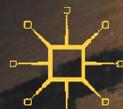




WELFARE STATE REFORMS SEEN FROM BELOW

COMPARING PUBLIC ATTITUDES AND ORGANIZED
INTERESTS IN BRITAIN AND GERMANY

Edited by Bernhard Ebbinghaus and Elias Naumann



Welfare State Reforms Seen from Below

Bernhard Ebbinghaus • Elias Naumann
Editors

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Comparing Public Attitudes and
Organized Interests in Britain and
Germany

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Claus Wendt had been co-applicant for the first phase, and Timo Weishaupt for the second period; both continue collaborating with project A6 since moving to professorships at University of Siegen (2009) and University of Göttingen (2015), respectively. With the move of Bernhard Ebbinghaus to a professorship at University of Oxford in early 2017, Katja Möhring takes over the project and will be main applicant for its

last (third) period of SFB funding. Elias Naumann has been part of the project since its first year, first as PhD student at the Mannheim Graduate School of Economic and Social Sciences (GESS), thereafter working as postdoc in the project's second phase, also profiting from a research stay at the European University Institute in Florence during 2016.

This volume combines research that has been developed in the context of the SFB project, and it also builds on doctoral research of Elias Naumann (PhD 2014), Julia Klitzke (Dr. 2016), Christopher Buß (Dr. 2017), and Benedikt Bender (ongoing).

Several contributions have used the German Internet Panel (GIP), funded and run by the SFB 884 at University of Mannheim; a bi-monthly probability sample of the general population in Germany aged 16 to 75 (http://reforms.uni-mannheim.de/internet_panel/home/). The project A6 had developed about thirty annual questions on reform issues in pension, healthcare, and labour market policies since 2012. We thank Annelies Blom and her GIP team for their professional work and collaborative support; many results of our research on German attitudes, particularly our survey experiments, would have been impossible without GIP.

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This volume seeks to combine the major results from the project's ambitious research agenda of studying welfare state reforms from below, bringing together case-studies of organized interests as well as survey analysis of public attitudes. During the project, we received helpful feedback on single chapters and also the project as a whole from many colleagues. We are grateful for valuable comments on the project to Silja Häusermann, Carsten Jensen, Staffan Kumlin, Christian Albrekt Larsen, Paul Marx, Bart Meuleman, Katja Möhring, Marek Naczyk, Moira Nelson, and Wim van Oorschot. We thank Sharla Plant and Jack Redden

from Palgrave Macmillan for supporting this book project. All but two contributions are original, first publication of these results, though two articles by Elias Naumann have been included as they complement the research agenda, in particular, by using experimental or longitudinal designs to look at welfare reform attitudes.

Chapter 8 is a reprint of the article Elias Naumann (2017) ‘Do Increasing Reform Pressures Change Welfare State Preferences? An Experimental Study on Population Ageing, Pension Reform Preferences, Political Knowledge and Ideology’, *Ageing & Society*, 37, 2: 266–294. Permission to reuse this article granted by Cambridge University Press is gratefully acknowledged. Reprinted with permission. All rights reserved.

Chapter 10 is a reprint of the article Elias Naumann (2014) ‘Increasing conflict in times of retrenchment? Attitudes towards healthcare provision in Europe between 1996 and 2002’, *International Journal of Social Welfare*, 23: 276–286. Permission to reuse this article granted by John Wiley and Sons is gratefully acknowledged. Reprinted with permission. All rights reserved.

We hope that we can further advance our research agenda in the future during a last, third phase of the SFB project. As pointed out in the Introduction and Conclusion, the contributions to this volume attest in myriad ways that it is worth bringing the two social science perspectives of interest organizations and public opinion together in a joint effort to understand welfare state reforms as seen from below, using Britain and Germany as main examples.

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1

Introduction: Analysing Organized Interests and Public Opinion Towards Welfare Reforms

Bernhard Ebbinghaus and Elias Naumann

Introduction

Welfare states face considerable pressure to adapt to socio-economic and demographic challenges, though the politics of reform remained rather difficult over the last decades. In Germany, observers complained about *Reformstau* (reform blockage), while in Britain, path dependency was seen as an obstacle to retrenchment. Much of the literature has focused on the politics of reforms as a result of political system features, such as veto points, governing party preferences, and vote-seeking politicians. Fewer efforts have been made to systematically study the role of organized interests and public opinion, though these forces ‘from below’ need to be taken into account when complementing the political system perspective. Indeed, two arguments have been put forward to explain why

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welfare states persist: the status quo defence of organized interests and the reform unwillingness of public opinion. Building upon these two perspectives, we seek to understand the political economy of welfare state reform applying the power resource theory and the New Politics thesis.

The power resources approach assumes status quo defence by interest organizations, in particular, trade unions (Korpi 1983). Many country studies have indicated that despite organized labour being weaker than it used to be, it can still muster considerable opposition in Europe. Nevertheless, we lack systematic studies that explore when interest organizations mobilize against social policy reforms and when they agree to change.

The ‘New Politics’ thesis claims that politicians pursue ‘blame avoidance’ strategies by shunning welfare state retrenchment (Pierson 2001). In fact, many advanced welfare states seem to persist due to their widespread popularity (Brooks and Manza 2008). However, we still lack studies that explore the conditions under which reforms are unwanted and when there is permissive consensus.

Despite the blame avoidance assumption of the New Politics thesis, it was left to further research to verify whether the actual positioning of organized interests (Bonoli 2000; Häusermann 2010) and public opinion (Svallfors 2012; Wendt et al. 2010) was actually in favour of the status quo. In addition, welfare states apparently *change* (Hemerijck 2013; Kersbergen et al. 2014), even those least likely cases in Continental Europe (Palier 2010). This contradicts the assumption that organized interests and public opinion always block reforms. Therefore, our aim with the studies compiled in this volume is to empirically investigate to what degree organized interests and public opinion are in favour of the status quo and under what conditions they are open to reforms. We think that a comparative analysis across countries, reform periods, and social policy areas is crucial to explore the societal conditions for ‘reforms from below’.

These two perspectives, the role of organized interests and of public attitudes towards welfare states, are rarely brought together and studied across different social policy areas. From a comparative and historical institutionalist perspective, the contributions in this volume study the role of public opinion and interest groups in respect to reform issues in

three different social policy areas: pensions, healthcare, and labour market policies. These are policy areas which are more or less popular, while they all have been subject to major reform efforts in recent years.

We take a comparative perspective by focusing primarily on Britain and Germany, two very different welfare states with distinct political cultures and interest representation as major political economy typologies suggest (Esping-Andersen 1990; Hall and Soskice 2001). Britain with its Westminster majority government, voluntaristic interest pluralism, and Beveridge liberal welfare state tradition differs considerably from Germany with federalist consensus-oriented coalition governments, corporatist social partnership tradition, and Bismarckian conservative welfare regime. Several chapters study both (or one) of these two countries, while other contributions place these two cases in a broader European (or international) perspective. Moreover, the studies vary in their time perspective: Some capture long-term developments of public opinion or changes across several consecutive survey waves over two decades, while others focus on contemporary analyses of current reform processes.

In this introduction, we provide an overview of the main research questions and our analytical approach to the political economy of welfare state reform, focusing on the role of organized labour and of public opinion. Our study builds on the one hand upon the power resource and corporatist approaches in analysing organized interests and their reform positions, while on the other hand, we extend the analysis of public opinion and policy feedback to analysing attitudes towards welfare state reforms. We cover three important social policy areas (pension, healthcare, and labour market policies) that have rather different reform dynamics; they vary in respect to relevant interest organizations and the popularity of these policies. In addition, we briefly map the main differences between Britain and Germany, while placing them in a European context. Finally, we discuss the method mix applied in the nine empirical studies collected in this volume, ranging from qualitative to quantitative, from interview to text analysis, from cross-sectional micro-level data to survey experiments using online panels. A short glance at the main themes of the contributions concludes our introduction. We leave for the last chapter the final task to draw the main conclusions from our findings in this volume and provide an outlook on future research.

Focusing on Interests from Below: Organized Interests and Public Opinion

In *Welfare State Reforms Seen from Below* our main focus is to explore the role of organized interests and public opinion—the two societal forces—in respect to welfare state reforms. To approach this overall question, the book is organized in two parts distinguishing our main analytical levels. First, we focus on organized interests (and political parties) as intermediary institutions between society and the political realm. Second, it is crucial to understand how public attitudes towards reform differ across countries, social groups, and time, but also the way in which public attitudes are affected by interest organizations and ongoing reform processes (Fig 1.1).

In the first part, four contributions focus on the role of organized interests in representing their members and positioning themselves towards social policy issues facing ongoing reform efforts by governments. Analytically, we conceive of organized interests as intermediary organizations between the political realm of policy-making and public opinion (the main topic of Part II). Following corporatist theory, we assume that leaders of these societal (or political) organizations have at least two main considerations when positioning themselves on a policy issue (Schmitter and Streeck 1981). First, a ‘logic of influence’ (Ia in Fig. 1.1) that follows from their strategic positioning in the interest intermediation game vis-à-vis contenders (or coalition partners within governments). Second, a ‘logic of membership’ based on the interests of their current (and future) members or supporters (Ib). There are clearly

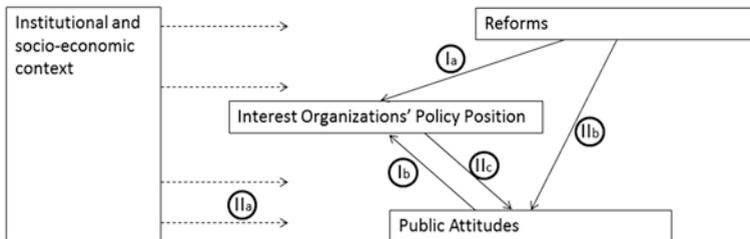


Fig. 1.1 The main analytical approach

trade-offs between both: What may be in the interests of current members may not be reconcilable with other allied partners or in negotiations with the government; thus, current membership demands may not be in the long-term interests of the organization.

The second part of our volume focuses on public attitudes and the interests of those represented by organized interests (and political parties). How does public support for welfare state reform vary over time? We seek to extend the status quo bias model of public opinion by theorizing the impact of contextual configurations (IIa in Fig. 1.1), of the current reform processes (IIb), and of social interest constellations and issue framing (IIc) on individual attitudes towards reform.

Rational choice theory argues that individuals who currently or in the future will benefit from social policies have an interest in supporting these, whereas others, in particular, the 'net payers', who (currently) pay more than they receive from the welfare state, would be more reluctant (Iversen and Soskice 2001). Other scholars who adopt a more value-oriented approach point at the social construction of solidarity and deservingness conception that guide attitudes towards reform issues (Mau 2004; van Oorschot 2006). In addition, political psychology indicates that framing has a considerable impact on rational and value-oriented attitudes (Chong and Druckman 2007). For instance, if people are risk averse, it matters whether the reform issue is understood as a loss or gain.

All contributions take these basic theoretical considerations as a starting point and examine attitude formation against the background of current socio-economic changes—most prominently, population ageing, long-term mass unemployment, the financial and economic crises—which create imminent challenges to the welfare state (IIa). The comparative perspective, adopted by most contributions, allows us to explore whether there are specific institutional contexts which are able to moderate the effects on reform attitudes. Moreover, we link changes in public attitudes towards ongoing reforms in order to examine possible policy feedback effects (IIb). Do retrenchment efforts undermine support for the welfare state? Or do we rather observe a backlash of public attitudes against these cutbacks?

Another overarching topic is the pattern of support (in addition to the overall level of support). All contributions on public attitudes explore whether social groups react differently to increasing pressures and scrutinize theoretical expectations of an increasing conflict (e.g. a generational conflict) or an increasing polarization (e.g. between labour market insiders and outsiders) in times of welfare state retrenchment. Examining the ability of interest organizations to shape their members' attitudes (IIc) provides a link to the contributions in the first part on organized interests.

State of the Art and Literature Review

The Role of Organized Interests

With respect to organized interests, the power resources approach (Korpi 1983) has explained welfare state expansion by the mobilization of the labour movement and its ability to form coalitions with the middle class (Esping-Andersen 1990). Since the 1980s, however, mature welfare states have come under pressure and major retrenchment efforts have become part of the political agenda (Pierson 2001). Assuming long-term class interests, trade unions and left political parties are expected to defend acquired social rights according to a 'membership' logic of catering to their core constituency (Schmitter and Streeck 1981). Indeed, retrenchment efforts in the 1990s provoked major conflicts in France and Germany (Natali and Rhodes 2008) and more recently in Euro-debt-crisis-ridden Southern Europe (Petmesidou and Guillén 2014). In addition, these conflicts also reflect the waning political and economic influence of organized labour (Korpi and Palme 2003): Nearly everywhere in Europe, trade unions are facing a severe membership decline (Ebbinghaus and Visser 1999), and their membership base is becoming increasingly heterogeneous and politically fragmented (Ebbinghaus 2006). However, whether unions have lost their power in corporatist institutions and their political influence to block cutbacks remains disputed (Scarborough 2000; Ebbinghaus 2010b; Weishaupt et al. 2013).

Trade unions may not always be against welfare state restructuring by following a status quo defence; instead, they may follow an 'influence'

logic that considers long-term returns in political exchanges with employers and governments (Schmitter and Streeck 1981). While earlier research showed neo-corporatism facilitating adaptation to economic changes through negotiated expansion of social rights (Katzenstein 1984), today critics argue that in an era of austerity, corporatist institutions provide means to block welfare state restructuring, leading to policy deadlock (Esping-Andersen 1996). But other neo-corporatist researchers have pointed at a renaissance of ‘social pacts’ between governments, unions, and employers as a means to advance ‘competitive corporatism’ in Europe (Rhodes 2001; Avdagic et al. 2011). Even in ‘frozen’ continental welfare states (Esping-Andersen 1996), some reforms were adopted with the consent of at least part of organized interests due to compromises and compensations (Palier 2010). The status quo defence of the old social movement is not written in stone, and the role of trade unions in furthering or blocking reforms has thus far been more assumed than empirically demonstrated (see Ebbinghaus 2010a, b, 2011).

Moreover, since ‘new social risk’ groups tend to be less organized in ‘old’ social movements (Ebbinghaus 2006), the electoral logic may be more relevant for these groups and for post-industrial issues (Häusermann 2010). In addition, focusing mainly on trade unions has been criticized by the Varieties of Capitalism approach (Hall and Soskice 2001), leading to studies that show employers’ interest in pooling social risks via state or collective social policy under particular circumstances (Mares 2003). However, the special interests of financial services (e.g. private insurance), producer interests (e.g. pharmaceutical companies), or private organizations (e.g. temp-agencies) have gained less coverage in social policy studies (for exceptions, e.g. Naczyk 2013). Thus, both organized capital (employers) and provider interests should be analysed vis-à-vis organized labour and beneficiaries.

The Role of Public Opinion

Contemporary survey research analyses public support for the welfare state as a source of institutional stability (Brooks and Manza 2008; Larsen 2008). Opinion surveys show that the overall popularity of welfare states remains

widespread across Europe (Gelissen 2002; Mau 2004; Gonthier 2017). However, welfare state support varies considerably between countries, between social groups, and also between policy areas. For instance, state intervention is supported more among beneficiaries, low income groups, and the working class, whereas high earners in steady employment are less supportive (Svallfors 2003; Wendt et al. 2010, 2011). Programmes with universal coverage are more popular than those providing means-tested benefits for targeted groups such as the long-term unemployed (Pierson 2001). Moreover, deservingness perceptions lead to acceptance of benefit cuts for undeserving groups (van Oorschot 2006; van Oorschot et al. 2017).

With respect to pension reforms in response to demographic ageing, there is considerable opposition against later retirement and expanding private pensions in Europe (Gelissen 2002). Similarly, Boeri et al. (2002) find that the majority of respondents in European countries anticipated a pension crisis within the next 10–15 years; nevertheless, there was little support for radical privatization. In contrast, more recent studies suggest that changes in pension preferences nevertheless occurred. Although raising contributions is still the most preferred and increasing the retirement age the least preferred alternative (Velladics et al. 2006), an increase in retirement age has gained support over time (Fernandez and Jaime-Castillo 2013). Further studies reveal the attitudinal effects of information gaps and benefit-cost trade-off considerations (Boeri et al. 2002). While sociological studies have shown recent changes in retirement behaviour (Hofäcker et al. 2016), only recently has research started to study whether attitudes and retirement expectations adapt to the long-term demographic change (Radl 2013). We identify a research gap in longitudinal studies of how public preferences for pension reforms adapt to population ageing and whether recent pension reforms have affected retirement expectations. In addition, there is a need to better understand how policy-relevant information but also the framing of different policy options affects attitudes towards pension reform.

As to healthcare, several studies show high levels of public support for a strong role of the state, with little cross-national variation across Europe (Gelissen 2002; Wendt et al. 2010, 2011). Comparing East and West European countries, Missinne et al. (2013) come to the conclusion that state-provided healthcare is in the interest of all citizens. Since the early 1990s, healthcare reforms have combined an increase of private co-

payments with limiting benefit packages (Marmor and Wendt 2011; Wendt 2015). Furthermore, Wendt et al. (2011) have shown that support declines when healthcare reaches a certain resource level, as people orientate themselves more towards the higher costs (including taxes and contributions). The connection between outcomes of reforms and changing attitudes remains to be further explored.

Support for labour market policies (including unemployment benefits, employment regulation, and statutory minimum wage) is lower than for healthcare and pensions, reflecting lower solidarity with the jobless seen as less 'deserving' (van Oorschot 2006; van Oorschot et al. 2017; Buss et al. 2017). There are also more pronounced differences between societal groups: Recipients support public responsibility and higher benefits much more than other population groups (Fraile and Ferrer 2005). While dualization trends in labour markets, assuming insider-outsider cleavages (Rueda 2006), have gained much interest in the recent comparative social policy analysis (Emmenegger et al. 2012), research on attitudes towards activation, flexibilization, and labour market regulation are less frequent (for an exception see Gingrich and Ansell 2012). Again, there are few studies that have so far investigated the consequences of ongoing reforms on individual attitudes towards labour market regulation and unemployment benefits.

Linking Both Levels

In welfare state research, studies focus either on public attitudes (Svallfors 2012; Brooks and Manza 2008; Wendt et al. 2010) or on organized interests (or political parties) in the politics of welfare state reform (Bonoli 2000; Häusermann 2010). As for more general political issues, research is again either focused on public opinion (e.g. Page and Shapiro 2010) or on organized interests (e.g. Klüver 2013), whereas only very few contributions incorporate both into one research project. Kollman's (1998) study is one of the few exceptions, showing that interest organizations use outside lobbying to foster pre-existing public preferences instead of recruiting members or aiming at generating support for reforms. He concludes that interest organizations most often appeal to the public when they perceive that their position has already widespread popular support. Focusing on the issue of trade, Kim and Margalit (2016) provide further

evidence that unions influence their members' policy preferences in a significant and predictable manner. In contrast, they show that self-selection into membership accounts at most for a quarter of the observed difference in attitudes between union and non-union members. Both studies are restricted in their geographical focus to the US and do not specifically address welfare state attitudes.

The discussion of recent research on organized interests and public opinion in these different social policy areas bears implications for our research agenda. First, organized interests can still be crucial non-political veto players defending the status quo in political decision-making, but under some conditions may also be a reform enabler by way of social consensus-seeking. Given the sometimes-contradictory findings from past research, we need to analyse the impact of organized interests cross-nationally and across social policy areas to better identify in what respect reform support is related to institutional contexts.

Second, public support for the welfare state is not as uniform and stable as is often assumed. A more differentiated analysis across social programmes and social groups is needed to understand potential reform coalitions and long-term adaptation. Thus far we are lacking studies that systematically combine both, public opinion and interest groups, with respect to social policy reform support. In a long-term perspective, the feedback between policy changes, their impact on individuals and households (in particular, families), and the adaptation of individual attitudes as well as the strategic responses of organized interests and their political influence feed into the policy-process of ongoing and future welfare state reforms in Germany and across Europe.

Methods: Comparative Perspective, Three Policy Areas, and Mixed Methods

Comparing Britain and Germany

The studies in this volume use a variety of methods—quantitative and qualitative—to explore public opinion and organized interests' positioning on welfare state reforms. Overall, it provides a comparative approach,

focusing on Britain and Germany as most dissimilar systems, exploring how much commonality or differences there are in respect to similar reform issues. These two key reference countries are placed into a broader comparative perspective in several chapters that map European public attitudes more widely (one including Anglophone OECD countries beyond Europe). Many analyses also use time as an analytical dimension and explore long-term changes across several surveys, more short-term adjustments of public attitudes to past reforms, and also panel data to compare particular respondents over more than one point in time.

We selected Germany, an archetypical conservative welfare state with an interest-mediation system built on corporatist, consensus-oriented structures that include the social partners in policy decisions. Moreover, Germany's federal, veto-point heavy, parliamentary system necessitates that political parties build large inclusive coalition governments that are also sensitive to the *Länder* preferences. Great Britain (used throughout to include the United Kingdom of Great Britain and Northern Ireland) was selected as a liberal welfare state with 'winner-takes-all' parliamentary and pluralist interest-mediation systems, in which trade unions and other organized interests have hardly a preferential role in shaping politics. While the contributions in the first part focus on one or both countries (except for Chap. 6 which also examines other English-speaking advanced welfare states), some studies in the second part go beyond and include also other European countries in a broader comparison of public attitudes (using international surveys). While the binary comparison allows focusing on an in-depth analysis of organized interests' positions or changes of public attitudes over time, the international comparisons map cross-national variations and indicate the impact of institutional differences with cross-national variations.

Reforms in Three Social Policy Areas

Although the welfare state is often described as one holistic entity (and commonly measured with overall social spending) and seen to be generally under pressure to change, there are significant differences across social policy areas for both the positioning of organized interests and the public attitude dynamics. Our edited volume covers three major social policy

areas: healthcare, pensions, and labour market policy. These differ in the degree of popularity, in size of beneficiaries and net payers, and in the specific stakeholders.

Pension reforms have been on the agenda since demographic ageing and widespread early retirement practice have put limits on financial sustainability. Efforts to raise the retirement age have found opposition by organized labour and larger sections of the population. A paradigm shift towards reforming pay-as-you-go pensions towards more funded private pillars have also found mixed reception, though some welfare states like Britain moved towards multipillar pension systems earlier than the Bismarckian ones like Germany (Ebbinghaus 2011). A prime example of the New Politics (Pierson 2001) thesis, pension reform is investigated in several chapters in order to show to what degree reforms are opposed or whether there has been gradual acceptance across the public and among organized interests.

Healthcare is one of the most popular areas of the welfare state, and cutbacks of public services usually meet with considerable opposition among organized interests and the public (Wendt et al. 2011). At the same time, considerable reform pressures put healthcare reforms at the top of the political agenda. The most notable reform pressures stem from demographic change, advancements in medical technology, and economic globalization (Wendt and Kohl 2010). Population ageing has increased the demand for health services, which have become more expensive due to more sophisticated equipment and more specialized staff. At the same time, economic globalization and financial crises have limited the amount of available public funds. Beginning in the 1980s, healthcare reforms aimed at two purposes. First, limiting overall budgets, setting prospective budgets, and cutting personnel were the main instruments aimed at cost containment, but only few attempts were made to reduce basic entitlements. A second set of ongoing reform attempts focuses on the administration, introduced competition among healthcare providers, and encouraged privatization of healthcare provision.

Labour market policy is an area of welfare state reform that has been more controversial, showing more pronounced cleavages between labour market insiders and outsiders (Rueda 2006). Conceptions of deservingness as well as in/voluntary unemployment play an important role in

affecting solidarity towards the unemployed. It is also an area where paradigm changes towards activation have led to a systematic change of unemployment assistance, to the introduction of activation measures, and of flexible labour market regulation. These social policies intervene in the labour market and thus affect the fundamental interests of organized labour and employers. This is particularly clear in efforts to enact a national minimum wage or to deregulate employment contracts.

How to Explore Organized Interests and Public Opinion Towards Welfare Reforms

Our main methodological contribution is to link public attitudes research and research on organized interests (and political actors). The chapters use a variety of quantitative and qualitative approaches. In part one, analysing organized interests' positions on social policy, the contributions use expert interviews, systematic content analysis of press releases, and process tracing—that is, describing the sequencing of political decisions—to provide in-depth policy analysis. In part two, quantitative methods analysing public attitudes towards welfare state reform range from descriptive tables and graphs to multivariate analyses, as well as survey experiments in self-designed surveys.

Qualitative methods had been applied to study political and societal actors based on written or oral evidence, be it policy documents, press statements, or self-conducted interviews. Scholars have attempted to do process tracing (see Kay and Baker 2015) by studying which actors for what reasons did what at what time during the policy cycle—from agenda setting to policy decision and implementation. With regard to the policy positioning of interest organizations (see Chap. 2), semi-structured interviews with representatives from key organizations have been used in social policy analysis, particularly in case-oriented studies of one or more countries. These interviews with representatives from stakeholders provide an insight into how agents of these organizations perceive the official policy position of their organization. Using two-dimensional mapping of coded policy positions and issue salience of such interview material (Häusermann 2010), and this provides a concise tool to understand the organizational positions relative to each other.

We also acknowledge some limitations. In particular, the aim of linking organized interests' position with public attitudes is relatively difficult when mapping qualitative interviews on a common scale that goes beyond a pro/contra/neutral coding. Moreover, qualitative interviews are not suited to exploring how reform positions have changed over time as interviews are difficult to conduct repeatedly, while retrospective accounts suffer biases. Therefore, we rely on an alternative method and analyse text documents in order to capture organized interests' policy positions across time (Chap. 4). This method has been widely used by political scientists to capture party positions from party manifestos, newspaper articles, and floor speeches (Grimmer and Stewart 2013; Laver et al. 2003). These well-developed text-analysis tools can be applied to map positions of organized interests, including unions, employers, providers, and advocacy groups in the respective policy areas.

Comparative public opinion research (our focus in Chaps. 5 and 6, and Part II), has become a large field with the availability of large-scale, cross-national data sets. The standard methods analysing the impact of institutional factors on individuals' welfare attitudes are multilevel models accounting for the nested (national and individual level) data structure (Rabe-Hesketh and Skrondal 2008). Such hierarchical modelling is used to estimate the policy preferences of different societal groups, for example, in explaining the varying magnitudes of attitude differences between union/non-union members.

The main problems of comparative macro-sociological research are the small N problem, the Galton problem, and the black box problem (Goldthorpe 1997). They are most apparent in variable-oriented quantitative approaches, since they violate the basic assumptions of these models. First, the limited number of countries restricts the joint inclusion of independent variables. With usually around 20–30 countries, one could reasonably test one or two alternative explanations at the same time without running the risk of having 'more inferences than implications observed' (King et al. 1994, 119). Statistically, models become 'over-determined' when there are too few degrees of freedom and, in particular, when inter-correlations among independent variables cannot be adequately captured. As a consequence, results may not be robust (Stegmueller 2013). A second problem is the lack of independence of observations,

usually referred to as the Galton problem. The assumption of regression models is that nations can be treated as units of analysis unrelated to each other over time and space. This is a very strong assumption in a globalized (or Europeanized) world, where countries do not develop independently from one another but are affected by what happens in others. The problem is even aggravated since most research has to rely on convenience samples of European countries and countries are not randomly drawn from a sample (Ebbinghaus 2005). 'In this way the threat is created that the small N and Galton problems run together, as we do indeed enter into a world in which $N = 1$ ' (Goldthorpe 1997, 7). Finally, the black box problem refers to both theory and method used in quantitative macro-sociology. It applies to research that focuses too much on variables that account for a significant part of the variation but pays less attention to the mechanisms of social processes that underlie the variables that have been observed. This might have been less of a problem in the original application of multilevel models in educational research, where the 'distance' between higher level (the class or the school) and lower level units (the pupils) is comparably small. But it is particularly apparent in multilevel models using countries as a second level unit of analysis, where the 'distance' between the macro and the micro level is very large. One way to address the black box problem is to explicitly spell out such causal pathways by linking the macro and micro levels, so as to provide a 'causally adequate' account of the empirically observed regularities (Elster 1989).

We move beyond the standard approach by extending one-time cross-sectional studies with repeated cross-sectional data covering periods of 5–30 years. The observed trends in public opinion data will be accompanied by in-depth descriptions of the relevant social and political processes in order to provide adequate accounts for the observed regularities (Chaps. 7, 8, and 10). As this approach reaches its analytical limits when the number of cases is small, Chap. 9 relies on a survey experiment that helps to overcome some of these problems. Survey experiments have proved to be very helpful to examine the role of information and interpretation in the process of attitude formation (Mutz 2011). The treatment consists of information describing population ageing. By comparing responses to manipulated questions we can identify causal relationships that should also exist in the real world: If mentioning an ageing society leads to

changed preferences, then such information via the media and increased pressures to reform in the real world presumably will do the same.

One limitation every study using a survey experiment has to discuss is the external validity of its results: Is the effect we find valid and relevant in the real world? Several authors argue that such framing effects are only a temporary ‘mood change’ and effects of political debate (Luskin et al. 2002) or ‘elite framing’ (Druckman and Nelson 2003) on public opinion that vanishes after some time. Results of survey experiments should thus be complemented and cross-checked with longitudinal real-world data (see Chaps 7, 8, and 10). Survey experiments can help us to understand the causal mechanisms, while the analysis of repeated cross-sectional data informs us whether these mechanisms also have some external validity and plausibility.

Contributions to the Book

The contributions in the first part address the role of organized interests and political actors in the political economy of reform. In her analysis of pension reforms, Julia Klitzke (Chap. 2) studies the position of organized interests in respect to raising the statutory retirement age, a rather unpopular, albeit parametric, reform. Her focus lies on the trade-offs between membership and influence logics for interest organizations (trade unions, employer organizations, financial sector, and social advocacy groups) in Britain and Germany. With the help of interviews with representatives of these stakeholders in the early 2010s, she maps their positions in a multidimensional policy space. The retirement age issue plays a different role in Bismarckian versus Beveridgean pension settings; thus, even similar organizations differ in their positioning depending on the context.

Comparing the same two countries, but turning to labour market policy, Timo Weishaupt (Chap. 3) analyses the changes in positions of political parties and social actors in respect to introducing a statutory minimum wage first in Britain and more recently in Germany. The historical analysis shows that core actors changed their beliefs over time: beginning with trade unions in both countries, followed by Labour and the Social Democrats, respectively, and eventually even conservative factions.

Instead of fearing negative employment affects, actors embrace other economic and moral grounds for its adoption, in particular, the avoidance of wage-dumping and the promotion of dignified employment.

Focusing on text analysis of press statements by organized interests, Benedikt Bender and Christopher Buss (Chap. 4) complement our understanding of these changing positions of the German social partners on labour market regulation, active labour market policies, and minimum wages. They argue that organizations represent their core membership but also pursue strategic long-term goals that might contradict their clientele's interests. They find that German unions pursue different strategies depending on their membership, while employers and social welfare organizations differ from unions. Methodologically, content analysis proves to be a valuable tool to analyse positions of interest groups over time.

In a further contribution (Chap. 5) of part one, Bernhard Ebbinghaus and Elias Naumann revisit the thesis of widespread support against pension reforms in a comparative analysis of public opinion in Britain and Germany with a focus on class and union membership as well as party allegiance. The results show pronounced cross-national differences in attitudes towards the redistributive character of the pensions system but less variation with regard to retrenchment of pension benefits. Political affiliations show also more variation than social classes or union membership, indicating that ideological alignment is more pronounced than social class.

Claus Wendt and Elias Naumann turn in Chap. 6 to healthcare reforms, studying how public reform demand differs in European and Anglophone overseas countries. Using surveys of the general public but also of healthcare professionals the authors analyse whether these professionals have similar or different interests than their potential patients. Chaps. 5 and 6 thus build a bridge to the second part by linking public attitudes to members of unions, supporters of political parties, and healthcare professionals.

In the second part, the four contributions use survey data to investigate public opinion in one of the two countries, or in a wider international comparison. In an analysis of public attitudes in Britain and Germany since the 1980s, Bernhard Ebbinghaus and Elias Naumann

map the development of support for pension and unemployment benefits (Chap. 7). Public support for government responsibility for the elderly is stronger than for the unemployed. Moreover, a trade-off in expenditure preferences favours pension over unemployment. Claims towards an increased polarization between generations, union/non-union members, and left/right supporters seem overblown. The longitudinal analysis indicates only a partial erosion of public support in both countries.

In Chap. 8, Elias Naumann studies individuals' trust in pensions across Europe during the 2000s, finding that problem pressure leads to lower confidence in pensions. The financial crisis, high unemployment rates, and an ageing population are correlated with lower levels of confidence. Such a reaction suggests that the public is not as misinformed about or ignorant to changing socio-economic circumstances as sometimes assumed. Moreover, this analysis indicates that reforms aimed at guaranteeing the financial sustainability of the pensions system rather erode instead of foster confidence in pensions.

Adopting a causal design (Chap. 9), Elias Naumann uses a survey experiment in a German survey to show that people do change their reform preferences when faced with an ageing society and that strong opposition to increasing the retirement age decreases. Further analysis reveals that not all groups within society react to increased reform pressure in the same way: political knowledge but also political partisanship does moderate the strength and the direction of the attitude change.

In the last empirical analysis (Chap. 10) Elias Naumann analyses support for healthcare in European countries for two reform periods, allowing a more dynamic analysis. Although he observes stability, not major change, he found no evidence that the relevance of old over new social cleavages is declining in shaping individual attitudes.

Finally in the conclusion (Chap. 11), the editors provide a summary and discussion of the major findings across the three policy areas, the two core countries and beyond, and the different levels of analysis. The findings of both parts of the volume are integrated into one analytical model providing an overall argument about how organized interests and public opinion respond to welfare reforms, how they relate to each other, and how they simultaneously shape the reform process. Highlighting the

commonalities and comparing differences across countries and between policy areas provide valuable insights in how far our findings hold across different institutional settings and whether they might also apply to other policy areas. Finally, the conclusion develops the implications for policy-making as well as for further research.

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Part I

**Organized Interests, Political Actors,
and Social Groups**

2

Membership or Influence Logic? The Response of Organized Interests to Retirement Age Reforms in Britain and Germany

Julia Klitzke

Introduction

As mature pension systems have come under increasing pressures, a common reform item has been the statutory retirement age (SRA). Even in pension systems that are dissimilar in their institutional design, such as the German Bismarckian and British Beveridge systems, demographic pressure through rising longevity and declining birth rates has prompted governments to raise the age at which the state (or statutory) pension can be drawn. Unlike systemic reforms, raising the statutory retirement age (SRA) is technically merely a first-order recalibration tool (Hall 1993; Palier 2006), but it is a clear case of retrenchment. Across European countries that have attempted such reforms, upwards changes of the SRA have been hugely unpopular among citizens (Naumann 2014), and they have often been subject to ongoing campaigns by interest organizations. This is the topic of this chapter, focusing on the position of organized interests towards SRA reforms in Germany and Great Britain.

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Social actors generally have a stake in the shape of the welfare state and, as its stakeholders, in attempts to change it. As interest groups, they represent either individuals or business entities that can both benefit from the welfare systems and have to shoulder part of the cost. Depending on the shape of the welfare state, they might even be involved in its self-administration. Schmitter and Streeck (1999) distinguish the 'logic of membership' and the 'logic of influence': voluntary associations must offer sufficient incentives to their members to stay and support the organization, while being able to have some success in influencing policy. This conflict between 'pleasing the members' and being politically effective frequently involves trade-offs between the two logics. In the context of a contentious retrenchment effort, one might expect trade unions as large membership organizations to be particularly sensitive to upholding their members' positions, while actors like the employer organizations are freer to act strategically in the policy process.

The research in this chapter presents how different types of organized interest position themselves regarding the raising of the statutory retirement age, what cleavages these positions indicate, and how the organizations negotiate between the membership and influence logics. The analysis is based on qualitative interviews with over 30 representatives of trade unions, employer associations, insurance associations, and social advocacy groups.¹ The results are coded in a two-dimensional policy space (see method section below) and then discussed in the context of the background knowledge and process information contained in the interviews. The results show an overall alignment with broad expectations along a labour/capital divide but are revealed as more complex for individual organizations and in the details of the arguments.

The age at which one can draw retirement benefit is a central question in pension politics. Historically, the way SRA is set has defined whether a pension is an actual old-age pension or a disability pension. Changing the SRA has always been contentious, and it can be politically difficult: while long phasing-in periods lend themselves well to strategies of blame avoidance (see also Hering 2012, 87), a higher SRA is intuitive to understand, and as a retrenchment measure it is harder to conceal than a more technical or structural reform. SRA reform does not only have to contend

with the SRA as such but also takes place in a retirement culture. Following the proliferation of early retirement in the 1970s (Ebbinghaus 2006), de facto retirement age declined, along with people's expectations of what is the 'right' retirement age.

Qualitative analysis of the positions of interest groups allows for an inclusion and discussion of these expectations and normative views, alongside political strategy and perceived rational self-interest. Based on expert interviews, Scherger and Hagemann (2014) show the ideational dimension for British and German social actors in the pension discourse, namely employers, trade unions, and social advocacy associations. Given that retirement 'as a distinct phase of life evolved only recently in history' (Scherger and Hagemann 2014, 7), they argue that changing ideas can prompt an institutional change. Union representatives in their sample adhere more strongly to retirement as a fixed and distinct phase than employer representatives, who stress flexibility and, in the German case, find a fixed retirement age 'outdated' (Scherger and Hagemann 2014, 28).

The consideration of 'early' retirement is crucial in the retirement age discussion. Ebbinghaus (2006) has argued that early exit from work is 'an unintended consequence of the expansion of social rights', but also 'a deliberate policy to facilitate economic restructuring and reduce unemployment' (Ebbinghaus 2006, 3). Early retirement provided employers with an opportunity to shed parts of their workforce in socially uncontested ways and trade unions with tangible benefits for their members, while placing most of the financial burden on the public. Trampusch shows that after an increasing rift between small and big firms in Germany, and changes in the employer organization, they eventually came around to support a reversal of early retirement policies (Trampusch 2005, 213–214).

As governments have become less willing or able to shoulder the costs of the pension systems, they adopted policies to raise SRA. Ebbinghaus and Hofäcker (2013) show that several OECD countries have made progress in reversing early retirement trends, among these Britain and Germany. They explain this as a result of the closure of early retirement pathways and a general reduction of welfare 'pull' factors, but also active labour market policies or strategies to promote active ageing and lifelong

learning have played some role. In Britain, efforts to reverse early retirement age were only moderately successful, in particular, with regard to women.

Given that the success of Germany to reverse its early retirement trend is largely attributed to a reduction of pull factors, it is not surprising that a welfare state providing much fewer pull factors like Britain both has a lower incidence of early retirement and has fewer levers to effect further reductions of early retirement. The role of push and pull factors is relevant for the discussion of the retirement age in general and is reflected in the political logic of the societal actors with a stake in both early retirement and retirement age legislation. In the following, I outline the background to the SRA in Germany and Britain before describing the method for analysis of the interviews.

German Reforms

When the Bismarckian pension was introduced in Germany, it mainly served as an income supplement for older workers at age 70 and older. Life expectancy was below 62²; a great majority of blue-collar workers as well as white-collar employees left employment due to invalidity, not because they reached the SRA (Conrad 1994, 335–336). Alternative pension insurance was introduced in 1911 for salaried employees at age 65, with more generous survivor benefits, who had been thus far exempted. SRA for all was lowered to 65 during WWI, which remained in place until 2012. However, early retirement policies and generous benefits allowed many to retire before 65 (Börsch-Supan 2000, 29).

The 1957 pension reform introduced pay-as-you-go (PAYG) financing of German old-age pensions. This underwrote the ‘generation contract’ that provided pensioners with an old-age income at the stroke of a pen even though they had not contributed to it beforehand. The reform already included provisions that allowed women, older unemployed people, and miners to retire at 60 under certain conditions (Frerich and Frey 1996, 49). The next milestone was the 1971 pension reform under the social-liberal coalition, which introduced a flexible retirement age, allowing retirement at 63 after 35 years of contributions or deferring it for

higher benefits by two years (Frerich and Frey 1996, 53–54). The conditions for unemployed people to retire earlier were eased, and, following high unemployment since the 1980s, this provision led to new early retirement pathways. Both trade unions and employers considered early retirement a socially desirable way of reducing the workforce, and unions hoped for more job opportunities for the young or jobless (Ebbinghaus 2006, 3).

Despite welfare state consolidation under the Conservative–Liberal Kohl government from 1982, the trend towards early retirement continued. Extending the ‘59 convention’ unemployment-to-early-retirement pathway again and again (Trampusch 2005, 105), German companies could send workers aged 59 into unemployment, who then received old-age benefits from 60, based on a mix of a company pay-out and government contributions. In 1984, the social partners were allowed to negotiate early retirement agreements for people aged 58 and older, conditional on replacement with a post-vocational trainee or an unemployed person (Frerich and Frey 1996, 188). Other smaller reforms, for example concerning the retirement provision of civil servants, further strengthened the downward trend of the actual retirement age. Due to high wages and generous replacement rates (up to 70%), a worker with a long contribution record and an occupational pension from a larger company could go on early retirement even if actuarial deductions were applied. Early retirement was thus the result of a combination of pull factors (incentives provided by benefits) and push factors (company restructuring and unemployment), leading to early retirement for a majority of older workers (Ebbinghaus 2006, 11–13).

The 1992 pension reform, enacted in 1989, was the first move away from the trend towards shortening the work period in favour of a longer retirement period. It stipulated that from 2001 early retirement for older unemployed people and for women would be raised incrementally to be in line with an SRA of 65, while early retirement options were maintained only for the disabled (Frerich and Frey 1996, 255). German reunification in 1990 further put budget problems at the centre of political attention. As West German institutions were transposed onto the East, so were the rules for pension entitlements (see Frerich and Frey 1996, 620ff). East German workers had more often full working careers, resulting in

relatively higher benefits for East German pensioners, particularly women, at the same time as the economic transition led to higher unemployment in the East (Merten 2000, 325).

Demographic ageing and early retirement German reunification became seen as a financial sustainability issue for PAYG pensions—for instance in a report by the economic research and consultancy institute PROGROS that predicted contributions would rise to 36% if pensions were not readjusted (Frerich and Frey 1996, 249). Initially, while several gradual adjustments were made, the SRA was not considered a reform item. The Rürup Commission, set up by the red-green government under Chancellor Schröder in 2004, recommended several pension reform elements including a move towards funded private provisions and raising the SRA, though only the former was adopted (Schulze and Jochem 2007, 694). Neither the Social Democrats nor the Christian Democrats addressed SRA in the 2005 federal election campaign (Hering 2012, 87).

The emerging Grand Coalition of Christian and Social Democrats was the first to change SRA: Social Democratic Labour Minister Müntefering pushed through a phased-in increase from 65 to 67 for cohorts born after 1947 as of 2012, against the opposition of trade unions and party factions (Schmidt 2010, 311). The move came as a surprise for both opponents and supporters (Interviews BDI, IG BCE) and is still characterized by some as a ‘coup’ by a Social Democratic minister (DGB interview). Since Social Democrats had initiated the reform, trade unions and other left politicians were less able to oppose it in public. Retiring before SRA is still possible, but with cuts up to 14.4% in state pensions. As a concession to trade unions, the legislation contained an exception for workers with 45 contribution years, who were still able to retire at 65 without actuarial deductions (Schroeder 2010, 195). It also contained a provision for a review of the legislation in 2010, with an eye towards the employment chances of older workers.

The reform was hugely unpopular among the German public: around 70% of respondents in the West and 80% in the East were against it in 2007 (Scheubel et al. 2009). Only employers welcomed it as long overdue, while criticizing the exception for people with long contribution records (Schroeder 2010, 195). The issue remained so divisive that it kept dogging Social Democrats in elections for years. A watering down of the

reform was passed shortly after the 2013 federal election: the Grand Coalition introduced exceptions to people with 45 contribution years to retire at age 63 (BMAS 2014), a move welcomed by the left and trade unions but strongly rejected by employers.

British Reforms

In Britain, the first pensions were granted to civil servants who were ‘no longer able to perform their duties efficiently’ in the early nineteenth century (Blake 2003, 3). Eventually, the 1908 Old Age Pensions Act introduced a non-contributory (means-tested) benefit for people aged 70 and older (Bozio et al. 2010, 7). This was essentially poor relief, targeted at the aged. Pension age was reduced to 65 for men and women in 1925 in the Old Age Contributory Pensions Act for those already insured for health and unemployment. In 1940, women’s pensionable age was reduced to 60 to let them draw their pension at the same time as their (on average 4 years) older husbands, while also introducing pensions for unmarried women and widows aged 60 (Blake 2003, 8–9). The same SRAs (65 years for men, 60 for women) were also adopted in the National Insurance Act 1946, which introduced the British State Pension, the basic architecture of which has lasted into the present.

Whether the statutory pension age is the *de facto* retirement age depends on multiple factors, including on state pension, but also on whether private pensions and employment opportunities exist. Blake (2003) reports that many of the early ‘big’ occupational schemes in the public sector had (earlier) pension ages of 60 for both men and women, whereas private sector schemes, which had grown ‘decentralized and piecemeal’, provided salaried employees with higher wages (and thus higher benefits) and often earlier retirement than manual labourers (Blake 2003, 25–27). The SRA of 65/60 for men/women remained stable for a long time, while early retirement remained more limited. *De facto* retirement age was roughly in line with SRA, but between 1981 and 2000 dropped to around 62 for men, while remaining above pension age 60 for women (OECD 2014): men and women would retire at comparable ages, that is, *below* the official age for men and *above* for women.

In 1995, the Conservative government under John Major attempted to raise the women's SRA to be in line with men, following EU law, equalizing pension age from 2010 onwards (May 2010, 133). As life expectancy, old-age poverty, and financial problems increased, the Turner Commission (set up in 2002)³ recommended in its 2005 report a mix of higher pension age, more private savings, and higher government expenditure. Although the Commission had preferred a flexible retirement age in line with life expectancy, this did not translate into legislation (Hills 2006, 665–667).

Labour's 2007 Pensions Act advanced equalization for both women and men, increasing it to 66 by 2026, to 67 by 2036, and to 68 by 2046. The Conservative–Liberal Coalition further advanced the timetable in the 2011 Pensions Act, increasing SRA to 66 between 2018 and 2020 while women's SRA was raised more quickly between 2016 and 2018 to reach 65 by 2018. This implied dramatic changes for a specific cohort of women (a problem raised repeatedly in the interviews). The 2014 Pensions Act stipulated a review every five years and advancing the timetable for an SRA of 68 (DWP 2015). However, official documents explicitly state that 'the timetable for the increase in the statutory retirement age from 67 to 68 could change as a result of a future review' (DWP 2014, 1). The British State Pension is in flux, even though upwards direction is clear and recent governments have not wavered on it.

Mapping Positions on Retirement Age

Coding Positions of Organizations Based on Interviews

As basis of my analysis, qualitative semi-structured interviews were carried out with representatives of selected organizations (see Table 2.1), asking similar questions to all interviewees, including the policy stance on raising SRA. The organizations were selected for their relevance in the wider pensions discourse; the trade union peak organizations, the employer associations but also some individual trade unions routinely appear in the pensions discourse, as they publish policy responses and

respond in public on social policy issues. Some of the smaller organizations are less prominent in the reform discussion but provide valuable comparative and contrasting perspectives due to their membership composition. The interviewee selection thus tried to cover different types of organizations within main interest categories (e.g. public and private sector unions, occupational and private pension providers, etc.) and tried, as much as possible, to find corresponding organizations across the two countries.⁴

Given the focus on the position and internal logic of actors, interviewees were asked primarily about their organization's position on and involvement in policy issues. For the organizations' positions, context knowledge has been extracted, while insider knowledge is useful for the discussion of institutional developments (see Meuser and Nagel 1991). The interview outline was devised using methods proposed by Kruse (2010). While the expert interview does not require the same level of openness as a biographical or a narrative interview (Helfferich 2009, 162), questions along seven thematic blocs were kept open and as non-suggestive as possible. The interviews were generally scheduled in a one-hour window, though they frequently ran longer (up to 90 minutes). The interviewees were pension-policy experts of their organizations, if possible the highest-ranking representative whose portfolio included pension policy, or the pensions officer or spokesperson. The interviews in Britain primarily took place in late 2011, those in Germany roughly half a year later in 2012. The transcripts were then hand-coded for a systematic overview, and excerpts used for in-depth analysis.

Unlike survey data, interviews leave room for narratives and elaboration. Their depth allows for condensing of the information provided into an overall score on the policy position but also the use of the actual argumentation to contextualize coding. The analysis presents the positions of organizations on raising SRA based on the coding on one or more statements by the representatives during the interviews. In addition, the salience of the policy issue (SRA) for the organization was coded. This made it possible to map positions for or against raising the SRA as well as the importance of the issue for a given organization.

Following Häusermann (2010), the interview segments were coded numerically on a 0–2 scale, both for support of or opposition to a reform item as well as for its relevance. The nuances of the organizations' positions are still reflected in the final scores, because qualifying statements expressed in other parts of the interview are also coded and aggregated across all statements. For example, in coding SRA, code 2 indicates active support for a raised SRA; code 0 indicates strong opposition, and very conditional support, neutrality, or only mild disapproval are coded as 1. Thus, if an interviewee declares, 'We are against the higher retirement age', this will be coded as 0. However, if at another point in the interview she expresses that her organization was, for example, willing to trade on the retirement age in favour of other policy issues, this would be coded as 1. The overall score for that organization would therefore be higher, reflecting less stringent opposition, than for an organization that only expresses opposition throughout. The more caveats are given to the main position, the more the overall score will be affected; the more the interviewee stresses the main position, the more heavily this will be reflected in the final score.

Similar coding was done on the issue of relevance (or salience). While organizations may hold supposedly strong views for or against a political measure, if they assign a low priority to it, one would assume that they are less likely to go to great lengths in terms of lobbying work and political pressure. The degree of relevance was coded with the same approach to nuance as the support/opposition question statements. The combination of these two scores led to a more comprehensive view on where the organization stands; the results on relevance are also particularly revealing for the cross-country comparison.

The two-dimensional mapping charts the actor field along their position on SRA and its importance as an issue. When averaging the positions of organization by type and country, the clustering is fairly evident. Trade unions and social associations are against raising SRA, while both British and German employers are in favour. This follows a traditional cleavage line: trade unions and social associations against vis-à-vis employers and the finance sector in favour of SRA increase. However, a closer look reveals that the demarcation between organizational types does not line up neatly according to the labour–capital cleavage. Specifically, the

distances between finance and employers as well as between finance and trade unions are almost the same. SRA is highly salient for employers, unions (though with a gap between British and German unions), and social associations alike, while finance considers it less important. Trade unions are against higher SRA and care about it, while employers find it similarly important but take the opposing stance. Increasing SRA means a benefit reduction for working people; therefore unions oppose this curtailing of social rights in both countries. This holds whether benefits are income-related as in Germany or a flat-rate state pension as in Britain: working people in both pension systems lose with higher SRA. The social associations, which often represent pensioners as well as lower-income earners, position themselves similarly, and for presumably parallel reasons (Fig. 2.1).

