

CHANGING WELFARE STATES



Alexander Horn

## Government Ideology, Economic Pressure, and Risk Privatization

How Economic Worldviews  
Shape Social Policy Choices  
in Times of Crisis

Amsterdam  
University  
Press

## Government Ideology, Economic Pressure, and Risk Privatization

# Changing Welfare States

For quite some time, a key finding and theoretical puzzle in comparative welfare state research was welfare states' remarkable stability. In the last decade, however, it has become clear that advanced welfare states were (far) less immovable than they seemed at first. In fact, speaking of *changing welfare states* captures much better the actual reforms that were taking place. This series is about the trajectories of those changes. Have there been path-breaking welfare innovations or are the changes incremental instead? Are welfare states moving in a similar or even convergent direction, or are they embarking on divergent trajectories of change? What new policies have been added, by which kind of political actors, how, and with what consequences for competitiveness, employment, income equality and poverty, gender relations, human capital formation, or fiscal sustainability? What is the role of the European Union in shaping national welfare state reform?

This series answers these and related questions by studying the socioeconomic, institutional and political conditions for welfare state change, its governance, and its outcomes across a diverse set of policy areas. The policy areas can address traditional "old" social risks like old age, unemployment, sickness (including the health care system), disability and poverty and inequality in general, or "new" social risks that have arisen mainly due to post-industrialization, such as reconciling work and family life, non-standard employment, and low and inadequate skills. In addition to focusing on the welfare state more narrowly defined, the series also welcomes publication on related areas, such as the housing market. The overriding objective of the series is tracing and explaining the full trajectories of contemporary welfare state change and its outcomes.

## *Series Editors*

Gøsta Esping-Andersen, University of Pompeu Fabra, Barcelona, Spain

Brian Burgoon, University of Amsterdam, the Netherlands

Anton Hemerijck, VU University Amsterdam, the Netherlands

Barbara Vis, VU University Amsterdam, the Netherlands

Kimberly Morgan, George Washington University, Washington, USA

Herman van de Werfhorst, University of Amsterdam, the Netherlands

# Government Ideology, Economic Pressure, and Risk Privatization

*How Economic Worldviews Shape Social Policy Choices  
in Times of Crisis*

*Alexander Horn*

Amsterdam University Press

Doctoral thesis written at Humboldt-Universität zu Berlin, Faculty of Humanities and Social Sciences.

Cover illustration: Picture taken by the author  
Paris, 30th March 2011

Cover design: Coördesign, Leiden  
Lay-out: Crius Group, Hulshout

Amsterdam University Press English-language titles are distributed in the US and Canada by the University of Chicago Press.

ISBN 978 94 6298 020 4  
e-ISBN 978 90 4852 938 4 (pdf)  
DOI 10.5117/9789462980204  
NUR 754

© Alexander Horn / Amsterdam University Press B.V., Amsterdam 2017

All rights reserved. Without limiting the rights under copyright reserved above, no part of this book may be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the written permission of both the copyright owner and the author of the book.

# Table of Contents

<b>Acknowledgements</b>	9
<b>1 Risk Privatization, Economic Crisis, and the Primacy of Politics</b>	11
1.1 Context, Research Problem, and Research Question	11
1.2 The Independent Variable Problem	16
1.3 Addressing the Independent Variable Problem in the Study of Partisan Effects	22
1.4 Way of Preceding and Outline of the Results	25
<b>2 Much Ado about Nothing? Retrenchment versus Resilience</b>	31
2.1 What Is Retrenchment? Searching for a Definition	31
2.2 How to Measure Retrenchment?	34
2.3 Developments and Patterns in OECD Countries	43
2.4 When Is Change Significant? Retrenchment and Its Consequences	52
2.5 Conclusion	56
<b>3 Theoretical and Analytical Framework: What We (Do Not) Know</b>	59
3.1 Three Perspectives on Government Ideology and Re- trenchment	60
3.2 State of Research: Inconclusive Evidence, Desiderata, and Problems	78
<b>4 Theoretical and Analytical Framework: Taking Ideology     Seriously</b>	95
4.1 The “Independent Variable Problem” in Comparative Welfare Research	96
4.2 Addressing the Problem: Ideology as Cognitive Frame/ Belief System	116
<b>5 The “End of Ideology?” Government Ideology over Time</b>	141
5.1 The Debate on Ideological Change and Ideological Conver- gence	141
5.2 Developments and Patterns: Partial Ideological Convergence	144

<b>6</b>	<b>The Ideological Complexion of Government and Retrenchment</b>	<b>151</b>
6.1	Research Design: Case Selection, Data, and Model Specification	151
6.2	Group-Interest Explanations versus the General Framing Argument	163
6.3	Testing Robustness, Alternative and Complementary Explanations	178
6.4	Specific Framing Argument: Ideology Moderates Economic Pressure	196
6.5	Crisis, Ideology, and Retrenchment in Germany, the United Kingdom, and Sweden	205
6.6	Summary Regarding the Hypotheses: Why Ideology Still Matters	238
<b>7</b>	<b>Ideology Still Matters: Findings, Limitations, and Implications</b>	<b>243</b>
7.1	Summary and Findings	243
7.2	Implications for the “Old” versus “New” Politics Debate	246
7.3	The Contribution(s) of the Study	247
7.4	Limitations of the Study and Avenues for Future Research	248
7.5	Implications for Representative Democracy and the Welfare State Debate	250
	<b>Annex</b>	<b>255</b>
Annex 1	Right-Left (RILE) Position of Parties over Time	255
Annex 2	Correlation Matrix Left Items of the RILE	256
Annex 3	Correlation Matrix Right Items of the RILE	258
Annex 4	Right-Left over Time in Eighteen OECD Countries	260
Annex 5	Welfare Ideology over Time in Eighteen OECD Countries	260
Annex 6	Market Ideology over Time in Eighteen OECD Countries	261
Annex 7	Item Description Welfare and Market Ideology	262
Annex 8	Effects of Ideology on Generosity and Conditionality in POLS, FE, FE Robust, FEVD	263
Annex 9	Union Density over Time in Eighteen OECD Countries	264
	<b>References</b>	<b>265</b>
	<b>Index</b>	<b>283</b>

