Party politics as we knew it? Failure to dominate government, intraparty dynamics and welfare reforms in continental Europe
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2 Parties as Policy Choice-Makers

This chapter outlines a theoretical framework attempting to improve our understanding of welfare state reform in Western Europe. The first section reviews the literature on parties in welfare’s golden age and ends by outlining three partisan ideal types. The second section provides the main reasons why parties are expected to matter increasingly less, if at all. In the third, I discuss why much of the current literature on parties on welfare reform leaves unexplained why parties have implemented reforms that increasingly diverge from predetermined paths. Drawing on theories on party organizations and social learning, I argue that this is largely a consequence of wrongly assuming unitary actors with stable preferences. We are likely to get a more adequate understanding of party behavior if we look outside and inside parties, and take reflexive actors seriously. Therefore, section four sets up a theoretical framework that incorporates inter- and intraparty dynamics against a background of contextual challenges.

2.1 Party Politics as We Knew It?

Many studies have suggested that the political power of social democratic parties, Christian democratic parties and trade unions played an important role in founding and expanding the welfare state (Korpi 1983; Esping-Andersen 1985; Van Kersbergen 1995). Table 2.1 portrays three ideal-type social policy values and instruments. The table builds upon power resource theory, the dominant and most well-developed focus on the role of parties during the golden age of the welfare state. Based on the three ideal types, the empirical chapters will analyze whether this literature sheds light on reforms of pensions and family policy.

The first ideal type is called social democratic because the core values comprise earnings equality and, in family policy, equality of opportunity for individual family members (Giddens 1998: 8-11; Powell 2004: 15). Here, equality of opportunity refers to enabling people to enhance their incomes via labor market participation. The ideal type ‘combines a strong egalitarian ethos with a work ethic that emphasizes employment as the root of collective identity and pride. Although social democratic parties, initially rising with the growth of a predominately male blue-collar workforce, only very gradually shed their traditionalist views on women
and the family, modern social democratic parties have everywhere come to recognize women as equal partners in the social democratic project for solidarity and employment for all’ (Iversen and Wren 1998: 515). Therefore, social democratic parties promote the individual capabilities of family members via social services. Moreover, state intervention via universal transfers and social services is perceived as a necessary tool to achieve the goals of earnings equality, equality of opportunity for women and high employment.

The core values of the second model include status maintenance and supporting the traditional family as an institution (Van Kersbergen 1995). Status maintenance and stratification are defined here as retaining traditional status relations, be it in favor of a strict income hierarchy, corporatism or of the nuclear family (Esping-Andersen 1990: 54). This model has its origins in Christian democratic thought. The role of the state is perceived as follows: ‘The ideal state is a welfare state. Its responsibilities consist in defining and enforcing the responsibility of others – individuals or social groups rather than providing services itself’. … An institutional commitment to full employment, for instance, is at odds with the tenet of the enforcement of “self-responsibility” (Van Kersbergen 1995: 181 in Seeleib-Kaiser et al. 2005: 7). Hence, Christian democratic ideology can best be described by the relatively strong emphasis on responsibilities versus rights as well as on the family and other social groups vis-à-vis society. Social service provision is ideally via the family, that is, the housewife. Social insurance entitlements are derived from employment of the male breadwinner and committed to a preservation of status differentials within the lifecourse. For one, the Catholic subsidiarity principle has institutionalized famialism in the sense of supporting male breadwinners and housewives throughout their life courses with generous transfers. High employment levels are a relatively low priority, since this is largely perceived as the responsibility of the social partners, and women are encouraged to stay at home and care for children and spouse (Van Kersbergen 1995; Esping-Andersen 1996; Iversen and Wren 1998: 515; Seeleib-Kaiser et al. 2005: 7).

The third ideal type is labelled neoliberal because its core value is equality of opportunity (Gamble 2004: 15). ‘Ideologically, this model is grounded in a belief that freely operating markets are inherently welfare maximizing, whereas state involvement in the economy leads to a misallocation of resources. The neoliberal
ideology is combined with a work ethic that underscores self-reliance through active labor market participation, while market wages are seen to reflect the contribution of individuals to overall welfare’ (Iversen and Wren 1998: 514). Hence, equality of opportunity is linked to the goals of budgetary restraint and private sector employment. As to policy instruments, low transfers and low social services are in principle only provided on a means-tested basis for the most disadvantaged citizens (Seeleib-Kaiser et al. 2005: 7). Moreover, in its pure form, neo-liberalism is based on the idea ‘that policies interfering with the free operation of markets, with the exception of a few important public goods such as law and order, threaten the pursuit of individual liberty’ (Iversen and Wren 1998: 514). Accordingly, family policy is largely perceived as a private matter.

Table 2.1 Ideal Social Policy Values and Instruments of Political Parties

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<th>Social Democracy</th>
<th>Christian Democracy</th>
<th>Neoliberalism</th>
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<td><strong>Policy values</strong></td>
<td>Income equality</td>
<td>Maintain status differences</td>
<td>Equality of opportunity</td>
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<td></td>
<td>Full employment</td>
<td>Full employment for male breadwinners</td>
<td>Full employment</td>
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<td></td>
<td>Equality of opportunity for individual family members</td>
<td>Support the traditional family as an institution</td>
<td>Family as a private matter</td>
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<td><strong>Policy instruments</strong></td>
<td>Central and comprehensive role of the state</td>
<td>State secondary to social partners and the family</td>
<td>Rudimentary role of the state</td>
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<td>High transfers and high services</td>
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<td>Universal social rights</td>
<td>Status-based entitlements</td>
<td>Means-tested entitlements</td>
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2.2 Why Parties Matter Less and Less

Until the mid-1970s, the post-war development of European welfare states took place under highly favorable circumstances, aided by a ‘golden age’ of high economic growth in economies characterized by four key factors: Keynesian macro-economic management, stable nuclear families, large stable industrial sectors, and coalitions of working and middle class groups (Taylor-Gooby 2004; Hemerijck forthcoming).

First, at the level of the international political economy, governments were able to manage their national economies through Keynesian demand policies which achieved low unemployment and secure wages. The post-war consensus to achieve economic growth, full employment for male bread-winners and social protection was supported by the regime of “embedded liberalism” (Ruggie 1982). Central to this regime, next to trade barriers and capital controls, was the Bretton Woods monetary system of stable exchange rates. This gave national policy makers a large degree of freedom to pursue relatively independent social and employment policies without undermining social and economic stability.

Second, social protection was coupled to stable nuclear family structures. Women were expected to care for young children, the elderly and other dependent groups. Accordingly, at least until the late 1960s, the post war welfare state very much consolidated the conventional family structure rather than caused it to fade into insignificance. Indeed, breadwinner job security of males with dedicated housewives allowed welfare state responsibilities could be kept at bay (Esping-Andersen 1996).