When charting scores by individual organizations (see Fig. 2.2), the picture becomes more complex. Although differences between Beveridgean and Bismarckian systems exist, the general field of societal

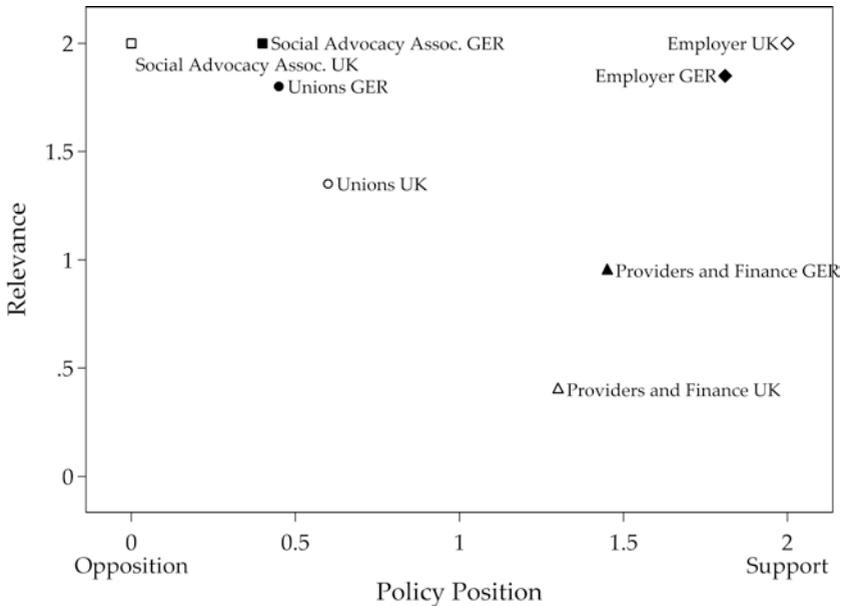


Fig. 2.1 Support for raising the retirement age for types of organizations

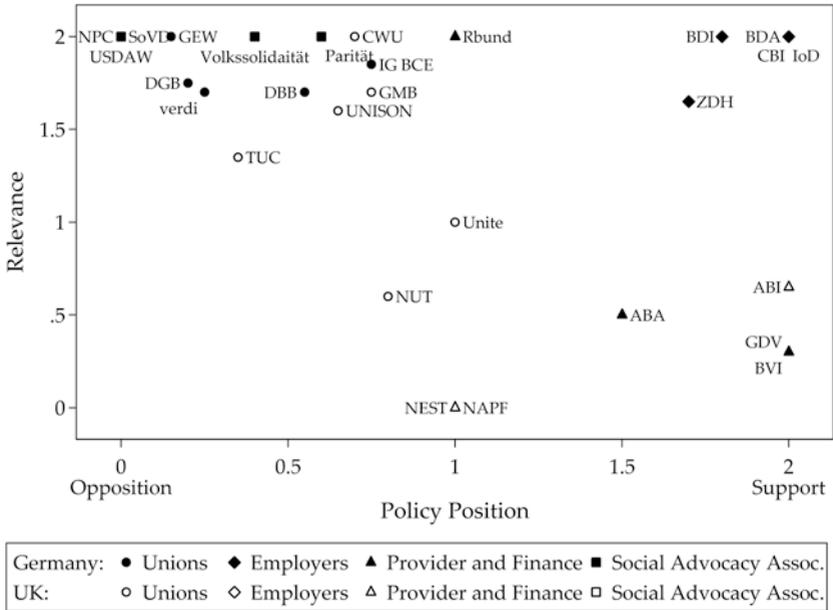


Fig. 2.2 Support for raising the retirement age for individual organizations

actors looks very similar, but there are notable differences. While British unions are clearly in opposition to employers on SRA, they score much lower on relevance than German unions.

Employers

On the employer side, there are fewer internal differences; the most noticeable ‘outlier’ is the German ZDH, representing craft enterprises. This slightly lower relevance score is due to ZDH’s low engagement regarding SRA. ZDH represents small- and medium-sized companies that employ people in physically demanding occupations (e.g. the proverbial ‘roofer’, often cited in public debate on early retirement). Due to its membership, ZDH favours higher SRA in line with the other German employers but was not pushing for it (‘we did not actively take part’, Interview ZDH). Overall, employer associations across both countries score similarly, supporting SRA increases and considering it highly

relevant. German employers support higher SRA in order to control expenditure and thereby co-financed social contributions, which are a heavy burden on labour costs.

In the interviews, the most prominent argument among German employers in favour of higher SRA is demographic change and its impact on contributions. Given rising longevity, longer retirement should be counterbalanced by longer working lives. Raising SRA is considered 'without any alternative' (ZDH). The German industrialists (BDI) but also the peak employer association (BDA) support it, though BDA mentions also the need for gradual adaptation at the workplace (both interviewees credit BDA with actively and successfully pushing for a higher SRA). While the main reason is the long-term sustainability of pensions, the representatives also refute the unions' objections by suggesting that incapacity due to health issues should be dealt with an improved disability pension, not old-age pensions. However, the support for SRA by the associations contradicts the long practice of early retirement used by companies to readjust their workforce. The interviewees acknowledge this and see the need to prepare their members for adapting to an ageing workforce. This highlights that the immediate needs of an individual member company to shed older workers are occasionally opposed to the longer-term organizational goals of financial sustainability of pensions.

The British employers focus on similar interwoven arguments. British state pensions are partly financed by national insurance contributions; thus, interest logics apply as for German employers. Rising cost due to longevity is considered 'not sustainable' by British managers (IoD), though this is a general problem for pensions and the state (the national insurance rate plays a minor role in the interviews). The main arguments in favour of raising the SRA are the consequences of demographic change on pension systems and the longer healthy working lives. The Confederation of British Industry is in favour of raising the SRA, 'in fact our proposal from 2004 was to ultimately raise it to 70' (CBI interview). However, there is a contradiction between British employers' endorsement of higher SRA and their backing of a 'default retirement age' of 65 at workplace until it was abolished in 2011, shortly before SRA started to increase.

British employers, like their German counterparts, also assume that people not only live longer but stay healthier; hence, they will be able to work considerably longer. Similarly, while they acknowledge that some might be incapacitated earlier, this should not be the yardstick for pension policy; instead, they call for disability pensions and increased flexibility at the end of the working life.

An unexpected argument from the British employer side is based on the specific British pensions architecture. A higher SRA, both IoD and CBI argue, helps keeping expenditure in check but also frees up resources to raise the state pension level for everyone. Thus, in addition to sustainability concerns, they wish to have resources distributed differently in favour of the flat-rate state pension. The IoD's expressed aim is that an improved state pension should be above the current level and any means-tested supplement—mirroring proposals of the Conservative–Liberal coalition at the time of the interview—though wishing to extend it to existing pensioners. For British employers, SRA increases are part of a state pension overhaul that would not necessarily cut benefits but change the bases of their claims and the timing—more money but later. This last aspect cannot be found in Germany, where the earning-related state pension is generally not below subsistence levels (yet). It highlights that the British employers are, in addition to arguing for cost containment, supporting a genuine readjustment of state pension benefits.

Trade Unions

The view on the union side when analysing all organizations separately shows more significant distances than among the employers. Of the German unions, peak confederation DGB and two of its member organizations, the education (GEW) and general service (ver.di) unions, score similarly on high relevance and high opposition. Ver.di and GEW, while having some overlap in the areas they organize, significantly differ in size and membership makeup, as ver.di is DGB's second-biggest member union. Out of DGB's eight members, three are part of the sample. Since DGB represents the whole union movement, one would expect a compromise position, but it attaches high relevance on to its outspoken

opposition. These three trade unions express their opposition quite strongly and decisively, seeing the SRA of 67 as a ‘wrong signal’ (GEW) or even ‘mistake’, and some call for a roll back (ver.di). Their argument is that even the current SRA is out of reach for many working people, regardless of life expectancy. Thus, raising SRA is unrealistic and a de facto pension cut for those that have to retire early. The representatives stressed the difficult situation of their members in particular occupations (e.g. construction workers, roofers, garbage collectors, but also childcare, healthcare, or long-term-care workers).

The two other German labour organizations considered here, the chemical and miners’ union IG BCE (within DGB) and the Civil Servants Federation dbb (outside DGB), take a different position. Although both also ascribe a high relevance to SRA, they take a moderate to neutral stance (scores around 1). These two organizations are quite different from each other: while IG BCE represents mainly industry workers in physically demanding jobs, dbb is a peak organization of mostly public sector (and some private service sector) unions. They agree with the core arguments for a higher SRA and also see unfairness towards people who cannot work past 65, but weigh these two factors differently. IG BCE does not pursue a reversal but pursues a differentiated approach. The Civil Servants Federation dbb also takes a more moderate position than most DGB unions.

Due to the physical demands of their industry, IG BCE members are likely to be concerned about a higher SRA, but (according to IG BCE representatives) they expect the union to use collective bargaining and shop-floor representation to find solutions. The IG BCE representative emphasizes flexibility and their hands-on approach in addressing problems, as they did by launching the idea of a ‘partial pension’ (*Teilrente*) combined with continued income. If ‘gliding paths’ to retirement become the preferred tool, this suggests that a fixed retirement age has become obsolete. This is where ‘concepts of retirement’ become obvious as a question on the union side. The DGB representative, for example, takes the opposite view: people need and want a societal age norm about when to stop work. These are different concepts of what pensions are *for*. One prioritizes a societal norm, while the other prefers choice for individuals or occupational groups. In light of ongoing failure to reverse the policy, a

strategy shift away from fundamental opposition has occurred, with an orientation towards improving working conditions to allow older people to stay in work.

In Britain, the unions interviewed offer an even more diverse view. As in Germany, there is no obvious pattern based on membership background. Between those with similar positions (CWU, GMB, and Unison), membership size and profiles vary considerably. Membership profile is relevant to their positions but for different reasons than in the German case. CWU, GMB, and Unison form a cluster with high relevance and a slightly-above-neutral position against SRA increases. Two further unions, NUT and Unite, are similarly located close to a neutral position on SRA, but do not consider the issue relevant to their members. The strongest opposition to increasing SRA comes from USDAW, which organizes in the private sector (mainly shop workers). Higher SRA has a disproportionate effect on these lower-earning sectors and geographical areas with lower incomes. For CWU, which also organizes the generally lower-earning communication sector, the interviewee took no decisive stance on SRA because of disagreements whether this would benefit low-paid members or not. According to the CWU representative, postal workers were less likely to own their home at retirement, and while they have access to an occupational pension, benefits tend to be low. As a result, they might prefer to remain in work longer, and a higher SRA could be beneficial.

The Trades Union Congress (TUC), the British peak organization, has the second-highest opposition score, but considers the issue only moderately relevant (in contrast to its German counterpart): ‘We have protested the coalition government’s ... policy of raising the retirement age more rapidly, but it’s not been an enormous issue for us because in the area of pensions we’ve been concentrating on other things’. British trade unions assign more relevance and do more focused lobbying is on specific elements surrounding SRA (the coding only reflects the general SRA statements). This applies particularly to women’s state pension: due to the speed of equalization of female retirement ages in line with men, a specific cohort of women in their fifties faces quick changes in a relatively short period. Nearly all union representatives point at this being an unfair

burden for women without 'time to prepare'; while the affected group is relatively small, due to questions of fairness there is concentrated opposition focused on the reform outcome for this specific cohort.

One of the central differences between the German and the British unions is the issue of relevance. Both the interviewees from GMB and Unison explicitly stated that occupational pensions are more important to their members than the state pension. A major problem would be the linking of state and occupational pensions (Unison interview). Occupational pensions for the NHS are (still, for the moment) pay-as-you-go-defined benefits pensions where the government as employer is paying, so future linkage is not unlikely, and the SRA is relevant to Unison's members because of knock-on effects on the more important supplementary pension; they see less need to campaign on SRA *as such*.

GMB does not deal with the government as a main employer of their membership. It becomes clear from the interview that for the members, occupational pensions *are* more important than the state pension in terms of maintaining income and standard of living upon retirement; the question of linkage plays a much less prominent role. In the GMB interview, the relevance of the SRA seems to stem to a large degree from general considerations of fairness: beyond the membership of the union, discrepancies in life expectancy across Britain mean that parts of the country will be affected so differently that a higher retirement age imposes unfairly distributed penalties, especially on low-income regions and areas. On the other hand, because of GMB's membership and their access to occupational pensions, GMB does not take a clear oppositional stance.

Further removed from this group are NUT and Unite. NUT is the National Union of Teachers, comparable to the German GEW in terms of its membership. However, it has a rather different stance on the state pension than its German counterpart. According to the NUT interview, the SRA is more or less irrelevant to the organization, and it is not particularly opposed to the measure either. Similar to Unison, linkage of occupational pension schemes to the conditions of the state pension is considered a bigger problem than what is happening to the state pension

itself, but this does not translate into a high relevance score. NUT had previously achieved a pension settlement with the government that addressed issues of longevity, putting most of the financial burden of improving longevity on the teacher, and the NUT representative considered the compromise solution sufficient. There is clear opposition to teachers having to work past 65, and similar to GEW, the NUT representatives cautioned against weighing physical strain against mental strain when judging white-collar professions' retirement ages, but this stance does not translate into vocal opposition to a higher SRA because of the state pension's low relevance to NUT's members.

In the Unite interview, the retirement age is considered slightly more relevant (leading to a score around the 1 mark), but Unite has the least oppositional stance on the retirement age out of all the British unions in the sample. Unite resulted from a merger of Amicus and the Transport and General Workers' Union; it is the biggest British union (private and public sector) with over 1.4 million members. Again, the issue is not considered particularly relevant: 'an occupational pension can determine whatever [...] the retirement age will be'. For the Unite interviewee as well, a major concern would be an automatic linking of SRA with employer-provided occupational schemes.

Providers

One key interview theme on the provider side was relevance, reflected in the scoring. In line with expectations, raising SRA is hardly relevant for the providers of supplementary private provision (British ABI; German GDV, Aba). Although there is relatively strong support for it, political restraint and self-set boundaries make them reluctant to be involved in the political debate. NAPF does not regard SRA as an issue for lobbying, but there was more concern about the government's timetable and over raising the SRA too fast. NEST and DRV Bund are public providers, not interest organizations as such. Their political restraint and the professed limited salience stands in contrast with results from the union side. The British unions see the state pension as less relevant to their

members because people's retirement options are based on their occupational pensions, while some German unions are discovering retirement age as an issue for collective bargaining. One might therefore assume (for the German case) that those unwilling to work until they reach a raised SRA might turn to private arrangements to fill the gap. But this has neither been part of the insurance discourse nor do representatives admit to it.

British ABI and German GDV strongly favour a higher retirement age, basing their arguments on the overall benefit to the pension system. British NAPF is more neutral but sees SRA as not relevant for its members, while German aba is moderately in favour of it but also considers it less relevant. Aba is more invested in regulations concerning occupational pensions and strongly opposes a higher minimum age. SRA reform only has a knock-on effect on occupational pensions that are tied to SRA, but tax regulations have been pushing the default minimum age for an occupational pension from 60 to 62 (Kemper et al. 2014, 19–20; Kemper and Kisters-Kölkes 2008, 7–8). This may be an indicator that aba is aware of the possibility of occupational pensions allowing them to retire earlier than they could on the state pension alone. However, given the still relatively large percentage of retirement income that German state pension assumes, it seems unlikely that pensioners can live on their occupational pension alone.

British NAPF is least active on SRA than any other provider organization and assigns it the lowest relevance. However, NAPF is strongly supportive of the state pension reform (under discussion as a White Paper at the time of the interviews), whereby the basic state pension would be raised to a significantly higher level. The 2012 reform aims to encourage additional saving; this *is* relevant even to occupational pension providers since it is part of improving the overall pension framework.

Social (Advocacy) Associations

Among the German social (advocacy) associations (*Parität*, SoVD, *Volkssolidarität*), two themes are clearly represented in all interviews:

concern about certain types of workers not being able to work until 67 and opposition against a higher SRA based on the job-market situation of older employees. The argument about (re)employment prospects for older workers is very close to that of German unions, but the interviewees refer specifically to working conditions which need to be improved for people to be able to work beyond 65.

The social organizations have a clear stance on the relevance of and opposition to higher SRA. In both countries, they are the most 'radical' organizations interviewed in the sample. The two highest scores against higher SRA with high relevance are those of British NPC and German SoVD. The *Paritätischer Gesamtverband* is a peak organization that includes the mentioned individual social associations. All three German social organizations rate SRA as highly relevant, but opposition differs somewhat, with *Parität* holding the most moderate position and *Volkssolidarität* the middle one.

While the social associations may not be as comparable between Britain and Germany as unions or employers, their arguments still offer political insights, particularly since their membership consists (exclusively or predominantly) of pensioners in both countries. The social associations and trade unions have cooperated on SRA policies, though their members do not necessarily have the same interests: trade unions still represent largely labour market insiders, but social associations include pensioners who had worked in non-unionized sectors or in precarious jobs and with frequent unemployment spells. When both types of organizations cluster around similar scores in Germany, this suggests that there is a broader societal base for their arguments.

Unlike the British trade unions, NPC scores high on relevance, as the interviewee argues that both members and officials are directly affected by pension policies ('the very people that are affected by the policies that come along are the people in charge'). It is worth noting, however, that the pensioner membership of the social associations in both countries is not actually going to be affected by the retirement age being raised, given the fact that they have already entered retirement. Pensioners make up all of the NPC membership and the bulk of the German social associations'

membership, and lobbying against the raising of the retirement age has no material benefit to all or the majority of their members. In fact, if the pension formula is tied to a demographic factor, as it is in Germany, whereby the ratio of working people to pensioners affects the yearly uprating of state pensions, *not* raising the retirement age could mean financial *disadvantages* for already retired people: for existing retirees, opposing a higher retirement age for future retirees is against their rational self-interest.

Conclusion and Discussion

As visualized in the policy position maps (see Figs. 2.1 and 2.2), the organizations' positioning on SRA are generally in line with expectations: as higher SRA is a benefit cut by default, trade unions and social advocacy associations are against it, while employers and finance interest organizations are in favour as it increases financial sustainability and shifts towards private-funded pensions. This overall impression maps onto the labour/capital cleavage. However, the more curious result is revealed by variations within interest groups and the specific argumentation provided in the interviews. The different role occupational pensions play in Britain and Germany is reflected in the specific priorities of trade unions and, in particular, the relevance they attach to SRA. For a long time, the majority of German trade unions maintained strong opposition to a higher SRA in line with what their members wanted (membership logic), although as a repeal looked increasingly unrealistic, a strategy shift had just started at the time of the interviews, suggesting a re-orientation (influence logic). While the German unions still assign high relevance to SRA, the example of the IG BCE suggests that an 'export' of the British unions' approach might be theoretically possible in the future. The specific 'fairness' concerns regarding different levels of life expectancy are specific to the British discourse. While some social stratification of health exists also in Germany, life expectancy based on social class and especially geographical area can vary up to ten years in Britain (ONS 2014).

Employers in both countries argue fairly similarly, though the British support for using SRA-related savings to raise state pensions is unexpected. Both British and German employers have to negotiate to some degree their members' preferences in specific employment situations (non-fault dismissal of older employees through default retirement age or early retirement options) and an overall policy on SRA. When comparing the positioning of trade union and social associations—but also of British employers—it becomes clear that these organizations are not always following rational self-interest. As argued above, pensioner representatives hardly have reason to care about the SRA of future retirees, suggesting that other factors are influential. This reflects a more general view on how the pension system *should* be run, even when the resulting policy positions are not immediately and directly beneficial to the organization's membership.

It can therefore be observed that a plurality of factors influence the positions of the organizations in this sample. The presented evidence has shown that the organizations try to preserve the material interests of their members, but that it can also play a role whether an organization in general pursues a more leftist or more market-liberal agenda. Membership logic shapes certain organizations' position up to a point, but strategies are eventually adapted in light of political realities. The shape of the institutional set-up appears to have a crucial influence: organizations that would be expected to be strongly against a retrenchment reform that applies to nearly all workers are not very engaged on the issue, because due to the pension architecture, their interests and priorities lie elsewhere. Hinting at convergence tendencies, a potential re-focusing on occupational pensions is suggested by one example among the German trade unions, but is not part of the professed aims of the German providers. A normative and systemic angle also becomes clear: several labour representatives consider a higher SRA *not* a calibration tool but in fact a systemic issue that could shift old-age pension back to a disability pension. Similarly, there is ideological disagreement over the inherent value of a fixed retirement age versus a flexible one. This suggests that raising the statutory retirement age can and does represent more than a simple retrenchment reform and a limited distribution conflict.

Appendix

Table 2.1 Selected organizations in Germany and Great Britain sorted by type and size

| Country | Abbreviation | Description and name of organization |
|------------------|--------------|---|
| (a) Trade unions | | |
| D | DGB | <i>Deutscher Gewerkschaftsbund</i> Peak organization (8 unions with 6 million members (33% women)). Largest union: IG Metall (metal workers) with 2.2 million (not interviewed). |
| D | ver.di | <i>Vereinte Dienstleistungsgesellschaft</i> DGB union in services, with 2 million members (51% women). |
| D | GEW | <i>Gewerkschaft Erziehung und Wissenschaft</i> DGB union for teachers and other education professions (including civil servants), with 0.266 million members (71% women). |
| D | IG BCE | <i>Industriegewerkschaft Bergbau, Chemie und Energie</i> DGB union in mining, chemicals, and energy, with 0.668 million members (20% women). |
| D | dbb | <i>Deutscher Beamtenbund</i> Civil servants' federation, with 1.28 million members in 43 unions (71% civil servants, 32% women). |
| GB | TUC | <i>Trades Union Congress</i> Confederation of 52 unions, with 5.8 million members (48% women). |
| GB | UNISON | <i>The Public Service Union</i> TUC union in public services, with 1.3 million members (68% women). |
| GB | Unite | <i>Unite—the Union</i> TUC union in private and public sector, with 1.3 million members (25% women). |
| GB | GMB | <i>National Union of General and Municipal Workers</i> TUC union in private and public sector, with 0.617 million members (49% women). |
| GB | NUT | <i>National Union of Teachers</i> TUC union of school teachers, with 0.33 million members (67% women). |
| GB | USDAW | <i>Union of Shop, Distributive and Allied Workers</i> TUC union in private service sector, primarily retail, with 0.433 million members (56% women). |
| GB | CWU | <i>Communication Workers Union</i> TUC union in post and telecommunication, with 0.2 million members (19% women). |

(continued)

Table 2.1 (continued)

| Country | Abbreviation | Description and name of organization |
|-------------------------------------|--------------|---|
| (b) Employer organizations | | |
| D | BDA | <i>Bundesvereinigung der deutschen Arbeitgeberverbände</i> Peak employer organization of 50 federal associations (and 14 regional associations). |
| D | BDI | <i>Bund der deutschen Industrie</i> Peak organization for 37 industry associations or groups, with 100,000 firms with 8 million employees. |
| D | ZDH | <i>Zentralverband des deutschen Handwerks</i> Peak organization in skilled crafts sector, representing 53 chambers (with mandatory membership) and 48 professional associations (<i>Innungen</i> with one million firms). |
| GB | CBI | <i>Confederation of British Industry</i> Confederation of 140 trade association and larger firms, with 190,000 firms employing 7 million employees. |
| GB | IoD | <i>Institute of Directors</i> Association of individual CEOs and other managers. |
| (c) Providers and finance interests | | |
| D | Aba | <i>Arbeitsgemeinschaft für betriebliche Altersversorgung</i> Association of 1200 occupational pension schemes, firms, interest organizations, and experts. |
| D | GDV | <i>Gesamtverband der deutschen Versicherungswirtschaft</i> Association of German private insurers (460 companies). |
| D | BVI | <i>Bundesverband Investment und Asset Management</i> 80 investment funds with €2 billion in assets. |
| D | DRV Bund | <i>Deutsche Rentenversicherung Bund</i> Statutory pension insurance body. |
| GB | NAPF | <i>National Association of Pension Funds</i> (renamed: Pensions and Lifetime Savings Association) Represents 1300 schemes and over 400 firms in finance. |
| GB | ABI | <i>Association of British Insurers</i> Represents 250 insurance companies (90% of insurance market). |
| GB | NEST | <i>National Employment Savings Trust</i> Statutory trust-based pension scheme. |

(continued)

Table 2.1 (continued)

| Country | Abbreviation | Description and name of organization |
|------------------------------------|-------------------------|--|
| (d) Social (advocacy) associations | | |
| D | <i>Paritätische</i> | <i>Deutscher Paritätischer Wohlfahrtsverband</i> Peak welfare association with over 10,000 organizations in the welfare and health care. |
| D | SoVD | <i>Sozialverband Deutschlands</i> Association of 0.56 million pensioners, people with disability, and welfare recipients. |
| D | <i>Volkssolidarität</i> | Welfare association with 244,000 members and care providers, with 17,000 employees in East Germany. |
| GB | NPC | <i>National Pensioners' Convention</i> Peak association representing over 1000 local, regional, and <i>national</i> groups of pensioners, about 1.5 million individual members. |

D: Germany, GB: Great Britain

Notes

1. The interviews for the research in this chapter were conducted by the author as part of the SFB project A6. The chapter is a revised excerpt from the doctoral thesis 'Beveridge and Bismarck Remodelled: The Positions of British and German Organised Interests on Pension Reform' at University of Mannheim, defended in 2016.
2. Life expectancy for men at birth was 40 years, though this is impacted by high infant and child mortality. At 20 years of age, a man could, on average, expect to live another 41.2 years (Statistisches Bundesamt 2015).
3. The commission (2002–2005) included Adair Turner, former CBI Director General, Jeannie Drake of the TUC, and John Hills, LSE professor.
4. Unfortunately, not all organizations that are relevant in the pensions discourse were available for interviews at the time. With its dominant role within the German union federation DGB, the metal worker union IG Metall would be particularly relevant (Anderson and Lynch 2007, 201) but could not be interviewed due to adverse circumstances. Similarly, the Federation of Small Businesses would have been a worthwhile British interview partner regarding small employers, while the Engineering Employers Federation was involved in early lobbying for pension reform. However, interviews with either organization proved impossible.

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3

Between Power and Persuasion: Explaining the Introduction of Statutory Minimum Wage Laws in Britain and Germany

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Introduction¹

The adoption of a statutory minimum wage (SMW) has swept through Europe since the mid-1990s, though the Nordic countries as well as Austria and Italy remain the only European Union (EU) countries without it. Quite strikingly, even the most ‘market-liberal’ and ‘ordo-liberal’ economies, Great Britain and Germany, have introduced governmentally mandated minimum wages in 1999 and 2015, respectively. While the timing between the two differs greatly, the explanation given is quite similar: facing a decline in collective wage bargaining coverage, trade unions and social democrats jointly endorsed a SMW in order to combat low-paid employment and augment the support from their working-class clientele. More specifically, in Britain, after repeated electoral defeats, the Labour Party endorsed—and subsequently introduced—a national minimum wage in the 1990s with the goal to combat in-work poverty and to ‘make work pay’. Moreover, trade unions had already performed a U-turn

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in the 1980s, following the radical labour market deregulation agenda of the Thatcher governments and coming to the realization that collective bargaining could no longer ensure adequate wages to the vast majority of (low-skilled) workers (e.g. Burgess 2006; Finn 2005; Meyer 2016). In Germany, the analytic narrative in the respective literature is strikingly similar: the Social Democrats began to advocate a SMW in the mid-2000s in reaction to their dwindling popular support and repeated electoral losses in both federal and state elections (Dostal 2012; Mabbett 2016; Marx and Starke 2016). German trade unions, like their British counterparts, supported a SMW before the party leadership's change of course for similar reasons: bargaining coverage had been on a steady decline, especially since German reunification in 1990, and millions of workers had become trapped in low-paid, often precarious forms of employment due to deregulation (Meyer 2016).

In both countries, the respective literatures portray the political right as being opposed to the SMW but unable to block its introduction. In Britain, the parliamentary support of the Conservatives (Tories) was not needed and thus they could not prevent Labour's legislative agenda, while British business was far from a veto point due to its weak organizational strength in this liberal economy and pluralist political system. The Christian Democrats in Germany are portrayed as 'grudgingly' accepting the SMW in a 'package-deal' to secure the formation of a grand coalition under the leadership of Christian Democrats in 2013 (Mabbett 2016; Marx and Starke 2016; Millim 2016; Thillaye 2014). In contrast to Britain, the German employers are seen as a crucial force to reckon with, yet internal divisions weakened their power and thus the possibility to function as a 'veto player' (Mabbett 2016).

This widely shared explanation broadly follows the logic of the power resources approach (Korpi 2006), whereby a strong left pushes for—and a weak right is unable to prevent—the introduction of SMWs in both Britain and Germany. Moreover, the ontological perspective remains situated in a 'rational choice' approach, where these actors seek to maximize *votes* (left political parties) and *policy* (trade unions) or at least in the case of the CDU *office* (accepting the SMW in order to form a grand coalition) (Strøm and Müller 1999).

Based on my comparative analysis, I take issue with both the underlying *empirical* and *ontological* claims, linking the SMW solely to the left and the theoretical premise of rational agents purely guided by strategic goals. While these arguments and associated insights are valuable, they are at best incomplete and in the worst case spurious. They are incomplete in at least two ways. First, they reduce actors' motivations to strategic considerations (vote- or office-seeking), while being oblivious to normative and moral arguments that may have played a significant role in actors' perceptions about the necessity and adequacy of a SMW.² Indeed, I argue that a switch of position by key political players—also within the right!—was too a large part motivated by *normative* rather than vote- and office-seeking considerations. Second, the presented arguments are incomplete as they focus solely on the national level, which is highly problematic as important path-creating developments at sub-national levels are overlooked. In fact, the ground work for the introduction and persistence of SMWs was laid not solely by party leadership but was informed and shaped by sub-national agents in both countries. Finally, I argue that the current portrayal might be based on a misinterpretation of (parts) of the Christian Democrats, who were by no means 'grudging supporters'. Rather, they were internally divided with a large influential faction, the Christian Democrats' labour wing (*Christdemokratische Arbeitnehmerschaft*, CDA), being supportive of the introduction of a minimum wage floor. It was the CDA, which was crucial in swaying the Christian Democratic base to endorse a SMW, following a normative case for 'decent work' and against a downward-spiral of wage competition in which 'good' employers loose out. Similarly in Britain, the Tories were not only supporting SMW after reclaiming government in 2012 but were even pushing for an increase as part of a 'moral capitalism' and 'progressive conservatism' frame (cf. Griffiths 2014; McEnhill 2015).

Overall, my argument about the introduction of SMW in Britain and Germany—and their *persistence*—emphasizes norms and morality (over purely strategic concerns), takes intra-party dynamics seriously (thus questions treating political parties and trade unions as unitary actors), and is sensitive to institutional specificities and sub-national activities (thereby challenging the 'methodological nationalism' predominant in the literature). First, I will offer a succinct summary of the causal argu-

ments found in the literature on the introduction and further development of the SMW in both Britain and Germany. Second, while I largely corroborate the findings for the British case with regard to the *origins* of the SMW, I will offer new insights to recent, *morally grounded developments* and show how the powerful employer association CBI no longer opposes the SMW and how the Tories have become champions of the National Living Wage³ (albeit in a context of cutting welfare state expenditures). Third, my analysis carefully traces the history of SMW in Germany at multiple levels of governance, while opening the ‘black box’ of intra-party deliberation. Finally, I will summarize the main findings and elaborate on the key insights and lessons learned.

Theoretical Assumptions about Actors and Agency

Many of the arguments found in the literature about the introduction of SMWs, explicitly or at least implicitly follow the reasoning of the power resources approach (PRA). PRA emphasizes distributional class conflicts and the organizational power of the workers’ movement, expressed in the organization of trade unions and the formation of left-wing political parties (Korpi 1983). Following this approach, the central goal of trade unions and left parties is to ‘decommodify’ workers by protecting them from the vagaries of the market and correcting the imbalance of power between capital and labour. The left is thus seen as the central agent in consolidating and expanding social policies (Huber and Stephens 2001). In this view, the left historically prioritized the expansion of ‘social rights’ (Marshall 1950) through welfare legislation, while also demanding and securing workers’ ‘industrial rights’ to freely and collectively negotiate wages and working conditions with employers.

The political right, in turn, is assumed to oppose decommodification and labour market regulation (Esping-Andersen 1990), and—at the very best—*consent* to an expansion of citizens’ social and industrial rights, if and only if, an even worse policy course can thereby be avoided (Korpi 2006). In this scenario, centre-right parties as well as employer and busi-

ness associations only strategically consent to a ‘second best alternative’ and thus eagerly await a chance to alter the status quo by rolling back unwanted regulatory legislation. Such ‘windows of opportunity’ seem most likely when the political opponents’ power weakens or after a favourable change in government.

The evidence brought forward to explain the introduction of SMW in Britain and Germany at first glance supports these theses, at least in principle. However, corroborating my concerns identified above, I will show that normative considerations are crucial in explaining the two centre-right parties’ embrace of SMWs. While this does not mean that economic and electoral concerns were unimportant, normative concerns and the appropriate framing of the necessity and adequacy of SMWs were a necessary condition for their successful implementation and subsequent persistence.

Britain: From Neoliberal Frontrunner to Championing a National Living Wage

Discussions about the necessity of a SMW to protect low-paid workers have a long history in Britain. Already in 1909, Winston Churchill, then President of the Board of Trade, argued in favour of legislation to regulate pay in those industries known for paying low wages due to an asymmetric power distribution between employers and employees. The subsequently installed *Trade Boards*, which were later replaced by *Wages Councils* following the Labour Party’s electoral victory in 1945, set minimum wages in industries, where collective bargaining arrangements were at risk or absent (Finn 2005). Even though the bipartite Wages Councils grew quickly in number and reach—covering 3.5 million workers in the early 1960s—a small handful of trade unions began to question their real value to workers and the trade union movement. This view hardened when in 1968 the so-called Donovan Report concluded that the Wages Councils were ‘both ineffective in remedying low pay and an obstacle to the development of collective wage bargaining’ (Finn 2005).

In addition to an increasing weariness about Wages Councils, awareness about—especially child and elderly—poverty in post-war Britain also grew. Out of these concerns, the Child Poverty Action Group (CPAG) was formed in 1968, which drew attention to the ‘connection between low wages and child poverty and the limitations of the Wages Councils in providing protection for low paid workers, especially in growing industries that fell outside their wage setting powers’ (Finn 2005). In the midst of these debates, a legislative proposal to introduce a national minimum wage was put forward. However, at that time the majority of trade unions and the Labour Party remained opposed to it (Burgess 2006). The scepticism, if not hostility against a SMW in the 1960s, was largely based on the preference for an alternative strategy, namely significantly expanding the reach of collective bargaining coverage and thereby making Wages Councils and government interference unnecessary (Metcalf 1999a).

The 1970s were characterized by two key developments. On the one hand, the Labour government introduced a series of laws that made it easier to abolish or merge the existing Wages Councils, while encouraging the establishment of collective bargaining. On the other hand, welfare organizations and charities intensified their efforts to gather support for a SMW. Especially active was the CPAG, which launched the Low Pay Unit (LPU) with the explicit goal to fight for a SMW (Burgess 2006).

With the election of Margaret Thatcher in 1979, the political climate changed dramatically. The trade unions’ hopes and aspirations to expand collective bargaining became increasingly dulled as the Conservative government rapidly deregulated the labour market, curtailed the unions’ legal freedom to strike, and did not shy away from confronting the unions head on (Metcalf 1999a; Meyer 2016). Likewise, the introduction of a SMW became increasingly unlikely given the Thatcher administration’s deep distrust of state interventionism and unconditional faith in market-based solutions (Gamble 1988). In addition, the government abolished the Fair Wages Resolution and renounced the UK signature of the ILO Convention 94 in 1983. While the former ‘required companies contracting with public authorities to pay the ‘going rate’, the latter stipulated clauses to ensure comparable wages and conditions for workers in private and public contracts (Finn 2005). Over time, both of these changes led

to worsening pay and working conditions, especially for workers in formerly public-sector jobs that were newly hired or reemployed by private contractors.

Due to the Conservatives' legislative agenda, not only wage inequality was on the rise, but also union membership declined and bargaining coverage weakened, while a 'two-tier workforce' emerged as many new employees faced severely reduced working standards and pay levels (Finn 2005). In the early 1980s, Rodney Bickerstaff from the then National Union of Public Employees and Labour politician Chris Pond sought to align the broader trade union movement against the government's agenda (Metcalf 1999a). Their main instrument was the creation of the Low Pay Forum, where individual union leaders and party elders repeatedly pushed the agenda for a national minimum wage (Waltman 2008). Following Labour's electoral defeat in 1983, the Forum continued discussions about the necessity and level of a SMW. After lengthy and heated debates, the Trade Union Congress (TUC) eventually endorsed SMW in 1986 as the only means available to 'regulate low-wage competition and low pay' (Meyer 2016, 560). The Labour Party also shifted its stance that same year. While the level of the SMW remained open in the party manifesto of 1987, five years later—and following yet another electoral defeat—the Labour Party argued for a SMW at the level of 50 per cent of the male median income, which should subsequently be raised to 67 per cent in the run-up to the national elections in 1992 (Burgess 2006).

Unsurprisingly, the Thatcherite Conservatives categorically rejected such ideas and argued that a SMW would destroy up to two million jobs (Finn 2005). Following their fourth consecutive electoral victory in 1992, the Tories then abolished all remaining Wages Councils, except the Agricultural Wages Council (Callaghan 2000), while continuing their quest to deregulate the labour market and to weaken industrial rights of workers. At that time, the Conservatives' agenda was fully backed (as expected by PRA) by the most important business and employer associations. For instance, the CBI argued in 1995 that 'even a low minimum wage would reduce job opportunities and create major problems for wage structures in a wide range of companies' (CBI cited in: Metcalf 1999a, 173).

Following their fourth electoral defeat in 1992, the Labour Party sought to reflect on its positions yet again, especially on the SMW. As party and unions were internally split on how to set the appropriate level of a SMW, they asked the newly established Commission on Social Justice to develop a broader, 'practical vision of economic and social reform for the twenty-first century' (Commission on Social Justice 1994), in which also the mechanism to set the SMW was to be outlined. Tony Blair, who was elected as the new leader of the Labour Party in July 1994 then followed the Commission's recommendation *not* to set the minimum wage in relation to average earnings, a position the TUC continued to support (Callaghan 2000). The manifesto of the Labour Party rather declared that the SMW should be set in accordance with the economic circumstances of the time, and with the advice of an independent low pay commission (Finn 2005). When Blair became Prime Minister in 1997, low pay had continuously been on the rise, culminating at a level of an estimated two million workers (Prowse and Fells 2016). He almost instantly established the Low Pay Commission, in which employee representatives, employer representatives, and academics would recommend the initial rate of a SMW as well as possible exceptions (Metcalf 1999b). When, in April 1999, the SMW was introduced in a larger policy agenda to 'make work pay' (Finn 2005; Weishaupt 2011), even the CBI approved its existence, while concentrating its political weight on managing its rate (Burgess 2006). Given the tremendous popularity of the Blair government, the CBI's endorsement may have indeed been a strategic choice (as suggested by the PRA), while (as theoretically expected) the Tories continued to oppose SMW, 'although they appeared unsure whether they would repeal the measure if elected to government' (Metcalf 1999a).

The empirical evidence presented thus far largely corroborates the PRA, albeit revealing that also non-traditional groups such as CPAC were of significance. However, the material has revealed some evidence to doubt a principal resistance of the right to SMW, already at the time of its introduction. Even more strikingly, in 2005, the newly elected Conservative leader, David Cameron, publicly stated in an interview that he did not want his party to 'turn back the clock to 1997' and that, *inter alia*, the 'minimum wage ha[d] been a success' (Cameron, cited in *The Guardian* (2005)). Once back in power, the Conservatives went even one step fur-

ther by not only keeping the SMW but endorsing a Living Wage, which would significantly raise the SMW to £9 by 2020. How can this counter-intuitive development of the Conservatives be explained?

In order to explain the Tory's U-turn on the issue, a multi-faceted argument is needed, combining sub-national agency, intra-party coalition building, and (most importantly) Cameron's normative vision of 'progressive conservatism' that (at least rhetorically) emphasizes social justice, a duty for employers to pay adequate wages, and an overarching concept of 'moral markets' that are not only free but also fair (cf., Griffiths 2014).

The origins of the contemporary Living Wage agenda can be linked to a grass roots campaign of the Citizens UK (initially called The East London Communities Organisation in 2001).⁴ The campaigners, supported by local Members of Parliament (MPs) and John Monks, TUC General Secretary, sought to bring attention to the poor working conditions of working parents in London and the gap between the national minimum wage and a 'Living Wage'. Following a series of campaigns, the Greater London Authority established a Living Wage Unit (LWU) to calculate the London Living Wage, which showed a significant gap between what was needed to live adequately and the national minimum wage. When David Cameron became Tory leader in 2005, he publicly announced that the SMW was a success and, in 2006, symbolically invited to the party conference Polly Toynbee, a left-wing Guardian columnist, who had repeatedly published articles about poverty in Britain and the importance of a higher SMW (The Guardian 2003). At the conference, Cameron embraced a new 'socially fair' vision for the country, denouncing the effectiveness of 'trickle-down economics' and stressing that poverty was a 'moral disgrace' (The Telegraph 2006).

In July 2008, newly elected Mayor of London, Boris Johnson, became the Conservative face for the Living Wage campaign when he honoured his pre-election pledge and announced a new Living Wage figure of £7.45 for London's public-sector employees. He also encouraged employers to voluntarily pay a Living Wage. The Living Wage became one of his central policy issues, also criticizing the Labour government's stance on the SMW by arguing that if the government were 'serious about tackling the capital's obscene levels of poverty and deprivation', then it would join

him ‘in urging all London employers to accept the London living wage as the basic pay rate’ (The Guardian 2008). Subsequently, he would continuously put pressure also on Cameron to consider a *National Living Wage*.

Besides internal debates about poverty and a living wage, various non-governmental groups sought to promote the agenda as well. The Joseph Rowntree Foundation, for instance, funded the Centre for Research in Social Policy to conduct research on poverty and low pay and to calculate a minimum income standard. Many faith- and community-based groups were similarly active early on. The trade unions, in turn, fully embraced the idea with the adoption of the ‘*Unfinished Business: The Quest for a Living Wage*’, only in 2010 (Prowse and Fells 2016, 149).

In the run-up to national elections in 2010, David Cameron presented his vision of ‘The Big Society’ that prioritized reducing the role and size of the state, which was to be offset by empowering (and financing) voluntary and community organizations to take responsibility (McEnhill 2015). Cameron’s vision was in stark contrast to both Labour, who sought to use taxation to reduce public deficits, and the more traditional Thatcherism, in which social concerns remained marginalized. Indeed, in Cameron’s underlying philosophy was ample room for society (which Thatcher infamously claimed did not exist in 1987) and progressive goals such as helping people out of poverty and equality of opportunity (Griffiths 2014).

Even though he proclaimed during the election campaign that the Living Wage was an idea whose time had come (Grover 2016), his government initially took no action. As Britain was in the midst of the worst recession in 60 years, increases in the SMW were politically highly sensitive for the Conservatives’ leader. However, over the next few years, poverty in Britain and the rate of the SMW remained a salient topic. In 2011, Citizens UK launched the Living Wage Foundation, which accredited employers who had committed to paying a Living Wage (Citizens UK 2013). The basic idea is similar to other labels such as Fair Trade that set a standard for responsible businesses. Civil society actors including the Fair Pay Network, a coalition of charities and NGOs such as Oxfam and the TUC, then brought attention to employers who paid wages below the Living Wage thresholds (The Independent 2012). Similarly, the All Party

Parliamentary Group on Poverty (APPG), founded in the mid-1990s, released several reports on poverty but also the role of civil society and business in 2013 and 2014. In 2014, parliament fully discussed the Living Wage on behalf of Conservative MP Chris White and member of the APPG (The House of Commons Hasard 2014). Over the years, and with a return to economic growth, more and more Conservative MPs—such as Guy Opperman, Chris White, Mayor of London Boris Johnson (The Guardian 2012)—and close advisers to David Cameron, including Steve Hilton⁵ and Rohan Silva,⁶ articulated their support for an increase in the minimum wage (Guardian 2013, 2014). In the run-up to the 2015 national elections, the new Labour leader Ed Miliband continued to push for a higher SMW, including a pledge to increase its rate to £8 in the election manifesto of 2015 (Grover 2016). The Conservatives' manifesto, in turn, stressed that they will back increases in the SMW as suggested by the Low Wage Commission and underlined that they furthermore 'supported the Living Wage and will continue to encourage businesses and other organisations to pay it whenever they can afford it' (Conservatives 2015, 23).

In May 2015, Cameron's Conservatives emerged as the winner in the national election and received an absolute majority of parliamentary seats. The Chancellor of the Exchequer, George Osborne, announced in the first summer budget that not only that the government will raise the minimum wage but also promised to implement a National Living Wage (NLW). Cameron subsequently argued that the new NLW will be raised so that 'by 2020 it would be the equivalent to 60 per cent of the median hourly wage' (Grover 2016, 695). This is a striking development in two ways. For one, it goes back to a calculation of SMW first discussed in the 1980s by Labour and the trade unions (but rejected by the Conservatives). Second, it sidelines the Low Wage Commission as the NLW is calculated based on a formula rather than the recommendation brought forward by the tripartite commission. While the Conservatives' NLW is set below the necessary rate calculated for London and comes hand-in-hand with cuts in the tax credits (much criticized by the left). This still runs counter to the expectations of PRA: not only does it negate the premised expectations of the political right but it also shifts the brunt of the burden upon employers, the natural ally of the Conservatives. Moreover, the policy was

announced shortly *after* the elections and thus fails to be motivated by vote- or office-seeking goals. Therefore, in order to explain Cameron's embrace of (his version of) the Living Wage, his pledge for 'moral markets' becomes central, indicating the normative embeddedness of his Conservative ideas. More concretely, his argument was based on the idea that the Living Wage achieved several goals at once: (a) it addresses poverty at its root causes by empowering wage earners; (b) reduces welfare dependency and allows for tax cuts; and (c) reminds employers of their duty to pay fair wages. Put differently, while an increase in the SMW runs counter to the traditional Conservative belief in unfettered markets, it is rather consistent with Cameron's 'progressive conservative' and 'big society' narratives that seek to balance social needs (receipt of a Living Wage as the best measure to be lifted out of poverty/social exclusion), employers' responsibility (not to abuse their power), and a small state size (as higher wages are introduced in parallel with significant cuts in welfare expenditures). Only time will tell, if the so-called National Living Wage will stay in place with successive (Conservative) governments. However, the new Prime Minister Theresa May and her Chancellor of the Exchequer Philip Hammond pledged to continue the course taken as outlined in the Autumn Statement of 2016 (The Independent [2016](#)).

Germany: Joining Cross-party Forces for Dignified Work

For the first four decades after World War II, there was little need to discuss governmental interference in the wage-setting arrangements of (West) Germany. During the reconstruction decades, the German ordoliberal conceptualization of the 'Social Market Economy' became fully institutionalized, which included not only the expansion of social rights but also core industrial rights, which were constitutionally anchored in the 'wage-setting autonomy' (*Tarifautonomie*) clause. Contemporary studies estimate a coverage rate of collective wage agreements up to 90 per cent during the post-war era (Schulten and Bispinck [2013](#)). Nevertheless, in the context of reinstituting a constitution for Germany,

already the Collective Bargaining Act (*Tarifvertragsgesetz*, TVG) of 1949 included a paragraph (§5) that allowed the government to declare collective agreements as generally binding, though only if the agreement already covered at least 50 per cent of the employees in the respective sector. In 1952, a limited ‘social emergency’ clause was further introduced (so-called *Mindestarbeitsbedingungsgesetz*, MiArbG) which allowed under very narrow preconditions to extend collective agreements also in sectors that failed to reach the 50 per cent coverage quorum.

For many decades, the wage-setting autonomy norm remained uncontested. However, after German unification in 1990 and the establishment of the Single Market in 1993, the Christian Democrat/Liberal coalition government introduced a ‘new’ instrument to declare wage agreements as generally binding when they first utilized the Posted Workers Act (*Arbeitnehmer-Entsendegesetz*, AEntG) in the construction sector in 1996. At that time, the government’s ambition was not to secure adequate pay levels for construction workers. Rather, the decision was aimed at reducing foreign (mainly Portuguese) competition by obliging foreign construction firms to pay German wages to posted workers. One year later, the law was also applied to two more construction-related sectors (Eichhorst 1998).

Despite the application of the AEntG in the late 1990s, governmental interference with collective wage bargaining remained limited: only some five per cent of all collective agreements were declared generally binding, which also included all extensions via the TVG.⁷ The already low coverage rate would further erode during the 2000s to less than two per cent in 2013 (Schulten and Bispinck 2013). This decline was the result of a significant overall decline of the bargaining coverage, especially in the ‘new’ German sub-national governments (*Länder*) of eastern Germany, where newly founded firms never joined employer associations, while membership firms either left the associations entirely or joined new ‘OT-associations’, which offered membership without the obligation to adhere to collective agreements (Silvia 2010, 2013). Put differently, given the increasingly low coverage rate of collective agreements, it had become ever more difficult to meet the 50 per cent coverage quorum, stated in the more generally applicable TVG.

The first time the wage-autonomy clause was put into question by trade unions occurred in 1999, when the Foodstuff Industry and Gastronomy Union (NGG) demanded a SMW to fight in-work poverty (*‘Gegen Arbeit in Armut’*). The NGG not only pointed to the developments in Britain, where a SMW was introduced in April the same year, but also argued that collective bargaining no longer protected many (of their and other service sector) workers from low wages and exploitive employers. Like in Britain a decade earlier, the voice of the NGG remained largely unheard for many years as the Social Democrats as well as the other trade unions continued to principally reject the government’s role in setting wages. Over time, however, the opposition to the idea of a SMW grew softer. Following the government’s launch of the Agenda 2010 and the passage of the controversial Hartz reforms in the winter 2003/4, numerous trade unionists and SPD members began to discuss the necessity to counteract the continuous trends of a growing low-wage sector (Einblick 2005). The Hartz reforms significantly tightened benefit conditionality for the long-term unemployed, forcing job-seekers to accept low-paid and atypical, if not precarious, work (Weishaupt 2010). In this context of an ever-lower wage floor, key trade unions such as NGG and Verdi, the SPD regional group Hestia South, and a small handful of left-wing SPD MPs, most prominently Andrea Nahles, Kurt Beck, and Franz Müntefering openly discussed, if not endorsed, a need for a SMW in June 2004 (Die Welt 2008). The two trade unions even went a step further by suggesting a SMW level of €7.50. For them also the EU’s eastern enlargement was relevant since it sparked fears of an increase in low-wage competition and ‘exploitation’ of workers (Einblick 2005).

In parallel, the debate about low-wage regulation had also taken place at the sub-national level. Several exclusively western German subnational governments (*Länder*) had introduced laws that stipulated employers receiving contracts through public bidding processes to pay the collectively agreed wage rate in these sectors (the so-called *Tariffreueregelung*). The governments that issued such laws included Berlin (CDU-led grand coalition) in 1999, Bavaria (CSU led) and Saarland (CDU) in 2000, Saxony-Anhalt (SPD) in 2001, Bremen (CDU-led grand coalition), Lower Saxony and North-Rhine-Westphalia (both SPD) in 2002, Schleswig-Holstein (SPD-led coalition government) in 2003, and

Hamburg (CDU) in 2004 (Hans Boeckler Stiftung 2012). While these rules did *not* stipulate SMWs before 2007 (then commenced by mainly SPD-led regional governments), they did draw a wage floor, comparable to the rules of the AEntG.

