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The Politics of Old and New Social Policies

Silja Häusermann

Introduction

After a decade in which research on the welfare state first focused on explaining institutional stability and then progressively started acknowledging a somewhat surprising amount of change and reform, there is today a certain consensus with regard to the observation that welfare states are not ‘frozen landscapes’ as some argued in the 1990s (see e.g. Esping-Andersen 1996: 2). Instead, welfare states have changed in diverse ways, both cutting back existing benefits as well as expanding and developing new ones. While the reform capacity was less of a surprise in the case of liberal and Nordic welfare states (given both their accent on tax-financed, egalitarian and means-tested benefit on the one hand and the lower number of veto players on the other hand), it is particularly intriguing to see that even continental welfare states are changing profoundly¹: a range of recent studies evidence systemic reforms in all major social policy areas (see Häusermann 2010a; Palier 2010; Vail 2009).

However, the literature has not come to a consensus yet, neither with regard to the forces that are driving this change, nor with its actual direction. With regard to the driving forces and mechanisms, institutionalist (e.g. Bonoli and Palier 2007; Palier and Martin 2007), quasi-functional (e.g. Hering 2004; Vis and van Kersbergen 2007) and actor-centred explanations (e.g. Häusermann 2010a; Levy 1999; Vail 2009) co-exist, and with regard to the direction, the literature has identified a range of very different reforms. Some studies emphasize retrenchment of the ‘old’ industrial welfare state, while others stress changes in the direction of ‘new’ policies, such as activation, social investment, work-care conciliation or needs-based social security for outsiders.

In this chapter, I will start by arguing that these reforms can be classified into ‘new’ vs. ‘old’ social policy instruments, depending on whether they deal

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with and operate within the frontiers of the inherited institutions of income and job protection, or whether they enact alternative approaches to welfare provision, namely activation or needs-based social benefits (section 1). Second, I will develop how these different types of policy instruments can be combined in a variety of ways that define specific directions of welfare reform: both old and new social policy instruments can be either cut back or expanded, which implies that welfare reforms can go into a range of different directions: on the one hand, they can be expansive in all directions (*expansion*) or restrictive in all directions (*retrenchment*). On the other hand, however, post-industrial welfare reforms may involve particular packages and ‘mixtures’ of policy instruments: they can, e.g. expand activation and social safety nets at the expense of income and job protection (*flexicurity*); they can also re-allocate spending from generous income protection towards more outsider-oriented needs-tested benefits (*welfare readjustment*). Alternatively, however, they can also preserve and shield old social rights and privileges against outsiders and new risk groups (*welfare protectionism*).

After sketching the policy space of current welfare reform in Europe, I will ~~then~~ explore an actor-centred approach to the *politics* of new and old social policies by discussing the conflict lines and actor configurations typical of post-industrial welfare reform and by discussing the determinants of actor preferences (section 3). The original ‘new politics literature’ (see e.g. the contributions in Pierson 2001) assumed that actors, i.e. political parties, unions and employer organizations, will tend to matter less in post-industrial welfare reform than in the industrial era of welfare state growth, because institutional dynamics have become predominant. Theoretically, this argument is based on institutional feedback mechanisms, and empirically, it is closely tied to the fact that we observe different, ‘unexpected’ actor configurations for or against recent reforms, with e.g. left-wing parties supporting retrenchment or certain employer associations supporting expansion. Building on this literature, I would like to rephrase this point in a somewhat different way: actors, their preferences and ideas, may not matter less, but they may matter differently than in the industrial era, because different issues are at stake. How actors position themselves with regard to the new social policies increasingly depends on their interests and also the ideational values they defend. Given the fact that such new issues and new motivations become relevant, it is perfectly sensible that actor alignments and coalitions have changed accordingly. However, once we take the multidimensionality of the new welfare policy space and the realignment of actors into account, it becomes clear that post-industrial welfare reform relies on variable and highly contingent actor coalitions. Hence, there is not one single new actor or actor alliance that drives welfare reform. Rather, the reconfiguration of actors can orient policies in

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different directions and it may both enable or prevent reforms, depending on the overall structure of the policy space.

In the empirical part of this chapter (section 4), I will present three illustrative examples taken from family policy reform in Switzerland and Germany (as two veto-point dense continental welfare regimes). These case studies are not intended to provide a conclusive and systematic test of my arguments, but to illustrate, underline and substantiate three main points of this chapter: first, old and new social policy reform generate distinctive actor configurations; second, the combination of these different reform elements can both enable and prevent reform-success, which makes welfare reform increasingly difficult to predict; and third, political majorities for ‘narrow’ reforms that deal with old or new policies exclusively (i.e. without linking them to other issues in a package deal) rely on fragile and highly contingent actor coalitions.

New vs. Old Social Policy Instruments

The main point of this section is that we can and should distinguish between ‘old’ and ‘new’ social policies. Old social policies refer to those measures typical for addressing the needs of an industrial society, whereas new social policies target social risks and demands characteristic of the post-industrial era. However, it would be wrong to classify entire policy fields in the categories of old and new. Rather, we can identify old and new policy instruments *within* the main social policy fields. There is old and new family policy, old and new labour market policy, old and new pension policy etc. Following the literature in this field and the overall framework of this volume (Armingeon and Bonoli 2006; Bonoli 2005; Bonoli and Natali 2009; Häusermann 2006; Pierson 2001), I define *old social policies* as those which deal with the welfare coverage of the typical risks of income and job loss that were prevalent in the industrial era. Income loss by the male breadwinner due to old age, unemployment, sickness or disability are key in this respect. Old social policies deal with these risks by means of income protection, i.e. passive transfers and job protection regulation. *New social policies*, by contrast, are those policies aimed at covering welfare risks that are typical of the post-industrial society (either because they are ‘new’, more widespread or newly politicized), such as atypical employment, long-term unemployment, working poverty, family instability and lacking opportunities for labour market participation (due to care obligations or obsolete skills). New social policies can be divided in two groups, depending on the policy strategy (ex ante vs. ex post) they pursue: a first group of new social policy measures focuses on employability and activation, rather than passive income replacement. The goal here is to bring recipients back into gainful employment (ex ante protection). A second group of typically

