

**The Welfare State and Quality of Life:  
A Cross-National Analysis**

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## **Abstract**

While there is a vast and highly contentious literature devoted to understanding the economic, social, and political consequences of the welfare state, little attention has been paid to the fundamental question of whether social security programs actually improve the overall quality of human life. We attempt such an appraisal, using the extent to which individuals find the totality of their lives to be satisfying as an evaluative metric.

Considering national rates of life satisfaction in the industrial democracies from the 1970s to the present, we find that citizens find life more rewarding as the generosity of the welfare state increases, net of economic or cultural conditions. The implications for social policy are discussed.

## Introduction

Does the welfare state make the world a better place? The impassioned argument this question has evoked is easily understood: by attempting to marginalize the market “as the chief determinant of peoples' life chances” (Esping-Andersen, 1985: 245), the welfare state is nothing less than an attempt to alter fundamentally the means by which human well-being has been produced and distributed since the end of feudalism. Public welfare programs thus give tangible expression to the normative (and highly disputed) contention that it should be one's status as a citizen, rather than one's class position or one's income, which guides the distribution of well-being (Marshall, 1950). In this way, the welfare state touches both the material interests of all and the ideological passions of many.

It is thus hardly surprising that the welfare state has produced an academic debate nearly as long, and almost as vociferous, as the parliamentary and street battles it has evoked. In addition to the conventional arguments that the welfare state actually fails to achieve its objectives of reducing inequality and poverty (for reviews, see Kenworthy, 1999; Kenworthy and Pontusson, 2005) and whether, in any case, extensive welfare programs have deleterious economic consequences (for a discussion, see Atkinson, 1999), much recent scholarship has been devoted to establishing that income maintenance programs are complicit in a variety of social pathologies.

The welfare state is now argued to be responsible for, among other things, higher rates of divorce and similar manifestations of “marital instability” (e.g. Buckingham 2000; Gilder 1993); low self-esteem, emotional stress, and in general “lower psychological and physical health” among its clients (e.g. Kalil and Danziger 2000; Chung and Bemak 1996); cultures of “dependency” (e.g. Saunders 2000; Fraser 1997); a

bloating of public employment at the expense of the more efficient private sector, along with deficit spending and other budgetary woes (e.g. Crook 1997; Butler and Kondratas 1987; Lindbeck 1983, 1981; Olson 1982; Friedman and Friedman 1979); increases in low-income single parent families, with deleterious consequences on children (e.g. Murray 1984); and destructive benefit-motivated migration in the form of “welfare magnets” (see Allard and Danziger 2000).

The literatures mentioned above all assess the success or failure of the welfare state in terms of its apparent consequences for individual or particular aspects of life. In this paper we follow a different course by attempting to evaluate the practical impact of the welfare state in a more basic and fundamental way: by considering whether, in the end, it tends to make people more satisfied with their lives. Simply put, we ask if an expansive welfare state improves the overall quality of human life, using the extent to which people genuinely enjoy their lives as the appropriate evaluative metric.

This is now possible, given the emergence of an extensive social scientific literature devoted to studying life satisfaction (e.g. Inglehart, 1991, Veenhoven, 1996, Lane, 2002). With the refinement of the tools necessary to measure with reasonable reliability and validity how people subjectively evaluate the quality of their lives, it has become possible to test theoretically derived hypotheses about the observable factors that tend to make people more satisfied in some societies than others. In sum, we are capable of measuring subjective quality of life across countries in a rigorous fashion, theorizing about the real world conditions that determine such differences, and testing the resulting empirical predictions (for reviews, see Diener and Suh, 2000; Frey and Stutzer, 2002; Layard, 2005). We thus propose to assess the welfare state by determining whether it has

positive or negative consequences for quality of life in the broad sense of the degree to which people find their lives satisfying.

