk of experiencing income loss. Workers in sectors or professions with high risks will prefer wide and encompassing coverage in order to extend the risk pooling beyond just high-risk groups. Workers in high-risk sectors therefore have incentives to push for more encompassing coverage in order to pass on some of the costs of the program to the employees in low-risk sectors. Workers in low-risk sectors on the other hand should resist such extensions as they will end up subsidizing the high-risk groups. This logic appears decidedly sound and Mares has been able to provide strong cross-country historical e evidence as well as statistical evidence for her claims, using inter-war data on national differences in welfare coverage.

At the same time, high-risk groups do not necessarily need to increase coverage in order to decrease their contributions. Mares' theory leaves out the possibility of covering up increasing risks by making the government subsidize the occupational or sectorial scheme. For example, even with a declining risk pool and mounting costs, since the 1970 most of the mining pensions in the OECD countries have been almost exclusively financed by the state (International Social Security Association 1987).

Overall, union clustering (all else being equal) should be strongly linked to overall shifts in preferred level of benefit targeting, with unions preferring less targeted benefits as they become more encompassing.

Before turning to a discussion of union structure and industrial relations with respect to union preferences, I will briefly discuss union leaders' incentive to maintaining organizational independence, both vis-à-vis the state and vis-à-vis parties.

The incentive of union leaders to remain independent of the state and leftist parties has been largely overlooked in the literature (Kim and Gandhi 2010, 649; Marks, Mbaye, and Kim 2009; Marks 1989a). Instead, the dominant view seems to be the PRT understanding of trade unions, parties, and unified actors, with unions primarily working to secure votes for leftist parties (e.g. Przeworski and Sprague 1986; cf. Jensen 2012b, 217-218; Pedersen 1990). The common assumption underlying this view seems to be that since both parties and unions represent the same groups (primarily blue-collar workers), unions and leftist parties have the same organizational interest and can be treated as measures of the same underlying theoretical concept: the strength of the labor movement (Huber and Stephens 2001; Stephens 1979). As already highlighted by Jensen (2012), this omits the organizational differences between parties and unions: unions seek members while parties seek votes, i.e. two groups that are unlikely to overlap. This means that unions and parties can end up having different views on the same policy, and that union leaders would have an interest in being able to set policy preferences independently of parties (Allern and Bale 2012; Marks 1989a). The extent to which this is likely to happen, and the options for unions when it comes to building policy coalitions, will be dealt with in the section on policy coalitions (3.5).

Independence is a factor that matters not only for union-party relations, but also for the relationship with the state. This is also usually the case under autocratic regimes aiming at co-opting unions (Bellin 2002; Kim and Gandhi 2010). Even if union leaders in these situations might be inclined to deliver labor peace to the autocrats in exchange for a lucrative position in the regime further down the road, their position is never secure vis-à-vis competing unions or aspiring pretenders (James 1978). The threat of membership flight thus prevents union leaders from becoming too cozy with state leaders, even under autocratic rule (Valenzuela 1989). Consequently, union leaders have incentives to seek policy influence and also to not make the union completely subservient to the regime.

As already highlighted, the preferences derived from the cluster theory of union preferences are in congruence with the PRT when it assumes that unionized workers will push for regulation, delineating employers' power in the marketplace and insuring against life and labor market risks. Where the theory differs is with respect to the assumptions of who will be organized, and how this shapes leaders' preferences for restricting social policy coverage.

Alternatives to the perspective adopted here might be that it is not the members or leaders per se who influence labor market actors' preferences, but rather the union organizational institutions which guide union organization or the institutional framework for labor market organization (corporatism). I therefore turn to a discussion of the relevance of these institutional perspectives.

3.3 Institutional Origins of Union Preferences

In recent literature on the effect of labor organization on welfare state expansion, the uniform support of labor unions on universal welfare state legislation has been questioned (Mares 2003, 42; Nijhuis 2009; Rueda 2007, 14). This has led to a new research agenda that tries to explain variations in union preferences by institutional factors. Here authors either focus on unions' structural, organizational principle, centralization and concentration, corporatism, labor market institutions, or a combination of all four (Gordon 2015; Mares 2003, 48; Martin and Swank 2012; Nijhuis 2009, 2013; Swank and Martin 2001).[39] The argument is usually that when unions are organized along industrial lines in highly concentrated and centralized union movements that manage unemployment benefit subsidies by the state, unions have a strong preference for state insurance and promoting more universal and redistributive benefits (Gordon 2015; Nijhuis 2013, 11-12; Streeck 2010). However, when unions are organized along craft lines, they prefer either privately arranged measures or constricted contribution insurance policies and will resist redistributive policies such as minimum wages or non-contribution-based welfare policies (Nijhuis 2009).

In many ways these two perspectives capture the "Two Faces of Unionism" outlined by Freeman and Medoff (1979). I will now outline and comment on the various institutional arguments in more detail, starting with industrial unionism, moving on to corporatism, and ending with labor market institutions.

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[39] Mares (2003, 44-48) starts out by building up an original argument on union members' preferences, arguing that the skill profile and risk exposure is the cause of unions' preferences for universal state insurance. Unfortunately, this dynamic argument is later reduced to a question of industrial vs. craft unionism (see pages 46-47) as industrial unions combine high/low risk and low/high-skilled workers in the same union, while craft unions restrict membership to skilled high-risk workers. Craft unions will therefore have less need to expand the risk pool compared to industrial unions.

3.3.1 Principle(s) of Union Organization

The probably most prevailing theory aiming to explain variations in unions' preferences focuses on variations in long term national differences in organizational principle. The principle distinction here is between unions aiming to organize workers along occupational lines, discriminating against workers in other professions or sectors of the economy, and unions that organize workers within a specific industry or sector (Cusack, Iversen, and Soskice 2007; Mares 2003, 48; Marks 1989a; Nijhuis 2013; Stephens 1979, 45).

Craft unions operate under the principle of one profession, one union. Craft unions aim to organize workers within one occupation, with the goal of controlling the flow of labor into the profession. If the union is successful in doing so, it can effectively bar employers from pushing down wages or increasing hours. This type of union strategy is usually associated with skilled high-income workers with their own unions, while low-skilled workers either form their own unions or go unorganized. With a strong bargaining ability against employers, they should also be able to achieve more generous bargains through collective agreements and thus prefer occupational private benefits. In this way craft unionism reinforces labor market distinctions such as those between skilled and unskilled. In the words of Nijhuis (2009, 302) "they have little reason to support any initiative that redistributes risks or resources, as this goes against the interests of their entire membership".

Industrial unions on the other hand organize workers by industries, ensuring that skilled workers and non-skilled are included in the same union. The inclusion of the low-skilled has two effects on industrial unions' decision-making. First, it means that unions can no longer focus on a strategy of labor supply control, as the influx of unskilled labor makes such as strategy unfeasible. Second, since the low-skilled outnumber the high-skilled, the preferences of the low-skilled will tend to prevail in the union. Together, these factors push industrial unions to prefer industrywide bargaining agreements (to equalize the cost of new regulation) or to pressure governments for regulations. The later strategy is especially advantageous for industrial unions, as their increased membership gives them greater payoffs at the ballot box. This option is not available to craft unions, as they tend to be smaller in size. Industrial unions are therefore more likely to prefer statutory, universal, and redistributive schemes that also benefit unskilled labor (Nijhuis 2009, 301-302; Reich, Gordon, and Edwards 1973, 363).

I will now raise two objections to the organizational principle of explaining variations in union preferences – and one modification.

First, it is uncertain what the underlying mechanism is in explanations based on industrial unionism. The mechanism highlighted by these authors is the organization of low-skilled workers in the same unions as high-skilled workers, with low-skilled being unionized only by industrial unions. Here the organizational principle shapes which workers are organized. However, one alternative story would be that unions which are able to organize low-skilled workers, later end up adopting industrial unionism as an organizational principle? Historically, union density has tended to be higher in countries that adopted industrial unionism. Taking the overall difference between industrial and craft unions in union density – from the 1870s to 2002 for 21 countries – one would find a mean difference of 15 percentage points (25 % for craft and 40 % for industrial unions). Such differences might be the result of industrial unions being more successful in organizing low-income as well as high-income workers, but it might also be that once unions are able to spread to new sectors they tend to adopt industrial unionism. Where unions remain restricted to easy-to-organize professions, the primary distinction between unions remains occupational within a sector, leading to unions preferring craft unionism.

Let us put the question of endogeneity between membership and organization structure aside for a moment. Given that only some union movements adopted (or became) industrial unions, it does raise the question why this happened to some unions and not to others. Here the literature has not provided any convincing answers.[40] Instead, even historical investigations, e.g. Cusack, Iversen, and Soskice (2007), in their study of adoptions of PR systems treat national splits in union organizational principles as exogenous.

Naturally, the endogeneity problem is also an issue for the cluster theory of unionism: why are some union movements more concentrated than others? Contrary to the organizational principle story, the cluster theory of unionism has an explanation for this question: clustering reflects historical and national differences in the replacement costs of workers, with countries where replacement costs are high and more widespread having more encompassing unions. Given that the organizational principle story is unable to explain why industrial unionism came to be in the first place, it remains an under-developed theory to explain union preferences.

Second, the inability to recognize the historical development of industrial unionism has led to inefficient methodological designs. This has directly lim-

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[40] It must be highlighted that the literature focusing on labor market organization has tended to focus on other factors such as the growth of corporatism, wage-bargaining, employer/union centralization, or social pacts (Cusack, Iversen, and Soskice 2007; Katzenstein 1985; Martin and Swank 2008, 2012; Western 1991). All of these are theoretically and empirically distinct from the organizational principles adopted by unions. One can therefore not assume that explanations for these phenomena hold with respect to organizational principles.

ited the veracity of the empirical evidence brought to bear. That this is indeed the case is made evident by the fact that most studies have focused on cross-sectional comparisons of craft and industrial unions, comparing unions in Great Britain with Dutch unions in the post-war period (e.g. Nijhuis 2013). Instead, a more powerful design would be to investigate to what extent union preferences shift after said change occurs, combined with comparisons with countries where no such change took place in the same time period. This means that the current studies that highlight the power of organizational principles have built their argument around a less than optimal empirical design. In order to move beyond such restricted designs, I have collected data on the organizational principle of the national union movements for 21 rich industrial nations from the 1820s up until 2010.

3.3.2 Corporatism

Corporatism has also been argued to be a source of union solidarity (Katzenstein 1985; Martin and Swank 2012, pages; Nelson 2013; Rasmussen and Skorge 2014; Rueda 2007, 29-34; Rueda and Pontusson 2000; Wallerstein 1999).[41] The central claim arising from this literature is that centralized trade union federations involved in collective bargaining and policymaking at the national level are assumed to develop more solidaristic preferences (Martin and Swank 2012; Rueda 2007, 28-35). Corporatist systems are directly juxtaposed to pluralist systems. In the latter, unions are decentralized, only become involved in policymaking on an ad hoc basis and bargain at the firm or shop floor level – if at all. This fosters union parochialism, with unions competing with each other to deliver the best occupational benefits to their members and externalizing the cost of their benefits to the non-organized. It would therefore appear as a "usual suspect" in order to understand variations in union politics.

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[41] The arguments connecting corporatism and others regarding preferences of labor market actors tend to focus on employers' preferences, leaving unions aside, reflecting the fact that the leading arguments in the literature had tended to assume employers are inherently hostile to welfare state expansion with organized labor being seen as its natural supporters (Estevez-Abe, Iversen, and Soskice 2001). It was therefore not surprising that early research focused more narrowly on employers, but there is nothing employer-specific in the arguments listed by Swank and Martin (2001, 894-897) such as shifting employers' preferences toward more societal preferences. Instead, the authors stress organizational factors that shape how preferences become aggregated from individual firms (unions) to federations, and how national level organizations can influence the preferences of firms (unions). Their arguments are therefore readily extrapolated to unions.

Unfortunately, there is no emerging consensus on essential aspects of corporatism. For example, there is still no consensus on: 1) what it is (Collier and Collier 1979; Kenworthy 2003; Martin and Swank 2012; Siaroff 1999), and 2) precisely how it influences politics. Is it mainly through increasing the social partners' access to policymaking, or is it also a matter of shaping unions' and employers' preferences (Martin and Swank 2004, 2012;Rasmussen and Skorge 2014; Swank and Martin 2001). The actual effects of corporatism on labor market outcomes are effects such as inequality, striking or inflation are also still up in the air (Beramendi and Rueda 2014; Garrett and Way 1999; Kenworthy 2002; Kristal 2010; Lindvall 2013; Pontusson, Rueda, and Way 2002; Rueda 2008; Scheve and Stasavage 2009).

The conceptual problem with corporatism is the tendency of conceptual overstretching inherent in many definitions (Molina and Rhodes 2002; Western 1991, 284). For example, one commonly used definition defines corporatism as "an ideology of social partnership expressed at the national level; a relatively centralized and concentrated system of interest groups; and voluntary and informal coordination of conflicting objectives through continuous political bargaining between interest groups, state bureaucracies and political parties" (Katzenstein 1985, 32). The first of these traits, "an ideology of partnership", is immediately problematic for anyone aiming to explain the solidarity or other preferences of organized labor using corporatism. Since an "ideology of social partnership" is already contained in the definition of corporatism, one is per definition likely to find that unions under corporatism are more solidaristic and have other preferences than unions in pluralist settings. There is also the issue of whether this ideology is essential to corporatism or more likely to be caused by the presence of corporatist institutions (Swank and Martin 2001, 895).

Instead, I follow what most empirical studies tend to do and concentrate on two later traits (e.g. Rueda 2008, 366). These can aptly be described as the presence of centralized labor and employer organizations that engage in bargaining with the state at the national level. I argue that with increasing concertation among the labor market partners, labor market politics are changed in two very specific ways. First, they guarantee the inclusion of unions in policymaking. As already noted, under plural systems unions' role in policymaking is likely to be ad hoc or based on the amount of resources unions need to push politicians. Second, they open up a policy bargaining process based on a long-term give-and-take relationship, with actors having to show willingness to compromise in order to partake (Emmenegger 2014, 67). This means that neither unions nor employers can fully force through their preferred policy. In return for policy compromises they get a guaranteed seat at the table when policy is formulated.

This means that it is probable that corporatism played a decisive role in shaping labor market actors' influence on policy over the long term. As corporatism is closely correlated with the presence of PR electoral rules, one will not get a full picture of how labor influences policy development until these two factors are integrated into a coherent theory. I will therefore further expand on the role of corporatism in section 3.7, which deals with interest group influence under different electoral rules.

Until now I have discussed the premise that corporatism influences the preferences of organized labor, but there is also the possibility that labor market centralization shapes union preferences by increasing union organization in all sectors of the economy. If this is true, it would mean that the effect of encompassing membership identified in paper 2 is actually an indirect effect of centralization on union membership.

The strongest case for such an argument has been delivered by Western (1997, 30-31). Western argues that centralization increases union organization thought three mechanisms. First, centralization extends union benefits to the non-organized during industrial or national bargaining and usually contain mutual recognition pacts. Therefore, centralization decreases employers' hostility to unions. Second, centralized union federations redistribute the cost of organizing workers from easy to hard-to-organize sectors and coordinate the competition for members among unions, reducing wasted resources in inter-union rivalry. Third, centralized unions can use their influence over national economic policy in order to distribute direct investment and employment to unionized sectors of the economy to some degree. These mechanisms are not present in decentralized labor markets. Here unions compete for members and have only sporadic policy influence, and employers are usually hostile to unions.