## List of Figures and Tables

### Figures

Figure 2.1	Generosity of Income Replacement (in percent) in Eighteen OECD Countries	47
Figure 2.2	Social Transfer Spending as Share of GDP and Growth Relative to GDP in Eighteen OECD Countries	48
Figure 2.3	Conditionality Ratio (Duration in Weeks/Qualification in Weeks) in Eighteen OECD Countries	49
Figure 2.4	Workfare Reforms/Shifts in Balance between Rights and Obligations in Eighteen OECD Countries	51
Figure 3.1	Potential Determinants of Retrenchment	78
Figure 3.2	Developments in Taxation and Social Contributions, 1965-2010	80
Figure 4.1	Dynamic Left-Right Positions of Governments Labeled as Left, Center, or Right	101
Figure 4.2	UK Conservative Party Positions	130
Figure 4.3	UK Labour Party Positions	130
Figure 4.4	German FDP Positions	131
Figure 5.1	Development of Right-Left, Welfare Ideology, and Market Ideology	145
Figure 5.2	Right-Left Positions of Left/Center/Right Governments over Time	147
Figure 5.3	Welfare Ideology of Left/Center/Right Governments over Time	147
Figure 5.4	Market Ideology of Left/Center/Right Governments over Time	148
Figure 6.1	Basic Model and Hypothesized Effects	158
Figure 6.2	Dotplot, Leverage of Countries: Cabinet Shares and Generosity	171
Figure 6.3	Dotplot, Leverage of Countries: RILE, Welfare, Market, and Generosity	172
Figure 6.4	Dotplot, Leverage of Countries: Cabinet Shares and Conditionality	176
Figure 6.5	Dotplot, Leverage of Countries: RILE, Welfare, Market, and Conditionality	177
Figure 6.6	Opposition Ideology Effects on Generosity	181
Figure 6.7	Opposition Ideology Effects on Conditionality	181
Figure 6.8	Ideological Distance and Generosity	182
Figure 6.9	Ideological Distance and Conditionality	182

Figure 6.10	Interaction RILE × RILE, Generosity	184
Figure 6.11	Interaction RILE × RILE, Conditionality	184
Figure 6.12	Interaction RILE × Welfare, Generosity	184
Figure 6.13	Interaction Market × Welfare, Generosity	184
Figure 6.14	Interaction Market × Market, Generosity	185
Figure 6.15	Interaction Welfare × Welfare, Conditionality	185
Figure 6.16	Effect of Economic Growth on Generosity as a Function of Cabinet Shares	199
Figure 6.17	Effect of Economic Growth on Generosity as a Function of the RILE	200
Figure 6.18	Effect of Economic Growth on Generosity as a Function of Welfare Ideology	203
Figure 6.19	Effect of Economic Growth on Generosity as a Function of Market Ideology	204

## Tables

Table 2.1	Generosity and Conditionality of Unemployment Insurance in Eighteen OECD Countries	45
Table 3.1	Quantitative Studies on the Role of Cabinet Ideology for Welfare Retrenchment	88
Table 4.1	Left and Right Items of the RILE	121
Table 4.2	Correlations of the RILE and Selected Socio-economic and Welfare Positions	123
Table 4.3	Factor Analysis, Component Matrix	125
Table 4.4	Welfare Ideology and Market Ideology	128
Table 4.5	Welfare and Market Ideology as Cognitive Frames	134
Table 5.1	Summary Statistics: Government Ideology Pre- versus Post-break	144
Table 6.1	Structure of the Compiled Data Set	153
Table 6.2	Correlation Matrix, Variables of the Baseline Model(s)	164
Table 6.3	Fixed-Effects Vector Decomposition, Generosity Change, Models 1-10a	166
Table 6.4	Fixed-Effects Vector Decomposition, Generosity via Transfers, Models 1-10b	169
Table 6.5	Fixed-Effects Vector Decomposition, Conditionality Change, Models 1-10c	174
Table 6.6	Generosity Dimension in Different Country Groups	189
Table 6.7	Conditionality Dimension in Different Country Groups	191
Table 6.8	Overview: Ideology and Generosity Change in Six Cabinets	206

# Acknowledgements

This book began as a dissertation project at Humboldt University. So first and foremost, I want to thank my former supervisor Ellen Immergut. Not only for her scientific guidance and support that I could always rely on, but also for the occasional infusion of a healthy dose of realism when I was at risk of losing sight of both the research question and the duration of the funding that the German Excellence Initiative so generously provided. I also wish to express my gratitude to my second supervisor, Bernhard Weßels, for his very precise and encouraging feedback. His responsiveness and compassionate manner lifted my spirits on more than one occasion. But most of all, this study benefitted from the (at times extensive) tripartite meetings in which the three of us discussed back and forth. Thank you both! I am also indebted to Detlef Jahn, who, in addition to joining my committee, not only oversaw a rudimentary pretest of this project but also aroused my interest in comparative politics. One of the most gratifying aspects in the process of writing this book was to meet people along the way who are passionate about the same topics and questions. In various conversations, conferences, in the colloquiums and workshops at Humboldt University and the Berlin Graduate School of Social Sciences (BGSS), during my semester at Duke University, and my short stay at the Swedish Institute for Social Research, I benefitted from feedback from Yvette Peters, Kati Kuitto, Michael Bauer, Bernhard Kittel, Konstantin Vössing, Herbert Obinger, Pablo Beramendi, Victor Lapuente, Kenneth Nelson, Carsten Jensen, and Walter Korpi. I also remember fondly a discussion with Herbert Kitschelt about the validity of the ideology scores for – to say the least – a lot of governments. The University of Aarhus and my new colleagues, in particular Kees van Kersbergen, Carsten Jensen, Christoph Arndt, and Anthony Kevins, provided a *hyggelig* and inspiring environment and very helpful advice for the revision of the manuscript. Comments made by Anton Hemerijck and an anonymous reviewer throughout the review process at Amsterdam University Press were equally instructive. I also wish to thank my friends from the BGSS generation of 2010 for their moral and intellectual support. I will never forget the enthusiastic spirit of the early dissertation days, the passionate discussions, the late shifts in Room 328, and the sincerity and tension of the final writing phase. I am also grateful for the support and kindness of the BGSS staff along the way, in particular Sonja Großmann, Jana Rieckmann, Thomas Wosnitza, and Martin Nagelschmidt. Speaking of people who helped me when I needed them, I must not forget to thank

Jennifer Shore, Franziska Horn, Annette Bruun Andersen, Jon Jay Neufeld, and Mareike Roder, who helped me to make this text far more readable. Finally, in life as in the social sciences, relationships are sometimes spurious. I am therefore all the more grateful for the unrelenting support and love of my family, my friends, and above all, my partner, Mareike.