Given the internal divisions within the trade union confederation (DGB) and the opposition of SPD leadership, any further progress on a SMW appeared impossible prior to the 2005 election. The DGB continued the extension of the AEntG to other, if not all, sectors (Einblick 2005)—a proposal that the Social Democrats then included in their 2005 election manifesto. The SPD also incorporated the possibility of a SMW, if collective solutions were unable or ineffective in preventing in-work poverty and ‘wage and social dumping’ (SPD 2005, 34). In contrast, the Christian Democrats remained in steadfast opposition to a SMW, advocating public subsidies for low-wage workers instead (so-called combi wages) (CDU/CSU 2005, 13).

Following the elections in the fall 2005, a grand coalition under CDU leadership was formed. The coalition agreement included a passage that sought to reconcile the two political parties’ views, by stating that wages should, on the one hand, not fall below an unethical level (*Sittenwidrigkeit*), but on the other hand, low wages should also remain a source of employment growth, perhaps in combination with wage subsidies (CDU/CSU/SPD 2005). The coalition agreement also included a joint commitment to apply the AEntG in the industrial cleaning sector and to evaluate whether other sectors may be included. For this purpose, a high-ranking joint committee was formed with a mandate to assess the labour market situation and propose solutions.

German trade unions finally united their stance in May 2006, when the DGB endorsed a SMW, following lengthy internal debates and a joint NGG and Verdi public, awareness-creating campaign under the slogan ‘poor despite employment’. The DGB’s endorsement was first and foremost conditioned on a ‘cascading model’, which included to first aim at expanding collective agreements and then rely on the SMW for those workers who were not covered by any collective agreements. The Social Democrats, in turn, continued to support the cascading model, but left the option open that a SMW could potentially differentiate between sectors and regions. While Chancellor Merkel openly

rejected a SMW, already in 2006 a small handful of prominent CDA members such as Vice-Chairwoman Ingrid Sehrbrock endorsed the idea, while the CDA as a group supported the goal that ‘decent wages’ should be paid by all employers. This goal was explicitly compatible with the idea of extending the AEntG to more sectors, and implicitly criticized the CDU/CSU’s preference for subsidizing low-wage paying employers.

The high-ranking joint committee met several times during 2006. Even though many positions remained irreconcilable, including the SMW and ‘combi wages’, the governmental extension of collective wages was acceptable to both parties as it upheld the collective bargaining autonomy. The committee also found a consensus to ban ‘unethical wages’, which allowed Labour Minister Franz Müntefering (SPD) to invite new sectors to apply for AEntG coverage in summer 2007. The pathway to the CDU’s acceptance of the AEntG was at least in parts also paved by CDA, who had launched a campaign to collect signatures against in-work poverty and for decent wages in March 2007. Numerous CDA districts, four CDU/CSU MPs, and trade unionists signed the campaign.

In December 2007, the DGB launched its own large public campaign for a SWM with a quote by US President Franklin D. Roosevelt: ‘No business which depends for existence on paying less than living wages to its workers has any right to continue in this country’. The campaign included a huge poster at one of the busiest intersections in Berlin and numerous tours across the country to increase awareness about the extent of low-paid work and in-work poverty in Germany. The campaign was picked up by all major media outlets; indeed, the DGB considers it one of the most successful in its history (DGB 2014).

In April 2008, eight sectors applied for their inclusion in the AEntG. In January 2009, parliament granted six of the eight sectors AEntG coverage.⁸ Parliament also decided that Labour Minister Müntefering was allowed to revive the dormant *Mindestarbeitsbedingungsgesetz* (MiArbG) of 1952. Müntefering hoped that the MiArbG would allow him to apply the TVG in additional sectors as the MiArbG did not stipulate a 50 per

cent quorum. In April 2009 a revised version of the AEntG (and the MiArbG) then came into law. These revisions took into account the very different economic and political context. This is to say, the sectors that applied for inclusion in the AEntG had done so *not* to force foreign competitors to pay German wages to their posted workers—the very reason the AEntG was first introduced in the construction sector. They rather had done so seeking to ameliorate *domestic* competition between companies that paid collective agreements and those who did not (Bosch and Weinkopf 2012). Taking this new situation into account, the government formulated new explicit goals in the revised AEntG text, including the creation and enforcement of adequate minimum working conditions, a guarantee to fair and functioning competition, the protection of social-insurance-based forms of employment contracts, and the safeguarding of the regulating and pacifying functions of the collective bargaining autonomy (BMAS 2009). In order to move on with the MiArbG, the Labour Ministry (BMAS) appointed an additional joint committee to evaluate, if, and if so in what other sectors or occupations ‘unethical’ wages were existent. In the run-up to the 2009 election, SPD included a generally applicable SMW in their party manifesto, while the CDA—still a minority voice within the CDU/CSU—publicly discussed a level of €6.50.

Following the election of a new government composed of the CDU/CSU and the market-liberal Free Democrats in 2009, the left fought unitedly for a SMW. In 2010, the DGB increased the level to €8.50, while the Social Democrats brought in their first (yet symbolic) legislative proposal in parliament in February 2011. During the CDU/CSU-FDP legislative period, the SPD also strategically focused on the sub-national level. In early 2011, Berlin and Bremen issued minimum wages for employment in publicly tendered contracts of €7.50 and €8.50, respectively, Rhineland-Palatinate followed later the same year, and many other SPD-governed Länder in the subsequent years. A clear pattern became thus visible: SPD-governed Länder governments introduced minimum wages ‘from below’ in a tactical move to increase the pressure on the still hesitant factions within the CDU/CSU (interview with DGB leader).

Following the electoral success of the SPD in the Land elections in Lower Saxony, the tide had turned in early 2013. On 1 March 2013, the Länder governments formed a voting coalition in the *Bundesrat* between the SPD–Green, Green–SPD, SPD–Left Party, and CDU–SPD–governed Länder—the latter being Saarland—and voted in favour of a SMW. While the coalition was well aware that the CDU/CSU–FDP dominated *Bundestag* would not have to discuss the law before the impending national elections in the fall of 2013, it nevertheless sent a powerful message to the electorate and set the stage for future coalition negotiations.

However, not only did the left fight unanimously for a SMW but the CDA had also intensified their efforts to persuade the CDU/CSU about the necessity and adequacy of a SMW. Well aware of the political sensitivity, the CDA avoided the term SMW and mostly used the goal of a ‘low-wage floor’ instead. In May 2011, CDA Chair Karl-Josef Laumann announced that the CDA will ‘fight for a minimum wage floor’ set by the social partners, oriented at the collective agreement settled in the agency work sector that came into force in April 2011 (N-TV 2011). The collective agreement for agency workers represented the first ‘low-wage floor’ that covered several sectors at once, albeit set at two different levels, distinguishing eastern and western Germany. Labour Minister Ursula von der Leyen (CDU) subsequently supported the CDA’s initiative to regulate the low-wage sector, just like the CDU Land associations of Hamburg and Saarland. Laumann subsequently persuaded the CDU base in a fulminant speech in November that the Christian–social teaching stressed ‘fair competition’ and that ‘good’ employers were underbid by ‘dirty’ ones, paying low wages and engaging in dubious work practices. In order to bring back decent work and fair competition, collective wage bargaining should be strengthened. In addition, the social partners should draw a ‘low-wage floor’ in all sectors that remain outside collective coverage. At the end of the CDU party assembly, the majority of CDU members voted in favour of Laumann’s initiative, effectively ending the Christian Democrats rejection of a SMW and discrediting the combi-wage model. Feeding on this ‘success’, the CDA continued to campaign for a minimum wage by reference to a ‘low-wage floor’ through 2012 and 2013, for instance with a May-Day Email campaign that stressed dignity in and through work (*‘Weil Arbeit ist WERTvoll ist’*) (CDA 2012), in several publicly broadcasted interviews (Deutschlandfunk 2012), or during dis-

cussions about the contents of the manifesto for the 2013 election (RP Online 2012). At that time, the CDA was convinced that some type of minimum wage was inevitable.

When the election brought back another grand coalition in the fall of 2013 under the leadership of Chancellor Angela Merkel, the Christian Democrats swiftly agreed to the introduction of a SMW with the passage of the Minimum Wage Law on 11 August 2014 (*Mindestlohnengesetz, MiLoG*).⁹ Indeed, the Christian Democrats celebrated the law as a ‘mile stone for Christian-social policy’ (CDU/CSU 2014). Clearly, the specifics of the SMW largely show the handwriting of the Social Democrats (e.g. the very limited use of exceptions or the uniform level for eastern and western Germany), but the very fact that the Christian Democrats agreed to its introduction needs to be linked to the CDA and the normative framing of the debate that effectively sidelined alternative models of fighting in-work poverty such as the ‘combi wages’ model.

Discussion and Conclusion

Besides tracing the introduction and persistence of SMWs in Germany and Britain, the comparative analysis argued for a revised perspective. There are at least three (mainly analytical) lessons that can be drawn. The first corrects some empirical misperceptions in the existing literature on the German SMW. Most importantly, and related to the other two findings, the analysis has shown that the German Christian Democrats did not grudgingly concede to SMW in a package-deal to secure another grand coalition. Rather, they had gone through long and thorny internal debates and, eventually, the party base was persuaded already in 2011 about the necessity and adequacy of a lower wage floor on moral grounds. At that time, discussions about the minimum wage were no longer dominated by economic concerns over job losses, while the CDU’s previous alternative of ‘combi wages’ was delegitimized as ‘good’ employers, who are willing to pay ‘decent wages’, were preferable over ‘bad’ employers, who became competitive only via low wages or dubious business practices. While the term ‘minimum wage’ was not used by the CDA, the party effectively no longer ruled out governmental interventions to limit low-wage pay.

This argument relates to the second finding, namely, that the introduction of SMWs was largely a normative decision, which is also evident in the British case. David Cameron paved the way to substantially increase the SMW due to his ‘progressive conservatism’ agenda, which made poverty a central concern of the Tories. While his government refrained from increasing the SMW beyond the recommendations of the Low Pay Commission during his first term, he acted swiftly and decidedly after securing a second term in office in 2015. The decision to introduce a National Living Wage can only be explained via reference to moral arguments, as a single party government had already been formed and office- and vote-seeking concerns were no longer paramount. Instead, the introduction of the NLW must be understood as part of Cameron’s new conservative agenda and the continuous support, if not pressure, by Conservative forces including Mayor of London Boris Johnson, several MPs, and his closest advisers.

Finally, the role of the left should by no means be underestimated. Clearly, the trade unions and Social Democratic/Labour parties paved the way, being front-runners of SMWs in both countries. It is equally important that trade unions and Social Democrats/Labour themselves had to first be persuaded about the necessity and adequacy of SMW, traditionally preferring collective agreements over governmental interventions. Also in the context of left debates, moral discourses—often coming from a small handful of MPs or regional groups—eventually persisted and persuaded remaining sceptics.

Notes

1. I would like to thank my two research assistants, Sabrina Fricke und Lukas Drögemeier, for their outstanding support.
2. My focus on morality in the SMW debates has been inspired by Pies (2015).
3. There is a big controversy about the Conservatives’ National Living Wage as it is below what the Living Wage Foundation has calculated as appropriate and only applies to workers age 25 and up.
4. This section draws on the following online sources: Queen Mary University of London (2013); Living Wage Foundation (n.d.).

5. Steve Hilton, who was Cameron's director of strategy after the 2010 election, forcefully argued that most businesses can afford to pay a living wage and that they should not get away with paying their staff as little as possible, while taking subsidies paid for by taxpayers (The Daily Mail Online 2015).
6. Rohan Silva repeatedly argued that if small businesses like his could pay a Living Wage, others, especially large 'multinationals and public sector behemoths' could too (The Guardian 2015).
7. For a complete list for the years 1979–2014, please consult BMAS (BMAS 2017).
8. The other two sectors—long-term care and agency work—were discussed under separate rules.
9. The law was embedded in a larger 'Law to Strengthen the Collective Bargaining Autonomy', which simplified and expanded procedures to make collective agreements generally binding and thus strengthened the role of the state. On the one hand, the law removed the 50 per cent quorum for the TVG and replaced it with a necessity that both social partners apply for inclusion in the TVG. On the other hand, the AEntG was opened to all sectors, which effectively removed the idea that sectoral minimum wages are an instrument to regulate foreign (posted) competition. Both regulations are expected to increase the coverage rate of collective agreements.

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4

Positions of Interest Groups Towards Labour Market Reforms in Germany: A Novel Content Analysis of Press Releases

Christopher Buss and Benedikt Bender

Introduction

Interest groups such as trade unions, employers' organizations, and welfare associations play a crucial role in political reform processes in the labour market policy area. These organizations seek to influence the legislative process by lobbying government and parliament, participating in parliamentary consultations, or organizing demonstrations (Ebbinghaus 2010). Thus, major studies in welfare-state analysis consider actor configurations and coalitions as key elements to understand reforms (Pierson 2001; Häusermann 2010; Rueda 2005; Kitschelt and Rehm 2006).

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In this chapter, we investigate the positions of German interest groups towards labour market policies in the years 2009–2014. The influence of trade unions and employers' and welfare organizations is particularly strong in the contentious policy area of the labour market. We focus on the German case because substantial changes in labour market policy over the last decade make it a particularly crucial case to study (Eichhorst and Marx 2011). Furthermore, the role of interest organizations is especially strong in Germany because of the corporatist labour relations in this country.

Our main research focus lies on two major reforms: statutory minimum wage and the regulation of atypical contracts. The German parliament adopted a generally binding minimum wage of 8.50 € in 2014. Until then, several sector-specific minimum wages left out a substantive part of the workforce. Furthermore, the Conservative–Liberal coalition had introduced a law to prevent abusive use of agency work in 2011. The empirical analysis is complemented by investigating three additional policy issues: unemployment benefits, active labour market policies, and training policies.

Building on Schmitter and Streeck (1999), we argue that interest groups' positions are based on the short-term interests of their members (logic of membership) as well as on the organizations' long-term interests (logic of influence). We address the question whether trade unions, in addition to defending the well-being of their core membership, consider the interests of non-members in view of a long-term strategy. Moreover, we ask if welfare organizations support a minimum wage that benefits their clientele or if they are bound by their role as employers in the low-wage service sector.

Our methodological contribution is the novel use of content analysis in this research field. Political scientists regularly examine texts such as election manifestos or parliamentary debates to assess positions of political parties (Laver et al. 2003). Building on this literature, we use hand-coded press releases to estimate positions of interest groups. This approach has several advantages compared to methods based on in-depth qualitative analysis. First, a systematic mapping of positions allows estimating political differences between a larger set of interest groups over time, considering the degree of support or opposition. Second, the relative

frequency of a topic in the press releases provides information about its relevance (salience) for the organization and in comparison to others. The importance of a topic indicates how many resources the organization is willing to invest to influence the reform outcome. Third, we use publicly available data that allows replication or application to other policy fields, and therefore we provide details on the methodology applied. Only few studies investigate positions of interest groups with political text. Häusermann (2010) uses political statements to assess positions of unions and employers' organizations towards reforms of pension and family policies over a time span of 30 years. Weßels (2007) finds that unions, social welfare organizations, and employers' organizations have a negative stance towards the Hartz-reforms in Germany in their press releases.

The following section describes our theoretical expectations for the positions of unions, employers, and welfare organizations. We then present data source and method in more detail. After describing the development in this policy field and reporting our findings, we conclude with a discussion of our results and implications for future research.

Interest Groups' Stance Towards Labour Market Reforms

We focus on the two most prominent and salient reform issues in Germany in our period of investigation—the introduction of a statutory minimum wage and stricter regulation of atypical contracts. From 2009 onwards, the government introduced several sector-specific minimum wages that left out a substantive part of the workforce. The grand coalition between the Christian Democrats and the Social Democrats agreed to introduce a generally binding minimum wage, which was adopted by the German parliament in 2014 (see Chap. 3 for a detailed discussion). Main discussion points concerned the level of the wage, procedures to adjust the level, and exceptions for particular groups such as the long-term unemployed. As a second reform, the Conservative–Liberal coalition introduced a law to prevent abusive use of agency work by restricting the maximum length temp workers could work for a hiring company in 2011. The share of workers with atypical contracts has increased steadily

in some branches of the economy since the mid-2000s (IAB 2014). While economy-wide only about three per cent of all employees work under such contracts, this applies to about 11 per cent of workers in the metal industry in 2014 (Deutscher Bundestag 2014). Agency workers earn about 40 per cent less than their colleagues with a regular contract, and about half of this gap remains when other factors such as qualification and work career are controlled for (Jahn 2008).

We select three types of interest organizations that have played an important role in these two reform processes: trade unions, employers' organizations, and welfare organizations. While the literature on industrial relations focuses primarily on the social partners, only few studies take into account the role of welfare organizations (Häusermann 2010). This is even more surprising when considering these associations' important role in the parliamentary process in Germany. In contrast to unions, welfare organizations primarily defend the interests of individuals with a weak attachment to the labour market, giving us a diverse insight into the representation of interests.

Two main motives shape the positions of interest groups. Leaders of unions, welfare organizations, and employers' organizations have to consider the interests of their members as well as the strategic long-term interests of their organizations. The analytical distinction between "logic of membership" and "logic of influence" forms the background of our argument (Schmitter and Streeck 1999). The membership logic emphasizes the need of organizations to attract or retain members by representing their clientele's short-term interests. The influence logic concerns the organization's need to exercise influence over political and economic decisions to protect its long-term interests. Organizations might consent to reforms that are not beneficial for their members but enhance its strategic and organizational resources and secure access to political decisions. This theoretical framework was originally developed in order to explain the behaviour of business interest organizations but has been applied to other types of interest groups as well (Streeck 1999). Our intention is not to test the two logics against each other. Rather, we argue that the two motivations can lead to diverging positions of the organizations, depending on the composition of their (potential) members and their strategic interests.

Unions

We analyse the positions of the umbrella organization *Confederation of German Trade Unions* (DGB) and three affiliated unions. Workers in the *Union for the Metal Industry* (IGM) and the *Union for Mining, Chemicals, and Energy* (IG BCE) make up nearly one half of all members of the DGB (DGB 2015). The services union *ver.di* is the second largest union and represents about one third of all DGB members.

Contradictory expectations exist concerning the position of unions towards the introduction of a *minimum wage*. According to the logic of membership, we can expect unions to oppose a statutory minimum wage in order to protect their institutional role in wage bargaining. Wage negotiations in Germany take place between the social partners without any interference of the government. Thus, unions might fear that a minimum wage restricts their autonomy in collective bargaining. Furthermore, some scholars argue that unions seek to advance the interest of their members rather than protect all labour market participants to prevent free riding and to provide incentives for non-members to join the union (Olson 1965; Lindbeck and Snower 1988). Most union members earn above minimum wages and thus do not directly benefit from such state intervention, though there might be indirect effects of a statutory minimum on the overall wage systems. Main beneficiaries of a minimum wage are those employees in professions with a low rate of unionization and no collective pay commitment (Brenke and Müller 2013). From this perspective, unions consent to reforms that are unfavourable for non-union members if this retains their institutional role in the formulation of labour market reforms (Davidsson and Emmenegger 2013). In contrast, following an argument based on the logic of influence, unions favour a minimum wage if they want to reach out to unorganized parts of the workforce (Dörre 2011; Raess 2006). Streeck (2005, 269) argues that trade unions intend to be regarded “as representatives, not just of their members, but of all workers in their industry or society”. Studies on union revitalization show that unions try to appeal to workers in their industry that are currently unorganized in response to a declining membership (Hyman 2007; Frege and Kelly 2003).

Similar arguments apply to reforms of *regulations*. Following the logic of membership, unions agree to a flexibilization of the labour market as long as the reform does not harm their core membership. Most union members are not directly affected by agency work because the unionization rate is very low in temporary employment agencies. Davidsson and Emmenegger (2012, 2013) argue that unions accept flexibilization “at the margins” for atypically employed workers to protect the interest of their members and their institutional role in the policy process. Accordingly, flexibilization took place mainly as two-tier reforms that reduced job protection for agency workers while holding up the protection for the full-time employed (Emmenegger et al. 2012). However, from a logic-of-influence perspective, unions might favour a stricter regulation of atypical contracts, as a high share of agency workers undermines unions’ bargaining power if employers (implicitly) threaten to replace regular workers with agency workers. Furthermore, advocating a stricter regulation of agency work might attract new members.

In sum, these arguments suggest that unions are not per se strong advocates of a minimum wage and stricter regulations, but could favour these policies if they can hope to attract new members in their economic sector. Accordingly, we expect different positions of the unions depending on their potential membership. In particular, the services union ver.di could use a successful campaign for a minimum wage to attract new members, because many employees in the service sector would benefit. For this reason, we expect ver.di to take a more positive stance on minimum wage than the industrial unions. In contrast, unions in industries with a high share of agency workers, such as the industrial unions IGM and IG BCE, have incentives to advocate stricter regulations of agency work.

Employers’ Organizations

There is a division of tasks between three major umbrella organizations of the employers (Reutter 2012; Paster 2010). The *Confederation of German Employers’ Associations* (BDA) has members in all economic sectors and represents their interests concerning socio-political issues. The *Federation of German Industries* (BDI) speaks on behalf of 36 associations from

different industrial sectors and is mainly concerned with economic matters. While the interests of BDA and BDI are mainly driven by larger firms, the *Chambers of Commerce and Industry* (DIHK) are dominated by small- and medium-sized companies (Bührer 2000). This organization advocates its members' regional interests, for example, concerning the organization of apprenticeships and vocational training (Reutter 2012). Because all companies have an obligatory membership in the local chamber, the DIHK is obliged to refrain from general political statements (German Federal Administrative Court 2016). In addition to the three umbrella organizations, we investigate the positions of the sectoral employers' organizations of the skilled crafts (ZDH) and the metal and electrical engineering industries (GM).

Following the logic of membership, we expect employers' organizations to oppose the introduction of statutory *minimum wage* because it restricts their members' bargaining autonomy and increases labour costs if companies pay wages below the threshold of 8.50 €. However, companies in the service sector are more affected than in the industrial sector because of wage differences between economic sectors. Thus, we assume that the minimum wage ranks low on the agenda of BDI and GM, which mainly represent companies from the industry. BDA, in contrast, represents many employers in low-wage sectors such as health and elderly care, postal service, hotel, and catering and for this reason might express stronger concerns about the introduction of the wage floor.

Similar arguments apply to the *regulation* of atypical employment contracts. As stated above, agency work is particularly widespread in the metal industry. For this reason, we expect the representatives of this industry to express opposition against a stricter regulation of agency work. We do not expect the Chamber of Commerce to take a strong position on these policies because of the organization's focus on regional topics concerning the labour market.

Social Welfare Organizations

We analyse the positions of five social welfare organizations dominant in Germany. The *Catholic German Caritas Association* (Caritas) and

the Protestant *Diakonisches Werk* (Diakonie) are connected to the two Christian denominations. The labour law grants them additional privileges such as restricted rights of employee participation in decision-making. *Arbeiterwohlfahrt* (AWO) maintains a strong relationship with social democracy. *Paritätischer Wohlfahrtsverband* (Paritätischer) and *Social Association Germany* (SoVD) are umbrella organizations for a large number of small welfare associations. Welfare organizations occupy a dual role by fulfilling political and economic tasks (Schmid 1996). They are political advocates for disadvantaged individuals such as the poor, the unemployed, and other welfare-benefit recipients. At the same time, welfare organizations are important employers in the social sector and provide health and elderly care, kindergartens, and training facilities for the unemployed (Schmid and Mansour 2007). These organizations employ more than one million individuals, mostly in the low-wage healthcare and elderly care sector (Reutter 2012).

Contradicting arguments exist concerning welfare organizations' position towards a statutory *minimum wage* (Schmid and Mansour 2007). On the one hand, in their role as public advocates for the disadvantaged, they might back a wage floor to improve the lives of the working poor and their families (logic of membership). On the other hand, minimum wages can have negative effects on employment chances of the low-skilled, even though empirical evidence on this issue is inconclusive (Card and Krueger 1995; Neumark et al. 2014). Furthermore, the logic of influence suggests that welfare organizations, in their function as employers, try to remain in control of the wage negotiations without interference from the state. This is particularly the case for the Christian welfare organizations with a privileged position concerning the labour law. As the social sector is characterized by relatively low wages, additional costs provide further disincentives for welfare organizations to support the minimum wage.

Similar arguments apply to *labour market regulation*. Welfare organizations have a general interest in a better protection of weak labour market participants. While agency workers are underprivileged in comparison to workers under regular contracts, they cannot be considered the main clientele of welfare organizations. In conclusion, we do not expect a strong

commitment of the welfare organizations for the minimum wage and regulation.

Data and Method

Press Releases

Interest groups use press releases to communicate positions and activities to their members and the public. The similar length and format of these texts across interest groups facilitates comparison. We have chosen 14 organizations—four unions, five employers' organizations, and five social welfare organizations. The interest groups are selected on the basis of their membership size, assuming that a larger organization is more influential and therefore a decisive power in shaping politics (Korpi 1983; Esping-Andersen 1990). We obtain our primary data source, the press releases, by using the keywords *labour market*, *regulation*, and *minimum wage* and download them semi-automatically from the homepages of the respective organization, if available. If an organization does not provide any press statements on their homepage, they are selected in cooperation with that organization. Although we limited the selection of press releases included in the sample to keywords, only 843 out of the original 1537 press statements contained relevant information with respect to the research question. The unit of analysis for the empirical part are 1683 coded text segments. These segments comprise one or multiple sentences with an average length of 95 words or about six sentences (Table 4.1).

The time period under consideration starts with the coalition of the Conservative Party (CDU/CSU) and the Liberal Party (FDP) in September 2009 and is limited to December 2014. Since autumn 2013, Germany has been governed by a coalition of the Conservative Party (CDU/CSU) and the Social Democratic Party (SPD). To allow for including the introduction of a national minimum wage, the analysis comprises press statements up to December 2014. Thus, the legislation periods under consideration are the Liberal–Conservative period from 2009 to 2013 and the first half of the Conservative–Social Democratic period from 2013 to the end of 2014.

Table 4.1 Press releases from selected German interest groups (9/2009–12/2014)

| | Abbreviation | Total releases | Coded releases | Coded text segments | Words per segment |
|---|--------------|----------------|----------------|---------------------|-------------------|
| <i>Unions</i> | | | | | |
| Confederation of German trade unions | DGB | 381 | 250 | 506 | 91 |
| Union for metalworkers | IGM | 65 | 29 | 94 | 68 |
| Union for mining, chemicals, and energy | IG BCE | 24 | 11 | 33 | 61 |
| United services union | ver.di | 163 | 104 | 132 | 127 |
| <i>Employers' organizations</i> | | | | | |
| Federation of German industries | BDI | 85 | 17 | 22 | 71 |
| Confederation of German employers' associations | BDA | 70 | 39 | 198 | 83 |
| Metal and electrical engineering industries | GM | 107 | 31 | 59 | 108 |
| German confederation of skilled crafts | ZDH | 115 | 55 | 121 | 122 |
| Chambers of Commerce and Industry | DIHK | 68 | 25 | 57 | 124 |
| <i>Social welfare organizations</i> | | | | | |
| Catholic German Caritas Association | Caritas | 32 | 38 | 53 | 96 |
| Diakonisches Werk | Diakonie | 153 | 77 | 132 | 103 |
| Arbeiterwohlfahrt | AWO | 96 | 53 | 110 | 89 |
| Paritätischer Wohlfahrtsverband | PWV | 116 | 62 | 94 | 115 |
| Social Association Germany | SoVD | 62 | 52 | 72 | 81 |
| Total/Average | | 1537 | 843 | 1683 | 96 |

Method

Content analysis is “a summarizing, quantitative analysis of messages that relies on the scientific method [...] and is not limited as to the types of variables that may be measured or the context in which the messages are created or presented” (Neuendorf 2002, 10). In political science, content analysis with manual coding (Franzmann 2006) or automated algorithms

(Laver et al. 2003; Slapin and Proksch 2008; Grimmer and Stewart 2013) is a common approach to locate political parties on a general political dimension. Party manifestos are the most frequent text source for this research endeavour along with political statements and speeches from parliamentary debates (Lehmann et al. 2015).

To extract policy positions from the collected press releases we rely on human coding, based on a theoretically predefined coding scheme and a scaling method that takes into account the salience of the policies (Neuendorf 2002). Based on an exploratory analysis of the text corpus, we identify the most important policies in the period of investigation and construct a coding scheme that incorporates the main characteristics of each policy (Table 4.3 in the Appendix). The scale for the codings ranges from -2 to 2 (0 excluded). High positive values indicate strong support for an encompassing policy—for example, a high minimum wage without exceptions that covers all employees. Trained coders divide the press releases into text segments that deal with at least one of the policies and apply the coding scheme. Following the suggestion by Däubler et al. (2012), we use natural sentences instead of quasi sentences.

We distinguish between unweighted and weighted policy positions. The former is calculated by averaging all positive and negative codings for each policy. For example, the same number of very positive and slightly positive statements (coding 1 and 2) result in an unweighted position of 1.5. The weighted position, our main measure, additionally takes into account the frequency of the policy relative to the text corpus of the organization. Based on salience theory, we argue that the positions of groups depend not only on what is said in their announcements but also on the frequency of a topic in the press releases (Budge et al. 2001). Therefore, we calculate weighted positions based on the content and frequency of political statements, applying the scaling method by Kim and Fording (2002). Formula 4.1 describes the calculation of the weighted position of organization i in the policy field j :

$$\text{Weighted position} = \frac{\sum_{s=1}^n (\text{coding}_{sj} * \text{words}_{sj})}{\sum (\text{words}_i)} \quad (4.1)$$

The coding for each text segment is multiplied with the number of words of the segment. The sum of these products is then divided by the

sum of all words for the organization. A weighted position close to 0 indicates either a balance between positive and negative statements or relatively few statements on this topic. The upper bound is 2, if all text segments of a group are concerned with only one policy and express a very positive stance.

Results

We now present the empirical analysis of the press releases, focusing on minimum wage and regulation, while briefly summarizing the results for the three remaining policies.

Positions Towards a Statutory Minimum Wage and Regulation

Figure 4.1 gives an overview of the salience and the relative share of the five policy issues in the press releases over time. The arrows above the

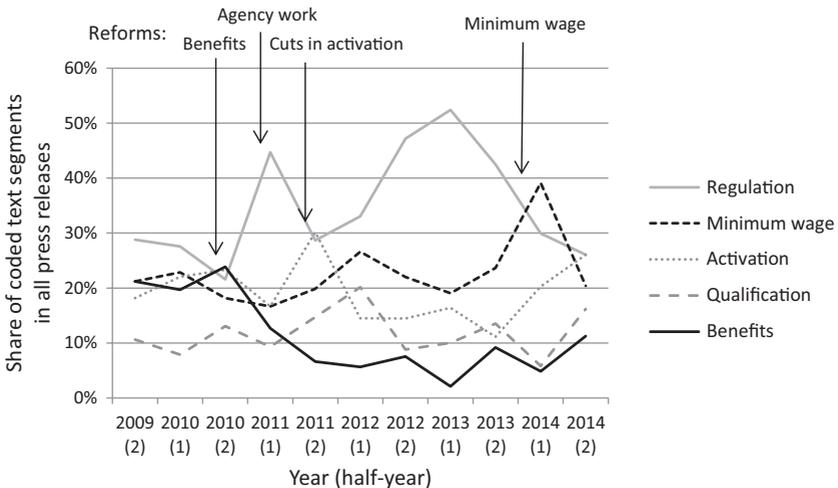


Fig. 4.1 Salience of policy issues in press releases of German interest organizations, 2009–2014

figure indicate the points of time when reforms were introduced in the German parliament. Statements concerning the regulation of the labour market are the most prominent topic in the press releases and increased substantially in 2011. In the first half of that year, the Conservative–Liberal coalition introduced a law to prevent abusive use of agency work by restricting the maximum length that temp workers could work for a hiring company. At this point of time, about 45 per cent of all coded text segments concern some kind of regulation policy. The share of press releases on this topic peaked again in 2013, when unions lobbied for a stricter regulation of working contracts. With more than 20 per cent of all text segments, the minimum wage is the second most prominent topic in the organizations’ press releases. Press releases on this topic peak in 2014, when the law was introduced in the Committee on Labour and Social Affairs, covering about 40 per cent of all text segments.

These results indicate how interest groups use press releases to communicate their goals to the public and their members. Most attention is given to a topic when the reform proposals enter the parliamentary process. Apparently, the interest groups seek to influence reform outcome when attention of the media and the public is highest. However, press releases are also used early on for agenda-setting. One example is how trade unions issued a high number of press releases on the topic of regulation before the parliamentary election in 2013. Nevertheless, none of the policies disappear entirely from the press releases, even when they are not high on the political agenda.

We now turn to the analysis of the organizations’ positions towards labour market reforms. The results from the content analysis can be obtained from Table 4.2. The unweighted positions illustrate the proportion of positive and negative statements, while the weighted positions take the salience of the policy into account.

Unions

The majority of the trade unions opposed the minimum wage until the mid-2000s. The central concern was that “by suspending parts of their bargaining autonomy (*Tarifautonomie*), [unions] are in danger of losing

Table 4.2 Weighted and unweighted policy positions of interest groups

| | Minimum wage | | Regulation | | Benefits | | Activation | | Qualification | |
|---------------------|--------------|-------|------------|-------|----------|-------|------------|------|---------------|------|
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| <i>Unions</i> | 0.70 | – | 0.51 | – | 0.06 | – | 0.20 | – | 0.11 | – |
| DGB | 0.54 | 1.80 | 0.39 | 1.10 | 0.07 | 1.60 | 0.23 | 1.51 | 0.12 | 0.93 |
| IG BCE | 0.30 | 1.50 | 0.60 | 1.05 | 0.04 | 1.00 | 0.03 | 1.50 | 0.12 | 2.00 |
| IGM | 0.34 | 1.52 | 1.00 | 1.34 | – | – | – | – | 0.03 | 1.80 |
| ver.di | 1.17 | 1.45 | 0.17 | 1.11 | 0.02 | 2.00 | 0.13 | 1.37 | 0.02 | 1.00 |
| <i>Employers</i> | –0.14 | – | –0.59 | – | –0.01 | – | 0.15 | – | 0.51 | – |
| BDA | –0.16 | –1.19 | –0.63 | –1.01 | – | –1.31 | 0.11 | 0.93 | 0.11 | 1.00 |
| BDI | –0.03 | –2.00 | –0.27 | –1.00 | –0.02 | –1.00 | 0.06 | 2.00 | 0.08 | 1.00 |
| DIHK | – | – | –0.17 | –1.00 | –0.01 | –1.00 | 0.14 | 1.14 | 0.67 | 1.08 |
| GM | –0.16 | –1.38 | –0.95 | –1.15 | –0.01 | –1.50 | – | – | 0.09 | 1.00 |
| ZDH | –0.04 | –1.40 | –0.20 | –0.94 | –0.03 | –2.00 | 0.17 | 1.00 | 0.53 | 1.02 |
| <i>Welfare org.</i> | 0.29 | – | 0.18 | – | 0.72 | – | 0.61 | – | 0.09 | – |
| AWO | 0.46 | 1.73 | 0.27 | 1.16 | 0.21 | 1.73 | 0.52 | 1.47 | 0.02 | 1.00 |
| Caritas | 0.09 | 0.57 | – | – | 0.58 | 1.79 | 0.85 | 1.63 | 0.01 | 1.00 |
| Diakonie | 0.11 | 1.31 | 0.02 | 0.53 | 0.52 | 1.71 | 0.59 | 1.70 | 0.10 | 1.07 |
| Parität. | 0.06 | 1.40 | 0.01 | 1.00 | 1.00 | 1.73 | 0.63 | 1.73 | – | – |
| SoVD | 0.28 | 1.88 | 0.15 | 1.00 | 0.82 | 1.71 | 0.37 | 1.53 | – | – |

their autonomy” (Peter and Wiedemuth 2003, 431). The service union ver.di was the first major union to support the minimum wage. The umbrella organization followed in 2006, and gradually the IG Metall as well as IG BCE in 2012 after the umbrella organization’s congress in the same year (DGB 2006). The content analysis illustrates unions’ favourable view on the minimum wage in the following years. According to the unweighted positions, support varies only slightly between 1.45 and 1.80 (on a scale from –2 to 2). However, there are considerable differences between unions concerning the weighted position, taking the importance of this topic into account. Figure 4.2 illustrates the weighted positions towards minimum wage and regulation. The minimum wage is more frequently addressed in the press releases of the service union ver.di (1.17), resulting in a stronger position than with the industrial unions (IGM 0.30; IG BCE 0.34).

We observe a different picture concerning regulation policies. The industrial unions show a strong positive position towards stricter rules for atypical employment (IGM 1.00; IG BCE 0.60). They do not entirely

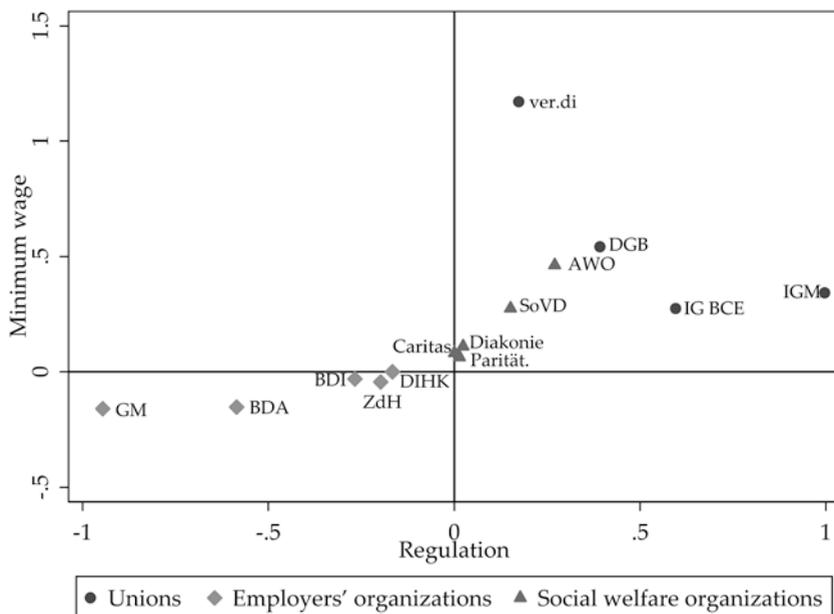


Fig. 4.2 Positions towards regulation and minimum wage

oppose such flexible forms of employment but argue against the “misuse” of such instruments and replacement of regular jobs. The salience of this topic is particularly high at the time of the reform in 2011 and around the time of the campaign for the parliamentary election in 2013. The industrial unions use times of increased media attention to advocate their positions in the public. The metal union seems to benefit from its political engagement for non-members as, according to their own statistics, 80,000 employees of temp agencies have joined the union. In contrast, regulation policies play only a marginal role for ver.di (0.17). The service union addresses the topic only occasionally with the intention to restrict other forms of flexible employment such as “mini-jobs”, which are much more prevalent in the service sector. The DGB takes a mediating position on minimum wage and regulation, seeking to balance the positions of its member organizations.

These results provide evidence that unions go beyond a narrow interest of their core membership (logic of membership) and take into account the concerns of non-union members and the long-term goals of the

organization (logic of interest). The unions' positions are shaped by the different structures of their current and potential membership. While ver.di seeks to attract new members by strongly advocating the introduction of a statutory minimum wage, the industrial unions focus on stricter regulation of atypical contracts.

Employers' Organizations

We have argued in section “[Interest Groups' Stance Towards Labour Market Reforms](#)” that in particular employers in the industry are hardly affected by the minimum wage because wages in labour agreements are usually higher than the minimum wage. In line with this assumption, the minimum wage is not a very prominent topic as indicated by unweighted positions around -0.1 . However, the few statements of the employers' organizations take a negative stance on the minimum wage. Unweighted positions range from -1.19 (BDI) to -2.00 (BDA). As for unions, a main concern is the restriction of bargaining autonomy. To prevent state interference, employers suggest adjusting the minimum wage automatically to the wage development in the economy. Furthermore, they argue that a minimum wage would increase unemployment, in particular, among individuals with a low qualification. Defending their bargaining autonomy is a strong motive but apparently not important enough to pay too much attention to this topic in the public statements.

Statements concerning regulations, however, appear more frequently in the press releases. The employers' organization in the metal industries GM takes a very strong position against labour market regulations (-0.95). The interest group argues that temporary contracts and contract labour provide an employment opportunity for low-qualified workers and enable companies to react quickly to changes in the economy. This position mirrors the strong position of the metal workers' union on this issue, leading to a much stronger polarization of this topic than concerning the minimum wage. The BDA takes a more pronounced position on this issue (-0.63) than the BDI (-0.27). The reason might be that the BDA has the mandate to issue statements on social policy while the BDI focuses on economic issues.

Social Welfare Organizations

We have argued for a weak position of social welfare organizations towards the minimum wage due to, according to the influence logic, their interests as employers in the social sector. Caritas takes a sceptical position on this issue (0.06), expressing concerns about possible negative effects of a minimum wage for young individuals and the long-term unemployed. The organization argues that individuals could lose their job or remain in long-term unemployment if the minimum wage is too high. Thus, the organization advocates starting with a moderate minimum wage and exceptions for young individuals. In contrast to the negative position of Caritas, the content analysis reveals a medium support for the minimum wage by AWO (0.46) that advocates a minimum wage without exceptions for the long-term unemployed and young people. The regulation of the labour market is not a prominent topic among the welfare organizations. Only AWO takes a positive position towards a stricter regulation of atypical employment, opposing mainly the widespread use of part-time jobs with low wages (0.27).

In conclusion, neither a statutory minimum wage nor the regulation of atypical employment are dominant themes in the press releases of the social welfare organizations. These organizations are reluctant to take ownership of these issues, because they harm their own interest as employers in the low-pay sector (logic of interest) and might restrain the labour market opportunities of the organizations' main clientele, the long-term unemployed (logic of membership). However, in contrast to the other welfare organizations AWO takes a more positive stance towards a generous statutory minimum wage and strict regulations of atypical contracts, possibly because the organization maintains strong ties to the Social Democratic Party and the labour movement.

Positions Towards Activation, Benefits, and Qualification Measures

In addition to the minimum wage and the regulations of employment contracts, we analyse the organizations' positions towards three policies

that have been discussed widely in the public during the period of investigation. In this way, we intend to show that automated content analysis can be applied to a broad range of topics. First, we take into account a reform to restructure active labour market policies in 2011, aiming at a spending reduction of about two billion € per year. The main cuts concerned job-creation measures and funding for the unemployed to start a business. Second, we analyse positions towards policy measures concerning the qualification of the workforce with apprenticeships and further education. Tepe and Vanhuysse (2013) argue that unions increasingly promote training measures to take into account the re-employability worries of their members. From this perspective, one would expect active labour market policies and qualification to rank high on the political agenda of trade unions. Training policies might constitute a policy field in which trade unions and employers' organizations agree on the mutual benefit. The third policy that has received particular attention concerns the generosity of unemployment benefits. These benefits were adjusted in the second half of 2010, after the Federal Constitutional Court demanded a recalculation of these benefits.

Figure 4.3 presents the weighted positions of trade unions, employers' and welfare organizations towards the five policy areas. In contrast to our expectations, we see little evidence for a strong commitment of trade

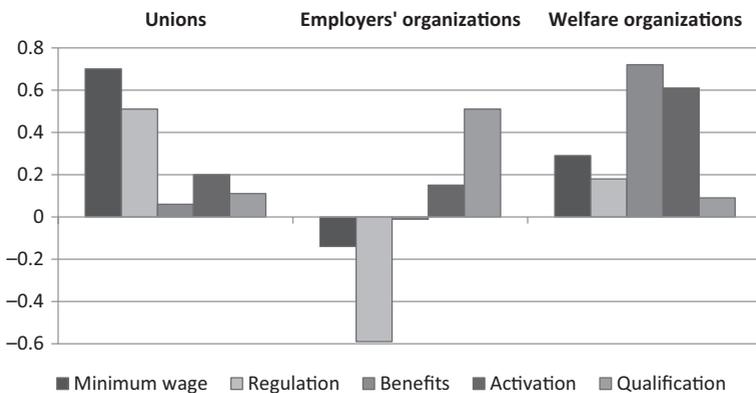


Fig. 4.3 Positions towards five policies by type of interest organization

unions for active labour market policies. Unions are clearly focused on minimum wage and regulation and pay little attention to other policy areas. Employers' organizations, in contrast, strongly advocate strengthening the qualification of the workforce. This reflects the shortage of skilled workers and the decreasing number of applicants for apprenticeships due to the demographic change and a steady trend towards tertiary education in recent generations. The topic of qualification is most important for the Chamber of Commerce (DIHK) and the association for the crafts (ZDH). Both organizations primarily represent small- and medium-sized companies, which are most affected by the shortage of labour (Dietz et al. 2013).

Social welfare organizations show a strong positive position towards active labour market policies and more generous benefits. This is not surprising, given that these organizations act as advocates for the unemployed, who are the main beneficiaries of these policies. Activation policies are particularly popular for Caritas, one of the main providers of training measures in Germany (Schulz 2010).

Conclusion and Discussion

The leading research question concerns the position of interest organizations towards reforms of the labour market in Germany, in particular, in regard to a minimum wage and regulation of atypical employment. We have argued that these positions are shaped by two sometimes contradicting motivations—to defend the interest of their members and the long-term interest of the organization. The positions that we extracted from press releases are mainly in line with our theoretical expectations. Trade unions show a strong support for those policies that are most relevant for their (potential) members. Industrial unions strongly advocate a stricter regulation of agency work, while the service union ver.di was the main driver behind the minimum wage. Employers' associations generally oppose the minimum wage, while defending the flexibility of agency work seems to be their main priority. Measures against the shortage of qualified labour supply constitute another major concern of the

employers, in particular, for representatives of small firms and the crafts. The analysis also provides information about actor configurations in the policy field. We find the strongest polarization of positions between the union and the employers' association in the metal industry concerning regulation of the labour market. In line with our theoretical expectations, social welfare organizations are—with two exceptions—not major advocates of a minimum wage. Rather, they focus on the policies that are most beneficial for their core clientele: activation policies and higher social benefits for the unemployed.

From a methodological perspective, this contribution demonstrated how political texts can be employed to locate interest organizations in the policy space. For this aim, we adapted a method that is commonly used in political science to estimate positions of political parties. Interest groups differ primarily in how they emphasize different topics. For example, while all unions express a positive stance towards the minimum wage, they differ widely in the weight they put on this topic. Accordingly, content analysis is particularly suitable to investigate these differences. It is not only important to know how an organization positions itself but also how many resources it is willing to invest to influence the reform process. Further research could be to extend a comparative design by countries, for example, different welfare regimes, or other policy fields, such as the pension system and health policies. However, this methodology comes with some limitations. First, press releases have some drawbacks for the purpose of estimating political positions. They are often formulated in reaction to a specific policy proposal, which might limit their potential to compare policies in different contexts or over a long time span. However, we could show that their distinct advantages—comparability and wide availability—justify their use to estimate and compare positions of different types of interest groups. Second, while more accessible than expert interviews, manual content analysis is still a costly method in terms of working hours, because a large number of press releases has to be collected and coded manually. Future analysis might show if automated methods, as they are regularly applied in other fields of the social sciences, produce reliable results and provide an alternative to hand coding based on predefined categories.

Appendix

Table 4.3 Simplified coding scheme

| Coding | -2 | +2 |
|-------------------------------|---|---|
| Minimum wage | <ul style="list-style-type: none"> No minimum wage | <ul style="list-style-type: none"> General binding minimum wage without exceptions |
| Regulation | <ul style="list-style-type: none"> Less regulation of the labour market and job protection Allow agency work and contracted labour without restrictions | <ul style="list-style-type: none"> More regulation of the labour market and job protection Less atypical employment Restrict agency work and contracted labour to a minimum Same wage for agency worker as for regularly employed |
| Qualification | <ul style="list-style-type: none"> No entry requirement and no trade tests Shortening the duration of apprenticeships | <ul style="list-style-type: none"> More financial means for apprenticeships and further education Strengthening of the occupational training system |
| Active labour market policies | <ul style="list-style-type: none"> No job creation and subsidies for wages Reduce individual assistance Sanctioning unemployed for misbehaviour such as not showing up at the employment office Requirements for unemployed to "take any job" | <ul style="list-style-type: none"> Further training for unemployed Job creation and subsidies for wages Individual assistance No sanctions Educational support for children from low-income households |
| Benefits | <ul style="list-style-type: none"> Less generous benefits Non-cash benefits | <ul style="list-style-type: none"> More generous benefits Only cash benefits |

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5

Class, Union, or Party Allegiance? Comparing Pension Reform Preferences in Britain and Germany

Bernhard Ebbinghaus and Elias Naumann

Introduction

While European welfare states have come under increasing economic and political pressure of welfare state retrenchment and restructuring, the “new politics” approach (Pierson 2001b) has pointed at several reasons why welfare states “persist” (Brooks and Manza 2008). In addition to veto points in the political system, two important arguments can be seen in the popularity of social policies among the electorate and the “vested” interests of societal interest groups, particularly trade unions (Ebbinghaus 2010). Public opinion and organized interests are seen as major obstacles to changing the status quo of social policies such as reforming pay-as-you-go pension systems (Myles and Pierson 2001). The “blame avoidance” thesis (Weaver 1986) assumes that radical retrenchment is politically

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risky for governments as governing parties in favour of such reforms might suffer from electoral backlash and may meet opposition from influential interest groups and even face political strikes.

In our chapter we seek to revisit the “new politics” thesis (Pierson 2001b) in respect to the role of organized interests and public opinion in both hampering and facilitating pension reform. Our analysis will explore to what degree public opinion defends the status quo and the circumstances under which there is support for reforms. We also explore whether attitudes can be explained by particular institutional variations in pension systems or in party and interest organization systems. We therefore analyse pension-specific attitudes along two major dimensions, retrenchment and redistribution, using public opinion data from the 2008 European Social Survey. We compare two countries with different pension systems, organized interests, and party systems: Britain and Germany.

Although international analyses of public opinion show that welfare states in general and pensions in particular are rather popular, there are some sections of the electorate that are more open to reform than others. Nevertheless, generational conflicts are not as pronounced as often assumed in public and academic debates. In some cases, the attitudes of trade union members are not as different from those of other working people, although trade unions often take on more defensive positions, while other interest groups are more open to reforms. Our results show pronounced cross-national differences in pension-specific attitudes towards redistribution. Political affiliations show also more variation than social classes, indicating that ideological alignment are more pronounced than social class or material self-interest.