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new or post-industrial social policies focuses **focus** on the coverage of new risk groups (labour market outsiders, single parents, etc.), which were neglected by the old male breadwinner welfare state and which are unable to secure their own social protection via employment. The objective of this second type of policy measures is to provide needs-based social protection which is less dependent on labour market participation and previous income than the old, industrial social insurance schemes (ex post). These measures have become increasingly important, because post-industrial labour markets have become unable to provide stable employment trajectories, and because indirect protection for outsiders via marriage and family has also become unstable (what Esping-Andersen 1999 refers to as ‘family and labour market failures’).

In determining which issues should be considered and classified into the different groups of new and old social policy instruments, three strands of welfare literature are important, because they have turned the spotlight on distinct sets of policy reforms. We need to take into account works on retrenchment, new social risk policies and social investment/activation policies. The ‘retrenchment-literature’ (e.g. Clayton and Pontusson 1998; Pierson 2001; see Starke (2006) for a review of this literature) focuses on the conditions under which and the extent to which existing levels of welfare benefits are reduced. The basic idea is that the ‘era of austerity’ (Pierson 2001) generates an overwhelming (quasi-functionalist) need for cutbacks in all realms of social policy, because existing benefits and privileges have become unsustainable. In this context, governments are expected to aim at reducing benefit levels and tightening eligibility criteria in all major policy fields. Since it deals with the generosity of existing policy schemes, this literature focuses on the reforms of *old* social policies.

In parallel to the retrenchment literature, some studies (Armingeon and Bonoli 2006; Bonoli 2005) have focused on a quite different challenge to mature welfare states, namely the rise of new social risks, stemming from labour market and family failure (Esping-Andersen 1999). Bonoli (2005) focuses on labour market activation and family policy, but new social risk policies have appeared in other fields, such as pensions, too (Häusermann 2010a). They become relevant wherever the income- and employment-related insurance schemes of the industrial welfare state fail to ensure adequate social protection, because individuals have become unable to contribute sufficiently to insurance schemes.

Finally, the literature on social investment and activation (Bonoli 2010; Jenson and Saint-Martin 2006; Lister 2004; Morel et al. 2009) is empirically related to the concept of new social risks, but starts from a top-down instead of a bottom-up angle. Contrary to the new social risk literature, the question is not what new needs and demands have emerged in the post-industrial society. Rather, the social investment model conceptualizes a new approach of welfare

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Table 6.1. ‘Old’ and ‘new’ social policy instruments

| | ‘Old’ social policies | ‘New’ social policies | |
|--|--|---|---|
| | Income and job protection policies | Activation/Social Investment policies | Needs-based social protection policies |
| <i>Family policy</i> | Family and child allowances (transfers) | Child and elderly care services | Subsidized childcare services for low-income earners |
| <i>Labour market/unemployment policy</i> | Passive benefits (income replacement) for insiders | Parental leave schemes Active labour market policies | Needs-based income support for the (long-term) unemployed |
| | Employment protection | Investment in training and human capital formation | |
| <i>Pension policy</i> | Income replacement for insiders | Pension insurance coverage of outsiders | Pension credits for child rearing Universal minimum pensions |
| <i>Disability insurance</i> | Income replacement (transfers) | Integration policies (re-commodification) | Income supplement to working poor (negative income tax etc.) |
| <i>Social assistance</i> | Poverty relief (transfers) | Activation and re-integration programs | |

provision, inspired by the idea of welfare as investment in the employability of risk bearers (i.e. an ex ante prevention of poverty), rather than as compensation of welfare losses (i.e. an ex post coverage of risks and needs). Hence, social investment policies focus on access to education, training and work.

Table 6.1 provides a—non exhaustive—list of policy instruments, which can be categorized as corresponding to the different old and new logics of welfare reforms: income and job protection as typical of the industrial welfare state, activation and social investment policies, and needs-based social protection. As outlined above, large parts of the literature have analyzed these reform trends separately, and tried to identify the distinctive driving forces for each trend. As I try to argue in the next section, this is a mistake. All three groups of old and new social policies are raised and politicized in one and the same policy reform space. Hence, if we want to understand the politics of the post-industrial welfare state, we need to look at them simultaneously (Häusermann 2010a).

Mapping the Policy Space of Welfare State Reform in Europe

Governments can, of course, attempt to implement *either* old social policy reforms *or* new social policies separately. Part of the literature even argues that we can explain the adoption of rejection of both types of reform with the same

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variables (Armingeon and Bonoli 2006). These studies remain in a rather linear logic of welfare reform analysis, which tries to identify the factors driving welfare state change in specific directions. Both theoretically and empirically, however, things have become considerably more complex: in many instances, governments may combine old and new social policies in reform packages. The literature on political exchange and social pacts (e.g. Häusermann 2006, 2010b; Levy 1999; Natali and Rhodes 2008; Rhodes 2001) has argued that these package deals have become a pattern in post-industrial welfare reform, and as I have shown elsewhere, they have even become a necessary condition for successful retrenchment in continental pension politics (Häusermann 2010a). Hence, we need to look at the *combined* reforms, if we want to understand the dynamics of post-industrial welfare reform (see Vail 2009 for a similar argument).