While theoretically plausible, the empirical evidence is limited. In fact, it is only supported by evidence built exclusively on post-war variations, with Western (1997, 180) finding that decentralization leads to greater decreases in union density, based on data from 1973 to 1989. This design unfortunately leaves out most of the variations that we have in union centralization and focuses only on a specific period of union decline, leaving us to wonder whether *centralization* also has a similar effect on union growth.

Another claim with regards to the effect of union structure on union organization comes from Stephens' (1979, 45) seminal work on class unionism. As craft unionism is based on limiting the supply of labor to a profession, he argues that craft unionism inhibits union organization instead of organizing all workers in a sector as under industrial unionism. Stephens (1979, 45) therefore writes, "[t]hus the strength of craft unionism is inversely related to the level of labor organization. (...) This might be the reason for the lower level of labour organization of Danish labour compared to Norwegian and Swedish labour." However, the empirical support is lacking. A simple inspection of my own data shows that at no point in time was Denmark less organized than Norway. Clever institutionalists might respond that this was because Denmark had a Ghent system, whereas the Norwegians famously had no such system. Unfortunately, Norway did have a Ghent system between 1906 and 1949. But Denmark still had higher union density in this period. Looking at Stephens' (1979:116) own data, one is also puzzled that union density is higher in Denmark and Sweden than in Norway.

Consequently, in order to more efficiently test these propositions, I use my own data on union density and the organizational structure of the unions (craft or industrial unionism), Visser's (2011) index on the centralization of wage bargaining (CENT), and Scheve and Stasavage's (2009) data on the dominant level at which wage bargaining takes place.[42] The last two measures both suffer from the fact that none of them have data for the entire period under study. The probably most valid measure, Visser's CENT index, is only available post-1960. At the same time, the level of centralization from Visser's index is strongly correlated with Steve and Stasavage's measure (the two measures have a correlation of 0.63) which starts in 1913. Testing for effects using all measures should therefore give us an apt test for the effect of labor market centralization on union organization. I use the difference-in-differences approach described above and in section 1.2.4. In order to mitigate simultaneity bias I lag the institutional measures one year each.

Table 10 presents the results. Independently of the measure of labor market centralization which is used, the results remain insignificant. All else being equal, countries that experience a shift to higher-level bargaining or industrial unionism do not experience a significant increase in union density compared to decentralized economies. These results are robust to using additional control variables (the BMR democracy measure, trade openness and industrialization) and higher level lags. I also used Swank and Martin's (2012) variable on wage bargaining coordination and union centralization (reported every 10 years from 1900 up to 1950 for 16 countries), finding no significant effect on union organization.

[42] Scheve and Stasavage's (2009, 218) measure is a three-point value variable indicating the dominant level of wage-setting. Decentralized wage bargaining, meaning that wages are set at firm level or in the absence of collective bargaining, is the reference category. Distinguished from sectoral-level wage bargaining and centralized wage bargaining, meaning that wages are set at the peak or national level.

Table 10. Effect of Labor Market Centralization on Union Density Using Various Measures of Labor Market Centralization

	(1)	(2)	(3)	(4)	(5)	(6)
Industrial Unions$_{t-1}$	0.8	0.5				
	(0.88)	(0.54)				
Sector level Barg.$_{t-1}$			-0.2	0.7		
			(-0.29)	(0.94)		
National Level Barg.$_{t-1}$			0.5	0.1		
			(0.49)	(0.15)		
Centralization of Barg.$_{t-1}$					5.2	4.9
					(1.68)	(1.81)
GDP/capita (logged)	2.9	0.2	5.2**	0.8	-9.7***	-11.2***
	(1.63)	(0.10)	(2.76)	(0.45)	(-3.32)	(-4.18)
Urbanization	0.07	-0.02	0.08	-0.2**	0.1***	0.2***
	(1.26)	(-0.32)	(1.01)	(-3.00)	(3.73)	(4.33)
Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Year Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Country trends	No	Yes	No	Yes	No	Yes
Observations	1388	1388	936	936	840	840
Countries	22	22	13	13	32	32
Time period	1870-2001	1870-2001	1913-2001	1913-2001	1962-2004	1962-2004

t statistics in parentheses. OLS estimates. Country, year dummies and time trends excluded. Panel-corrected standard errors.
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

The evidence for corporatism as a possible factor driving union membership therefore appears to be somewhat unfounded, even if there still is a possible effect of corporatism on union preferences.

3.3.3 Labor Market Institutions

A third institutional explanation for union preferences might be the existing social insurance framework. This argument is in line with the institutional argument adopted here, that labor market institutions shape union strategic interest for or against universal benefits. One such argument has been proposed by Gordon (2015) building on the presence of union-administered unemployment systems (Ghent systems). The argument starts by correctly assuming that union preferences for the generosity of unemployment insurance should be higher under Ghent rules, as unions have a direct stake in the generosity of the insurance system (Gordon 2015, 15). This is due to the fact that increasing the coverage and adopting more generous benefits will make workers more connected to the union schemes, increasing the potential membership of the union movement. Unions should therefore be more supportive of universal policies under Ghent systems. Similar arguments can be made for union-administered early retirement schemes.

There is one specific problem with this argument, which also hints at something greater, relating to questions of endogeneity. Specifically for Ghent systems, a recent empirical study has shown that union organization tends to increase prior to the introduction of Ghent systems (Rasmussen and Pontusson 2015). It indicates that Ghent systems originate as a reaction to union organization, and the study is in opposition to what less sophisticated studies, using sectional data, have previously argued (Rothstein 1992). This clouds the issue of whether it is really Ghent systems that can explain the position of the unions, or whether Ghent systems became enacted unrelated to union organization, which then shifted union preferences to greater insurance coverage.

Labor market institutionalist explanations therefore run the risk of equating an institutional explanation with something that the actors themselves actually put in place. This does not invalidate the importance of such institutions. Building on extensive literature from PRT to varieties of capitalism and to general writings on historical institutionalism, I have argued that institutions are important for the preferences and strategic positions taken by labor market actors. At the same time, moving from this general insight into more specific arguments, one has to be able to deal with the origin of these institutions. I have argued that this is best done by going further back in time, to before the first major welfare laws. If strong trade unionism leads to Ghent systems which again lead to unions supporting more universal systems, a long-horizon view must be adopted. Only then will one be able to tease out these differences.

Trade unions have been argued to be one of the major protagonists in the regulative revolution. In addition, unions should not only influence the growth of the regulatory revolution, they should also influence what kind of welfare state is enacted. Concentrated unions should prefer segmented rather than encompassing unions. I have argued that alternative institutionalist arguments suffer from endogeneity problems by attributing membership effects to institutional effects and possibly confusing the explanandum from the explanans, defining corporatist institutions as the presence of other-regarding unions and employers. At the same time corporatist institutions have been argued to shape the ability of unions to influence policy, especially by guaranteeing them a place at the table.

Having outlined the sources of trade union preferences, I now turn to the other players and institutions that I presented as the primary motors driving the regulative revolution. First I outline the preferences of a major antagonist of the regulative revolution: rural interests. In the next section I outline how party preferences are formed, focusing especially on policy formulation under social-liberal parties. I then discuss what kind of policy coalitions are possible between unions and parties, before moving on to interest group influence and electoral systems. In the final section I fit the pieces together in an overarching framework.

3.4 Rural Interests as a Major Antagonist to Regulatory Revolution[43]

I argue that rural interests have had an interest in restricting the growth of the regulative revolution for two reasons. First, strong groups within the rural community would lose out in case of redistribution. Second, most labor market regulations subsidized urban risks, meaning that rural groups would pay for arrangements they would not see the benefits of. I therefore argue that when rural groups were sufficiently strong, had the resources needed to mobilize constituencies, and the financial resources needed to support parties, they would restrict welfare state growth.

The argument presented above might seem to break with the established comparative case study-oriented literature on class coalitions. Rural interests, especially family farmers, have been considered as decisive in bringing about the encompassing welfare state, with researchers pointing especially to Scandinavian countries (Baldwin 1990; Esping-Andersen 1990; Esping-Andersen and Korpi 1986; Manow 2009). In the words of Esping-Andersen (1990, 18), the origins of the universal social democratic welfare state is built on “the capacity of (variable) strong working-class movements to forge a political alliance with farmer organizations”. Baldwin (1990, 12, 62-65) goes further, arguing that it was the farmer parties that forced through universalism in Scandinavian welfare states, not working-class organizations. Others have argued that the political support by rural interests for welfare regulation lies in rural ownership structure (Ansell and Samuels 2014; Manow 2009). With concentrated ownership, landlords and major producers dominated the rural scene. These groups are particularly hostile to redistributive policies, seeing them as doing nothing but redistributing from themselves to the lower strata. When ownership is more equal, this gives rise to an independent farmer class, with the family farmers in Scandinavian countries in

43 This section is based on paper 3, co-authored by Carl Henrik Knutsen

particular supporting welfare initiatives. Variations in ownership in the rural sector should therefore be the main factor explaining variations in rural support for welfare state regulation.

Nuancing this view, I argue that the major rural groups – including landlords, estate farmers, smallholders and even family farmers – actually have had (and in many countries still have) strong incentives to restrain welfare state expansion. I argue that rural groups had three factors in common that made them antagonistic to labor market regulation. The first two factors are based on fears that welfare regulations would end up subsidizing urban centers at the cost of the rural areas, and the third factor is based on the uniqueness of the employment relationship in the rural sector. To elaborate further, the risks associated with industrialization, such as work accidents and unemployment, are more prevalent in the urban economy (Mares 2003). This means that state-financed programs would end up redistributing the riskiness associated with urban industries to the countryside, with rural employers paying out more than they could hope to receive in return. Once these programs had been enacted, they also reduced the cost of migration to the urban economy, leading to a reduction of workers in the countryside, a process that again increased the labor costs in the rural centers (Edling 2006). Policies that reduced the cost of unemployment were therefore particularly harmful for the rural employers. The last argument follows from the fact that the distinction between employees and employers is somewhat fuzzy in the rural sector. A rural worker who is a wage worker for a landlord might also work part-time on his own lot of land or be employed on the family farm, etc. Taking into account that many farmers were also effectively self-employed, rural wage workers would be unlikely to qualify under existing welfare programs. At the same time, as owners of land they are more likely to be taxed in order to pay for the of the new benefits (Alston and Ferrie 1985; Ansell and Samuels 2014, 38-39; Boix 2003; Mahoney 2003a, 146; Mares 2004; Moore 2003; Stephens 1989; Ziblatt 2008). Thus, there are numerous theoretical reasons to expect rural groups to work against welfare state expansion.

It should also be highlighted that the major studies advocating either the progressive role played by farmers or the red-green coalitions between framer parties and social democrats have specifically left out unemployment benefits (Baldwin 1990; Esping-Andersen and Korpi 1986). In paper 3, I document that Norwegian family farmers played an equally antagonistic role in vetoing and restricting the scope and generosity of unemployment programs from 1902 up to the enactment of a compulsory insurance program in 1938 – which the agrarian party voted against. Farmers were thus not a voluntary "driving force" behind welfare state expansion, but tended to resist their introduction when they could, or to bargain for rural subsidies in turn for their support when in a weakened position.

Having outlined the preferences of the unions and rural groups, I now turn to the role of political parties.

3.5 Political Parties

In most instances, especially when party discipline is high and candidate selection centralized, unions and agrarian interests cannot influence the composition of parties by influencing candidate selection, but must instead bargain with parties in order to secure policy influence. To comprehend the bargaining options available to unions and agrarian interests we must first understand what the various parties have traditionally wanted when it comes to regulatory policies. In order to do so it is helpful to conceptualize parties as protagonists, concenters and antagonists(Korpi 2006, 182). Protagonists are parties that initiated policy reform and became agenda setters in welfare state expansion. Second are concenters, jumping on the stage to support already proposed reforms, and third are antagonists, working against policy expansion at all stages of policy development.

Traditionally, partisan theories in the welfare state literature have tended to assume that parties primarily represent a somewhat coherent social group for which they try to secure a favorable distributional outcome (Allan and Scruggs 2004; Amable, Gatti, and Schumacher 2006; Boix 1997; Esping-Andersen 1990; Garrett 1998; Hibbs 1976; Hicks, Swank, and Ambuhl 1989; Huber and Stephens 2001; Korpi 1989, 2006; Korpi and Palme 2003; Zehavi 2012). Leftist parties mobilize skilled manual workers who are more sensitive to the effects of unemployment and prefer greater state intervention and redistribution to compensate for their higher risks. Here the growth of state regulations is conceptualized as classic left vs. right politics, with leftist parties acting as protagonists and rightist parties as antagonists. This view is to my mind still the dominant conceptualization underlying most investigations into the effect of party differences on policy (cf. Rueda 2007, 18).[44]

In some statements this contextualization is made a little more complex by the addition of a confessional line (Huber, Ragin, and Stephens 1993; Huber and Stephens 2001; Stephens 1979, 100; Van Kersbergen and Manow 2009). Within PRT, religious parties are seen as a conservative response to

44 For a review of recent developments in the partisan literature which break with this perspective, see Häusermann, Picot, and Geering (2013). When I do not refer in more detail to this literature it is because to a large extent it is too narrowly oriented toward a short time period of policy experiences in Western states.

the worker question of the late 19th century (Korpi 2006, 176). Catholic leaders respond to working class mobilization by embracing some form of social corporatism and occupational social policies in order to create various occupational segments within the laboring class. In this way they hope to offset the creation of a unified working-class ideology. The catholic response to the worker question therefore has its own political dynamic. Specifically, it lays the groundwork for segmented union movements with detached secular and confessional union centers (Ebbinghaus 1995; Korpi 2006, 175-176). With the establishment of catholic unions, Christian democratic parties would have strong electoral incentives to try to attract these voters. This gave them electoral incentives to formulate cross-class electoral platforms, promises that resulted in social policies aimed at securing the status of white-collar and skilled workers and a male-breadwinner model of social policy (Esping-Andersen 1990, 61). If formulated as a response to the previously perplexing finding that Christian democratic parties often ended up as a significant variable in cross-sectional pooled-time series regressions, it also signaled the weakness of the standard model of partisanship. Workers had no natural affinity to social democratic parties. Other parties could also mobilize these groups and work together with the workers' organizations (Van Kersbergen and Manow 2009, 2). I use this insight as a building block in my theory regarding social-liberal parties.

Here I build on the partisan logic outlined by Müller and Strøm (1999) and adapted to explain variations in welfare state generosity and universalism by Kwon and Pontusson (2010), Rueda (2006, 2007, 2008), and Rasmussen and Skorge (2014) for work-family policies. The general insight of this perspective is that while all parties aim at winning elections by going after decisive voting groups, the interests of their core constituency constrain what kind of overtures they are able to make. This means that parties have one or more core groups that set their ideological constraints. Parties want to persuade additional groups in order to win elections, but only as long as this does not go against the interests of their core voters.

As already discussed in section 1, I start by building on PRT theory in arguing that the major protagonists and antagonists for social policies and working time regulation can be distinguished as employees and employers (Korpi 2006). At the same time, I modify this by highlighting the negative role played by rural interests and the diverse preferences of various worker groups. Specifically, I divide the manual worker groups into various skill groups. I do this to reflect the different abilities of high-skilled groups to evade unemployment, their ability to extract higher income, and their concentration in urban industries (Estevez-Abe, Iversen, and Soskice 2001). As with the ability of workers to act collectively, the broad concept of employees and employers hides more than it reveals when we move on to preferences for specific policies.