Explaining Retrenchment and Redistribution Preferences

At the core of the argument of “why welfare states persist” (Brooks and Manza 2008) is their “popularity”, assuming a positive feedback of past social policies on potential beneficiaries that leads to status quo interests. In respect to attitudes towards welfare policies, these may also be driven

by major *values* about society's overall goals and fundamental moral considerations, for example, whether a society should aim at equality and equity, respectively. However, empirical studies provide ample evidence that different aspects of welfare policies cannot be summarized into single dimensions such as state versus market and redistribution versus liberalism. Accordingly, researchers have commonly distinguished welfare states along multiple dimensions, such as extensity (or range) of public intervention and intensity (or degree) of social security and equality (Roller 1995), decommodification and stratification (Esping-Andersen 1990), or benefit levels and eligibility (Bonoli and Natali 2012). In line with these studies, we propose that attitudes are structured along several more or less independent (orthogonal) dimensions. In our analysis we focus on two of several dimensions relevant for current reform processes: on support for redistribution and opposition to retrenchment.

In general, different theoretical paradigms have been used to contrast normative and rational explanations. Preferences derive from (rational) self-interest based on social position (*calculus*) or are found to be shaped by value-orientation (*culture*) embedded in institutional and societal contexts (Wendt et al. 2011). In public opinion surveys, responses to social policy items may reflect an individual's political and moral view of how society "should be" or reflect a respondent's considerations on whether an item is of personal advantage (or self-interest).

How Self-interest and Values Shape Attitudes

The main rationalist approach to explain *redistribution* attitudes builds on the "Meltzer-Richard" model, which assumes that preferences are driven by material self-interest (Meltzer and Richard 1981). Accordingly, we would assume that redistribution preferences are determined by the socio-economic position of the individual: High-income earners oppose redistribution as "net payers", whereas people with low income as the beneficiaries (net-receivers) of redistribution should favour redistribution. The same argument applies to pension-specific redistribution. Those groups within society that expect to accumulate less pension claims (as a combination of income, contributions, residence or employment years)

should be more inclined towards redistribution and support that pensions should not be strictly linked to contributions but include minimum income protection (means-tested or basic pension). We thus expect that those with higher income will be less in favour of redistribution than those with lower income.

The normative paradigm would suggest that redistribution is institutionalized in societal norms of justice or reciprocity (Mau 2004) and embodied in social policy arrangement (Larsen 2008). Most prominently, such a redistribution goal is inherent in T.H. Marshall's "social citizenship rights" (1950) or the concept of decommodification (Esping-Andersen 1990): Individuals receive a (pension) benefit independent of their (previous) market income. In addition, studies on attitudes towards pensions reveal more subtle differences among pension systems and also test the thesis of generational conflicts between earlier and later cohorts that are differentially affected by pension reforms (Gelissen 2001; Lynch and Myrskylä 2009; Fernandez and Jaime-Castillo 2013). We expect the pension system to have a strong effect on the preference formation of all social groups, but particularly for those welfare groups that are dependent on the pension system for old age income. Since retirees are a heterogeneous group with different retirement income situation based on their past working lives (Ebbinghaus and Neugschwender 2011), it is less clear to predict their attitude towards redistribution. We expect that those with lower-than-average pension benefits should be in favour of redistribution. As the retired are less taxed than the working population, they may also favour redistribution in order to maintain their public pensions. Institutional differences between pension systems will thus matter concerning how particular social groups perceive their preferences.

We make a similar political economy argument concerning opposition to or support for *retrenchment*. We expect that high-income earners who pay higher taxes and contributions favour retrenchment since they would benefit most from decreasing taxes because their dependency from public benefits is smaller (particularly due to private means) than that of the lower income groups. In contrast, high-income earners are more likely to have additional private pension-savings, making them less dependent on public pensions (Ebbinghaus and Neugschwender 2011).

Post-industrial Risk Profiles and Attitudes

Although previous research has shown that socio-economic determinants of attitudes are related to self-interest, the rational choice approach misses two important aspects which seem to be very important in the political reform process. First, the studies rather capture the immediate material self-interest but miss future (labour market) risks or opportunities which might have already been anticipated by respondents when forming their attitudes. Second, income groups but also age groups are by and large social groups in themselves, although they might not collectively act as an interest group for themselves. Therefore, these social or demographic groups often have much less political relevance as they do not actively pursue their interests in the reform process.

Social classes instead are assumed to capture both actual and future interests of their members, and these interests are actively advocated by their interest groups. In order to study the effect of social cleavages on pension-specific attitudes, we follow the literature on post-industrial risk profiles and adopt a new class schema (Kitschelt and Rehm 2006; Oesch 2006). Our interest in reform positions among different social classes rests upon the “new politics” thesis’ claim that the politics of reform in times of austerity are different to the politics of welfare state expansion (Pierson 2001b). This may also hold for reasons of changes in the social structure: The “old” social cleavages, in particular, the class conflict between capital and labour (Korpi 1983), is seen as no longer dominant in today’s society given the tertiarization of labour markets, educational expansion, and growing female employment (Pierson 2001a).

The “old” vertical, industrial class structure distinguishing the highly-skilled middle-class from the low-skilled working-class has become more fragmented through the development of a “new” horizontal, post-industrial cleavage (Oesch 2006). So far, however, it has been difficult to compare “old” and “new” social cleavages empirically, a problem that has been ameliorated by Kitschelt and Rehm (2006) who, by using Oesch’s (2006) 15 social classes, demonstrated the presence of five larger clusters. Social classes can now be arranged according to two of the most influential new dimensions of risk profiles that complement former social class

concepts: skill specificity (Iversen and Soskice 2001) and insider–outsider labour market status (Rueda 2005). Several empirical contributions have shown that these new post-industrial classes differ in their risk profiles (Schwander and Häusermann 2013), have distinct political interests and preferences (Kitschelt and Rehm 2006), identify with different parties and interest organizations, and are represented in the political process by different actors (Häusermann 2010).

Empirical tests of this new class schema show that the post-industrial classes represent valid “short-cuts” for capturing socio-economic groups with specific risk-profiles (Oesch and Menes 2011). The vertical dimension related to skill-levels and education determines life chances, material advantages, and income, whereas the horizontal dimension divides these groups into those working in stable, highly protected jobs (for example with unlimited contracts) that grant social rights and benefits (capital accumulators and blue-collar workers) and those “outsider” occupations that instead offer part-time employment, limited contracts, and only limited social benefits. In our analysis, we link the horizontal segmentation with the concept of labour market “insiders” and “outsiders” because this distinction reflects the fragmentation of risk profiles within the traditional classes quite well (Häusermann 2010).

The post-industrial class schema has been restricted to the working population thus excluding retirees. Nevertheless, a political economy explanation of reforms would remain incomplete without including retirees as their impact on pension reforms is well known (Walker 1999). Following Lepsius’ (1990) concept, we therefore add retirees to our analysis (Table 5.1) as a “welfare class” (*Versorgungs-klasse*), that is, a group which depends on the welfare state (Alber 1984).

The Institutional Variations

In general, we expect to confirm previous research and find congruence between public opinion and the existing institutional characteristics of pension systems, particularly those concerning Bismarck versus Beveridge and public versus multipillar structures (Ebbinghaus 2011).

Table 5.1 Post-industrial class typology

| | <i>Working-age population</i> | | <i>Retirement-age population</i> |
|----------------|-----------------------------------|------------------------------------|----------------------------------|
| | Insiders | Outsiders | <i>Welfare dependent</i> |
| Highly-skilled | Capital accumulators (CA) | Socio-cultural professionals (SCP) | |
| Mixed | Mixed service functionaries (Mix) | | <i>Retirees</i> |
| Low-skilled | Blue-collar workers (BC) | Low-service functionaries (LSF) | |

Note: Categories from Häusermann (2010), mixed service functionaries are a residual category; our additional categories in *italics*

However, the positioning of social groups may vary due to the particular pension system.

In Bismarckian public pension systems with earnings-related pensions, high-income earners have reasons to oppose retrenchment of pension rights since they have already contributed substantially in the expectation of receiving higher pensions. Due to these accumulated social rights, they may have the strongest interest in defending the status quo, in particular, the equivalence principle of Bismarckian earnings-related benefits. The difference between social groups within the working population should thus be less pronounced for pension-specific retrenchment support compared with general cutbacks. In contrast to redistribution preferences, we expect differences between retirees' and the working population's preferences for retrenchment. Since most retirees actually receive public pensions, we expect them to oppose retrenchment of their current pension benefits and instead be in favour of raising contributions (or debt) to finance these benefits.

Britain's Beveridgean basic pension and multipillar pension system gives state responsibility a larger role for poverty reduction in contrast to the German Bismarckian earnings-related pension system that favours adequate living standard maintenance in old age. Hence, the support for income redistribution in Beveridgean pension systems should be strongest in Britain due to the country's flat-rate basic pensions for all citizens and residents. Moreover, we assume that people have a strong preference for the state's responsibility to provide at least minimum income and oppose retrenchment of already rather meagre basic benefits. In contrast,

Germany's relatively generous contribution-based and status-maintaining pension system should have created a stronger preference for income-oriented pensions and only limited redistribution as well as a lower reluctance to retrench these pension benefits given the earned social rights under a pay-as-you-go system (Myles and Pierson 2001).

Our analysis aims to move beyond these general country differences in public support for pension arrangements. In respect to pension policy, the current working population considers pension policy in respect to its past, current, and future social risk. Given the earnings-related Bismarckian pension system, those "outsiders" with atypical employment face lower pensions than others (Hinrichs and Jessoula 2012), while in Beveridgean system the public flat-rate system provides more of minimum income protection to all citizens (Marshall 1950) in old age (even though contributory non-state pensions increase inequalities). Moreover, we test the degree to which there are differences between those working and those in retirement, given the different interests in maintaining the current status quo versus an orientation towards its future financial sustainability. However, while claims for a generational conflict have been made in public and academic discourse, few studies have managed to establish strong age- or cohort-related differences.

Data and Attitude Measures

Survey Data

Individual level data for this analysis come from the European Social Survey (ESS) module on welfare attitudes, fielded in 2008/2009. We restrict the sample to respondents from Germany and Great Britain, and after deleting cases with missing values (in a list-wise manner), 4362 respondents were included (Germany: 2239; Britain: 2123). For our analysis, respondents of working age (15–65) who participate in the labour market are categorized into one of the five classes according to their occupation (based on ISCO-88 classification). Retired people (either age 65 and older or already inactive) are added as a sixth social class, the welfare dependent group.¹ We distinguish union members from non-union members for all five active

social classes, though we report in the following only the aggregate values for the average union member. In order to map the clientele of political parties, we use party-identification of respondents for the main political parties with more than five per cent of the vote in national elections (three British and five German parties), and we report the aggregate value for the average non-voter. Moreover, we compare attitudes by gender and four age groups (ages 15–30, 31–50, 51–65, and 65+).

Attitudes Towards Pension Policy: Dependent Variables

To analyse whether or not people support redistributive pensions, we use the following policy-specific item that provides two different views: “Higher earners should get larger old age pensions because they have paid in more” and the opposite view “Lower earners should get larger old age pensions because their needs are greater”. Respondents then had to choose one of three statements (on a card) that comes closest to their view: “Lower earners should get larger pensions”, “High and low earners should get the same pensions”, and “Higher earners should get larger pensions”.² In order to analyse the dimension of vertical redistribution, we combine the first two answer categories into one (“supporting redistribution”), while the last response is defined as “opposition to redistribution” from better off to less well off. Note that only vertical social redistribution but not temporal (cohorts) or categorical (like gender) redistribution is captured by these items although these are typical for pay-as-you-go public pension systems.

In order to capture the second dimension of retrenchment we use the following common survey item. Respondents were asked whether it should or should not be the “government’s responsibility” to ensure a reasonable standard of living for the old. Answer categories ranged from 0 (“not government’s responsibility at all”) to 10 (“entirely government’s responsibility”). We reverse the order of the scale so that high values, chosen by respondents who do not find it the government’s responsibility to ensure a reasonable standard of living for the old, indicate potential support for retrenchment relative to the current status quo.

Studying British and German Attitudes

The support for vertical redistribution is largest among British respondents (83 per cent), while in Germany, less than a third (31 per cent) support redistribution either by favouring larger pensions for low earners or a flat-rate pension for everyone (Table 5.2). Germans are much more inclined to oppose redistribution given the strong equivalence principle underlying their Bismarckian public pension, whereas the Beveridgean basic pension philosophy is still dominant among British respondents. In Britain, both redistributive options receive support and a majority of people are in favour of a (moderately) redistributive flat-rate pension for all (65 per cent) than of a highly redistributive larger (means-tested) pension for low earners (18 per cent). A similar difference is found in Germany where only very few respondents would support a highly redistributive pension system (7 per cent). Thus the largest support grouping in each country is in line with the institutional legacy of the Bismarckian and Beveridgean pension system respectively.

Table 5.3 provides results on attitudes towards retrenchment and shows the share across response categories and the country means, indicating that the distribution is skewed to the left. In line with previous research, we find that pensions are (together with healthcare, see Chaps. 6 and 10) among the most popular areas of the welfare state. Most people

Table 5.2 Support for a redistributive design of the public pension system, ESS 2008

| | | Lower earners should get larger pensions | High and low earners should get the same pension | Higher earners should get larger pensions |
|---------|--------|--|---|---|
| | (Both) | Support redistribution | | Oppose redistribution |
| Britain | (83 %) | 18 % | 65 % | 16 % |
| Germany | (31 %) | 7 % | 24 % | 69 % |

Source: ESS 2008/09—Question: “Some people say that higher earners should get larger old age pensions because they have paid in more. Others say that lower earners should get larger old age pensions because their needs are greater. Which of the three statements on this card comes closest to your view?”

Table 5.3 Support for retrenchment of pension benefits, ESS 2008

| | Government's responsibility for pensions [0–4] | Mid- point (status quo) [5] | Not government's responsibility [6–10] | Average score [0–10] | Standard error |
|---------|--|--------------------------------------|---|----------------------------|-------------------|
| | Retrenchment: Oppose | | Support | Mean | SE |
| Britain | 96% | 2% | 2% | 1.48 | [0.04] |
| Germany | 83% | 9% | 8% | 2.56 | [0.05] |

Source: ESS 2008/09

see a very high responsibility to ensure a reasonable standard of living for the old regardless of their country: 96 per cent of British and 83 per cent of German respondents consider it the government's responsibility to ensure a reasonable standard of living for the old. Only a very small share of respondents (2 per cent in Britain, 8 per cent in Germany) sees no or limited government responsibility and presumably support a decrease of spending in the case of pensions. The status quo (the middle position on the scale) is only favoured by a small group in Britain (2 per cent) and Germany (9 per cent) in the case of pensions. Thus, support of pension retrenchment or of the status quo is very small. Years of public debate on the need to reform pension systems due to ageing have not led to a pro-retrenchment position. Nevertheless, we can detect a slight tendency of German respondents to be less in favour of government's responsibility on average. Given that British pension reforms have considerably cut back on state pensions, this position might be understandable.

Gender differences are a common finding in studies on welfare attitudes (Blekesaune and Quadagno 2003; Edlund 1999; Svallfors 1997). They are more likely to be employed by the welfare state (Sainsbury 1996). As women, on average, earn less than men, they are more likely to rely on the welfare state, in particular as single parents during working lives or as widows during retirement. Another explanation put forward, for example, by Arts and Gelissen (2001), is that women hold different values than men, favouring equality and need over the equity or merit principle. For these reasons, more than men, women are commonly assumed to support the welfare state in general and redistribution in particular. This gender gap is partly confirmed by our results (see Table 5.4). We find significant

Table 5.4 Gender and age group differences in pension attitudes, ESS 2008

| Country | Group | Pensions specific attitudes | |
|--------------------------|-------------|-----------------------------|----------------|
| | | Retrenchment | Redistribution |
| <i>(a) by gender</i> | | | |
| Britain | Women | -0.19* | -2.1 |
| Germany | Women | -0.61* | +5.6* |
| <i>(b) by age groups</i> | | | |
| Britain | 15–30 years | Ref.cat. | Ref.cat. |
| | 31–50 years | -0.25* | +6.1 |
| | 51–65 years | -0.32* | +8.8* |
| | >65 years | -0.16 | +10.1* |
| Germany | 15–30 years | Ref.cat. | Ref.cat. |
| | 31–50 years | +0.06 | -7.4* |
| | 51–65 years | +0.13 | -9.4* |
| | >65 years | +0.34 | -12.2* |

Note: * significant differences ($p < 0.05$). Results are based on linear or logistic regression models for each country

gender differences in Britain and Germany for pension-specific attitudes: women show a stronger opposition against retrenchment of pension benefits compared to men. Moreover, German women are more likely to favour redistribution through pensions compared to German men, while there are no significant differences among British respondents.

The hypothesis of emerging conflicts between generations, which gained attention in society, shows rather inconclusive findings: some studies report significant age differences (Blekesaune and Quadagno 2003; Busemeyer et al. 2009; Linos and West 2003), whereas others find no consistent impact of age on welfare state attitudes (Andreß and Heien 2001; Arts and Gelissen 2001; Jæger 2006). One reason for the inconclusive findings might be that welfare states cover very different social policies which are directed at different stages in the life course. Whereas the young age groups (and younger cohorts) mainly benefit from educational and family policy, the older age groups (and older cohorts) mainly depend on pension and health care. Self-interests thus do not lead to clear expectations on whether young or old respondents should have a stronger interest in redistribution or retrenchment. Moreover, “other regarding” preferences but also long-term self-interests are important factors in attitude formation (Naumann et al. 2015). Young people might support the

pension system out of fairness or reciprocity and because they expect to be retirees eventually. Still these values might change from one generation to the next resulting in generational differences in welfare attitudes.

Although we find differences between age groups, in particular in Britain, no clear attitude pattern emerges across all countries (Table 5.4). In line with the self-interest expectation, support for retrenchment is considerably lower among British older respondents. In contrast, no significant differences between age groups can be found in Germany despite the public debate on financial sustainability of the pay-as-you-go public pensions in an ageing society. In Table 5.4 we also show the differences in the predicted probabilities to support redistribution via the pension system and compare the different age groups with the youngest age cohort. Young people are more in favour of redistribution (thus less in favour of achievement orientation) in Germany, whereas in Britain old people are the strongest supporters of redistribution (basic pension principle). This could be interpreted that young German respondents expect needing a minimum income given more precarious employment prospects, while in Britain current old age poverty is more of a concern among the older age group.

Mapping Pension-specific Attitudes Two Dimensional Policy Space

Since we are interested in comparing the positions of distinct social groups that potentially have particular interests and are the potential clientele of interest organizations and political parties, we use multivariate models to estimate the positions of these groups. We estimate logit models for the binary dependent variable and linear regressions for the dependent variable measured on an 11-point scale for each country separately. We therefore estimate whether certain groups (social classes, union members, retirees) significantly differ from each other in their support for retrenchment and redistribution (controlling for age and gender). Based on these regression models, we then predict the probability (estimate the position) for a “typical” member of each group (with mean age and the

predominant gender of the respective class) to support redistribution and retrenchment. Values for the redistribution variable range from 0 to 1. Zero indicates no support for redistribution since no one within the class favours redistribution, whereas 1 indicates very strong support with all members of the class favouring redistribution. Values for the retrenchment measure can range from 0 to 10, with higher values indicating stronger support for retrenchment. In our analysis, we combine support for redistribution and support for retrenchment in order to map a two-dimensional policy space. Assuming the multidimensionality of welfare attitudes, we are particularly interested in whether and how social groups differ in respect to these two dimensions of policy support (Fig. 5.1).

Post-industrial Class-cleavages and Non/Union Membership

The positioning of the British and German populations regarding pension policy differs considerably. The largest differences can be seen with respect to support for redistribution (see Fig. 5.1). German respondents are much less inclined towards a redistributive pension system compared with British respondents. Regarding support for retrenchment of pensions, state involvement is less popular in Germany in comparison to Britain where we find a strong preference for state involvement. We link these differences with the strong effect of the existing pension systems and the dominance of the German Bismarckian earnings-related social insurance tradition and a British Beveridgean basic pension for all residents, which is, however, not sufficient to eradicate poverty.

In the case of pension attitudes, the within-country differences across social groups are much less pronounced compared to what is usually found in the literature on general welfare attitudes. There are few significant differences in Germany (upper panel in Fig. 5.1): Capital accumulators and retirees differ from the average position by being more in favour of retrenchment and least in favour of state involvement, while blue-collar and lower service workers as well as union members tend to be slightly more inclined towards state involvement, and both groups of workers are also in favour of more redistribution. In the case of Britain,

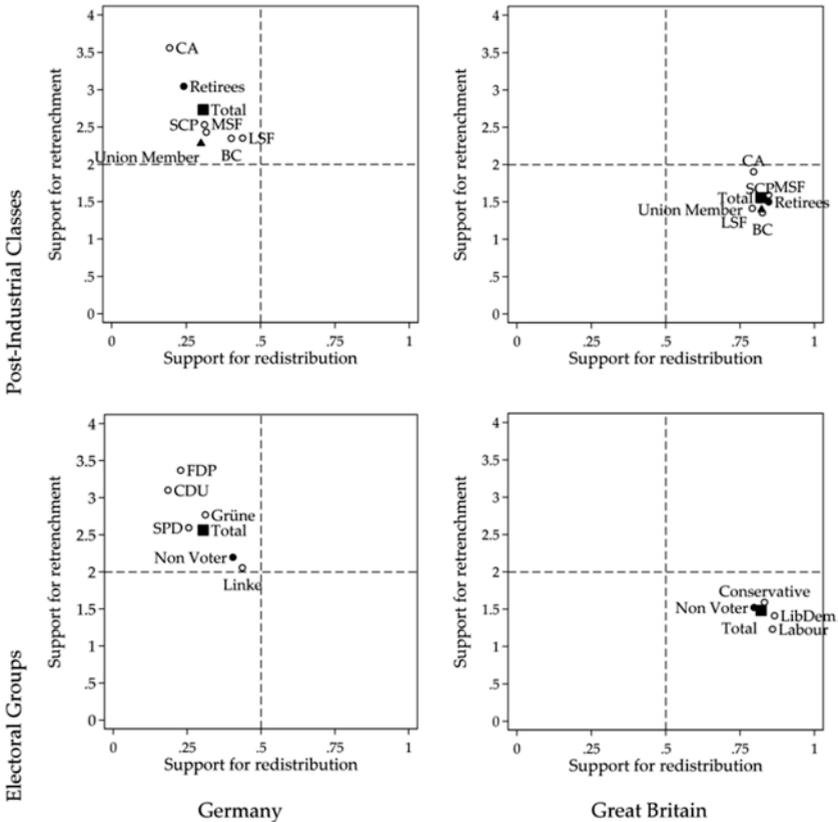


Fig. 5.1 Support for retrenchment and support for redistribution among post-industrial classes and electoral groups—Predictions from logistic and linear regressions. Note: Support for retrenchment is measured on a 11-point scale ranging from 0 to 10. Support for redistribution shows the share of respondents supporting redistributive elements in the pension system

there are no particular social differences from the average in pension policy, which shows a remarkable similarity of positions among the British population independent of social class, retirement status, and union membership. The institutional pension context seems to have, after years of retrenchment and privatization, led to a rather *uni sono* positioning towards support of redistribution (in line with the Beveridgean basic pension) and high support for state involvement.

Political Allegiance by Electoral Groups

In order to understand the political allegiance, we finally analyse the electorate by focussing on the same two-dimensional policy space (lower panel of Fig. 5.1). We report party preferences of respondents for the largest parties (being supported by more than five per cent of voters) and the position of non-voters. The results for party electorates differ more significantly than for the social classes and union-membership, indicating that party affiliations address important ideological differences that are not congruent with social-class differences. Moreover, we find the same overall cross-national variations in the positioning on the redistribution and retrenchment positions with more pronounced differences in party affiliations in Germany than in Britain.

In Germany, the party positions differ between the conservative pole (FDP: Liberals, CDU: Christian Democrats, including Bavarian sister CSU), which demonstrates a higher preference for retrenchment and less support for redistribution than the average voter, while the red-green pole (SPD: Social Democrats, *Grüne*: Green party) and most extremely the far left (*Linke*) as well as the non-voters favour retrenchment least and redistribution most. The position of the two conservative parties is in line with the capital accumulators and retirees, while the red-green parties are closer to the position of the average respondent. The *Linke* is somewhat closer to the blue-collar and union-member position. These political differences have made it difficult for the Grand Coalition government of Christian-Democrats and Social Democrats (since 2009) to go beyond gradual pension reforms increasing the retirement age and some concessions for current retirees or those soon retiring.

In Great Britain (right lower panel in Fig. 5.1), the positions of the party supporters are as closely located as in respect to the social classes, a pattern that stands in stark contrast to the big ideological divide in respect to general welfare value-orientation reported in the literature. Concerning pension-specific retrenchment and redistribution attitudes, the British electorate strongly supports the redistributive basic pension and opposes any (further) retrenchment. British political parties will thus find it difficult to develop ideologically different alternatives in pension reform given such similar support among their electorate for the current system

and large demand for state involvement. In fact, since the pension act of 2008, several British governments of different partisan composition have maintained the aim of strengthening the public pension and extending supplementary pensions via automatic enrolment.

Conclusion

Mapping pension-specific attitudes in a two-dimensional policy-space capturing attitudes towards retrenchment and redistribution has revealed some striking cross-national differences between Britain and Germany. In line with institutional differences, our analysis shows stronger cross-national differences in respect to the principle of redistribution, and somewhat more limited differences in respect to retrenchment. The German population seems to tend slightly more towards retrenchment than the British. As for redistributive elements in the pensions system, the main difference was found to be in line with the Bismarckian vs. Beveridgean pension system traditions, with Germany representing the achievement-oriented social insurance and Britain the poverty-oriented basic pension policy.

Our study also confirms the existence of attitude differences between social and political groups. Whereas the position of the social classes and non/union membership is much less pronounced than assumed in the literature, party polarization is strongest in Germany on both dimensions, and much less observable in Britain. Compared with the strong country effects, social and party polarization effects turn out to be rather small due to the overall popularity of pension policy and rather limited support for retrenchment. Different age groups also agree on such a consensus in favour of the status quo. We do not find strong evidence for a generational conflict over the scope of pension policy, although German younger people buy less into the equivalence principle than older workers, while in Britain support for redistribution increases with age.

Our analysis thus suggests that old-age is rather perceived as a life course and not a labour market related risk (Jensen 2012) which explains that everyone has an interest in being protected and supported in old age irrespective of income or social class. Such strong support for pensions is reinforced by the high deservingness of the elderly. Both aspects contrib-

ute to our finding of high support and little conflict over pension policies between social and political groups. Under these circumstances, it is very likely that left- and right-wing governments enact similar policies and that only gradual re-calibration of the pension system along the basic principles of the existing pension institutions will occur.

Nevertheless, it remains an interesting question for future research how stable strong support and little conflict over pension policies is. External shocks like financial crises but also population ageing which slowly erodes the financial sustainability of the pension system might affect pension attitudes and reform preferences (see also Chap. 8). Moreover, political ideology determines how people react to increasing reform pressures (Brooks and Manza 2013; Jensen and Naumann 2016) and conflict lines might emerge as a consequence. This suggests that political parties but also unions might play an important role in the political economy of reforms by framing how financial crises and population ageing affect individual interests and reform preferences.

Notes

1. We exclude respondents still in education and do not split up retirees into early retired and “regularly” retired people. The rate of early retirement before age 65 is high for women in Britain (normal retirement at age 60, but 65 for men), and medium-high but declining for men and women in Germany (phased-in increases in pre-retirement since the mid-1990s).
2. 2.6 per cent of the respondents chose a fourth answer “none of these”. We ignore this as a negligible percentage of respondents by analysing these responses as missing.

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6

Demand for Healthcare Reform by Public Opinion and Medical Professionals: A Comparative Survey Analysis

Claus Wendt and Elias Naumann

Introduction

To cope with rising healthcare costs associated with population ageing and technological change, healthcare systems in advanced welfare states are undergoing quite significant changes including privatization and the introduction of private co-payments. Nevertheless, the need to continuously adapt healthcare to changing socio-economic contexts and to increasing reform pressures remains salient. Politicians' room for manoeuvre to enact reforms is shaped and sometimes restricted by public attitudes but also by reform demands of interest groups and experts (Freeman and Moran 2000). There are two main streams studying health policy and public opinion. According to the political science oriented literature, public opinion can be considered a powerful veto player in the reform process as citizens tend to have a strong status quo bias (Pierson 2001).

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The health policy literature takes satisfaction with healthcare as the most general performance indicator. In this understanding, public attitudes can inform policy makers about areas of the healthcare system that need improvement (Papanicolas et al. 2013a). Similarly, the medical profession and their interest organizations are key actors in healthcare reform processes (Immergut 1990; Steinmo and Watts 1995; Quadagno 2006).

In this chapter, we argue that public opinion and doctors' preferences are key to understand the reform potential of healthcare systems. We combine two strands of literature that have remained largely separate: public attitudes research and studies on the political influence of interest groups (including medical experts). This focus allows us to better understand the legitimacy of current healthcare systems as well as the prospects of future reforms. For better understanding how these two research fields are related, this chapter provides an empirical study of public and doctors' satisfaction with the existing healthcare system and their reform demand in 11 countries (including four non-European cases): Australia, Canada, France, Germany, Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom (UK), and the United States (USA).

Public Attitudes, Doctors and Reform Demand: Theory and Empirical Findings

'Because health care matters, it is object of conflict—between those who use health services, those who provide them, those who pay for them and those who make the rules' (Freeman and Moran 2000). In this vein, both public attitudes and reform demand of the medical profession play an important role in the reform process. Yet, both strands of research have remained rather separate. Moreover, research on the role of the medical profession in reform processes has mainly focused on lobbying efforts and on policy positions by interest groups (Immergut 1990; Steinmo and Watts 1995; Quadagno 2006) while little research exists on attitudes of those interest groups' members, that is, the doctors and their policy attitudes with the exception of studies on their job satisfaction (e.g., whether they would use electronic health records). Due to the high relevance of

doctors as an interest group, the following questions are important to better understand the reform potential in the field of healthcare: Are doctors as status quo oriented as the positions of their interest organizations would suggest? How do public attitudes towards healthcare reform compare to reform preferences of the medical profession? Which group is more dissatisfied and thus more reform minded? In which institutional contexts do we find a congruence of policy attitudes of the two groups and thus a potential coalition to block (or support) reforms?

Public Attitudes Towards Healthcare: Individual and Institutional Determinants

According to Rothstein (2001), support for the healthcare system depends on two factors: whether citizens perceive healthcare as valuable good in itself (substantial justice) and whether people consider the provision and organization of healthcare as just (procedural justice). In the same vein, the public attitudes literature on the legitimacy of healthcare systems distinguishes two main dimensions: the preferred role of government in providing healthcare, and satisfaction with its actual provision (Kohl and Wendt 2004; Wendt et al. 2010; Missinne et al. 2013). In this chapter, we focus on the second dimension only, as satisfaction with healthcare provision is more related to potential support of healthcare system change and thus relevant for the political reform process. Moreover, according to Blendon et al. (2003), exploring the individual and institutional factors shaping healthcare satisfaction allows identifying ways to improve health, reduce costs, and implement reform.

The experience with healthcare can be considered to be an important factor shaping satisfaction with the healthcare system. This, however, does not necessarily presuppose direct contact with a doctor or with insurers as also those without personal contact can vary in their satisfaction depending on learning from experiences within their family or social network as well as on other information they receive. And in case of actual healthcare experiences, satisfaction crucially depends on expectations, which, in turn, could be related to the level of payment (Bleich et al. 2009).

It is not easy to assess how actual contact with doctors affects satisfaction with the healthcare system (Calnan and Sanford 2004) as the direction of the effect is influenced by the perceived quality of care. In general, we would expect that those with more contact and a higher need for healthcare are less satisfied. This expectation matches previous research which has consistently shown that poor self-reported health status negatively affects satisfaction with the healthcare system (Cohen 1996; Wendt et al. 2010).

As argued above, there should be a link between actual healthcare experience and satisfaction, thus we expect those receiving good quality healthcare to be more satisfied. For example, those experiencing access barriers, facing long waiting times, or have the feeling that doctors do not spend enough time with them should be less satisfied. As low-income groups may receive a lower standard of care (Hall and Dornan 1990; Malat 2001), they should also show reduced levels of satisfaction (Wendt et al. 2010).

At the same time, high-income groups pay more for healthcare (via taxes or social insurance contributions) and might have higher expectations regarding the quality of care. This could explain why some studies find higher income earners to be less satisfied with their healthcare system (Gevers et al. 2000). As patient expectations are usually not directly measured, proxies of patient expectations have been used in previous research (Bleich et al. 2009). Women and men may have different expectations towards healthcare, thus studies have shown that women value the time and explanations provided by their doctors more than men (Hall et al. 1988), therefore women might be less satisfied than men. In a similar vein, it has been argued that lower-educated groups have lower expectations regarding healthcare (Hall and Dornan 1990; Malat 2001), which may mute their dissatisfaction with the lower quality of healthcare they receive.

In addition to individual characteristics, experiences, and expectations, institutions are an important factor in shaping attitudes and policy preferences (Blekesaune and Quadagno 2003; Papadakis and Bean 1993). Prominent approaches use welfare regimes (Esping-Andersen 1990) or healthcare system typologies (Wendt et al. 2009; Wendt 2014; Reibling 2010) in order to explain institution-induced attitude variations. As welfare regimes and healthcare system types, respectively, may hide

important gradual differences between countries, we follow in this study previous research by adopting a quantitative, multidimensional approach to capture different institutional settings (Wendt et al. 2010; Missinne et al. 2013). According to the ‘production process’ of healthcare services (Kohl and Wendt 2004; Wendt et al. 2011), one needs to distinguish monetary inputs (health expenditure and financing) from real inputs (health personnel and facilities) in order to explain how the ‘real output’ (medical treatment) is evaluated.

As for the effect of monetary input on public attitudes, our argument is the following: In general, higher health expenditures should lead to better quality and thus increase satisfaction with healthcare. This argument finds empirical support in many studies from different regional contexts (Mossialos 1997; Kohl and Wendt 2004; Kim et al. 2013). The validity of this positive correlation comes with the qualification that citizens might compare what they receive with their level of payment. High expenditure per se certainly does not lead to high satisfaction if the quality of healthcare is lower than expected when taking healthcare spending into consideration. Based on this line of argument we expect higher satisfaction levels in the case of low private spending as expectations (and performance evaluations) might be more salient in a context with high private spending. Nevertheless, to date there is only limited empirical support for this expectation (Kim et al. 2013; but see also Wendt et al. 2011, Missinne et al. 2013). Finally, the quality of healthcare can be expected to have an effect on satisfaction. One key component of healthcare quality is the number of personnel. Across many empirical studies (and thus the most robust finding in this research field) is that the number of general practitioners and the availability of healthcare facilities is positively related to satisfaction (Kohl and Wendt 2004; Wendt et al. 2010; Kim et al. 2013; Missinne et al. 2013).

The Role of Interest Groups and the Medical Profession in Reform Processes

Since the 1980s, mature welfare states came under pressure and major retrenchment efforts became part of the political agenda (Pierson 2001).

In the field of healthcare this includes attempts to regulate medical fees (Rothgang et al. 2010). Interest groups such as medical associations are expected to defend acquired social rights following the ‘logic of membership’ by catering to the interests of their core constituency (Schmitter and Streeck 1981). Indeed, medical associations strongly oppose any attempts of regulation and promote their professional and economic autonomy as a key for high-quality healthcare (Immergut 1990; Steinmo and Watts 1995). Nevertheless, some reforms and measures of cost containment were adopted in some countries with the consent of at least a part of organized interests due to compromises and compensations (Giaino and Manow 1999). Thus, the status quo defence of interest groups is not written in stone (Levy 1999; Manow 2001). Whereas Quadagno (2006) suggests that medical associations continue to have a strong bias towards the status quo and thus oppose most reform proposals, much less is known about the policy preferences of the members of medical associations. We therefore ask, whether physicians share the status quo defence of their interest organization (following the ‘logic of membership’).

In addition to the direct political relevance of exploring physicians’ political preferences, understanding their attitudes might also indirectly affect policy outcomes. First, doctors might influence their patients’ attitudes and perceptions of healthcare. Moreover, physicians are key actors in the implementation of new regulations and policies into day-to-day medical work (for example, in their choice of treatments and prescriptions). In this respect, their attitudes and reform demands not only affects which reforms might be enacted but also how well they will be implemented.

Healthcare Systems and Reforms

To better understand the context in which attitudes are formed, we briefly describe the healthcare systems as well as selected reforms in the 11 countries included in this study. According to Wendt (2014), Canada, New Zealand, Germany, and France represent healthcare systems that are characterized by high shares of total health expenditure and public funding, a comparatively low share of private co-payments, a below-average level of healthcare

providers in in-patient care, and a particularly high level in the out-patient sector. General practitioners (GPs) are mainly funded on a fee-for-service basis, and patients have in most countries free choice of medical doctors. However, in line with the concept of ideal-types (Wendt 2014), not all countries of this type fully match this characterization. In New Zealand, for instance, access to doctors is more regulated, and total health expenditure is lower than in other systems of this group. The USA and Switzerland are in some respect similar to the first type but spend more on healthcare, have higher private co-payment, and lower out-patient provider levels.

Australia, the Netherlands, and the UK represent a second group of healthcare systems, characterized in 2007 by a lower level of total health expenditure, high public funding, and below-average private co-payment. The in-patient provider level is higher and the out-patient level much lower than the OECD average. GPs are mainly remunerated on a by capita basis, and patients' access to medical doctors is highly regulated.

Sweden represents a third type of healthcare system identified in Wendt (2014), which compared to the second type, is characterized by a stronger regulation of doctors' income and patients' access. Norway is in some respect similar to Sweden but with higher total health expenditure and public funding, and a higher level of out-patient provision.

Recent healthcare reforms are assessed by using information extracted from the Health Systems and Policy Monitor (European Observatory 2017) covering 9 of the 11 countries (except for Australia and New Zealand). Furthermore, we use selected comparative studies of health reforms.

When analysing reforms in the healthcare arena, the tendency of political stakeholders not to introduce reforms that may provoke negative responses from the public or from the medical profession or both becomes apparent (Freeman and Moran 2000). At first sight, the reduction of hospital beds that occurred in all developed healthcare systems seems to be a major exception from this rule, since patients are interested in access to hospital care close to where they live. The main changes, however, resulted from the introduction of a new system of hospital financing (various versions of Diagnosis Related Groups or DRGs) to improve transparency, resource allocation, and thereby competition (Geissler et al. 2011). A number of hospitals were closed as a consequence of market

forces, not through political regulation. Such a blame-avoidance strategy was applied in countries such as Germany and Switzerland that are characterized by high levels of costs, providers, and patients' choice. The closing down of hospitals and the reduction of hospital beds were mainly framed as a consequence of market forces. In countries with a higher degree of state regulation such as Great Britain (Rothgang et al. 2010) changes in hospital financing were mainly used to improve transparency (Geissler et al. 2011). However, even before the introduction of DRG-systems, a purchaser–provider split has been introduced to increase competition among British hospitals. But the reduction of hospital beds was first of all the result of state regulation. More generally, the policy of reducing the number of hospital beds indicates that healthcare systems with stronger state-involvement such as Britain, Sweden, and the Netherlands used state regulation also for changes that might be negatively perceived by the public.

In many countries, patients' rights, freedom of choice and access to healthcare in structural weak regions is on the reform agenda (European Observatory 2017). While patients' rights and freedom of choice are in general supported by both the doctors and the public, access in structurally weak regions is of high importance for those living there, whereas medical doctors are less inclined to open up a practice in these areas due to insufficient infrastructure such as schools for their children or leisure activities. Political actors seek to achieve better access to medical care in these regions, an important reform topic in Australia, Britain, New Zealand, Norway, and Sweden (European Observatory 2017). This is achieved first of all by financial incentives for medical doctors and not by market forces or through state regulation. In countries with comparatively strong access regulation like Britain, the Netherlands, and Sweden, a trend to improve patients' choice can be observed. However, none of these countries introduced a level of patients' choice known in Germany, France, Switzerland, and the USA (European Observatory 2017). In countries with stronger access regulation, furthermore, health reforms aim at reducing waiting times (Britain, Canada, Sweden, and Norway). All these 'patients' rights' and 'patients' choice' topics have in common that they are, in general, positively perceived by the public and by the medical profession.

In countries known for a high level of patients' choice such as Germany and the USA, not higher or lower levels of choice but the improvement of coverage was on the reform agenda. In Germany, universal coverage has been implemented in 2009, and in the USA, the Patient Protection and Affordable Care Act and further reforms expanded coverage from 2010 onwards (Rothgang et al. 2010). While the German legislation was not much debated and did not result in higher costs, the US 'Obamacare' health reform resulted, at least in short-term, in higher costs, and health policy has been highly contested since this time.

Another important reform topic in countries included in this study has been the price and co-payments for pharmaceuticals. While changes in co-payments can be observed in a number of countries (for example France, Germany, and Switzerland), recently regulations of pharmaceutical prices have been introduced so that it is not the patient who has to pay an ever higher share of the bill. A delisting of drugs, for instance, took place in France and Germany, obligatory discounts were introduced in Germany, and rules in favour of generics have been used in Germany, Sweden, and Switzerland (European Observatory 2017). While private co-payments have always been criticized in public debates, regulation of the pharmaceutical market can be considered to find more support among the public.

This short overview of reform topics cannot cover all reform areas in the countries under consideration. For the analysis of reform demand, not only particular reforms but also the duration and degree of past reforms can be considered to be of major importance. Without denying the salience of the Affordable Care Act in the United States and other health reforms with long-lasting effects such as the introduction of choice among sickness funds in Germany, we see major changes in particular in the British and Dutch healthcare systems.

Data and Measures

We use data from the 2013 Commonwealth Fund International Health Policy Survey ('public attitudes survey') and from the 2012 Commonwealth Fund International Survey of Primary Care Physicians ('doctors survey').

The public attitudes survey was administered by telephone to a random sample of adults aged 18 years or older in eleven high-income countries (Australia, Canada, France, Germany, Netherlands, New Zealand, Norway, Sweden, Switzerland, UK, and USA). Sample sizes varied between 1000 and 2400 respondents (Papanicolas et al. 2013b). The Doctors Survey used three different interview modes (online, paper, and telephone) and interviewed a random sample (between 500 and 2124 per country) of primary care physicians in 10 countries (see list above, except Sweden) between March and July 2012 (Schoen et al. 2012). We use weights so that both population and doctor samples reflect the distribution of the target population in terms of age, sex, and region. In total, our analysis relies on 20045 respondents from the attitudes survey and 9776 respondents from the doctor survey.

Dependent Variable: Dissatisfaction and Reform Demand

In the literature two different measures are used to capture general satisfaction with healthcare. Respondents are either directly asked about their satisfaction on a common Likert-scale (Missinne et al. 2013; Footman et al. 2013; Munro and Duckett 2015) or they are asked to evaluate whether the healthcare system works well or should be reformed (Mossialos 1997; Papanicolas et al. 2013b). We use the latter measure as it is more closely linked to the political process and to actual reform demand. The question item asked respondents to choose which of the three following statements best expressed their overall view of healthcare in their country: (1) ‘On the whole, the system works pretty well, and only minor changes are necessary to make it work better’, (2) ‘There are some good things in our health care system, but fundamental changes are needed to make it work better’, and (3) ‘Our health care system has so much wrong with it that we need to completely rebuild it’.

Country Level Indicators

We use OECD’s public and compulsory private expenditures on health per capita as an indicator for the monetary input (OECD 2016). Private

share of total health expenditures and ‘out-of-pocket’ payments (as per cent of total health expenditures) are used as indicators that tap into healthcare financing mix and who pays for it (OECD 2016). We use the number of physicians (per 1000 inhabitants) and nurses (per 1000 inhabitants) to capture real input (OECD 2016). Both were first calculated as a percentage of the OECD average, while the average of both serves then as an index of service provision (Wendt and Kohl 2010).

Individual Level

To examine whether actual experience, expectations, and health status shape individual satisfaction and reform demand among the larger public, we included age, household income, education, and the health status of respondents in our analysis. We use five age-groups, distinguishing between 18–24, 25–34, 35–49, 50–64, and 65 years old and older. Household income is based on a subjective indicator where respondents are asked to assess their income in comparison to the national average. They could then choose between ‘much above average’, ‘somewhat above average’, ‘about average’, ‘somewhat below average’, and ‘much below average’. For the education indicator, we recoded country-specific classifications of the highest degree of education into three categories: low (secondary education or less), middle (post-secondary), and high (tertiary education). We measured respondents’ health status with a subjective assessment of their own health (categories included ‘excellent’, ‘very good’, ‘good’, ‘fair’, and ‘poor’, recoded so that higher values indicate better health).

To test whether (dis-)satisfaction is linked to economic barriers to healthcare access, we relied on three questions that ask whether during the past 12 months respondents (a) had a medical problem but did not visit a doctor because of costs, (b) skipped a medical test, treatment, or follow-up recommended by a doctor because of costs, or, (c) did not collect a prescription for medicine, or skipped doses of their medicine because of costs. If respondents answered yes to any of the three questions they are coded as having experienced economic barriers to access healthcare. Finally, we included indicators for respondents’ sex, whether they are foreign born, and whether children are living in the household as control variables.

Results

In the 11 countries under study, the public is fairly satisfied with how their healthcare system works. Across all countries, 44 per cent say that the system works well and only minor changes are necessary. A slightly higher share (46 per cent) has a more critical stance and thinks that despite some good things, fundamental change is necessary. High dissatisfaction and demand for fundamental change of the healthcare system are found among 10 per cent of the public. Doctors tend on average slightly to be more critical with only 40 per cent being satisfied with the system as it is, but a majority of 53 per cent supporting fundamental change. Nevertheless, there are fewer very dissatisfied doctors who see a need for a complete overhaul of the healthcare system.

Figure 6.1 shows the distribution of public opinion and doctors' attitudes for each country separately. The countries are ranked according to the share of highly satisfied citizens starting with the most dissatisfied

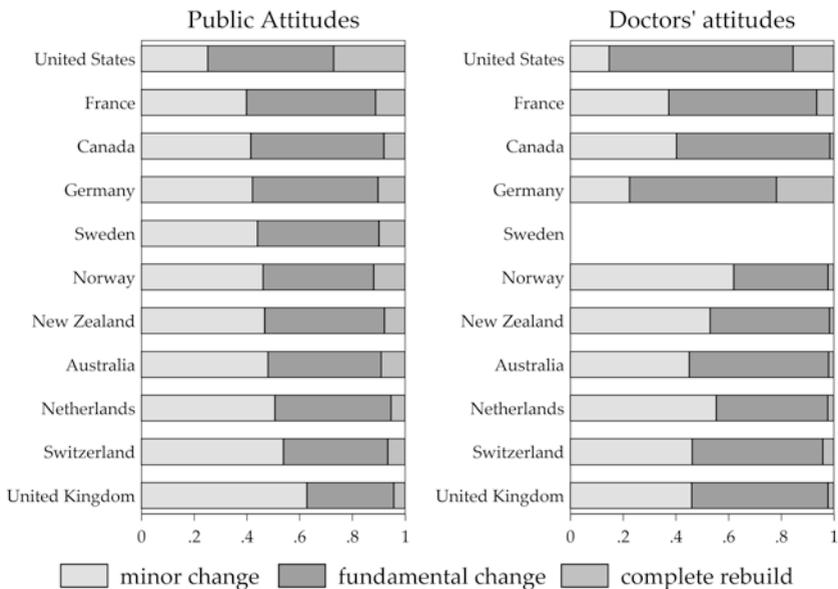


Fig. 6.1 Satisfaction and reform demand among the public and physicians in 11 countries

country. The highest reform demand is found in the USA with 27 per cent of the population being very dissatisfied with healthcare and supporting a complete overhaul of the system. Only one out of four US respondents is satisfied with how healthcare works, considering only minor changes to be necessary. In contrast, there are three countries, the Netherlands, Switzerland, and the UK, with a majority of respondents being satisfied with the healthcare system. In the UK, 63 per cent of the population show such a strong status quo bias and see a need only of minor changes in the healthcare system. In sum, the USA and the UK (and to some extent Switzerland) stand out at the extremes, they are countries with the most dissatisfied and the most satisfied populations respectively. Differences between the remaining countries seem to be rather gradual with France, Canada, and Germany showing more dissatisfaction and a stronger demand for reform, while Switzerland, the Netherlands, and Australia show higher levels of satisfaction and lower reform demand among the public.

Despite a more critical stance towards the healthcare system among doctors, public opinion and doctors' attitudes are in general in agreement. In countries with an unsatisfied public such as the USA, France, Canada, and Germany, doctors share the critical public view on their healthcare system and are more dissatisfied than doctors in countries like Australia, the Netherlands, Switzerland, and the UK.

For an easier comparison of public opinion and doctors' attitudes we combine the more critical answer categories ('fundamental change' and 'complete rebuild') into an indicator for reform demand. Figure 6.2 shows the share of respondents among the public and among the doctors in each country voicing dissatisfaction with the healthcare system and calling for fundamental reforms. As already shown above, doctors in general evaluate the healthcare system more negatively than the public in the respective countries. This pattern is most obvious in the USA and Germany (Fig. 6.2) but is also found in countries where the public is more satisfied. In particular, British and Swiss doctors do not share the positive view of the public on healthcare and tend more towards a higher need for reform. In contrast to this general pattern, doctors evaluate the healthcare system more positively than the public in Norway, New Zealand, and the Netherlands. The high reform demand among German

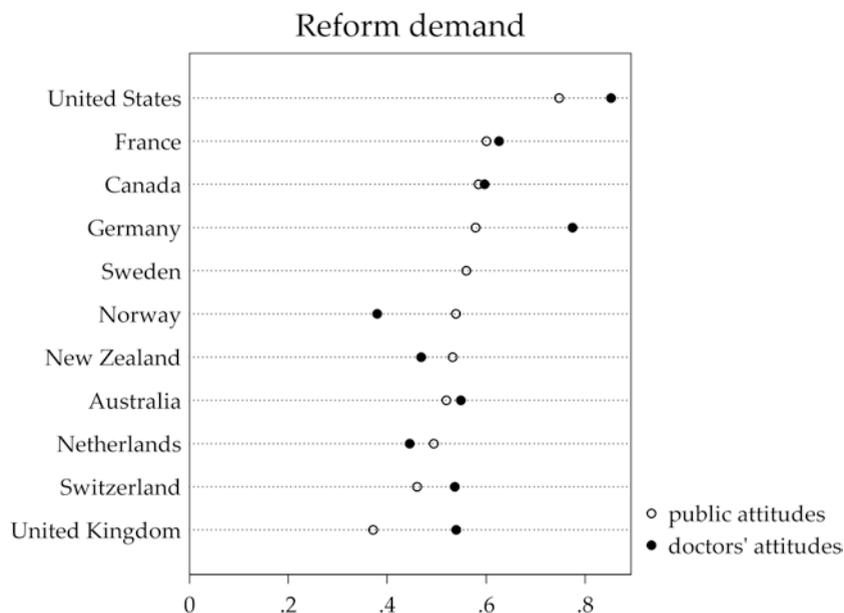


Fig. 6.2 Public and doctors' demand for fundamental reforms or a complete rebuild of the healthcare system

and US doctors might be the result of their bad working conditions since compared to other countries, they are more frequently dissatisfied with practising medicine in general (33 per cent in both countries, compared to an average of 18 per cent in others) and are also less satisfied with their income. Moreover, they also show a higher level of dissatisfaction with the time they can spend with their patients. Finally, the two countries stand out with the lowest share of doctors that have the feeling that the quality of medical care has improved over the last three years (21 per cent in the USA and only 12 per cent in Germany, compared to an average of 25 per cent in the other countries).

