Global Capital, Political Institutions, and Policy Change in Developed Welfare States

This book argues that the dramatic post-1970 rise in international capital mobility has not, as many claim, systematically contributed to the retrenchment of developed welfare states. Nor has globalization directly reduced the revenue-raising capacities of governments and undercut the political institutions that support the welfare state. Rather, institutional features of the polity and the welfare state determine the extent to which the economic and political pressures associated with globalization produce welfare state retrenchment. In systems characterized by inclusive electoral institutions, social corporatist interest representation and policy making, centralized political authority, and universal and social insurance–based program structures, pro–welfare state interests are relatively favored. In nations characterized by majoritarian electoral institutions, pluralist interest representation and policy making, decentralization of policy-making authority, and liberal program structure, the economic and political pressures attendant on globalization are translated into rollbacks of social protection. Consequently, globalization has had the least impact on the large welfare states of Northern Europe and the most effect on the already small welfare states of Anglo nations.

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DUANE SWANK

Marquette University
For Melanie, my wife,
and in the memory of my parents,
Howard and Eva
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Preface

This book finds its origins in my early 1990s work on the political economy of redistribution in the developed capitalist democracies. I have accumulated many debts since then and they ought now to be gratefully acknowledged. First, I wish to express my appreciation to the German Marshall Fund of the United States for providing a GMF Research Fellowship that made possible invaluable research, travel, and writing time during 1996 and 1997. In addition, the Marquette University Committee on Research provided generous financial support in the form of regular and summer faculty fellowships during 1996 and 1997. Second, I would like to thank the many individuals who provided helpful comments on my arguments and analyses. In particular, Keith Banting, Hans-Georg Betz, Markus Crepaz, Bernhard Ebbinghaus, John Freeman, Miriam Golden, Peter Hall, Torben Iversen, Desmond King, Anders Lindbom, Andrew Martin, Cathie Jo Martin, Kathleen McNamara, John Myles, Jonas Pontusson, Michael Shalev, and Sven Steinmo provided especially helpful suggestions and criticisms at one or more junctures (as have many other colleagues at the forums listed below). I am especially grateful to Francis Castles, Geoffrey Garrett, Paul Pierson, Dennis Quinn, John Stephens, and Michael Wallerstein for extensive discussions or written comments on material in the book. I have also learned a good deal about the political economy of advanced industrial societies by reading their work. Third, I wish to thank Lewis Bateman, Political Science Editor at Cambridge University Press, for sage advice and support of this manuscript, and to Cambridge’s anonymous readers for very helpful comments on the first draft.

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Preface


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argument to the relationships between globalization, political institutions, and the scope of the public economy in “Mobile Capital, Democratic Institutions, and the Public Economy,” *Journal of Comparative Policy Analysis* (August, 2001). Excerpts from that article are reprinted here with permission of Kluwer Academic Publishers.