The important point here is that both old and new social policies can be reformed in either expansive or restrictive ways, even though from very different starting points. Old social policies start at the ‘mature’ level, which implies that reforms of social insurance and job protection can either implement cutbacks or leave these benefits and privileges untouched. New social policies, by contrast, are typically underdeveloped, precisely because they are ‘new’. Hence, both activation and needs-based social protection may be either expanded or kept at very low levels (if not cut back). Now governments can either propose and implement reforms, which go in a similar direction (expanding or restricting the overall level of benefits and rights), or they can propose packages of measures that go in opposite directions, meaning that they expand or restrict one type of measures at the expense or to the benefit of the other. Consequently, we need to take into account all four possibilities of reform. By combining the two dimensions of old and new social policies, we arrive at a schematic and aggregated representation of the ‘new’ policy space of welfare reform in Europe. The direction the reforms in a particular field or country take can be located anywhere in this space, and one can also imagine that reforms in different fields go in different directions. But identifying these four possibilities of welfare reform may be useful to identify patterns as well as cross-sectional and cross-national differences.

The two fields of expansion and retrenchment are obviously straightforward, but probably less likely and less analytically interesting. *Expansion* could historically be observed mostly in the era of welfare state growth in countries that expanded early in new social risk coverage (such as the Nordic countries, Bonoli 2007). In the 1960s and early 1970s, the overall direction of welfare reform was expansive in all respects. Today, the reforms taking place most plausibly in this quadrant would probably preserve existing levels of welfare, while at the same time expanding additional measures and benefits for new risk groups. *Retrenchment*, by contrast, can be identified when governments

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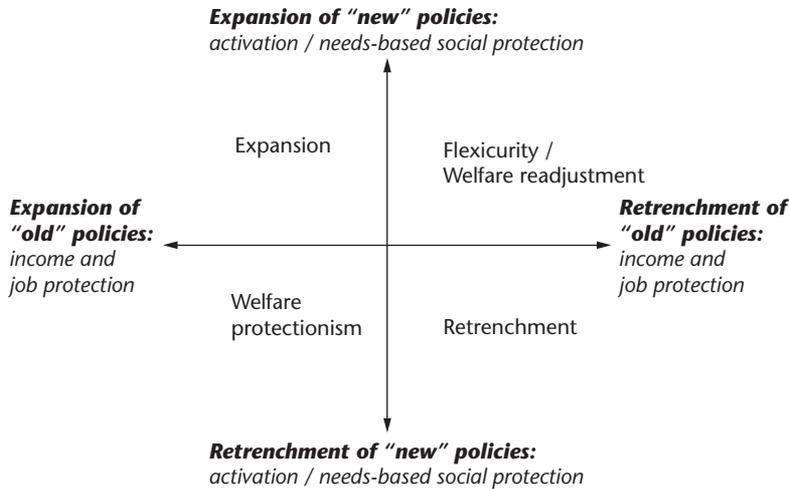


Figure 6.1. Mapping the 'new' policy space of welfare reform in Europe

cut back on existing rights without compensating the losers of the reforms and without reallocating the savings to new social needs and policies. Formerly privileged groups lose their benefits and new risk groups do not see their coverage improved. This is precisely the type of reform Pierson probably had in mind when he argued that retrenchment was very unlikely to be implemented in democratic polities, since it involved no credit-claiming at all and entails—at least among welfare beneficiaries—reform losers only. We can also relate Streeck's (2009) concept of 'liberalization' to this quadrant: job and income protection are being eroded for the core workforce, which eventually makes all workers rely on minimum poverty protection only, similar to the well-known pattern in liberal countries.

The two remaining quadrants—flexicurity/welfare readjustment and welfare protectionism—involve trade-offs: in the case of *flexicurity and welfare readjustment*, governments cut back on existing levels of old benefits, while at the same time expanding new social policies. Flexicurity denotes a strategy of liberalizing and deregulating job protection, while in turn providing more adequate support for job seekers (through activation) and the unemployed (through generous income support). Welfare readjustment, by contrast, is less tightly linked to job protection: it denotes the idea that old privileges of the core workforce in terms of income security are somewhat restrained to the benefit of new risk groups, which are unable to meet the tight eligibility criteria of the social insurance welfare state. Thereby, welfare readjustment comes very close to what Levy (1999) had in mind when he described some reforms in terms of turning 'vice into virtue': welfare reforms that cut back on generous benefit levels to reallocate spending to more acute and uncovered

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social needs. Finally, *welfare protectionism* denotes reforms that shield the privileges of old beneficiaries against the claims, needs and demands of new risk groups. Eligibility is tightened in the main social insurance schemes at the expense of growing groups of outsiders who have no access to decent social protection.

Welfare readjustment and welfare protectionism can also be linked to the growing literature on increasingly *dualized* welfare states. The concept of dualized welfare (Bleses and Seeleib-Kaiser 2004; Emmenegger et al. 2012; Palier and Thelen 2010) means that post-industrial welfare states move in the direction of two distinct sorts of welfare benefits: the old schemes of earnings- and work-related social insurance are largely maintained for the core workforce, i.e. the insiders, while reforms introduce a different type of welfare state for the marginally, atypically and unemployed, i.e. the outsiders (based on tax-financed and needs-based benefits and new social risk policies more generally). Thereby, the distinction between welfare readjustment and welfare protectionism helps distinguishing the two ways in which the term ‘dualization’ is being used: some authors use it to denote that increasing numbers of outsiders are ejected from the ‘real’ and ‘good’ social protection into a secondary, residual and more fragile kind of welfare (see Clegg 2007; Palier and Thelen 2010). Others, however, use the word in a less *pejorative* way, meaning that welfare states re-balance the insider-focus of their social insurance schemes towards a second type of welfare provision that is more adequate and adapted to the needs and work biographies of outsiders (see to some extent Bleses and Seeleib-Kaiser 2004; Häusermann 2010a; Levy 1999). The introduction of needs-based social protection via pension minima or more generous social assistance levels (think, e.g., of the RSA in France) goes in this direction. While welfare protectionism refers to the first type of dualization, welfare readjustment is linked to the second type. The result is structurally similar: two types of welfare provision instead of the formerly coherent social insurance state. The distributional implications, however, are very different: In the case of welfare readjustment, outsiders gain increased protection while insiders lose some of their privileges. In the case of welfare protectionism, outsiders lose at the expense of an (ever shrinking) proportion of insiders.

