

The Politics of Welfare State Reform in Continental Europe

This book challenges existing theories of welfare state change by analyzing pension reforms in France, Germany, and Switzerland between 1970 and 2004. It explains why all three countries were able to adopt far-reaching reforms, adapting their pension regimes to both financial austerity and new social risks. In a radical departure from the neo-institutionalist emphasis on policy stability, the book argues that socio-structural change has led to a multidimensional pension-reform agenda. A variety of crosscutting lines of political conflict, emerging from the transition to a post-industrial economy, allowed governments to engage in strategies of political exchange and coalition building, thus fostering broad cross-class coalitions in support of major reform packages. Methodologically, the book proposes a novel strategy to analyze lines of conflict, configurations of political actors, and coalitional dynamics over time. This strategy combines quantitative analyses of actor configurations based on coded policy positions with in-depth case studies.

Silja Häusermann is Assistant Professor at the University of Zurich in Switzerland. She has been Visiting Fellow at Harvard University and a Max Weber Fellow at the European University Institute in Florence, Italy. She was awarded the Ernst B. Haas Best Dissertation Prize of the European Politics and Society section of the American Political Science Association, the Jean Blondel Ph.D. Prize of the European Consortium for Political Research, the Junior Scientist Award by the Swiss Political Science Association, and the Young Researcher Prize by the *Journal of European Social Policy* and the European Social Policy Analysis Network. She has published articles on comparative welfare state analysis, public opinion and welfare states, and the Europeanization of national politics in journals such as *European Journal of Political Research*, *Socio-Economic Review*, *European Societies*, *Journal of European Social Policy*, and *Journal of European Public Policy*.

Cambridge Studies in Comparative Politics

General Editor

Margaret Levi *University of Washington, Seattle*

Assistant General Editors

Kathleen Thelen *Massachusetts Institute of Technology*
 Erik Wibbels *Duke University*

Associate Editors

Robert H. Bates *Harvard University*
 Stephen Hanson *University of Washington, Seattle*
 Torben Iversen *Harvard University*
 Stathis Kalyvas *Yale University*
 Peter Lange *Duke University*
 Helen Milner *Princeton University*
 Frances Rosenbluth *Yale University*
 Susan Stokes *Yale University*

Other Books in the Series

David Austen-Smith, Jeffrey A. Frieden, Miriam A. Golden, Karl Ove Moene,
 and Adam Przeworski, eds., *Selected Works of Michael Wallerstein: The
 Political Economy of Inequality, Unions, and Social Democracy*
 Andy Baker, *The Market and the Masses in Latin America: Policy Reform and
 Consumption in Liberalizing Economies*
 Lisa Baldez, *Why Women Protest: Women's Movements in Chile*
 Stefano Bartolini, *The Political Mobilization of the European Left, 1860–1980:
 The Class Cleavage*
 Robert Bates, *When Things Fell Apart: State Failure in Late-Century Africa*
 Mark Beissinger, *Nationalist Mobilization and the Collapse of the Soviet State*
 Nancy Bermeo, ed., *Unemployment in the New Europe*
 Carles Boix, *Democracy and Redistribution*
 Carles Boix, *Political Parties, Growth, and Equality: Conservative and Social
 Democratic Economic Strategies in the World Economy*
 Catherine Boone, *Merchant Capital and the Roots of State Power in
 Senegal, 1930–1985*
 Catherine Boone, *Political Topographies of the African State: Territorial Authority
 and Institutional Change*

Continued after the index

*The Politics of Welfare State
Reform in Continental Europe*

MODERNIZATION
IN HARD TIMES

SILJA HÄUSERMANN

University of Zurich



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press
 978-0-521-19272-9 — The Politics of Welfare State Reform in Continental Europe
 Silja Häusermann
 Frontmatter
[More Information](#)

CAMBRIDGE
 UNIVERSITY PRESS

University Printing House, Cambridge CB2 8BS, United Kingdom
 One Liberty Plaza, 20th Floor, New York, NY 10006, USA
 477 Williamstown Road, Port Melbourne, VIC 3207, Australia
 314-321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre, New Delhi - 110025, India
 103 Penang Road, #05-06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9780521192729

© Silja Häusermann 2010

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2010

Reprinted 2012

A catalogue record for this publication is available from the British Library

Library of Congress Cataloging in Publication data

Häusermann, Silja.

