The Joint Impact of Party Politics and Institutional Constraints on Social Policy Reforms in Open Economies

Evelyne Hübscher

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Abstract

Evelyne Hübscher’s thesis addresses the question whether and how party governments in differing institutional settings are able to cope with the growing tension between rising demands and increasing constraints in social policy-making. The project is related to the wider debate in political science research about the room to maneuver of party governments in a globalized world and the challenges that welfare states are facing in times of scarce financial resources. My study contributes to the welfare state reform literature by proposing and testing a novel argument based on a multi-dimensional framework of social policy-making. In a nutshell, the results of the nested-analysis of social policy-making show that in institutional settings where political constraints are high, left-wing party government have an adverse effect on the very poor and unskilled in society and do not meet the general expectations that left-wing policy-making increases the outcome equality.

My thesis thus extends the standard welfare state research that generally focuses on a single dimension, e.g. the size of expenditure. Unlike previous research that mainly focuses on the size of spending, this project also takes into account compensatory and redistributive aspects of policies as relevant dimensions. A major shortcoming of the many studies on welfare state reforms is their one-dimensional approach. The empirical analysis is based on a nested analysis design, which combines a quantitative macro-analysis with three case studies. The macro-analysis shows that leftist governments increase compensation, particularly in political systems with high institutional constraints, whereas the size of expenditure is not affected by government partisanship. The case country case studies on a series of unemployment insurance and labor market reforms in Germany, Ireland, and Switzerland trace the underlying policy-making processes that led to these macro-level outcomes.

The overall results suggest that party politics in social policy-making still matters, especially in countries with high institutional constraints. However, the mechanisms work differently than generally assumed. The strong linkages between left-wing parties and labor unions may have a partially adverse effect on outcome equality. A high level of political constraints combined with a leftist party government leads to redistributive effects that are predominantly beneficiary for 'insiders' which are represented by labor unions. The preferential outcome for the 'insiders' comes at the expenses of 'outsiders' (mainly unskilled, long-term unemployed and part-time employees), which are not represented by powerful interest organizations (Rueda 2007, 2005). My project thus integrates the apolitical institutionalist theory of welfare state development ('New Politics' approach by Pierson) with theories that assign more importance to political struggles, such as the 'power resource' approach by Korpi (1989), Korpi and Palme (1998, 2003).
Jury: Prof. Philip Manow (University of Heidelberg), Prof. Peter Mair (EUI, Supervisor), Prof. Evelyne Huber (University of North Carolina, Chapel Hill), Prof. Alexander Trechsel (EUI).

Bio

Evelyne Hübscher is of Swiss citizenship. In 2004 she received her Lizentiat (Master of Arts) from the University of Zurich (Major in Political Science). During her studies in political science, international and constitutional law, and prior to starting her PhD research at the European University Institute in Florence in 2005, Evelyne worked as a research and teaching assistant at the Political Science Department (University of Zurich). In addition to her MA in Political Science, she holds an M.Res. from the European University Institute. During her PhD, she was a visiting scholar at the Harvard Kennedy School of Government’s Multidisciplinary Program in Inequality and Social Policy.

Evelyne recently joined the Department of Public Policy of the Central European University in Budapest as an Assistant Professor. At CEU she teaches seminars in comparative politics, public policy analysis and comparative welfare state research. Before joining CEU, Evelyne Hübscher was a research fellow at the Political Science Department of the Institute for Advanced Studies (IHS) in Vienna. Evelyne’s general research interests include comparative political economy, party politics, welfare state and social policy reforms, and labor market policies.