*Alexander Horn*

*Berlin, June 2014/Aarhus, June 2016*

# 1 Risk Privatization, Economic Crisis, and the Primacy of Politics

## 1.1 Context, Research Problem, and Research Question

Historically, the postwar decades in much of Western Europe and the Anglo-Saxon democracies have been characterized as a period of unmatched prosperity. The rapid catch-up growth, particularly strong in Europe, facilitated the comprehensive socialization of life- and labor-related risks via social programs. Against the backdrop of the Cold War rivalry, this extension of social security systems can be regarded as an important legitimizing factor for an economic system that continuously generates inequality (capitalism) while at the same time operating under conditions of political equality (democracy). However, the “golden age” of industrial capitalism (Hobsbawm 1996: part 2), with double-digit growth rates and de facto full employment in many industrial democracies, ground to a sudden halt in the early 1970s. While the reasons for the flattening of the growth curve remain disputed, its consequences for contemporary welfare states and their material foundations are extensive. Sluggish growth in increasingly deindustrialized and tertiarized economies and a growing number of welfare recipients have contributed to a climate of “permanent austerity”; governments across the Organisation for Economic Co-operation and Development (OECD) face an enduring fiscal crisis, as public provision has expanded faster than the economy while the discretionary share of national budgets has decreased (Pierson 1994, 2001; Streeck and Mertens 2010). The end of the hitherto unmatched prosperity gains also marked the end of the “golden age” of the welfare state. Since the 1980s, the OECD states have undergone an observable reprivatization of labor market-related risks. This trend is particularly pronounced in the case of unemployment insurance programs, where eligibility rules have become increasingly restrictive and once generous income replacement has been curtailed substantially (see Allan and Scruggs 2004; 2006; Amable et al. 2006; Korpi and Palme 2003; Nelson 2010 for quantitative assessments, critical of this view: Pierson 1996).

These curtailments are of particular significance from a scientific, political, and societal perspective. The support for those persons unable to extract an income from the market marks the core of the postwar welfare state (Bonoli 2007: 495), and the configuration of unemployment insurance remains the central battlefield for the countervailing interests of capital and

labor (Korpi and Palme 2003). Regarding its direct social policy effects, the rollback of programs counteracts efforts to fight poverty and inequality and has even been shown to have negative repercussions on life satisfaction. But the broad implications stretch far beyond the narrow confines of beneficiaries, as benefits constitute a reservation wage and exert downward or upward pressure in wage-setting negotiations.<sup>1</sup> Compared to other programs, the implications of cuts to unemployment insurance generosity are particularly politically divisive (Jensen 2014; Wolf et al. 2014), as they disproportionately affect those with weak labor market positions. While the redistributive effect of pension schemes and sickness insurance is largely horizontal (i.e., redistribution occurs mainly over the course of life), cuts to unemployment programs have severe implications for vertical redistribution because of the skewed distribution of risk (i.e., redistribution between social groups). On a related note, unemployment insurance and the right balance between compensation and incentivization of the unemployed are also highly ideologically charged (wedge issues). They serve as a focal point not only for competing interests between groups but also for antagonistic ideologemes regarding the workings of the micro- and macroeconomy, normative conceptions of fairness and justice, and even different images of humanity.

Whether this consequential retreat of the state, often referred to using the buzzword *retrenchment*, is due to economic constraints or ideological preferences is a contested issue for the general public as well as the scientific community. It is also the guiding question of this book: Are decisions to cut unemployment insurance genuinely political or are they born out of economic necessity? Put differently, can social policy choices still be conceived of as manifestations of distinct ideological complexions of government or are contemporary democracies on autopilot, following the parameters set by recurring fiscal and economic crises? These questions point to thorny issues regarding the nature of problem pressure in general and economic pressure more specifically and how the latter interacts with the interpretative frameworks of politicians and parties. Do economic crises exert similar policy effects irrespective of problem interpretation, causal beliefs, norms, and values? Or are the economic circumstances instead regarded through the prism of different ideological lenses? Then again, the importance of this differentiation hinges on the question whether there is (still) sufficient

1 These economic effects feed back into the social policy nexus. One example concerns the sustainability of pension schemes, which – against the background of aging populations – depends not on productivity gains per se but rather the extent to which they are translated into wage increases (OECD 1988).

variation between parties and governments regarding these ideological lenses. If the voter has to choose from an increasingly undistinguishable programmatic mishmash (as the stereotypical barroom slogans and some famous social scientists suggest), it is not very reassuring that he got what he “ordered.” At least if you care about representative democracy. In other – and more scientific – words, the convergence of policy and ideology threaten the primacy of politics because they undermine the foundations of the so-called mandate theory according to which different programmatic profiles lead to different policies (Hofferbert and Budge 1992; Klingemann et al. 2006).

Before I start to decipher how to address said questions, let us begin by looking at some of the answers we find in the political and the academic discourse regarding the autonomy of parties and politicians for genuinely “political” decisions. The idea in the political discourse that the state retreat from social provision is without alternative was popularized by British prime minister Margaret Thatcher and US president Ronald Reagan at the end of the 1970s and in the early 1980s. This occurred under the (intellectual) auspices of the teachings and writings of Milton Friedman, Ludwig von Mises, and Friedrich von Hayek (Backhouse 2010; Hall 1993). What these representatives of the Chicago and Austrian Schools had in common was a preference for small(er) government and, in particular, a lean(er) welfare state. Milton Friedman popularized the new economic doctrine of monetarism. He rejected the old Keynesian consensus among scholars such as Samuelson or Phillips that there is a permanent tradeoff between unemployment and inflation. Monetarists such as Friedman basically adhere to the equilibrium view of the market as stable but on the condition that the money supply is stable. To bring inflation to a hold, the state must therefore limit the money supply and cut spending. The renaissance of the work of von Hayek complemented these new causal beliefs with a normative and philosophical basis. Encompassing (welfare) states, so the argument went, create behavioral disincentives that transcend the purely economic dimension. The “nanny state” does not just undermine self-help and self-reliance; it eventually creates servants rather than citizens. For the dissemination of these new causal beliefs and norms and their translation into policy proposals, think tanks such as the Heritage Foundation became increasingly important from the 1970s on. This is most obvious with regard to the ideational background of the policies and programmatic platforms suggested by the “conservative revolutionaries” of the late 1970s and early 1980s (Thatcher in the United Kingdom, Reagan in the United States, and – to a lesser extent – Helmut Kohl in Germany). What these conservatives had in common was the conviction that scaling back the welfare state was

both morally fair and just, and economically necessary “because there really is no alternative.” This dictum widely came to be known as the TINA (There Is No Alternative) principle.<sup>2</sup>