The Location and Configurations of Actors in the Policy Space

If political parties, trade unions and employer organizations aligned identically on income protection-, activation-, and needs-based social protection reforms, the distinction of these three groups of old and new policy instruments would not matter for the analysis of welfare *politics*, i.e. actors, interests and alliances. However, they do not. A whole range of studies have evidenced

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new and atypical reform coalitions when it comes to new social policies, with e.g. employers supporting activation and family policy expansion (Ballestri and Bonoli 2003; Bleses and Seeleib-Kaiser 2004; Daguerre 2006), left-wing parties cutting back existing benefit levels (Kitschelt 2001; Ross 2000) or increasing heterogeneity among trade unions with regard to pension reform (Häusermann 2010b). I argue here that these coalitions stem from unexpected or surprising once we take into account the **multidimensionality of post-industrial reform politics**. Political parties, trade unions and employer organizations align differently on the three dimensions illustrated in table 6.1, depending on the interests and values they represent. Hence, if we want to understand why an actor advocates or opposes a particular reform, we need to look at the material interests and the values of this actor’s constituency. Figure 6.2 presents schematic hypotheses on the idea-typical location of the main political forces with regard to the three dimensions of policy reform. The important message in figure 6.2 is that the alignment of actors is very likely to be different across these dimensions. In the following, I briefly explain why.

With regard to income and job protection, the policies typical of the industrial era welfare state, we would expect employers and market-liberal political parties to advocate retrenchment, because they increase the cost of labour and account for the bulk of social spending in the mature welfare state. At the opposite end of the conflict line, we would expect the industrial ‘working class’—i.e. blue-collar insider workers—to advocate expansion/maintenance of benefit levels, because the social insurance welfare state was built precisely for these workers. The old working class is the main constituency of the ‘old’, workerist left, which is why we might expect the major trade unions and old left parties to defend their material interests. In between employers and the old left, the new left—defending women’s, outsiders and the new middle

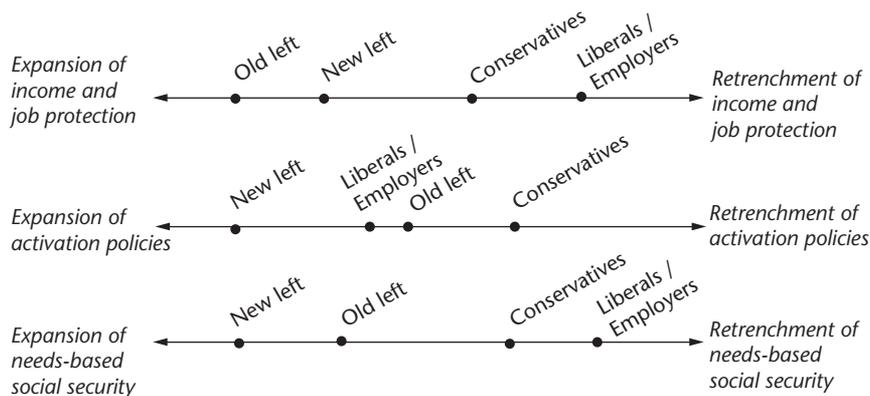


Figure 6.2. Hypotheses on ideal-typical actor positions with regard to ‘old’ and ‘new’ social policies

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classes' interests (Kitschelt 1994)—should support old welfare policies, but less clearly so than the old left, since the new left's constituencies are not the main beneficiaries of the old welfare state. Finally, the conservatives—mainly Christian Democrats—should be more sceptical against state intervention in general, but they traditionally have a left-wing, interventionist part of their electorate which makes them more open for social insurance than employers and market-liberal parties (van Kersbergen 1995).

The new left's voters, including many outsiders—i.e. those members of the workforce particularly affected by atypical employment and unemployment (Häusermann and Schwander 2009), as well as new risk groups more generally (mostly young and female risk bearers, Bonoli 2005)—have lower stakes in these old social insurance schemes than insiders, because they do not have full contribution records anyway. By contrast, outsiders and new risk groups have a very strong interest in the development of new social policies (both activation and needs-based social security), in contrast to insiders. Hence, the new left is expected to be the strongest supporter of the new social policies. The difference between activation and needs-based social protection is to be found on the right, rather than on the left: employers may favour activation, because activation and social investment reforms are oriented towards a commodification of the workforce. They may even have more favourable stances on activation than the old left who traditionally was the main opponent of commodification. Conservative forces, by contrast, may see activation and social investment (including notably the commodification of women and early schooling for children) as a threat the traditional family and gender roles,² which may increase their scepticism against such policies. Things are different with needs-based social security measures for labour market outsiders. Again, we expect the new left to be the main advocate of these measures, because they benefit most directly to their electorate and members.³ Market-liberal parties and employers, by contrast, may have less of an interest in these—clearly redistributive and de-commodifying—policies than in activation, which is why I would expect them to oppose such reforms most clearly. Given the profiles of their electorates, we would expect the old left and conservative parties between these two poles. The old left supports redistribution, but privileges social insurance and job protection, and the conservatives may tend to refrain from the more equalizing and non-stratifying character of these policies.