### **Subjective Well-Being and the Welfare State**

Scholars have long-debated the role of the welfare state in creating and distributing well-being. At its core, this debate reduces to the familiar dispute between politics versus markets (Lindblom, 1977) as manifested in the argument over whether to supplement the presumed inequalities of market distribution with the presumed equality of citizenship rights, i.e. whether to make "citizen entitlements...rather than the market contract" the basis of the allocation of well-being (Esping-Andersen, 1985: 159). Those favoring political "entitlements" ultimately do so because, as Lane (1978) puts it, markets are "indifferent to the fate of individuals." Esping-Andersen summarizes the argument perfectly when he notes that while capitalism certainly has many positive aspects that doubtless do contribute to quality of life, in the end "the market becomes to the worker a prison within which it is imperative to behave as a commodity in order to survive" (1990: 36). As it is hardly surprising or even controversial to suggest that human beings do not enjoy being reduced to a commodity to be bought and sold, it seems equally unremarkable to suggest that their lives are likely to be less rewarding the more this metaphor approaches literalness. Indeed, as we discuss presently, it is now commonplace to define the welfare state in terms of its ability to "decommodify" citizens. If so, the welfare state should contribute to greater well-being to the extent that its defenders are correct in their socio-analysis of markets (for a review, see Radcliff, 2001).

Conversely, if the defenders of unfettered markets are right, we should observe precisely the opposite relationship: "decommodification" becomes an ideological mask for inefficiency and wastefulness, which will impose itself as costs on the population, so as to lower the general level of happiness. In this view, the state's efforts at redistribution and provision fail because they actually reduce both the "quantity" and "quality" of well-

being, relative to markets. This is principally because they displace the church and family as sources of emotional support and, more critically, because they encourage “collectivization” with deleterious consequences for individual privacy, freedom, and autonomy (for a discussion of these and other arguments against the welfare state as it relates to happiness, see Veenhoven, 2000: 112-119).

Surprisingly little empirical research has been undertaken to test these contesting points of view. The two most systematic attempts to assess the consequences of the welfare state on subjective well-being come to contrary conclusions. Veenhoven (2000) contrary to the author’s own expectations, finds little or no connection between social security and happiness. He concludes that “there appears to be no link between the size of the welfare state and the level of well-being” so that in the end the only justification for citizenship rights is “political taste.” Conversely, Radcliff (2001) finds a strong positive relationship between such rights and life satisfaction. He argues that “subjective evaluation of life...is enhanced by the extent to which states reduce market dependence through the decommodification of labor and, in general, adopt social democratic welfare regimes.”

We thus have two major studies coming to precisely opposite conclusions. Further, both are sufficiently plagued by problems with research design that it seems difficult to endorse one over the other. In the end, both sets of findings are suspect. Veenhoven (2000), for instance, relies mostly on raw expenditure data as his indicator of welfare state effort—a practice that, as we review below, is out of sync with contemporary research on the welfare state. He also relies on relatively crude statistical techniques (primarily correlations). For its part, Radcliff’s (2001) study is entirely cross-

sectional in nature. It thus remains subject to the traditional, and quite correct, criticisms of research designs that lack a longitudinal component. Simply put, it is necessary to show that changes in the welfare state produce changes in subjective well-being across both space and time.

Given that the arguably most comprehensive and sophisticated works yet done on the nexus between the welfare state and subjective well-being are not only flawed, but also come to contrary conclusions, we must conclude that the professional jury remains out on the nature or existence of the relationship in question.<sup>1</sup> We attempt to provide a verdict in the analyses that follow.

### **The Welfare State**

Until fairly recently, the literature on the development of the modern welfare state focused primarily on quantity, i.e. the welfare state was discussed in terms of its size, as manifested by the extent of its fiscal reach. Scholars assessing the welfare state typically relied on aggregate measures of welfare spending, such as the percentage of GDP devoted to public welfare programs, as an indicator of welfare program generosity (e.g. Castles, 1982; Hicks and Swank 1992). In short, welfare effort had long been largely equated with *spending* levels.

While this work has certainly contributed to our understanding of the welfare state, more recent scholarship has witnessed growing skepticism about whether the level

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<sup>1</sup> Two more recent studies, focusing on unemployment insurance schemes rather than the welfare state more broadly, come to equally conflicting results: DiTella, MacCulloch, and Oswald (2003) find that higher unemployment benefits are “associated with higher national well-being” whereas Ouwehel (2002) maintains that the level of benefits does not buffer the negative effects of unemployment on subjective well-being.

of social expenditure adequately reflects the state's commitment to welfare. Esping-Andersen (1988: 18-19) puts it this way:

Most of these studies claim to explain the welfare state. Yet their focus on spending may be irrelevant or, at best, misleading. Expenditures are epiphenomenal to the theoretical substance of welfare states...by scoring welfare states on spending, we assume that all spending counts equally.

