Globalization, Government Ideology, and Social Spending in Developing Countries

Abstract:

This article examines how globalization and government ideology have shaped social welfare and education spending in seventy-seven developing countries from 1975 to 2005. Using pooled time-series data analysis, the results show that globalization has exerted pressure on states to significantly reduce social security and welfare spending, while increasing education spending. Countries with leftist governments have significantly higher levels of social welfare and education spending than nations with rightist governments, and these effects have not been diminished but strengthened by world market pressure. Still, the effect of government ideology on social spending has been significantly constrained by institutional checks and balances, while it has not necessarily been strengthened by the democratic legacy. The results in this article suggest that even under globalization, government ideology’s traditional role on social programs in advanced countries is applicable to the developing world.

Government Policy Responses to Financial Crises:
Identifying Patterns and Policy Origins in Developing Countries

Abstract:

We investigate how three major political and institutional factors—veto players, leftist power in government, and elections—have influenced governments’ monetary and fiscal policies in tackling financial crises in 98 developing countries over the period of 1976 to 2004. We find that governments experiencing financial crises generally tighten their monetary and fiscal policies, but the extent of the tightening is considerably moderated in the presence of large veto players, strong leftist power in government, and ongoing legislative or presidential elections. We also find that the tightening effect of financial crisis is weaker on fiscal policies than monetary policies. Developing countries have employed a tightening fiscal policy only when they confronted a currency crisis, while they have tightened a monetary policy under any types of crises. However, the
tightening effect on fiscal policy quickly diminishes once political constraining variables are introduced. This explains why governments’ policy responses vary across countries, not only due to different economic nature of financial crises, but also due to political constraints.

**Revisiting the Globalization-Welfare spending Nexus: A Multilevel Data Analysis**

**Abstract:**

This study uses multilevel data analysis to investigate the relationship between globalization and welfare spending policies in advanced economies. Current scholarship on the subject has consistently produced two opposing theoretical arguments, the neo-liberal economics argument and the compensation hypothesis. This paper contributes to the debate both theoretically and empirically. Theoretically, we argue there is a simultaneous and dynamic relationship between globalization and welfare spending. On the one hand, globalization forces states to cut welfare expenditures, but, on the other, welfare compensation enlarges public support for globalization, which allows states to further advance along the path toward globalization. Empirically, we investigate this globalization-welfare spending relationship at both the country and individual level. We find that (1) as countries became more globalized, *country-level* welfare spending decreases, and (2) as *country-level* welfare spending expands, *individual-level* support for globalization increases, which in turn is reflected in *country-level* market liberalization policies.