Figure 6.2 shows that the reform of the post-industrial welfare state can go in very different directions, which divide the relevant actors in distinct ways. This divergence of actor alignments holds a clear potential of varying coalitions and alliances of actors driving such reforms. It also evidences why reform packages are so important. Indeed, governments can combine different reform elements, thereby facilitating political exchange and actor coalitions.

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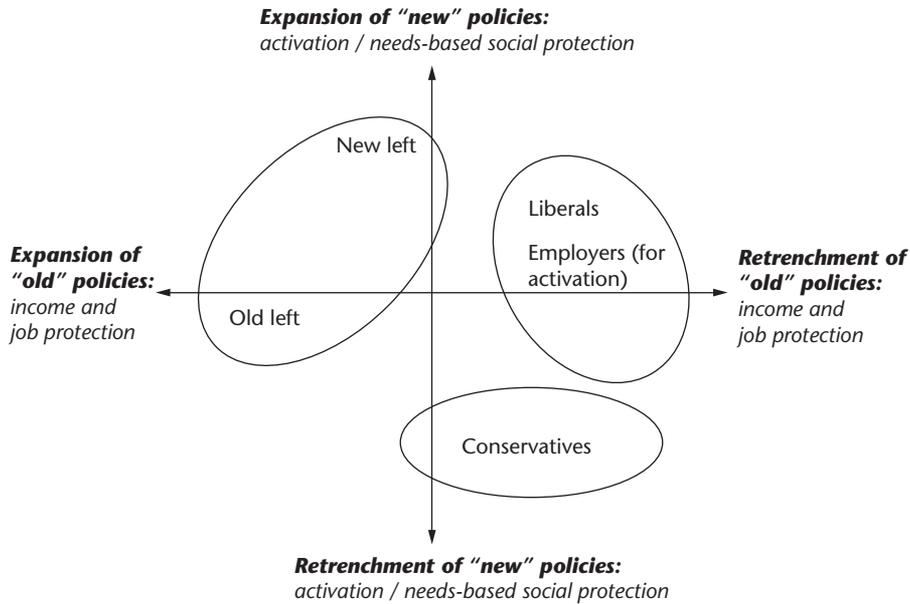


Figure 6.3. Ideal-typical actor positions in the multidimensional policy space of welfare reform in Europe

Liberals alone, e.g. may not have a sufficient majority to implement retrenchment, their main priority, just as the new left alone cannot achieve activation and more needs-based social security, and the old left alone fails in ‘saving’ welfare protection. Each of them, however, can find allies if a reform package includes more than one type of measure, i.e. if it makes concessions and side-payments along other reform dimensions. I illustrate this logic in figure 6.3, which shows a hypothetical policy space identical to the one shown in figure 6.1. If governments combine new and old policy instruments, they may create potentials for actor coalitions.

The ellipses in figure 6.3 represent the approximative location of the different political forces in the policy space. While the left is split and/or oscillating—depending on the country—between their support for old and new social policies, conservatives clearly oppose the ‘new’ policies, while they have a rather wide margin with regard to the old welfare state. Employers and market-liberal parties, by contrast, may side with the new left when it comes to activation policies, or with the conservatives when it comes to enacting retrenchment or preventing needs-based social protection. The precise conditions and dynamics of coalition-formation in different policy fields and countries are beyond the aim and scope of this chapter, and their analysis would require that we integrate institutional and strategic variables to this model (Häusermann 2010a). The point I would like to emphasize here is that

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the actor configurations in the new policy space of the European welfare state are characterized by complex multidimensionality, which makes the result of reform processes highly contingent. Looking at the power resources of e.g. the old left or of capital is insufficient to evaluate the chances of reforms in a particular direction. Alliances depend strongly on the issues that are on the table, on the dimensionality of the policy space and on the positions and power balances of all actors in a policy subsystem. The three case studies I will briefly present in the empirical part of this chapter demonstrate this contingency of the new politics of the welfare state.

Reforming Family Policy: the Contingency of Actor Configurations and Reform Success

This section presents three illustrative examples of reforms taken from family policy reform in Switzerland and Germany (as two veto-point dense continental welfare regimes). These short case studies illustrate, underline and substantiate three main points of this chapter: (1) welfare states can be reformed, because complex package deals of different reform dimensions allow for successful reform coalitions. (2) The complexity of coalition formation in multi-dimensional policy spaces, however, makes reform outcomes highly unstable and difficult to predict, since they can both assemble and divide reform supporters. And (3), political majorities for ‘narrow’ reforms that deal with a single dimension of reform exclusively (i.e. without linking it to other issues in a package deal) rely on fragile and highly contingent actor coalitions.

The choice of family policy for illustrating these reform dynamics results from the fact that other fields, such as labour market or pension policy have been widely researched over the past decade. Recent studies have emphasized the importance of package deals, trade-offs and issue-linkage in reforming unemployment policies towards more narrow insider protection and new forms of poverty relief for the (long-term) unemployed (see e.g. Clegg 2012; Palier and Thelen 2010; Vail 2009). Similarly, it has been shown that pension modernization in many European countries relied on complex dynamics of political exchange and compensation between advocates of pension cutbacks and new trends of expanding specific aspects and new ‘pillars’ of pension reform (see e.g. Bonoli 2000; Häusermann 2010a; Natali and Rhodes 2008; Schludi 2005; Vail 2009).