Figure 5. The ordinal position of various decisive electoral social groups for or against extensive regulatory revolution

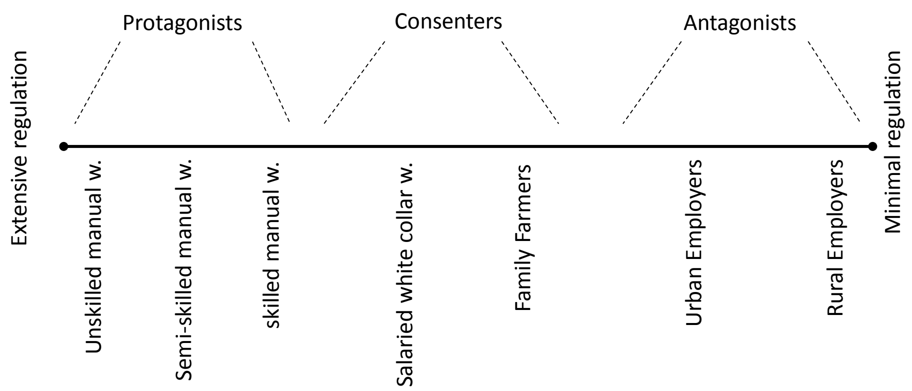


Figure 5 arranges the various, historically important electoral groups from protagonists to concenters and antagonists, depending on their general preference for more extensive regulation (Ansell and Samuels 2014, 36-44; Baldwin 1990; Esping-Andersen 1990, 29-32; Haggard and Kaufman 2008; Lipset 1983; Luebbert 1987; Manow 2009; Mesa-Lago 1978, 12-14; Rokkan 1970; Rueda 2007, 14-17). Regulation is here defined as statutory regulations that direct ways of entry, exit, and general operation of the labor market. More extensive regulations mean more state intervention in the labor market. For simplicity, I have focused on just a few sizable groups as this allows me to more easily convey the historic, electoral platforms that had to be built by the various parties as well as the consequences it had for their policy position.

For conservative rightist parties, the core group has tended to be upscale groups such as urban or rural employers, and historically they have tried to win over the upper-middle-class voters (Manow 2009; Rokkan 1970; Rueda 2007, 17).

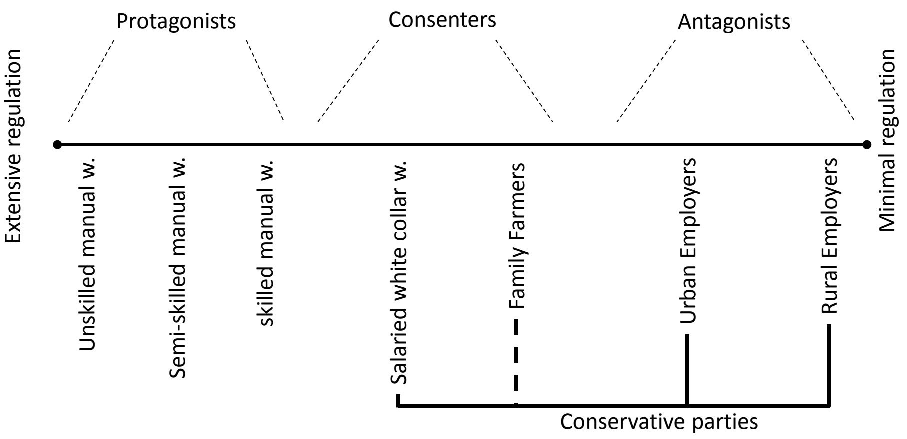
Leftist parties on the other hand have tended to have a core constituency of semi-skilled and skilled manual workers (blue-collar in American terminology), trying to win over middle-class workers such as salaried employees and unskilled lower class workers (Lipset 1983; Rokkan 1987, 88-89; Rueda 2006).

The social liberals can be divided into two groups: those who depend on rural constituencies of farmers and those who cater to urban constituencies (Luebbert 1987, 1991; Nørgaard 1997; Rokkan 1970). The urban setting sees social liberals with a primarily salaried middle-class core-voter group, trying to appeal to skilled manual workers. The importance of the latter depends on the extent of the franchise. In restricted situations, they are less important while with full male suffrage they become essential for social-liberal parties (Matthew, McKibbin, and Kay 1976). In the rural setting, the social liberals tended to become piecemeal parties, trying to win support from urban constituencies and simultaneously from family farmers and peasants.

Conservative Parties

Conservative rightist parties are highly constrained in the overtures they can make to middle-class workers. Their core constituency of urban and/or rural employers will want to leave the operations of firms or farms to the owners' prerogative. In addition, policies such as working time reductions without pay cuts would also increase employers' labor costs, driving down the firms' profitability. Where these parties have a strong support among rural employers or family farmers, they resist the introduction of social policies that cater to industrial risks such as unemployment insurance. The general logic of conservative parties is outlined in figure 6.

Figure 6. The position of the electoral groups in the conservative electoral support base



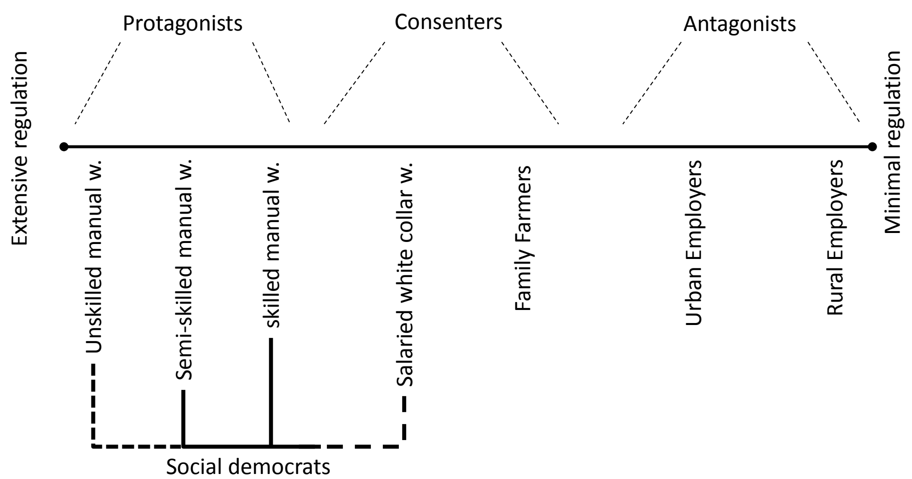
Note: Stippled line shows an electoral group that the party type has been unable to consistently mobilize.

They should be especially critical of policies that shift the wage bargaining position of employees. For example, policies such as union-administered unemployment insurance, which could be used as strike funds in the advent of major industrial conflicts or minimum wages that limit employers' ability to push wages downward, are likely to be resisted. At the same time, these parties can end up supporting poor relief measures where these can be used by local landlords to subsidize the cost of seasonal labor (Boyer 1989; Lindert 1998), private mandatory accounts, or provident funds. The employers would support the latter as these private savings systems insure against life risks without redistribution among groups, holding state subsidies constant. Rightist parties should therefore tend to resist the introduction of state regulation that threatens the position of rural or urban employers.

Leftist Parties

For leftist parties the predictions are not so clear. They depend on the policy in question and the constituency which party leaders decided to give precedence. This can be seen from figure 7, which indicates that even while leftist parties mobilize from protagonists and concenters, they still mobilize from quite distinct groups that can have quite strong preferences for the structure of the legislation which is enacted.

Figure 7. The position of the electoral groups in the social democratic electoral support base



Note: Stippled line shows an electoral group that the party type has been unable to consistently mobilize.

For working time regulations, the predictions are straightforward. As both the manual workers and the salaried middle classes prefer more leisure (with the demand increasing with earnings), leftist parties face no problems when moving to regulate hours more stringently. I therefore expect leftist parties to be supporters of working time regulation.

Figure 7 reveals that the leftist voter groups should in principle be consistent supporters of expanding social policy benefits. However, since their motives for supporting more state benefits differ, the leftist voters would also disagree on what kind of policies should be enacted. This results in an unstable policy coalition for the leftist parties.

To illustrate this I will start with the financing and eligibility criteria for social policies. The preferences of their primary constituency – skilled manual workers, usually organized in unions – are unlikely to align with the preferences of unskilled workers or salaried employees.

Workers in high-skill professions are more likely to prefer earnings-related benefits rather than universal flat-rate benefits as only income-related benefits yield return on the skills investments made by the workers (Estevez-Abe, Iversen, and Soskice 2001; Iversen and Soskice 2001, 160). They are also more likely to maintain stable employment relationships, thus being capable of paying monthly contributions to a pension fund. Their employment stability and the concentration of skilled workers in urban professions mean that they should prefer programs targeted at occupations of industry or commerce. They are also more likely to have higher wages, given their skill premium, i.e. they have incentives to work against means-tested or income-restricted insurance. This means that skilled manual workers should prefer earnings-related benefits, with eligibility dependent on monthly contributions. On the other hand, they should work against non-contribution insurance or flat-rate benefits systems.

Since non-skilled workers are lacking a skill premium, they have higher unemployment rates and are more unlikely to receive high wages. They will therefore have a weaker connection to the labor market. This lessens their ability to pay stable contributions and makes them more likely to change jobs (and sectors), resulting in an opposition to sector-targeted, contributory benefits. Low-skilled manual workers should therefore have a strong preference for non-contributory, universal policies (Carnes and Mares 2014; Mares 2003).

This means that social democratic parties have traditionally faced an electoral dilemma akin to the modern insider/outsider dilemma (Häusermann 2010b; Lindvall and Rueda 2014; Rueda 2007, 15-17). On the one hand, they have an interest in going after the non-skilled workers by promoting universal, non-contributory benefits. On other hand, they would also like to accommodate the preferences of the skilled workers, by legislating on occupation-targeted contributory policies with earnings-related benefits. The insider/outsider logic was also at play, reinforcing this dilemma. With the first labor laws being put into place during the 1920s and 1930s (Herz 1954; International Labour Organization 1937; Molitor 1927), these differences between the skilled and the non-skilled took on a form similar to the insiders and outsiders: skilled workers were protected by legislation against unfair dismissal, making it harder for the non-skilled to gain access to the labor market (Heckman and Pagês 2000; Lindbeck and Snower 1986). It is therefore not surprising that unemployment levels in the pre-1945 Western world conform to those of the post-1970s as shown in section 2.2. Contrary to the general understanding in the insider/outsider literature, the social democrats have tended to be faced with a hard choice, i.e. whether they should go after skilled or unskilled workers.

Leftist parties also had to deal with a possible dilemma between the skilled manual workers and salaried employees. The social democrats had to be wary of policies that threatened to reduce the relative income position of the salaried middle classes compared to the skilled or semi-skilled manual workers (Clark and Lipset 1991, 400; Corneo and Grüner 2002; Kocka 1973, 102), with salaried workers (or white-collar workers) tending to earn more than their blue-collar counterparts, independently of their skill level. At the same time, the introduction of policies such as overtime remuneration opened up the possibility for skilled manual earners to increase their real wages while the wages of salaried workers would remain stagnant because by definition, they could not earn overtime wages. Fearing their relative position via-à-vis manual workers, salaried workers would therefore punish leftist parties that decided to mobilize around overtime compensation. We will see that similar processes shaped electoral coalitions for social liberals.

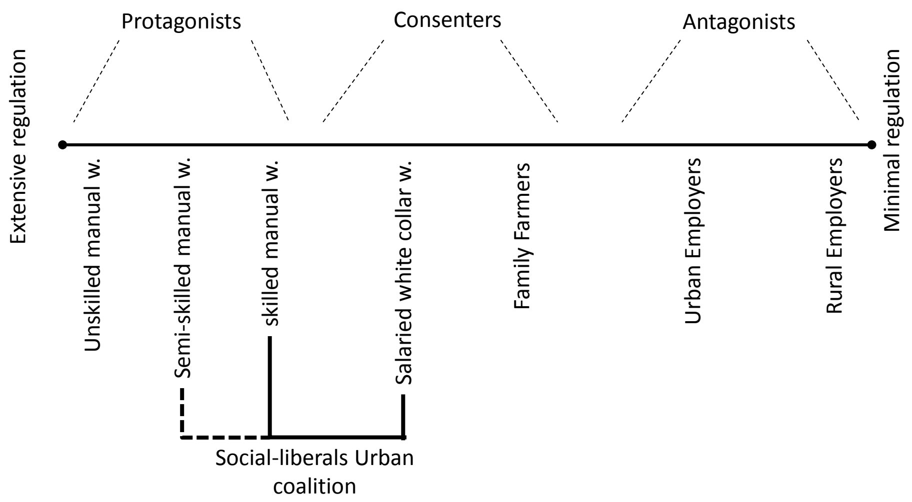
The overall prediction of leftist executives on the *specific way* social policy is to be regulated is therefore ambiguous. In some instances, they will have incentives to go after the unskilled and destitute by introducing non-contributory policies. At other times, the electoral payoffs will demand that instead they concentrate on promoting the skilled manual workers' interests. Similarly, while policies reducing working time could find support among salaried and manual workers, overtime compensation could not.

In section 4.5 on policy coalitions, I will argue that the position taken by the leftist parties largely depends on the preferences of organized labor and whether unionization is concentrated to skilled professions or also includes non-skilled labor. When the latter is the case, social democrats can more easily pursue a redistributive universal policy line as they may expect support from organized labor.

Social Liberals

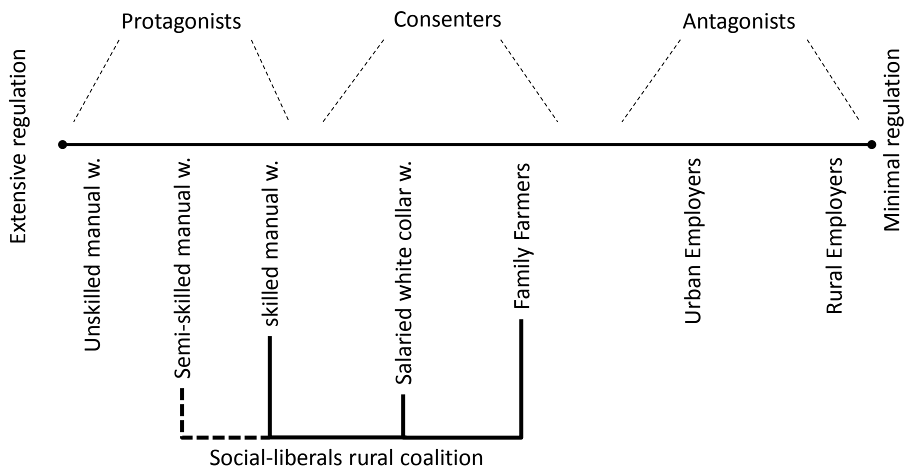
Figures 8 and 9 show the interesting division facing both urban and rural social-liberal parties. Depending on how the regulatory policy in question impacted the core constituency of the social liberals, they would switch between being protagonists or concenters.

Figure 8. The position of the electoral groups in the social democratic electoral support base with a primarily urban constituency



Note: Stippled line shows an electoral group that the party type has been unable to consistently mobilize.

Figure 9. The position of the electoral groups in the social-liberal electoral support base with a rural constituency



Note: Stippled line shows an electoral group that the party type has been unable to consistently mobilize.