The politics of welfare state reform in continental Europe : modernization in hard times / Silja Häusermann.

p. cm. — (Cambridge studies in comparative politics)

Includes bibliographical references and index.

ISBN 978-0-521-19272-9 (hardback)

1. Pensions — Government policy — France. 2. Pensions — Government policy — Germany.

3. Pensions — Government policy — Switzerland. I. Title. II. Series.

HD7175.H38 2010

331.25'22094-dc22 2009046106

ISBN 978-0-521-19272-9 Hardback

ISBN 978-0-521-18368-0 Paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party internet websites referred to in this publication, and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.

Contents

<i>List of Figures</i>	<i>page</i> xi
<i>List of Tables</i>	xiii
<i>Preface</i>	xv
1	
“EPPUR SI MUOVE”: WELFARE STATE CHANGE DESPITE INSTITUTIONAL INERTIA	1
Outline of the Argument	6
Contributions of the Book	8
Plan of the Book	12
2	
MODERNIZATION IN HARD TIMES: THE POST-INDUSTRIAL POLITICS OF CONTINENTAL WELFARE STATE REFORM	14
Mind the Origins: The Builders of Continental Welfare States	16
Why Continental Welfare States Have Become Dysfunctional in a Post-Industrial Context	19
A New Model of Post-Industrial Welfare State Change	22
<i>Part I Pension Reform in Continental Europe: A Framework of Analysis</i>	
3	
A NEW REFORM AGENDA: OLD-AGE SECURITY IN THE POST-INDUSTRIAL ERA	33
Conflict Dimensions in Continental Pension Policy	34
France: Social Security Deficit and Income Inequality in Failing Labor Markets	44
Germany: The Prototype of a Challenged Continental Pension Regime	47
	vii

	Switzerland: Challenges for Modernization in a Continental Laggard	51
4	CHANGING ALLIANCES: CONFLICT LINES AND ACTOR CONFIGURATIONS	56
	The Class Basis of the New Pension Politics	57
	Expected Positions of Political Parties in Post-Industrial Pension Politics	64
	Expected Positions of Trade Unions in Post-Industrial Pension Politics	70
	Expected Positions of Employers' Organizations in Post-Industrial Pension Politics	75
5	REFORM OUTPUTS: STRATEGIES OF COALITIONAL ENGINEERING	80
	Coalitional Engineering in a Multidimensional Reform Space	81
	The Combined Impact of Coalitional Flexibility and Veto Players on Reform Capacity	87
	Recapitulation of the Analytical Model and Hypotheses	93
 <i>Part II Determinants of Successful Pension Reform in Continental Europe</i>		
6	FRANCE: TRADE UNION FRAGMENTATION AS AN OPPORTUNITY FOR REFORM	99
	Development of Conflict Lines	101
	Development of Actor Configurations	105
	Development of Reform Dimensionality Depending on Time and Austerity	113
	Development of Reform Coalitions, Reform Capacity, and Output	121
	Conclusion	123
7	GERMANY: INSTITUTIONAL OBSTACLES TO MULTIDIMENSIONAL REFORM POLITICS	126
	Development of Conflict Lines	129
	Development of Actor Configurations	135
	Development of Reform Dimensionality Depending on Time and Austerity	148
	Development of Reform Coalitions, Reform Capacity, and Output	158
	Conclusion	162

<i>Contents</i>	ix
8 SWITZERLAND: RECALIBRATION AS AN ENABLING MECHANISM OF PENSION COMPROMISES	166
Development of Conflict Lines	168
Development of Actor Configurations	173
Development of Reform Dimensionality Depending on Time and Austerity	181
Development of Reform Coalitions, Reform Capacity, and Output	189
Conclusion	193
9 CONCLUSION: REFORM OUTPUTS AND POLITICAL IMPLICATIONS	196
Comparative Summary of Findings	197
What This Book Tells Us about Pension Modernization in Other Continental Countries	204
What This Book Tells Us about Welfare State Modernization in Other Policy Fields	210
Theoretical Implications of This Book	215
Political Implications of This Book	217
<i>Appendices</i>	219
<i>References</i>	247
<i>Index</i>	267