Yet other governments, left *and* right, faced similar if not greater economic pressure without reaching the conclusion that there is no alternative to retrenchment and implemented very different or no policy responses. Debates about the terrain of political action and the possibility of genuinely political decisions vis-à-vis economic constraints remain a cornerstone of political debates to this day. Most recently, the TINA argument returned to the center of debate on economic and social policy in the aftermath of the global financial crisis in 2008. This US-induced financial crisis further heated debates between those who think that austerity, commonly understood as economic and fiscal policies that focus strongly on budget consolidation, is the only viable policy option, the necessary pain after the party, and those who deem austerity a “dangerous idea” and think that “the hangover of austerity is not going to be felt the same across the income distribution” (Blyth 2010, 2013) but that the weak income groups keep bearing the brunt.

There is no shortage of voices in politics (and, as I will show, in academia) that reduce different positions on such fundamental questions to the different interests and groups that are associated with different political parties or factions of parties. However, what if ideology in its most basic sense, the causal beliefs and norms of actors – rather than pressure per se or group representation – shapes the perception of problems and challenges? What if different interpretative frameworks function as a prism that renders certain alternatives viable reactions to pressures but others not? And what is the relative importance of problem pressure, group representation, and ideology?

Clearly, considerable skepticism concerning the autonomy of democratic elites in representative democracies can be found among social scientists, though it would be fallacious to simply consider all those scientific skeptics ardent advocates of Margaret Thatcher’s belief that “There Is No Alternative” to retrenchment policies. According to Paul Pierson, the *spiritus rector* of the academic retrenchment debate, governments are caught between a rock and a hard place. On the one hand, they are faced with fiscal calamity and persistently low growth; on the other hand, they must fear electoral retribution when they cut popular programs (Pierson 1994, 1996). This malaise constitutes the basic dilemma underlying what Pierson refers to as *The New Politics of the Welfare State*, which stands in sharp contrast to the logic of *credit claiming*

2 In a press conference for American correspondents held in London on 25 June 1980, defending monetarist policy.

for the redistribution of an ever-growing (economic) pie that dominated the politics of welfare expansion. An even more gloomy perspective on the autonomy of governments can be found among the proponents of the so-called *Globalization Hypothesis*, or *International Hypothesis*. They posit that the pressure of international competition between countries over locational advantages rules out the possibility of generous and unconditional social policies, as companies could make use of the “exit option” if encumbered with contributions deemed too costly (Mishra 1998; Moses 1994; Scharpf 2000).

Then there is a group of scholars who, in the tradition of the *Power Resources Approach* and the *Partisan Hypothesis*, argue that the partisan composition of government exerts a persistent influence on social policy and that the politics of retrenchment can be understood as a mirror image of expansion politics. While parties of the Left have – in close association with, and as part of, the labor movement – been a driving force behind the welfare state expansion in the “golden age,” they claim that retrenchment is primarily an endeavor of right parties, and the economic and fiscal crisis may be just a “smoke screen for a new right agenda” (Allan and Scruggs 2004; Korpi and Palme 2003; Stephens 2008: 193).

Both perspectives, the skeptical view of party politics marginalized by internal and external economic and electoral pressures, as well as the adherence to the group-based ideas of a political Left that wants to defend the welfare state and a political Right that wants to curtail it, are questioned by a third fraction, according to which parties have moved “beyond left and right” and increasingly transcend traditional frontiers of social policy. The underlying rationale is that parties have changed their agendas – in particular those with left historical roots are perceived as trying to disassociate themselves from their “big government/tax-and-spend” reputations by becoming increasingly market conformist (Bonoli and Powell 2004; Giddens 1994, 2000; Ross 2000: 163-164), and/or that (once) left-of-center parties are in a privileged strategic position to implement unpopular cut-backs because they are perceived as the “credible protector” of the welfare state and the “owners” of welfare state issues (Kitschelt 2001; Ross 2000). These are the three competing perspectives on the impact of government ideology on social policy retrenchment. None is clearly supported by the (thus far) inconclusive empirical evidence on the social policy impact of ideology, although many authors agree that a “sharp narrowing of political differences” occurred in the 1980s and that effects broke down in the 1990s (e.g., Huber and Stephens 2001: 221; Kittel and Obinger 2003; Potrafke 2009).

A striking feature concerning the retrenchment discourse at this relatively early stage is not, however, the lack of consensus about the role of party

politics, but rather the readiness with which presumed dead functionalist explanations, which have enjoyed great popularity in the formative period of the expansion discourse when gross domestic product (GDP) per capita as a proxy for modernization was used to explain welfare spending (only then to be superseded by political and institutional factors more instructive for countries at similar levels of economic development<sup>3</sup>), have found their way back into the mainstream, albeit in more subtle iterations. Particularly in the literature on the *New Politics Approach* and the *Globalization Hypothesis*, endogenous and exogenous economic pressures are considered pivotal causal triggers. In terms of this renaissance of socio-economic explanations, Francis Castles, the doyen of quantitative comparative welfare analysis, can be considered the most incisive example, claiming that “domestic economic performance has been the main factor” causing “welfare containment” (Castles 2000: 313).

On the face of it and against the background of this renaissance of economic explanations, this book departs from a puzzle that lies before us in plain sight: Although governments face very similar external and internal pressures and challenges, they respond to them in very distinct ways in terms of their social policies. As will be shown, some have implemented sharp cuts; others have refrained from status quo change, while others yet have even increased the generosity of programs. However, the actual bone of contention in this examination is how this puzzle has been investigated so far: Corroborations and confutations of partisan influence as the filler of this explanatory gap have been based on problematic understandings of (government) ideology and its relevance, a circumstance that will hereafter be referred to as the “Independent Variable Problem.”

## 1.2 The Independent Variable Problem

This Independent Variable Problem is both a problem of measurement and theorization. Let me roughly outline both aspects. First, I will shed light on how the common measurement of the composition of government via

3 This investigation of the economic determinants of growing “welfare effort” was pioneered by Wilensky (1975). While the approach yielded the positive linear relationship between development and welfare effort predicted by the modernization thesis if countries varied broadly in terms of economic development, no such relationship can be found for the more homogenous group of advanced countries when subdivided into low-, medium-, and high-affluence countries. Here the relationship is curvilinear – meaning that the positive relationship at some point becomes negative – as the nations occupying the mid-range of affluence exhibit the highest share of social spending (Castles 2000: 317).

traditional party labels obstructs a valid test of the aforementioned three competing perspectives on partisan effects. I will then problematize the theoretical justification(s) provided for linking the traditional ascriptions to retrenchment.