In the urban setting the social liberals built their electoral platform on a core constituency of salaried middle-class voters while trying to attract support among skilled manual workers. This allowed them to create several innovative policy packages in order to win over urban wage workers as these became enfranchised at the beginning of the 20th century (Luebbert 1987; Matthew, McKibbin, and Kay 1976; Powell 1986; Whiteside 1980). At the same time, party strategists faced a complicated puzzle. On the one hand, the social liberals had to push for policies that could win support by skilled urban workers, with demands for more leisure time, redistribution, control over the arbitrary power of the employer, and insurance against risks. On the other, this led to potential pitfalls as redistribution might end up shifting the status differentials among manual wage workers and salaried employees. In this way the urban social-liberal parties faced a similar electoral conundrum as the social democrats that went after the middle classes. Similarly, regulations that promised leisure time and insurance against risks were promising avenues for constructing cross-class coalitions.

Administratively, the social liberals would prefer centralized state administration or voluntary insurance schemes administered by non-state insurance groups, depending on the context. Where such organizations existed in sufficient numbers to be of any significance, social liberals tended to use them in order to achieve their ends (Bjørnson 2001; Kuhnle 1983). This followed from the old liberal commitment to self-help and the importance that civil society organizations such as “friendly societies” or “mutual associations” provided social security. It also fitted nicely with their electoral motives. Salaried and skilled manual workers were more likely to insure through these mutual associations. This entailed that employees would protest against the total dislocation of such organizations unless the state benefits were more generous than those of the funds, or unless the associations were unable to properly insure the workers. The latter was the case for unemployment insurance, where union-run initiatives tended to fail during economic downturns (Rothstein 1992). The social liberals would therefore be likely to support voluntary unemployment insurance.

Social-liberal parties which were dependent on a rural constituency of landless laborers or, more likely, family farmers, had greater incentives to rein in regulatory expansion (Luebbert 1987). The rural constituency had strong interests in restraining regulation that involved transfers from rural sectors to urban groups, such as unemployment benefits, and in resisting regulations that threatened their role as employers. I therefore argue that the social-liberal parties which were dependent on a rural constituency would be less likely to introduce extensive labor market regulation. In particular, they would be more likely to prefer voluntary insurance intentions with decentralized finance structure (split between municipalities or between urban and rural areas) in order to ensure that the cost of the systems did not result in rural subsidies covering the higher risk among the urban proletariat.

The social-liberal incentive to appease skilled manual workers increased with the arrival of social democratic parties (Boix 2010a, 2010b; Luebbert 1987). Facing the prospect of losing their electoral platform to rising social democratic parties, liberals had strong incentives to offer attractivepolicies to workers in order to shore up social democrats gains (Hicks 1999, 19; Marwick 1967; Powell 1986; Whiteside 1980). Here the trade unions were decisive bargaining partners, as their organizational apparatus might more effectively deliver votes in favor of liberal candidates than mere public appeals to worker would ever accomplish.

At the same time, this electoral strategy also made for hard policy compromises. The social liberals had to make sure that their overtures to skilled manual workers did not go against the preferences of their urban, salaried constituency. As the latter group tended to have more secure employment and higher wages, this restricted the policy options available to the social liberals. Where dependent on family farmers, this position became even more problematic. This meant reducing the degree of redistribution coverage to low-income workers and in most cases reducing transfers from urban to rural centers. [45]

The theoretical expectations for the three party families may therefore be summarized as follows: Leftist parties should be unequivocal supporters of labor market regulations, but should be split on the issue of either promoting policies that benefit the working poor and low-skilled or the skilled manual and/or salaried employees. Conservatives should be consistently antagonist, but may promote policies that benefit the very poor as a cost-saving measure for rural employers. Urban social liberals should work to promote social policies to the same extent as social democrats, as long as the policies do not redistribute among skilled and salaried workers. Social liberals with a rural constituency should switch between concenters and protagonists, with the stronger focus on the concenter role.

Having outlined the preferences of the various parties, I now turn to bargaining between unions and parties.

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[45] That liberals tended to get their main support from urban constituencies was mostly an Anglo-Saxon story, with liberals standing against the rural strength of the landowners. In Scandinavian countries, liberals also gained strong representation among landless rural workers and small farmers in addition to the growing labor vote (Nørgaard 1997, 2000; Rokkan 1987). In Denmark, the social liberals (reformist liberals and moderate liberals) were almost an exclusively rural party, with the conservatives instead capturing around 30 % of the urban worker votes (Nørgaard 2000, 190-191). In this instance, the growth of the social democrats captured voters from both the conservatives (urban workers) and the liberals (rural workers) when the social democrats decided to break with the latter. In this instance, both the conservatives and the liberals should accept similar types of social policies in order to retain the labor vote, with the conservatives facing the greatest internal struggle as their primary constituency was made up of urban employers.

3.6 Policy Coalitions

In the previous section I treated parties as mostly separate from interest groups. In this section I put the pieces together, arguing that both social-liberal and leftist parties had strong interests in getting the votes of the union movement. As unions had the machinery necessary to bring workers out to vote for their endorsed candidate or party on Election Day and also the ideological and financial resources to support candidates and parties, they were prime targets for parties wanting to secure their re-election. In the next section, I will argue that unions could also shape politics by capturing candidates and parties directly, depending on the electoral rules, but for now I will instead concentrate more generally on policy bargaining between unions and parties as independent actors.

To which extent unions could bargain effectively with the social liberals and the social democrats, depended on their organization of the low-skilled workers. Where unions had become general unions, organized among both low-skilled and high-skilled workers, social liberals would be unable to build a policy coalition with organized labor without losing their middle-class voters. This resulted in two policy coalition scenarios for unions:

Under occupational and to some degree under sectorial unionism, with unionization being concentrated to skilled and semi-skilled workers, unions should be able to create policy bargains with both social liberals and social democrats. The latter is somewhat problematic in this instance, as social democrats have incentives to go after unskilled workers, demanding higher redistribution than supported by unions. This type of policy coalition should result in a regulation targeted at unionized occupations. This would involve a minor degree of redistribution within programs (between the skilled and non-skilled), and regulations targeted at non-unionized workers, such as working time laws, should be restricted to non-redistributive policies such as hour reductions. This eschews overtime compensation which would allow wage earners to reduce the income gap between themselves and salaried workers.

With the advent of sectoral and general unions, unions effectively became representatives of low-skilled workers. This resulted in unions no longer being able to effectively bargain with the social-liberal parties without having to moderate their demands in order to appease the middle-class, social-liberal supporters. Unions would therefore find themselves turning to social democratic parties for support for their policies. With unions pursuing policies that could accommodate both skilled and non-skilled workers, social democrats should expect greater payoffs by combining universal with earnings-related (sector-targeted) policies in order to win over the unions, i.e.

strong unions effectively allow social democratic parties to pursue a much more redistributive policy line.

Having outlined the broadly available policy coalition bargains that unions and parties can agree on as a function of the organization of low-skilled workers, I now turn to interest group strategies under different electoral systems.

3.7 Electoral Systems

What shapes the variations among countries in how interest groups can influence incumbent governments? I.e. which aspects of the constitution allow organized and concentrated interest groups to more easily push their preferences through? Building on the extensive electoral systems (see section 2 for a review) and the veto point literature, I argue that MAJ electoral rules offer interest groups a greater number of institutional access points: structures that allow interest groups to capture candidates and ultimately parties to win electoral majorities. This is not the case under PR electoral rules, where even powerful interest groups are usually unable to capture candidates. They will be even less capable of capturing a party that is winning electoral majority, as coalition governments or minority governments (seeking ad hoc support from different parliamentary constellations) are far more common (Müller and Strøm 1999; Persson, Roland, and Tabellini 2007; Powell 2000). Consequently, under PR, interest groups often have to settle for post-electoral bargaining and compromises.

This means that while interest groups can pursue a strategy of party capture under MAJ, under PR they will instead have to pursue a strategy of policy bargaining, aiming to create large policy coalitions in order to push policies in their preferred direction. The difference in institutional access points between PR and MAJ systems have three major predictions. On average, PR should entail a more extensive and generous regulation than MAJ. Interest groups should matter more and have a greater policy impact under MAJ rules than PR, ceteris paribus. As pro-regulation interest groups such as trade unions become more powerful, the difference between PR and MAJ on issues such as welfare state coverage and working time regulation should *decrease*. Similarly, when groups opposed to labor market regulation, such as urban employers and rural interests, gain the upper hand, the difference between MAJ and PR systems in generous regulation should *increase*.

Majoritarian

Under MAJ rules, powerful interest groups will find it in their interest to purse a strategy of party rather than policy coalition bargaining. This is the result of two factors. First, as pointed out by Duverger (1951) majoritarian systems tend to reduce the number of effective parties relative to PR (see also Cox 1997). Second, the lower number of effective legislative parties (and the steep vote seat share relationship discussed below) promotes single-party majority governments in majoritarian systems, whereas coalition governments are more likely under PR (Powell 2000). This means that if an interest organization becomes powerful enough to capture the party, it is much more likely that this party could end up gaining electoral majority (Marks 1989a; Martin and Swank 2008).

The second factor is the combination of several aspects which contribute to making candidates sensitive to interest group pressure, most importantly district size and party discipline.[46] In MAJ systems, interest groups can influence candidate selection because party leaders tend to lack control over nominations or campaign funds (Gallagher and Marsh 1988; Rogowski 1987, 209). This means that candidates become more dependent on contributions for re-election, switching their loyalty from the party to the interest groups (Carey and Shugart 1995; Moe 2006; Rosenfeld 2014).

MAJ systems also tend to have small single-member districts. These in turn are more sensitive to local, geographically concentrated interest groups. Here geographically concentrated interest groups play an especially important role. In small districts with unionized local cornerstone industries such as miners or textile workers, candidates will tend to secure the support of such groups in order to get elected (Crepaz 1998, 62; Rogowski 1987, 204). This gave unions a powerful way of influencing politics, as they could act as local pressure groups and capture candidates or present their own candidates. In the words of Marks (1989b, 100), unions concentrated to specific regions gained a "(...) direct access to the legislature".

In addition, in some countries with MAJ rules, elections are usually decided by the votes cast in a few undecided districts, with elections being highly contested (Persson and Tabellini 2000; Vernby 2007). In these scenarios, a one percent change in voter support might end up sinking an incumbent candidate and having repercussions for the incumbent government. This opens up for interest groups targeting especially these districts, aiming to hurt swing voter support for the incumbent. It has the effect of unleashing

46 See papers 3-4 or section 2 for a thorough discussion of additional possible mechanisms.

threats or activities that harm swing voters in these districts, such as Election Day protests, strategic strikes, etc.

Together, these factors meant that interest groups had a greater number of institutional access points, allowing them to influence the policy position or the selection of candidates under MAJ rules. To some extent this line of argument has also been recognized in previous literature on unions. In reflecting upon the political strategies of the AFL (American Federation of Labor), Marks (1989, 220) argued that the electoral system pushed unions from trying to garner a third party strategy to rather "influence the two major parties by rewarding friends and punishing enemies". Marks then goes on to show how this led to the development of AFL's experiments with first trying to field independent candidates and then instead opting to influence candidate selection within the major parties, thereby succeeding in getting Jennings Bryan nominated on a pro-union platform in 1896 as the major point of no return.

These aspects of majoritarian systems allow interest groups to effectively push for or veto regulatory growth through a strategy of party capture. The veto point literature was therefore correct in identifying majoritarian electoral institutions as allowing employers to stop regulatory policies. Unfortunately, it was overlooked that the very same mechanisms could also be used to expand the welfare state. It comes down to the power differences between the rural interests, urban employers, and the trade unions.

Proportional Representation

Under PR, the strategy of party capture gets the backseat for the benefit of a strategy of bargaining between parties and interest groups in order to create wide policy coalitions (Iversen and Soskice 2015; Lijphart 2012; Martin and Swank 2008; Swank and Martin 2001). Interest groups are particularly unlikely to capture candidates as parties under PR have a tendency to have greater party discipline and electoral districts that are larger. Even if interest organizations (specifically the farmer organizations) set up their own independent parties or established some formal institution for coordination with a specific party (unions and social democratic parties), this in itself is unlikely to grant immediate policy influence. Instead, as PR rules tend to produce no clear electoral majority behind one party, parties have to bargain in order to set up coalition governments or minority governments – seeking ad hoc support from different parliamentary constellations (Müller and Strøm 1999; Persson, Roland, and Tabellini 2007; Powell 2000). What matters for policy outcomes in these instances is the form of coalition which is formed.

Consequently, under PR interest groups often have to settle for post-electoral bargaining and compromises. This tendency to compromise is further strengthened by the close association of PR rules with corporatism. Using the various measures for labor market organization (see section 3.3.2 for a description of the measures), table 11 shows the strong and consistent correlation between PR and centralization of labor market actors or institutions.

Table 11. Bivariate Correlation Between Labor Market Organization Measures and Electoral Systems

	PR	Industrial unionism	Level of bargaining	Centralization of bargaining
PR	1			
Industrial unionism	0.669***	1		
Level of bargaining	0.429***	0.406***	1	
Centralization of bargaining	0.678***	0.480***	0.540**	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

As documented by Martin and Swank (2008, 2012), organized interests become supporters of corporatist institutions under PR rules, precisely because they lack the ability to effectively influence policy.[47] By supporting corporatist policymaking, these actors ensure that they are able to have a say. They are guaranteed a place at the table, but again this comes at a cost. For unions it means having to restrict wage drift and push for a policy of wage moderation in order to receive welfare expansions. For employers it means having to accept higher levels of spending than they prefer, while getting industrial peace and the ability to push governments to concentrate social spending on issues that also benefit firms – such as work family policies (Rasmussen and Skorge 2014) – in return. Finally, for agrarian interests it means having to accept welfare measures in exchange for tariffs or price subsidies (Acemoglu 2001; Baccaro 2003; Jensen 2011d; Kenworthy 2002; Mares 2006; Simoni 2013; Visser 1998; Wilson 1983). The prevalence of bargaining, with give-and-take results, is why Emmenegger (2014, 67) argues that a basic prerequisite for corporatism is a "willingness to compromise".

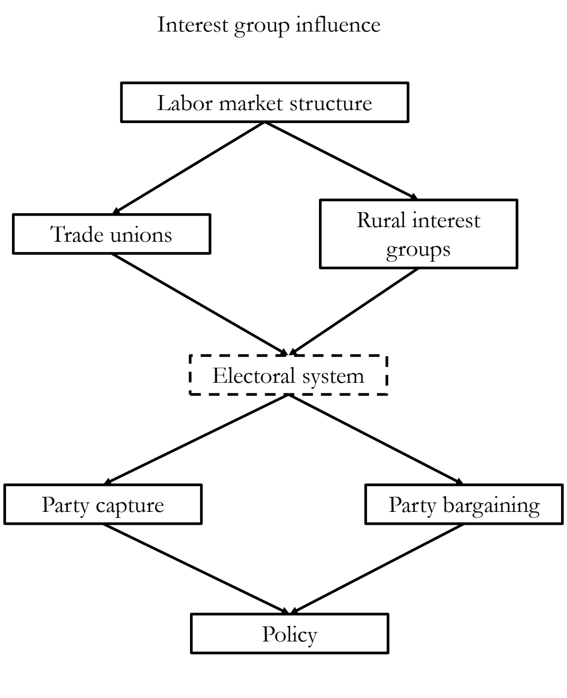
Having outlined the preferences of unions, rural interests, parties, the possibility of policy coalitions among parties and unions, and how electoral systems impact interest group strategies I will now present the theoretical framework which combines these insights into a single model.