List of Figures

2.1	Analytical model for the analysis of post-industrial welfare state reform in continental Europe	<i>page</i> 28
3.1	Structural potentials for a post-industrial pension reform agenda	37
3.2	France: Net replacement rates by earnings level, mandatory pension schemes, men	46
3.3	Germany: Net replacement rates by earnings level, mandatory pension schemes, men	50
3.4	Switzerland: Net replacement rates by earnings level, mandatory pension schemes, men	54
4.1	The post-industrial class schema	58
5.1	Expected positioning of political constituencies with regard to insurance and recalibration	85
5.2	Expected positioning of political constituencies with regard to insurance and capitalization	86
6.1	France: Average positions of actors on insurance over three time periods, 1971–80, 1981–90, 1991–2003	106
6.2	France: Average positions on capitalization over three reforms in 1997, 2001, and 2003	108
6.3	France: Average positions of actors on targeting over three time periods, 1971–80, 1981–90, 1991–2003	110
6.4	The increasing divide in the labor movement in French pension politics: distance between the average positions of CGT and CFDT over time	113
6.5	France: Scatterplot of the factor scores of actors in the Balladur reform of the pension system, 1993	117
6.6	France: Scatterplot of the factor scores of actors in the Raffarin reform of the pension system, 2003	120
6.7	The effect of coalitional flexibility on class conflict: Development of the average distance between actor positions on French pension reforms over time	122

7.1	Germany: Average positions of actors on insurance over four time periods, 1971–80, 1981–90, 1991–7, 1998–2004	137
7.2	Germany: Average positions of actors on capitalization, 2001	139
7.3	Germany: Average positions of actors on targeting over four time periods, 1971–80, 1981–90, 1991–7, 1998–2004	141
7.4	Germany: Average positions of actors on recalibration over four time periods, 1971–80, 1981–90, 1991–7, 1998–2004	144
7.5	Divisions within the left in German pension politics: distance between the average positions of SPD/Green Party and trade unions over time	146
7.6	Heterogeneity within the labor movement in German pension politics: variance in the positions of German trade unions over time	147
7.7	Germany: Scatterplot of the factor scores of actors in the 1989 reform of the basic public pension scheme	154
7.8	Germany: Scatterplot of the factor scores (factors 1 and 2) of actors in the 2001 reform of the basic public pension scheme	157
7.9	The effect of coalitional flexibility on class conflict: the development of the average distance between actor positions on German pension reforms over time	161
8.1	Switzerland: Average positions of actors on insurance over three time periods, 1971–80, 1981–90, 1991–2003	174
8.2	Switzerland: Average positions of actors on targeting over three time periods, 1971–80, 1981–90, 1991–2003	175
8.3	Switzerland: Average positions of actors on recalibration in the 1990s	177
8.4	An increasingly divided left in Swiss pension policy: distance between the average positions of SPS/Greens and SGB/CNG over time	179
8.5	The formation of a social-liberal value alliance in Swiss pension policy: distance between the average positions of SPS/Greens and FDP over time	180
8.6	Switzerland: Scatterplot of the factor scores of actors in the tenth reform of the Swiss pension system, 1995	185
8.7	Switzerland: Scatterplot of the factor scores of actors in the first reform of the occupational pension scheme BVG, 2003	188
8.8	The effect of coalitional flexibility on class conflict: development of the average distance between actors' positions on Swiss pension reforms over time	191

List of Tables

3.1	Expected patterns of support and opposition in post-industrial pension politics	<i>page</i> 43
4.1	Post-industrial class groups and pension policy risk profiles	59
4.2	Skill levels and insider-outsider status of post-industrial class groups	61
4.3	Value profile of post-industrial class groups	62
4.4	Attitudes on libertarianism and state interventionism by post-industrial class groups	63
4.5	The structural class basis of post-industrial pension politics	64
4.6	Party preferences of post-industrial risk groups: France	65
4.7	Party preferences of post-industrial risk groups: Germany	67
4.8	Party preferences of post-industrial risk groups: Switzerland	68
4.9	Representation of post-industrial risk constituencies in the main (peak) labor unions after the 1970s: France	71
4.10	Representation of post-industrial risk constituencies in the main (peak) labor unions after the 1970s: Germany	73
4.11	Representation of post-industrial risk constituencies in the main (peak) labor unions after the 1970s: Switzerland	74
4.12	Representation of business interests in peak employer organizations	77
4.13	Expected conflict lines in post-industrial pension politics	78
5.1	Coalitional flexibility in France, Germany, and Switzerland	89
5.2	Hypotheses: Expected patterns of pension politics in France, Germany, and Switzerland	94
6.1	Development of conflict lines in French pension reforms	102
6.2	Dimensionality of reforms in France: results of factor analysis	114
6.3	France: Results of the factor analysis on the “Balladur” pension reform, 1993	116
6.4	France: Results of the factor analysis on the “Raffarin” pension reform, 2003	119
		xiii