Family policy is considered to be a typical field of ‘new’ welfare policies, both with regard to new social risk-policies and with regard to social investment and activation. The saliency of family policy reform is particularly high in continental Europe, where all countries—except France—have been relying on the ‘old’ male breadwinner model of family policy (mainly based on child

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benefits, i.e. financial transfers) way into the 1990s. With increasing societal modernization and secularization on the one hand (weakening the Christian Democratic imprint of continental family policy), and structural pressure towards the commodification of women on the other hand (in particular the EU Lisbon agenda, as well as a need to boost employment ratios in continental Europe (Iversen and Wren 1998)), however, claims for a more interventionist, individualized and work-care related family policy have generally become stronger (e.g. Jenson and Sineau 2001; Morgan 2009). At the same time, new poverty risks and declining earnings power of families put (or keep) family policy as a means of poverty alleviation on the agenda. Hence, both old and new policy instruments are at stake.

The first example discussed here shows how the interplay of different reform dimensions enabled family policy modernization in Germany, through a reform of the federal law on educational benefits in 2000 by the red-green coalition government (see also Leitner et al. 2004). The reform included five main elements, two of which could be subsumed under the heading of ‘old’ measures of job and income protection (the expansion of educational benefits and the strengthening of parent’s rights at the workplace) and three under the heading of a ‘new’ logic of activation. The first two elements can be considered expanding on ‘old policies’, because they increase transfers and strengthen workers rights to withdraw (partially) from the labour market. At the same time, however, the bill proposed to introduce incentives for parents to shorten their parental leave to 6 months instead of a full year, to encourage them to take up part-time work early during their parental leave and to combine work and care. For the purpose of this empirical analysis, I have coded actor positions on all reform issues, in order to locate actors in the policy space formed by these two types of measures. I will not go into the details of measurement and methods here, because the aim is only to sketch the policy space in relation to the theoretical expectations developed in the theoretical sections above (more details are given in the appendix). Figure 6.4 shows the positioning of actors in the two-dimensional policy space.

Trade unions, family organizations and the Green party strongly advocated the expansion of benefits and workers rights (horizontal dimension), while the employers’ organizations and the all three other parties (SPD, FDP, CDU/CSU) were more reluctant with regard to this orientation of reform⁴. On the vertical axis, things look, however, very different: trade unions, employer organizations, the market-liberal FDP, the Social Democrats SPD and the Greens all clearly advocated activation, against the more conservative positions of the Christian Democrats CDU/CSU and family associations. Thus in this reform, the red-green government developed a ‘welfare expansion’ package that contained elements, which could appeal to advocates of both the traditional model of family policy and a more activation-oriented model of

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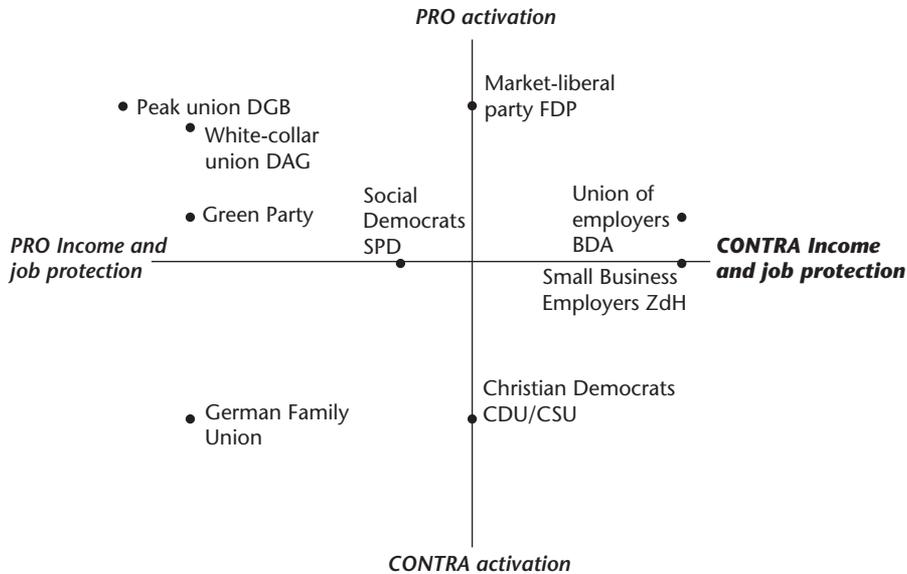


Figure 6.4. Actor configuration in the reform of the German law on educational benefits 2000

work-care conciliation. In that sense, this reform can be seen as a typical example of successful new politics of welfare reform.

When welfare reforms involve some sort of retrenchment, a compensation to part of the losers of the reform has turned out to be necessary to allow for policy change (Häusermann 2010a). When it comes to purely expansive reforms, however, they may also rely on a single reform dimension. This strategy, however, is very fragile and contingent, as the second example shows, taken from the Swiss 2003 reform of public subsidies for childcare infrastructure.

Family policy in Switzerland works quite differently from Germany. Indeed, the traditional male breadwinner family policy is not only very limited in scope, and it is also a ‘victim’ of federalist fragmentation (Bonoli and Häusermann 2011). The level of child benefits lies in the competence of cantons and the responsibility for work-care infrastructure is shared between the local, cantonal and federal levels. This implies that issue-linkage and package building are more constrained than in the German case: the national government has only very limited leverage over ‘old’ transfers in exchange for new policies. The case of the introduction of public subsidies for childcare facilities illustrates a reform under these constraints (see also Ballestri and Bonoli 2003 on this reform). The bill proposed that the federal government grants subsidies for newly founded childcare facilities, in order to improve the very poor coverage of childcare infrastructure in Switzerland. This is a typical ‘new’

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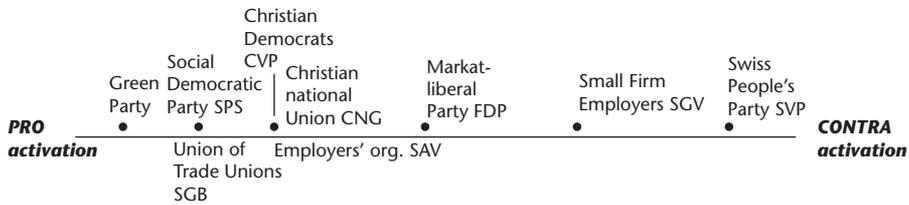


Figure 6.5. Actor configuration in the Swiss law on public subsidies for child care facilities

policy reform, which appeals to political actors who represent (working) women and who advocate progressive values of gender equality, as well as to actors with an interest in activation and the commodification of women. Hence, the reform gave rise to an alignment of actors (Figure 6.5, for data, see again the appendix), which included the parties of the new left, trade unions, as well as certain employer organizations and liberal parties among the supporters, against the conservative Swiss People’s party and small business employers on the side of the opponents.