Virtually all comparative welfare researchers in post-2000 studies on partisan effects have measured the composition of government via party labels; categorizations resulting from static expert judgments of parties or historical affiliations to party families (discussed in-depth in sections 3.2 and 4.1; the most prominent examples include Allan and Scruggs 2004; Huber and Stephens 2001; Kittel and Obinger 2003; Korpi and Palme 2003; Vis 2009; Zohlnhöfer et al. 2012). The classic reference point for such expert judgments on party ideology is a Castles and Mair study entitled “Left-Right Political Scales: Some ‘Expert’ Judgments” (1984) in which country experts were asked via postal surveys to locate parties on a ten-point scale between “extreme left” and “extreme right.” The number of gradations is generally reduced when the partisan effect is investigated and government parties are tagged with the labels “left,” “center,” and “right.” The traditional approach in the research on the determinants of welfare state expansion was to focus on the share of left parties, usually measured via the percentage of cabinet positions for coalition governments and occasionally complemented with the cabinet share of Christian Democratic parties. In retrenchment research, partisanship is primarily measured via the share of left and/or the share of right parties in government (and less frequently with the share of centrist parties). While these are the “traditional rough indicators for the ideological position of the government” (Kittel and De Deken 2007: 92), this operationalization of government ideology via party labels, meritorious and intuitive as such labels are, suffers from inherent problems and limitations that keep us from better understanding how the interplay between ideological positions and economic conditions shapes government social policy reactions.

One such problem is the inability to capture ideological change due to the static nature of the categorizations. This is problematic because the gap between categorizations of governments as left, center, and right based on expert judgments versus dynamic left-right positions, as measured via the content analysis of party manifestos, is indeed ever-increasing. The latter can be witnessed among parties in general and for OECD governments in particular since the 1970s. Similar programmatic displacements over time will be documented regarding the support of left, center, and right cabinets for the welfare state and state intervention as well as for market allocation and anti-interventionism. This growing discrepancy between

actual positions and static ascriptions suggests that the rejection of the hypothesis that the ideological complexion of government systematically affects social policy decisions based on party labels might be an operational artifact owing to the reduced validity of labels as proxies for government ideology.

A related complication concerning the substantial meaning of the left-center-right categorization of governments arises from the assessment of multiple policy dimensions to generate the estimates. Positions assigned by experts vary strongly depending on the respective policy area and the criteria used for left-right assessment (Budge 2000; Laver and Hunt 1992). Countervailing indications apply depending on whether the socio-economic or cultural dimension is considered, both being consensual in the theoretical and empirical literatures on the dimensionality of party positions (Benoit and Laver 2007; Kitschelt and McGann 1997; Marks and Steenbergen 2004). I will demonstrate that this classic distinction is also valid for the programmatic stances of governments in the last four decades. This question of (multi)dimensionality is crucial, because scholars who use labels in their research “impute” substantive policy content(s) (Budge 2000: 108). In the classic formulation of Hibbs’ influential *Partisan Theory* (1977), for example, distinct preferences regarding the (alleged) tradeoff between employment and inflation are assumed. The assumption was that the Left is more concerned with employment, while the Right prioritizes monetary stability. In the current research on retrenchment, the substantive programmatic characteristics that are imputed are welfare state affinity and the readiness to intervene in the economy for the parties with left labels, and welfare-skeptical – if not outright welfare-antagonistic – and noninterventionist preferences for parties with right labels. Few studies are explicit about this “preference imputation” strategy (Allan and Scruggs 2004; Zohlnhöfer et al. 2012). I will demonstrate how this imputation of social policy-relevant preferences into broadly defined Left and Right measures, whether based on static party labels or dynamic positions inferred from party manifestos, is theoretically unconvincing and, above all, scarcely justifiable on empirical grounds.

A third fundamental problem with using party labels to investigate the Partisanship Hypothesis is a lack of empirical discrimination: If the null hypothesis – according to which the complexion of government does not matter – cannot be rejected, it remains unclear whether the ideological indifference of the governments or their political impotence to implement preferences is the reason for this (non)result. In other words: We have no indication as to why we find no partisan effect. Conversely, being able to

reject the null hypothesis does not automatically imply substantive partisan effects on social policies. Only if some relevant ideological differences between governments persist, and it is thus ensured that diagnosed effects are not the effects of miniscule ideological differences between cabinets that have converged, should the policy effects resulting from this variation be regarded as substantively meaningful. In order to do justice to all three competing theoretical perspectives and in order to distinguish between ideological indifference or ambivalence (e.g., in the form of countervailing norms and causal beliefs) and marginalization (e.g., by economic problem pressure), it is necessary to first consider whether the assumption of persistent ideological differences between cabinets is indeed accurate.

Another concern with the application of expert judgments is that they do not measure preferences; rather, they reflect retrospective evaluations of observed political behavior or merely comprise a party's reputation as being left or right (Bräuninger 2005; Budge 2000: 109-10; Klingemann et al. 2006: 6, 83). If studies detect a relationship between party labels and past social policy outputs and/or outcomes, while the ascription of these labels by experts is based on past policies rather than declared preferences, this would constitute a circular argument. The classic studies on expert judgments were conducted in the era of welfare expansion (e.g., Castles and Mair 1984). Seen from this perspective, more than the ideological changes among parties it is the decline of their tautological (i.e., policy) content that could be behind the erosion of the consensus regarding the impact of partisanship on social policy subsequent to the politics of welfare state expansion. At the very least, this potential contamination of party preferences with party reputation and past policies raises questions concerning the risk of using expert judgments as standalone indicators for the ideological complexion of government when studying the political determinants of social policy retrenchment. However, a focus on party labels alone is typical for studies of the partisan effects on retrenchment.