47 For an alternative perspective, where causality instead travels from labor market organizations to electoral systems, see Cusack et al. (2007, 2010), but also see the highly criterial responses to this argument (Boix 2010a; Kreuzer 2010).

3.8 Two Paths to Power – A Final Framework

I have outlined two major paths for organized labor to influence policy: one path goes through elite co-optation, where elites respond to growing union organization with social policies meant to capture and split the worker movement. The second path splits into two paths, each with different pros and cons. One goes through policy coalitions with unions bargaining with either social-liberal or social democratic parties for policy influence. The other goes through union capture of candidates or parties able to win electoral majorities. Only the first has been treated seriously in comparative political economy and no study has investigated how these processes intertwined to create the regulatory revolution.

Figure 10. The two roads to union policy influence



Note: One road goes through interest group influence, with the union strategy of gaining influence either by party capture or party bargaining (forming policy coalitions) being determined by the electoral system. The second road goes through elite co-optation. Here elites respond to growing union organization by co-opting parts of the labor movement by various social measures.

This thinking is outlined in figure 10. Here we see that each road starts with the labor market conditions that facilitate the type of union organization that emerges. If replacement cost is high for a few occupations or just one sector, unions are likely to be highly concentrated in this area of the economy. With replacement cost becoming more widespread, making it harder for employers to rut out union organization in more sectors, unions become more encompassing. On the interest group road, other interest groups – such as rural interests – may form to counter union interests, with their power base dependent on their position in the labor market structure. On none of these roads are unions able to directly influence policy. Instead, influence must be wielded in careful cooperation (co-optation) with state elites who fear a united working class, trying to co-opt organized labor by state policies. While the content of policies under these conditions is formulated by the state elites, the causal chain starts with union mobilization, with elites responding by implementing policies.[48]

In the interest group road, the strategy adopted by the interest groups depends on the number of institutional access points afforded by the electoral system. Under majoritarian systems, there is a greater number of institutional access points, allowing interest groups to capture candidates and parties that are able to win electoral majorities. Under PR, the number of institutional access points is lower, with interest groups being less capable of capturing candidates or parties with electoral majorities. Corporatist institutions, highly correlated with PR rules, also foster a spirit of moderation and compromise, further reducing interest groups' ability to push through their specific policies. Interest groups should therefore have greater influence (direct payoffs) from mobilization under majoritarian systems than PR. At the same time, while the immediate gains of union organization under PR is mitigated, PR institutions secure unions a place at the bargaining table through the same corporatist institutions, and unions will still be able to bargain with parties in order to create policy coalitions. This means that on average PR systems should have more regulated labor markets than majoritarian systems. This difference should then decline as unions become stronger or increase as rural or urban employer interests become stronger relative to unions.

Party differences should matter, but not in the classic rightist vs. leftist way portrayed in classic partisan theories. Instead, I have drawn attention to the decisive role played by the social liberals, especially in pushing legislation that benefited the white-collar and skilled blue-collar workers. Where social liberals were highly dependent on rural interests, liberals faced greater hurdles in making overtures to blue-collar workers. In addition, the type of policy coalitions that could be formed between parties and unions were intrinsically linked to the position of the low-skilled workers in the union movement. With few organized low-skilled workers, unions could bargain with ei-

[48] For a discussion of when elites respond with oppression instead of co-optation, see Gandhi and Przeworski (2006) and Kim and Gandhi (2010).

ther leftist or social-liberal parties for policy gains, but with low-skilled workers becoming increasingly organized, unions would have to more and more turn to leftist parties for policy bargaining.

Having summarized the theoretical expectations in this thesis, the following final sections will discuss the working time and trade union data sources, the reason I decided not to focus on collective bargaining, but rather statutory regulation, and finally the findings summaries from the four papers.

4. Measuring Labor Market Regulation and Trade Unionism

This section will test the validity of the indicators collected specifically for this thesis. I also recommend that readers consult the individual papers and the SPAW codebook in the appendix.

4.1. Working Time Regulations

Several concerns might be raised with regard to measuring working time regulation through legislation, among them whether employers follow statutory demands, whether collective agreements are more decisive in influencing actually worked hours than laws, etc. All of these points build on a suspicion that working time regulations were not important for the number of hours employees actually worked, and that the introduced laws were simply paper laws, not shaping actual behavior. If this was the case, these regulations would not indicate the rise of a truly regulative revolution. Here I present strong statistical evidence that this is indeed not the case.

If working time regulations did not matter for workers' daily life, one should not be able to detect that the introduction of more stringent (generous) working time regulations had any impact on actual hours worked, i.e. the introduction of laws specifying lower working hours should not result in any significant reduction in actually worked hours. In order to investigate whether this is the case, I use annual actual hours worked per person from Huberman and Minns (2007) and Madisson (1991) for pre-1950 data, and data from the Total Economy Database (The Conference Board 2014) for later years up to 2010. In order to test the effects of working time regulations I use three variables: 1) whether the country has introduced a law regulating normal hours (either restricting the length of the standard work day or week), 2) the number of normal hours per week, and 3) the percentage increase in compensation for working overtime.

Again I use the difference-in-differences set-up, but I start by entering the country dummies, then decade dummies, including year dummies and removing period dummies, while finally adding country trends.

Table 12. Validity Testing: Impact of Working Time Regulation on Annual Hours Worked per Capita

	(1)	(2)	(3)	(4)
Work. Time Law	-239^{***}	-42.8^{*}	-19.5	-28.5^{**}
	(-10.29)	(-2.57)	(-1.74)	(-2.64)
Country Dummies	Yes	Yes	Yes	Yes
Year Dummies	No	No	Yes	Yes
Country Trends	No	No	No	Yes
Decade Dummies	No	Yes	No	No
Observations	1283	1283	1283	1283

t statistics in parentheses. OLS estimates. Country, year and period dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 13. Validity Testing: Impact of Normal Weekly Hours Regulation on Annual Hours Worked per Capita

	(1)	(2)	(3)	(4)
Normal Week	24.1^{***}	9.6^{***}	1.7^{*}	1.2
	(14.78)	(8.24)	(2.36)	(1.66)
Country Dummies	Yes	Yes	Yes	Yes
Year Dummies	No	No	Yes	Yes
Country Trends	No	No	No	Yes
Decade Dummies	No	Yes	No	No
Observations	1090	1090	1090	1090

t statistics in parentheses. OLS estimates. Country, year and period dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Table 14. Validity Testing: Impact of Normal Weekly Hours Regulation on Annual Hours Worked per Capita

	(1)	(2)	(3)	(4)
Overtime	-1.9^{***}	-2.1^{***}	-0.6^{**}	-0.49^{**}
	(-5.17)	(-6.09)	(-2.79)	(-2.21)
Country Dummies	Yes	Yes	Yes	Yes
Year Dummies	No	No	Yes	Yes
Country Trends	No	No	No	Yes
Decade Dummies	No	Yes	No	No
Observations	990	990	990	990

t statistics in parentheses. OLS estimates. Country, year and period dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The results from tables 11-13 are quite clear. In almost all instances, independently of econometrical specifications, the introduction of working time regulation significantly reduces the amount of worked hours. The introduction of the initial law regulating hours was a major shock to the distribution of hours worked, with estimates ranging from a reduction of about 240 hours to 29 hours in the difference-in-differences model with country trends (models 1-4, table 12). The estimates from the models on the normal weekly hours laws show similar results, with a significant 1.7 increase in hours worked per capita from a one hour increase in the regulated standard week, even if the results become insignificant in the country trends model. Rules specifying compensation for worked overtime also significantly reduce hours, independently of model specification. Robustness tests show that when controlling for levels of (log) GDP per capita, the effect of standard week regulations becomes significant (*t*-value 2.31), with the results for working time law and overtime remaining unchanged.[49]

Overall, these results are a powerful defense for the validity of the coding, and also for the importance of studying working time regulation, i.e. regulation tends to lower the number of average worked hours, validating the investigation into the causes of variations in working time regulation.

4.2. Social Policies

In section 1.2 I introduced the three major welfare state variables collected specifically for this thesis. The encompassing risk measure is the sum of enacted major welfare state programs for each of the six main risks: old age, maternity, sickness, accidents, unemployment, childbirth. Once a country has enacted a program, it is assumed that it provides some minimum level of protection against those risks.

I also collected two measures on how programs are structured. First is the segmentation measure, capturing the degree to which social benefits are targeted at specific social groups. Second is the universalism measure, capturing the extent to which benefits are given as a right of citizenship as opposed to need or group entitlement.

How valid is the presence of a major program as a measure of the growth of state regulation? On a related note: did the introduction of these programs really indicate a shift in public priorities? One way of testing both these ques-

49 Running a leads and lags model shows some evidence of hours declining before the introduction of overtime laws, but we find no such patterns for either normal weekly hours or initial working time laws.

tions is to check the extent to which the introduction of a major welfare program resulted in a higher level of public spending.

The only available data on social expenditures before the post-war period is Lindert's historical expenditure data that reports spending in percentage of GDP for ten-year intervals between 1880 and 1930. One major drawback is that the data is only reported for 21 countries, but it is an advantage that the coverage is not restricted to Western countries.

Looking at just the correlations, table 15 shows how pension spending correlates with the variable indicating whether there is a major social program for old age and the degree of segmentation or universalism of this program.

Table 15. Pearson's r Correlation Coefficient between Pension Spending (Lindert 2004) and SPAW Measures

	Pension Spending
Major Old-age program	0.65
Segmentation Old-age	0.15
Universalism Old-age	0.40

The results are comforting. The correlation between the presence of a major program and spending is positive and strong, with a raw correlation coefficient of 0.65. On the contrary, the raw correlation between universalism and segmentation is quite weak. This is as expected since spending captures several factors not accounted for by eligibility. However, the direction is also interesting. The universalism index is more strongly correlated with spending while the segmentation index is negatively correlated. This means that as pensions become more encompassing, usually being extended to the less fortunate, spending goes up, while more group targeting is associated with less spending on average.

To what extent are the segmentation and universalism measures valid indicators of the way in which citizens gain access to social policies? Given the argument presented in section 2 – that spending and coverage measures are poor proxies of universalism and segmentation – I turn to the newly available V-Dem dataset for assistance.[50] This dataset was primarily constructed to capture latent regime characteristics over time, using individual country experts. The V-Dem dataset has two variables of immediate interest. The first measure captures the degree to which social policies are means-tested or universal. Specifically, five country experts are asked to code "[h]ow

50 For an interesting guide into the V-Dem methodology of expert coding, see Pemstein, Marquardt, Tzelgov, Wang, et al. (2015)

many welfare programs are means-tested, and how many benefit all (or virtually all) members of the polity?" The second measure is the degree to which state services can be considered either as particularistic or public goods, available to all. Specifically, coders are asked the following question: "Considering the profile of social and infrastructural spending in the national budget, how "particularistic" or "public goods" are most expenditures?" These measures can be argued to be in close approximation to my own universalism and segmentation measures. Both try to capture the ways in which public policies are structured rather than the size of the welfare state, i.e. which citizens are made eligible for benefits and in which way.

Unfortunately, there are several problems with the V-Dem coding instructions that are apt to make straightforward comparisons problematic. First, both measures are meant to reflect the coders' view as to what extent access to all social or public services and benefits are provided on a universal vs. means-tested basis. This is either captured by the degree to which state policies are universal or can be considered as public goods. This means that coders take other welfare programs into consideration, not just the six major programs measured in SPaW, and also include public infrastructure and access to education. Another problem is that the codebook does not outline what is meant by means testing, which can be performed in either an exclusionary or inclusionary manner illustrated by the means-tested programs in New Zealand and Australia (Scruggs and Allan 2008). The SPAW database therefore makes an important distinction between means testing based on assets (property) and an income-based means test. Only the former is coded as means-tested programs. In addition, the codebook also includes a factually incorrect statement – likely to misinform coders – i.e. "Cash-transfer programs are normally means-tested". Leaving aside that it is unclear what a cash transfer program might be – all transfer programs are cash-based – transfer programs are not normally means tested. Instead most programs tend to be either non-contributory (with some being means-tested) or based on contributions/employment record.

With these aspects in mind, the V-Dem indicators are still the only alternative measure capturing welfare state universalism over a long-time frame (1900-) for 172 countries (20 more than SPAW). I therefore make a simple comparison between the V-Dem measures and the SPAW universalism variables. In addition to using the individual universalism scores for each program, I also include an aggregated universalism measure (simple sum of the score of each program).

In order to give a baseline to what one should expect of a correlation I have also added Korpi and Palme's (2007) coverage measures for pensions and unemployment from the SCIP-database as well as Lindert's (2004) historic pension expenditure data. The correlation in table 16 between these alternative measures and the V-Dem universalism measure varies from 0.45 to 0.02. This illustrates that the V-Dem measures are capturing many other factors than just welfare state eligibility. Given these limits, one can see that the correlations between the universalism measures and the V-Dem measures for overall policy universality tend to be far stronger correlated with the V-Dem measures than the alternatives. Both of the universalism measures for old-age programs and the universalism index (sum of all programs) have higher correlations than the coverage measures from the SCIP database. This is consistent for both V-Dem measures. The SPAW universalism measures can therefore be said to have a substantially strong correlation with even imperfect alternative proxies.

Table 16. Correlation between the V-Dem Datasets' Overall Universalism, Public Goods Access Variables and the SPAW Variables on Universalism

	V-Dem Universalism	V-Dem public Goods
V-Dem Universalism	1	0.746^{***}
Universalism Old-Age	0.602^{***}	0.604^{***}
Universalism Maternity	0.534^{***}	0.368^{***}
Universalism Sickness	0.507^{***}	0.400^{***}
Universalism Accident	0.584^{***}	0.524^{***}
Universalism Unemployment	0.374^{***}	0.357^{***}
Universalism Family Allowance	0.491^{***}	0.522^{***}
Universalism (sum all programs)	0.535^{***}	0.643^{***}
Pension cov. (Korpi & Palme 2007)	0.407^{***}	0.455^{***}
Unemployment cov. (Korpi & Palme 2007)	0.0409	0.0211
Pension exp. (Lindert 2004)	0.0332	0.0323

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Pension and unemployment coverage (percentage of the labor force that is insured for unemployment or old-age) from Korpi and Palme 2007. Pension expenditure in percentage of GDP from Lindert (2004). I only compare countries that have all six major welfare programs in order to not capture welfare state size per se, but rather the differences in program structure of the programs that exist. This is in line with the aim stated in the v-Dem codebook (see page 191).

What is the correlation between the V-Dem measures and my segmentation scores? Here one should expect that segmented systems would be negatively correlated with the V-Dem measures of both universalism and the public vs. particularistic goods. The correlations between the segmentation measures and the V-Dem measures presented in table 17 are relatively weak, but consistently negatively correlated. This is as one would expect, as segmented systems are more akin to particularistic than to universal goods. As neither of these measures is directly trying to capture welfare state segmentation, they are still rather convincing scores. The public vs. particularistic goods measures might be a more fitting test, and the segmentation index (sum of all programs) also correlates stronger with this measure.