This concern reflects a growing sense that the welfare state represents more than just a facet of a nation's budget. Rather, as the seminal work by T.H. Marshall (1950) argued, the welfare state is the principal mechanism by which social citizenship is conferred, whereby "social rights" are elevated in importance. We turn our attention to three alternative ways of measuring welfare-state quality, distinct from crude spending levels. These will be used subsequently as indicators in our analysis.

One of the most important efforts to reconceptualize the welfare state was Esping-Andersen's (1990) hugely influential *The Three Worlds of Welfare Capitalism*, which redirected scholarly focus away from spending and toward a broader notion of the *quality* of the welfare state. The concept central to this is Esping-Andersen's notion of "decommodification." In Esping-Andersen's (1990) definition, "labor is decommodified to the degree to which individuals or families can uphold a socially acceptable standard of living independent of market participation" (37).

Critically, decommodification reflects the quality as well as quantity of social rights and entitlements; the mere presence of social assistance or insurance may not necessarily bring about significant decommodification if they do not substantially emancipate citizens from market dependence (Esping-Andersen 1988, 22). Citizens are "emancipated" from the market in the sense that they can freely opt out of work, when

necessary, without risking their jobs, incomes, and general welfare. Computationally, his measure is a summary index that assesses the extent of emancipation from market dependency in three specific domains: pensions, income maintenance for the ill or disabled, and unemployment benefits. With these diverse dimensions, decommodification offers a more comprehensive measure of welfare state commitment than spending levels. Societies can now be arrayed along a continuum based on decommodifying social policies, with the upper end defined by generous and universal entitlements, and those at the lower end characterized by rigid (means-tested) eligibility requirements and low levels of benefits.

While this approach has certainly proved an advance over spending, its empirical utility has been limited by scope of the original Esping-Andersen measure. More specifically, the indices were for one time-point only, thus limiting their use to cross-sectional analyses. The recent availability of a *time-serial* data set on decommodification for eighteen countries over three decades has now made an assessment of the across-time impact of this concept possible (Scruggs 2005). These data cover eighteen advanced industrial countries from 1971-2002, utilizing the same basic computational methods as Esping-Anderson (1990).<sup>2</sup>

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<sup>2</sup> The details of the rigorous operationalization are not readily summarized. Perhaps the most succinct description is offered by Messner and Rosenfeld (1997: 1399): the index “encompasses three primary dimensions of the underlying concept: the ease of access to welfare benefits, their income-replacement values, and the expansiveness of coverage across different statuses and circumstances. A complex scoring system is used to assess [the amount of decommodification provided by] the three most important social welfare programs: pensions, sickness benefits, and unemployment compensation. The scoring system reflects the ‘prohibitiveness’ of conditions for eligibility [e.g. means testing], the distinctiveness for and duration of entitlements [e.g. maximum duration of benefits], and the degree to which benefits replace normal levels of earnings. The indices for these three types of...programs are then aggregated into a combined [additive] index.” It should be noted that the individual indices are weighted by the percent of the relevant population covered by the given programs. Each dimensional index is built from multiple indicators (e.g. five for old age pensions, four each for sickness and unemployment) reflecting the concerns noted above. The data can be located at <http://sp.uconn.edu/~scruggs/wp.htm> (accessed 15 April 2005).

A second measure of the quality of welfare states is the *social wage*. While the term is widely (and imprecisely) used to describe everything from transfer payments per se to in-kind aid (e.g. housing, medical care) to the welfare state in general, the core meaning has traditionally been the share of the national income that is distributed according to social need rather than by the market. We follow the current convention in the welfare state literature of operationalizing it more narrowly still as income “that a worker, severed from the labor market [i.e., made unemployed], will earn merely by virtue of his or her citizenship” (Hicks, 1999: 196; see also Kenworthy, 1999). Data are from the OECD (2004).<sup>3</sup>

A third way of measuring the political commitment to replace the market with political entitlements is to consider the role of *left-governments* as agents of intervention in the economy. Their role in adopting and implementing “socialist regime attributes” is well documented by a range of scholars examining the left-party impact on the evolution of the social democratic welfare state (e.g. Huber and Stephens, 2001; Hicks, 1999). While there is some disagreement in the literature over the extent that other party groups such as Christian Democrats fulfill some of these roles (e.g. Esping-Andersen, 1990; Huber and Stephens, 2001), something of a consensus exists over leftist parties as advocates of social rights. Left-party power is typically assessed by looking at the cumulative share of cabinet seats leftist parties have shared over time. Radcliff (2001) extends this concept in an obvious fashion, defining “left dominance” simply as the