Third, Fordist patterns of employment in large stable industrial sectors very much consolidated the traditional gender-relationship of male bread-winner and female housewives. At least until the late 1960s, Christian democrats and social democrats together with organized capital and labor implicitly relied on the maintenance of conventional family patterns. Consequently, trade union strategies and support were defined in terms of the Fordist employment relationship of skilled, full-time and male employment in the industrial sector, excluding women. In sum, social protection was coupled to the traditional family structures and the Fordist employment relationship.
Finally, coalitions of working and middle class groups pressed for the provision of welfare benefits that plagued their generation, particularly those related to old age, sickness, disability and unemployment. Probably the most influential explanations focusing on the expansion of the post-war welfare state have argued that it is fruitful to view welfare states as outcomes of, and arenas for, conflicts between class-related socio-economic interest groups and political parties (Korpi 1983; Esping-Andersen 1985; Van Kersbergen 1995). Traditionally, working and middle class groups were relatively disadvantaged in terms of economic resources and primarily relied on their labor power within trade-union based social democratic parties and multi-class Christian democratic parties to press for social protection against markets.

Social, Economic and Political Challenges

Nowadays, the picture of the golden age no longer holds. Each of the four enabling factors of the golden age has not only been replaced by a set of daunting challenges, but we must also pay attention to the increasingly important role of European integration. At the international level, in the first place, Scharpf and Schmidt (2000) contend that economic globalization is challenging the redistributive scope of the national welfare state. The virtuous Keynesian interplay between social and economic regulations was suddenly brought to an end by the breakup of the Bretton Woods system in 1971 and the OPEC oil price increase of 1973. In the wake of the many recessions that followed, it became increasingly difficult for mature welfare states to deliver on their Keynesian commitments of full employment and social protection.

Several important changes in the international political economy have been held accountable for welfare reform across Europe (Scharpf and Schmidt 2000; Huber and Stephens 2001; Begg et al 2008). To start with, the increase in transnational competition in the markets for labor, goods and services has substantially reduced the room for maneuver of national policy makers. Greater trade openness, it is claimed, exposes generous welfare states to competition and permits capital to move to countries with the lowest payroll taxes for social security. Further, internationalization of production, especially the creation of a single European market, is held to increase
dangers of lower tax revenue, because countries need to compete for investment by making concessions on taxes, payrolls and corporate profits. Finally, since the mid-1980s the liberalization of capital markets in general and the EMU in particular undermined the capacity of governments to use macro-economic policy instruments to achieve employment growth. This further extended the need for fiscal austerity in social policy.

However, there is no compelling evidence that economic globalization is necessarily leading to a “race to the bottom” in European welfare states. Although income inequalities have risen somewhat in many countries since the mid-1980s, there is no (or only weak) evidence that this development has been triggered by globalization. Neither did globalization constrain social spending in general. Instead, it tended to inhibit financial transfers somewhat while stimulating active labor market policies. The conclusion to draw is that where inequality is rising, it can be attributed to either political choices or inappropriate responses to more fundamental socio-economic changes (Begg et al 2008). This brings us to our second challenge for contemporary European welfare states.

Whereas social protection was coupled to stable nuclear family structures in welfare’s golden age, we currently witness a shift from an industrial to the service economy coupled with the mass entry of women to the labor market. The “standard employment relationship” is currently eroding, and with it systems of social security in event of redundancy and (early) retirement that depended on full-time and permanent employment contracts for men as family breadwinners. According to Esping-Andersen (2002), the most important reason why the existing systems of social care have become overstretched stems from the emergence of post-industrial social risks due to the weakening of labor markets and family households as traditional welfare providers. As to weakened labor markets, the service sector is less likely to provide well-paid and secure employment to youth and low-skilled workers. This is understandable since service productivity grows slower than in industry, making it more difficult to sustain high wage growth. In addition, fiercer competition stimulated by economic globalization has promoted labor market flexibility. Yet, some lack the knowledge requirements for an adequately paid and secure job. Others have obsolete skills and education levels, and are unable to upgrade them through life-long learning (Taylor-Gooby 2004). The corresponding fall in demand for low skilled
work is associated with growing income inequalities, high unemployment and intensified labor market segmentation, at the expense of some ethnic minorities, women and elderly workers.

If we wish to further understand post-industrial social risks, a focus upon changed female behavior is crucial. Women have entered the labor market in great numbers since the late 1960s, exactly at the moment when male employment in industry was falling. With the steady increase of women’s labor force participation, traditional breadwinner social insurance is gradually becoming dysfunctional. The immediate impact of the growing number of dual-earner families is the combined pressure of paid and unpaid working time, especially among women. Studies show that post-industrial social risks confront most acutely lower skilled women who find it particularly difficult to balance work and family responsibilities. Apart from emancipatory reasons, it has virtually become an economic necessity for women to seek paid work as two earners are most likely to maintain a decent family income. At the same time, women continue to provide most domestic care. This responsibility limits the number of hours available for paid work. Accordingly, poverty rates are particularly high among lone mothers (Taylor-Gooby 2004).

Traditional care patterns also impact on fertility rates. Women seeking paid work generate a demand for provision from men, the private sector and the state. The lack of such provisions has been claimed to be an important reason why fertility rates in Scandinavia are amongst the highest in Europe (Esping-Andersen and Sarasa 2002). Esping-Andersen has even posed that population ageing is primarily an issue of drops in fertility (1999: 3). In its turn, the rise of absolute and relative numbers of retirees also has implications for women – who still spent most domestic time caring for elderly dependants – and accordingly spurs the demand for health services.

Post-industrial social risks and population ageing also have implications for class structure and the political structure associated with it. Nowadays, the distribution of social risks varies by social class, gender and age. This contrasts sharply with the less diversified coalitions of working and middle class groups pressing for the provision of welfare benefits in the golden age. Some pose that working-class, trade-union-based social democratic parties face a difficult trade-off between representing the interests of a declining working class, middle class groups and a growing group of people in atypical employment relationships (Esping-
Andersen 1999; Moschonas 2001). Instead, Christian democratic parties have historically had a multi-class character and have had to mediate relatively heterogeneous (or even diverging) social policy interests. Most notably, they had to incorporate wage earner and employer interests alike. However, Van Kersbergen (1995, 1999) argues that the politics of mediating all groups has become increasingly difficult, if not impossible in an age of austerity.

This brings us to another challenge to European welfare states. In his fascinating work, Pierson (1994, 1996, 2001) has convincingly argued that advanced welfare states are currently surrounded by an *fiscally austere climate*. Compared to the golden age, economic growth has slowed down, societies are greying and unemployment has risen. This has considerably reduced the room for maneuver in several ways. Unemployment, for instance, spurs demands on the welfare state and, at the same time, reduces people’s contributions. Furthermore, the overall decline in economic growth reduces tax incomes and makes it more difficult to raise taxes for welfare expenditure. In addition, advanced welfare states have “grown to limits” (Flora, 1986). The maturation of welfare commitments, policies put in place to cater after industrial social risks, now seem to crowd out and overload the available policy space for effective policy responses in especially social services under conditions of low economic growth (Pierson 1998, 2001).