Table 17. Correlation between the V-Dem Datasets' Overall Universalism, Public Goods Access Variables and the SPAW Variables on Segmentation

	V-Dem Universalism	V-Dem Public Goods
Segmentation Old-age	-0.175***	-0.0288
Segmentation Maternity	-0.259***	-0.295***
Segmentation Sickness	-0.155***	-0.206***
Segmentation Unemployment	-0.0550	-0.0515
Segmentation Accident	-0.258***	-0.155***
Segmentation Family Allowance	-0.0898**	-0.189***
Segmentation (sum all programs)	-0.236***	-0.289***

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. I only compare countries that have all six major welfare programs in order to not capture welfare state size per se, but rather the difference in program structures of the programs that exist. This is in line with the aim stated in the V-Dem codebook (see page 191).

In sum – using the data that is available – I find moderate to strong correlations between my own variables and alternative variables. This indicates that the variables constructed indeed seem to be capturing some aspects of the underlying concepts. That I was able to get strong correlations with even these imprecise measures is also reassuring. I now turn to a discussion of the validity of the data on trade union membership and trade union organizational structure.

4.3. Conceptualizing and Measuring Union Power and Organizational Structure

To reiterate, I follow the convention in the literature and measure trade union organization by union density. I also use the union density to capture union encompassingness: the degree to which unions are clustered to specific occupations. Specifically, I use the linear and curvilinear term of the union density variable to capture the degree of union concentration. At low levels unions are highly concentrated, while at higher levels unions are more encompassing, organizing outside of the traditional union sectors.

In this section I will discuss the validity of alternative measures of union power and encompassingness, undertake some validation tests, and outline the sources used in collecting the trade union density data.

One alternative measure of unions power that has been proposed is the number of strikes (e.g. Tenorio 2014). Striking unions demonstrate that they are able to mount pressure on employers and the state, indicating resource-rich and coordinated unions. It is also a much more easily available measure than union density. On this basis, it would appear that strikes might be a good alternative in order to capture union power.

Table 18. Validity Testing of Union Power on Union Propensity to Strike

	(1) Number of economic strikes	(2) Number of economic strikes	(3) Number of economic strikes	(4) Number of General Strikes	(5) Number of General Strikes	(6) Number of General Strikes
Union Density	47.6***	35.5***	47.2***	0.01***	0.01**	0.009
	(4.79)	(3.82)	(4.12)	(3.75)	(3.02)	(1.59)
Union Density^2	-0.5***	-0.4***	-0.5***	-0.0001***	-0.0001**	-0.00008
	(-4.36)	(-4.04)	(-3.91)	(-3.58)	(-3.11)	(-1.73)
GDP (log)	-20.6	178.0	560.3*	-0.2***	-0.3***	-0.6***
	(-0.12)	(0.95)	(2.10)	(-3.32)	(-3.57)	(-4.35)
Urbanization	0.6	11.7*	21.6**	0.006**	0.004	-0.001
	(0.12)	(1.98)	(2.61)	(2.92)	(1.66)	(-0.36)
Country Dummies	Yes	Yes	Yes	Yes	Yes	Yes
Year Dummies	No	Yes	Yes	No	Yes	Yes
Country Trends	No	No	Yes	No	No	Yes
Observations	1994	1994	1994	1988	1988	1988

t statistics in parentheses. OLS estimates. Country and year dummies excluded. Panel-corrected standard errors. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Recently, Lindvall (2013) has raised the issue of how union propensity to strike is a function of union strength. If unions are weak, they lack the resources necessary to launch effective strikes. As they become stronger, their ability increases and the amount of strikes should increase as a result. When they become even stronger, the potential damage of union strikes is so high than governments will accede to union demands without a need to strike. Union power should therefore have a curve-linear association with union striking. In essence, it is Lindvall's claim that we should think of unions' propensity to strike as an outcome of unions' power-base. At the same time, his curvilinear expectation shows why striking is an imperfect measure of union power – it would only capture weak to medium strong unions.

In his original study, Lindvall focused on a short-time period and the usual suspects of countries in comparative political economy. I therefore verify that his argument is indeed also applicable to the period before the Second World War and outside of the usual suspects. Lindvall originally developed his theory to explain general strikes aimed at the government, but there really is not anything in this theory that could not in principle be applied to differences between employers and unions. Using data on incidents of industrial conflict collected from various sources from 1880 to 2004 for 58 countries as well as data on general strikes from Banks for 62 countries from 1920 to 2004, I mostly replicate Lindvall's findings. This means that Lindvall's claim is probably more general than he proposed, while at the same time casting doubt on unions' tendency to strike as a valid way of capturing union power. I therefore follow the convention in the literature and use union density.

How about union membership as a proxy for encompassing union membership? In paper 2, appendix A2, I show that the degree to which unions exclusively organize high-skilled manufacturing workers follows overall density levels. As union density increases, so does the probability of unions organizing low-skilled and agricultural and/or service workers. Union density therefore appears to be a fitting approximation of union concentration.

In turning to the nature of the data collection on union membership, I collected data from two sources: 1) data compiled by other researchers, and 2) data collected from reports and statistical yearbooks. The former can further be divided into pre- and post-1960 sources.

For data prior to 1960 – especially for continental countries – I relied heavily on Ebbinghaus's (1993) PhD dissertation, Kjellberg's (1983) seminal work on especially Scandinavia, Bain and Price (1980) Freeman (1997) for the United States, and Visser (1989) – again for continental countries. For the brief period from 1950 to 1960 I rely on the data series reported by Ebbinghaus and Visser (2000). Also, I relied on data from several single-country studies.[51]

In addition, I have supplemented this data with national and international membership data published in national statistical yearbooks (Australian Bureau of Statistics Various; Japan. Statistics Bureau n.d.; New Zealand Statistics Various; Rand School of Social Science. Dept. of Labor Research and Trachtenberg 1916; Statistics Denmark Various; Statistics India n.d.; Statistics Norway Various). Especially countries with combination acts, de-

51 (Milner 1994; S Barrett 2001)

manding that in order to operate trade unions must register with the state, tend to have the best data (or any data at all). As this was the requirement of the British Combination Act, Anglo-Saxon colonies (such as India, South-Africa, New Zealand and Australia) followed the United Kingdom in requiring trade unions to register and report membership data in order to function as trade combinations. We therefore have relatively good data coverage for these countries. For example, the only data available for Indian trade unions before the 1960s comes from reports using data from trade unions registered under the Trade Union Act of 1926 (International Labour Organization 1938a, 123).

During the period 1911 to 1940, trade union membership data from various countries around the world was published in the international appendices of Scandinavian yearbooks – with Sweden maintaining this section for the longest. This data builds on reports from the federations registered with the International Federation of Trade Unions' own official organ, the International Trade Union Movement. In addition, I have used data from an extensive number of editions of the International Labor Review (Various), Monthly Labor Review (Various) and several major ILO reports on trade union membership. Among these sources, especially the major survey on freedom of association contained extensive case studies of almost all member countries. Here statistical data played a important role in charting membership developments up until the 1920s (International Labour Organization Various).

Starting in 1960, I use Visser's (2011) impressive dataset for most OECD countries, but also additional sources (International Labour Organization 1989, 1997; Neureiter 2013; S Barrett 2001; Venkata Ratnam, Naidu, International Labour Office, and International Labour Office 2000). One concern might be that when switching to Visser's data in 1960, I create a break in the trend of series used up to that point. This is a legitimate concern, even if it is a tradeoff against the bias incurred by not having data. In order to mitigate such trend breaks, I only replace the current trend with Visser's data if the correlation between the series is above 0.50. This is only the case for Great Britain. Great Britain therefore disappears from the analysis in the late 1980s as the Bain and Price series end in this period.

Another source for union membership is taken from reports on unemployment among trade unionists from international statistical yearbooks published by the ILO (International Labour Organization Various).

For a complete overview of the sources used, see the appendix on union membership in papers 1-2. Overall, I collected data for 66 countries for the period 1864-2010.

One source of bias for the data in these reports originates in the split between the communist and social democratic unions around the 1920s. After this date the membership data reported by ILO agencies only reflects social democratic unions, meaning that we underestimate membership density where there are communist or anarchist trade unions (such as the inter-war period in Spain). I also checked new source material against these established datasets in order to verify the reliability of the data. I find that the exclusion of the radical leftist unions was not important outside of Spain and Portugal, where the major shifts in my reported density figures reflect the inclusion/exclusion of trade union membership in the anarchist unions. The existence of Christian democratic unions turns out to be a much smaller problem, as the countries where these unions have had a strong organizational presence are covered by previous data collection efforts noted above.

A bias that is somewhat problematic is that coverage outside of the classic Western countries is dependent on colonial status. As already mentioned, British colonies were more likely to pass combination acts that required unions to register with the government in order to function as unions (strike and representation rights, etc.). Comparisons of colonial countries should therefore mostly focus on changes in unionization as cross-sectional comparisons would suffer from selection bias.

There are several sources of bias that are probably constant over unions. One is the incentive to overstate membership in order to gain political legitimacy or to bluff employers into thinking that the union has greater support than it actually does. Assuming that this is a universal tendency for unions, it should not systematically bias the estimates. At the same time, it might be that unions facing specific threats or regime changes are more likely to misrepresent their numbers, as a show of strength. Assuming that such periods are also related to welfare state expansion, this could be a source of potential bias that I have not dealt with besides including controls for regime change.

There are also some comparability issues, as the sources differ with regard to the time of year when membership was counted. Some sources report data at the start of the year, others in the middle, and still others at the end of the year. Given cyclical effects on union organization, such data collection might influence aggregate numbers.

Data problems were not limited to the membership figures. I also had a run in with the troublesome “denominator problem”. In measuring union density one can either measure unions as the percentage of wage/salary earners in employment or use the total labor force.[52] In most instances, when

52 A third option is to use total number of employed persons and deducting active personnel in agriculture (Korpi 1983; Stephens 1979).

one compares the measures to one another, the differences are not likely to be large. However this is not the case for rural economies. Here the number of self-employed is likely to be drastically higher, meaning that wage/salary union density numbers would be much higher if measured as a percentage of wage/salary than total labor force. Since data was not always available for wage/salary employment, I also collected the total labor force numbers. I created three variables: one based on just wage/salary employment, the second based on total labor force data, and the third being a combination of the first two. In this thesis I have only used the wage/salary earners density measure, but I tested all the results for robustness by means of the measure that combined both types of data, with no major changes. The correlation between the wage/salary employee and labor force measure is 0.90.

Data on wage and salary earners is from Flora et al. (1983), statistical yearbooks from the League of Nations (various), and ILO's Year Books of Labour Statistics (various). It turned out to be a major issue that while I could get consistent membership series for a surprising amount of countries, it proved harder to find denominator data. For example, while I was able to get consistent time series on union membership for the Baltic States after the First World War, the lack of proper census data – a result of the Baltic States actually not carrying out said census, and whatever was carried out not being translated to English – meant that several country-year observations had to be dropped. The lack of census data can in many ways be equated with bureaucratic efficiency and resources – weak states are less able to implement census collections, meaning that it is a source of selection bias. By controlling for the level of GDP – a proxy for state quality – one should be able to somewhat mitigate this bias.

How congruent is my collected data with previous attempts? Unfortunately, no other major dataset exists that can completely test the veracity of the data collected here. One alternative is Scheve and Stasavage (2009). They collected data for 13 countries from 1900 up to 2000 for a paper published in World Politics. Correlating their data with mine, I get a raw correlation of 0.98. This indicates that the data is highly reliable, at least where we have an overlapping sample. Another source of data is Bartolini (2007). This data is collected for election years, going from 1881 to 1989, in 14 countries. Even when taking the different time structures of my and his data into account, the raw correlation between our measures is at 0.91, a highly comforting result. Using Martin and Swank's (2012) data I only find a correlation of 0.70. This did not seem equally comforting, but by going back to the original source of their data, I find that their data appears not to match the data reported in the original source (Stephens 1979). Martin and Swank's reported data also makes little sense, claiming that Austria had 34.4, Sweden 16, the

United Kingdom 23, and New Zealand 18 % union density in 1950 – a year in which unions were at the height of their power in all Western countries (Ebbinghaus and Visser 2000). All scores are below the levels reported in alternative data sources and in Stephens' (1979, 115-116) own tables. Correlating Martin and Swank's data with Scheve and Stasavage gives a correlation of 0.64.

In sum, using what I consider to be available and reliable data, I find that my own data matches that of the alternatives quite well. That the correlations are above 0.90 for data going nearly 100 years back in time is a strong validation of the collected data. I now turn to the issue of conceptualizing and measuring union organization structure.

Union Structure

How does one conceptualize industrial unionism? One theoretical mistake that is sometimes made, is to equate union centralization with industrial unionism (e.g. Cusack, Iversen, and Soskice 2007, 385). Union centralization reflects the degree to which authority within unions is placed in the hands of a set of federations or one federation as well as the coordination among the unions. Even if they are likely to be highly correlated, craft unions still centralize power away from the shop floor to the individual unions. Data on centralization of authority within unions over enterprise or company branches shows that this is indeed the case. The cross-country sample mean from Visser's (2006) data is 0.38. The United States have a score of 0.70 from 1960-1980, and Canada has a score of above 40 for the entire period. Countries that traditionally have been classified as homesteads of craft unionism are therefore not directly hostile to all centralization, just centralization to federations. The reason is that craft unions need to have the ability to control influx of labor into the profession, requiring some degree of power be centralized to the union (Marks 1989a).

I understand industrial unionism to be a union movement where unions are organized along industrial lines, aiming to mobilize workers independently of skills or occupations within that sector. This means that industrial unions stand in opposition to craft unions, unions that organize across sectors, but only within specific occupations.

Unfortunately, no fitting data has been constructed on trade union organizations to match the above definition. The only alternative is Cusack et al. (2007), but their measure has the serious constraint of being a time-invariant. I therefore constructed my own measure of industrial unionism.

In classifying the various countries I start with the Cusack et al. (2007) measure and make their dummy variable time-variant. I start with all their countries scored as industrial and go back in time to identify at which point the switch from craft to industrial came about. In doing so, I quickly discovered that union movements that experienced such shifts rarely did so immediately. Instead, movements usually went through transition periods. I therefore introduce a third category, intermediate union structure, to measure whether national union movements are something in between craft and industrial unionism, but still with a clear craft presence.

In the end I decided on the following coding scheme: Countries are coded as having industrial unionism when *main confederations are organized around sectors or industries and aim to organize workers on an industry or sector basis*. When only one of these necessary conditions is present I code the country as having an intermediate structure, reflecting that some unions are organized around industries, but not all, or that the main federations aim to organize around industries, but that individual unions are organized along craft lines. When neither of the conditions is present, the union is classified as a craft union. The introduction of a temporal dimension into this variable is paramount, as no country started with industrial unionism. Instead, industrial unions developed from craft unionism during the early part of the 20th century (Marks 1989a). In order to do so I used the various country chapters in Ebbinghaus and Visser (2000), and the tables and descriptions reported in Crouch (1993).

The following countries are coded as primarily having *craft* unions:

Australia, Canada, Denmark, Ireland, Japan, Spain, Portugal, New Zealand, the United Kingdom (intermediate from 1960), USA.

The following countries are coded as having primarily *industrial* unions:

Austria (intermediate 1900-1918), Belgium (intermediate 1900-1920), Finland (intermediate 1950-1959) Germany (intermediate 1900-1918), Italy (craft up to 1919), the Netherlands (intermediate 1910-1920), Norway (craft up to 1919), Sweden (intermediate 1920-1929), Switzerland (craft up to 1910),

France is coded as craft up to 1962, intermediate to 1972 and industrial unionism thereafter.