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<sup>3</sup> The measure is defined “as the average of the gross unemployment benefit replacement rate for two earnings levels [median-income and the 67<sup>th</sup> percentile of the income distribution], three family situations, and three durations of unemployment.” Data are available at <http://www.oecd.org/dataoecd/25/31/34008592.xls> (accessed 10 October 2005).

cumulative share of left party cabinet portfolios less the cumulative right-party share. The predominance of the left should result in greater security. We follow this operationalization (using cabinet seats data from Huber et al., 2004).

## Analysis

The initial empirical analysis utilizes aggregate data on average life satisfaction for the only sample of countries—eleven member states of the European Union—for which comparable, yearly time-serial data are available, courtesy of the Eurobarometer. These basic results are then confirmed with an analysis of a wider sample of seventeen industrial democracies using data from the World Values Surveys.

### *The European Union*

The most extensive set of comparable time serial data on subjective well-being are from the Eurobarometer. It contains a standard question commonly used to assess life satisfaction: "On whole, are you very satisfied, fairly satisfied, not very satisfied, or not at all satisfied with the life you lead?" We utilize the national mean on this indicator, with the response categories coded so that higher values indicate greater satisfaction. The countries included are Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Sweden, and the United Kingdom. The data are from 1975 to 2002.<sup>4</sup> Multiple observations per year are averaged.

The principal independent variables are three alternative measures of the underlying concept of independence from market forces discussed previously. The first is a measure of the degree of decommodification provided by the welfare state, using the time-serial data from Scruggs (2005) which follow the original formulation from Esping-

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<sup>4</sup> Austria, Finland, and Sweden have a shorter (1996-2002) time series, given their later entry into the EU. Greece, Luxembourg, Portugal, and Spain are effectively eliminated due to missing data on independent variables.

Andersen (1990). The second is the conceptually similar index of the social wage (OECD, 2004) defined as (discussed above) in terms of income that a typical unemployed worker can expect to receive by status of his citizenship rather than market participation. The third shifts from the welfare state *per se* to the wider political ideology of governments, operationalized as the cumulative share of left-party cabinet seats less those of right-party seats (Radcliff, 2001).<sup>5</sup> In each instance higher values indicate a greater commitment to the social democratic project of emancipation from market dependence and should consequently show a positive relationship with life satisfaction.

Two controls are utilized. The first is the unemployment rate (expressed as a percentage, from Armingeon et al. 2005) given a large body of evidence documenting the depressive effect of this phenomenon on satisfaction (for a review, see Frey and Stutzer, 2002, chp. 5). We also introduce a set of dummy variables for each country (excepting a reference category) to account for the relatively fixed, social, economic, and cultural characteristics of a given country. The potential number of such variables is extremely large, but to the extent that they are indeed relatively constant for each country over the comparatively short time frame in question, the most convenient (and econometrically powerful) way to account for them is simply to fit a constant for each country by including dummy variables for each, excepting a reference category. The effect of the dummies is, of course, to fit separate intercepts for each country, thus accounting for the large and sustained differences in satisfaction that one might expect to result from different cultural and institutional contexts. The nation dummies thus account for unmodeled structural difference across countries. This “fixed effect” model has the

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<sup>5</sup> Following Radcliff (2001) we also attempted to fit a variable for cumulative center-party seats, but this proved to lack all statistical significance.

further econometric advantage of accounting for the pooled structure of the data. By controlling for sustained level-differences in the dependent variable that cannot be attributed to the political variables (or unemployment) these terms also remove the possibility that unit effects could bias the resulting parameter estimates.

Estimation is with panel-corrected robust standard errors and a lagged dependent variable (Beck and Katz, 1995).<sup>6</sup> The former accounts for the fact that the error terms are likely to be heteroskedastic and contemporaneously correlated across countries; the latter corrects for serial correlation. The dummy variables, as noted previously, further control for the pooled structure of the data.