But the Independent Variable Problem is equally a problem of the theorization of the "why question": Why should we expect the ideological composition of government to have an impact on retrenchment? As will become clear in the review of the competing theories, according to Power Resources and Partisan Theory, two bundles of assumptions are constitutive for the causal chain. First, there is the assumption of a causal nexus between socio-economic group membership, social and economic policy preferences, and party preference. Preferences are thought to be group-specific: Persons with lower-middle-class and working-class backgrounds – more specifically, those with limited income and high risk exposure and therefore a weaker

labor market position – disproportionately support generous and relatively unconditional social insurance. Conversely, higher status groups – people with higher income and lower risk exposure, i.e., a strong labor market position – are disproportionately in favor of modest and conditional social insurance. The second bundle of assumptions includes parties' willingness and ability to cater distinctive social policies to the socially stratified expectations, preferences, and needs of their respective core groups. The alignments are conceived of as corresponding to the (historical) affiliation between parties with status, income, and risk groups; variables that can be subsumed under the heading "(labor-)market position." In that which Korpi (1983) famously labeled the "democratic class struggle," the left parties allegedly represent groups with weak market positions by means of modified market outcomes and the allocation process itself, whereas the Right is regarded as the protégé of the more resourceful beneficiaries of market distribution and, thus, as more redistribution-averse.

Overall, the theoretical justifications provided for linking ascriptions such as left and right or historical affiliation to party families with welfare state change are based on group or class affiliations. "Partisan effects" on social policy are conceived of as the result of agency for material group interests. How these party labels relate to shifting ideological preferences is hardly considered, just as the role of government ideology understood as system of beliefs, "body of normative and factual assumptions about the world" (Budge 1994: 445), or "worldview" (Vincent 2010) is seldom reflected upon. This theoretical constriction is a serious shortcoming, equally surprising and objectionable from the perspective of three adjacent streams of research: The research on the erosion of alignments between socio-economic groups and parties, the body of literature on political ideology, and the research on cognitive frames and ideas and their impact on decision-making in public policy, often referred to as an "ideational" approach.

Politicians operate in a context of "permanent austerity" but are also faced with the erosion of ties between social groups and parties – a process commonly referred to as dealignment (Bürklin and Klein 1998; Dalton and Wattenberg 2002; Weßels 2000; Thomassen 2005). As the core groups of parties shrink, fray, and develop ever more heterogeneous preferences and as the relevance of class voting decreases, the first assumption in the causal chain (of social stratification of preferences and party support) is undermined, creating a context of increased uncertainty regarding the electoral payoffs of different policies. In turn, this raises questions as to which group or class interests parties are thought to represent. Parties have yet to be able to react to this formidable strategic challenge with coherent

and electorally successful realignment strategies (Bardi 2004; Knapp 2004; Mair et al. 2004; Scarrow 2004; Webb 2004). It is thus questionable whether the second assumption (that parties implement social policies with regard to their respective core groups) underlying the causal chain remains applicable in the new context of dealignment-induced uncertainty about the electoral payoffs from different social policy choices.

Against this background of changes in the parties' strategic habitats, one might expect the interest- and identity-based understanding of government ideology and its effects (or lack thereof) on welfare policies to be complemented with a more literal interpretation of ideology as belief system or worldview, as the politicians who make (non)decisions under strategic uncertainty may use ideology as a "cognitive anchor" when allocating or reallocating resources (e.g., Budge 1994: 445-447). Unfortunately, such an understanding of government ideology as a belief system, cognitive heuristic, or frame that shapes social policy decisions has not been considered in the quantitative retrenchment literature. This omission stands in stark contrast to the elaborated political science literature on political ideology, where ideology is broadly conceived of as a system or set of beliefs (Converse 2006), "ideational framework" (Merelman 1969), or "worldview" (Vincent 2010), usually qualified further as political or addressed more specifically as the views on the role of government and the proper order of society. Moreover, as a distinctly political subtype of belief systems, political ideology is subdivided into a normative or value dimension versus an ontological, causal, or evaluative dimension. The importance of ideology as a heuristic under conditions of uncertainty is another recurring theme, whereas views of ideology as superstructure that merely serves underlying material (group) interests are rare (see Budge 1994; Erikson and Tedin 2001; Gerring 1997; Jost et al. 2009; Knight 2006; Sartori 1969).

Likewise, the common theorization of partisan effects neglects the idea-based or "ideational" public policy literature. The approaches with the most lasting repercussions are the work on "policy paradigms" (Hall 1993), "economic ideas" (Blyth 2002), and the "advocacy coalition" framework (Sabatier 1998). The lowest common denominator of these influential approaches and the more recent ideational work is the view that policy makers are guided by "interpretative frameworks" consisting of causal beliefs and normative convictions, which serve as cognitive frames that filter the perception of the situation, problems, and even self-interest, while notions that ideas are epiphenomenal to interests are commonly rejected (Béland 2005, 2009; Béland and Cox 2010; Campbell 2002; Hay 2010; Olive et al. 2012; Steinmo 2003). As Béland and Cox (2010: 16-17) correctly lament in their summary of

state of the art of ideational literature, however, empirical validations are restricted to qualitative studies, whereas complementary attempts to test ideational hypotheses based on cognitive framing arguments in a large-n context and a quantitative framework, to lend external validity to this line of thought, remain missing.

### 1.3 Addressing the Independent Variable Problem in the Study of Partisan Effects

The contribution I make with this book extends far beyond systematic criticism of the existing operationalization and theorization concerning the ideological complexion of governments and its relevance in terms of social policy. Rather, this critique guides the theoretical and operational choices of a study that builds on the profound insights of the predominantly conceptual and case-oriented research addressing the impact of economic ideas and on political ideology to develop and test a (cognitive) framing argument for the enduring social policy relevance of government ideology, especially in times of economic crisis. In this manner, the book complements group-based policy-explanations and provides a more comprehensive test of the impact of government ideology than allowed by the commonly used static party labels (based on expert judgments). In doing so, the study also addresses the aforementioned desideratum that hypotheses based on cognitive framing arguments have yet to be tested beyond case-specific studies.

First, I draw on the definitional intersections in the works on political ideology and ideas and synthesize the constitutive elements to distill what it means to understand government ideology as a cognitive frame rather than predominantly as a proxy for (group) interest representation. In short, ideology can be regarded as a cognitive frame or interpretative framework that provides actors or, more specifically, governments with two closely intertwined sets of beliefs: causal beliefs about the interplay between government, the economy, and society (the *ontological* dimension) and beliefs about the norms and values that are to be maximized and which constitute the background against which the status quo is assessed (the *normative* dimension).