This spectre of austerity is likely to intensify in the face of population ageing. Social expenditure per aged person clearly is much higher than expenditure per young person. Even when adjusted for the relative size of elderly and non-elderly populations, direct social expenditure for the elderly was six upto thirty (!) times higher than spending on the non-elderly across Western European countries between 1985 and 2000. These figures also make it clear that countries do vary in the emphasis they place on aiding their elderly versus non-elderly through public welfare policies. In particular, it is worth noting that the most youth-oriented welfare states belong to the Nordic and Anglo Saxon countries, while the most elderly-oriented-oriented countries can be found in Continental and Southern Europe (Lynch 2005).

As such, the situation of continental and southern European welfare states appears most precarious. To use Esping-Andersen’s illuminating metaphor, these welfare states find themselves in a negative spiral of ‘welfare without work’. The prevalence of Christian famialism encouraging women to stay home rather than to
participate in the labor market, has induced a high family wage to male breadwinners. High wages, in turn, have reduced employment creation, especially in the area of low-productivity services. Aggravating matters, industrial restructuring in the 1970s and 1980s was accommodated through a major expansion of early retirement schemes, establishing expensive pension commitments to generations of relatively young, inactive employees. Hence, these countries face a particularly difficult dilemma between retrenching generous benefits for elderly male breadwinners and expanding policies that reconcile work and family life (Esping-Andersen 1996).

Generally, however, relatively little welfare state reform seems to have been implemented thus far. Probably the two most influential account of welfare states’ resilience to change are Esping-Andersen’s work on welfare state regimes (1990, 1996, 1999) and Pierson’s new politics perspective (1994, 1996, 2001). Both scholars draw on “path dependency” and “new institutionalism” to argue that, once instituted, welfare states are difficult to reform. In line with other power resource theorists, Esping-Andersen’s central theme is that working and middle class groups have historically relied primarily on their labor power within trade unions and large, cohesive social democratic and Christian democratic parties to press for social protection against markets. However, deeply entrenched differences in institutional design, logic of delivery, modes of financing, social protection generosity and labor market policy activism has triggered the inherent logic of welfare state regimes to reproduce itself (Esping-Andersen 1999: 165). Accordingly, comparative research in the tradition of power resource theory turned to identifying the role of political parties in explaining patterns of path dependent resilience and divergence in a context of austerity and post-industrial social change (Iversen and Wren 1998; Levy 1999; Korpi and Palme 2003; Allan and Scruggs 2004).

By contrast, Pierson’s new politics thesis poses that social democratic and Christian democratic parties no longer play a central role in welfare state politics because they have been superseded by powerful new client-based groups. Above all, big, expensive, welfare programs like health-related income transfers and old-age pensions develop support bases in addition to those groups that supported their original enactment. While economic and demographic constraints have increasingly curtailed the capacity of social democratic and Christian democratic parties to expand social policies, political constraints have seriously reduced the abilities of liberal
parties to retrench welfare entitlements. Accordingly, a new logic of politics is responsible for the remarkable resilience of the welfare state since the late 1970s. This logic is driven by a politics of “blame avoidance” that has hindered politicians from retrenching the welfare state, given that such policies lead to electoral defeats. Politicians seeking office or re-election refrain from retrenchment or, at best, pursue strategies of retrenchment by stealth. Indeed, several recent cross-national studies have found little evidence of partisan effects since the late 1970s (Castles 1998; Huber and Stephens 2001) or the early 1990s (Kittel and Obinger 2003; Pontusson and Kwon 2003).

Some have argued that the political challenges posed by austerity are amplified by legislative institutions. Following Streeck and Thelen (2005: 10), institutions are defined here as ‘formalized rules that may be enforced by calling upon a third party’. The central “institutionalist” claim is that some aspect of group or national institutions has implications for the power, preferences, and political interaction of various groups in the polity fighting over welfare policies. The often hidden claim is that institutions can have such effects without themselves being reduced to the ever-changing demands of various social actors. Institutional arguments usually focus on macro-institutions in the sense of veto points, i.e. ‘instances in the policy making process at which a suitable coalition of actors can prevent the adoption of a given piece of legislation’ (Bonoli 2001: 238). With regard to welfare state expansion, there is an unusual degree of consensus that multiple veto points have been an important impedement (Huber et al. 1993; Kittel et al. 2000; Swank 2002). The underlying logic is that a dispersion of power weakens the bargaining power of pro-welfare state coalitions. However, such a logic is less straightforward in the case of retrenchment, since a concentration of power may facilitate cutbacks, but it also concentrates blame (Pierson 1994: 164).

Because the section below attempts to shed some light on this issue, I will now turn to the European Union as another complex, veto prone and influential system of governance. Two modus operandi of EU social and economic policy coordination impinge on national social policy. First, there is binding legislation. Examples include directives and rulings of the European Court of Justice (ECJ). The role of Europe in this regard has obviously increased over time due to the combined effect of earlier and recently legislated European laws. Since the 1980s, advances in economic integration
prompted the introduction of direct or indirect constraints on national social policy. The Maastricht Treaty of 1992 made such constraints very explicit by agreeing upon the establishment of an Economic Monetary Union (EMU) and setting up convergence criteria which limited governments’ abilities to run deficits. After the EMU was established on January 1 1999, the convergence criteria continue to exert influence via the Stability and Growth Pact. On the other hand, Ferrera (2005) shows that many of the ECJ’s recent rulings have been devoted to employment protection, gender equality, and to the extension of rights to social assistance and other non-contributory benefits to EU citizens. As a consequence, quite some directives and rulings of the ECJ exist in the field of family policy. However, this applies only to those components which are linked to paid work, like parental leave and return to work guarantees. With respect to pensions, the EU mainly restricts national sovereignty by displacing national laws on private pensions that hinder the unfolding of the single market.

Furthermore, in its role as an agenda setter, EU institutions can help diagnose fundamental challenges and identify potential policy solutions. Many “softer” forms of cooperation and coordination have recently emerged, including the so-called open method of coordination (OMC) and the macro-economic dialogue. Rather than requiring strict adherence, these forms of governance are aimed at promoting cognitive and normative harmonization. To the extent that this is the case, we should witness a narrowing of partisan differences and reform convergence. As to our policy domains, the European Employment Strategy (EES) deserves attention in particular.