To test whether institutional characteristics of the healthcare system are linked to dissatisfaction and higher reform demand, we provide bivariate correlations between institutional indicators and attitudes (see Table 6.1). We expected that high public expenditures are linked to higher levels of satisfaction and thus a lower reform demand. This correlation might be in particular strong for doctors whose income and

Table 6.1 Correlations between reform demand and healthcare institutions

| | Public attitudes | Doctors' attitudes |
|----------------------------|---------------------|---------------------|
| Government expenditure | 0.27 | 0.00 |
| Private expenditure | 0.60 ^{*,a} | 0.73 ^{*,b} |
| Out-of-pocket payments | -0.24 | -0.13 |
| Index of service provision | -0.13 | -0.28 |
| <i>N</i> | 11 | 10 |

* $p < 0.05$

^a0.08 if the USA is excluded

^b0.45 if the USA is excluded

(budgetary) power depends on the resources allocated to the healthcare system. In contrast to previous findings (Mossialos 1997; Kohl and Wendt 2004; Kim et al. 2013), our data do not support this expectation. If at all, higher per capita public expenditure on healthcare is associated with more reform demand among the public (albeit not significant). No such relationship is found with doctors' attitudes. One reason for this finding might be our case-selection of high-income countries, that is, high-quality healthcare has been already achieved and additional public spending per se does not matter for public satisfaction any more. Citizens' and doctors' attitudes might be more affected by their expectations. In this respect, satisfaction might depend much more on who pays for healthcare and how the money is spent.

We expected that a higher share of private spending and out-of-pocket payments would lead to higher expectations among the public and, as a consequence, to lower levels of satisfaction. This is partly confirmed by our data, although the significant correlation between private expenditures (as share of total health expenditures) and a high reform demand is mainly driven by the USA. However, in countries where a high share of the total health expenditures is directly paid by patients out-of-pocket, reform demand is lower (albeit not significant). Similar patterns can be observed for doctors' attitudes.

Whereas the first three institutional indicators measured the monetary input, the real output might matter for public reform demand to a higher extent. Based on the number of doctors and nurses we calculated an index of service provision and expected a higher satisfaction and a lower reform demand in countries with high-quality healthcare. Our analysis

supports this expectation as reform demand by the public and doctors is lower in countries with a high index of service provision.

In Table 6.2 we explore which individual characteristics and experiences are associated with higher reform demand. In addition to a pooled model of our logistic regression (including country-fixed effects) we also provide the results for each country separately to test whether effects vary between countries. According to our theoretical argument we expect that actual contact and the experience with healthcare are the most important factors shaping individual attitudes. Moreover, we argue that individual expectations about healthcare quality play an important role for reform demand and that higher expectations might lead to lower satisfaction.

Assuming that those with better health are less in need of healthcare and have less direct contact, we expect that the individual health status is negatively related to reform demand. Indeed, we find that those respondents with a better health status are more satisfied with healthcare and have a lower reform demand. This holds in almost every country with the exceptions of France and the Netherlands. The literature also uses age as an indicator for need as older people use the healthcare system more often. We find a hump shaped age effect with those in working age between 25 and 64 showing a higher reform demand than the youngest age group. In contrast to our expectations this effect is not linear and the oldest age group (65 and older) is more satisfied with the healthcare than those between 25 and 64.

As for the actual experience with healthcare we argue that higher quality leads to higher satisfaction, whereas bad experiences should lead to higher reform demand. Our analysis supports this claim. If citizens face economic barriers to access healthcare they show higher reform demand. Only in four countries we do not find such an effect. Whereas in Norway and Sweden the low incidence of economic barriers (7 per cent and 5 per cent report barriers) might explain this null finding, Germany with 15 per cent and the Netherlands with 21 per cent have average or slightly above average numbers of respondents having experienced economic barriers to healthcare. As previous research has shown that low-income groups on average receive lower quality healthcare (Hall and Dornan 1990; Malat 2001), we also expected that low income is associated with higher demand for reform. Our data partly support this expectation, as

Table 6.2 Individual differences in reform demand in 11 Countries—Results from logistic regressions

| | Pooled | AUS | CAN | NZ | UK | USA | DE | NL | FR | NO | SE | CH |
|-----------------------------|------------------|------------------|------------------|-----------------|-----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|
| Female | 0.32** (0.04) | 0.77** (0.17) | 0.35** (0.09) | 0.09 (0.19) | 0.28 (0.18) | 0.13 (0.15) | -0.02 (0.16) | -0.14 (0.17) | 0.51** (0.14) | 0.30 (0.19) | 0.50** (0.13) | 0.01 (0.14) |
| Age (ref. cat. 18–24) | | | | | | | | | | | | |
| 25–34 | 0.28** (0.10) | 0.11 (0.34) | 0.58** (0.20) | -0.04 (0.35) | -0.32 (0.32) | -0.07 (0.38) | 0.23 (0.38) | 0.32 (0.36) | -0.40 (0.31) | 0.25 (0.49) | 0.81* (0.34) | 0.84** (0.31) |
| 35–49 | 0.35** (0.09) | 0.21 (0.34) | 0.77** (0.19) | 0.45 (0.32) | -0.36 (0.31) | -0.04 (0.36) | 0.36 (0.37) | -0.04 (0.33) | 0.12 (0.29) | 0.21 (0.43) | 0.42 (0.33) | 0.53 (0.30) |
| 50–64 | 0.29** (0.09) | 0.49 (0.34) | 0.65** (0.18) | 0.23 (0.33) | -0.11 (0.31) | -0.38 (0.36) | 0.13 (0.36) | 0.03 (0.33) | -0.10 (0.28) | 0.15 (0.41) | 0.36 (0.31) | 0.53 (0.31) |
| 65+ | -0.17 (0.09) | 0.32 (0.36) | 0.12 (0.19) | -0.56 (0.39) | -0.60 (0.34) | -1.05** (0.37) | -0.35 (0.38) | -0.18 (0.35) | -0.70* (0.31) | -0.17 (0.42) | -0.08 (0.32) | 0.08 (0.34) |
| Education (ref. cat. Low) | | | | | | | | | | | | |
| Middle | 0.03 (0.06) | -0.15 (0.21) | 0.18 (0.11) | 0.10 (0.23) | 0.14 (0.21) | 0.13 (0.17) | 0.18 (0.20) | -0.26 (0.19) | -0.21 (0.18) | -0.41 (0.22) | 0.19 (0.19) | -0.16 (0.22) |
| High | 0.00 (0.06) | -0.25 (0.22) | -0.07 (0.12) | 0.20 (0.26) | -0.08 (0.24) | 0.25 (0.19) | 0.52* (0.22) | -0.60* (0.27) | -0.07 (0.22) | -0.24 (0.22) | 0.17 (0.20) | -0.11 (0.16) |
| Income (ref. cat.: average) | | | | | | | | | | | | |
| Much above average | 0.16* (0.08) | 0.39 (0.33) | -0.07 (0.15) | 0.17 (0.34) | 0.22 (0.33) | 0.64* (0.25) | -0.13 (0.33) | 0.08 (0.31) | -0.26 (0.30) | 0.79* (0.35) | 0.14 (0.21) | 0.40 (0.35) |
| Somewhat above average | 0.12 (0.07) | 0.29 (0.24) | -0.20 (0.13) | 0.12 (0.29) | 0.32 (0.24) | 0.23 (0.21) | -0.24 (0.27) | -0.00 (0.22) | 0.46* (0.23) | 0.39 (0.29) | 0.26 (0.19) | 0.34 (0.20) |

(continued)

Table 6.2 (continued)

| | Pooled | AUS | CAN | NZ | UK | USA | DE | NL | FR | NO | SE | CH |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|-------------------|
| Somewhat below average | 0.19** (0.07) | -0.12 (0.25) | 0.57** (0.14) | 0.23 (0.30) | 0.14 (0.25) | 0.16 (0.23) | -0.10 (0.24) | 0.13 (0.22) | -0.11 (0.22) | 0.28 (0.29) | 0.16 (0.21) | -0.13 (0.21) |
| Much below average | 0.21** (0.07) | -0.03 (0.23) | 0.25 (0.14) | 0.41 (0.33) | 0.26 (0.36) | 0.45* (0.22) | -0.05 (0.24) | 0.16 (0.31) | 0.11 (0.21) | 0.37 (0.32) | 0.30 (0.22) | 0.27 (0.22) |
| Subjective Health | -0.24** (0.02) | -0.26** (0.09) | -0.25** (0.05) | -0.38** (0.11) | -0.46** (0.10) | -0.16* (0.08) | -0.28** (0.09) | 0.07 (0.09) | -0.08 (0.07) | -0.34** (0.09) | -0.26** (0.06) | -0.37** (0.09) |
| Economic barrier to health care access | 0.76** (0.07) | 1.23** (0.25) | 0.79** (0.16) | 1.30** (0.28) | 0.91* (0.36) | 0.96** (0.18) | 0.24 (0.24) | 0.14 (0.21) | 0.43* (0.22) | 0.47 (0.39) | 0.17 (0.29) | 1.07** (0.24) |
| Foreign born | 0.04 (0.06) | -0.05 (0.22) | 0.17 (0.12) | -0.08 (0.25) | 0.33 (0.24) | -0.35 (0.23) | -0.52 (0.29) | -0.07 (0.21) | -0.03 (0.23) | 0.94* (0.46) | 0.15 (0.23) | 0.31 (0.20) |
| Children in HH | 0.05 (0.06) | 0.32 (0.20) | 0.01 (0.11) | -0.03 (0.23) | 0.02 (0.20) | -0.52** (0.18) | -0.11 (0.22) | 0.22 (0.19) | -0.16 (0.19) | 0.12 (0.25) | 0.44* (0.18) | 0.09 (0.17) |
| Pseudo R ² | 0.06 | 0.09 | 0.06 | 0.1 | 0.05 | 0.07 | 0.03 | 0.02 | 0.04 | 0.05 | 0.05 | 0.06 |
| N | 16681 | 1736 | 4559 | 850 | 767 | 1750 | 852 | 736 | 1305 | 898 | 2046 | 1182 |

Logistic Regression Coefficients shown with standard errors in parentheses, Pooled sample includes country-fixed effects
 * $p < 0.05$, ** $p < 0.01$

the low-income groups with a household income below average are less satisfied with healthcare and show higher reform demand. However, high-income groups also show higher reform demand and we find a U-shaped relationship between income and reform demand (exceptions are Canada with a linear, positive relationship and Germany with no big differences between income groups).

One reason for the unexpected dissatisfaction and high reform demand of high-income groups might be their high expectations. As high-income groups usually pay more for the financing of healthcare, either via taxes or via social insurance contributions, they might have higher expectations regarding healthcare quality and this might explain their dissatisfaction with it. Unmet expectations might also explain the dissatisfaction and higher reform demand among women compared to men. Education, ethnicity and whether children are living in the household in general do not affect satisfaction with healthcare. Exceptions are found in Norway where foreign born report a higher reform demand, and in Sweden (and the USA) where families with children are less (more in the USA) satisfied with the healthcare system.

When focusing on differences among population groups in the 11 countries under consideration more generally, we see no significant differences among population groups in the Netherlands, hardly any differences in Germany, Norway (only between groups with different health status), the UK and New Zealand (health status and the experience of economic barriers have an effect). Countries with the most differences in reform demand among population groups are Canada and the USA with the other countries being in-between (Table 6.2).

Conclusion

The main finding of this study is that doctors are less status quo oriented than the public and more reform minded. It seems that not the doctors but rather the public is a potential veto player blocking reforms (in particular in Britain and in Switzerland). Only in Norway and New Zealand doctors show a stronger status quo bias than the public. Among the countries with a low level of reform demand, the Netherlands and Britain

have experienced a long period and large-scale health reforms which may explain the current low level of reform demand. However, the populations of both countries seem to be rather satisfied with the healthcare system as it is, and since we do not find major differences among population groups, there seems to be a large societal consensus that no further major health reform is needed. The USA represents the other extreme with widespread reform demand but with large differences among population groups.

While countries with lower reform demand among the public have in particular healthcare systems with comparatively lower health expenditure, higher public funding, and lower private co-payments (Switzerland is an exception), therefore, we do not find strong effects when institutional indicators are included in the regressions. The healthcare indicators show, however, that higher private funding results in a higher demand of healthcare change and that a high level of service provision reduces the public's call for reform. Doctors' reform demand seems to be mainly driven by their material circumstances, in particular, how satisfied they are with their income. The high reform demand in Germany and the USA correlates with the high level of dissatisfaction among doctors with their income in general but also with a high dissatisfaction about the difference between their incomes as GPs compared to specialists.

One limitation of our study is that the dependent variable measures at the same time satisfaction and reform demand. While both are related since reform demand may increase when being dissatisfied with the healthcare system, doctors and citizens may focus on one aspect (satisfaction or reform demand) more than on the other which cannot be captured in one survey. Furthermore, while we can assess the status quo orientation and therefore the resistance against reforms more generally, for those who favour health reforms we do not know the direction of reform they would support. It thus remains an open question for future research to explore whether reform minded actors are able to form coalitions to overcome the status quo.

In this chapter we have argued that providers of welfare services and in particular the medical profession are key actors in the reform process. Following a logic of influence (Chap. 1), doctors are a powerful interest

group which can directly influence the reform process (Immergut 1990; Steinmo and Watts 1995; Quadagno 2006). Moreover, as health care providers, doctors are also key in the implementation of reforms and might also influence public perceptions and attitudes towards health care reform. In this vein, both public attitudes and reform demand of the medical profession have to be taken into account to fully understand the reform potential in a certain policy field. We contribute to the literature by comparing public attitudes and the reform demand of the medical profession. Our results suggest that the reform potential can be considered to be particularly high when both the public and organized interests show a high level of reform demand.

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Part II

Public Attitudes Towards Reforms

7

The Popularity of Pension and Unemployment Policies Revisited: The Erosion of Public Support in Britain and Germany

Bernhard Ebbinghaus and Elias Naumann

Introduction

Over the last two decades, the apparent popularity of advanced welfare states in Europe has been acknowledged as a major reason for their persistence in spite of needed reforms (Brooks and Manza 2008; Pierson 2001). Public opinion is seen as an obstacle to reform efforts as those citizens who profit from the current welfare state will be in favour of prolonging acquired social rights. This status quo orientation potentially limits the scope of policy change, but it also reflects the legacy of past public policies in line with the feedback thesis (Pierson 1993). However, major social policy reforms have taken place across European welfare states despite their alleged popularity (Hemerijck 2013; Palier 2010; van

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Kersbergen and Vis 2013). These unexpected reform capacities have been partly explained by cross-national variations across welfare state regimes, in particular, by ‘blame avoidance’ strategies of politicians, which made reforms less visible through gradualism, more societally consensual, limited to those with deserving needs, or rule-and-divide strategies (Pierson 2001). Moreover, recent research shows that not only welfare states differ in their institutional details, but also public attitudes are multidimensional as individuals evaluate social policies more differentially than often assumed (Roosma et al. 2013).

An analysis of individual attitudes towards public policy thus should ideally be long-term in studying persistence or change over longer reform periods, be comparative across different types of welfare regimes, and juxtapose more or less popular social policies. Our analysis aims at all three approaches to explore cross-national, temporal, and policy-specific patterns of public attitudes towards welfare states, while also exploring the multidimensional aspects of public support. We compare two different regimes: Great Britain as a liberal welfare state and the Federal Republic of Germany as a conservative social insurance system. We juxtapose two different policy areas, old age pensions and unemployment benefits, exploring the specific attitudes towards income support for older people and the unemployed. We analyse the overall pattern of individual attitudes in respect to two important dimensions: government responsibility for old age and the unemployed, and public spending preference for pensions and unemployment benefits. We use comparable survey data over two decades in order to analyse the long-term stability or change in public opinion, focusing not only on the average but also the distribution of attitudes and its variation across social groups.

The remainder of the chapter is structured as follows: Based on a review of the theoretical and empirical literature, we develop hypotheses about how policies, reform pressures, and welfare state attitudes are linked. We then provide a short overview of the British and the German development in respect to pension and unemployment protection and identify the most relevant reform processes over the last 30 years. Against this background of rising reform pressures and continued retrenchment efforts we will present and discuss our findings.

Policies, Reform Pressures, and Attitudes

The literature distinguishes two main contextual factors that potentially influence attitudes towards welfare states: the institutional context set by existing policies and the economic context affecting capacity and problem load (van Oorschot and Meuleman 2014). In general, there should be some degree of congruence between existing welfare systems and support for these institutions. Accordingly, general welfare attitudes should be in line with the basic principles of the existing welfare regime (Andrefß and Heien 2001). Two mechanisms, habituation and evaluation effects, suggest a self-reinforcing positive feedback (Baumgartner and Jones 2002; Pierson 1993). First, through socialization but also through day-to-day experience (habituation) people get used to the existing welfare arrangements; they adapt their preferences and behaviour accordingly. Second, people have a self-interested preference for policies from which they benefit. For example, strong support for the universal welfare state in the Nordic countries is usually attributed to a large share of citizens that either receive benefits and/or work for the welfare state as public employees.

More recent research focuses instead on the short-term effects of policies and examines how people react to increasing efforts to retrench the welfare state and cut back on social rights (e.g. Giger and Nelson 2011; Kumlin and Stadelmann-Steffen 2014). The dominant view here is that ‘in effect, the public would behave like a thermostat; when the actual policy “temperature” differs from the preferred policy temperature, the public would send a signal to adjust the policy accordingly, and once sufficiently adjusted, the signal would stop’ (Wlezien 1995, 981). If social spending declines or benefits are cut, public support for more spending (or an increase of benefits) augments as the new, lower level is below the preferred. Empirically, Soroka and Wlezien (2009) show that increased spending leads to a lower support, while Naumann (2014) provides evidence that raising statutory retirement age is followed by a drop in support for any further increase.

A second important factor in shaping attitudes is the socio-economic context. How citizens react to increased reform pressures is important,

not least since the financial crises has brought it back to the public and scientific agenda (Blekesaune 2007; Margalit 2013; Hacker et al. 2013). Reform pressures are multifaceted, including economic challenges (globalization, financial crises, and unemployment), political changes, and socio-demographic factors such as population ageing and migration (Alesina and Glaeser 2004; Pierson 2001; Taylor-Gooby 2011). Opposing hypotheses co-exist in the literature. One argument claims that growing reform pressures lead to an erosion of welfare state support. The assumption is that citizens are aware of the increasing costs due to reform pressures such as ageing. If people have a fixed preference over how much they are willing to pay, increasing costs leads to a downward adaption of welfare state support and an erosion of solidarity. A contrarian argument suggests that increasing reform pressures lead instead to stronger welfare state support due to perceived higher need. Economic crises and increasing unemployment, but also population ageing raises the number of welfare benefit recipients. Also, the potential risk to rely on the welfare state augments: Thus both current benefit receipt and increased labour market risks would be related to welfare state support (Iversen and Soskice 2001; Marx 2014; Rehm et al. 2012).

In addition to the aggregate welfare state support, we also examine how attitudes are distributed across the population within a country. As Dahl (1956) argued, democracies are often characterized by ‘minorities rule’, in which small but outspoken groups tend to hold sway. These minorities can be committed defenders of the status quo, but also committed opponents to a large welfare state such as neoliberal economic elites: ‘Thus distribution of opposition to or polarization regarding social policies may well be as pivotal as overall public support in explaining policy reforms’ (Rehm et al. 2012, 387).

The emergence of new conflicts is a central claim of the New Politics approach (Pierson 2001). One of Pierson’s arguments why retrenchment policies are difficult to enact states that they lead to concentrated losses but diffuse gains (Pierson 2001), following prospect theory (Kahneman and Tversky 1979). Accordingly, conflicts should become apparent between those relatively few people that lose from welfare cuts (for example, the unemployed) and the majority that are rather indifferent about them or see themselves as net payers. Thus groups who benefit from the

welfare state will defend ‘their’ programmes and acquired social rights, whereas the net payers, who do not (expect to) benefit from a social policy are more inclined to accept reforms, though the possible gains (such as lower public expenditure) are rather diffuse. This conflict between beneficiaries and net payers might become more severe if reforms are a zero-sum-game in which additional benefits for some groups or social policy programmes are only possible at the cost of other groups or programmes. For example, the elderly are assumed to be in favour of more spending on old age, whereas the young would rather prefer more spending on ‘their’ programmes of education and family policies (Busemeyer et al. 2009). Such self-interested, fully informed reasoning might not apply to the whole population. But politicians and elites are known to follow a strategy of ‘blame avoidance’ when enacting retrenching reforms (Pierson 1994; Weaver 1986). Part of this strategy might be to frame the issue as a redistributive conflict in order to divide the opposition against retrenchment (Vanhuysse 2006). We would thus expect reform pressures and retrenchment to foster conflicts between social and political groups, such as between left-leaning opponents and right-leaning supporters of retrenchment (for a more refined theoretical argument see Chaps. 1 and 8), between union and non-union members, but also between generations.

Comparing Two Welfare States and Two Policy Areas

There is no agreement in the literature how to conceptualize public policies and how to identify policy change. Some authors examine particular reforms such as increasing retirement age (Bendz 2015; Naumann 2014), others focus on the consequences of social policies such as benefit generosity (van Oorschot and Meuleman 2014), whereas a third approach analyses how social spending affects public opinion (Soroka and Wlezien 2009). At least for the latter two conceptualizations it remains an additional challenge to identify *changes and reforms*. Usually the literature tends to take any shift in benefit levels or spending as an indicator of policy change, although these may be attributable to more or less demand

for rather fixed policies. Moreover, a particular reform may not have immediate but gradual or postponed effects (Pierson 2001), while some major transformations may occur through many small policy changes as institutional theory claims (Mahoney and Thelen 2010; Streeck and Thelen 2005). Therefore, some regard public policies as part of a continuous process that does not have an obvious start and end date (Easton 1957). Rather than identifying one point in time when a single reform was legislated or correlating year-to-year changes of a social policy indicator with public opinion, we will study public policies and their consequences over a longer period as a continuous reform process. We take reform pressures as a contextual background and mainly focus on linking periods of substantial policy changes to waves of attitude changes.

The Reform Processes in Britain and Germany

We chose two advanced welfare states, the United Kingdom (we use Britain) and the Federal Republic of Germany (or briefly Germany), which are commonly seen as different in their institutions, they are often juxtaposed by analytical labels such as Beveridge vs. Bismarckian, basic security vs. social insurance, or liberal vs. conservative regimes (Bonoli 2003; Mau 2004). These welfare regime differences should also find their expression in cross-national variations in public attitudes towards social policies. In our comparative analysis, we are particularly interested whether these two welfare regimes differ in public attitudes, whether there are variations across the two policy areas, and whether this has changed over time. Therefore, we need to briefly review the main differences between the two policy areas, pension and unemployment policy, their cross-national differences, and the specific reform trajectories.

In respect to pension reform, efforts aimed at postponing retirement age and at shifting towards private funded pension pillars (Clasen 2005; Ebbinghaus 2011; Leisering 2011). A central feature of pension policies is their long-term political horizon. Today's political decisions have consequences for future generations. Because of the intergenerational contract built between those that have paid into the system with the expectation to receive benefits financed by the next generation, it is dif-

difficult to radically change pay-as-you-go public pensions (Myles and Pierson 2001). Increasing the statutory retirement age is one attempt to gradually adapt pension systems to the demographic ageing. A second important reform trend is the shift towards privatization, in particular private occupational and personal pensions, although responsibility for old age income security was traditionally seen as the role of public provision (Ebbinghaus 2011). Moreover, in order to assure financial sustainability in ageing societies, a move towards prefunded pensions and quasi-market principles has been advocated in pension reforms (Ebbinghaus 2015). The importance of these principles has been differently institutionalized in Britain and Germany, and the timing and scope of reform processes differ between these two countries (Hinrichs 2000).

The German pension system dates back to its Bismarckian social insurance origin, it developed into pay-as-you-go financed and earnings-related pensions that had largely crowded out private supplementary pensions. Since the 1990s, major retrenchment entailed the phasing-out of early retirement options and reforms to make public pensions more sustainable in an ageing society, reducing expected pension benefits. Moreover, the Red-Green coalition introduced private voluntary funded pensions in the early 2000s and later the first centre-left grand coalition decided to raise the retirement age to 67. In contrast, the British pension system has been marked by its post-war Beveridge welfare state design: a contributory public pension for all citizens (and residents) with additional contribution-related public, occupational, or personal supplementary pensions. The major reform debates occurred at an earlier time than in Germany, already during the long Conservative government of the 1980s (introducing a personal pension), followed by a gradual increase in the retirement age and regulatory adjustments during New Labour (Leisering 2011).

Quite in contrast, unemployment benefits have been a short-term and contentious policy issue, becoming particularly salient in times of high unemployment; it is a policy area with less broad support for lack of attributable deservingness (van Oorschot 2000). The main reforms of unemployment benefits and labour market regulation can be summarized as a paradigm shift towards activation, linking unemployment benefits to job-seeking conditions (Clasen 2005; Dingeldey 2011;

Weishaupt 2013). The German unemployment system had been two-layered, providing earnings-related short-term and long-term benefits for those with contributions, while others received social assistance. Although mass unemployment had existed since the 1970s, becoming particularly problematic after unification (1990) in the East, major reforms of unemployment policies occurred only in the mid-2000s. The Hartz reforms introduced a new system of minimum income for the long-term unemployed and other non-employed groups in combination with stricter activation measures (Dingeldey 2011). In Britain, major reforms of unemployment insurance had already occurred in the mid-1980s, turning the system into a meagre flat-rate and early workfare programme, thus nearly two decades before Germany (Clasen and Clegg 2011). Even under New Labour, active labour market policies remained the main policy paradigm, and incapacity benefits became a contentious issue due to high take-up rates for lack of other non-employment assistance. Thus Britain was again a forerunner in pushing through a more fully developed activation model, and Germany followed suit only with considerable delay and morerestraint.

Reform Pressures, Policies, and Benefit Levels Over the Last 40 Years

Over the last decades, the reform pressures of ageing societies and mass unemployment have been major drivers of public expenditure in respect to old age and unemployment policies, while governments sought to limit benefits and thereby expenditure. A brief discussion of these reform pressures (demographic changes, unemployment rate), the generosity index of pension and unemployment benefits (Scruggs 2007), and social expenditure must suffice to provide an overview of the changing reform context before turning to public attitudes (Fig. 7.1).

As we have seen, major retrenchment in old age policies began in the 1990s in Germany, leading to a decrease in pension generosity from the 2000s onwards. Given continued ageing, it did take longer until spending on pensions was affected: Only in the mid-2000s, the steady increase of public and mandatory private expenditure on old age (as percentage of

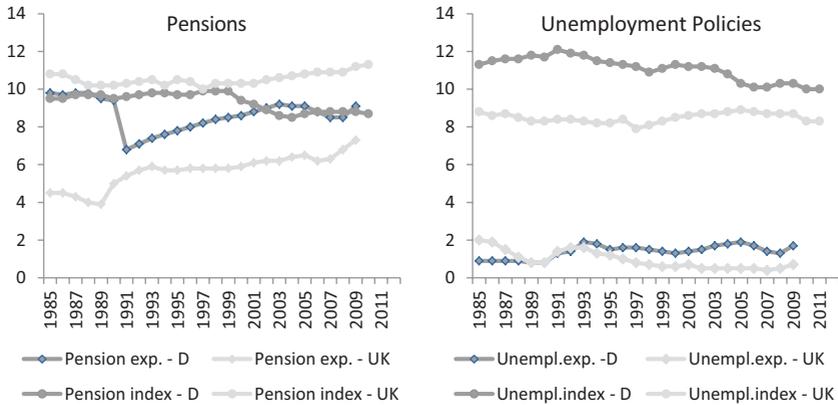


Fig. 7.1 Public expenditures and the generosity of pension and unemployment benefits in Germany and Great Britain, 1985–2013. For data sources, measurement, and data availability see Table 7.2 in the Appendix

GDP) slowed down and reversed. Reform pressures in Britain are less severe, since the population is somewhat younger, the employment rate of the elderly was higher until the late 2000s, and the Beveridge multipillar system is less affected by demographic ageing. Despite retrenchment in the 1980s, pension generosity remained rather stable until the mid-2000s and then slightly improved. Except for a drop between 1986 and 1989, followed by a quick recovery until 1993, pension spending shows a similar stable trend until the mid-2000s followed by an increase after the 2008 crash.

Labour market reforms took place in the mid-1980s in Britain, but only with considerable delay in the early 2000s in Germany. The main reform pressure for labour market policy is mass unemployment, especially long-term unemployment. In Germany the unemployment rate went down after 1985, but then increased after re-unification in the 1990s, followed by a steady recovery until the financial crash of 2008. Unemployment generosity shows only very little variation over time, decreasing slowly after the Hartz reforms. Spending (as a share of GDP) went up during the early unification period and again since the Great Recession, in contrast to many other crisis-ridden European countries.

British unemployment rates were high in the 1980s, declined following the reforms by the Thatcher government, but then rose again until the mid-1990s. Thereafter the British labour market recovered, until the financial crash led to sudden mass unemployment. These unemployment developments correspond with respective changes in benefit levels and spending. As a result of reforms the unemployment generosity index decreased between 1985 and 1997, yet with New Labour unemployment generosity increased again.

Analytical Strategy and Data

Turning to our public opinion analysis we explain the methodology we use in describing the trends in public attitudes towards pension and unemployment policy. Studies on welfare attitudes typically use one of the following measures: either the difference in means or the proportion responding in a certain manner (for example, agreeing ‘somewhat’ or ‘very much’). Although either measure captures important characteristics of the distribution, each suppresses some information relevant to understanding the pattern of welfare attitudes more broadly. Focusing on the mean reveals the average voter position but nothing about either the distributional shape or the existence of strong opponents or supporters. Focusing on the proportion at one end of the scale, however, neglects the remaining pattern of response and the average. For example, support for additional spending might remain stable, whereas strong opposition against additional spending might have increased. The political relevance of the overall pattern of attitudes should not be limited to the mean only, as the median-voter model assumes, but the ‘political terrain’ also matters, in particular, whether larger or small sections of the population are clearly in favour or against a particular social policy, while others are indifferent (Hacker and Pierson 2014).

We examine three distinct aspects of the overall distribution by reporting the mean, the share of strong opponents, and the share of strong supporters (DiMaggio et al. 1996). Since we are interested in how welfare attitude patterns differ across two countries, how they develop over time, and whether they vary between social groups within these societies, we face the challenge to present the data accessibly and efficiently. In the fol-

lowing, we rely on graphical presentation of these statistical measures to facilitate immediate interpretation (for a similar strategy see DiMaggio et al. 1996; Kenworthy and McCall 2008). We abstain from using a multivariate model, since we are less interested in explaining individual attitudes than in mapping the political distribution of public attitudes in the context of different and changing social policies between two welfare states and across a longer time span of reforms.

Survey Data

In order to examine public support for the welfare state over time, we aim at comparing similar items over a longer time period for both countries. We therefore rely mainly on the Role of Government modules of the International Social Survey Program (ISSP), which is available for 1985, 1990, 1996, and 2006 (ISSP Research Group 2008). We extend the ISSP series with national surveys as these provide further sociodemographic information and cover the most recent period until 2014. For Great Britain, we use the British Social Attitudes survey that provides survey data for almost every year (National Centre for Social Research, 2013). For Germany, we use the ALLBUS survey (GESIS 2013), though for lack of recent data on our dependent variables, we also add the recent wave of the German Internet Panel (Blom et al. 2015) in order to extend our series until 2013. For our longer time series, we use survey data on West Germany only, thus excluding respondents living in the Eastern German states that joined the Federal Republic after unification in 1990. Nevertheless, we provide some additional information on differences between West and East Germany for a more comprehensive picture, as the German electorate grew from 45 to 60 million people (or 25 percent) after unification in 1990.

Measures of Welfare State Attitudes

Most research on welfare attitudes relies on single items, often using government responsibility or spending preference questions (e.g. Lipsmeyer 2003; Rehm et al. 2012; Soroka and Wlezien 2009; Wendt et al. 2011). An alternative approach combines attitudes towards several social policy

areas into one (or two) composite measures for support (e.g. Svallfors 2004; Taylor-Gooby 2011). Although studies using a composite index show that items on government responsibility form an underlying attitude dimension, concerns have been raised about relying on composite measures to tap into individual attitudes towards the welfare state. For example, Pierson argues that the ‘welfare state is an umbrella term covering a range of governmental activities that have distinct characteristics’ (Pierson 2001, 11). Comparative survey research shows that welfare opinions are not uniform across different social policies (Busemeyer et al. 2009; Ullrich 2000; Wendt et al. 2011). In particular, people perceive unemployment benefits differently from other social policies such as old age or health care (Lipsmeyer 2003). In fact, we therefore differentiate attitudes towards unemployment policies from pension policies, because the former is more contentious than the latter.

Moreover, some scholars argue that welfare attitudes are multidimensional on several underlying, analytical axes (Andreß and Heien 2001; Roosma et al. 2013). Here, we focus on two widely-used dimensions, the range and the degree of welfare state activities. The *range* refers to the policy areas for which the government should be responsible; it is usually assumed to be the most fundamental indicator of welfare state support. The *degree* of welfare state activities refers to the level of government involvement; it asks whether the state should spend more or less in the respective policy area (Kumlin 2007; Roller 1992).

We use the following item to measure the preferred government scope of welfare state activity (see also Table 7.3): ‘On the whole, do you think it should be or should not be the government’s responsibility to provide a decent standard of living for the old/for the unemployed?’ Answer options include (1) ‘definitely should not be’, (2) ‘should not be’, (3) ‘should be’, (4) ‘definitely should be’. For the preferred public resources to be dedicated for these welfare state activities, we use an item that asks for the preferred level of *spending*: ‘Please show whether you would like to see more or less government spending in each area. Remember that if you say “much more”, it might require a tax increase to pay for old age pensions/unemployment benefits.’ Answer categories include (1) ‘spend much less’, (2) ‘spend less’, (3) ‘spend the same as now’, (4) ‘spend more’, (5) ‘spend much more’. Higher values on each of these scales indicate

stronger welfare state support. As already discussed, we are not only interested in the level of support (i.e. average support), but also in the distribution of responses across the answer scale. We define those respondents that chose extreme answer categories as strong supporters ('definitely should be' and 'spend much more') or strong opponents of the respective welfare policy ('definitely should not be' and 'spend much less').

The measurement of welfare attitudes with these commonly used items is not unproblematic. An important criticism is that the expressed spending preferences might not be realistic, since people are only asked about where to spend money—and not whether they are willing to pay more taxes or to cut spending elsewhere. Such budgetary constraints and trade-offs between policy areas are part and parcel of political decision-making. In the following we propose a way to combine the two spending items, so that the trade-off people might make between pensions and unemployment benefits can be captured at the individual level (Table 7.1). The item on spending preferences is the most widely available item in both series. Moreover, the question on spending preferences asks respondents about their relative preferences compared to the status quo. This allows us to combine spending preferences at the individual level using the status

Table 7.1 Trade-off between spending on pension and spending on unemployment benefits

| | | Unemployment benefits | | | | |
|----------|-----------------------|-----------------------|------------|-----------------------|------------|-----------------|
| | | Spend much less | Spend less | Spend the same as now | Spend more | Spend much more |
| Pensions | Spend much less | | | | | |
| | Spend less | | 2 | | | 5 |
| | Spend the same as now | | | 1 | | |
| | Spend more | | 4 | | | 3 |
| | Spend much more | | | | | |

- (1) Status quo: keep spending in both areas at it is;
- (2) Retrenchment: reduce spending in both areas;
- (3) Expansion: increase spending in both areas;
- (4) Trade-off towards pensions: Spend more or the same as now for pensions, and cut spending for unemployment benefits;
- (5) Trade-off towards unemployment benefits: Spend more or the same as now for unemployment benefits, but cut spending for pensions

quo (i.e., spend the same as now) as our reference point. Since we do not know whether spending more on pensions is the same as spending more on unemployment benefits, we combine the categories at the upper (lower) end of the spending scale into one category. Table 7.1 shows how combining the two items taps into the trade-off between spending for pensions and for unemployment benefits.

Results: Country Comparison Over Time

The long-term trends show rather stable patterns in respect to the mean with some variation between the two welfare states and over time (see Figs. 7.2 and 7.3). Average support for government responsibility for the old and the mean level of spending preference on pensions is lower in West Germany than in Great Britain, while public opinion regarding unemployment benefits in respect to government responsibility and spending preference does not differ much between these two welfare states. However, support for all items was higher in the East than in the West of Germany after unification in the early 1990s, but this divergence has disappeared by the late 2000s (Fig. 7.2).

In general, public support for old age policies is stronger than for the unemployed. At the beginning of our observation period (1985), four out of five (or 78 percent) British respondents strongly support the government's responsibility in providing a decent standard of living for the old, compared to less than every second person (44 percent) who fully endorses unemployment benefits (a 0.5 point difference on a 4-point government responsibility scale) (Fig. 7.3). We thus find an overwhelming majority of British people in favour of the old, while only half of those supporters share the same opinion on unemployment at a time when the unemployment rate was relatively high and years before the conservative government started to cut back on benefits (1988 income support reform). At the same time, a majority (56 percent) of West Germans tended to fully support government responsibility for old age, whereas only every fourth (24 percent) saw the government responsible for unemployment benefits. We find thus less support than in Britain, but also a clear preference for old age; yet the lower support is in line with

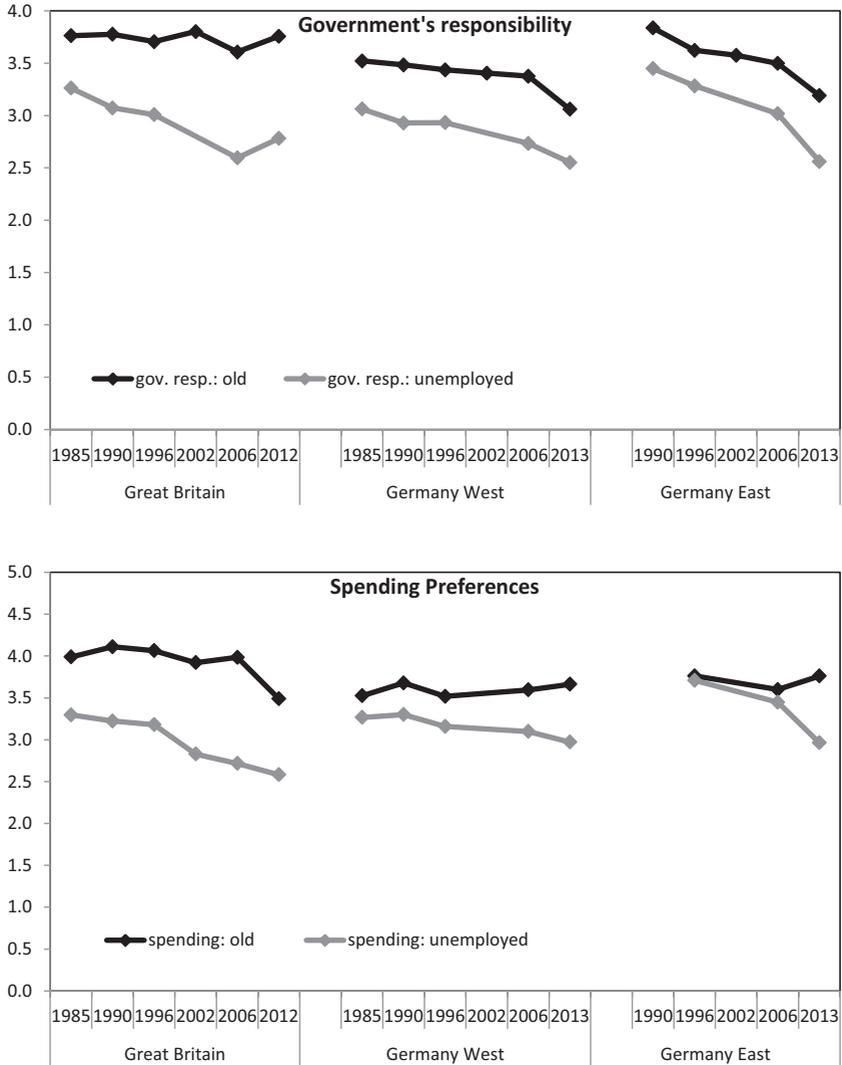


Fig. 7.2 Support for government's responsibility and for spending for the old and the unemployed, Great Britain and Germany 1985–2013

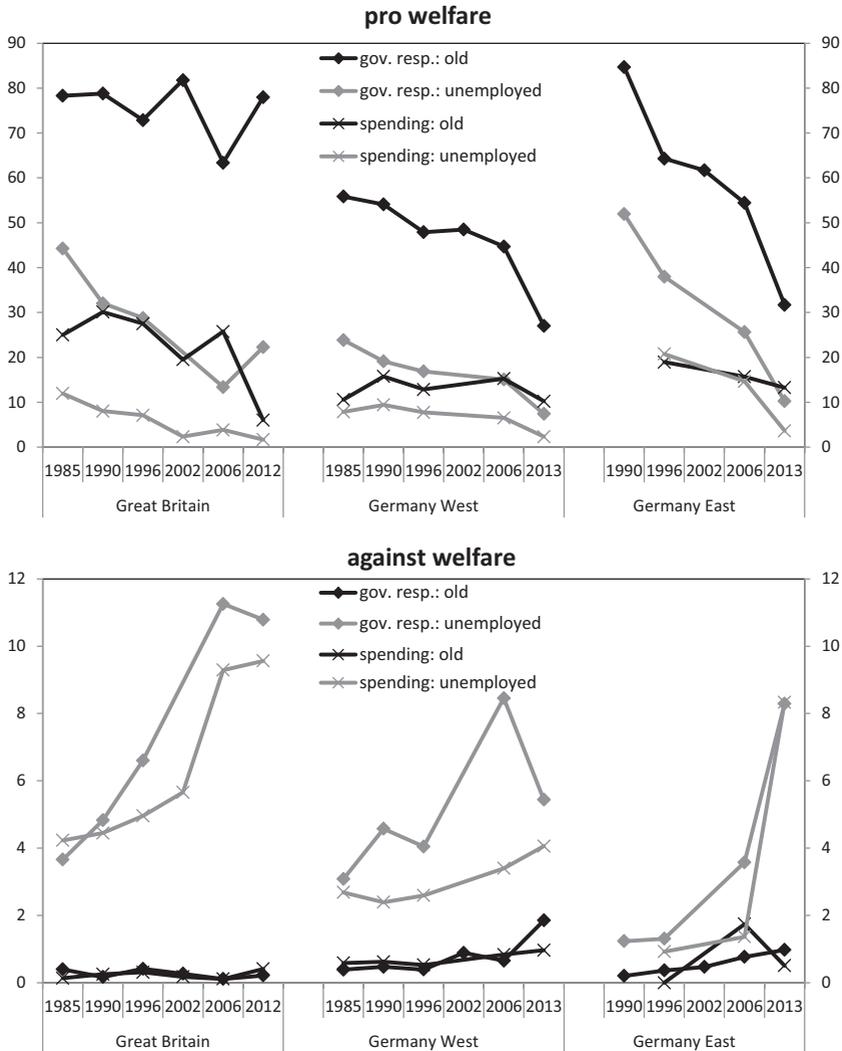


Fig. 7.3 Share of welfare supporters and welfare opponents (in %). Note: pro-welfare supporters = strong support for government responsibility or preference for much more spending; against welfare = strong opposition against government responsibility or preference for much less spending

earlier comparative research indicating that German survey responses to the government responsibility item are less skewed towards strong support, because respondents assume that in a Bismarckian social insurance system not the state but the social partners (employers and unions) are responsible (Mau 2004).

Attitudes Towards Pension Policies

The support for government responsibility to provide a decent standard of living for the old declined steadily in Germany, even accelerating between 2006 and 2013. Against the background of pension reforms in the 1990s, a decreasing pension generosity during the 2000s, but also increasing pressures due to rising pension spending, this pattern suggests a co-evolution of attitudes and policies. Moreover, the introduction of private personal pensions in 2002 seems to have fuelled the erosion of strong supporters, who definitively see the government as fully responsible. The share of such unconditional supporters of government responsibility for the old declines from above 40 percent in 2002 and 2006 to below 30 percent in 2013 in the West, while it dropped dramatically from above 50 percent to 32 percent in East Germany (Fig. 7.3). Somewhat surprisingly though, we do not observe any visible changes in spending preferences for old age pensions in Germany.

In Britain there is strong and widespread support for the view that it is the government's responsibility to provide a decent standard of living for the old. The average support for government responsibility is extraordinarily high with a mean above 3.5 over the entire period (Fig. 7.2). Also, in every year (with the exception of 1996) between 70 and 80 percent of respondents are convinced supporters and there is no strong opposition against this view (Fig. 7.3). This suggests that in Britain the basic notion of government's responsibility to provide a basic pension seems to be unquestioned (and unaffected) by reforms, reform pressures, and economic or financial crises (see Chap. 5).

Until the early 2000s, spending preferences for the old showed similar stability on a very high level of around 4 (out of 5), but we observe a considerable drop in spending preferences for the old between 2006 and

2012 (Fig. 7.2). In addition to the decline in average support in Britain, there is a drastic decline of strong supporters of unemployment spending. The share of respondents that think that the government should spend much more on pensions declined from 26 percent in 2006 to 6 percent in 2013 (Fig. 7.3). Public opinion is not in sync with British pension reforms in the 1980s, it seems to react more to rising pension spending in the late 2000s and continued demographic pressures. On the one hand, this pattern might be seen as evidence for the hypothesis of a thermostatic negative reaction of public attitudes in response to increasing expenditures. On the other hand, increased pension expenditures in the 2000s are not directly linked to any expansion but to continued problem pressures of an ageing society. The erosion of support for additional governmental spending on pensions might thus be rather in line with the continued retrenchment efforts and the reform debate that lead for example to an increase of the statutory retirement age in 2007 and 2011 (see Chap. 2).

Trends in Public Attitudes Towards Unemployment Policies

In Great Britain, attitudes towards government responsibility for the unemployed and spending preferences for unemployment benefits show a similar, steady decline since the mid-1990s. Average support and the share of strong supporters eroded, while strong opposition to both items emerged from around 4 percent in 1985 to about 10 percent most recently (Fig. 7.3). Again, public opinion does not immediately react to policy changes but is rather responsive to its consequences. Until the financial crash the feedback seems to be positive, as we observe a simultaneous trend of less spending, decreasing support for unemployment benefits, and an increasing opposition against spending increases. In particular, the increase of strong opponents against additional spending for the unemployed between 2002 and 2006 is remarkable and it occurred well before the Great Recession (Fig. 7.3). Despite increasing reform pressures and more spending on unemployment benefits after 2008, this withdrawal of support for more spending continues until 2013. In con-

trast, the average support for the government's responsibility to provide a decent standard of living for the unemployed shows some counter-reaction, and increased again between 2006 and 2012 (Fig. 7.2), as did the share of strong supporters (Fig. 7.3).

Germany shows a similar pattern as we observe a steady erosion of support for unemployment policies. The perception of a government's responsibility to provide a decent standard of living for the unemployed is steadily waning, as is the support for additional spending on unemployment benefits. Also, unconditional support for the unemployed has further dwindled from 19 to 7 percent in the West, and dropped precipitously from 52 to 10 percent in the East (Fig. 7.3). Although part of this convergence is caused by generational replacement (Svallfors 2010), it is still astonishing since unemployment remained double as high in the East, and the Hartz labour market reforms of the mid-2000s were considered to be unpopular across Germany. Finally, the share of strong opponents (against government responsibility for the unemployed and against more spending) increased in both parts of Germany. Nevertheless, the timing of these attitude changes does not coincide with the major labour market (Hartz IV) reform in 2002. Again, this suggests that policies and attitudes co-evolve, affecting each other reciprocally. Our results do not indicate that public attitudes react strongly against the general reform direction, hence, in the long run, they do not respond as a regulating thermostat.

The Pattern of Support: Differences Between Subgroups of Society

What matters in the reform process is not only the overall support level but also the pattern of support. Distributive conflicts between social groups, but also the existence of small outspoken groups of reform supporters (or opponents) might be as influential in the reform process as the aggregate public opinion. Therefore, we explore the attitude differences between the supporters of different parties, between union and non-union members, and between age groups. Our main focus here is on the politically more relevant groups of party supporters and union members.

Nevertheless, due to the often assumed importance of a looming inter-generational conflict, we will start with briefly summarizing our results on age differences.

In contrast to expectations of a looming generational conflict (Emery 2012), all demographic groups seem to move in parallel over time. The under 30 years old in both countries are only slightly less supportive of state responsibility for the old, and the differences between the age groups are even smaller for unemployment policies. This is rather astonishing as current pension benefits will benefit the old at the potential expense of the young under pay-as-you-go pension systems given demographic ageing. Although young people tend to be more affected by unemployment, particularly in Britain, the young/old gap in attitudes converged in recent years.

Political differences are commonly seen to matter for individual attitudes: Union members and also supporters of left-leaning parties usually show stronger support for the welfare state, following the power resource thesis (Korpi 1983). Our results (Figs. 7.4 and 7.5) support this finding, as union members are on average more in favour of government responsibility in providing a decent standard of living for the old and the unemployed in both countries. Despite the fact that the British and German union movements have lost considerably in membership and thus became more of a minority, members are only slightly more inclined towards the welfare state. For all four attitude items we find a slightly higher support rate, but there are also years in which there is hardly any difference or even slightly lower rate (in particular for British union members in respect to unemployment in recent years). This finding might, however, indicate that union members are not the pro-welfare 'insiders' that are so different from non-union 'outsiders', in fact, they are largely in sync with the general population.

As to party allegiance, we do find a somewhat clearer tendency towards a more pro-welfare stance among the left-leaning respondents. The left-right cleavage in attitudes is usually stronger than the difference between union and non-union members. Moreover, while there is almost a consensus between left and right-leaning voters on the role of the government in providing pensions and how much to spend on pensions, the ideological divide matters more in respect to unemployment policies. In general, we observe that the conflict between left and right-leaning voters

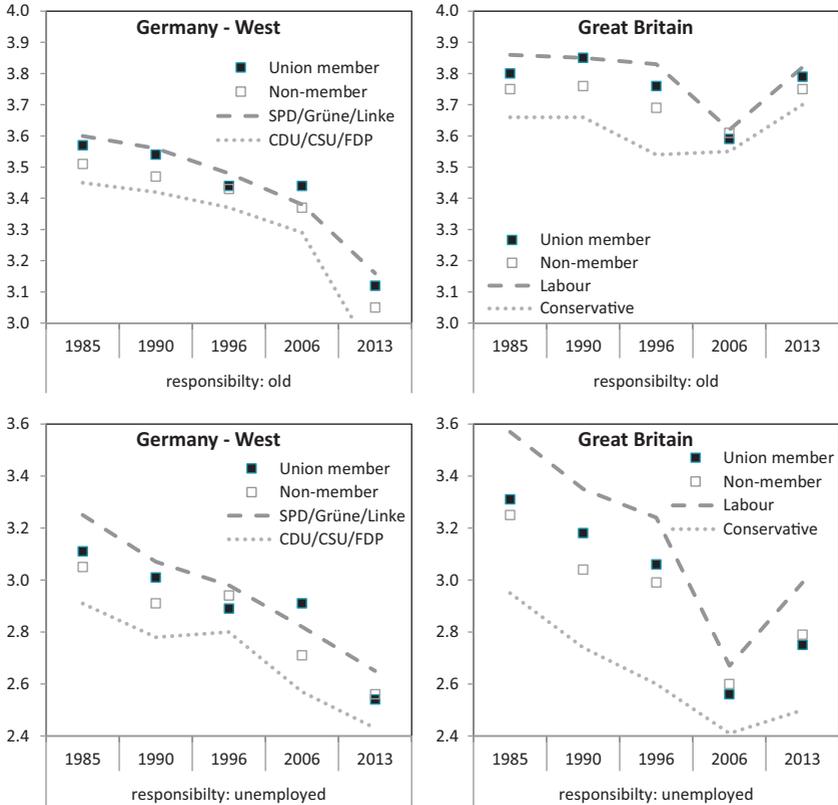


Fig. 7.4 Mean support for government responsibility for the old (upper panel) and for the unemployed (lower panel), by union membership and political orientation

narrowed over time (until 2006) despite increasing reform pressures and retrenchment efforts.