This definition is then applied to two “solutions” to the Independent Variable Problem: the use of time-variant, left-right scales and the use of “welfare ideology” and “market ideology.” In order to have a meaningful criterion for the discussion of these solutions, however, it is necessary to determine

the substantial (ontological and normative) differences underlying left and right belief systems as the (by far) most commonly referred to ideological continuum and the one structuring the “politics matter” discourse in current retrenchment research. Based on a discussion of inductive as opposed to deductive views on the left-right dyad, I extract those ideologemes that constitute the abstract core of left and right ideas, norms, and causal beliefs. I take the historically grounded view that left and right are divided by the different core values equality and freedom, a widely shared conception among intellectuals, political philosophers, and historians of ideas (see, e.g., Bobbio 1996, 2006; Giddens 1994: 251; Kymlicka 1997; Vincent 2010). I argue that this normative divide corresponds to an institutional preference for either state or market solutions: Egalitarian norms find their expression in a stronger focus on the (welfare) state, whereas norms pertaining to negative freedom and the acceptance of inequality are more compatible with market allocation.

It is this nexus of norms and ontological beliefs that provides the theoretical anchor for the selection and evaluation of the two alternative ways to account for government ideology. More precisely, in addition to the consideration of the operational concerns outlined earlier, the goal is to capture empirically 1) the normative divide between the competing core values of equality and (negative) freedom and 2) the ontological divide between market allocation versus state intervention and redistribution; a distinction that may also be regarded as the institutional manifestation of the fundamentally different norms underlying the left-right dyad.

The first approach is to use time-variant left-right scales that capture the change of party positions based on the content analysis of party manifestos conducted by the Manifesto Research Group (Budge et al. 2001; Klingemann et al. 2006), of which the Right-Left index “RILE” is the most prominent example. I argue that while its usage has many advantages over labels regarding the reviewed operational problems, it causes conceptual confusion due to its inclusion of a number of items not related to the normative (equality versus freedom) and ontological divide (state intervention versus market allocation). As shown via correlations, factor analyses, and the exemplary discussion of British, German, and Swedish parties, positions regarding social and economic policy are relatively unrelated to moral, cultural, and foreign policy convictions. This is why the RILE is associated with a considerable measurement mistake and a validity gap in retrenchment research – because parties with the same RILE score can (and often do) hold opposing views on relevant questions regarding the welfare state and the redistribution of market-generated results. Thus, in order to

investigate whether a causal link between an incumbent's political ideology and the privatization of unemployment insurance exists, in a second step, I focus on elements of party ideology that are theoretically relevant for the question of retrenchment. I construct two indices for welfare-specific cognitive frames: market and welfare ideology. Each consists of a normative and an ontological subdimension. While the normative dimension of welfare ideology combines items that are related to egalitarian values, the ontological dimension of welfare ideology can be regarded as a measure for state intervention and market skepticism. By contrast, the normative dimension of market ideology captures an emphasis on meritocratic and antiegalitarian attitudes, and its ontological dimension covers neoclassical economic and laissez-faire positions as well as the approval of free entrepreneurship. Building on the previously discussed examples, I point out the informational gains associated with the complementary use of the market and welfare ideology scale with the Right-Left index and conventional party labels.

I depart from the general ideational argument that governments are not simply reacting to structurally given interests in self-apparent crises but perceive the economic situation through the lens of their ideology. Based on the application of this general framing argument to the question of unemployment insurance retrenchment, I hypothesize that if market intrusion is deemed desirable in order to promote equality and social security, this will, *ceteris paribus*, go along with less risk privatization. By contrast, if a government emphasizes market mechanisms, it will, *ceteris paribus*, restrain welfare generosity and tighten conditionality. The underlying rationale is that governments with pronounced market and welfare ideology take opposing views on a range of causal and value-laden questions evolving around and connected to the question of whether to implement cutbacks: On the ontological dimension, these opposing views concern, for instance, the nature of the market *per se*, the role of the (welfare) state in the economy, the prioritization of macroeconomic goals, and most importantly, the assessment of the reasons for economic crises and unemployment. On the normative dimension, views differ, for example, regarding the extent to which the privatization of labor-market risks aligns with conceptions of fairness, social justice, and moral perceptions about the workless. These divergent views are expected to lead to countervailing inferences regarding the necessity and appropriateness of unemployment insurance retrenchment.

But the cognitive framing argument allows for more specific postdictions regarding the social policies applied by governments in hard times.

If welfare and market ideology serve as interpretative frameworks that “frame” the perception of economic problems and shape policy reactions, the effects stemming from socio-economic pressures, such as low economic growth, should depend on the ideological complexion of government in terms of welfare and market ideology. Welfare ideology is expected to buffer or level and market ideology to amplify the effects of pressures. The framing argument in this specific sense implies that the negative impact of economic pressure(s) on risk privatization should be conditional on (high) market ideology as well as (low) welfare ideology.

The conceptual section is concluded with an overview of the five derived hypotheses: Right Retrenchment, No Partisan Effect, Left Retrenchment, Market-Ideology hypothesis, and Welfare Ideology hypothesis). In addition, three “metaexpectations” are formulated to sum up the arguments on the problems associated with using party labels, the problem of multidimensional ideology, and the (specific) cognitive framing argument.

#### 1.4 Way of Preceding and Outline of the Results

An integral part of the empirical analysis which precedes the engagement with the theoretical and analytical framework is chapter 2, in which I clarify what is meant by the term retrenchment and the extent to which it is justified to speak of retrenchment or resilience with regard to the development of unemployment insurance across OECD countries between 1971 and 2009. I define retrenchment as a retreat of the state involving the privatization of labor market risks in general and the risk of unemployment in particular. More precisely, and in line with other conceptions of programmatic retrenchment, I speak of instances of retrenchment where programs become less attractive because the generosity of entitlements is reduced (generosity dimension) and/or the respective eligibility rules are tightened (conditionality dimension). Based on existing and newly gathered data, I argue that the documented curtailments, particularly regarding the generosity of unemployment insurance benefits, constitute significant retrenchment; especially when taking the severe political, social, and economic consequences of these cutbacks into consideration.

Chapter 3 locates the Independent Variable Problem in the context of previous research on the effect of the partisan composition of the government on social policy in general and retrenchment in particular. It starts from a critical elucidation of the three contending perspectives on the role of parties in the politics of retrenchment. Three hypotheses are derived.

Subsequently, the inconclusive empirical evidence regarding partisan effects and the problems that plague the accumulation of evidence are discussed. In chapter 4, I single out and describe the Independent Variable Problem – the insufficient conceptualization of ideology – as the most important lacuna. On this basis, the framing argument and the two “solutions” are introduced to address the problem.