The EES was developed in the wake of the Amsterdam Treaty from November 1997. It was built on four pillars: employability, entrepreneurship, adaptability and equal opportunities. While in principle all these pillars were supposed to be of equal importance, the focal point of the EES clearly was the employability pillar. This was the only one with quantified targets which were aimed at activating the unemployed. In March 2000, the Lisbon Strategy further developed the EES by equipping it with additional quantified targets – to be reached by 2010 – like an overall European employment rate of 70 percent and an employment for rate women of over 60 percent. Subsequently, the European Council introduced a 50 percent employment target for older employees aged 55-64 in March 2001. Furthermore, Lisbon also envisioned the OMC to be used in additional policy domains, comprising social inclusion, pensions and healthcare (Weishaupt 2008: 144-67). Yet, as pensions and health care constitute by far the largest expenditure items of any European welfare state, pension reform has
also been high on the agenda of EU finance ministers’ meetings in recent years (Clasen 2005: 193; Obinger et al. 2005: 20). With respect to both early retirement and family policy, the EES launched some quantifiable targets in April 2003. Notably, by 2010, an increase of the effective average exit age from the labor market from 60 to 65 is aimed for at the EU level. At the same time, childcare is envisioned to be provided to at least 33 percent of children under 3 years of age and at least 90 percent of children between 3 years and the mandatory school age (Weishaupt 2008: 167-8).

2.3 Why We Need New Insights on Parties and Welfare Reform

Without question Pierson’s new politics thesis and power resource theory have massively advanced the analysis of comparative welfare state development. We are now much more aware, for instance, how much inherited policies constrain political parties in pursuing welfare reform. Nonetheless, reform does happen. Boeri (2001) counted nearly 200 reforms in pensions, unemployment benefits, and employment protection across Western Europe from 1985 to 1995. Moreover, many reforms enacted over the last three decades, especially since the late 1990s, have not merely reinforced predetermined paths (Hemerijck 2005; Stiller 2007; Weishaupt 2008). This suggests that there is a need for more dynamic accounts of how politicians may seek to reform the welfare state against a background of changing contexts.

The strength of the recent literature on European social policy precisely is its recognition of the increasingly important role of the EU. Today’s reforms have been argued to take place in a context in which European welfare states have become ‘semi-sovereign’ (Leibfried and Pierson 2000). Indeed, there is no question that we need to take European integration very seriously. However, we also need to be aware that virtually all studies on social and employment policy confirm that, at least in these politically very sensitive fields, the domestic arena remains the primary arena. Moreover, to the extent that the EU plays a role, we also need to know whether or not national governments, individual politicians and interest groups were in favor of a specific type of European legislation.

Like binding legislation, agenda-setting is a two-way process, requiring the involvement of interest groups, politicians, bureaucrats and experts at the domestic level and at the EU level. Both can provide opportunities to bypass national political
stalemate or joint decision traps by arguing that ‘Europe made us do it’. The Lisbon strategy, for instance, was launched during a rather unique gathering of nearly exclusively social democratic governments – in office in 11 out of the 15 member states, including the big three: Great Britain, France and Germany. Relatedly, Visser argues that actors are very selective in what they learn from Europe and use “soft” law as catalysts or ‘selective amplifiers’ for national reform strategies, increasing the salience and urgency of particular issues and policy approaches, which may already have been familiar domestically, at least among certain actors (Visser 2005). Though an extensive analysis of such dynamics is beyond the scope of this book, I will address them when tracing the reform process in our policy fields. But because policies have to be implemented by national politicians my focus is at the national level.

At the national level, some insist on a “state-centric” approach. These scholars focus on the policy-making role of civil servants and policy advisors, who are assumed to be relatively autonomous from political parties, and have been ascribed the responsibility for the design of major laws and for getting these accepted by governments (Heclo 1974; Weir et al. 1988). There is indeed no doubt that the actual text of much social policy legislation is written by civil servants and that policy advisors play a crucial role in the policy making process. As such, it is certainly necessary to identify to whom political leaders turn for crucial information and advice on a given type of policy problem (cf. George and Bennett 2005: 100). But this is a much more modest claim and advocates of the “state-centric” approach have to explain why the borrowing took the particular form it did. Answers to that question can only come from consideration of the political selection process. As such, I concur with Huber and Stephens that it is difficult to foresee in what direction civil servants and policy advisors should push policy. Furthermore, structural conditions (political cleavages, partisan composition of government and systems of political decision making) considerably constrain the range of policies that bureaucrats and policy advisors are able to suggest. Moreover, when civil servants and policy advisors consistently suggest policies that are outside the parameters set by structural conditions, they are ignored and, if they persist, their careers might even be at stake (Huber and Stephens 2001: 21).
Theoretically, Tsebelis’ account of veto players provides the link between partisan composition of government, the structure of political decision making and public policy dynamics. According to Tsebelis (2002), a veto player is an individual or collective actor whose agreement is necessary for a change of policies. The potential for policy change decreases when the number of veto players increases, their ideological distance increases and their internal cohesion decreases. Veto players are specified in a country by the constitution (bicameralism, referendums and constitutional courts) or by the political system (the different parties that are members of a coalition government). Several authors have indeed argued that it is relevant to inquire empirically the role and involvement of veto actors rather than merely identifying the policy constraining influence of veto points (Huber et al 1993; Obinger et al 2005). Yet, no attention is paid to internal party groups as internal veto players. Instead, Tsebelis prefers to use the rather vague concept of internal cohesion while it remains unclear which groups, how many groups and how they can influence policy within a certain policy domain.

Others have focused exclusively on party system configurations. Kitschelt (2001) argues that an electoral system with weak liberals, strong Christian democrats and strong social democrats leaves little room for these traditional pro-welfare state parties to embrace social policy retrenchment. Because of the weakness of liberalism, only these parties can effectively push retrenchment. Yet, the respective ruling party runs the risk of having to pay a heavy electoral price to a credible and powerful alternative protector of the welfare state.

In line with power resource theory and Pierson’s new politics thesis, however, Kitschelt implicitly assumes unitary actors with the corollary of preference homogeneity amongst politicians. In other words, these theories assume that all politicians in Christian democratic and social democratic parties will shy away from retrenchment, and leave undiscussed whether and, if so, why parties implement reforms that diverge from their expectation of stable preferences. Though the understanding of parties and welfare development has gone a long way forward, something has been neglected by these scholars: namely the awareness that whatever else parties are, they are not unitary actors and that the analysis of interparty dynamics must therefore be complemented with intraparty dynamics. Adopting a notion first put forward by Sartori in 1976, theoretical work on party organizations has long argued that, as Katz and Mair put it, ‘a party is itself a political system…politics is endlessly
played out, with different coalitions of forces and actors striving for dominance’ (Katz
and Mair 1992: 6, emphasis in original). Accordingly, Sartori reminds us ‘that the
outer moves of a party – the inter-party competition – are also a function of its inner
moves, that is, of intra-party competition’ (Sartori 1976: 346-7). It follows that ‘there
is little we can understand and discuss as long as the assumption remains that the
party underworld is all alike, all made of one and the same stuff’ (ibid: 106). Indeed,
we may get a much more adequate understanding of party behavior by disaggregating
parties analytically and looking both outside and inside these “black boxes” (Müller
and Strom 1999: 12).