Results are in Table I. As is apparent, each of the three political variables is significant and correctly signed. The implication is obviously that national levels of satisfaction vary directly with the level of decommodification, the social wage, and left-dominance of government.<sup>7</sup>

[Table I about here]

Perhaps the most profitable way of interpreting the magnitude of the impact of the political variables on life satisfaction is to compute the expected change in satisfaction when moving between the maximum and minimum observed values of the former variables.<sup>8</sup> Doing so indicates a predicted difference of over three-quarters of a standard deviation in satisfaction for decommodification, one-and-a-quarter standard deviations for the social wage, and sixth-tenths of a standard deviation for left party dominance.

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<sup>6</sup> The data collection begins in 1973 but data are missing for 1974. Hence, to keep the sample as large as possible, we have used the 1973 data as the lagged value for 1975.

<sup>7</sup> The social wage data are available only in odd numbered years. Hence, the number of observations is smaller when using this variable than that reported in the remaining models.

<sup>8</sup> This method of interpretation is especially recommended given that the estimator does not allow one to compute standardized coefficients.

Clearly, then, the degree of market independence a society provides has a substantive as well as statistically significant effect on the degree to which individuals tend, on average, to find their lives satisfying.<sup>9</sup>

While the multivariate models described above are the best way to appraise the relationships between the welfare state variables and SWB, we can also document the basic patterns through the more intuitive method by illustrating the simple bivariate relationships (using the mean values over time for the welfare state measures and SWB), as provided in Figures 1-3. The patterns are by no means entirely neat (reflecting the fact that there are indeed other determinants of satisfaction beyond the welfare state) but they do illustrate nicely the basic relationships in question.

[Figures 1-3 about here]

### *The Industrial Democracies*

The results above can be substantiated using an entirely different data collection covering a wider sample of nations by turning to the several waves of the World Values Survey. Our dependent variable is again the national mean of life satisfaction, from the standard question: "All things considered, how satisfied or dissatisfied are you with your life now?" Higher values, of course, suggest greater satisfaction. We compute national values using all waves of the WVS from 1981 to 2000. The number of observations varies by country but averages 3.1.

The principal independent variables are as before: decommmodification, the social wage, and left party control of government. The sample now includes the same eleven

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<sup>9</sup> Standard diagnostics suggested nothing untoward. We were particularly interested in confirming that the results were not overly affected by particular data points. Accordingly, we re-estimated the models when excluding the handful of cases with large standardized residuals or dfbetas; substantive conclusions were unchanged.

West European countries, plus the United States, Canada, Australia, New Zealand, Norway, Switzerland, and Japan. Given the small number of time points per country, neither panel corrected standard errors nor dummy variables are appropriate; instead we rely on a GLS random effects model (see Stimson, 1985) to account for the pooled structure of the data. Given the absence of country dummies, we include the three control variables commonly used in cross-national studies (for a review and discussion, see Radcliff, 2001): a measure of the “individualism” of national cultures (from Diener et al. 1995), GDP per capita (from the Penn World Table, as reported in Huber et al. 2004), and unemployment (again from Armingeon et al. 2005).<sup>10</sup>

Results are in Table II. As is apparent, theoretical expectations are once again confirmed: the coefficient of each of the variables of interest is significant and of the correct sign.<sup>11</sup> Interpreting the magnitude of the coefficients (using the same method as earlier) actually suggests a slightly greater overall impact of the political factors on satisfaction: moving across the range of the independent variables in each case suggests a change of more than one full standard deviation in satisfaction.

[Table II about here]

In sum, the data analysis clearly and unequivocally confirms the hypothesis that the welfare state contributes to human well-being. Simply stated, the less people are forced “to behave as commodities in order to survive” the greater their satisfaction with life tends to be.

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<sup>10</sup> We refrain from using a lagged dependent variable here for the following reasons. First, autocorrelation is widely agreed not to be as pressing an issue in samples such as ours with few time points and many panels (as Stimson 1985 reviews). Further, given the modest number of observations per country, including a lag would reduce the sample by a third (as the lag uses up one observation per country); some countries would be removed entirely. Finally, there is no common lag structure to utilize, given that countries appear at irregular time intervals across the waves of the WVS.

<sup>11</sup> Again, results are not sensitive to leverage points or outliers (as evidenced by excluding cases with high values on the dfbetas or standardized residuals.)