6.5	Relative importance of conflict dimensions: correlations between factor scores and final actor positions on the French pension reforms in 1993 and 2003	121
7.1	Development of conflict lines in German pension reforms	130
7.2	Dimensionality of reforms in Germany: results of factor analyses	149
7.3	Germany: Results of the factor analysis on the reform of the German basic pension system, 1989	153
7.4	Germany: Results of the factor analysis of the reform of the German basic pension system, 2001	156
7.5	Relative importance of conflict dimensions: correlations between factor scores and final actor positions on German pension reforms in 1989, 1997, 2001, and 2004	159
8.1	Development of conflict lines in Swiss pension reforms	169
8.2	Dimensionality of reforms in Switzerland: results of factor analysis	181
8.3	Switzerland: Results of the factor analysis on the tenth reform of the basic Swiss pension scheme, 1995	184
8.4	Switzerland: Results of the factor analysis on the first reform of the occupational pension scheme BVG, 2003	187
8.5	Relative importance of conflict dimensions: correlations between factor scores and final actor positions on Swiss pension reforms in 1976, 1995, and 2003	190

Preface

Who gets what and why? is not only a defining question of political science; it is also the question that drives the personal interest and intellectual commitment of many political scientists. I am no exception. Analyzing and explaining the distribution of resources and opportunities in our societies becomes even more important in hard times of fiscal austerity and increasing social needs. What happens when the pie gets smaller while the hunger – or at least the appetite – of the parties around the table grows? This is exactly the situation that has emerged in continental European welfare states since the late 1970s: new and old social needs grow in a context of fiscal austerity. Many political scientists view this distributional struggle as fought by essentially two sides: those who want to cut back on welfare and those who defend existing social rights. But this is wrong. Just as political actors – in Esping-Andersen’s famous terms – do not fight for spending per se, they do not attack or defend the welfare state per se. Different actors, generally far more than two, want different things from the welfare state. Once we become aware of this complexity of actors and preferences, it is clear that the possibilities for changing alliances and various distributional reforms are manifold. Consequently, the question is not about whether we end up with more or less welfare but about who ends up with what. This is what this book is about: who gets what and why in the reform of continental pension regimes in hard times.

The idea for this book originated in the early 2000s, when I was a student assistant performing research on the internationalization of Swiss decision-making processes at the University of Lausanne. The project focused on strongly internationalized policy reforms, such as the liberalization of telecommunications, public procurement, and competition policy, but the project also directed my attention to a few pension and unemployment policy reforms, which had been selected as weakly internationalized control cases. As was the case with the other policy fields, I traced the institutions and procedures of decision making in the reforms. While doing so, I became more and more intrigued by the plurality of

policy goals the different actors had set their sights on. Some actors fought for poverty relief, some for gender equality, others against gender equality, some for financial stability, some for privatization, and others for the status quo (i.e., for the preservation of the postwar achievements of the welfare state). There was much more to welfare politics, I saw, than a distributional class struggle.

These ideas remained in the back of my mind for some time, until I enrolled at the University of Zurich in 2003 and was given the opportunity to pick a topic of my choice for my Ph.D. research. That was when I decided to look more closely at the dynamics of post-industrial welfare reform politics. I came to Zurich to write a Ph.D., and I found so much more: fantastic advisers, plenty of opportunities to pursue and present my research in Zurich and abroad, the most wonderful colleagues, and a very special someone who supported this project from the dissertation proposal to the published book. I would like to express my gratitude to all of them and to name some in particular.

My deep gratitude goes first and foremost to Hanspeter Kriesi for his perspicacious advice, his generous support, and his constant encouragement. Thanks to him, I was able to develop both my theoretical thinking and my empirical work further than I would have on my own. His burning interest in understanding how politics affects people's lives has been a most impressive and motivating inspiration to me ever since I was his undergraduate student. I am also very grateful to Herbert Kitschelt for providing me so generously with many highly pertinent and stimulating comments. Many of the ideas in this dissertation stem from his work, and I feel truly honored that he invested so much time and intellectual effort in this project.