Moreover, Mulé (2001) criticized scholarly work on the party-policy link for
assuming a passive response of elected representatives to their core constituents. Such
work, including power resources theory and the new politics thesis, assumes that
politicians and policy makers prioritize the issues about which the public cares most
and they try to match their proposals to public preferences. Furthermore, both the
power resources approach and the new politics thesis believe that social policies aim
at improving the relative position of one segment of society, itself regarded as
internally fairly homogeneous. Accordingly, the population is subdivided into
categories defined by class, religion or the median voter. However, advances in the
theory of political parties the literature on party goals, party competition and party
organization, suggest that so simple a model is bound to be unsatisfactory to analyze
the role of parties in a significantly fragmented and heterogeneous society.

Instead, Mulé, in her analysis of the role of parties in reforming transfer
programs in Anglo-Saxon countries, convincingly shows that conceiving of parties as
complex organizations where different groups engage in bargaining and conflict
provides an altogether richer and more suggestive account. Drawing on similar
strands of the literature, Harmel and his collaborators have also posed that struggles
between rival groups may ultimately result in changes in the party’s organization
and/or direction (Harmel et al 1995). Though not building on the literature on party
organizations and party goals, recent studies do indeed increasingly highlight the role
of intraparty conflicts and bargaining in shaping welfare state reform1.

1 To my knowledge, the following studies highlight the role of intraparty groups in developing social
policy. As to Central and Eastern European welfare state reform, see Inglot (2008) and Haggard and
Kaufman (2008). For a comparison of welfare state reform in Germany and Great Britain, see Clasen
(2005). For an analysis of pension retrenchment in Austria, France, Germany, Italy and Sweden, see
Schludi (2005). For a study on the development of family policy and the role of social democratic
The awareness that new dominant groups may change policy proposals and, hence, that policy preferences are unlikely to be stable brings us to another problem of much of the literature on parties and welfare reform. This becomes even more problematic once we add that the literature on party organizations assume reflective actors. Even in response to environmental trends, party actors’ creativity and the situation in which they are at a certain point in time become crucial elements in searching for desirable and appropriate forms of party change. Such change is linked to performance on official or on personnel/organizational goals – which effectively cleared the way (Harmel 2002). Furthermore, it is assumed that actors are boundedly rational. As Panebianco puts it, ‘organizational change is the fruit of both choices and because of the actor’s bounded rationality and the multiplicity of organizational pressures, unforeseeable effects’ (Panebianco 1988: 241-2).

What strikes me is that social learning theories and the role of ideas literature - a family of theories on policy making – also assume reflective, boundedly rational agency. Abiding by Simon’s (1957) notion of bounded rationality, social learning theories describe a world too complex for actors to achieve the sort of global maxima postulated by simple rational choice theory. Policy actors are incapable to predict the future, cannot consider all the alternatives and cannot have all the information. There may thus be great uncertainty about the most appropriate means to an end. Moreover, there are all kinds of institutional decision-biases, like time limits to procedures of deliberation and accountability.

In addition, all social learning theories highlight reflexive actors. They are reflexive insofar as they can envision alternative processes and outcomes in response to changing social, economic and political contexts (Whitford 2002; Hemerijck forthcoming). These design alternatives not only depend on interests, but to be politically palatable they also need to match actors’ cognitive and normative orientations (Scharpf 1997; Weishaupt 2008). Cognitive orientations are causal propositions about the world which involve a ‘programmatic set of statements about cause and effect relationships and a method for influencing those relationships’ (Weir

To summarize, the establishment of new policy approaches cannot be understood without paying attention to how actors must make sense of the world. It is here where the literature on ideas and social learning contributes to my argument. Hugh Heclo (1974) was the first to point at the importance of ideas in welfare state development. He viewed the fundamental transformation from targeted poor relief in the late 19th century to universal social insurance in 20th century as a political learning process. In his famous phrase, highlighting his social learning perspective, Heclo posed that politics is as much a matter of ‘puzzling’ what to do in complex policy environments, as it is a matter of ‘powering’ among competing interests. Relatedly, Scharpf (1984) has criticized power resources theory for focusing solely on the political strength of pro-welfare parties and trade unions while omitting the strategic choice and intellectual components of policy change and institutional change of the policy process. Indeed, I concur with both authors that such an attempt is bound to miss out on understanding socio-economic policy change simply because it is based upon a theoretically incomplete model of the underlying real-world processes. Furthermore, I take their claims as pleas for considering the influence from both interests and ideas instead of treating them as rival explanations. As Stiller eloquently puts it, ‘to ask whether either interests or ideas are the chief determinants of policy outcomes may be a misleading way of addressing the issue, because it neglects the possibility that the interaction between the two is what counts’ (Stiller 2007: 32).

Building on these insights and the literature on party organizations, we may by now start wondering why most studies on parties and welfare reform assume unitary actors with stable preferences. Why have we been so slow to look inside the objects of our interest? According to Mulé (1997: 501), this is because ‘we have been in the habit of using readily available evidence, such as vote shares (Lawson 1990: 107). Factional politics would be brought into sharper focus if attention were given to the historical evolution of the choice situation’. But still it is remarkable that all this occurred just as it has become increasingly difficult for social democratic and
Christian democratic parties to appease relatively heterogeneous or even diverging social policy interests in an age of austerity, de-industrialization and secularization.\(^2\)

It appears most remarkable in the case of Christian democratic parties. To quote Van Kersbergen, ‘although factions have been characteristic of political parties more generally, the scope of social and other groups covered and the degree of institutionalisation and recognition of factions has been a unique feature of European Christian democracy. This factionalisation, the representation of possibly opposed interests within the parties and the established links with various affiliated social social organisations have confronted with the obvious difficulty of how to appease conflicting groups’ (Van Kersbergen 1995: 29). Most notably, under unfavourable economic and demographic conditions, Christian democratic parties have increasing difficulties in mediating trade unions’ and employers’ interests alike (Van Kersbergen 1995, 1999).

Because of its traditionally multi-class character, a Christian democratic party may find it less difficult to abandon Keynesian full-employment, social policies than a working-class, trade-union-based social democratic party (Stephens et al 1999: 167). Nonetheless, Schludi has argued that we can discern tendencies of increasing conflicts between social democrats with a traditional social democratic orientation in social policy, including many trade unionists, and more pragmatic, office-seeking leaders trying to move the party towards the political centre so that it will occupy a more pivotal position in the electoral system (Schludi 2005: 70).

\[2.4 \textbf{Bridging Theories on Party Organizations and Parties’ Social Policy Preferences}\]

Both the literature on party organizations and the literature on parties’ social policy preferences are obviously interested in political parties.\(^3\) Strangely enough, the two can be considered theory islands. As such, the subsequent endeavour can be seen as an attempt to bridge these islands.

\(^2\) Another reason is that social scientists from various disciplines perceive organizations mainly as unstable coalitions of interest groups that determine goals through negotiating. Such a perspective has, for instance, been highlighted in the case of social movements (Della Porta and Diani 2006: 135-62).

