Why did social democrats such as Schröder in Germany, Kok in the Netherlands and Blair in the United Kingdom enact welfare state retrenchment measures? As representatives of the working-class and protagonists of the expansion of the welfare state, it is difficult to see what motivates social democrats to enact these measures, especially because welfare state retrenchment entails electoral hara-kiri.

This dissertation tackles this puzzle by applying a general theory of party change. The intra-party balance of power between activists and leaders determines whether a party is policy-motivated (activists dominate) or office-motivated (leadership dominates) and this determines whether parties are responsive to the economy, public opinion shifts and office exclusion (office-motivated parties) or to party activist shifts (policy-motivated parties). It is demonstrated that office-motivated social democrats retrench when a poor economy endangers the party’s future office pay-offs. Policy-motivated social democrats never retrench, but become office-seeking if they have endured long spells in opposition.

Demonstrating that the intra-party balance of power moderates parties’ responsiveness to different environmental incentives, this dissertation explains why under similar economic and electoral conditions some social democrats enacted welfare state retrenchment measures and others did not.