The more recent reaction to the economic crisis, however, warrants a closer look. For most of the items the difference between left and right widened again between 2006 and 2013. For example, in Germany, the withdrawal of support for old age government responsibility is stronger among conservative (right-leaning) respondents (Fig. 7.4). Finally, we find that union members and supporters of the conservative party become more sceptical about spending on unemployment benefits than non-union members or Labour supporters. As for the difference between

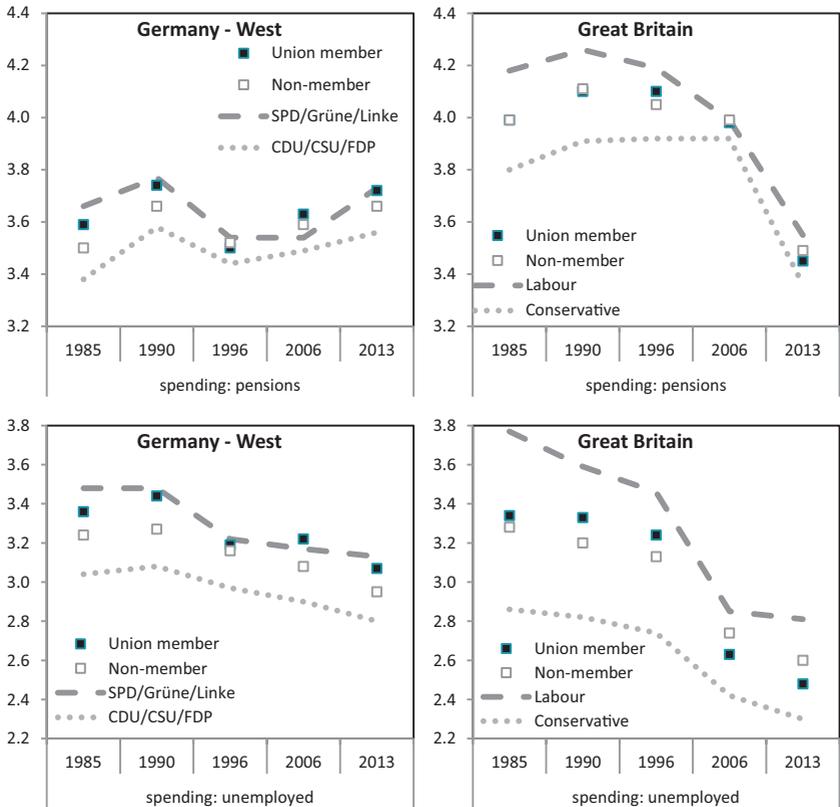


Fig. 7.5 Spending preferences for pensions (upper panel) and unemployment benefits (lower panel), by union membership and political orientation

union and non-union members, this attitude change even led to a reversal of the group differences: in 2013 British union members show weaker spending support for the unemployed than non-union members (Fig. 7.5).

Trade-off Between Pension and Unemployment Benefit Spending

Despite retrenchment efforts and increasing reform pressures, public support for the welfare state remains rather stable, and if so, changes happen very slowly (Brooks and Manza 2008). One reason for this finding might

be the unrealistic measurement of welfare support. Whereas politicians are faced with budgetary constraints and are forced to make trade-offs when distributing the available budget, respondents are often not even reminded that increasing spending in a policy area eventually leads to increased contributions or taxes. This might be one reason for the high and stable support. In order to explore the trade-off people might make between the two policy areas we combine the two items in a joint analysis, studying the combination of responses at the individual level (see Table 7.1). We distinguish five combinations: (1) the status quo is support for current spending for both policy areas, (2) the retrenchment of both, (3) expansion of both, (4) pro-pension trade-off or (5) pro-unemployment trade-off.

In Germany, the status quo bias is slowly waning, as support for maintaining the current spending level in both areas decreased from around 33 percent in 1985 (or even 36 percent in 1996) to 22 percent in 2013 (Fig. 7.6). However, retrenchment remains unpopular, as only 2–3 percent of respondents are clearly in favour of cutting back benefits in both areas. Nevertheless, the group of supporters favouring expansion of unemployment benefits and pensions has been shrinking: from the most preferred alternative in 1990 to only a fifth of all respondents by 2013. Support for both social policy areas, however, is not always in line. Around 40 percent of respondents have a bias towards one area: 22 percent would keep or increase spending for pensions in 1985, while preferring to cut spending on unemployment benefits. In contrast, only 17 percent would like to see less spending for pensions and an increase or at least maintenance of unemployment spending. Thus we find an eroding support for a general expansion or maintenance of welfare spending in Germany, while preferences shift increasingly towards spending for pensions at the expense of unemployment.

In Britain, the overall preference for the status quo is much lower than in Germany: it even decreased to 9 percent in 2008 but, following the financial crash of 2008, doubled again (19 percent) in 2013. As in Germany, general retrenchment is very unpopular in Britain: We observe a decrease from 37 percent in 1985 to 11 percent in 2013, with a major drop occurring between 1996 and 2002. British respondents seem to develop more and more nuanced views on what the government should

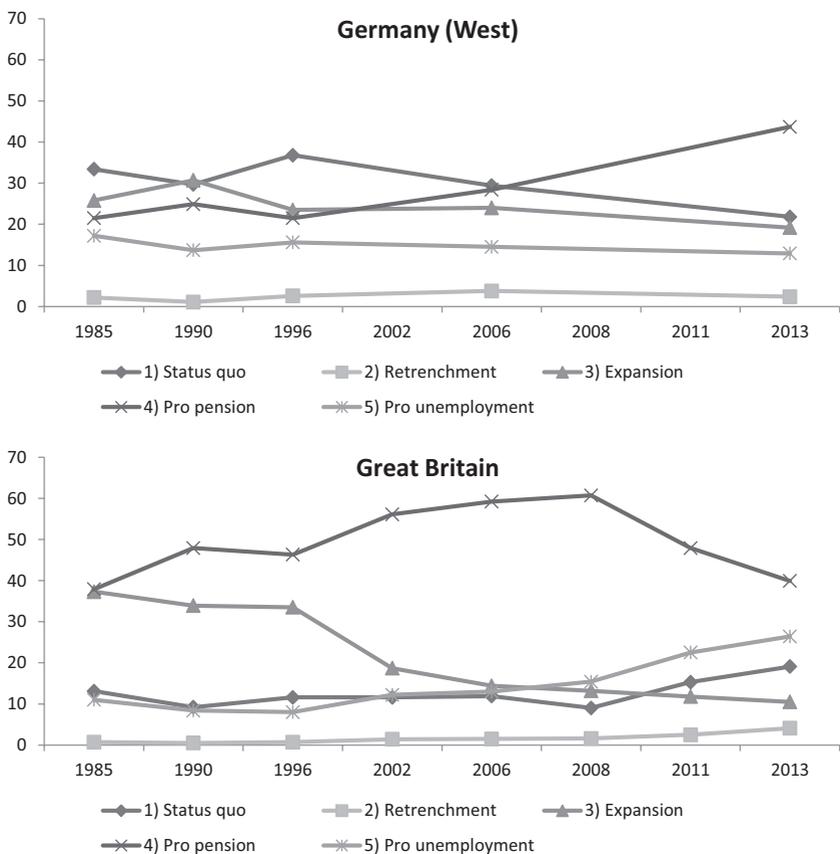


Fig. 7.6 Trade-off between spending for pensions and for unemployment benefits, Great Britain and West Germany, 1985–2013

spend its money on. Until the Great Recession, increasing spending on pensions but retrenching unemployment benefits became increasingly popular, thus this was preferred by 60 percent of respondents in 2008. This bias in spending preference towards pensions decreased thereafter to around 40 percent in 2013. As in Germany, only few British respondents support an increase of spending for unemployment benefits at the expense of pensions. With increasing unemployment rates and the recent economic crisis this has altered: The support for increasing spending on unemployment benefits at the expense of pension spending increased from 15 percent in 2008 to 26 percent in 2013.

Conclusion

Despite claims to its persistence, support for the welfare state has eroded in both Great Britain and the Federal Republic of Germany. This reflects a secular reform trajectory—although with a very long time lag. Judging the policy-opinion-link we would rather support a positive (reinforcing) feedback consistent with retrenchment discourse than a thermostatic (rebounding) reaction against reform directions. At the same time there is clearly no self-reinforcing ‘race to the bottom’ (or negative feedback), but slow and partial erosion from a high or medium level. When we take spending as our measure of policy we would rather see a thermostatic reaction: Increasing spending on pensions is correlated with a decreasing support for more spending. It remains difficult to identify the causal direction even with this longitudinal analysis.

We might doubt that there is a strong causal relationship at all. This has two main reasons. First, continuing reform pressures such as mass unemployment and population ageing are highly correlated with spending. Both developments are assumed to have an impact on public opinion, but it is difficult to disentangle their impact empirically. We suggest one possible scenario to explain stability: Reform pressures lead to increasing support for the old and the unemployed, but at the same time reform pressure induced reluctance on spending out of budgetary concerns. Analysis at the individual level would be needed to test whether net beneficiaries would be more concerned with the increased needs, whereas net payers with the potential spending pressures.

In contrast to claims about age-related and social conflicts, we do not find evidence for a polarization of attitudes—neither in pensions nor in the labour market policies. Neither the so-called ‘generational conflict’ between old and young, nor an insider-outsider divide emerged in public attitudes towards the welfare state in Britain or Germany. There are differences according to age, union membership and political allegiance, but these are less pronounced than expected. If at all, we observe some political polarization in Britain where the gap between left and right party supporters widened, though union and non-union members hardly differ. In Germany, the differences are much less important, though overall support for the welfare state is more uniformly lower than in Britain. In

both countries, we find an erosion of support but only limited signs for an overall support for retrenchment, though many more seem to favour pensions than unemployment benefits in respect to making hard choices about spending priorities.

Different time horizons seem of relevance for judging policy feedback and thermostatic response. It is not a priori clear how quickly policies affect opinion, some reform debates may show immediate reaction, while others only slowly show an impact, some policies are implemented quickly and others only gradually, some have immediate effect, others only diffused ones. Our analysis has looked at few snapshots of public opinion over a long period (more than a quarter century), though we could neither study short-term thermostatic policy cycles nor the impact of particular reforms. In our analysis we opted for a 'slide show' in big time slices, it showed however a rather long-term slow erosion of support from a high or medium level with some noted exceptions between the two countries, the two policy areas, and the two question items. We think our evidence at least suggests revisiting the thesis of welfare state persistence: There are signs of a more secular (reinforcing) long-term trend towards an erosion of public support and not many instances of thermostatic reactions. The welfare state is still popular in Britain and Germany, but this is no longer unconditionally the case.

Appendix

Table 7.2 Indicators for policies and reform pressures

| Indicator | Availability | Source |
|---|--------------|--------|
| <i>Policy</i> | | |
| Total public and mandatory private expenditure on old age as a percentage of GDP (Pension exp.) | 1980–2009 | CPDS |
| Pension generosity index (Pension Index) | 1971–2010 | CWED |
| Cash expenditure for unemployment benefits as a percentage of GDP (public and mandatory private) (Unempl. Exp.) | 1980–2009 | CPDS |
| Unemployment generosity index (Unempl. Index) | 1971–2011 | CWED |

CPDS = Comparative Political Dataset I (Armingeon et al. 2014),

CWED = Comparative Welfare Entitlements Dataset 2 (Scruggs et al. 2014)

Table 7.3 Dependent variables for welfare state attitudes

| Question text | Answer categories | Mean | SD | N/Country |
|--|-----------------------------|------|------|--------------|
| <i>On the whole, do you think it should be or should not be the government's responsibility to</i> | | | | |
| ... provide a decent standard of living for the old? | 1. Definitely should not be | | | |
| | 2. Should not be | 3.41 | 0.62 | 7897 D-West |
| | 3. Should be | 3.75 | 0.48 | 11489 GB |
| | 4. Definitely should be | | | |
| ... provide a decent standard of living for the unemployed? | 1. Definitely should not be | | | |
| | 2. Should not be | 2.88 | 0.74 | 9888 D-West |
| | 3. Should be | 3.07 | 0.85 | 7710 GB |
| | 4. Definitely should be | | | |
| <i>Please show whether you would like to see more or less government spending in each area. Remember that if you say "much more", it might require a tax increase to pay for it.</i> | | | | |
| Old age pensions | 1. Spend much less | | | |
| | 2. Spend less | 3.61 | 0.81 | 15240 D-West |
| | 3. Spend the same as now | 3.87 | 0.73 | 31448 GB |
| | 4. Spend more | | | |
| | 5. Spend much more | | | |
| Unemployment benefits | 1. Spend much less | | | |
| | 2. Spend less | 3.26 | 0.87 | 15059 D-West |
| | 3. Spend the same as now | 2.86 | 0.95 | 31068 GB |
| | 4. Spend more | | | |
| | 5. Spend much more | | | |

Sources: ISSP Research Group [2008](#), GESIS [2013](#), Blom et al. [2015](#), National Centre for Social Research [2013](#), Glatzer et al. [2010](#)

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8

Trust in Ageing Societies: Confidence in Pensions Across Europe

Elias Naumann

Introduction

“Pensions are safe”, insisted German Minister of Labour and Social Affairs, Norbert Blüm, in 1997. Fostering trust in the statutory pension system and in its long-term sustainability was an important political goal at the time. Trust and confidence in receiving pensions are key for the legitimacy and the functioning of a pay-as-you-go pension system but also for the generational contract in general. Current employers and employees are the net-contributors to the pension system and, in return, expect to receive a pension when they will no longer be able to work due to old age. The willingness to pay into the statutory pension system and to contribute to the provision of the public good (i.e. the pension for current and future pensioners) would be heavily reduced if current contributors had doubts about its long-term sustainability (Naumann et al. 2015; Dickson and Shepsle 2001).

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More recently, the political and public discourse moved into the opposite direction and casts doubts about the long-term sustainability of public pension systems. Politicians try to prepare current employees for public pensions that might not maintain their living standards in old age (pension income gap). Actively undermining confidence in the public pension system might be motivated by two anticipated consequences. First, lower replacement levels of public pensions might encourage private pension savings (Agnew et al. 2007). Second, lower confidence in the public pension system and dissatisfaction with current pension policies might be linked with an increased reform demand. However, one should note that it is not obvious whether dissatisfaction leads to a higher support for expansionary policies or whether dissatisfaction leads to stronger support for retrenchment. Thus, lower confidence and dissatisfaction should reduce support for the status quo and therefore facilitate politicians' room for enacting reforms.

Given the high political and behavioural relevance of trust in the pension system, it is surprising that public opinion research has largely neglected this dimension of public attitudes (Vickerstaff et al. 2012), mainly focusing on specific reform preferences (Naumann 2014, 2017; Jaime-Castillo 2013; Fernandez and Jaime-Castillo 2013). This contribution aims to fill this gap by exploring how confidence in pensions across Europe changed between 2004 and 2009. More specifically I investigate whether problem pressures (such as population ageing) are related to a lack of confidence in pensions. Moreover, I examine whether there are some institutional designs that foster trust, but also whether reforms of the pension system aimed at increasing its sustainability enhances trust. Finally, at the individual level, I explore how self-interest, political ideology, and information shape confidence in pension systems.

Theory and Empirical Findings

Although little research specifically on trust in pensions exists, there is a huge scientific interest in social and political trust more generally (see Newton 2007 for a review). In the following I will first elaborate on the main types of trust. Delineating trust in pensions from other types of

trust helps identify those parts of the trust literature I can rely on in the theoretical part, but also shows which types of trust seem to be unrelated to pensions and therefore are less relevant for this study.

Types of Trust and Trust in Pensions

Despite some controversy about what trust is and how it should be defined, the following definition covers the most important aspects of trust quite well (for similar descriptions, see Hardin 1998; Gambetta 1988). Trust is “the belief that others will not deliberately or knowingly do us harm, if they can avoid it, and will look after our interests, if this is possible” (Newton 2007, 343). This definition clearly shows that trust is a relational concept that depends on who “the others” are. Therefore, trust has a variety of forms and the following common distinctions seem to be helpful in distinguishing these types of trust.

First, it is important to separate social from political trust: Social trust refers to social situations, for example, interactions with strangers, whereas political trust refers to trust in political leaders, administrations, or political entities. Second, trust in people is usually distinguished from trust or confidence in institutions (Seligman 1997; Giddens 1990). And third, specific trust is different from generalized trust. The former refers to trust in specific people or trust in specific institutions someone already interacted with, whereas the latter is rather based on more generalized situations.

According to these concepts, confidence in pensions is political trust and can be classified as trust in institutions and not trust in specific persons. It is a bit more difficult to say whether confidence in pensions is rather general or whether it is specifically linked to an institution such as the government or the pension fund. Following this classification, I will disregard theoretical and empirical findings on social trust in the following theoretical argument, since political trust does not seem to overlap much, if at all, with social trust (Kaase 1999; Newton 2001). Whether someone trusts in strangers should not be relevant for whether someone has confidence in receiving a pension. Also, I will mainly focus my argument on trust in institutions and less on trust in persons, as trust in

others is usually found to be higher than confidence in institutions (Alesina and La Ferrara 2002). And finally, as trust is contingent upon people and circumstances, I will also only very briefly take into account research on political trust in other institutions than the pension system (such as trust in the government or the parliament).

Macro-relationships

The welfare state attitudes literature distinguishes two sets of factors of the country context that affect individual attitudes: the institutional context and the socio-economic context (see also Chap. 1). The most prominent approach that links the institutional context and welfare attitudes examines if attitude differences between countries can be explained by a predefined regime type (Esping-Andersen 1990) and by institutional characteristics of the welfare state (Blekesaune and Quadagno 2003; Wendt et al. 2010). These studies hypothesize that citizens approve of welfare arrangements present in their country and take consistent preferences and enduring institutions as evidence for an institutional influence on individual attitudes. In a similar vein, Soroka and Wlezien (2009) show that more spending for specific policy programmes leads to less support for additional spending and vice versa. They argue that public opinion reacts like a thermostat that signals if the current policy is not in line with what the public wants. A second line of research explores how socio-economic factors, such as economic growth, unemployment rates, or population ageing, affect attitudes (Boeri et al. 2001; Kikuzawa et al. 2008; Naumann 2017). Concisely, the argument claims that increasing problem pressure induces doubts about the long-term sustainability of current welfare state arrangements resulting in a lower support for (or less trust in) the welfare state.

How does trust in the pension system vary between countries? Which pension institutions foster trust? And do economic pressures affect trust in the pension system? The economic pocket-book explanation is quite simple and provides clear predictions. At the core of each pension system is some kind of generational contract: Current employees and employers pay their parents' pensions in exchange for the promise that the younger

generations will pay theirs (Boeri et al. 2001; Naumann et al. 2015). In an expanding or stable population such a contract and the commitment to contribute to the common good of a public pension is a stable equilibrium. This is the case since trust in receiving pensions in old age encourages current workers to contribute to the pension system and to support the existing pension arrangements. Ageing populations and increasing life expectancy, however, mean that fewer working children will have to finance their parents' pensions. Pension policy experts predict that without any reforms a pension crisis with rising public debt is inevitable. As an alternative, the following policy measures might increase the long-term sustainability of pension systems and strengthen trust in the generational contract: a large increase in contributions by workers, a large increase in general taxes or a cut in the generosity of pensions.

We would expect that in countries with an older population and therefore more sustainability problems, trust in the pension system is lower. Moreover, difficult economic conditions and a high unemployment rate should also reduce trust in the pension system, since both reduce the total amount of taxes and contributions available to finance the system. As for the institutional context, trust in the pension system should be lower if pensions are generous. Finally, a higher retirement age increases the share of working people in comparison to those non-working and thus reduces the problem pressure induced by population ageing. Consequently, policy measures aimed at increasing actual retirement ages and in particular increasing the legal retirement age should foster trust in the pension system.

There is empirical evidence that doubts about the long-term sustainability of the pension system exist, but it is less clear whether trust in pensions has changed over time and whether trust relates to problem pressures or the institutional context. Doubts that the pension system will be able to maintain current benefit levels in the future exist across all countries (Hicks 2001; Bay and Pedersen 2004; Svallfors 2011). But the extent of these concerns varies considerably between countries. For example, around the 2000s, only 23 per cent of respondents in Norway voice some concerns about the ability of the National Insurance scheme to meet its obligations in the future (Bay and Pedersen 2004), whereas more than 70 per cent in France, Italy, and Germany expected a crisis of the

pension system within the next 10 years (Boeri et al. 2001). The theoretical considerations rather suggest an erosion of trust in pension systems as Western populations get older. Studies from the USA and the UK support this expectation and show a declining confidence in the social security system between the 1970s and the 2000s (Jacobs and Shapiro 1998; Hicks 2001), whereas trust in the Norwegian and Swedish pension systems has increased over the same period and remained at a high level until the late 2000s (Bay and Pedersen 2004; Svallfors 2011).

Determinants of Trust at the Individual Level

The literature distinguishes between self-interest and values as the two main factors shaping individual attitudes (Svallfors 2012; Wendt et al. 2011). People are supposed to support those welfare arrangements they expect to benefit from (Naumann et al. 2016). But welfare state attitudes are also driven by ideological beliefs about social justice, fairness, or deservingness perceptions (van Oorschot 2000). The trust literature relies on a similar distinction and emphasizes two dimensions of trust: cognitive trust which involves strategic considerations and predictability, and affective trust which is driven by emotions reflecting personal ethics and values (Hyde et al. 2007).

The self-interest perspective links trust to material considerations and expectations about future (retirement) income. Stability and predictability of income in the accumulation and benefit phase should foster trust (Ring 2005; Sztompka 1998). As uncertainty about future changes in income and pension regulations increases with the remaining time until retirement and also with the number of life course transitions (like labour market entry, family or career planning), we would first of all expect higher trust among older respondents and in particular among pensioners (Boeri et al. 2001). In contrast, in particular younger respondents and those still in education should show lower levels of trust (Bay and Pedersen 2004). Moreover, anticipated stability of income during the accumulation phase should also increase trust in pensions. Employees with a low unemployment risk and a good position in the labour market are expected to be less concerned about the sustainability of their pensions. Boeri et al.

(2001) find more trust among civil servants and higher social classes but less trust among highly educated and high income respondents.

These empirical findings cast some doubt about rational considerations as reliable predictors of trust. Hyde et al. (2007) emphasize individual values as a second important dimension of trust. In the following, we will focus on political ideology as a highly relevant individual value orientation which reliably summarizes a set of values and justice beliefs. Are right-leaning individuals more trusting than left-leaning individuals? On the one hand, conservative ideology is characterized by beliefs that others are self-interested and competitive, and conservatives might not expect that others will behave in a manner that promotes collective interests (Duckitt 2001). Consequently, they should show lower levels of trust than left-leaning people (Balliet et al. 2016; Hetherington 1998). On the other hand, leftish political ideology is characterized by a higher degree of mistrust and a more critical stance towards the existing institutions and the status quo, whereas traditional, right-leaning values include a high level of trust in the existing institutions (Rosenberg 1956). According to the latter argument, right-leaning people should show more trust in the pension system than left-leaning people (Gershtenson et al. 2006).

Both approaches implicitly assume perfect knowledge and certainty about one's material interest, how this self-interest will be affected by future socio-demographic changes, and also about one's values and whether the current pension system is in line or at odds with these values. Recent research in political psychology shows a high degree of misinformation and low knowledge about basic political facts (Gilens 2001). As a consequence, attitudes and also trust can be very quickly affected by framing and by new information (Chong and Druckman 2007; Naumann 2017). As argued in the introduction and Part I of this edited volume, the political power of parties and unions stems in part from their potential influence on their members' political preferences. For example, parties and unions provide information on the consequences of population ageing on the sustainability of the pension system, advocate (or oppose) reform proposals and might frame these reforms either as beneficial or detrimental to the long-term sustainability of the pension system. Accordingly, we would expect that party and also union members differ in their level of trust compared with the general population.

Pension Systems Under Pressure: Pension Policy Trends Across Europe

This chapter analyses changes of trust in pensions against the backdrop of increasing reform pressures, continued restructuring, and retrenchment. The following summary of social and economic trends related to the pension system and how governments reacted to these changes should locate the time period examined in this chapter within the general socio-economic development over the last 25 years.

Rapidly ageing populations due to increasing life expectancy and low fertility rates pose a major challenge to the sustainability of pension systems and increases reform pressures (OECD 2011). In 25 EU countries the dependency ratio increased on average from 22.4 per cent in 2004 to 23.7 per cent in 2009. Moreover, general economic trends and the financial crisis of 2008 placed additional pressures on financing pensions. In reacting to these changes, countries have a variety of policy alternatives at their disposal. For the period between 1990 and 2005, Soede and Vrooman (2008, 23) identify the following typical measures:

- Providing more funded schemes or greater reliance on funded schemes
- Promoting private schemes
- Reducing benefits
- Promoting longer employment
- Raising retirement age and closing the gap between men and women

These measures are partly reflected in the institutional characteristics of the 25 EU countries included in this analysis. The promotion of private schemes possibly led to a slight decrease from 90.1 per cent to 89.8 per cent in terms of the public share of total expenditures on old age, survivor, and disability benefits. As the replacement rate remained stable, efforts to reduce benefits did not show any consequences at the EU level. The promotion of longer employment is reflected in an increase of the average effective retirement age (see also Chap. 2). Seven of the 25 EU countries decided to change the retirement age from 2004 to 2009. Another six countries (Belgium, Estonia, Hungary, Latvia, Lithuania,

and Slovenia) already enacted a reform in the late 90s or early 2000s and are now in the implementation phase. While the Czech Republic and Slovakia implemented these reforms immediately, Austria, Denmark, Germany, Italy, and the UK postponed the implementation for four to 18 years.

Data and Measurement

Data for this study is taken from Eurobarometer, a bi-annual survey with representative samples of the population aged 15 years and older residing in the EU member states. On the basis of the availability of the dependent variable, I chose Eurobarometer surveys (62.1, 64.2, 66.3, and 71.3), which were conducted in 2004, 2005, 2006, and 2009, respectively. The data provides information on 99,233 individuals from 25 EU countries. Country samples vary between 500 and 1561 respondents per year and were weighted for sex, age, region, and size of locality.

Trust and confidence in pensions is measured with the following item: “At the moment, when you think of the future of your pension, would you say that you are...?” The response scale offered four categories including very confident, somewhat confident, not very confident and not at all confident. I recoded this variable, so that higher values indicate a higher confidence in the future of one’s pension.

Independent Variables at the Country Level

Capturing problem pressures with indicators related to demographic and economic development, I draw on the dependency ratio as an indicator for pension specific reform pressures. It is an age-population ratio of those inactive (aged 65 and older) and those in the labour force (the productive part). It is the standard measure to capture population ageing and the related pressure on financing the pension system. The unemployment rate is used as an indicator for general reform pressures. Moreover, I use the aggregate replacement rate as an indicator for the generosity of the pension system. It is defined as the ratio of the median individual gross

pension of the 65–74 age category relative to median individual gross earnings of the 50–59 age group, excluding other social benefits.

A second goal of this chapter is to explore which institutional settings foster trust in pensions and whether we find evidence for feedback effects of policies on trust. Until recently the standard approach to explaining country differences in welfare attitudes has been to draw on Esping-Andersen's (1990) regime types. Since such a strict categorization of welfare systems to single types might obscure real changes, a more promising approach is to use specific indicators of the pension system, thereby allowing us to capture gradual institutional changes. The most visible policy change is an increase of the legal retirement age. Despite fierce debates and occasional public protests and strikes against increasing the retirement age, pension experts usually agree that increasing the retirement age is the best policy response to population ageing (see also Chap. 2). Since the legal retirement age for men and women differs in some countries, I include the average of the legal retirement age of men and women. Some countries have extensive opportunities for early retirement and the legal retirement age does not really affect people's decision to retire (Ebbinghaus 2006). To capture current retirement practices I include the average effective retirement age.

Independent Variables at the Individual Level

According to the self-interest hypothesis, long time periods until retirement increase uncertainty about future income and should thus reduce confidence in pensions. Moreover, a good socio-economic position is linked to lower unemployment risk. I test these expectations by controlling for four age groups (15–24, 25–39, 40–59, 60+ years old), the employment status of respondents (working, unemployed, retired), and social class as a measure for the socio-economic position. To operationalize social class we use the European Socio-Economic Classification (ESeC) and classified respondents according to occupation (see Rose and Harrison 2007). The salariat (e.g. lawyers, scientists, engineers) is distinguished from intermediate employees (e.g. office clerks, government officials), from small employers and the self-employed, and from the working

class (e.g. care workers, tool makers, cleaners). Instead of an objective income measure, we rely on subjective perceptions of the current living standard and expectations about one's job situation in the coming year.

Gender and education also capture prospective income based on future employment and earnings opportunities. Nevertheless, both are also related to values and socialization and are therefore rather included as controls, as the before-mentioned indicators should already have captured the major self-interest aspects. A respondent's education is assessed using the age at which he or she exited full-time education, distinguishing between primary or no education, secondary, and tertiary education. Moreover, family status (whether married or not) and household size are included as additional controls.

Our main measure for people's ideological orientation was operationalized by their self-placement on a ten point left-right scale. Answers were collapsed into three categories: Left (1–4), right (7–10) and centre (5 and 6) as the reference category.

In addition to self-interests and values, I argued that information and the influence of political actors through framing pension issues should affect trust in pensions. Furthermore, I include an indicator on union membership, membership of a business organization, as well as party membership to test whether such memberships shape trust in pensions.

Methods

Repeated cross-sectional data provides many possibilities to analyse attitudes at different levels. With regard to the institutional determinants of attitudes, we can explore variation across space, that is, the differences between countries, and across time, that is, changes within a country. Attitude differences between countries are rather stable, reflect the general institutional background or the welfare regime and can thus be interpreted as the result of a more long-term co-evolution of attitudes and institutions. To analyse these institutional differences between countries, I estimated multi-level models, which account for the nested structure of the data, that is, individuals nested within countries (Rabe-Hesketh and Skrondal 2005). Research clearly distinguishes these long-term from

short-term effects that institutional change or policies have on attitudes (Soroka and Wlezien 2009; Jacobs and Weaver 2015; Naumann 2014). While in general institutions and attitudes seem to be in line, in the short run public opinion might rather react against the reform direction (Soroka and Wlezien 2009; Naumann 2014). To explore the short-term, temporal variation of attitudes, I use a difference-in-differences approach relying on all four rounds of the Eurobarometer data. This method has become widespread in empirical economics to evaluate the effect of (non-random) reforms on various outcomes (e.g. how minimum wages affect employment; see Card and Krueger 1994). To account for the non-randomness of the treatment the basic idea of the difference-in-differences method is to mimic an experimental design. Changes in countries where a certain policy is enacted or where a change in the economic context happens are compared to attitude changes in countries with no reform or no change in the economic context. In order to identify the changes observed in the treatment group as causal, countries without reform serve as a counterfactual.

As Eurobarometer follows a repeated cross-sectional design, it provides a panel of countries but not of individuals. Therefore, our analysis of the individual-level determinants of confidence in pensions is restricted to examining the differences between social groups within a country. We use the standard methods in the field of public attitudes research and estimate a multilevel linear regression. As information on membership in unions, business organizations, and parties is only available in the 2006 round of Eurobarometer, the analysis at the individual level relies on this data only.

Results

In which countries is confidence in pensions higher, and do we observe changes over time? Figure 8.1 shows the share of respondents that are confident about their pension. Countries are ranked from left to right starting with countries with the lowest confidence. In Great Britain, Poland, France, Germany, and the Czech Republic less than 20 per cent of respondents answer that they are very or somewhat confident about the future of pensions. The highest level of confidence is observed in the

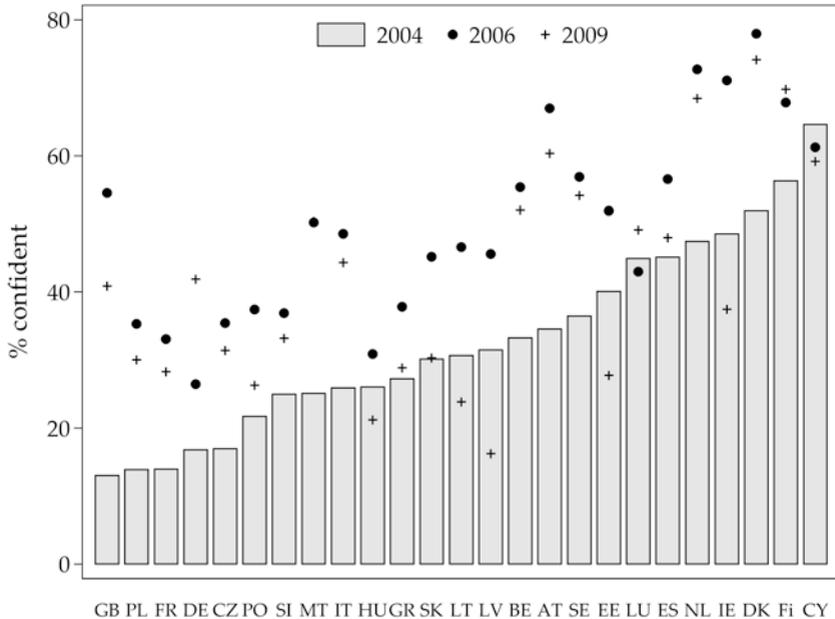


Fig. 8.1 Confidence in pensions in 25 European countries, 2004–2009

Netherlands, Ireland, Denmark, Finland, and Cyprus with more than 40 per cent of respondents showing confidence in pensions. Figure 8.1 also shows how confidence has changed over time between 2004, 2006 (black dots), and 2009 (pluses). We observe a general trend towards more confidence in pensions in 2006 and 2009 compared to 2004. This increase is strongest between 2004 and 2006, whereas confidence drops again in 2009 (compared to 2006), possibly because of the financial crisis. In six out of the 25 countries (Hungary, Lithuania, Latvia, Estonia, Ireland, and Cyprus) confidence levels are lower in 2009 compared to 2004. These six countries were considerably affected by the financial crisis and had to face sharp increases in unemployment. For example, the unemployment rates in the Baltics increased from 5–7 per cent in 2008 to 14–19 per cent, and Ireland saw an increase from 6.4 per cent to 12 per cent in the same period compared to an increase from 6.9 per cent to 8.8 per cent in the EU-28 area (OECD 2017). In contrast, a steady increase of confidence in pensions is only found in Germany, which is also the country that was least affected by the financial crisis.

Are these variations in confidence levels over time and space linked to socio-demographic changes, to population ageing? And how do institutional contexts and pension reforms affect confidence levels? We start our analysis by presenting the macro-level results of the multilevel linear regression and then move on to a more dynamic perspective, exploring how changes in institutional indicators and changing levels of trust are linked.

As argued before, I interpret differences between countries rather as the result of a more long-term co-evolution of attitudes and institutions. Consequently, the focus is less on identifying causal relationships but rather on exploring whether the institutional and socio-economic contexts are correlated with confidence in pensions. Table 8.1 provides the results of the multilevel linear regression and shows the results for the macro-level indicators only. Due to the small-N problem in comparative attitudes research (see also Introduction), we first estimate models where we include every macro-indicator separately (column 1). In a second step, we then estimate a model where we only keep those macro-indicators that had a significant correlation with confidence (column 2) in the first set of estimations. Our results show that problem pressures lead to lower confidence: A high dependency ratio and a higher unemployment rate are correlated with lower levels of trust. Also, respondents in countries

Table 8.1 Institutional determinants of confidence in pensions—Multilevel linear regression

| | (1) | | (2) | |
|-------------------------------|--------------------|--------|--------------------|--------|
| | Coef. | SE | Coef. | SE |
| Dependency ratio | -0.02 ⁺ | (0.01) | -0.02 ⁺ | (0.01) |
| Unemployment rate | -0.05 [*] | (0.02) | -0.04 [*] | (0.02) |
| Replacement rate | -0.95 ⁺ | (0.56) | -0.26 | (0.60) |
| Legal retirement age | 0.01 | (0.02) | | |
| Actual average retirement age | 0.02 | (0.02) | | |
| Individual-level controls | | [Yes] | | [Yes] |
| <i>N</i> | 25 | | 25 | |
| <i>n</i> | 15894 | | 15894 | |

Standard errors in parentheses

In Model (1) each of the five Level 2 indicators is included in the estimation separately. In Model (2) we only retain those indicators that showed a significant correlation in Model (1)

⁺ $p < 0.10$, ^{*} $p < 0.05$

with more generous pensions (in terms of replacement rates) show lower confidence in them. This suggests that there is awareness that these generous pension arrangements might be unsustainable in the future. We do not find any correlation between the legal or the actual retirement age on confidence in the future of pensions. In contrast to the perspective usually put forward by pension experts, the public does not have a higher confidence in the future of pensions if the retirement age is higher or people actually work longer.

One explanation for the low explanatory power of these institutional indicators is that public attitudes might be much more affected by changes which are visible than by existing institutions. For example, people might perceive the existing legal retirement age as part of the status quo and be unaware of pensions in other countries, whereas a change in the legal retirement age might increase the awareness that the legal retirement age is an important factor for the sustainability of pension systems. Therefore, we complement our multilevel regression analysis with the exploration of short-term changes using a difference-in-differences approach. The coefficients in Table 8.2 show whether a change of an independent variable (e.g. an increase of the retirement age) is linked to a change in confidence levels in the same year. We thus explore immediate short-term changes.

Table 8.2 Fixed-effects panel regression (DID-estimation), confidence in pensions 2004–2009

| | Confidence in pensions |
|--|------------------------|
| Δ Increase of the legal retirement age | −1.23 (3.09) |
| Δ Average retirement age | 0.16 (1.13) |
| Δ Dependency ratio | 3.17* (1.86) |
| Δ Unemployment rate | −1.72* (0.39) |
| Δ Replacement rate | 19.93 (21.38) |
| 2005 | 0.16 (2.35) |
| 2006 | 14.09* (2.41) |
| 2009 | 7.21* (3.12) |
| _cons | 32.12* (1.95) |
| <i>N</i> | 88 |
| <i>R</i> ² | 0.707 |

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$

Although not significant, my results suggest that an increase of the retirement age (by 1 year) leads to lower confidence. In the short run, such a reform seems to rather raise awareness of the problem pressures and does not foster confidence in pensions. The unemployment rate has similar effects, and increasing unemployment leads to lower confidence. A one percentage point increase of the unemployment rate is linked with a 1.7 percentage points drop in the level of trust within a country. Surprisingly, an increasing dependency ratio, our main measure for capturing problem pressure linked with population ageing, is linked to a higher confidence in pensions: Countries that age faster can expect higher levels of confidence. As for the generosity of the pension system, we find that an increase in the replacement rate leads to a considerable increase in confidence (although this is not significant). Or vice versa: Countries which reduced the generosity of the pension system have to expect a drop in confidence in the short run. This again supports the idea that reforms aimed at improving the financial sustainability of the pension system, rather create awareness of the problem pressures that pension systems face, and therefore creates mistrust about the future of pensions. Reforms such as raising the retirement age or retrenching benefit levels, which according to experts increase the financial sustainability of the pensions system, seem to have unintended and opposing consequences, as they rather undermine confidence in pensions.

Drawing on the welfare attitudes literature, self-interest and values are the two main determinants of confidence in pensions. Moreover, I argued that membership in interest organizations and political parties should affect how the sustainability of the pension system is framed and perceived. Table 8.3 provides the individual-level coefficients of the multi-level linear regression. The self-interest argument claimed that certainty about income in the accumulation phase should increase confidence in pensions. Therefore, we expect to find an age effect but also that a high socio-economic status with good income prospects and low unemployment risk leads to higher confidence in pensions. My results mainly support this self-interest argument. Older respondents above 60 years and the retired show higher levels of confidence. Also, a lower social class is correlated with lower confidence, and in particular lower technical and routine occupations have lower levels of confidence. Moreover, a good

Table 8.3 Individual determinants of confidence in pensions—Multilevel linear regression

| | Coef. | SE |
|---|--------------------|--------|
| 15–24 years old | Ref. cat. | |
| 25–39 years old | –0.09* | (0.03) |
| 40–59 years old | 0.05 | (0.04) |
| 60 years and older | 0.29* | (0.04) |
| Salariat | Ref. cat. | |
| Intermediate employee | 0.03 | (0.06) |
| Small employers and self-employed | –0.09 | (0.07) |
| Lower white collar | –0.01 | (0.06) |
| Lower technical and routine occupations | –0.10* | (0.03) |
| Unemployed | –0.09 | (0.07) |
| Retired | 0.16* | (0.05) |
| Living standard | 0.24* | (0.01) |
| Health status | 0.06* | (0.01) |
| Job situation: the same | Ref. cat. | |
| Worse | –0.15 ⁺ | (0.09) |
| Better | 0.15* | (0.06) |
| Secondary education | Ref. cat. | |
| Still studying | 0.20 ⁺ | (0.12) |
| Primary or no education | 0.06 | (0.05) |
| Tertiary education | 0.03 | (0.05) |
| Female | –0.09* | (0.01) |
| Married | 0.04 | (0.03) |
| Single household | Ref. cat. | |
| 2 Person household | –0.04 | (0.04) |
| Family household | –0.06 | (0.04) |
| Center | Ref. cat. | (.) |
| Left | 0.04* | (0.02) |
| Right | –0.05 | (0.06) |
| Union member | 0.04 | (0.06) |
| Member of business organization | 0.17* | (0.06) |
| Party member | 0.09 | (0.08) |
| Constant | 2.39* | (0.26) |
| <i>N</i> | 25 | |
| <i>n</i> | 15894 | |

financial situation of the household—measured by the subjective perception of the current living standard—increases confidence in pensions.

To capture also expectations and future career prospects in addition to the current socio-economic situation, we rely on two indicators. First, we

take a bad health status as an indicator for future unemployment risk, and we find that a bad health status is correlated with lower levels of confidence. Second, expectation that the job situation in the next year will improve leads to an increase in confidence. Respondents that expect that their job situation in the next year will become worse show lower confidence in pensions. Finally, women have lower levels of confidence in pensions than men, which is possibly also related to their economic situation, lower labour market participation, and a higher likelihood of having interrupted work careers. The household context, that is, whether someone is married or whether there are children living in the household, does not affect confidence in pensions beyond the above-mentioned self-interest indicators.

Our main indicator capturing values is political ideology, though there are contradicting expectations on how it is linked to confidence in pensions. On the one hand, conservative ideology is characterized by beliefs that others are self-interested and competitive. As a consequence, against the background of increasing problem pressures a rational actor should expect a declining willingness to contribute to the public good in the future and therefore lower confidence in pensions among right-leaning respondents. On the other hand, right-leaning values include a high level of trust in the existing institutions. Accordingly, we would rather expect right-leaning people to show more trust in the pension system than left-leaning people (Gershtenson et al. 2006). Our results rather confirm the first argument, as respondents with a left political ideology have higher levels of confidence in pensions than centre or right-leaning respondents. Thus the expectation that rational, self-interested actors will not continue to provide public pensions in the future seems to dominate the higher trust in the existing institutions among the right and makes them more critical about the future and the long-term sustainability of the pension system.

The attitudes literature convincingly argues that political communication, information, and framing influence attitudes (see also Chap. 1). How people perceive the financial sustainability of the pension system or whether they link increasing problem pressures to unsustainability possibly depends also on how political elites frame the issue. I argued that members of unions, other interest organizations, and party members should be in particular attentive to political communication and thus

affected by the information they receive from their organization. In my analysis I explore whether union members, members of business organizations, and party members have different levels of confidence than non-members. In general, we find a slightly higher level of trust among all members of political groups, but only the difference between members of business organizations and non-members is statistically significant. This suggests that unions and parties have less influence on their members' confidence in pensions and might be more important in shaping specific reform preferences (Kim and Margalit 2017).

Conclusion

The popular legitimacy of the welfare state in general, but also satisfaction with particular social policy areas are important factors for our understanding of the reform process. People who are dissatisfied or do not have trust in the welfare state should be more willing to accept or even demand reforms. At the same time, a certain level of trust is indispensable for the functioning of the welfare state, as high levels of dissatisfaction or mistrust would undermine the individual willingness to contribute to its financing. These rival pressures are even more important in the field of pensions. Every public pension system rests on some form of generational contract whose legitimacy depends crucially on the trust and confidence of the current contributors that they will receive a pension in old age. At the same time, population ageing and the financial crisis increase the need to adapt the pension system to these socio-economic developments.

In this chapter I examined how confidence in pensions across Europe changed between 2004 and 2009. The analysis explored whether problem pressures such as population ageing or the financial crisis led to an erosion of confidence in pensions. Moreover, it examined whether there are some institutional designs that foster trust. Finally, at the individual level, I explored how self-interest, political ideology, and information shape confidence in pensions. In particular, the analysis focused on whether political actors such as parties or unions affect their members' attitudes.

The results confirm the general expectation that problem pressures lead to lower confidence in pensions. The financial crisis, high unemployment rates, and an ageing population are correlated with lower levels of confidence. While such a reaction of the public, that is, lower levels of confidence in pensions in response to a lower objective financial sustainability of the pension system, might sound trivial, this finding suggests that the public is not as misinformed or as ignorant of changing socio-economic circumstances as sometimes assumed. Moreover, lower confidence in pensions might be linked to a weaker status quo bias and a higher willingness to accept reforms. In this vein, this study adds to the explanation why pension reforms are possible in hard times (Häusermann 2010; Giger and Nelson 2011). While pension experts are convinced that reforms such as raising the retirement age or cutting benefits are important to ensure the sustainability of the pension system, we do not find any evidence that the public perceives these reforms in a similar way. Countries with a high retirement age and less generous pension benefits do not have higher confidence levels. Also, reforms raising the retirement age even lead to lower levels of confidence in the following year. Retrenchment and restructuring thus rather erode than foster confidence in pensions. One explanation for this counterintuitive finding is that these reforms also raise the awareness of the actual problems their pension system is facing.

At the macro-level, our study thus supports the expectation of a reasonable and rational reaction of public attitudes in response to increasing problem pressures. We find similar evidence at the individual level. As suggested by the self-interest argument, a good individual economic situation is correlated with higher confidence in pensions, whereas respondents with a higher unemployment risk and insecure career prospects are less confident about their pension. Pension related attitudes might thus not only be affected by pension reforms but also by reforms in other areas of the welfare state (such as labour market, family, or tax reforms) which affect the current and future labour market situation of each individual.

In contrast to previous studies, political variables have less relevance in shaping confidence. While we find higher levels of confidence among left-leaning respondents, membership in parties and unions does not affect confidence in pensions. This null finding might be partly linked to

the empirical limitations of this study, as the data I relied on provides only very little information on political participation, for example, the type of union the respondent belongs to. Moreover, depending on the institutional and political contexts, unions and parties in some countries might rather be interested in fostering confidence in pensions, whereas others might rather cast doubts about the sustainability of the pension system in order to facilitate reforms. Our study would thus benefit from future research engaging in more detailed country studies that could rely on better national datasets and also be better able to capture the current political discourse.

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9

Does Population Ageing Change Pension Reform Attitudes? A Survey Experiment on Political Knowledge, Ideology, and Preferences

Elias Naumann

Introduction

Public support for welfare state policies is at the core of the main theoretical perspectives of (welfare) state development (Brooks and Manza 2006; Pierson 2001). Yet, there is scant knowledge about whether and how people change their attitudes towards the welfare state over time. In particular we do not know how people react to increased reform pressures such as financial crises, rising public deficits, or population ageing. Do people ask for a stronger welfare state to be protected against hard times, or do they accept retrenchment when faced with budgetary constraints?

On the macro-level (i.e. on the country level), it seems that attitudes towards the welfare state are very stable in the long run (Jeene and van Oorschot 2014). This is confirmed by the public opinion literature for various other political issues (Erikson et al. 2002). In contrast, various other studies suggest that changes in the socio-economic, political, and institutional context are correlated with changes in aggregated public

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opinion (Soroka and Wlezien 2009). However, these macro-studies face the empirical challenge of establishing causality and of determining whether attitudes affect the political and institutional context or vice versa (Brooks and Manza 2006). Also, research on the macro-micro-link misses a specific theoretical explanation of how and why people change their attitudes on the individual level in reaction to socio-economic or institutional changes (Mettler and Soss 2004). Whereas the individual determinants of attitudes are rather well-known (i.e. self-interest and values; Kumlin 2007; Larsen 2006; van Oorschot et al. 2012), our knowledge is still limited when it comes to explaining individual attitude *change*. In contrast to aggregated public opinion, individual attitudes seem to be rather instable and it seems as if “opinion statements vary randomly across repeated interviews of the same people” (Zaller 1992, 28). In the absence of (cross-national) panel data, it remains a research lacunae to link socio-economic and institutional change on the macro-level and attitudinal *change* on the individual level moving beyond static comparisons of countries at a single point in time.

Following up on these lines of research, we investigate whether people change their attitude towards the welfare state when faced with increasing pressures to reform. We use pension reform preferences as our empirical test case. First, in terms of spending, the pension system is the most important one in most European welfare states. Second, pension reforms are back on the political agenda due to population ageing, and, third, attitudes towards pensions have recently gained renewed scientific attention (Jaime-Castillo 2013; Naumann 2014; Prinzen 2014). More specifically we examine whether an ageing society, as one of the major challenges for the financing of the pensions system, affects pension reform preferences.¹ In this we add to recent research that examined how demographic ageing affects retirement plans and preferences (Hofäcker 2015). In order to narrow the theoretical and methodological gaps outlined above, we will combine the welfare state attitudes’ literature with findings from political psychology. First, the paper contributes to welfare state attitudes research on a theoretical level by elaborating mechanisms of individual attitude formation. In this respect we rely on an extensive literature from political psychology that examines attitude formation and change on the individual level (e.g. Zaller 1992; Chong and Druckman 2007). Second,

we apply a new method and make use of a survey experiment that externally manipulates the reform pressure.² Survey experiments may help to overcome some of the problems inherently linked to cross-sectional data analysis and can complement existing research (Gaines et al. 2007).

Enduring Popularity of the Welfare State in Times of Crisis?