\(^3\) For an excellent overview of the literature on party organizational change, see Harmel (2002).
2.4.1 Identifying Groups Within Traditional Pro-Welfare Parties

In order to get a more adequate understanding of the role of parties than offered by current dominant theories in welfare state research, I distinguish several groups within both social democratic and Christian democratic parties. Building on Heclo’s (1974) insights on social learning, these groups need to puzzle, understood here as diagnosing the nature and magnitude of problem loads, setting priorities, and identifying potentially effective solutions. Furthermore, intraparty groups need to power by skilfully rallying political and societal support for selecting particular solutions.

In pension politics, I identify more pragmatic and more traditional groups within both social democratic and Christian democratic parties. The term pragmatists is derived from an impressive study by Kitschelt (1994). The study focused on the electoral strategies that social democratic parties have adopted to meet fiscal austerity and de-industrialization in nine major European democracies from the 1970s to the late 1980s. At the heart of the analysis lies a model of political preference change and a theory of party competition that includes the interaction between parties in the party system and groups within social democratic parties. One intraparty group involves the so-called pragmatists who are willing to seek new solutions to cope with welfare austerity, including market options and retrenchment. According to Kitschelt, this group includes business-oriented politicians and employer associations, but we shall see that it also involves some trade unionists.

As emphasized by Ney, the debate about pension reform takes place within an imbalanced discursive policy space. Different actors tell different stories about pension reform. Each policy story identifies distinct problem loads and suggests divergent solutions for pension reform. Though Ney focused on collective actors within the Austrian social policy community, one can extend it to groups within both social democratic and Christian democratic parties. For instance, Ney posed that one group of actors – a group we have just labeled pragmatists - is willing to expand market options and retrench public pensions. Policy solutions are justified by referring to the (future) pension crisis. Here, economic and demographic pressures as well as inherent design faults in the pension system (e.g. early pensions) are argued to undermine the long-run financial sustainability of pension provision. Reform
proposals involve abolishing early retirement and encouraging workers to participate in the labor market as long as possible. Furthermore, pension deficits are to be avoided by retrenching benefits rather than increasing contributions. In addition, employees are encouraged to take personal responsibility for their pensions. Accordingly, voluntary and occupational pensions are encouraged (Ney 2004: 31-2).

By contrast, traditionalists defend existing social security arrangements and its core institutions to protect workers from the uncertainties of the marketplace. This group can most readily be identified with unionized blue collar constituents and its intraparty representatives who are often members and representatives of trade unions (Kitschelt 1994: 220). While acknowledging that demographic and socio-economic changes challenge existing public pensions, traditionalists see no necessity to abandon what has become the institutional backbone of societies. Furthermore, the growth of atypical employment, widespread mobility and increasingly common discontinuous employment records will require more rather than less social benefits. Instead of retrenching (early) pensions, revenues should be increased by expanding coverage and modestly increasing contribution rates. Moreover, investments in old age education and training schemes are required to combat unemployment. Finally, reforms need to remove income inequalities between different occupational groups by retrenching relatively privileged groups (Ney 2004: 32).

As to differences across policy domain, it is worth stressing that labels like pragmatists and traditionalists are particularly useful in understanding pension politics. In the field of family policy, however, the core dividing line is between those oriented towards working women and those promoting the traditional family ideal. I suggest to label these groups equal right supporters and famialists, respectively.

Equal right supporters do not distinguish between “good” and “bad” ways of raising children. Instead, they are particularly concerned with advocating gender equality in terms of equal access to social and professional positions for both sexes, which includes an equal sharing of power and responsibility in the household. Although many, if not all, social democrats in principle share this orientation, feminist women’s groups and individual politicians (usually women) stand at the forefront. Policy proposals involve public child care, parental leave for women with paid work and transfers for children of lower income groups.

Famialists perceive the traditional family as the preferable way to raise children. They reflect the interests of women who identify primarily as caregivers in
a traditional family. At the very least, women should be enabled to choose whether to raise their children themselves or not. As such, they advocate social policies that reward care-giving activities regardless of employment status. Though most Christian democrats are receptive to this agenda, religious groups, religiously inspired women’s organizations and individual politicians (often but certainly not always men) are the most vehement internal supporters. Policy responses include promoting universal parental leave, tax advantages for parents without paid labor and child raising credits in pension insurance rights.

In practice, the division between social democrats and Christian democrats can be blurred. For instance, some Christian democrats (usually female politicians and women’s movements) have actually largely embraced the agenda of equal right supporters. Another example involves German pension politics from 2002 to 2005. Here, pragmatic social democrats even became informal allies with pragmatic Christian democrats to push through their preferences in parliament. Within the parties, the effectiveness of these groups depended on the degree of fiscal austerity, the strength of these groups and powerful political allies within and outside their respective parties (Trampusch 2005).

2.4.2 The Dominant Coalition

The need to find powerful allies within the party, i.e. to power, brings us to the established fact - established by a lot of empirical research on political parties - that the principal power resources tend to be concentrated in the hands of small groups, the party elite. Since the time of Michels (1915), with his now infamous ‘iron law of oligarchy’, the literature on party organizations and party behavior has been well aware of the oligarchical tendencies in political parties and the crucial role of party leaders. We can think of such leaders as creative entrepreneurs who enjoy institutional access to influence party decisions (Müller and Strøm 1999). Different leaders may bring different orientations and abilities to the job. Occasionally, a new charismatic leader shapes the party identity. During the 1980s, Thatcherism has been synonymous with the British Conservatives (Jessop et al 1988), while Blairism defined the identity of New Labour since the mid-1990s (Fairclough 2000).

Yet, Panebianco (1988) reminds us that even when a single leader seems to exercise almost absolute power, (s)he usually has to negotiate with other
organizational actors: (s)he is at the center of a coalition of internal party groups with which (s)he must, at least to a certain extent, negotiate. As such, I prefer the expression *dominant coalition*. Following Panebianco, ‘a party’s dominant coalition is composed of those – whether inside or, strictly speaking, outside of the organization itself – organizational actors who control the most vital zones of uncertainty [e.g. professional knowledge, rules, financing, recruitment and relations with associated organizations in civil society]. The control over these resources, in its turn, makes the dominant coalition the principal distribution center of organizational incentives within the party’ (1988: 37).

Accordingly, Panebianco expects more sweeping changes when leadership change is accompanied by a change in the sociological composition of the party’s dominant coalition. In Panebianco’s framework, *dominant coalition composition* refers to the people who serve as the party’s key national decision makers - cabinet members and parliamentary leaders - and factional leaders. A faction is defined as ‘any intraparty combination, clique or grouping whose members share a sense of the common identity and common purpose and are organized to act collectively – as a distinct bloc within the party to achieve their goals’ (Zariski 1960: 33).