The bill was eventually accepted in parliament, but only with the tenuous support of the employers and the market-liberal party FDP. Yet, the unidimensionality of this policy makes this winning coalition fragile. While in Germany, the government has the capacity to bolster ‘modernizing’ new policy reforms with some side-payments to the more conservative actors, the Swiss government has a much harder time to do so. Hence, as soon as the support of the employers towards care infrastructure weakens (e.g. in the wake of a recession), the support coalition vanishes. The upshot of this is that the diversification of the welfare agenda has led to heterogeneous reform coalitions, which are fragile and variable, because they do not rely on long-standing, traditional alliances (Häusermann and Kübler 2011).

The third example illustrates a final aspect of the ‘new’ politics of welfare reform, i.e. the risk of multidimensionality actually dividing the underlying coalition of a policy. In the German 2000 reform of educational benefits, multidimensionality contributed to assembling a successful coalition. Assembling different dimensions in a reform process, however, not necessarily guarantees successful reform outcomes. Indeed, raising a series of reform dimensions can also split the potential advocates of policy change. The Swiss decision-making process on means-tested child allowances provides an example of this dynamic. Already in the early 1990s, left-wing parliamentarians started a law proposal aiming at the introduction of means-tested supplementary child allowances, in particular for single mothers or low-income families. Indeed, general child allowances are granted universally, irrespective of the income of families. This proposal was thus a response to growing

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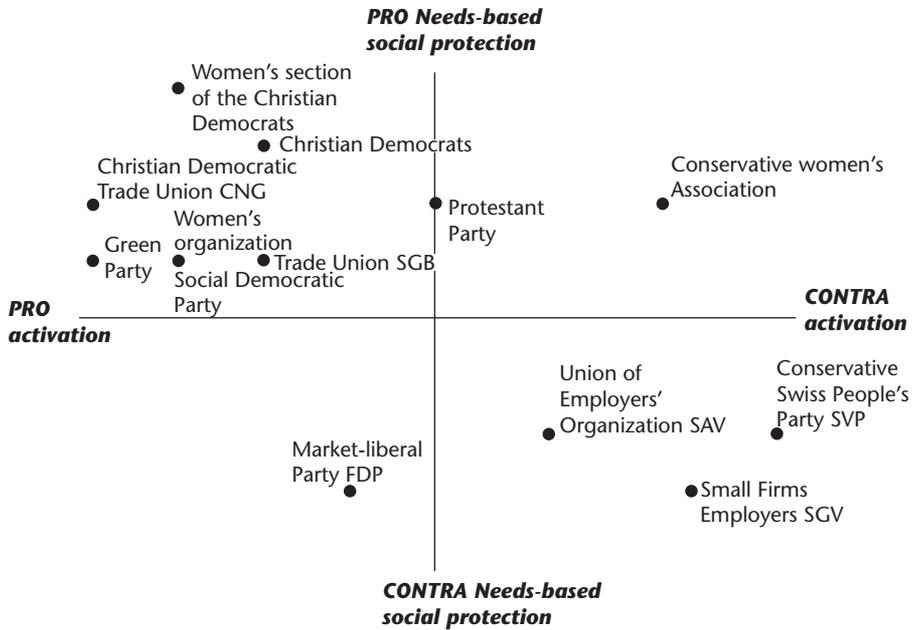


Figure 6.6. Actor configuration on the Swiss law proposal on means-tested child allowances

concerns about children being a source of poverty, especially for single mothers. The proposal, however, included also a second element, aimed at activation. In order to increase incentives for labour market participation even for low-income parents, the law would have provided tax cuts for low-income families combining work and external childcare. The parliamentarians behind the proposal were hoping to raise a broader support base for the reform with this combination of measures (Häusermann 2006). The decision-making process, however, was blocked repeatedly, because the market-liberal party FDP was too reluctant to support needs-based social protection as an activation tool.

As figure 6.6 shows that the left-wing parties, trade unions and Christian Democrats mostly supported the bill. The protestant party was inclined to support increased transfer to poor families, but was more reluctant towards work-care conciliation, as was the conservative women’s association. On the other hand, the FDP supported activation, but not the increase in financial transfers. Eventually, the specific reservations of each camp prevented the formation of a sufficient coalition for support, which created a reform deadlock.

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Conclusion

The main point I intend this chapter to make is that reforms of the ‘new welfare state in Europe’ can go in several distinct, but interrelated directions. Not only can they be divided into three logics of welfare reform—an ‘old’ policy logic based on transfers, passive income replacement and de-commodification, and two ‘new’ logics based on activation/social investment and needs-based social security—but moreover, these logics can be combined in various ways. Therefore, welfare reforms, and the development of the ‘new welfare state’ more generally may be classified with respect to at least four models or directions of change: *expansion*, i.e. the introduction of new social policies and the preservation or expansion of old ones, *retrenchment*, i.e. cutbacks in old policies and a lacking development of new policies, *flexicurity* and *welfare readjustment*, i.e. the development of new policies instead of and at the expense of old policies of job and income support and, finally, *welfare protectionism*, i.e. the preservation of the old welfare rights for a shrinking proportion of insiders at the expense of largely unprotected and marginalized outsiders. The distinction of these three dimensions and four models may be useful for the analysis, measurement and comparison of actual policy change, but even more so, it is important to understand the *politics* of the new welfare state.