## **Discussion**

Two obvious and closely related conclusions emerge from our analysis. The first relates to the theoretical literature on subjective well-being. Taken as a whole, that literature suggests that politics has little or no role in determining national rates of satisfaction. It is typically argued, for instance, that such cross-national differences are driven by long term cultural factors. Inglehart (1990:30) perhaps best expresses this point of view when he concludes that international differences in satisfaction “reflect cultural norms rather than individual grief and joy.” Thus, not only do different public regimes fail to matter, even the existence of democracy itself has little or no effect on national rates of satisfaction (Inglehart and Klingeman, 2000). If so, then surely politics can be dismissed as a factor in understanding why satisfaction is greater in some countries than in others.

Our analysis challenges this point of view. If our findings are correct, political interventions, particularly those that limit the insecurity inherent in market economies, can have dramatic consequences for quality of life. While our analysis does confirm Inglehart’s central contention that culture matters<sup>12</sup>, we also illustrate that politics matter as well.

Turning from the theoretical to the practical, what do our findings suggest about the politics of happiness? We begin with a question posed by Albert Einstein (1949) in an essay entitled “Why Socialism?” The answer he provided was that socialism provided the best method available for how best to “structure society in order to make human life as

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<sup>12</sup> Strong evidence for the importance of culture can be found in Table I: most of the country dummies are significant, suggesting national differences which cannot be attributed to the economic or political factors in the model. Similarly, in Table II the variable representing the individualism of cultures is significant and correctly signed in each model.

satisfying as possible.” Much of Einstein’s reasoning followed the conventional class-analytical critique of capitalism as a means of production, which we have briefly touched upon above: “workers” (in the most expansive sense of “those who do not share in the ownership of the means of production”) become prisoners—commodities—within the system of production, such that their lives are characterized by insecurity. To the extent that the welfare state is the emblematic institution of the modern socialist (or, at least, social democratic) enterprise, the evidence presented in this paper would seem to vindicate Einstein’s judgment. Whatever else we might say about it, the welfare state does indeed seem to make important contributions in the project of making “human life as satisfying as possible.” We thus echo Einstein by concluding that socialism--at least as represented by its social democratic incarnation in the form of an expansive welfare state--provides the potential for improving the human condition, in so far as we agree that making “life as satisfying as possible” is the appropriate standard of evaluation.

This is not the most hopeful conclusion to draw given current ideological trends. The welfare state appears to be everywhere in retreat. Across Europe, from Sweden to Germany to the UK, commitment to the idea of social security in general, and to the idea of “decommodification” in particular, has eroded. If the contentions advanced in this paper carry any validity at all, it takes no great insight to deduce the implications for the human condition.

**Table 1: The Welfare State and Life-Satisfaction  
The European Union 1975-2002**

	(a)	(b)	(c)
Decommodification	.005* (.003)	n/a	n/a
Social Wage	n/a	.005*** (.001)	n/a
Cumulative Left-Party Score	n/a	n/a	.002* (.001)
Unemployment	-.002 (.002)	-.006* (.003)	-.001 (.002)
Life Satisfaction Lag t-1	.620*** (.060)	.507*** (.089)	.638*** (.063)
Austria	-.057* (.028)	-.102** (.036)	-.088** (.038)
Belgium	-.050* (.027)	-.094** (.037)	-.056* (.029)
Denmark	.100*** (.041)	.049 (.031)	.084* (.039)
Finland	-.032 (.027)	-.023 (.028)	-.063* (.037)
France	-.149*** (.031)	-.208*** (.047)	-.101*** (.022)
Germany	-.115*** (.033)	-.139*** (.041)	-.068*** (.020)
Ireland	.008 (.013)	-.008 (.021)	.002 (.015)
Italy	-.135*** (.027)	-.113*** (.032)	-.166*** (.036)
Netherlands	.030 (.034)	-.052* (.024)	.056** (.020)
Sweden	.009 (.036)	.111*** (.017)	-.055 (.064)
Constant	1.077*** (.200)	1.490*** (.270)	1.161*** (.206)
R-squared	.93	.94	.94
N	242	121	223

Note: Dependent variable is mean life-satisfaction (1-4 scale). Estimation is with panel corrected standard errors with a lagged dependent variable to control for autocorrelation. Entries are regression coefficients (standard errors). The United Kingdom is the reference category for fixed effects.