It is thus necessary to discern the role and involvement of internal party groups. One way might to be to follow Laver and Schofield (1991: 281) who claim that whenever the party leadership changes hands from one group to another, that group becomes the key one. Though this obviously is worthy of exploration, I will also pay attention to the distribution of power relationships among the party leader and existing internal groups. Furthermore, along with Shepsle, Laver has highlighted the role of cabinet ministers as “policing” legislation in his or her jurisdiction. This enables us to move beyond the unitary actor assumption and to consider the impact of the different policy preferences that might be pursued by different politicians within the same party (Laver and Shepsle 1994, 1996). This is particularly interesting because senior party politicians are typically associated with internal party groups. Most importantly for my purposes, party leaders and internal party groups are likely to attempt to affect policy outputs by selecting specific politicians for the cabinet positions that are allocated to their convictions (Luebbert 1986; Laver and Shepsle 1996; Maor 1997).
Only few studies on the impact of ministers on policy outcomes have been undertaken, but they underscore the importance of taking the micro-level of analysis into account. With respect to social policy, Stiller’s (2007) study of German welfare state reform since the mid-1990s has convincingly highlighted the relevance of ministers who were authorized to initiate or commission major reform proposals and were able to perform as entrepreneurs. Whereas a minister plays a key agenda setting role and is part of the dominant coalition in my framework, we can not ignore the potential role of others within a party’s dominant coalition, i.e. cabinet members, the parliamentary leader and factional leaders. Neither can we downplay the role of (representatives of) veto players like the social partners and coalition parties.

For one, the prime minister plays an important role in policy formation. Whenever the prime minister is a representative of another party, this is but one reason why we also need to focus on interparty dynamics. Moreover, a government coalition negotiates a government program and a minister in principle cannot submit legislation disagreeing with this program. Again, this requires that we do not lose sight of interactions within and between parties. In addition, ministerial responsibilities often overlap, and if ministers from other parties or the party itself disagree with a proposal it is unlikely to be accepted. For my purposes, this includes the social and/or labor ministry, the ministry of family affairs and/or women, and the finance ministry. According to some, the finance minister in particular plays a key role in controlling government legislation (Hallerberg and Von Hagen 1999, 2001). Fiscal austerity has further strengthened the position of the finance ministry. This is even more so in EMU member states (Martin and Ross 2004). Others have pointed at the relevance of experience in politics (Müller 2006). To be more precise, less experience in politics is likely to make it more difficult for a minister to change a policy program in line with his or her preferences. Finally, we need to be aware of the responsibilities of under ministers.
2.4.3 Contextual Challenges and Elite Circulation

More than twenty years ago, Panebianco observed processes of transformation that political parties sometimes undergo\(^4\). His observations were concerned with organizational change but they strike me as having major implications for parties’ social policy preferences as well. Panebianco identifies two schools of thought concerning organizational change. According to the first, change has an exogenous origin, i.e. it is externally induced. The organization is forced to adjust to contextual challenges in order to survive (Panebianco 1988: 242).

Some of the most well-known scholars on the role of social democracy and Christian democracy in developing welfare states can be put in the category of those highlighting that changing socio-economic policy preferences have an exogenous origin. These authors highlight two aspects of the party context relation. First, austerity poses a problem for traditional pro-welfare parties. Expanding social policy has been a crucial element of their electoral success in welfare’s golden age. However, clinging to expansion of all social legislation has become impossible, if only for demographic and financial reasons (Scharpf 1991; Van Kersbergen 1995; Pierson 2001).

A second challenge for each party is that key social constituents are in long-term decline. Especially relevant for Christian democrats is obviously secularization, that is, a decline in adherence to religious beliefs. Probably these parties have been the least class-distinctive of all as religious cleavages historically cut across class (Van Kersbergen 1995). By contrast, social democrats have traditionally had a much more homogeneous electorate and drew support from blue-collar workers in particular. As such, scholars stress the importance of de-industrialization, understood here as a decrease in the number of people employed in industry (Kitschelt 1994; Esping-Andersen 1999). Due to de-industrialization, social democratic parties face a difficult trade-off between representing the interests of a declining working class, middle class groups and a growing group of people in atypical employment relationships. Moreover, both social democrats and Christian democrats have relied heavily on associated organizations in civil society for the recruitment of members of cabinet, parliament and corporatist bodies, its sources of expertise, and its political

\(^4\) Panebianco’s work was originally published in Italian in 1982. It was first published in English in 1988.
mobilization. However, austerity (for both), secularization (for Christian democrats) and de-industrialization (for social democrats) have weakened the close ties between these parties and civil society (Kitschelt 1994; Van Kersbergen 2008: 265).

To turn to a second school interested in parties, some pose that organizational change has essentially endogenous origins, i.e. it is mainly due to changing power distributions within parties. Indeed, we have seen that some recent works on welfare state reform have highlighted the importance of intraparty bargaining and conflicts.

As Panebianco argued in the case of organizational change, focusing on external developments is insufficient because it postulates a simple stimulus-response schema (contextual change leading to organizational change) and because adjustment to contextual change is often slow and sometimes non-existent. On the other hand, the thesis of endogeneous change leaves unexplained what produced change in internal power distributions in the first place (Panebianco 1988: 242).

This strikes me as true as well in the case of political parties and welfare reform. In other words, “merely” focusing on austerity, de-industrialization and secularization is insufficient since it assumes that parties mechanically respond to these developments. Instead, I will argue below that responses of the same party are likely to differ once a new coalition has become dominant within a party. On the other hand, highlighting intraparty dynamics does not explain why we witness these dynamics. Indeed, there is an unusual degree of consensus among those focusing on intraparty politics that this alone is not sufficient to explain welfare state reform. Instead, studies are complemented with aspects of the party context outlined above to explain what actually influences the relative strength of each internal party group and their capacity for coalition building.

To turn to pensions, several scholars have argued that good macro-economic performance in combination with sound budgets strengthens the hand of traditionalists arguing for an expansion of social commitments and weakens the force of pragmatic arguments for reform or retrenchment. By contrast, fiscal austerity increases the influence of pragmatists (Clasen 2005; Trampusch 2005; Haggard and Kaufman 2008). Second, pragmatists will grow in number in a context of low cleavage mobilization (Kitschelt 1994: 210-220; Feigl-Heih 2004).

As to contextual challenges in family policy, Clasen has stressed that this policy domain is marked by expansion rather than austerity. Accordingly, this offers parties and internal party groups a quite “open field” and thus choice for designing
new types of public policy (Clasen 2005: 181-5). Though there obviously are some fiscal constraints, the point is that these are far more limited than in the case of pensions. In fact, European monetary unification – next to liberalization of the internal market and softer as well as harder means of EU legislation – may actually help equal right supporters to legitimize policies that promote women’s employment. Thus far, however, studies have stressed the importance of secularization and female labor market participation in supporting equal right supporters. To put things differently, apart from women’s emancipation on the labor market, women’s emancipation in the form of relatively slow processes of socio-economic and cultural changes in society tends to challenge traditional normative positions on gender stratification (Clasen 2005: 181-5; Huber and Stephens 2001: 27-8).