One core claim of the current welfare state literature is that “contemporary politics of the welfare state take shape against a backdrop of both intense pressures for austerity and enduring popularity” (Pierson 2001, 410). This argument is based on the assumption that interest formation in times of welfare state retrenchment follows a quite different logic when compared with times of welfare state expansion. As long as the welfare state was expanding, reforms were basically about distributing additional benefits. Even if benefits were not distributed equally and interests might be conflicting, opposition to reform is assumed to be less pronounced as people usually agree with a reform if they at least benefit to a certain degree. The context of austerity changes the logic of attitude formation. Reforms are aimed at cutting back benefits or at least at recalibrating the welfare state. Opposition to such reforms is assumed to be much stronger as groups who benefit from the welfare state will defend “their” programmes and acquired rights.³

The relevance of public opinion in the policy process is a longstanding topic in political science (Burstein 2003). In the light of the *New Politics of the Welfare State* thesis it has gained renewed attention and public opinion is identified as a possible and powerful veto player blocking reforms (Pierson 2001). Two mechanisms are distinguished. First, attitude change might alter vote choice thereby directly affecting the composition of the government. Second, fearing electoral backlash, politicians might not propose any policy that goes against public opinion.⁴ In this way, support for the welfare state might block welfare state retrenchment also indirectly without necessarily affecting voting behaviour.

Somewhat surprisingly reforms take place in times of austerity (Häusermann 2010) and voters do not necessarily punish retrenchment efforts (Giger 2011). Despite this evidence the starting point of the new politics argument, that is, that increasing reform pressures do not affect the popularity of the welfare state, still remains rather unquestioned in the welfare state attitudes literature. This is even more surprising given that theoretical explanations of welfare state attitudes lead to competing expectations of how people should react to increasing reform pressures. Both explanations rely on self-interest and values as the basic mechanisms that determine attitudes.

In line with the new politics argument, people might maintain their high welfare state support (or are even more inclined to support the welfare state) out of self-interest since more people have to rely or expect to rely on the welfare state (Blekesaune 2007). Value-oriented explanations stress that increasing reform pressures affect welfare state attitudes via deservingness perceptions of welfare recipients (van Oorschot and Meuleman 2014). When more people (and possibly also family and friends) rely on the welfare state, sympathy and reciprocity with those people increases. Moreover, some scholars even argue that “Samaritan” values will be strengthened in hard times (Goul-Andersen et al. 1999).

A competing argument also relies on self-interest and values but leads to the expectation that people withdraw their welfare state support in reaction to increased pressures. Self-interest-oriented explanations assume that people have a fixed preference on how much should be spent on welfare (i.e. how much they are willing to pay). If current levels of welfare provision are maintained, increased reform pressures such as population ageing and financial crises will lead to increased costs and more spending. People should then withdraw their welfare state support since the increased welfare spending overshoots their preferred level of spending (Soroka and Wlezien 2009). Other approaches have a broader understanding of self-interest and show that people are also guided by sociotropic motivations and long-term self-interest (Kinder and Kiewiet 1981). Retrenchment and short-term individual losses might be acceptable when they ensure the functioning of the economy and contribute to the long-term existence of the welfare state. People thus might accept cutbacks in order to be protected in the future. Finally, value-oriented explanations

assume that economic circumstances affect basic values such as generosity. “People are only as generous as they can be” (Alt 1979, 184).

Convincing empirical evidence on whether and how people change their welfare state attitudes in times of welfare state retrenchment is scarce. The standard approach analyses cross-sectional data (preferably with multilevel models) and tries to link institutional differences and levels of welfare state support across European countries (Dallinger 2010; Fernandez and Jaime-Castillo 2013). Findings are inconclusive. For example, Fernandez and Jaime-Castillo (2013) do not find a consistent impact of reform pressures (measured as the share of the population aged 65 or older) on pension reform preferences. They compare three pension reform alternatives (increasing the retirement age, increasing contributions, and reducing benefits) to the reference category of no change. In countries with a higher pressure to reform (i.e. in countries with an older population), people prefer no change over an increase of contributions. One reason for these mixed findings might be the methodological challenge of low case numbers on the country level paired with low variation between countries. Usually only between 10–15 per cent of the total variance is due to the country level. Moreover, these studies miss a dynamic component. Observed differences in attitudes are explained by current institutional indicators, but these differences might be the result of past policy developments as well.⁵

The few studies examining time trends find that aggregate public opinion changes very slow (Jeene and van Oorschot 2014; Taylor-Gooby 2001) and that attitudinal change over time is rather the result of generational replacement (Svallfors 2010). Nevertheless, there is some evidence that people also adapt their attitudes in the short run reacting, for example, to the business cycle (Raven et al. 2011; van Dalen and Henkens 2005; Sihvo and Uusitalo 1995). Although the first two studies examine data from the Netherlands between the mid-1980s and the mid-2000s, results are contradictory. Whereas Raven et al. (2011) find that support for higher social security expenditures increases if the unemployment rate is high, van Dalen and Henkens (2005) find lower solidarity with older workers in times of recession.

Given the theoretical arguments and the inconclusive empirical evidence we propose two competing hypotheses:

- H1a When faced with population ageing and increasing pressures to reform, people maintain their high welfare state support and oppose retrenching reforms.
- H1b When faced with population ageing and increasing pressures to reform, people withdraw their high welfare state support and are more willing to accept retrenching reforms.

How Individual Attitudes Change in Times of Crisis

One reason for the inconclusive evidence might be its lack of a theoretical micro-foundation. It is not clear to which aspects of the political and socio-economic development people react. An implicit assumption of most arguments is that people are aware of increased reform pressures such as population ageing, or at least act as if they were informed (Erikson et al. 2002; Lau and Redlawsk 2001). This assumption is at odds with psychological models of attitude formation that stress the importance of information processing. Zaller (1992) describes the process of attitude formation in three steps: people *receive* information, they *accept* them (or not), and when finally forming their attitude, they rely on a *sample* of related evaluations, considerations, and attitudes already stored in their memory (“Receive-Accept-Sample Model”—RAS model). A possible bias might emerge because, at the stage of information reception, cognitive engagement with an issue is related to actually perceive and comprehend information. Moreover, at the stage of acceptance, people tend to resist arguments that are inconsistent with their political predisposition. And finally at the stage of constructing opinion statements, people make greatest use of ideas that are most immediately salient to them (Zaller 1992, 52). What remains unclear in most arguments in welfare state attitudes research is what exactly people perceive and how they process the information about the socio-economic developments that are assumed to affect their attitudes. That’s why we focus on the question of whether information on population ageing (that’s what we provide as a treatment in the survey experiment) affects reform

preferences. An increased awareness of population ageing is possibly one of the immediate consequences of the actual process of population ageing. Elderly people are increasingly present and visible in the daily environment and the media will broach the issue of population ageing. Information on population ageing will possibly affect attitudes before other, more substantial aspects of population ageing such as financial problems of the pension system or an increased burden to the health care system come into play.

Significant information effects are found at both the aggregate and the individual level (Althaus 1998; Blinder and Krueger 2004). Our argument why people seem not to react to increasing reform pressures builds on these information effects. We assume that information on population ageing might not immediately be available or directly linked to pension reform preferences in the sampling process. Then, people just do not take related reform pressures into account when forming their reform preferences. It is thus not surprising that reform preferences seem to be unaffected by increasing reform pressures. In contrast to the new politics expectation, we hypothesize that people react to reform pressures such as an ageing society and adapt their reform preferences if they are (made) aware of them. If people are aware of increasing reform pressures, they give up their opposition to reform and are willing to accept retrenchment.

H2 When (explicitly) faced with population ageing and increasing pressures to reform, people are willing to accept retrenching reforms.

It is a strong assumption that all respondents are able to establish a causal link between population ageing and pension reform preferences. Thus we expect that the information effect is not uniform across all individuals but moderated by the political awareness of people. Political awareness can be understood as whether people are interested in politics and what people know about politics. Political awareness affects attention to and reception of messages (Zaller 1992). It increases the ability to counter-argue communications (Krosnick 1990). Moreover, as political awareness increases, reliance on cues drops, whereas reliance on issue rel-

evant information increases (Kam 2005). Individuals with a high political awareness should be more likely to have already heard about the increased reform pressures and adapted their preference accordingly. Both general political information (Blinder and Krueger 2004) as well as specific information about the functioning of the pension system (Boeri and Tabellini 2012; Boeri et al. 2001) increases the willingness to accept reforms. For example, Boeri et al. (2001) find a positive correlation between correct information on the net costs of a pension system and the acceptance to privatize parts of it. Moreover, people with a high political awareness should form their preferences independent of additional information provided in the survey since their attitudes are grounded in rather stable values. In contrast we expect that less political aware individuals will react stronger to cues about increasing pressures to reform. The third hypothesis thus implies a heterogeneous effect across groups with differing political awareness:

- H3 The effect of increased reform pressures on pension reform preferences is stronger among people with a low political awareness.

The previous argument was mainly concerned with the moderating effect that the strength of already existing attitudes can have. In addition to the strength of attitudes, also their content is supposed to moderate the effect of additional information. How do people react to information that are already in favour of retrenchment? And does their reaction differ from those who tend to oppose retrenching reforms? Leeper and Slothuus (2014, 132) “make the case why political parties should be given center stage attention in understanding processes of public opinion formation”. They show that elite partisan polarization affects attitude formation and intensifies the impact of party endorsements on opinions. At the same time, the impact of substantive information decreases (see also Druckman et al. 2013). In contrast to American politics, the political context of European welfare policies seems not to be characterized by strong partisan polarization. For example, Castles (2009) shows that the party colour of governments has little impact on the level of public involvement in welfare. This work argues theoretically that governments in the aggregate

represent the preferences of their voters. Consequently, partisan polarization at the individual level should also matter less for individual attitudes towards the welfare state.

Against this background, substantive and credible information on population ageing might become more relevant for attitude formation. Constrained by the popularity of the welfare state, parties (and voters) of the right are not able to follow “their” retrenchment policies, whereas parties (and voters) of the left have to adapt to the reality of economic and demographic pressures and cannot adhere to a policy of welfare state expansion any more.⁶

H4 Neutrally framed information on reform pressures decreases the cleavage between reform supporters and reform opponents.

The German Pension System

How people view and evaluate reform alternatives depends on the institutional context and in particular on the existing pension system (Fernandez and Jaime-Castillo 2013; Naumann 2014). For a better understanding of our empirical results we provide a description of the main characteristics of the German pension system in the following.

The German pension system can be seen as an ideal type of a Bismarckian social insurance system (Ebbinghaus 2011). It puts a strong emphasis on income maintenance and benefits are mainly provided by the public pillar. The statutory pension scheme is a mandatory PAYG system, that is, benefits are paid directly from current workers' contributions. It is mainly financed by social contributions of employers and employees that account for 18.9 per cent of gross income. About a fifth of the statutory pension revenues come from tax financed federal grants. The public pension is roughly proportional to average lifetime earnings and has only few redistributive elements. Until the mid-2000s, the replacement rate increased to more than 70 per cent of earnings and make up the major part of retirement income (around 86 per cent of pension income of people aged 65 and older) (Ebbinghaus 2011).

Supplementary pensions (that is the second and the third pillar) only play a minor role in providing retirement income. Occupational pensions account for 8 per cent of old-age income and are largely restricted to better paid employees. Private pensions (mainly in the form of life insurance schemes) account for 6 per cent of old-age income, though private pensions are becoming much more popular in particular among younger workers (Hinrichs 2005).

Three major reforms of the German pension system were enacted in the last two decades. The first two in 2001 and 2004 are paradigmatic changes towards non-state pensions. The Old Age Savings Act of 2001 supports occupational and private pension savings by granting tax reductions and direct tax subsidies (*Riesterrente*). The 2004 reform introduced a sustainability adjustment factor which leads to gradual cutbacks of pension benefits. A third major reform enacted in 2007 gradually raised the statutory retirement age from 65 to 67. In 2012 the first cohorts were affected by this gradual increase and had to work for 1 month longer.

The main characteristics of the German statutory pension system are summarized in Table 9.1. All three reforms make reference to the challenges for the pension system due to population ageing. They were driven by diverse goals such as maintaining the financial sustainability of the pension system, reducing non-wage labour costs, and achieving

Table 9.1 Characteristics of the German pension system—First (public) pillar

| | 1990 | 1995 | 2000 | 2005 | 2010 | 2014 |
|--|------|------|------|------|-----------------|----------------------|
| Life expectancy at age 65 (in years to live for a male) | 14 | 14.9 | 15.9 | 16.9 | 17.5 | – |
| Contribution rate | 18.7 | 18.6 | 19.3 | 19.5 | 19.9 | 18.9 |
| Federal grant from taxes (in % of state pension revenues) | 18.7 | 20.0 | 23.7 | 27.6 | 27.9 | 27.3 |
| Statutory retirement age | 63 | 65 | 65 | 65 | 67 ^a | 67 (65) ^b |
| Net replacement rate (45 contribution years) | 69.9 | 75.5 | 76.2 | 73.3 | 65.4 | 65.9 |

Source: Ebbinghaus (2011, 129), updated for the recent years 2010 and 2014

^aThe retirement age will be steadily increased from 65 to 67. The new retirement age of 67 applies to all retirees born in 1964 or later

^bIn 2014 the increase of the retirement age was partly taken back so that employees with 45 contribution years can retire at the age of 65 years without any reduction in benefit levels

a balanced public budget (Ebbinghaus 2011). These goals were achieved by shifting the responsibility to provide adequate retirement income from public to private. This meant either explicit cutbacks by reducing the replacement rate or implicit cutbacks by increasing the retirement age (Table 9.1).

Data and Methods

Data for this paper comes from the third wave of the German Internet Panel (GIP) that was collected in January 2013. The GIP is a new large-scale online panel based on a random probability sample of German-speaking individuals living within households in Germany. Panel households are initially approached offline, with a short face-to-face interview. The response rate of households was 52 per cent (AAPOR RR2). To minimize non-coverage bias, households without access to the internet were provided with the necessary hardware and/or a broadband internet connection. Subsequently, all household members aged 16–75 years are invited to complete a bimonthly questionnaire. Forty-two per cent of the invited household members registered with the GIP (AAPOR RR1). The recruitment phase and a first wave of interviews were completed in September 2012 with 1468 participants (Blom et al. 2015). Due to panel attrition, the sample size of the January 2013 wave consists of 974 individuals. The GIP is a random probability sample and should thus be representative of the German population between 16–75 years old. Due to varying response and participation rates, some socio-demographic groups are under-represented in our sample when compared to census data (e.g. low-educated and older people). To adjust for non-response bias, we weight the data so that it resembles the target population with regard to age, gender, and education.

Dependent Variables: Reform Preference and Opposition to Reform

The reform preference is measured by responses to the following question:

“The ageing of society puts the financing of the state pension at its current level at risk. Which of the following reform proposals would you most likely support? And which one would you prefer the least?”

Answer categories to choose from include:

- State pensions should be kept at their current level, but contributions of the insured should be increased.
- The government should increase taxes in order to be able to keep state pensions at their current level.
- State pension and contributions should be kept at their current level, but the statutory retirement age should be increased.
- State pensions should be reduced according to the demographic change.⁷

The first two reform alternatives would preserve the status quo in terms of benefit levels and retirement age and increase contributions or taxes instead. An increase of contributions is the reform alternative that is most in line with the status quo of the contribution based German pension system, whereas the strengthening of tax financing can be seen as a departure from the general idea of contribution financed pensions. Although both reforms would not explicitly expand welfare benefits, the maintenance of the status quo would implicitly lead to welfare state expansion in terms of spending if population ageing continues. In contrast the last two reform alternatives are retrenching the welfare state by increasing the retirement age or reducing pensions. Both retrenchment measures have been part of the recent pension reforms in 2004 and 2007.

Compared to standard measures of welfare state attitudes,⁸ the question has the advantage that it poses a trade-off among specific and realistic policy alternatives (Fernandez and Jaime-Castillo 2013). Moreover, these reform alternatives reflect the main characteristics of the first pillar of the German pension system (Table 9.1). What is not covered by the

response options are proposals to transfer government's responsibility to provide old-age income to private pension schemes, for example, to extend occupational or private pensions. The non-exhaustiveness of the list of reforms might be one reason for the comparable high share of "don't know" answers (12 per cent) and missing values (4 per cent). In addition to answering "None of these" or a combination of all four reforms, these respondents might have wished to suggest more radical, paradigmatic reforms. Our results are robust to the inclusion of "don't know" answers and missing values as a separate answer category. In particular the share of don't knows is not affected by the experimental condition. Nevertheless, the assertions of our paper are clearly limited to the public part of the pension system.

Moreover, we do not only ask for the preference for a reform but also for opposition to a reform alternative, the least preferred reform alternative. In the light of the theoretical argument that public opinion is considered a possible veto player blocking reforms, the least preferred reform alternative might be as important as the most preferred one for the success or the failure of the reform process.

Independent Variable: Population Ageing as a Reform Pressure—The Survey Experiment

The ageing of society is one of the major reasons why welfare states have come under great pressures for austerity. In this study we manipulated the introduction to the question measuring reform preferences so that in different versions the awareness of an ageing society is likely to be higher or lower. We assume that a higher awareness of an ageing society is closely linked to the perception of higher pressures to reform. Respondents were randomly assigned to one of the two experimental conditions. In the treatment condition with information on an ageing society, the following introduction was added to the question:

People in Germany live longer than before. In 1990 a 65 year old man on average could expect to live for another 14 years. Today a 65 year old man will approximately live until he will be 82.5 years old, thus he can expect to live for

another 17.5 years. The ageing of society puts the financing of the state pension at its current level at risk. Which of the following reform proposals would you most likely support? And which one would you prefer the least?

Originally survey experiments were aimed at examining methodological questions like question-ordering or question-wording effects. But they can also be used to examine substantive research questions (Mutz 2011). By comparing responses to manipulated questions a researcher can identify causal relationships that exist in the real world. Survey experiments mimic an experiment where one group of people is randomly assigned to a condition in which the perception of reform pressures is higher than in the control condition. The information describing population ageing was kept as neutral as possible providing only very basic and objective facts. If mentioning an ageing society leads to changed preferences in the context of a survey, then information on an ageing society and increased pressures to reform in the real world presumably will do the same.

Three aspects of our design need to be discussed in order to set expectations right. First, how can we measure individual attitude change with cross-sectional data? An ideal experimental research design to investigate whether individuals change their attitude in response to population ageing would measure our attitude variable at two time points for two groups: a randomly determined intervention group, who received a treatment (e.g. lives in a country with population ageing), and a control group, who did not. An attitude change from pre- to post-treatment measurement in the treatment group (compared to the control group) can then be causally linked to the treatment. In our design we only have post-treatment attitude measures. Therefore, we cannot completely rule out the possibility that post-treatment differences are some leftover effect of (usually random) pretest differences between the groups. The between-group comparison at one point in time can still be a valid estimate of how individuals in the treatment group have changed their attitude if we assume that treatment and control group did not differ in their pre-treatment attitude. We argue that this is a reasonable assumption if the random assignment to treatment and control group worked well. We will empirically show that treatment and control group are “balanced” with respect to observed characteristics that do not change over time.

Second, population ageing, and even more specifically information on population ageing, is only one aspect of increasing reform pressures. Other reform pressures such as the demographic change or the financial crisis might have different consequences on attitudes. Population ageing is thus one reason (among others) to accept (or oppose) retrenching reforms. Still, we are convinced that the effort to examine each reform pressure separately will contribute to our understanding of the overall effect.

Third, we designed the experiment in a way that it represents a hard test for our theoretical expectations. The dose of the treatment is very small since both groups answer the questions in a similar frame that mentions that the ageing of society puts the financing of the state pension at its current level at risk. The treatment then consists only of some very neutrally presented information that additionally rises the awareness for the fact of population ageing. This small dose runs the risk that results and effects will be very small. Still, in addition to a “hard test” for our theoretical expectation, this scenario also comes very close to reality and thus increases our confidence in the external validity of our results.

Causal Heterogeneity Due to Political Awareness and Political Predisposition

The information provided in the introduction might affect preference formation differently depending on individuals’ political awareness. Consistent with recommendations, we rely on political knowledge as an indicator of political awareness. We measure political knowledge with an additive scale consisting of responses to two questions about political knowledge and five questions about the parties politicians (presented on pictures) belong to (DelliCarpini and Keeter 1993; Zaller 1990).⁹ We took the median number of correct answers as the cutoff point to split respondents into two groups. Respondents with five and more correct answers (the median) are defined as those with high political knowledge, whereas people with only 0–4 correct answers are defined as having a low political awareness (Table 9.2). Since this division is somewhat arbitrary, we checked our results for their robustness when different cutoff points

Table 9.2 Political knowledge in Germany

| Nb. of correct answers | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------------------|------|------|------|------|-------|-------|-------|-------|
| Share of respondents | 6.5% | 7.8% | 7.0% | 7.1% | 11.2% | 19.9% | 20.5% | 20.0% |
| Political awareness | Low | | | | High | | | |

$n = 940$, 3.5% ($n = 34$) missing values

Table 9.3 Political predisposition—Vote intention for the next federal election

| | <i>CDU/CSU</i> | <i>FDP</i> | <i>SPD</i> | <i>Die Grünen</i> | <i>Die Linke</i> | Other parties |
|----------------------------------|---------------------|------------|---------------------|-------------------|------------------|---------------|
| Vote share | 30.6% | 3.7% | 28.6% | 15.5% | 5.5% | 15.6% |
| Predisposition (reform attitude) | Favour retrenchment | | Oppose retrenchment | | | |

$n = 613$, 32.5% ($n = 295$) missing values (6.4% do not intend to vote, 17.3% don't know yet and 8.8% did not want to say which party they intend to vote for)

are used. In this study we rely on general political knowledge instead of domain-specific (i.e. pension-specific) expertise. The main reason for this decision is that we can rely on a widely used set of knowledge questions that have been shown to be reliable and valid measures for political knowledge. Moreover, previous research suggests that those who are well informed about one issue are likely to be well informed about other issues as well (DelliCarpini and Keeter 1996).

In order to capture the already existing political predisposition of respondents, we rely on the vote intention people have for the next national election that took place in September 2014, around half a year after the survey (Table 9.3). In general supporters of parties from the right (i.e. the conservative *CDU* and the liberal *FDP*) tend to favour retrenching reforms, whereas voters of more leftist parties (such as the social democratic *SPD*, the Greens, and the socialist *Die Linke*) should oppose retrenchment. This expectation is reflected in the pension-specific reform plans that parties proposed in their manifestos. The *CDU* and the *FDP* promised to keep contributions stable and to maintain the retirement age of 67. Moreover, they were in general strongly against tax

increases. Both parties carefully chose not to mention consequences for benefit levels that necessarily would decrease. In contrast, the *SPD* and the *Greens* explicitly promised to maintain the current level of pension benefits, *Die Linke* even proposed to increase pension levels. All three parties would accept moderate increases in contributions and also propose to finance part of the pensions system with taxes. The vote intention has been asked in a previous wave of the GIP 4 months earlier and is thus not affected by the treatment.

Political awareness and partisanship are not correlated for the main parties. Respondents from the *CDU* and *FDP* and respondents from the *SPD*, the *Greens*, and *Die Linke* on average answered 5.4 questions correct. Only those supporting other parties seemed to be significantly less informed with only 4.1 correct answers. In the multivariate analysis, we use age (four categories: 17–30 years old, 31–50 years old, 51–64 years old, and 65 years and older), gender, and education (three levels of educational achievement: 5 years of secondary education or less (*Hauptschule*), 6 years of secondary education (*Realschule*), 8 and 9 years of secondary education (*Gymnasium*)) as control variables since previous research has shown that they are associated with pension reform preferences but also with partisanship and political awareness.

Method

We start our analysis with a simple comparison of the reform preferences between treatment and control group. Due to the random assignment of the treatment (i.e. the reform pressure), the two groups should not differ with regard to all observed and unobserved characteristics that might potentially bias the estimation of the treatment effect. As for the observed socio-demographic characteristics, we can show that the randomization worked. As expected, the two experimental groups do not differ significantly in terms of the distribution of gender ($\chi^2(1) = 0.3$, $p = 0.57$, $N = 660$), age ($\chi^2(3) = 3.4$, $p = 0.33$, $N = 660$), education ($\chi^2(2) = 0.93$, $p = 0.63$, $N = 635$), political knowledge ($\chi^2(1) = 1.14$, $p = 0.29$, $N = 660$), or vote intention ($\chi^2(2) = 1.77$, $p = 0.41$, $N = 464$). This assumption is not met when we explore the moderating effect political awareness or

existing political attitudes. For example, younger respondents, low-educated respondents, and women score lower on our measure for political awareness. At the same time, these socio-demographics are known to be important factors shaping pension reform attitudes. To get unbiased results for the moderating effect of political awareness and existing political preferences, we estimate multinomial logit models and include these socio-demographic variables as controls. To test whether the effect of reform pressure on reform preferences differs according to political awareness or existing political preferences, we add interaction terms to the multinomial logistic regression model. To account for the difficulties linked to the interpretation of interaction terms in logistic regression models, we will present predicted probabilities and differences between these predicted probabilities for our variables of interest (Long and Freese 2006).

Results

As argued before both preferences for and opposition to reform can be important determinants for the success or the failure of a reform process. Consequently, we will examine the effect of rising reform pressures on each of them separately.

Reform Preferences

Not surprisingly the reform alternative almost a majority of respondents prefers is to increase contributions (46.8 per cent). On the aggregate level, the second best option is to increase taxes (Fig. 9.1). Both findings are in line with expectations that the pension system is very popular and people would rather pay more than to cut benefits. Consequently, only 15.0 per cent of the respondents would increase the retirement age, implicitly cutting benefits. The reform alternative that gets the lowest support is the explicit reduction of benefits by reducing pensions (13.3 per cent). The information on an ageing society and increased pressures to reform did not change the ranking of reform alternatives. The two status quo-preserving reforms are supported by a vast majority of approx-

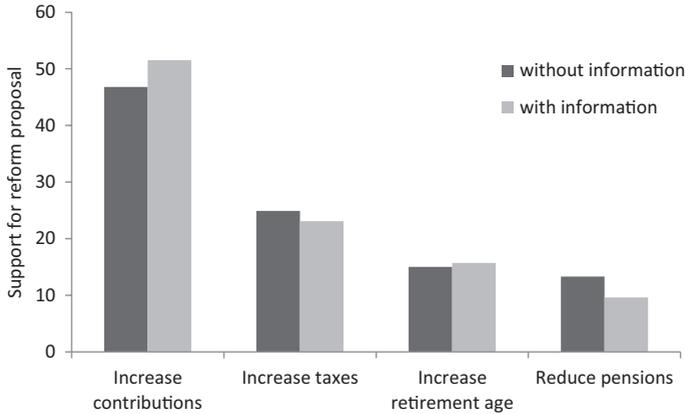


Fig. 9.1 The effect of increased reform pressures on support for pension reform. Share of people that support each reform proposal, significant attitude changes in the treatment condition (with information) are marked with a + ($p < 0.10$) or a * ($p < 0.05$), $n = 680$

imately 75 per cent of respondents, and in sum even gained popularity. These changes are not significant and hence support the new politics argument that increased reform pressures do not change reform preferences. People want to maintain a strong welfare state even in hard times.

Opposition to Reform

The identification of public opinion as a possible veto player blocking reforms suggests that the success of a reform proposal not only depends on support but is in particular affected by the opposition to a reform proposal. If people give up their strong opposition to retrenching reforms, their implementation might become more likely. As protests in Germany but also in other countries suggest, an increase of the legal retirement age is the most opposed reform alternative. More than a third of the respondents (37.2 per cent) oppose such a reform proposal (Fig. 9.2). The reduction of pension levels (27.9 per cent) as another retrenching reform proposal is refused by roughly a third of the respondents. The other two reform options, increasing taxes or contributions, face far weaker opposition. Again, the ranking of the least preferred reform alternatives is not

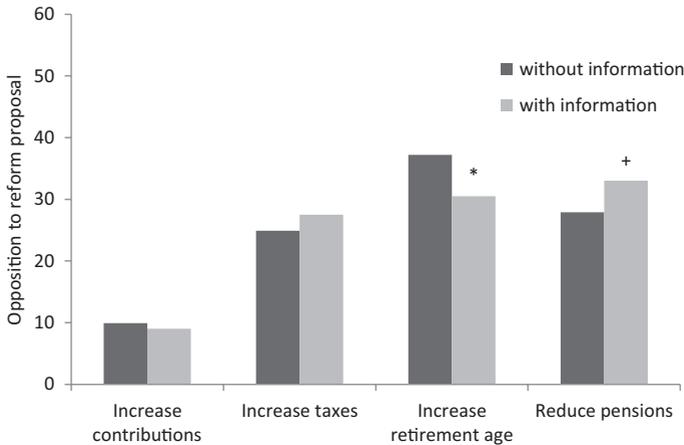


Fig. 9.2 The effect of increased reform pressures on opposition to pension reform. Share of people that oppose each reform proposal, significant attitude changes in the treatment condition (with information) are marked with a + ($p < 0.10$) or a * ($p < 0.05$), $n = 784$

considerably changed by the treatment. But when faced with increased reform pressures, people give up their reluctance to increase the retirement age. The share of people opposing this reform proposal decreases significantly from 37.2 per cent to 30.5 per cent (-6.7 percentage points). At the same time increased reform pressures lead to an increase of the opposition against an explicit retrenchment by reducing pension benefits ($+5.1$ percentage points).

The Moderating Effect of Political Awareness

Based on the literature on information effects, our expectation was that the effect of increasing reform pressures is heterogeneous and varies between groups of different political awareness. In particular we expected that the preference formation of those with a low political awareness should be more affected by additional information. In Table 9.4 we present the predicted probability to support each of the four reform alternatives for the two groups separately. Table 9.5 shows the results for the least preferred reform alternative. All estimates are based on multinomial logistic regression models that control for age, gender, and education.

Table 9.4 Political knowledge, increasing reform pressures and support for pension reform

| Most preferred reform alternative | Political knowledge | | | | | |
|-----------------------------------|---------------------|------------------|------------------|---------------------|------------------|------------------|
| | Low | | | High | | |
| | Without information | With information | Treatment effect | Without information | With information | Treatment effect |
| Increase contributions | 42.0% | 63.4% | +21.4* | 49.8% | 49.3% | -0.5 |
| Increase taxes | 35.3% | 19.4% | -15.9* | 21.4% | 25.9% | +4.5 |
| Increase retirement age | 8.3% | 10.5% | +2.2 | 17.4% | 14.7% | -2.7 |
| Reduce pensions | 14.5% | 6.8% | -7.7* | 11.4% | 10.2% | -1.2 |

Note: The table shows the predicted probabilities to support each reform alternative. Estimates are based on a multinomial logit regression that controls for age, gender and education ($n = 654$). Predictions are estimated at the means of control variables.

* $p < 0.10$, ** $p < 0.05$

Table 9.5 Political knowledge, increasing reform pressures, and opposition to pension reform

| Least preferred reform alternative | Political knowledge | | | | | |
|------------------------------------|---------------------|------------------|------------------|---------------------|------------------|------------------|
| | Low | | | High | | |
| | Without information | With information | Treatment effect | Without information | With information | Treatment effect |
| Increase contributions | 12.0% | 9.9% | -2.1 | 7.4% | 7.2% | -0.2 |
| Increase taxes | 22.0% | 33.7% | +11.7* | 27.5% | 23.6% | -3.9 |
| Increase retirement age | 47.9% | 24.5% | -23.4* | 31.1% | 34.7% | +3.6 |
| Reduce pensions | 18.1% | 31.9% | +13.7* | 34.0% | 34.4% | +0.4 |

Note: The table shows the predicted probabilities to support each reform alternative. Estimates are based on a multinomial logit regression that controls for age, gender, and education ($n = 759$). Predictions are estimated at the means of control variables.

* $p < 0.10$, ** $p < 0.05$

Independent of political knowledge both groups strongly prefer an increase of contributions, whereas support for the two retrenching reforms is very low. In sum only 22.8 per cent of those respondents with a low political knowledge would support an increase of the retirement age or pension benefit cuts. Support for retrenching reform proposals is somewhat higher among the political knowledgeable (28.8 per cent). As expected the information on population ageing does not affect attitude

formation among the political knowledgeable. In contrast those with low political knowledge react to increased reform pressure. Their support to increase contributions significantly increases (+21.4 percentage points), whereas they become less likely to support a tax increase or pension benefit cuts.

As for the opposition to reform, we also find considerable differences between the two groups (Table 9.5). Among those with low political awareness, 47.9 per cent oppose an increase of the retirement age, whereas the opposition against an increase of the retirement age is much weaker among the respondents with a high political awareness. This finding supports previous research that has shown that higher educated people are more likely to support an increase of the retirement age (Fernandez and Jaime-Castillo 2013). Instead respondents with a high political awareness rather oppose an increase of taxes or a reduction of pension levels. Comparing the treatment effect of increasing reform pressures between the two groups, we find our expectation of a heterogeneous effect confirmed. People with a low political awareness react to reform pressure by abandoning their strong opposition to increasing the retirement age (−23.4 percentage points). Instead their opposition against increasing taxes (+11.7 percentage points) but also against a reduction of pension benefits (+13.7 percentage points) increases. In contrast there is no evidence for a significant preference change among political knowledgeable respondents. Their reform preference remains unchanged by the information on population ageing and this confirms our previous results for reform support.

In summary, these results provide unambiguous support for our expectation that political awareness moderates the effect of reform pressure on reform preferences. People with a high political knowledge are unaffected by the information on increased reform pressure. In contrast, people with a low political knowledge change their reform preferences when faced with increasing reform pressure. As for the direction of the attitude change, results are less clear. Our analysis of the most preferred alternative provides some support for the expectation that people maintain their high welfare state support in times of increasing reform pressure. In contrast, our findings for the least preferred reform alternative point to the competing expectation that increased reform pressure leads to a higher

acceptance of retrenching reforms. For example, the opposition against increasing the retirement age drops substantially from almost 48 per cent to 24.5 per cent. As a result of this attitude change among the respondents with a low political awareness, it is a tax increase that meets the strongest opposition when information on population ageing is provided.

The Moderating Effect of Political Predisposition

For the political process it is of high relevance how the electorate reacts to increased pressures to reform. Will party cleavages and political conflict increase or do reform pressures unite the electorate in their reform preferences? In addition to this political relevance, also the theoretical debate is concerned with the question of whether supporters and opponents of a reform proposal react to an argument differently.

In Germany right-leaning parties (the *CDU* and *FDP*) either implicitly or explicitly favour the two retrenching reform proposals of cutting pension benefits or raising the retirement age in their manifestos for the national election in September 2013. In contrast parties from the left (*SPD*, *Die Grünen*, *Die Linke*) favour a strong role of the state in the pension system, prefer to keep up benefit levels and increase contributions or taxes instead. These reform positions are reflected in the attitudes of the electorate (Table 9.6). Without information the two groups differ significantly in their reform preferences. Supporting previous research by Jaime-Castillo (2013), we find that a vast majority of almost 90 per cent of the voters of leftist parties strongly prefer one of the status quo-preserving reform alternatives of increasing contributions (68.3 per cent) or increasing taxes (21.7 per cent). Although these two reform alternatives also get a slight majority among the *CDU* and *FDP* electorate, 48 per cent among the right-leaning electorate prefer retrenchment by increasing the retirement age or reducing pensions.

Based on the new politics argument and empirical findings that the party colour does not predict welfare spending any more, we expected that the two groups would become more alike when confronted with increased reform pressures. Constrained by the popularity of the welfare

Table 9.6 Pre-existing attitudes, increasing reform pressures and support for pension reform

| Most preferred reform alternative | Party electorate | | | | | |
|-----------------------------------|---|------------------|------------------|--|------------------|------------------|
| | Supporters of retrenchment (CDU/FPD) | | | Opponents of retrenchment (SPD/Grüne/Die Linke) | | |
| | WITHOUT information | WITH information | Treatment effect | WITHOUT information | WITH information | Treatment effect |
| Increase contributions | 36.5% | 49.1% | +12.6 | 68.3% | 50.5% | -17.8* |
| Increase taxes | 15.8% | 24.1% | +8.3 | 21.7% | 29.7% | +8.1 |
| Increase retirement age | 36.0% | 15.5% | -20.5* | 5.3% | 13.0% | +7.7* |
| Reduce pensions | 11.7% | 11.3% | -0.4 | 4.8% | 6.8% | +2.0 |

Note: The table shows the predicted probabilities to support each reform alternative. Estimates are based on a multinomial logit regression that controls for age, gender, and education ($n = 396$). Predictions are estimated at the means of control variables.

* $p < 0.10$, ** $p < 0.05$

state, supporters of retrenchment are not able to follow “their” retrenchment policies, whereas opponents of retrenchment have to adapt to the reality of economic and demographic pressures and cannot adhere to a policy of welfare state expansion anymore. Comparing the two groups of the electorate with information, we find that their reform preferences get more alike. People from the right withdraw their support for retrenching reforms and an increase of the retirement age gets 20.5 percentage points less support. In contrast, people from the left withdraw their support for expansive reforms (an increase of contributions loses 17.8 percentage points) and even increase their support for a retrenching reform such as increasing the retirement age (+7.7 percentage points). A similar trend can be observed for the least preferred reform alternative (Table 9.7). The initial supporters of retrenchment increase their opposition against retrenchment and seem to be more willing to accept the maintenance of the status quo by increasing taxes or contributions. In total the opposition against these two expansive reform proposals goes down by 10.6 percentage points among the right-leaning electorate. In contrast the strong opposition of left voters against retrenching reforms somewhat crumbles (-6.9 percentage points against an increase of the retirement age), whereas they become more critical of a tax increase (+12.2 percentage points).

Table 9.7 Pre-existing attitudes, increasing reform pressures and opposition to pension reform

| Least preferred reform alternative | Party electorate | | | | | |
|------------------------------------|---|------------------|------------------|--|------------------|------------------|
| | Supporters of retrenchment (CDU/FPD) | | | Opponents of retrenchment (SPD/Grüne/Die Linke) | | |
| | WITHOUT information | WITH information | Treatment effect | WITHOUT information | WITH information | Treatment effect |
| Increase contributions | 15.4% | 12.0% | -3.4 | 8.1% | 4.9% | -3.2 |
| Increase taxes | 26.1% | 18.9% | -7.2 | 23.0% | 35.2% | +12.2* |
| Increase retirement age | 28.8% | 34.0% | +5.2 | 35.6% | 28.7% | -6.9 |
| Reduce pensions | 29.7% | 35.2% | +5.5 | 33.3% | 31.2% | -2.1 |

Note: The table shows the predicted probabilities to support each reform alternative. Estimates are based on a multinomial logit regression that controls for age, gender and education ($n = 440$). Predictions are estimated at the means of control variables

+ $p < 0.10$, * $p < 0.05$

Supporting the hypothesis of a declining relevance of political partisanship in an era of austerity (Pierson 1996), the information on increasing pressures to reform decreases partisanship differences in the electorate.¹⁰ Whereas this claim has been mainly confirmed on the aggregate level—for example, partisanship of the government shows no effect on social expenditures (Huber and Stephens 2001)—our results suggest that a similar logic might apply to individual level attitudes.

Discussion and Conclusion

This paper set out to examine the claim of high and stable welfare state support and strong reform opposition in times of austerity. We relied on theoretical explanations from political psychology in order to improve our understanding of attitude change and formation on the individual level. We tested our hypotheses with newly available data from a survey experiment that was fielded in a German online survey in the beginning of 2013. We find that a majority of the German population favours status quo maintaining pension reforms and seems to be willing to pay for increased costs by increasing either contributions or taxes. This confirms expectations of a high welfare state support and that proposals to cut pen-

sion benefits meet strong opposition. Moreover, our results support the expectation that this opposition against retrenchment remains strong in times of increased reform pressures. Nevertheless we also found some evidence suggesting that there might be more room for reform than expected. In the light of an ageing society, the opposition against increasing the retirement age significantly decreases. This effect is particularly pronounced among those parts of the electorate with a low political awareness and hints at the importance of a clear communication of policy aims and motives for a successful policy process. Moreover, not only political awareness but also the predisposition (i.e. partisanship) affects whether and how people change attitudes. Information on population ageing led to a convergence of reform preferences of people from the left and from the right.

A methodological contribution of our paper is the explicit distinction between reform preferences and reform opposition. Whereas the relevance of this distinction is obvious in most political contexts, it is not yet reflected in standard survey questions that usually ask what people want and rather omit what people do not want. A stronger focus on what people oppose might add valuable insights to our understanding of reform success and failure since opposition to reform proposals might be politically more relevant. Moreover, our findings suggest that they are more reliable on the individual level. Respondents in our study were quicker in choosing the least preferred reform alternative than the most preferred one. Moreover, fewer missings occurred when asked for the least preferred reform option.

One limitation every experimental study has to face is the external validity of its results: Is the effect we find valid and relevant in the real world? What we explicitly use here to examine our research question is the framing of a survey question. Several authors argue that such framing effects are only a temporary “mood change” since they only affect the sampling process by increasing the salience and accessibility of some arguments that already exist. In contrast attitude change is defined as “permanent alterations in long-term response probabilities” and arguments (Zaller 1992, p.118). Research in this direction reinforces this concern as effects of political debate (Luskin et al. 2002) or elite framing (Druckman and Nelson 2003) on public opinion vanished after 2–3

weeks. However, the theoretical model of attitude change does not assume that those permanent alterations happen immediately but rather incrementally. Even when the effect we find vanishes after some weeks, our findings would at least provide some hints of the potential and the direction of attitude change in the long run. With an ageing population, people possibly do not get information on increasing reform pressures once but get informed repeatedly. Future research thus needs to explore how repeated information affects attitudes.

If we extend our focus from immediate, short-term effects to long-term attitude changes, an important explanatory factor for attitude change is the role of political discourse (Schmidt 2010). For example, population ageing can be framed as a financial burden to public budgets. Other political actors such as the World Health Organization promote the view that healthy older persons are a resource to their families, communities, and economies (Boudiny 2013; WHO 2002). Experimental studies show that different frames of the same information but also different senders of the same information affect how people change their attitudes in response to information (Chong and Druckman 2010; Druckman et al. 2012). With this in mind, our results are clearly limited in their validity to the current political context in Germany or similar “discursive contexts” in other countries. Whereas our results support the claim that even low-educated people link population ageing to increased reform pressures and adapt their pension reform preferences accordingly, we cannot rule out that this link depends on how dominant arguments within the public debate view population ageing and its consequences.

Despite, or rather because of these challenges, we think that it is a worthwhile endeavour to follow this line of research. We are convinced that our and similar other papers using survey experiments can complement existing studies in welfare attitudes research. “When used with representative samples, therefore, survey experiments can provide firmly grounded inferences about real-world political attitudes and behaviour” (Gaines et al. 2007, 2). The strength of experimental studies is the focus on the individual mechanisms of attitude change and the internal validity of its causal claims. Future research is needed though that also relies on longitudinal data and tests the external validity of findings from experimental studies.

Notes

1. The major part of the research on welfare attitudes has been concerned with examining more general attitudes towards the welfare state such as demand for redistribution (e.g. Blekesaune 2007), spending preferences (e.g. Soroka and Wlezien 2009), or the role of the state (e.g. Taylor-Gooby 2001). Recently, the research field moved towards the examination of more specific attitudes in each field of the welfare state separately acknowledging that the “welfare state is an umbrella term covering a range of governmental activities that have distinct characteristics” (Pierson 2001, 11).
2. New in the sense that survey experiments are a well-known method from related research areas but have not yet gained attention in the field of welfare state research.
3. This kind of reasoning is implicitly based on and thus supported by findings from economics and social psychology. They show that people perceive gains and losses quite differently (loss aversion) and that losses affect the utility much stronger than gains do (Kahneman and Tversky 1979). Both findings support the basic claim of the new politics proponents that the basic logic has changed in times of welfare state retrenchment.
4. Previous research confirms that politicians are very attentive to and influenced by opinion polls (Page and Shapiro 1983).
5. The following interpretation of results illustrates this point. For example, Dallinger (2010) finds that the demand for redistribution is lower in countries with a high GDP and interprets these results in favour of the hypothesis of “a decrease in the demand for redistribution in times of economic prosperity”.
6. We are aware that the difference between retrenchment supporters and opponents might also increase due to information on reform pressures when people engage in motivated reasoning (Lodge and Taber 2000; Redlawsk 2002). We do not expect respondents to heavily engage in motivated reasoning when answering the survey question. Although population ageing is sometimes used as an argument to justify retrenchment, it is rather a neutral fact than a partisan argument and thus hard to counter-argue. This is in particular true when the information on population ageing is not directly linked to a political argument but provided by a “neutral”, scientific survey.

7. The order of answer categories in the survey was varied randomly.
8. Usually welfare attitudes research relies on questions such as “Do you agree that the age of retirement should be raised so that people work longer and therefore spend less time in retirement?” in order to measure preferences.
9. The two questions testing the political knowledge asked for (1) the election threshold for a party to be represented in the German parliament and (2) who elects the German chancellor. Moreover, people were provided with the pictures of five German politicians, Ursula von der Leyen, Per Steinbrück, Daniel Bahr, Jürgen Trittin, and Gregor Gysi, and had to choose the party the politician belongs to.
10. Note that the two groups of the electorate do not differ in the political awareness.

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10

Increasing Conflict in Times of Retrenchment? Attitudes Towards Healthcare Provision in Europe Between 1996 and 2002

Elias Naumann

Introduction

Charity begins at home, at least in hard times. The new politics of the welfare state literature provides a scientific take on the old saying: In times of welfare state retrenchment, people are assumed to defend their acquired social rights, and self-interest is seen as the main motivation for supporting the welfare state. But is the importance of factors such as solidarity or political values really declining? This study analysed the question of whether increased reform pressures and continued restructuring efforts have led to changes in individual welfare attitudes.

This process—usually termed policy feedback—explains how policy might affect opinion. It is part of a bigger research field that is attempting to link public opinion with social policy. Early studies examining this core question of democracy assumed public opinion to be independent and focused on the question of whether social policy is in line with public

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opinion (Burstein 2003). Only recently researchers have begun to focus on the feedback processes of policy as well (Béland 2010).

The relevance of feedback processes for social scientists, but also for policy makers, stems from their possible effects on the subsequent reform process. First, given that public opinion is usually seen as a possible veto player blocking reforms (Tsebelis 2002), changes in welfare attitudes affect the environment for reform in the short run. If conflicts between groups over the extensivity of the welfare state increase in magnitude, or if conflict lines change their direction over time, politics take place under quite different circumstances. Second, in line with the idea of path dependence (Pierson 2000), even small changes in the attitude structure might add up over time and alter reform opportunities in the long run.

The dynamic interplay of policies and individual attitudes in the reform process is still an open question. Empirical research exploring the role of individual attitudes and public opinion in the reform process has so far used cross-sectional analysis at a single point in time (see Gevers et al. 2000; Kikuzawa et al. 2008; Wendt et al. 2010 for studies on healthcare attitudes) or it has focused on the development in one country (Quadagno and Pederson 2012; Soroka and Wlezien 2009; Svallfors 2008). What is missing in order to test the competing theoretical predictions concerning the development of individual attitudes in times of welfare state retrenchment is a systematic comparison of attitude structures across countries and over time.

In the present study, I examined the preference for an extensive role of the state in the provision of healthcare. Do people want the state to provide a generous, encompassing healthcare system (as the one extreme), or do they prefer the state to only provide basic services (as the other extreme)? This question is highly relevant for two main reasons. First healthcare is one of the most relevant areas of the welfare state,¹ where the assumption of rising reform pressures due to an ageing society and technological change is justified (Freeman and Moran 2000; Rothgang et al. 2010). Given the media coverage and the ongoing policy debate, people are likely to be aware of rising reform pressures and retrenchment. The development of healthcare systems thus provides a convincing and clear backdrop against which it is possible to examine the impact of rising reform pressures and retrenchment on peoples' attitudes (Taylor-Gooby 2011). Second, as healthcare is a life course-related social policy field, everyone is assumed to be interested in

its provision to a similar extent. Political ideology and class cleavages should be less important than in other fields of social policy that are more closely related to the labour market (Gelissen 2002; Jensen 2007). Healthcare thus provides a least-likely case for testing my hypotheses, strengthening their generalisability to other fields of the welfare state if confirmed.

Changing Patterns of Attitudes: Old and New Cleavages Over Time

A first glance at previous research supports the claim of Wendt et al. (2011) that healthcare is and remains ‘our greatest good’ despite rising costs and reform pressures. But even when the overall level of support does not change and one observes a stable support for the welfare state over time, what might nevertheless have changed is the structure of attitudes. The focus of this article is thus less on changing levels of support but rather on the patterns of support. Have some groups in society withdrawn their support, whereas others are in favour of even more state involvement?

In the following, I first briefly clarify the terms old and new cleavages and explain how they relate to self-interest and values. I then summarise the ‘traditional’, class-based explanation of welfare state development, which is the idea of power resources. Having provided this starting point, I then map out the theoretical arguments claiming that a class-based explanation is no longer warranted.

Old and New Cleavages or Self-Interest and Values

The distinction between old and new cleavages is found mainly in political science. Old cleavages refer to the traditional conflict lines dividing societies, such as those between classes and between people of different political ideology (Deegan-Krause 2006; Lipset and Rokkan 1967). With the rise of issues such as political participation, environmental protection, or immigration, new cleavages such as gender (Brooks et al. 2006) or educational and generational differences (Inglehart 1977) emerged. New

cleavages are assumed to be the result of self-interest (Pierson 2001), whereas old cleavages are often implicitly linked to values and socialisation. This basic categorisation thus overlaps with the micro sociological distinction between self-interest (*homo oeconomicus*) and values (*homo sociologicus*) as the two main factors that explain behaviour and attitudes (Baslevent and Kirmanoglu 2011; van Oorschot et al. 2012). In this article, I chose to closely follow previous research studies in political science and their understanding of old and new cleavages, because the respective theoretical approaches provide more leverage for explaining how changes on the macro level and individual attitudes are linked. This comes at the cost of not fully capturing that old cleavages are not only based on values and socialisation and that new cleavages are not only the result of self-interest.²

Power Resources Approach and Old Cleavages

The emergence and expansion of the welfare state is usually understood as a struggle or negotiation between groups of differing interests. This struggle takes place in, and is thus shaped by, the inequality and opportunity structure of the respective society (Esping-Andersen 1990). One of the most prominent theories in welfare state research building on this idea is the power resources approach, arguing that ‘in Western societies variations in the difference in power resources between labour and business interests can be expected to have a variety of consequences. This difference can influence [amongst others] the level and patterns of conflicts in the society’ (Korpi 1983, 80). The power resources approach (Korpi 1983; Korpi and Palme 2003) thus claims that welfare state support is guided by class interests. In this respect, partisan politics matters as well. Theoretically, the Left–Right ideological dimension maps onto the state–market cleavage that emerged with industrialism (Lipset and Rokkan 1967). Left parties mainly representing the interests of the working classes prefer a strong state and are the main defenders of the welfare state, whereas Right parties want the market to solve social problems and are seen as the opponents of a strong welfare state. Attitudes should thus be structured with respect to social class and the traditional Left and Right in politics.