\*--significant at .05 level \*\*--significant at .01 level \*\*\*--significant at .001 level

**Table 2: The Welfare State and Life Satisfaction  
The Industrial Democracies 1981-2000**

	(a)	(b)	(c)
Decommodification	.033* (.015)	n/a	n/a
Social Wage	n/a	.008* (.005)	n/a
Cumulative Left-Party Score	n/a	n/a	.007* (.004)
Culture	.144** (.061)	.134** (.060)	.134** (.058)
Real Per Capita GDP	5.09 (9.06)	5.90 (9.35)	.000 (9.34)
Unemployment	-.009 (.013)	-.016 (.014)	-.012 (.014)
Constant	5.50*** (.643)	6.26*** (.513)	6.40*** (.494)
R-squared	.36	.36	.43
N	55	55	55

Note: Dependent variable is mean life satisfaction (1-10 scale). Estimation is with a GLS random-effects model. Entries are regression coefficients (standard errors).

\*--significant at .05 level \*\*--significant at .01 level \*\*\*--significant at .001 level

Figure 1: Life Satisfaction and Decommodification

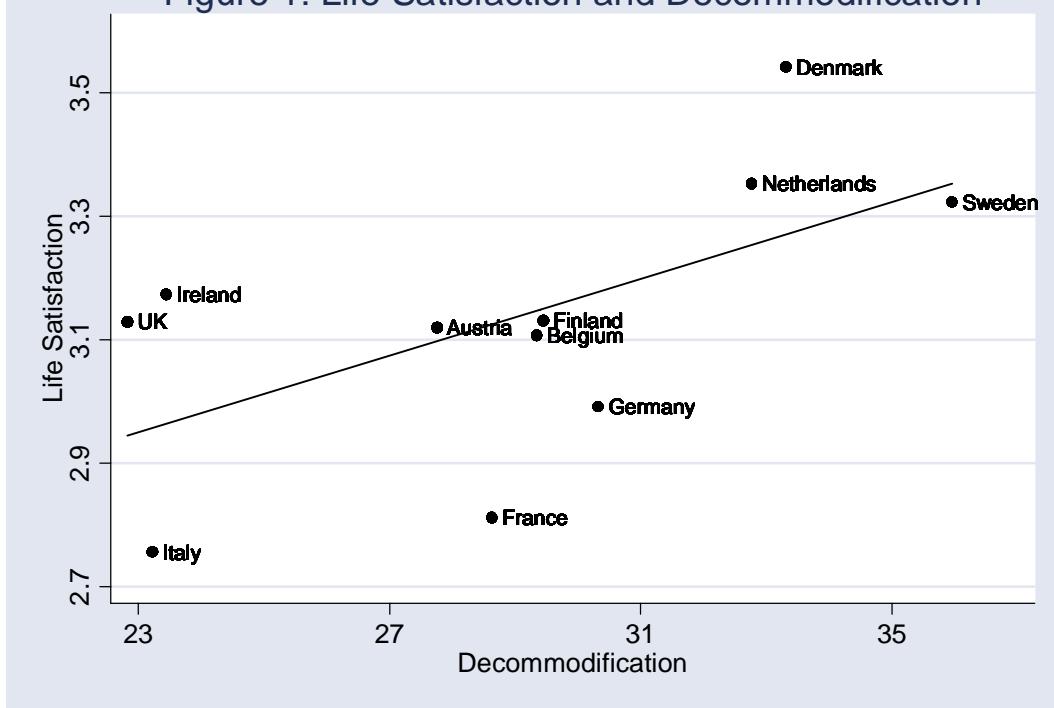


Figure 2: Life Satisfaction and the Social Wage

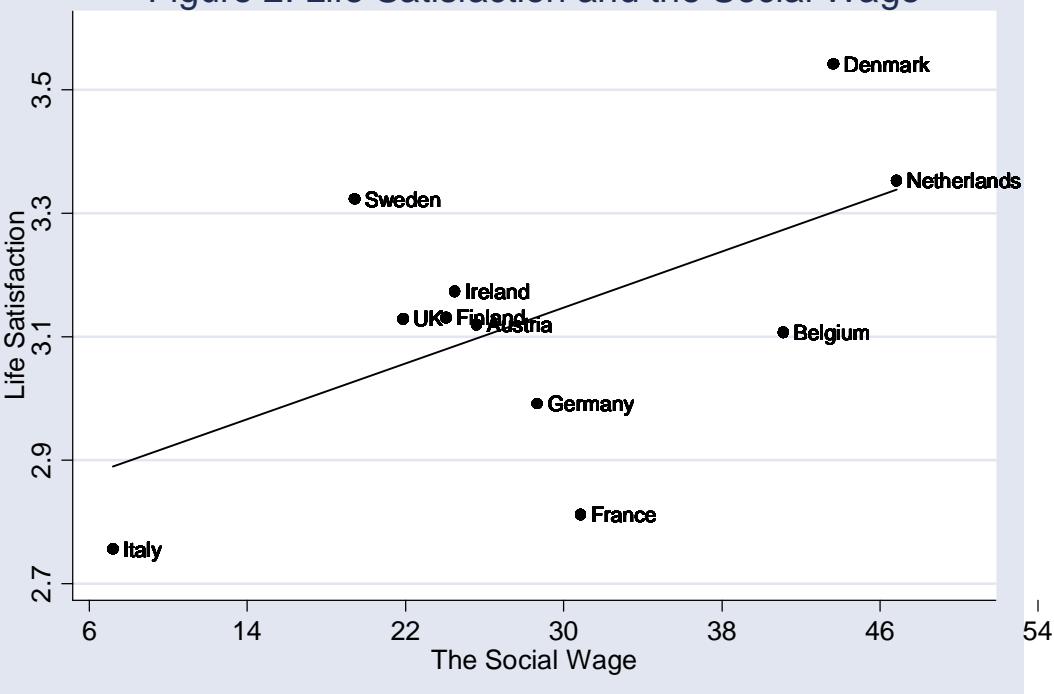
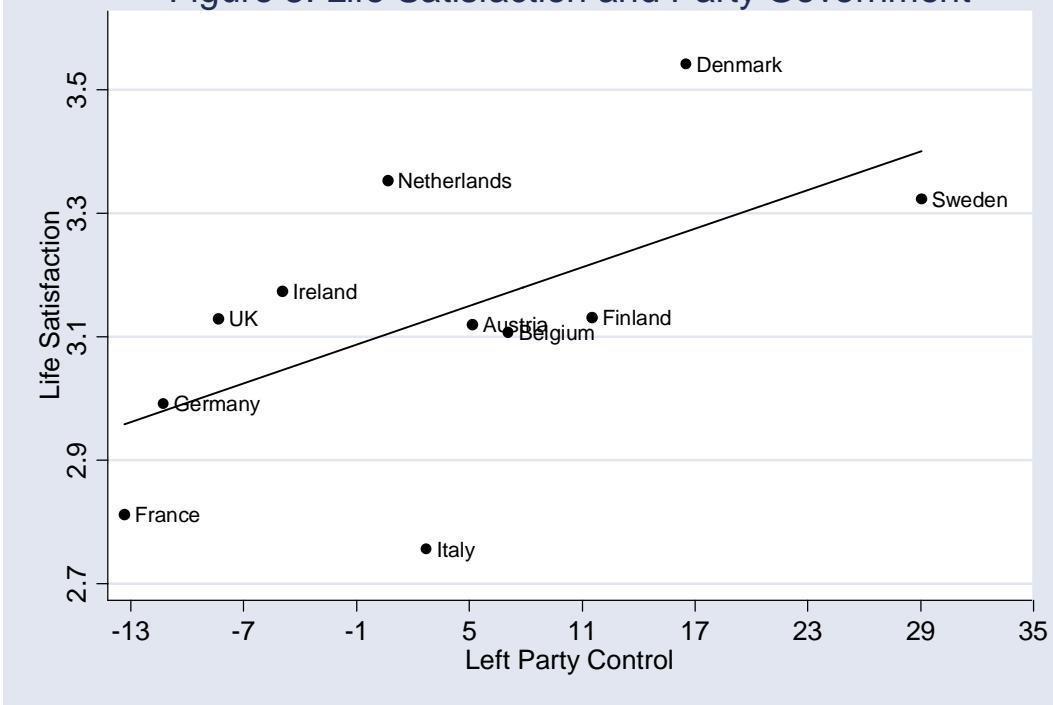


Figure 3: Life Satisfaction and Party Government



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