Unfortunately, as already mentioned, there is no alternative measure for validation of my coding. The only directly available measure is Cusack et al. (2007), and their measure is time-invariant and was used as a reference point for the construction of my time-variant index. One alternative is to check how well the organizational structure variable correlates with adjacent measures that pertain to measurement of similar aspects of trade union organization (Adcock 2001). I therefore test how my measure correlates with measures of level of bargaining, the degree of union and confederal centralization or concentration of authority, and extent of collective bargaining. Assuming that industrial unions are more likely to organize centralized federations and more likely to engage in national level bargaining, I expect to find relatively to moderately strong correlations. The results from using the available measures are presented in table 19.

Table 19. Correlations Between the Union Organizational Structure Measure (Industrial Unionism) and Similar Measures of Union Organization

	Union organizational structure (Rasmussen)	Centralization of collective bargaining (Visser 2006)	Level of bargaining (Scheve and Stasavage 2009)	Level of bargaining (Visser 2006)	Centralization of union Authority (Visser 2006	Union confederal authority (Visser 2006)
Union organizational structure	1					
Centralization of collective bargaining	0.382***	1				
Level of bargaining	0.406***	0.614***	1			
Level of bargaining	0.591***	0.418***	0.747***	1		
Centralization of union Authority	0.533***	0.757***	0.495***	0.518***	1	
Union confederal authority	0.406***	0.830***	0.534***	0.440***	0.873***	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

The correlations vary between 0.38 and 0.59. Given that none of these indicators are measuring industrial vs. craft unionism per se, the moderate to strong correlations between the industrial unionism measure and the centralization measures are reassuring.

In sum, the data collected for this project seems to correlate well with alternative data sources or with factors that one should expect the underlying concept to co-vary with, such as working time laws reducing the amount of hours worked or the introduction of major old age programs increasing the amount of pension spending. Having made the argument that the new measures capture decisive aspects of the regulative revolution, I now turn to a summary of the findings in the four papers.

6. A Summary of Empirical Findings and (Some) Theoretical Implications

In this section I will summarize the empirical contributions of each paper in the dissertation. Since the theoretical argument was systematically presented in section 3, I will here focus mostly on the empirics. A common trait for all papers is that they aim to test the proposed interest group influence model from section 3.8 on different aspects of the regulatory revolution. In this thesis I have tried to provide the answers to the following three questions: 1) why did the regulatory revolution develop faster in some places than others, 2) why were regulations universal in some places, but segmented in others, and 3) why did some countries develop more generous policies than others. The four papers all take on two of these questions, but only paper 2 deals with the issue of segmentation.

The first paper is concerned with the growth of working time regulations. I argued that working time policies should be more generous where trade unions have been able to organize and gain influence over policymaking by influencing party candidates. This should be more efficiently achieved under majoritarian than under proportional electoral rules. In addition, the paper argues that social-liberal parties as well as leftist parties should be the harbingers of working time regulations, but only with respect to policies that do not threaten the relative position of the salaried workers compared to the lower classes. This means that overtime compensation is a problematic policy as it would mostly benefit the skilled wage workers, reducing their position relative to the salaried employees.

These expectations are then tested against the newly collected data on working time regulations for both the standard workweek and overtime compensation. This is done using a difference-in-differences framework and unit trends, but I also relax the assumption of this model by testing alternative specifications. I find that trade unions have a consistent and strong effect on both types of policies. I also verify that trade unions have greater policy influence under majoritarian regimes than PR. The predicted marginal-effect-increase is significantly stronger under majoritarian rules than PR, even when controlling for time and unit effects. The partisan hypothesis also finds support. Leftist and social-liberal parties significantly expand working time policies, but only for the redistributive neutral policy of hour regulations. For overtime compensation I find no robust effect of either party family.

The findings in paper 1 illustrate the importance of strong unions both in having generous working time conditions and being compensated for overtime. This findings are in line with the PRT arguments of unionism, but throw doubt on recent literature that has argued that unions work against statutory regulations in favor of collective bargaining arrangements (Emmenegger 2014; Marks 1989b; Nijhuis 2009). The partisan dynamics of working time regulation also find support. Social-liberal parties were equally likely to push for working time regulation as leftist parties. This illustrates how important the role played by the social-liberals was in order to understand the growth of the regulative revolution. This is contrary to historical accounts that have tended to focus on leftist or Christian democratic parties. Instead, I find that the presence of religious leaders was inconsequential to the growth of working time regulations.

Paper 2 focuses on the origin of the segmented welfare state, i.e. welfare policies that are targeted at specific social groups. Here I focus on the role of trade unions in promoting and working against such policies. Unions are argued to be highly concentrated to specific occupations and sectors, making trade union leaders prefer occupational or sector-targeted social policies. When trade unions instead start organizing outside of the traditional unionized sectors, the ability to effectively cover members with group-targeted social policies declines. Union leaders will therefore push for more encompassing social policies.

I test this using the newly collected welfare state segmentation indexes for pensions and unemployment policies. I argue that one way to capture both union strength and union concentration is to use union density, entered in a linear and curve-linear term into the same model. One should then observe that policies become more segmented when unions become more powerful, as membership growth at lower levels of union density usually takes place within a few sectors or occupations. At higher levels, an increase in union membership takes place outside of traditional union sectors. Increasing union density should therefore decrease segmentation.

I test this using the difference-in-differences framework using data for over 120 years. I find robust evidence for a curve-linear effect of union density on segmentation in both unemployment and old-age policies. This effect holds even when I control for the size of the welfare state, only compare variations within states with programs, or use alternative dependent variables or alternative econometric specifications. I find no consistent effect of partisanship or electoral systems on welfare segmentation.

While this finding conforms to the PRT in that unions are decisive for labor market reforms, it breaks with PRT's second prediction: that unions should promote universal policies. Instead, these results indicate that when unions are concentrated, they push for more segmented benefits instead. When their membership becomes encompassing, reaching low-skilled and agricultural workers, unions push for more universal benefits. This means that union politics are shaped – in a broad way – by the labor market structures, specifically sectorial differences in replacement costs. When replacement costs are high for most sectors, unions can become encompassing and push for universal policies.

Papers 3 and 4 are somewhat overlapping.[53] Both papers aim to test the interest group influence theory: interest groups pursue a strategy of party capture under majoritarian rules and a strategy of policy coalition building under PR. The payoffs for these strategies are quite different. If successful, the party capture strategy has a much higher payoff, but the policy package strategy gives more secure gains in the long term. The probability that a strategy will be a success depends on the power resources which an interest group can bring to the table. Given the same level of power resources, an interest group should have greater influence under MAJ rules than PR. This means that the difference between PR and MAJ systems in welfare state coverage and spending is dependent on the power distribution of pro- and anti-regulatory forces in MAJ systems. When the pro-interest groups are strongest, policies should be more similar to those of PR systems. Papers 3 and 4 test this prediction for two interest groups. Paper 3 – co-authored by Carl Henrik Knutsen – focuses on rural interests and paper 4 on trade unions. I argue that while rural interests should prevent welfare state growth, trade unions should promote it.

In paper 3 we start with two historical case studies, the first on rural interests' influence on welfare growth in the welfare state laggard, Great Britain, and the second on their policy influence in Norway. The latter is especially interesting as Norway changed its electoral system from MAJ to PR. This allows us to observe the differences in interest group strategies under both types of systems while holding national factors constant. We find that rural interest groups under both MAJ and PR worked against welfare expansion, even if they were more successful under MAJ rules. In Norway, rural candidates under MAJ systems voted against and circumscribed the unemployment and sickness bills. With the introduction of PR, the rural interests set up their own interest group and political party, seeking to form policy coalitions. This resulted in the famous red-green coalitions. Here the agrarian

[53] Paper 3 was co-authored by Carl Henrik Knutsen.

interests groups ended up supporting the social democrats' social insurance program, in exchange for rural subsidies.

In systematically testing the interest group argument we use my own data on the major programs enacted (encompassing risk coverage), using both count models and normal difference-in-differences OLS. We have data from 1871 to 2002 for 96 democracies. The results support our expectations. The strength of rural interests is significantly correlated with lower welfare growth. The effect is marginally stronger under majoritarian than PR rules, and the predicted difference between PR and MAJ systems is higher when rural interests are at their strongest. As rural interests become weaker, the difference between PR and MAJ systems declines as predicted. These results are robust for using several different specifications, samples size, historical time period, controlling for ownership structure in the rural sector, etc.

Leaving the discussion of electoral systems for later, paper 3 underscores the role played by rural interests in slowing down welfare policies. This is contrary to the literature on class coalitions or family farmers where instead, the rural groups are perceived as fundamental in bringing about universal welfare states (Baldwin 1990; Esping-Andersen 1990; Manow 2009). Our results indicate that rural interests, independently of whether they were family farmers or landlords, tended to work against welfare state expansion. When they lost the right to veto such policies, they turned instead to a strategy of policy packaging, trading acceptance of social policies for rural subsidies.

In paper 4 I turn focus again to trade unions. I start by outlining the recent literature that argues that trade unions should resist the introduction of state policies, primarily on the basis that state policies crowd out services previously delivered by unions. I then outline the argument why MAJ rules offer trade unions a greater number of institutional access points to influence the policy position of parties.

This is tested using two forms of data. I use my own data on encompassing risk coverage and on two different measures of social spending. The former has data for 51 democracies from 1881 to 2002 and the latter 35 democracies from 1961 and 1980 up to 2010. The results are consistent, no matter which measure is used as dependent variable, using either a count model or a difference-in-differences model estimated with OLS. This is true even in samples with fixed effects and few electoral systems changes.

Paper 4 shows that trade unions did actually not work against the introduction of major welfare state programs. Instead of crowding out unions, welfare policies were usually designed to accommodate their preferences. This meant that they usually left an institutional role for unions, making unions support and push for their introduction. Consequently, the role played by unions throughout the 20th century was that of a protagonist, with the estimates of the union effect being more significant than that of leftist or social-liberal parties.

What is the implication of the findings on electoral rules? Including the results from papers 1, 3 and 4 it reveals a picture of interest groups having greater policy influence when powerful under majoritarian rules. As the power of pro-regulatory interests increases, the difference in regulation between MAJ and PR systems decreases. If the opposite happens – anti-regulation interests gain the upper hand – the difference between MAJ and PR should increase. This means that the previous literature on electoral systems and veto points has overlooked the decisive way in which the effects of electoral systems are inherently dependent on interest group politics. Constitutional structures, such as electoral systems, determine the institutional access points available to interest groups. This proves to be a powerful explanation of the entire regulative revolution for both developed and developing countries prior to and after the Second World War.

Why should one trust the findings from these papers? All four papers have two facets in common that have been neglected in previous studies. First, all papers go back to the period before the initial major regulatory laws. This means that I can effectively deal with the issue of reverse causality: that existing welfare or working time institutions shape the preferences of the labor market actors. Second, the papers use a quasi-experimental design that effectively removes constant country differences. By doing so one removes a large part of the information from the data in order to create valid counterfactuals, meaning that one should be less likely to make a type two mistake: saying that something is true when it is not. When I am able to find such strong and robust estimates as documented in these papers, it signals that these are indeed strong results. I am able to do it because I have also brought original data to bear – data that was painstakingly collected and organized by a single researcher. By using this data, I was able to implement the procedures described above, mitigating problems that have been present in most large N-studies up to this point.

7. Conclusion

In research one is constantly searching for that set of exogenous factors which can explain some of the observed variations in the dependent variable. The problem is that very few variables are truly exogenous, and variables that might appear to be exogenous at the outset can even prove to be endogenous when one investigates more closely (Acemoglu 2005; Rodden 2009). For example, factors such as electoral systems, country borders, and the geographic composition of a country are not truly exogenous (Alesina and Spolaore 2005). The question therefore becomes: how far back in the causal chain must one go for the proposed causal explanation to be convincing?

The reason why I raise this question at the end of the thesis is that it highlights how the thesis in some ways is a failure. Trade union organization and concentration – my main explanatory variables – are not truly exogenous factors (Scheve and Stasavage 2009). Instead, I have explicitly argued that the structure of the labor market – the replacement cost – is decisive in shaping why unions end up being concentrated within specific professions or sectors of the economy. In a best-case scenario, this should have been modelled into the empirical design. One could for example have predicted union concentration using replacement cost variations which would then be used to explain variations in regulatory policies.

At the same time, the quest for final or ultimate causes might also be something of a fool's errand (Pontusson 2006, 319-320) because if union encompassingness results from variations in replacement costs, what then explains variations in replacement costs? In the worst case one would be heading for an infinitive regress. Recognizing the limitations of research carried out with limited time and resources, I have instead opted for a narrow solution: to theoretically conceptualize the dependence, but leave the empirical verification of this connection for later research.

I would argue that the thesis has succeeded in delivering the first large N-study of the impact of organized interests on the growth of labor market regulations. This is a feat achieved by combining data from developed and developing countries over 120 years. This was done in order to provide partial answers to three questions: 1) why did the regulatory revolution develop faster in some countries than others, 2) why were regulation universal in some, but segmented in others, and 3) why did some countries develop more generous policies than others.

In doing so it has outlined a theoretical framework on how interest group organization influences policy. Here I focused on trade unions, but also on rural interests. The former was chosen for its central role in organizing and promoting the interests of skilled manual workers, a group I argued would benefit from the introduction of labor market regulations. The latter was chosen because I would argue that rural interests should be opposed to labor market regulation – especially welfare expansion. Together they are two groups that mobilized resources for or against the regulatory revolution. I document that they were largely successful in their ventures. Rural interests slowed down welfare state growth, while unions pushed for working time policies, greater spending and higher risk coverage.

Previous research has tended to focus on elite co-optation of interest groups. Instead I focused on interest groups' ability to either create policy coalitions – such as unions with social-liberal or leftist parties – or party capture. I argued that the three factors – co-optation, policy coalitions, and capture – provide partial, but forceful answers to how interest group organization is able to explain such a large part of the regulative revolution. In so doing, it increases our knowledge on how interest groups' power goes together with party politics and constitutional structures such as electoral rules.

Especially interesting is the finding that interest organizations have greater policy influence under majoritarian rules – assuming an identical level of power resources. Taking these findings at face value, they give stark predictions concerning the development of state regulations in MAJ systems. With the decline of aggregated union density to levels not seen since the beginning of the 1900s, one should expect to see an increasing rollback in these countries, especially with respect to labor market regulation. That the dramatic rise in top income inequality has taken place especially in MAJ systems is therefore not surprising (Hacker and Pierson 2011).

In facing the second question – variation in welfare state segmentation – I argued for the importance of union membership concentration. Concentrated movements have incentives to target benefits at specific sectors or industries, while encompassing movements push for more universal non-contributory policies in addition to earnings-related policies.

How will union decline impact union strategies? The decline of union strength is likely to have two effects. Falling unionization rates in countries where unions never reached an encompassing status is likely to just constrain their available power resources. They will therefore not be able to defend their special programs – occupational or earnings-related sector benefits. In these cases, depending on several factors, countries are likely to either experience a move towards privatization or the introduction of non-contributory programs. This seems an apt description of the policy developments in the Latin American countries since the late 1980s (Carnes and Mares 2014; Mesa-Lago 2007).