Indeed, the distinction of the three dimensions of post-industrial welfare reform matters, because actors align differently with regard to them. Old policies tend to oppose the representatives of labour market insiders (the ‘old left’ and trade unions) to employers and the right, while new policies are in the interest of outsiders and the new middle classes (and their representatives, i.e. the ‘new left’) as well as—when it comes to activation—employers and market-liberal actors. This is the reason why—in addition to the traditional distributional class conflict—insider/outsider divides and value divides become key for the understanding of the new welfare state politics. With three case studies of family policy reforms, I have tried to show empirically that we cannot understand either the politics or the policies of the new welfare state unless we take into account the multidimensionality of the reform space and the ensuing contingency of reform coalitions.

A further implication of the multidimensionality of post-industrial reform politics is that outputs and outcomes—i.e. the actual substance of reforms—have become difficult to predict. Equilibria in a multidimensional space are per definition difficult to predict. A government, which actually favours a welfare expansion model, may join a coalition with either supporters of the welfare protectionist model or of the welfare readjustment model—the distributional outcome of which will obviously be very different. Hence, small

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coalitional realignments may have strong consequences for reform outputs. Therefore, the welfare state literature—15 years after the ‘new politics’-turn—has two important tasks on its agenda: it must evaluate and measure the direction and extent of policy change in a comparable way, and it must theorize the dynamics that lead to one or the other outcome. Welfare reform outputs cannot be explained in simple linear models anymore. X_1 leads to ‘more’ and Y_1 to ‘less’ welfare have become inadequate hypotheses, because ‘more’ and ‘less’ refer to multiple dimensions, and X_1 and Y_1 must be combined. Hence, we need configurational theories of welfare development, which explain the patterns of alliances governments enter. These alliances depend on strategies, the institutional context and the ‘political supply’ (i.e. the country-specific actor configuration). All three factors can and should be theorized, in order to develop an understanding of the policies and politics of the new welfare state.

Appendix

Data and methods

In analyzing actor configurations, I coded the position of each actor on every reform element on a scale ranging from 0 to 2. 1 means that the actor supports the governmental bill proposal, 0 means that the actor favours more generous and encompassing coverage and 2 means that the actor favours less generous coverage. I coded the positions of each actor on four aspects of each reform element:

- 1) *intervention*: whether state intervention is required to resolve the problem or not;⁵
- 2) *scope*: who should be covered by the social policy measure;⁶
- 3) *level*: which level of benefits should be adopted;⁷ and
- 4) *competence*: at what state level the intervention should take place.⁸

I used the average of the four positions in the subsequent empirical analyses, to locate actors in the policy space.

The coding relies on the following data sources: For Switzerland: the responses and official statements of political actors to the official pre-parliamentary consultation procedure (‘Vernehmlassungsverfahren’), bill proposals and parliamentary debates, as well as press documents for the final positions. For Germany: the minutes of the meetings, and the official statements of actors in the public parliamentary hearings (‘Anhörungen’) and the positions of party groups in the parliamentary debates, as well as press documents and secondary literature.

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Notes

1. The reform-capacity of continental Europe's social insurance-welfare states is surprising for a number of reasons: first, their institutional setup is supposed to prevent cutbacks because contribution-financing and earnings-related benefits create institutional feedbacks (Pierson 2001). Second, continental welfare states are insider-oriented male breadwinner systems, which tend to neglect new social risks (Armingeon and Bonoli 2006). And third, both retrenchment and new social risk pressures arise in a time of austerity supposed to sharpen conflict and increase polarization (Häusermann 2010a).
2. The value-dimension is important on the side of advocates of these policies, too: new social policies (both activation and needs-based support) are not only structured in a less stratifying and more egalitarian way, they also question the male breadwinner model by bringing more women into work and covering their social risks independently from the family. This is why progressives—the new left representing the new middle classes—agree with them.
3. The conceptualization and precise patterns of representation of electoral constituencies in relation to changing social structure is an empirical question that cannot be analyzed thoroughly in the scope of this chapter (see to this end e.g. Häusermann 2008; Häusermann 2010a; Kitschelt and Rehm 2005; Kriesi et al. 2008; Oesch 2006). In addition, it is important to note that the actual parties and trade unions behind the labels of 'new and old left', 'conservatives' and 'liberals' vary between countries. Social Democratic parties, for instance, have kept a more old left profile in some countries, whereas they have shifted to the 'new left' in others (see e.g. Kriesi et al. 2008). These are empirical questions analysts of welfare reform have to take into account.
4. The position of the SPD is particularly intriguing here. Under the leadership of the Social Democratic family minister, the SPD was keen on reorienting family policy away from the male breadwinner model towards activation and work-care conciliation, which may explain its reluctant position on the old policy expansion.
5. 0 meaning that the actor favours more modest state intervention than the government bill proposes and 2 meaning that the actor wants a faster or more far-reaching reform.
6. 0 meaning that the circle of beneficiaries should be smaller than is proposed by the government and 2 meaning that the reform should benefit more people (and vice versa in case of retrenchment).
7. 0 meaning that the actor wants lower benefits than the government proposes and 2 meaning that the actor votes for higher benefits.
8. 0 meaning that the actor favours a more subsidiary approach than the government proposes (e.g. a reform at substate-, sector- or firm-level) and 2 meaning that the actor favours a more homogenous and centralized policy.

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