Furthermore, I wish to express my gratitude to Giuliano Bonoli, whose work was probably the single greatest inspiration for my own ideas, and to Bruno Palier for receiving my research with an equally supportive and critical eye. Both have been incredibly generous with their time and intellectual support; they have provided me with numerous opportunities to present and discuss my work with them and with other scholars in the field. I also feel deeply indebted to Yannis Papadopoulos and André Mach, under whose guidance I had the chance to enter the world of empirical research and who are very present in many of the ideas developed in this book.

My colleagues and friends at the University of Zurich have made my Ph.D. years both enjoyable and stimulating. My warm thanks to all of them; I wish to mention by name a few people to whom I am particularly indebted: Simon Bornschier for his patience and support, for countless discussions of my arguments both at home and in the office, and for having his critical eye on my fascination with cross-class alliances. Tim Frey for teaching me so many things about File-Maker and Illustrator, the design of a usable and useful database, and many lessons about work, computers, social skills, and (almost) everything else in life. Daniel Oesch, Romain Lachat, Philip Rehm, and Thomas Sattler provided extremely valuable and useful input at several stages of the research process. Furthermore, I warmly thank Sarah Nicolet and Isabelle Engeli for their consistently pertinent comments and their constant support.

Preface

xvii

During the work on this project, I also had the chance to spend half a year as a visiting Fellow at the Department of Government of Harvard University and to travel to numerous international conferences to develop and present my research. It would be impossible to name all the people whose comments have contributed to the development of my ideas; I am grateful for all of them. My special thanks go to Peter A. Hall, Peter A. Gourevitch, Torben Iversen, Karen M. Anderson, Klaus Armingeon, Philip Manow, Julia Lynch, Christoffer Green-Pedersen, Kees van Kersbergen, Anton Hemerijck, Fabrizio Gilardi, Fiona Barker, Kyoko Sato, and Mathieu Leimgruber.

Spending a year as a postdoctoral researcher at the European University Institute in Florence in 2008–9 allowed me to finalize the manuscript in an intellectually, socially, and culturally heavenly context (not to speak of the culinary delights that come with living in Tuscany). I would like to thank Ramon Marimon and the Max Weber Program for this invaluable opportunity that was crucial for my work on this book. Extremely precious advice and support at the European University Institute came from Adrienne Héritier, Peter Mair, Ben Ansell, David Art, Jane Gingrich, Martin Kohli, Eleonora Pasotti, Roger Schoenman, Furio Stamati, and Sven Steinmo. They and many other colleagues at the European University Institute made this year a wonderful and unforgettable experience.

At Cambridge University Press, I am particularly indebted to Kathleen Thelen and Margaret Levi. As editors of the Cambridge Studies in Comparative Politics series, they were incredibly generous with helpful comments that allowed me to improve this manuscript. Their intellectual commitment and support were extremely encouraging and a true lesson in how academia can and should work. My special thanks also go to Eric Crahan, who has been the most efficient and agreeable editor imaginable. Emily Spangler, Jason Przybylski, Manish Sharma, and Katherine Faydash were also part of this impressive team that did a great job throughout all the stages of the production of this book. I am also grateful to Colin Shepherd and to Alyson Price for copyediting different versions of the manuscript. Some of the ideas in this book have been previously published in the *European Journal of Political Research*. I thank the European Consortium for Political Research and Wiley Blackwell for permission to reproduce these contents.

Finally, my deep gratitude goes to my parents, Gerold and Elisabeth, and my brother, Lukas. Very early on – and more so than they probably know – they sparked my interest in politics around the kitchen table at dinner; remaining ever supportive of my decision to turn this interest into a profession, my parents also taught me that political science research must never be an end in itself but focus on real-life problems and on the distribution of resources and opportunities in the society it is part of.

Silja Häusermann
Cortona, August 2009

Cambridge University Press

978-0-521-19272-9 — The Politics of Welfare State Reform in Continental Europe

Silja Häusermann

Frontmatter

[More Information](#)

The Politics of Welfare State Reform in Continental Europe