Before proceeding to the causal analysis, it is demonstrated in chapter 5 that governments have by no means struck their ideological sails in the whirlwinds of the economic pressures they are facing (by becoming uniform). Despite the lengthy list of prominent augurs that foresaw ideological convergence, for the 223 OECD governments under study in the last four decades, one can at best speak of “partial” convergence. The ideological climate from the era of expansion to the era of retrenchment became slightly more right, slightly more market-affine, and slightly less welfare-friendly. However, the dispersion of the programmatic positions decreased only modestly, these trends are limited to European OECD countries, and in part attributable to the occurrence of some particularly high values in welfare and market ideology in the 1970s and 1980s. Overall, the funnel-shaped compression of the programmatic positions over time that would indeed constitute a threat to representative democracy has fortunately not yet materialized.

Chapter 6 is devoted to the Gretchen question as to whether this meaningful ideological variation leads to systematically different patterns of change in unemployment insurance generosity and conditionality. The chapter proceeds in five steps. First, in section 6.1, I discuss the research design and the model. I opt for the relatively homogenous country group of established democracies which are highly affluent OECD countries and advanced welfare states, resulting in eighteen countries with 223 cabinets between 1971 and 2009. I then discuss the choice of “ideologically consistent quasi cabinets” instead of annualized observations as the unit of observation. This cabinet approach is well suited to account for the (net) social policy balance of governments and is also more robust than annual data when policy changes follow political (non)decisions with a delay. Subsequently, the hypothesized effects and the operationalization of the variables are discussed. To get at the effects of partisanship, I use the share of left, center, and right parties in government, the Right-Left index, and welfare and market ideology in country fixed-effects regression models. These models rest on the variation between cabinets within countries, thus allowing for inferences about the impact of ideology in a given setting, controlling for the idiosyncrasies of individual countries.

Section 6.2 presents the analysis of the main effects of the various indicators for government ideology. If explanations of partisan effects are grounded in the representation of group interests, we should expect the party labels to turn out to be postdictors of retrenchment. Effects of welfare and market ideology in the hypothesized direction would indicate support for the (cognitive) framing argument. If the skeptics are correct, the null hypothesis should hold irrespective of ideology indicators. This would mean that the composition of government indeed does not matter.

First, results regarding the generosity of benefits are reported and discussed. The share of left, center, or right parties proves inconsequential. A cabinet is more inclined to retrenchment the more rightist its positions in its manifesto according to the time variant RILE. Welfare ideology exerts a positive effect. Together with normative and ontological subindices, market ideology is the most important ideological determinant of retrenchment, both in terms of effect magnitude and significance. However, the functionalist zeitgeist also receives unequivocal confirmation, as results across all models indicate that a problematic economic context translates into cutbacks.

The results are not quite as clear-cut regarding the second dimension of changes in benefit conditionality. While the ideological complexion of governments again appears inconsequential when assessed via party labels, cabinets are primarily motivated to tighten the conditionality by pronounced welfare ideology. Overall, the results for both dimensions correspond to the expectation that the share of left-, center-, and right-labeled parties in government is inconsequential, whereas welfare-specific cognitive frames such as market and welfare ideology systematically find their expression in social policy decisions; with the multidimensional measure RILE being of intermediate explanatory relevance. Subsequently, I assess the context-sensitivity of the documented partisan effects (noted, e.g., by Kittel and Obinger 2003: 36). More specifically, I test the robustness of the results by using alternative dependent variables for the generosity and conditionality dimension and by delimiting the leverage effects exerted by individual countries.

Section 6.3 is then devoted to the investigation of competing and complementary explanations: welfare regime type, unionization, “growth to limits,” and the fragmentation of the government. In particular, the impact of the opposition ideology on governmental social policy decisions is investigated. This variable has received scant attention despite the long-standing prominence of theoretical arguments on how opposition ideology serves as a strategic constraint on government choices (see Amable et al. 2006: 441; Duverger 1954: xxvii; Hicks and Swank 1992; Kitschelt 2001).

Section 6.4 is devoted to the specific framing argument, according to which the negative effect of economic pressure depends on the ideological lens through which cabinets perceive the economic situation. Only via interaction analyses is it possible to investigate whether the (negative) effects exerted by economic pressure are, as claimed, dependent on low welfare ideology and high market ideology. To show that no such conditioning effect exists for government ideology when conceived of in terms of left and right party shares in government (measured via party labels), I visualize the interactions for all indicators for the ideological complexion of government used in the previous regression analyses. No mediating effect is found for left and right partisanship, but the strong negative effects of economic pressure are indeed buffered by welfare ideology and nullified in the absence of pronounced market ideology. This lends further credence to the framing argument.

In section 6.5, the findings are complemented with and discussed against the background of illustrative case evidence of different governments in hard economic times. I focus on Germany under Helmut Kohl, the United Kingdom under Margaret Thatcher, and Sweden under Ingvar Carlsson. These governments cover the whole ideological spectrum: From the British Tories as a classic conservative party, over the centrist Christian Democratic Union in combination with the liberal Free Democratic Party (FDP) in Germany, to the archetypical Swedish Social Democrats (SAP). Following the idea of nested analysis (Liebermann 2005), this section has three aims: to validate the face validity of the measures developed and used in the quantitative part; to substantiate and complement the statistical results; and to reduce the risk that omitted variables and idiosyncratic factors lead to erroneous inferences. While I also decipher the political and economic context and describe the changes in unemployment insurance, the focus is on a close reading of party manifestos, position papers, and the discourse within the parties. Despite the considerable variation in party families and welfare state contexts, the evidence is reassuring for the cognitive framing argument. First, the shifts in the welfare and market ideology indices reflect the changing economic ideas and beliefs within parties. Second, these ideas and beliefs add up to problem diagnoses with clear policy implications regarding the welfare state in general and unemployment insurance in particular. Third, these shifts covary with the retrenchment measures in the field of unemployment insurance. Section 6.6 sums up the findings with regard to the hypotheses. Finally, I recapitulate the contributions of the book, elicit potential omissions and avenues for future research on partisan effects, and discuss the implications of the results regarding representative democracy and the welfare state debate.

Overall, the book shows that the primacy of politics is not marginalized by economic parameters but that the ideological complexion of government does indeed bear momentous social policy consequences, even – and in particular – in times of deep economic crises; that is, if ideology is not merely understood as the representation of (static) group interests, but – at least complementary – as a system of political beliefs or ideologemes that “frame” parties’ perceptions of the status quo.