The effect of union decline will not be the same in the countries where unions reached encompassing membership. Instead, with unions losing the unskilled and with the lack of headway into the growing service sector, unions shift strategies. Which strategy is optimal in these situations is most likely dependent on the system in place, and which kinds of reform strategies the politicians adopt. However, the preferences of unions in preserving their earnings-related benefits against means-testing or privatization will likely persist (Häusermann 2010a).

This thesis has also argued that policies such as working time regulations and some social policies are acceptable, both to center and leftist governments. This means that once these regulatory policies have been introduced, their continued operation is independent of the presence of strong labor organizations. This means that one should see regulatory scale back to come in the form of concentrated cuts: policies such as general hour laws should be left alone, while overtime policies should be cut.

In this thesis I have focused on working time regulation and welfare policy, but this still leaves major parts of the regulatory state in the dark. As always, there are stories to be told at a later time.

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English summary

This thesis investigates the origins of the regulatory revolution: statutory *regulations specifying rules for entry, operation of, and exit from the labor market*. I focus on three decisive, but little studied aspects of this revolution: first, why the regulatory revolution developed faster in some countries than others; second, why regulation was universal but segmented in others, third: why some countries developed more generous policies than others. Since various categories in the labor market will either lose or win depending on the specific set-up, actors such as unions and employers have strong interests in shaping the institutional framework to their liking.

I outline a new theoretical framework on how interest group organization influences policy in order to understand how unions, rural and urban employer groups are able to influence policy-developments. Here I focus on trade unions, but also on rural interests. The former is chosen for its central role in organizing and promoting the interest of skilled manual workers; a group I argue would benefit from the introduction of labor market regulations. This is contrary to recent literature that has either maintained that only specific unions promote state regulations or that unions generally prefer collective bargaining to statutory regulations. The latter is chosen because I argue that rural interests should be opposed to labor market regulation – especially welfare expansion – as they fear that rural means will end up subsidizing urban needs. I argue that both unions and rural interests mobilized resources together for or against the regulatory revolution.

Previous research has tended to focus on elite co-optation of interest groups. I highlight two additional strategies that strong interest groups can use to gain policy influence. The first is in interest groups' ability to either create policy-coalitions – such as unions with social-liberal or left parties. The second is to capture party-candidates, gaining indirect access to the legislature. I argue that these three factors – co-optation, policy-coalitions, and party capture – give a partial, but strong answer to how interest group organization is able to explain such a large part of the regulative revolution.

What decides which strategy is chosen by the interest groups? The electoral system influences whether interest groups will be able to capture a party likely to win the executive. Under majoritarian rules, party candidates are be more sensitive to concentrated interest groups pressure, allowing both rural interests and trade unions to capture party candidates. This is not the case under PR, where party candidates are more dependent on the national party-organization for their re-election, reducing their dependence on interest organizations for re-election. I label this difference between electoral systems as a difference in institutional access point. The number of points is argued to be indicative of the degree to which interest groups can capture candidates or whole parties and through them legislative influence. Parties in countries with fewer institutional access points, such as PR, should therefore be less sensitive to interest group pressure. The effects of mobilization against or for statutory regulation by either rural interests or trade unions should therefore be greater under majoritarian systems than PR.

These claims are tested through Cross Sectional-Time Series regressions using a difference-in-difference estimator. This design effectively deals with selection bias in cross-country studies. I also deal with reverse-causality issues by increasing the time series beyond what has been the standard in comparative political economy, by collecting data back to the time before any major welfare laws were enacted. I can therefore effectively test which factor came first, something that has not been done in the existing literature. This resulted in a major dataset on major welfare state laws and generosity from 1871 to 2000 for 154 countries.

Using this design and novel data, the dissertation shows that when trade union strength increases, the level of regulation grows significantly over time. This is the case both for welfare policies but also working time regulations. For agrarian interest groups I find the opposite effect: as these groups grow in strength, the predicted level of regulations decline over time. As expected, under majoritarian rules, both interest groups have greater policy influence when they are strong than under PR. For example, strong rural interest leads to a regression of regulatory expansion under majoritarian rules, but has no significant effect under PR rules. Similarly, trade unions have a significantly stronger effect on welfare state generosity, spending, and working time regulations under majoritarian rules than PR.

In summary, when unions and rural interest groups could field the necessary power resources, they were largely successful in their ventures. Rural interests slowed down welfare state growth, while unions pushed for working time policies, greater spending and higher risk coverage. Their effectiveness depended on the electoral system, with majoritarian rules offering greater policy-influence than PR.

In facing the second question – variation in welfare state segmentation – I argued for the importance of union membership concentration. Concentrated movements have incentives to target benefits to specific sectors or industries, while encompassing movements push for more universal non-contributory policies in addition to earnings-related policies. The relationship between union density – share of employees organized – and welfare state segmentation should therefore be curve-linear: positive when unions are concentrated, before becoming negative as unions become encompassing.

In order to test this I used a novel dataset on welfare state segmentation in old-age and unemployment benefits for 66 countries from 1870 to 2002. I find a curve-linear effect as predicted. Encompassing unions push for more universal benefits, while less encompassing unions prefer segmented benefits. This effect is robust, even when controlling for the overall size of the welfare state or when only focusing on variation between countries with a welfare state program.

This thesis has found overall strong support for the theoretical model put forward to explain variation in different aspects of the regulatory revolution. Variation in the power of rural and trade union organizations is a decisive factor in explaining the rise of both welfare and working time regulations, and their influence depends upon the number of institutional access points – given by the electoral system.

These findings also challenge existing literature in comparative political economy. The strength of trade unions is a strong predictor of the expansion of regulation, but also their generosity, which supports the class-theory of unionism (Power Resource Theory). I find no overall evidence of unions working against expansion of statutory regulations, nor that only specific types of unions fought for their expansion. There is also no indication of major welfare state benefits displacing the traditional role played by unions, leading to membership loss. Even if these findings are in line with the class theory, the second major finding: that union density has a curve-linear effect on segmentation, is not. Instead of unions pushing for universal benefits, these findings indicate that they only do so in very specific instances. This signals the need for a re-evaluation of the effect of unions on welfare state structure.

To the literature on electoral systems and veto-points structures, my findings highlights the importance of understanding how the effect of these constitutional structures on state regulation depends on the distribution of power among interest groups. These findings indicate that without understanding the power distribution between interest groups, it becomes hard to properly understand the effects of electoral systems on regulatory expansion. This points to further fruitful avenues of research, by investigating how specific constitutional structures offers interest groups access points, while others restrict their influence.

Dansk resume

Denne afhandling undersøger, hvordan organiserede interesser har påvirket den lovgivningsmæssige revolution de sidste mere end 100 år. Labour Regulations er af særlig interesse for arbejdsgivernes og arbejdstagernes organisationer, fordi de former den fremtidige magtbalance mellem parterne. Jeg fokuserer på tre vigtige – men kun lidt studerede – aspekter af denne revolution. For det første; hvorfor udviklede Revolutionen sig hurtigere i nogle lande end andre. For det andet, hvorfor blev forordningerne mere segmenterede nogle steder og universel i andre. Endelig hvorfor udviklede lande mere generøse ordninger end andre.

Jeg udvikler en ny teoretisk ramme for at forstå, hvordan arbejdskraft, arbejdsgiverorganisationer i enten landet eller i byen sektor påvirker udviklingen af statsregulering. Jeg fokuserer på fagforeninger og interessenter i landdistrikterne. Fokus er på fagforeningerne, fordi de fremmer faglærte arbejderes interesser. Jeg argumenterer derfor imod nyere litteratur på området, som har hævdet, at fagforeningerne modarbejdet indførelsen af statslige velfærdsprogrammer, fordi de frygtede, at staten ville erstatte fagforeningerne rolle. Agrarinteresser er valgt, fordi de er en kun lidt undersøgt gruppe i litteraturen vedrørende velfærdsregler, men også fordi jeg har en forventning om, at de vil protestere mod arbejdsmarkedsregulering. Især når dette indebærer, at landdistrikterne subsidierer risici, som ofte forekommer i byområder, såsom arbejdsløshed. Både fagforeninger og landdistrikter interesser kunne mobilisere ressourcer til eller for indførelse af regler. Deres rolle er derfor afgørende for at forstå den lovgivningsmæssige revolution.

Tidligere forskning har fokuseret på effekten af interessegruppemobilisering mod reaktioner fra statslige eliter i form af kooptering. Til denne litteratur understreger jeg betydningen af to yderligere strategier interessenter kan bruge til at påvirke statslige regler. For den første er en vigtig strategi at opbygge vælgerkoalitioner med partier. På denne måde adskiller den sig fra strategi nummer to: interessegrupper. Her sigter interessegrupper efter kontrol over parter, for eksempel ved at påvirke hvem bliver løst inden for partiet, der vil stille op til valget, muligvis fremme faglige kandidater. Hvis strategien fungerer, betyder det, at interessegrupper ikke behøver at forhandle med parterne, da de direkte kan sætte parternes præferencer. Tilsammen fremgår det, at denne ramme stort set indfanger hvordan interessegrupper påvirke fremkomsten af statslige regler.

Hvilke former som af de strategier, der er mest opportun for interessegrupper? Jeg argumenterer for, at graden af institutionelle indgange er afgørende. Institutionelle indgange er dele af et lands forfatningsmæssige struktur, der giver interessegrupper for at påvirke kandidatselektering inden for de politiske partier. I lande med få indgange mislykkes interessenter til at indfange parter, og skal i stedet indgå i udvalgte koalitioner med parterne for at få indflydelse. Det modsatte er tilfældet i lande med mange indgange. Jeg argumenterer for, at valgsystemet er en afgørende i udformningen af antallet af indgange. Under flertalsvalg er partikandidater mindre afhængige af partiet på nationalt plan for at blive genvalgt, da partiet hverken give penge til kandidatens kampagne eller har direkte kontrol over, hvem sætter. Da flertalsvalg er mere tilbøjelige til at producere en regering med et flertal af stemmer, betyder det, at en interessegruppe potentielt kunne styre en part, der holder regeringsmagten, er dette ikke tilfældet i proportionale valgsystemer. Her har partiet stærk kontrol over kandidaterne – hvilke kandidater står på valg i forskellige valgkredse. Det betyder, at interessegrupper har en større mulighed for at påvirke kandidat udvalg under flertalsafgørelser end under proportionalt valgsystem. Det betyder, at mobilisere ressourcer i form af fagforeninger, men også i landdistrikterne interessenter bør have en større indflydelse på fremkomsten og generøsitet arbejdsmarkedsregler under flertal valgsystemer end proportionale systemer.

Disse to testes systematisk gennem et sæt af regression på flere store paneldata hypoteser indstilles med en forskel-i-forskelle estimator. Dette er en hensigtsmæssig metode til at løse problemerne udvalg i analysen ved hjælp af nationalstater som enheder. For at løse problemet med omvendt kausalitet – at arbejdsmarkedet ordninger øger styrken af interessegrupper, eller svække dem – jeg indsamler data fra før de store arbejdskraft ordninger blev indført. Det betyder, at jeg kan fange effekten af interessegrupper på arbejdsmarkedsregulering, uden at sidstnævnte kan påvirke førstnævnte. Dette har ført til indsamling af et unikt datasæt med oplysninger om velfærdsprogrammer i 154 lande fra 1871 til 2000, fagforeninger og strejker i 111 lande fra 1830 til i dag, og de arbejdstidsregler fra 1870 frem til i dag for 22 lande.

Resultaterne af min analyse viser klart, at union styrke spillet en afgørende rolle i fremkomsten af arbejdsretlige regler over tid. I alle mine indikatorer arbejdsmarkedsregulering af finder jeg en betydelig og stærk effekt af union styrke. For landdistrikterne interessenter kan jeg finde en modsat effekt. Hvor landdistrikterne interessegrupper var stærke, var fremkomsten af regler betydeligt lavere end hvor de var svage. Som forventet, finder jeg, at interessenterne effekt signifikant modereret af valgsystemet. Under flertal har både fagforeninger og interessenter i landdistrikterne en stærkere effekt på regulering arbejdsmarkedet, end de har i henhold til proportional valgalle andet lige.

Resumé: når fagforeningerne og landdistrikter interesseorganisationer de kunne mobilisere de nødvendige magt ressourcer, de havde en stærk virkning på de lovgivningsmæssige revolution udvikling. Hvor fagforeninger var stærke, blev indført flere velfærdsprogrammer og ordninger var mere generøs. Hvor landdistrikterne grupper var stærk, blev indført færre programmer og arrangementer var mindre generøs. I mellemtiden, deres indflydelse afhang af valgsystemet, med øget indflydelse under flertalsafgørelser end proportionale systemer.

Hvad forklarer variationen mellem landene i det omfang, som de udsteder universelle eller segmenterede arrangementer? Her lancerer jeg en forklaring baseret på fagforeningsledere frygt for gratister, med den historiske observation, at fagforeningerne har haft en tendens til at blive koncentreret i bestemte erhverv og sektorer. Jeg hævder, at dette giver fagforeninger et stærkt incitament til at presse på for segmenterede arrangementer, mens de er koncentreret et par erhverv eller sektorer. Når fagforeninger organiserer uden for deres traditionelle erhverv, især blandt ufaglærte, kan ikke længere segmenterede foranstaltninger for at beskytte alle medlemmer, og fagforeninger er i stedet drivkraft for flere universelle systemer. Jeg forventer derfor, at andelen af organiserede arbejdsstyrke skal kurvlineært forbundet med segmentering. I første omgang betyder en stigning i medlemskab, at fagforeningerne er stærkere, og de kan presse på for nye ordninger, hvorimod når en stor del af arbejdsstyrken er organiseret sker næste i medlemskabet uden for de traditionelle fagforeninger sektorer. det

At systematisk teste denne forudsigelse jeg indsamlede data om segmentering i alder pensioner og arbejdsløshedsunderstøttelse for 66 lande fra 1870 til 2002. Ved hjælp af samme design som den ovenstående finder jeg en signifikant og robust kurv lineær sammenhæng mellem organisationen graden af fagforeninger og graden af segmentering.

Taget som helhed, denne afhandling fundet stærke støtte til den teoretiske model fremsat for at forklare stigningen, generøsitet og struktur af den lovgivningsmæssige revolution. Variation i magten ressourcer til fagforeninger og landdistrikter interesser var afgørende, men graden af deres indflydelse afhang af de forfatningsmæssige muligheder systemkravene til indflydelse, hvor særlige valgsystem spillet en afgørende rolle.

Mine resultater udfordrer også eksisterende litteratur i komparativ politisk økonomi. Jeg finder, i modsætning til nyere historisk forankret forskning, ingen tegn på, at fagforeningerne arbejder hen imod indførelsen af statslig regulering. Mine resultater er i stedet overraskende stærk sammenfaldende med magt ressource teori om udvikling velfærd. Påpeger mine resultater på power ressource teorier har misforstået union præferencer i et område. Mine resultater viser, at fagforeningerne, undtagen i særlige tilfælde, foretrækker segmenterede velfærdsordninger, der signalerer behov for nytænkning med hensyn til fagforeninger præferencer.

Mine resultater er også vigtige for litteratur om valgsystemer og vetopunkter, primært fordi de viser vigtigheden af at forstå, hvordan effekten af forskellige forfatningsmæssige begrænsninger regler afhænger af fordelingen af magten mellem interessegrupper; grupper, der ofte beskrives som om de er på ydersiden af det politiske system. Disse resultater viser, at spørgsmålet om, hvordan effekten af forfatningsmæssige strukturer er betinget magten mellem interessegrupper er et frugtbart område for yderligere undersøgelse.