The New Politics of the Welfare State Perspective and New Cleavages

The new politics of the welfare state literature analyses welfare state change against a backdrop of increasing pressures and austerity (Pierson 2001). Constrained by the popularity of the welfare state, parties of the Right are not able to follow 'their' retrenchment policies, whereas parties of the Left have to adapt to the reality of economic and demographic pressures and can no longer adhere to a policy of welfare state expansion. Jensen (2008) and Castles (2009) showed that the party colour of governments has little impact on the level of public involvement in health-care. Assuming some congruence between parties and their voters, the relevance of political partisanship for individual reform preferences in an era of austerity is assumed to be declining as well (Pierson 2001). Another line of research has focused on the development of class cleavages. With reference to broader societal developments such as post-materialism or post-industrialism, they concluded that class is an increasingly inadequate concept in recent decades as traditional hierarchies have declined and new social differences have emerged (Clark and Lipset 2001; for critique, see Evans 1999). Both lines of research suggest that old cleavages are weakening.

As for the emergence of new conflicts, it is claimed that interest formation in times of welfare state retrenchment follows a quite different logic when compared with times of welfare state expansion. As long as the welfare state was expanding, reform was basically concerned with redistributing additional benefits. Even if benefits are not distributed equally and interests might be conflicting, this conflict is assumed to be less pronounced as people usually agree with a reform if they at least benefit to a certain degree. By contrast, in times of austerity, reform is about retrenchment, about cutting back benefits or at least recalibrating the welfare state (Häusermann 2010). Opposition to such reforms is assumed to be much stronger (Pierson 2001). Conflict lines should be running between groups who benefit from the welfare state and who will defend 'their' programmes and the net payers who are more inclined to accept reforms and cut backs. Conflict (and opposition to reform) might be even more severe if additional benefits for some groups or social policy programmes (e.g. families)

are possible only at the cost of other groups or social policy programmes (e.g. the elderly). This kind of reasoning is implicitly based on, and thus supported by, findings from economics and social psychology. Reforms in time of welfare state expansion can be understood as moving from one pareto optimum³ to the next—which is no longer possible in times of welfare state retrenchment. Social psychological studies and studies in behavioural economics showed that people perceive gains and losses quite differently, and claimed that losses affect the utility much stronger than gains do (Kahneman and Tversky 1979; Kahneman et al. 1991). Both findings support the basic claim of the new politics proponents that the basic logic has changed in times of welfare state retrenchment, and that conflict should thus be structured according to narrow self-interest.

Based on these theoretical arguments, I propose two hypotheses, which in combination are in line with the basic claim of this article.

- H0.* Following the power resources theory, class and political ideology are the main determinants of the attitudes structure.
- H1a.* Over time, the association between class or political ideology and attitudes will be in decline.
- H1b.* New attitude cleavages based on narrow self-interest will emerge or (if already there) increase.

The main question of this article is if the relative importance of old cleavages compared with new cleavages is declining. This can be the result of either one of the two hypotheses, but will definitely be more pronounced if both of them can be upheld.

Determinants of Welfare Attitudes Over Time

The question of whether we can observe a growing importance of new cleavages and a decreasing impact of old cleavages has attracted most interest in the literature on voting behaviour (Evans 1999). Only recently scholars in the field of social policy have begun to explicitly examine this question with regard to attitudes. Thus the major part of comparative studies still draws on data at a single point in time (examples on healthcare

attitudes include Blekesaune and Quadagno 2003; Kikuzawa et al. 2008; Wendt et al. 2010) and it is difficult to infer time trends (or even causality) from these studies.

The few comparative studies using longitudinal data were unfortunately not explicitly interested in class cleavages (Jakobsen 2010; Soroka and Wlezien 2009; Taylor-Gooby 2011). None of these studies included class as an independent variable. Nevertheless, these studies provided a first idea of the general trend of attitudes and of how new cleavages have developed over time. Jakobsen (2010) provided the most clear-cut results. Analysing the preference for a responsibility of the state to ensure that everyone is provided for in 25 OECD countries between 1990 and 2000, he found increasing differences between age and income groups and between men and women. In contrast, the two other studies confirmed expectations that there is a considerable parallel movement of the preferences of subgroups of society (Page and Shapiro 1992; Svallfors 2008). Differences in spending preferences between subgroups of society have not considerably changed over the last 30 years and lead to the conclusion that 'attitudes appear to be more complex and are associated with shared concerns and coalitions across different social groups [...]. Any transition towards a more individualist 'risk society' that may be taking place is a slow and diffuse process and one that may recreate solidarities as well as dismantle them' (Taylor-Gooby 2011, 159).

Although single-country studies face the problem of generalisability, they seem to provide the most valuable insights with regard to my research question. Evidence from Finland (Sihvo and Uusitalo 1995) and the United States (Quadagno and Pederson 2012) suggests that people react to increasing reform pressures and economic crises only by slightly reducing their spending preferences for social security. As for conflict lines within society, Svallfors (2004, 2008) found both class and new cleavages to be persisting. With regard to family policy, class and age differences seem to rise and recede in tandem, while in the case of pension policy, they seem to be substitutes, with class differences superseding age differences over time. Studies from Germany (Roller 2002) and Canada (Jæger 2006) ascertained the enduring importance of class and political ideology but found new cleavages such as gender, age, or employment status to be equally relevant.

Based on the review of previous research, the contribution of this article is twofold. First, it aims to move the focus from single-country studies over time or comparative but cross-sectional studies towards a comparative, longitudinal perspective in order to better understand the dynamics of attitudes under different institutional settings. Second, it complements previous studies usually analysing more general, encompassing attitudes towards the welfare state (e.g. the preference for redistribution or spending preferences for social security) with the analysis of attitudes in a specific policy field. This kind of research seems to be relevant, as preferences in specific policy fields are not necessarily linked to those general attitudes in a straightforward way (Arts and Gelissen 2001). ‘Moral commitment to the common good seems to outweigh self-interest on a general level’ (Gelissen 2000, 298), whereas self-interest cleavages may only come to the fore when it comes to attitudes on a more specific level.

Healthcare Systems and Policy Trends in Hard Times

This article analyses welfare attitudes against the backdrop of increasing reform pressures, continued restructuring and retrenchment. The following summary provides a brief overview of these trends in Western European healthcare systems around the time period under examination.

The most notable reform pressures stem from demographic change, advancements in medical technology, and economic globalisation (Rothgang et al. 2010; Wendt and Kohl 2010). Population ageing has increased the demand for health services that has become more expensive due to more sophisticated equipment and more specialised staff. At the same time, economic globalisation and financial crises has limited the amount of available public funds. Although there are slight differences, for example, in the demographic structure of the 14 countries analysed in this article, similarities in reform pressures are assumed to predominate, as all 14 countries are found in the same economic area, that is, in Western Europe.

Reflecting the policy feedback perspective, I now outline how countries have reacted to these increased reform pressures. Throughout the 1980s until the early 2000s, healthcare reforms aimed at two purposes. First,

limiting overall budgets, setting prospective budgets, and cutting personnel were the main instruments aimed at cost containment. Only very few attempts were made to reduce basic entitlements. A second set of reforms usually implemented in the early 1990s focused on the administration and on the providers of healthcare, and introduced competition and privatisation. In summary 'there is a remarkable similarity of tone and purpose to health reform in different countries [...]. What emerges from this is some convergence between systems' (Freeman and Moran 2000, 42). This trend is particularly pronounced when examining the financing of healthcare systems. The general trend of increasing expenditures on healthcare (measured as a share of the GDP) continues in the 1990s but at significantly lower growth rates compared with the 1970s and 1980s (Hacker 2004; Wendt and Kohl 2010). The increase of public healthcare financing in the 1990s is particularly pronounced among the low public spenders (e.g. Portugal or Greece), whereas the strong public spenders, such as Sweden or Denmark, were more successful in containing costs (Schmid et al. 2010). A similar level but no convergence effect is also found for service provision. All countries moved towards private service provision, but differences between countries remained stable (Schmid and Wendt 2010).

In summary, the development of healthcare systems in the 1990s provides a clear background in terms of increasing pressures and restructuring. Although we do not observe explicit retrenchment of expenditures or services, the period is characterised by comparable moderate increases or stability of health expenditures (when compared with the 'golden age' of welfare expansion in the 1970s and early 1980s) and the privatisation of service provision in all countries. Moreover, the burst of the dot-com bubble and the resulting recession starting in 2001 considerably increased reform pressures and made changes in welfare attitudes as a consequence even more likely.

Data and Methods

Data for this study were taken from the Eurobarometer survey series conducted on behalf of the European Commission. The Eurobarometer follows a repeated cross-sectional design and gives good estimates for the

current population and the changes that occur at the aggregate country level over time. Every year an identical set of questions is posed to a randomly drawn sample that is representative of the population aged 15 years and over residing in each of the member states at the time of the respective survey. I chose Eurobarometer surveys 44.3, 49, and 57.2, which were fielded between February and April 1996, April and May 1998, and April and June 2002, respectively. The analysis was restricted to the 14 countries which are part of all three surveys: Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and Sweden.

The Preference for Extensive Public Responsibility for Providing Healthcare

The dependent variable in this study was measured with the following item: The government should provide everyone with only essential services such as care for serious diseases, and it should encourage people to provide for themselves in other respects. The answering categories ranged from ‘strongly agree’ (1) to ‘strongly disagree’ (5). Agreement with this item was interpreted as low support for the welfare state, whereas disagreement indicated support for the public responsibility to provide healthcare.

The research on welfare state attitudes suffers from a dependent variable problem, namely that some studies use single items as dependent variables while others rely on indices (Svallfors 2012). In this study, I used a single item as the dependent variable—due mainly to data availability. In general, single-item measures face the problem to achieve acceptable reliability, in particular when the constructs they assess are broad and multidimensional (Gardner et al. 1998). In the case of support for healthcare provision by the state, however, the construct appears to be sufficiently homogeneous to be adequately operationalised with a single item. Empirically, this assumption seems to be met, as most of the studies on healthcare attitudes have found high correlations between the different items included in the indices (Gevers et al. 2000).

Old Cleavages

Social class and political ideology represent old cleavages. To operationalise social class, I used the European Socio-Economic Classification (ESeC) and classified respondents according to occupation (Rose and Harrison 2007). The salariat (e.g. lawyers, scientists, engineers) is distinguished from intermediate employees (e.g. office clerks, government officials), from small employers and the self-employed, and from the working class (e.g. care workers, toolmakers, cleaners). The unemployed, pensioners, and disabled were assigned the class score that referred to their last occupation; respondents who have never worked were added as an additional category. People's political orientation was operationalised by their self-placement on a 10-point Left–Right scale. Answers were collapsed into three categories: Left (1–4), Right (7–10), and Centre (5–6) as the reference category.

New Cleavages

In the field of healthcare, health status is possibly the most important new cleavage. People with a poor health status already use or at least expect to use the healthcare system more often than healthy people and therefore should have a greater interest in its public provision. Therefore, the subjective health status measured on a 4-point scale and recoded into a dummy variable for the healthy and the sick was included. As the subjective health status might not capture all aspects of the objective health status, additional variables related to health or to the frequency of healthcare use were added.

Over the life course, the health status usually declines and older people are likely to use the healthcare system more often (McKeen et al. 2004). Furthermore, the hypothesis of emerging conflicts between generations has gained attention, not only in the press, but also among scholars. However, findings are inconclusive, as some studies found significant age differences (Blekesaune and Quadagno 2003; Busemeyer et al. 2009), whereas others found no consistent impact of age on welfare state attitudes (Arts and Gelissen 2001; Jæger 2006). To capture this conflict line,

I included two dummies representing the Young (<25 years) and the Old (>65 years). The middle-aged population was taken as the reference category.⁴

As regularly found in almost all studies on welfare state attitudes (e.g. Blekesaune and Quadagno 2003; Edlund 1999; Svallfors 1997), gender is another relevant cleavage. Whereas women's health status—measured as life expectancy or a higher physical wellbeing—is better than men's health status (Reynolds and Ross 1998), women were found to use the healthcare system more often (Bertakis et al. 2000). As women are more likely to rely on the welfare state as widows or single parents and more likely to be employed by the welfare state (Sainsbury 1996), they are assumed to support the public provision of healthcare more than men.

Employment has a positive effect on health. People with full-time or part-time employment have been shown to have a better self-reported health status and a better physical functioning than the retired, unemployed, or homemakers (Ross and Mirowsky 1995). Moreover, they are usually the ones paying contributions or taxes to finance the welfare state. Therefore, three dummies were created based on the employment status: people not in the labour force, the unemployed, and pensioners were distinguished and were assumed to be in favour of extensive public provision of healthcare. People with paid jobs were taken as the reference category.

Some studies found education and income to have an impact on attitudes as well, as both determine the social location of the individual within society and also have an impact on health (Lynch and Myrskylä 2009; Ross and Wu 1995). When including social class and the employment status, the major part of the social location should have already been captured. Therefore, education and income were only taken as controls, as their explanatory power proved to be rather limited and their impact was not significant.

Methodology

Individual welfare attitudes are the result of individual determinants, but also of the national context respondents are living in. This nested data structure requires the use of multilevel regression analysis (Hox 2010) so

that both effects can be separated. In order to make models as comparable as possible, observations with missing information were listwise deleted. In total, the results are based on 36,099 respondents sampled in 14 countries at three points in time between 1996 and 2002.

In the results section I proceed as follows. First, I provide a descriptive overview of how the support for healthcare provision by the state varies across countries and over time. In the second part, I introduce individual-level determinants, distinguishing between covariates related to old and new cleavages. I examine how the magnitude of these conflict lines develops over time. The individual variables used were all correlated below Pearson's r 0.6. Moreover, none of the individual variables' variance inflation factors was greater than three, indicating that multicollinearity was not a serious source of bias.

Results

A first look at the country differences in the level of support for an extensive responsibility of the state to provide healthcare supports the claim that healthcare is 'our greatest good' (Wendt et al. 2011). In 1996, the average support in the 14 countries was 3.5 on the 5-point scale. It rose slightly to 3.8 in 1998, and almost returned to its initial level in 2002. Although countries differ in public spending levels and the extent of retrenching efforts—high spenders such as Sweden and Denmark were more successful in containing costs, whereas low public spenders such as Portugal or Greece increased the share of public spending on healthcare—similar trends were observed when each country was examined separately (Fig. 10.1). In line with the expectation of the new politics argument, the high support seems to be stable over time despite increasing reform pressures, retrenchment efforts, and restructuring.⁵ However, even if the overall level of support does not change, what might nevertheless have changed is the structure of attitudes. Have some groups in society withdrawn their support whereas others are in favour of even more state involvement? Where can we find the conflict lines within societies? These are the questions I turn to next.

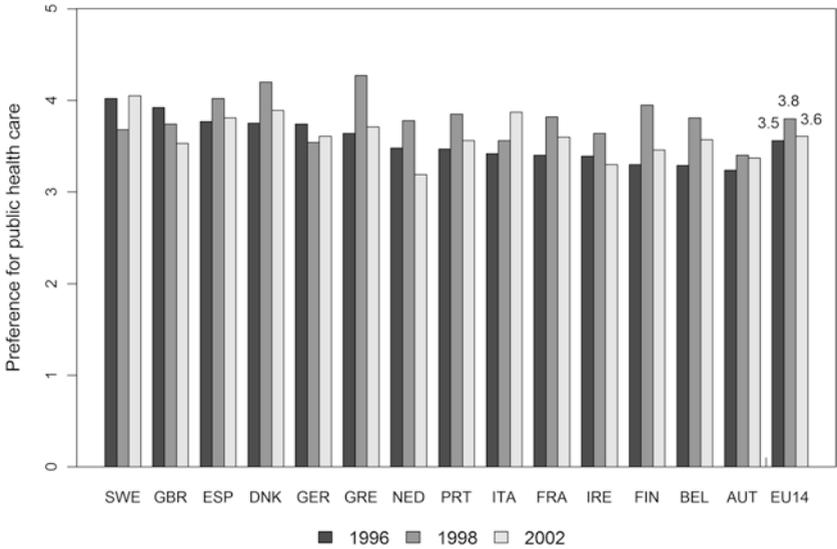


Fig. 10.1 Mean support for public healthcare across countries and over time

The welfare support of people might vary over time, it might be affected by the institutional characteristics of their country, and it is also the result of their individual situation, their interests and values. To separate the importance of these three factors (individuals, countries, time), a so-called empty or variance component model was estimated (Table 10.1). It shows how much of the variance in the welfare support was due to variation over time, due to between-country variation (i.e. the variance of country means around the grand mean of all countries), and how much was due to variation within countries (i.e. individual variance around the national mean). As the descriptive overview already indicated, the variation over time was very small and not significant. Small but significant differences between countries in the attitude towards the welfare state were observed. Just over 3% of the total variance was due to differences between countries. Still, the major part of the variance (96.6%) was found on the individual level. Individual differences between people, such as social class, political ideology, or age, are the most important determinants of welfare attitudes. This predominance is

Table 10.1 Support for public healthcare—Multilevel, empty model with three levels (individuals, countries, year)

| Level of analysis | Variance | % of total variance |
|-------------------|----------|---------------------|
| Year | 0.0048 | 0.3 |
| Country | 0.0549* | 3.1 |
| Individual | 1.7028* | 96.6 |

* $p < 0.05$

one of the reasons for the focus of this article on individual differences and conflicts within countries.

As the variance over time was negligible, multilevel models (with all covariates) were estimated for each year separately.⁶ For a valid comparison of the extent of old and new cleavages, it is necessary to control for the other covariates. What is the preference of a member of the working class when controlling for the impact of political ideology, age, gender, and employment status? The coefficients of the regression analysis (Table 10.2 in the Appendix) provide such estimates. As all covariates were either dummies or centred around the mean, the interpretation was straightforward. In 1996, a working male, aged between 25 and 65, belonging to the working class (ESeC 4 or 5), holding average political views, with primary education, average income, a good or very good health, and living in an 'average' European country, had a preference score of 3.56 on the 5-point scale of the dependent variable. This score signifies support for the public responsibility to provide healthcare. If this 'standard' respondent would belong to the 'Higher and lower salariat' instead, his support would decrease by 0.13 points to a preference score of 3.43.

The findings support the power resource theory and the expectation of class differences in welfare preferences. The higher the social class, the lower is the support for the public responsibility to provide healthcare. Moreover, people with a Left political ideology are more in favour of a strong role of the state in healthcare than people with a Centre or a Right political ideology. But the results also provide evidence for the new politics hypothesis. The sick, the unemployed, and women were assumed to have a stronger interest in welfare provision by the state and were found to be more supportive than their respective counterparts.

Finally, I found a U-shaped age effect as the young and the old support public provision of healthcare less than the middle-aged. All differences between subgroups within a country were in the expected direction and, not surprisingly, the direction of conflict did not change over time. Consequently, to evaluate whether attitude patterns have changed, I looked at the magnitude of the conflict and examined whether some conflicts lost some of their strength over time. Net differences between subgroups provide a measure for the magnitude of conflict which is comparable across groups and over time. The net difference, which is the

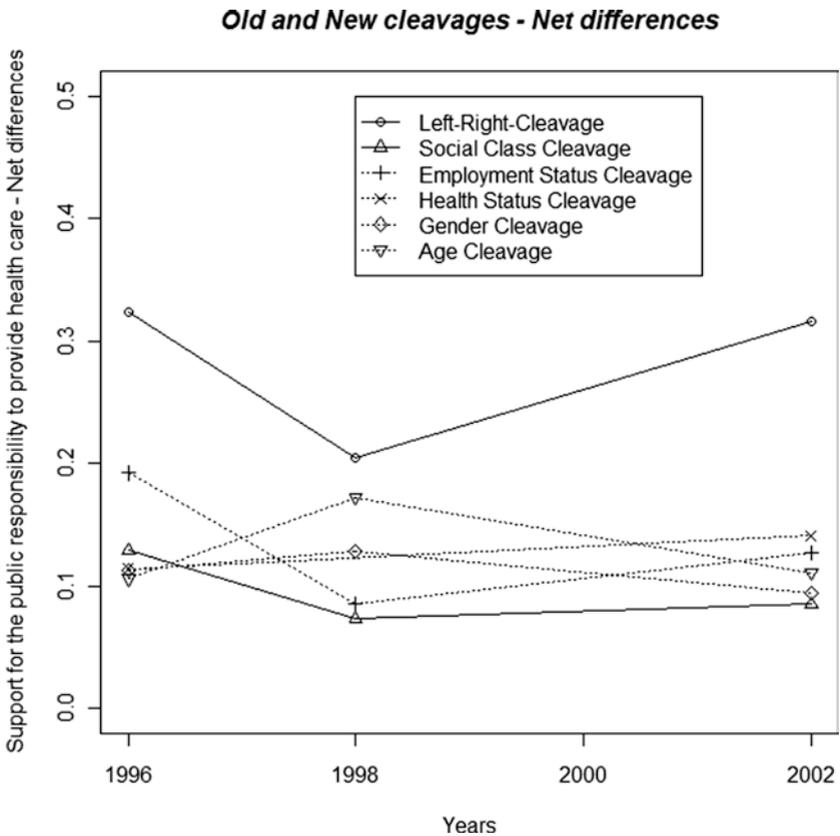


Fig. 10.2 Old and new cleavages in support for public healthcare

difference when controlling for all other covariates, between the salariat and the working classes was, for example, 0.13. Figure 10.2 provides the net differences between subgroups related to old (solid lines) and new cleavages (dashed lines) over time.⁷

Following the power resource theory, I hypothesised that welfare preferences are structured along class lines and the political ideology of people and that these old cleavages are not affected by increasing reform pressures and retrenchment policies. Accordingly, in 1996 the most pronounced conflict regarding the provision of healthcare was found between the Left and the Right. Their support on the 5-point scale differed by 0.32 points. The class cleavage was less pronounced but still significant. The four new cleavages (between those working and the unemployed, the healthy and the sick, men and women, and the young and the middle-aged) ranged between 0.1 and 0.2 points, and support part of the new politics argument that self-interest is an important determinant of preferences. However, the findings did not support the expectation that self-interest is strengthened in hard times. The magnitude of the new conflict lines remained stable over time, and stayed in the threshold between 0.1 and 0.2. This stability was unexpected, particularly for the second period between 1998 and 2002 when the reform pressure increased considerably due to the financial crisis in 2001. Moreover, the conflict between the Left and the Right remained the most pronounced one, although it lost some of its strength in 1998. Combining this finding with the observation that class is an important determinant of preferences at all three points in time, there was no evidence for an end to the class hypothesis.

Conclusion and Discussion

In this study I investigated whether changing economic and social conditions result in changing patterns of attitudes towards the welfare state. Most prominently in the field of welfare state research, proponents of the new politics of the welfare state argue that in times of welfare state retrenchment, attitudes will depend more on the narrow self-interest of

individuals. New cleavages in the attitude structure and new conflict lines within society should emerge, altering the feasibility of subsequent reforms. In contrast, the power resources theory assumes social class to be the main determinant structuring attitudes. However, empirical research has thus far either focused on cross-country comparisons at one point in time or on changes over time in single-country studies. A test of the theoretical predictions over time and across different institutional settings has been scarce. To answer the question of whether and to what degree welfare state reforms influence citizens' attitudes, the present study moved beyond static comparisons across countries and explored trends over time.

First, I found patterns in the attitude structure supporting both the assumption of old (e.g. between social classes and between groups with differing political ideology) and of new cleavages (e.g. between groups with different health status or gender). Second, there is clearly no evidence that new cleavages are gaining importance, superseding old cleavages. Thus my empirical analysis did not support the theoretical claim of change and it is rather stability that I observed. The high level of support as well as the patterns of attitudes were found to be widely unaffected by the economic and political trends of increasing financial pressures, policies of cost containment, and the privatisation of service provision. In contrast to the starting point of the article, that charity begins at home in hard times, neither increasing pressures nor the political response to these pressure seems to erode welfare state support or increase conflicts within societies.

The first limitation of this finding is the relative short time period of 6 years. Welfare state retrenchment already began in the late 70s and early 80s. It could be argued that the assumed changes in the attitude structure had already taken place before the period I studied. Then it would not come as a surprise that I found no changes. Svallfors' (1997) study somewhat lessens this concern, as he reported similar results for the period from the early 1980s to the mid-1990s. So with regard to the generalisability of results over time, the most recent period, that is, the last 10 years, should be the focus of future research.

Of course, my findings are restricted to the area of healthcare. Another direction for future research is obviously the examination of other policy areas. Healthcare is found to be the area of the welfare state with the

highest support, and individuals in all societies consider health to be the most valuable commodity (van Oorschot 2006; Wendt et al. 2011). The support in other policy areas such as pensions, unemployment, or family policy might be more affected by reform pressures, and cleavages might be more pronounced if interests could be assumed to be more opposed. The survey methodological challenge to follow this direction of research is to find policy proposals which are as specific as possible without losing their meaning in some countries. For example, questions asking about the role of physicians as gatekeepers are possibly almost meaningless to respondents living in healthcare systems where this idea has not been implemented or even discussed to any extent. Studies examining preferences for the reform of the pension system would be more promising in this respect, as the choice between raising the retirement age, contributing more while working or receiving less when retired, has meaning for everyone irrespective of the pension system.

Returning to the main finding of this article, namely that we are witnessing stability rather than a change of attitudes, an important implication has to be discussed. The observation of stability might hide conflicting effects (Svallfors 2004). In this respect, paying more attention to the basic mechanisms of attitude formation should yield valuable insights. Larsen (2008), for example, proposed a model that explains the formation of individual attitudes delineating self-interest, values, and class. A promising direction for future research would be to improve the theoretical explanation on the individual level, paying more attention to the specific mechanisms of interest formation. A challenge for empirical studies in this vein will be to disentangle the self-interest-related from the values-related part, not only of social class but also of gender or age differences.

Appendix

Table 10.2 Determinants of the preference for an extensive responsibility of the state for providing healthcare—Results from multilevel linear regression models

| | 1996 | | 1998 | | 2002 | |
|---|---------------------------------|--|---------------------------------|--|---------------------------------|--|
| | Full model with macro variables | | Full model with macro variables | | Full model with macro variables | |
| Individual-level variables: Old cleavages | | | | | | |
| <i>Social class (reference: ESeC 4/5 working class)</i> | | | | | | |
| ESeC 1 (the salariat) | -0.127* [0.037] | | -0.073* [0.037] | | -0.083* [0.035] | |
| ESeC 2 (intermediate employees) | -0.062+ [0.033] | | -0.033 [0.034] | | 0.003 [0.032] | |
| ESeC3 (petty bourgeoisie) | -0.122* [0.045] | | -0.173* [0.046] | | -0.091* [0.045] | |
| Students | -0.006 [0.066] | | 0.083 [0.067] | | -0.046 [0.066] | |
| <i>Political ideology (reference: centre)</i> | | | | | | |
| Left | 0.153* [0.027] | | 0.050+ [0.028] | | 0.163* [0.027] | |
| Right | -0.169* [0.030] | | -0.155* [0.031] | | -0.155* [0.030] | |
| Individual-level variables: New cleavages | | | | | | |
| <i>Health status (reference: healthy)</i> | | | | | | |
| Sick | 0.114* [0.044] | | NA | | 0.141* [0.043] | |
| <i>Employment status (reference: working)</i> | | | | | | |
| Not working | -0.024 [0.045] | | -0.086+ [0.044] | | -0.009 [0.043] | |
| Unemployed | 0.192* [0.050] | | 0.085+ [0.052] | | 0.119* [0.057] | |
| Retired | 0.011 [0.044] | | -0.008 [0.043] | | 0.103* [0.042] | |
| <i>Age (reference: Middle-aged, 25–65 years)</i> | | | | | | |
| Young (<25 years) | -0.037 [0.042] | | -0.172* [0.043] | | -0.107* [0.043] | |
| Old (>65 years) | -0.101* [0.047] | | -0.025 [0.046] | | -0.190* [0.043] | |

(continued)

Table 10.2 (continued)

| | 1996 | | 1998 | | 2002 | |
|--|---------------------------------|--|---------------------------------|--|---------------------------------|--|
| | Full model with macro variables | | Full model with macro variables | | Full model with macro variables | |
| Gender (reference: male) | | | | | | |
| Female | 0.110* [0.025] | | 0.128* [0.026] | | 0.092* [0.025] | |
| Income (reference: two middle-income quartiles) | | | | | | |
| Lowest income quartile | -0.039 [0.035] | | 0.020 [0.034] | | 0.002 [0.035] | |
| Highest income quartile | 0.041 [0.030] | | -0.062+ [0.033] | | 0.041 [0.037] | |
| Education (reference: primary education) | | | | | | |
| Secondary education | -0.006 [0.032] | | -0.027 [0.033] | | -0.009 [0.032] | |
| Tertiary education | -0.006 [0.037] | | -0.063+ [0.038] | | -0.006 [0.037] | |
| Country-level variables | | | | | | |
| Constant | 3.554* [0.061] | | [controlled for] | | 3.605* [0.066] | |
| Explained variance by covariates... | | | | | | |
| ... on level 2 | 39.4% | | 24.9% | | 26.9% | |
| ... on level 1 | 1.62% | | 1.1% | | 1.62% | |
| N | 11,951 | | 12,385 | | 11,763 | |

Note: * $p < 0.1$, * $p < 0.05$

Notes

1. In the countries I examined, the total expenditure on healthcare was on average 8.6% of the total GDP in 2001.
2. For example, social class has definitely been a self-interest variable, as people in the same social and economic situation were assumed to share the same interests. But over time, class has possibly developed a formative character as well, socialising its members to hold class-specific values, even if these attitudes might no longer be in the individual interest. See Albrekt Larsen's (2008) model in which he explains the formation of individual attitudes delineating self-interest, values, and class.
3. A pareto optimum is defined as a situation where at least one member of the group/society is benefitting from a reform and no one is worse off. It is claimed that there will always be a majority who are in favour of this reform.
4. Although acknowledging that more age categories might better represent different stages in the life course, I decided to use this very rough categorisation in order to keep results and models as simple and parsimonious as possible. The results did not significantly change if four or five age groups were used.
5. The differences between countries but also the differences over time are not the result of a changing composition of the interviewed respondents within each country (e.g. due to population ageing) since the inclusion of individual level covariates into the multilevel model controls for such compositional effects.
6. The results are presented in Table 10.2 in the Appendix.
7. When more than two groups are distinguished for one category, the net difference was calculated for the two subgroups which held the most opposed attitudes.

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11

Conclusion: The Influence from Below— How Organized Interests and Public Attitudes Shape Welfare State Reforms in Europe

Bernhard Ebbinghaus and Elias Naumann

For decades, advanced welfare states have been considered difficult to reform due to the defence of vested interest groups and their popular appeal to voters. From power resource and interest group perspectives, stakeholder organizations defend the status quo interests of current beneficiaries against efforts by politicians to cut back on social rights. Similarly, the new politics thesis predicted that politicians faced considerable opposition by voters to alter acquired social rights, putting blame on those who cut social benefits and services. The question remains whether these claims still hold, or to what degree organized interests and public opinion might be willing to embrace reforms to restructure welfare states facing multiple challenges. The studies collected in this volume investigate both organized interests and public opinion, focusing particularly on Britain and Germany as major

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examples of advanced welfare states, while some analyses engage in a broader European or international comparison. The empirical analyses include three important areas of social policy reforms, in particular pension systems, labour market policies, and healthcare changes.

In this conclusion, our main aim is to summarize some of the key findings across these social policy areas that are noteworthy from a more general perspective. Given the analytical approaches denoted in our introduction (see Chap. 1), we will structure our conclusion by drawing on four themes. First, we revisit whether welfare states are as persistent as claimed or whether there are signs for erosion in confidence and support for welfare as we know it. Secondly, we consider whether the fundamental conflicts of interests are still based on social class and old social movements, or whether postmodern social groups and intergenerational conflicts have superseded the labour-capital (class) cleavage. Third, we look at organized interests' role in representing their members' interests vis-à-vis their organizational strategies in influencing policy making, discussing the trade-off between the logic of membership and the logic of influence. Finally, we contemplate on the importance of institutions and values in shaping organized interests and public opinion in their reaction to reform efforts.

A further aim of this conclusion is to draw some methodological insights and explore the options for future advances for research linking organized interests and public opinion. We discuss the use of interviews with stakeholder agents to understand the position of organized interests and how to compare these across different organizations and countries. We also point at innovative approaches in using press statements of such organizations to map changes over time. We also reflect on the potential of public opinion surveys to understand the membership and clientele of organized interests. We argue that surveying particular occupational groups (such as doctors) can provide a lens into their attitudes towards policy change. We discuss how recent developments in survey research can complement established methods. More specifically, we argue for a more dynamic perspective to study attitudinal changes over time by using repeated national cross-sectional surveys or more recently available online panels. Moreover, recent representative online surveys, including the German internet panel, provide a possibility to conduct survey experiments and thus test framing effects, vignette studies, and conjoint analysis. Finally, we consider the policy implications of our

findings, in particular how reform-oriented politicians might seek to overcome the status quo, how organized interests can influence their members and the public in order to influence policy making, and how changing public opinion should be taken into account when devising reforms.

Key Findings Across Policy Areas and Countries

Reform Pressures and Change in Attitudes

Given our finding of a slowly evolving ‘secular reform trajectory’ for both pension and unemployment policies in Britain and Germany (Chap. 7), the common view of stability seems rather short-sighted. A more complex feedback process appears to be at work that is not just a pendulum reaction as claimed by the thermostatic thesis of public opinion research. The retrenchment discourse of problem pressures and reform needs does slowly undermine welfare state support and fosters partial acceptance of change. This is not really a downhill slope that leads to a fast race to the bottom, but rather a gradual erosion at a more moderate pace. Nevertheless, there are also some thermostatic reactions, such as when increased social expenditure leads to rather lower support for further spending among the public. Implemented reform measures have also effects on support; thus Naumann (Chap. 8) shows that statutory retirement age increases subsequently lead to reduction in pension confidence. Reforms (both retrenchment and restructuring) thus rather erode instead of foster confidence in pensions. People may become aware of the actual sustainability problems of their pension system and are reminded of the uncertainty about future changes. The mechanisms for these adaptations to changing reform contexts and directions of change need to be further analysed.

Labour-Capital Cleavage

According to the power resource theory, welfare states had been expanded through pressures from the labour movement; naturally trade unions and

allied left parties are still seen as defenders of these acquired social rights. Whether the labour-capital conflict still matters for the interest representation is a concern of several chapters. In her analysis of organized interests' support for and opposition to raising the statutory retirement age, Julia Klitzke (Chap. 2) draws on interviews with stakeholders which by and large confirmed the expectations of a labour-capital cleavage. Representatives of trade unions and social advocacy associations are against an increase in statutory retirement age, whereas employers and finance interest organizations are in favour. Similarly, Buss and Bender find in their analysis of press statements of German trade unions and employers (Chap. 4) a labour-capital polarization in respect to labour market policy issues, though this seems stronger in the metal sector than in other sectors or at the peak level. Both studies indicate that employers tend to hold more consistent positions than trade unions, which have more differences due to the heterogeneous interests of their particular membership. These differences pose a challenge for collaborating within the labour movement and aggregating their interests at the peak level in order to represent them effectively vis-à-vis employers, the allied party, and the government.

The labour-capital cleavage also extends to the social vs. finance interests according to both mentioned studies, thus including pension and labour market policy. The social advocacy associations come closer to trade union positions, though it might, as employer in the social sector, pursue its own interests. The financial services share with the employers a preference for shifting to funded pensions and also support a higher retirement age. In the analysis of healthcare policies, Wendt and Naumann (Chap. 6) argue that the medical profession is a key corporate and collective actor in influencing policy making and its implementation, not unlike trade unions with regard to occupational pensions in countries with multipillar systems.

Old Vs. New Social Conflicts

While the labour-capital cleavage still remains important in polarizing organized interests on welfare state reform issues in Britain and Germany,

this may not hold for public opinion. In fact, various claims have been made that new social risks and generational conflicts have altered today's societies. While organized interests might be slow in responding to these changes as they defend longstanding manifest interest conflicts, we would expect to find more potential conflicts of interests to play out in public attitudes.

Against the expectation of a generational conflict often mentioned in public debate, our survey analysis produced no strong evidence to support age-related cleavages for pension policy (see Chap. 5). Ebbinghaus and Naumann argue that old age is rather perceived as a life course and not a labour market related risk, as apparently everyone expects to become older and benefit from pensions. Similarly, Ebbinghaus and Naumann show in their longitudinal analysis for Britain and Germany (Chap. 7) that there is no convincing evidence of a momentous or swelling 'generational conflict' between old and young on attitudes towards pensions. We also lack evidence for an insider-outsider divide towards labour market policy at least in Britain and Germany, contradicting the dualization thesis. Certainly we found differences in attitudes according to age, union membership, and political allegiance, but these are less pronounced than expected given the strong claims in the literature; thus this needs indeed further research covering more countries and time points.

Furthermore, public opinion towards pension policy in Europe follows economic self-interest as expected. Those with a better income situation have higher confidence in pensions, while those with more precarious labour market risks face more insecurity about their old age benefits. In fact, when people evaluate their attitudes towards pension reform, they also take into account other welfare state features, such as labour market, family, or tax policies that affect their current and potentially future income situation. In respect to public attitudes towards healthcare, Naumann (Chap. 10) finds patterns that are in line with old class cleavages and political ideology, yet there are also indications of new social risk cleavages, in particular, variations by health status and gender. Nevertheless, the common claim that there is a postmodern shift from old to new cleavages could not be confirmed for healthcare; at least for the studied window of the late 1990s, it remains a rather universal popular policy area.

Members' Interests

Turning to interest organizations, our analytical approach (Chap. 1) expects these collective organizations to cater to their (current and potential) membership first of all, though they would also position themselves in order to gain influence in the long-run. In fact, there is a trade-off between these two aims of interest organizations: the logic of membership and the logic of influence. As already mentioned, the importance of the labour-capital cleavage indicated that organized interests are different in respect to the particular membership they represent. In the empirical analyses in Part One, these interests were often polarized according to the labour-capital cleavage: trade unions (and social associations) versus employers (and financial sector interests).

The organizational analyses of the different social policies reveal that the membership logic was holding by and large. Thus the study of organized interests on pension policy (Chap. 2) showed that most German trade unions maintained strong opposition to a higher statutory retirement age in line with their members' interests, though there were also signs for a strategic re-orientation, as a full repeal has become unrealistic. In the study on German labour market policy (Chap. 4), Buss and Bender argue that the positions of organized interests are shaped by both membership and influence logics across several issues such as minimum wage and atypical employment. Finally, in the study of medical professionals in the area of healthcare (Chap. 6) across OECD countries, doctors were less attached to the status quo than the public, voicing more demand for reforms. One could expect that public opinion is more status quo oriented than the organized interests in healthcare that are often claimed to be veto players, particularly in respect to implementation. Nevertheless, we found in our analysis of pension and unemployment policies (Chap. 7) less differences in attitudes between union and non-union members, but some gap between left and right political preferences.

Organizational Influence Logic

Given the particular welfare state arrangements and the political influence channels available, according to the logic of influence thesis we

expect organized interests to change positions or divert from their members' interests if it is in the organization's long-term interest to have more influence. For instance, a trade union may build alliances with other unions or social advocacy organizations to achieve more policy impact but may underwrite a broader consensus position than otherwise. Often these organizations have to make concessions in negotiating with opponents, for instance, unions and employers, or a union with the government, thereby diverting from the immediate short-term interests of their members. In fact, organized interests may have a role in 'selling' such a strategic position or negotiated pact to their members, thereby seeking to frame and shape the attitudes of their members.

Timo Weishaupt undertakes a policy-tracing analysis on labour market policy making (Chap. 3), showing the interdependency between political actors and organized interests in positioning themselves in respect to the contentious issue of statutory minimum wage in Britain and Germany. His account shows how conservative parties can persuade employers and how left parties (Social Democrats/Labour) can convince trade unions to alter their policy stance. In healthcare policy, doctors are identified as a powerful interest grouping which can directly influence policy making but also have a key role in the implementation of changes within the healthcare system (Wendt and Naumann, Chap. 6). More indirectly, given their direct contact with patients, they might also affect the actual experience and influence the attitudes of the public towards healthcare. Doctors are in favour of changing the healthcare system, particularly those that are unsatisfied with their working and income situation (for instance, in Germany and the United States). Conflicts of interests between general practitioners and specialists, however, might limit the possibilities to aggregate and represent the interests of the medical profession. Thus the trade-off between membership and influence logics is also contingent on the welfare state arrangements besides political system features.

Institutions Matter

Our comparative approach has been motivated by the assumption that welfare regime institutions matter for shaping the interests of organizations and public opinion (see Chap. 1). In their analysis of public atti-

tudes on pension policy in Britain and Germany, Ebbinghaus and Naumann (Chap. 5) argue that redistributive goals are partly formed by traditional institutional differences between Beveridgean and Bismarckian pension systems. British public opinion is more in favour of poverty-reducing flat-rate public pensions, while Germans tend to be vested to the achievement-oriented social insurance principle.

Although Wendt and Naumann (Chap. 6) did not find a clear institutional regime effect between universal healthcare and contributory social or private insurance systems, some institutional contexts (measured by indicators) nevertheless mattered for reform demands. In particular, larger private spending correlates with higher demand for healthcare change, whereas a high level of universal healthcare services reduces the public's appetite for reform. Compared to German (and US) respondents, the British (and Dutch) were more satisfied and wanted fewer reforms, not least given a long history of ongoing reforms. Thus welfare state institutions shape country-specific public attitudes and the underlying long-term value orientations.

Ideology and Value Orientations

Beyond economic self-interest and existing institutions, there is also a role for ideology and values in shaping organized interests positioning and public opinion. The ideological bias was evident in the stakeholders' statements on pension reforms (Chap. 2), particularly in the case of splits among the German unions facing the dominant neo-liberal reform discourse. In the case of Britain, fairness considerations about differences in life expectancy were part of the discourse across all interests groups independent of their interests. Moreover, Klitzke (Chap. 2) argues that pensioner organizations have represented not merely the position of their members, but also relied on normative orientations when taking a position on policies affecting future retirees not yet their members.

Weishaupt (Chap. 3) also refers to the importance of shared values in explaining the changes in position among British and German conservative parties and employers towards statutory minimum wages. In fact, his process tracing account shows that Prime Minister Cameron shaped the

British discourse with his ‘progressive conservatism’ agenda, eventually leading to its acceptance among employers. Similarly, the worker wing of the Christian Democrats had an influence on altering the German employers’ longstanding opposition to statutory minimum wages.

Ebbinghaus and Naumann in their survey analysis of public attitudes towards pensions (Chap. 5) find that partisan differences matter more than social class or union membership, particularly in Germany and less so in Britain. However, compared with the strong country effects, social and party polarization effects turn out to be rather small due to the overall popularity of pension policy and rather limited support for retrenchment. If social class and union membership are less important than political affiliation but labour-capital cleavages still matter for the interest organizations, there seems to be a paradox. Organized interests (unions, employers) amplify the extremes of their position vis-à-vis their opponents for the sake of influencing politics, while the average member might be more moderate and more in line with the general public (median voter). In respect to public opinion, political ideology may be more important than social class or union membership in shaping how people react to reform proposals; some are convinced about the need for reform following the neo-liberal discourse, while others are opposed to it even if it may not be in their long-term interests.

Summative Analytical Insights

This brief overview of key findings from the empirical studies in this volume reveals that any one-sided perspective on either economic self-interest or cultural values in accounts of both organized interests and public opinion are short-sighted. Our framework of a trade-off between the logics of membership and influence has proven useful in analysing strategic positioning of organized interests in respect to all social policies considered here. Moreover, an explanation of public opinion that allows for material self-interests and also value-oriented motivations is appropriate for the explanation of public attitudes towards social policy. Nevertheless, it remains rather difficult to adequately identify self-interest and values empirically. A rather low share of the variance in attitudes at

the individual level can thus be explained. Consequently, we still need to explore further factors affecting how preferences are formed, while more research is needed to explore potential interactive effects of self-interest and values. A particular challenge in this respect is to also consider contextual effects that exercise influence through communication, framing, and discourse on public attitudes towards welfare state reform. Next, we will turn to some of the methodological options for studying the positioning of organized interests and the dynamic nature of public attitudes in changing contexts.

Research Outlook

Linking Organized Interests' Policy Positions and Public Opinion

A methodological challenge of our research agenda as sketched in the introduction (Chap. 1) is how to link organized interests' policy position to the attitudes of their members and how to compare these to public opinion. The contributions in this volume use a variety of methodological approaches to establish these links; we review three main approaches.

First, several contributors relied in their more qualitative approaches on secondary process tracing analysis of political and social actors (Chap. 3) or on coding self-conducted interviews with selected stakeholders (Chap. 2). The focus of these contributions is studying the policy positions of these actors; they both identify links to public or members' attitudes by exploring whether these organizations refer to their members' or public opinion in the process of taking a policy position. Moreover, several contributions on public attitudes further develop these insights by comparing them with the use of survey data. Differences between stakeholders and public opinion exist, for example, in regard to pension policy. While pension experts are convinced that reforms such as raising the retirement age or cutting benefits are important to ensure the sustainability of the pension system, the public does not perceive these reforms as increasing pension sustainability (Chap. 7).

A second approach to compare organized interests' policy positions with public opinion tried to map both on a common scale. This approach uses quantitative text analysis of press releases, a method that is commonly used in political science to estimate policy positions of political parties. Buss and Bender (Chap. 4) show how interest groups in Germany have changed their support for labour market reforms over a period of 5 years and identify five different dimensions of attitudes. Future research along these lines might use suitable survey data to estimate public opinion towards these reform issues on a similar, very simple support-oppose scale and then match these results with each other.

A third quantitative approach follows a similar idea and tries to map public opinion and organized interests' policy position on a common scale. Identifying union members in general population surveys, we gain information about their preferences (Chap. 5), though there are limits due to the low share of union members and a lack of more detailed information on membership, for example, the type of union. Such problems of low case numbers are even more substantial if other smaller groups are of interest such as the self-employed. One way to address these concerns are special surveys (with oversampling) of particular key social groups, such as union members, medical experts, politicians, or self-employed persons (Chap. 6 is a nice example of this strategy). Relying on a general population and an expert survey, Wendt and Naumann compare the general public and the medical profession on reform issues simultaneously. This strategy, however, requires particular efforts and resources to collect such primary data. Using secondary data analysis is another option which is to some extent hampered by data availability of suitable questions in already existing expert surveys.

Using Survey Innovations (Experiments), Panel Dynamics, and the Household Level

Contributions in Part One of our book show that an important strategy of political and social actors to influence the political reform process is shaping the political discourse. In Part Two we then show how information and framing can shape public attitudes. For example, raising the

awareness for reform pressures reduces opposition to reform and also has led to a convergence of reform preferences of people from the left and from the right (Chap. 9). We thus contributed to a growing body of research that uses survey experiments to explore the individual mechanisms of attitude formation. Of particular interest for future research in this vein is to explore the limitations of framing. While we know that framing the same information differently affects how people change their attitudes, much less is known whether such framing works independently of the sender of the information and also across different contexts. Moreover, experimental studies need to improve on their external validity: Are framing and information effects valid and relevant in the real world? Are they more than a temporary 'mood change'? And how do continuous political discourse, repeated information, but also contradictory frames (for instance, between left and right) affect attitude formation and change?

The increasing availability of high quality online panels (such as the German internet panel used in Chaps. 9 and 10) will allow exploring these questions about the external validity of survey experiments. Another fruitful avenue for future research would be to pay more attention to the context of attitude formation. In this respect, the household and family should be considered as a unit in which needs for social policies and services arise and attitudes are formed through primary socialization. The household is important for individuals' attitude formation as individuals share risks but also resources within it, while minimum income and tax policies target and assess this unit. Household members also represent important reference persons for attitude formation as political matters are discussed within the family.

A similar argument suggests that the regional context should receive more attention. From a rational choice perspective, individuals develop their political preferences in accordance to the present opportunity structures. Each citizen's set of risks and opportunities, however, is not only defined by individual characteristics such as the educational background or income but is also determined by personal networks and regional contexts, for example, by the local labour market situation. Moreover, based on the concept of exposure, one can assume that individuals' opinions are influenced by their daily experiences with persons belonging to other social-demographic groups, particularly in their neighbourhood.

In summary, research still needs to identify several important aspects of the attitude formation process. Survey experiments and panel studies will help considerably to increase our knowledge in this respect, as they are in particular suited to convincingly identify what causally affects attitudes. Nevertheless, such a focus on identifying single *effects of causes* should not distract research too much from the equally relevant question: *what causes the effect?* We know quite well that self-interests impact attitude formation, but also values, framing, political communication, policy feedback, and the institutional context all matter. What remains unclear is how important these factors are in the attitude formation process, and whether they interact. Future research thus needs to synthesize the large body of research on the different effects of causes into an answer to the question what causes the effect.

Implications

Finally, we seek to derive some societal and policy implications from our findings. Focusing on welfare state reforms as seen ‘from below’, that is, from the position of organized interests and the public attitudes, goes beyond past research that had stressed the popularity of welfare states and the vested interests in maintaining the status quo. Instead, the contributions in this volume document that there is some dynamics and agency in ongoing reform processes. We would like to discuss three societal and policy implications which derive from the role of organized interests as intermediary, from the changing public opinion towards reforms, and from the influence of public discourse.

Organized interests provide an important role in aggregating and representing interests of social groups in society and politics. In respect to welfare state reforms, they represent primarily the interests of their membership vis-à-vis contenders in the industrial and political realm. However, they also have to reach out to the interests of potential members from not yet fully represented groups, thus developing their position not only for the short-term current membership but also in view of the future long-term interests of their potential clientele. Moreover, as intermediary organizations, these stakeholders have to weigh their members’ interests

against possible strategies to gain influence in short- and long-term perspectives. Thus they position themselves more strategically, be it that they move beyond their members' interests or build coalitions with other organizations and therefore adopt a common position. Organized interests thus fulfil an additional societal function in informing their members on the best policy proposals for them, thereby shaping their interests while seeking to mobilize support for their response. Hence, organized interests play an important role in addition to political parties in interest intermediation between society and policy making. They are not merely a defender of the status quo but can be more proactive. Even though they may not always represent the average member's or citizen's interests, it is in the long-term interests of these stakeholders to reconsider their role given the ongoing reform pressures, current and future possibilities of influence, and the subsequent consequences of (non)decisions on societies.

Public opinion matters not only for electoral politics but also influences organized interests as intermediary organization of representation. While welfare states are popular, there are notable changes in public attitudes as a response to ongoing reform pressures and actual changes in social policies. Not only politicians but also stakeholders need to seek more information on how attitudes of the public in general but also of particular social groups differ and evolve. While the labour-capital conflict between different organized interests and also between social classes still matters, there are also more nuanced differences that deserve consideration. Policy preferences are not always driven by economic self-interest and by the social position, but also by values. While allegiance to particular political parties and ideology can lead to different views, it is also the framing of and information on welfare state reform pressure and possible policy solutions which matter in the process of attitude formation.

Organized interests serve an important function to the public by providing information on these pressures, guidance on evaluating policy proposals, and framing political discourse in favour or against politically debated reforms. Over time, through a readjustment of individuals' attitudes and behaviour, the political and societal interest base can shift, allowing a gradual transformation in public opinion towards policy change. While welfare state reforms are often seen as pushed from above, their effectiveness and societal acceptance depends on the support from below, from organized interests and public opinion.

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