ABSTRACT

There is an ongoing debate in the literature concerning the impact of democracy on welfare spending. In this study, I argue that the effect of democracy is conditional on the degree or extent of democracy and the existence of domestic groups – predominantly labor and the elderly – who pressure the government for policy changes.

In countries where there is a larger high skilled labor force and a more democratic government, welfare expenditure is higher because the government will respond to labor pressures for broader welfare protection. In countries with a larger elderly population, governments will respond with more of a social security and welfare effort. However, in countries where the labor force is less organized and the elderly population is weak, democratic leaders are more likely to have lower welfare spending and favor more orthodox economic policies.

Finally, new democratic governments and established democratic governments have a different relationship with welfare expenditure. While domestic pressures condition the role of each regime type, new democracies are fragile, so representatives in these regimes may have an even greater response to domestic pressures for welfare development.