2.4.4 Phase I: Failure to Dominate Government as a Catalyst

We can now proceed with Panebianco’s argument on party organizational change. He argues that that change usually is the effect of an external stimulus joining forces with internal developments which were themselves undermining the dominant coalition (e.g. generational changes). The external stimulus acts as a catalyst accelerating a change in the composition of the dominant coalition. And change in the power structure stimulates organizational change. Panebianco’s strongest claim probably is that when neither contextual challenges nor internal preconditions are present, organizational change will not take place (Panebianco 1988: 242).

For analytical purposes, Panebianco breaks down organizational change into three phases. The first phase witnesses ‘an organizational crisis unleashed by strong environmental pressure’ (Panebianco 1998: 243’. Though Panebianco never explicitly limits the external stimulus to vote-seeking behavior, he does pose that ‘electoral defeat and deterioration in terms of exchange in the electoral arena are classic types of external challenges which exert very strong pressure on the party’ (Panebianco 1988: 243). Yet, I concur with Harmel and Janda that it is essential to develop more explicitly and fully the concept and role of the “external stimulus” in the model. Specifically, I agree that the most potent external stimuli are “external shocks” which cause the party’s decision-makers (perhaps through pressure by others within the party) to undertake a fundamental re-evaluation of the party’s effectiveness in meeting its primary goal, whether that be electoral success or something else’. Hence,
the underlying premise is that all parties have numerous and sometimes conflicting goals, but each party has a primary goal. The latter varies among parties and potentially within parties across time (Harmel and Janda 1994).

As nicely outlined by Mulé, there are at least two reasons for the subordination of goals. First, it is often unrealistic that two goals are ranked in the same order of importance. The second reason refers to the cognitive limitations of the human mind. Imperfect information and bounded rationality involve that the situation is searched for options that are related to the primary goal and the options are evaluated in terms of it. Experimental research shows that such pragmatic attitudes prevail when there is time pressure. In setting priorities to their strategic alternatives decision-makers resort to a main goal (Mulé 2001: 40).

Following Müller and Strøm (1999), I identify three types of competitive party behavior, each of which is linked with a different primary goal: votes, office and policy. The vote-seeking model is most closely identified with the work of Downs, who posed that ‘since none of the appurtenances of office can be obtained without being elected, the main goal of every party is the winning of elections’ (Downs 1957: 34-5). Subsequently, critics have argued that it is indeed possible to maximize office benefits without maximizing votes, and accordingly pleaded in favour of a separation into the two models. Others have questioned Downs famous formulation that ‘parties formulate policies in order to win elections, rather than win elections in order to formulate policies’ (ibid: 28). In fact, it does not make much sense to assume that parties value votes for their own sake. Contrary to office or policy, obtaining votes is an instrumental goal since a high number of votes is deemed necessary to increase chances of government participation and/or to have greater influence on policy.

This brings us to office-seeking as a second model. This model derives mainly from the study of multiparty systems in advanced democracies (e.g. Riker 1962). In pure two party systems, one cannot distinguish between vote-seeking and office-seeking, for winning the election also means controlling the government. Or, in Sartori’s words, ‘coalition governments are unnecessary’ (1976: 95). Accordingly, the central premise of the office-seeking model that parties maximize their control over governmental appointments only pertains to parties in multiparty systems. With respect to party organizational change, Deschouwer also discusses the need to go beyond the Downsian model. ‘Electoral defeat is [thought to be] the mother of
change. But that only works as long as we accept that the electoral goal is dominant (Deschouwer 1992: 9 in Harmel and Janda 1994: 268). To be sure, ‘Electoral results are important. But they are not equally important for all parties, and for a single party they do not always have the same importance… A party primarily oriented towards political power certainly needs voters, but is not necessarily out of power when it loses. Especially in systems where power is reached through coalition formation, electoral losses can be of little importance’ (ibid: 16). In such environments, electoral defeats may be condoned as long as a party can maximize office. Indeed, a party may be inclined to take a political stance that reduces its voter attractiveness in order to increase its chances to participate in a coalition government.

While the idea that party elites strive for office is well established, there is less consensus on their underlying motivations. Budge and Laver (1986) point out that government participation might either be valued in itself or it might be seen as an instrument to steer policy in a preferred direction. The latter is the case according to proponents of policy-seeking, the third model. This model assumes that parties seek to maximize their impact on public policy. De Swaan, a leading supporter, puts the assumption this way: ‘considerations of policy are foremost in the minds of the actors… the parliamentary game is, in fact, about the determination of major government policy’ (De Swaan 1973:88 in Müller and Strøm 1999: 7). The policy-seeking model was developed in response to Down’s lack of attention for policy. Like its office-seeking counterpart, the model derives mainly from coalition theory. It specifically challenges the view that all parties are equally feasible coalition partners, i.e. that parties are indiscriminate with respect to their coalition partners. Instead, it is assumed that coalitions are formed by parties that seek to minimize policy disagreements between themselves and their partners (Müller and Strøm 1999: 7).

According to a small body of pure policy-seeking theory, a party may be sufficiently policy seeking to reject compromises required to gain votes or office (De Swaan 1973; Budge and Laver 1986; Laver and Budge 1992). If a party is purely policy seeking, it declares that it is not intrinsically interested in the electoral game. Hence, its behavior cannot be explained in terms of aspirations to win such stakes’ (Kitschelt 1994: 116). Instead, its behavior should be aimed at maximizing policy objectives, even if this means sacrificing a cabinet position or election prospects. But, like office, policy might have intrinsic or instrumental value. Party elites may seek certain policy goals because they believe in them or because they think they can
benefit in other ways. In many situations, it is beyond the capacity of analysts to point down the ultimate reason for which policy is sought. Yet, only people who care about “good” policy are likely to become politicians in the first place (Laver 1997). Likewise, it would be extremely opportunistic to adhere to a certain religious belief in order to eventually start a career as a Christian democrat.

Indeed, asking whether policy-seeking or office-seeking is the primary determinant of party behavior may be a misleading way of addressing the issue, since it neglects the possibility that the interaction between the two is what counts. Therefore, the majority of policy-oriented coalition theory typically presents policy as a supplement to, rather than a substitute for, office-seeking. In other words, it is assumed, at least implicitly, that parties seek office, at least partly, for instrumental reasons, as a means to influence policy. Accordingly, a policy-seeking party is portrayed as one that seeks both cabinet portfolios and ideologically compatible coalition partners. But because the potential trade-off between these objectives usually is not resolved, Müller and Strøm describe the policy-seeking party as ‘the least adequately developed model of competitive party behavior’ (1992: 8).

We can now return to the question which external shocks cause a party’s decision-makers to undertake a fundamental re-evaluation of the party’s effectiveness in meeting its primary goal. For vote maximizers the event that would most obviously send shock waves is electoral failure or at least a trend of electoral failures. How to define a “failure” would, of course, be in the eye of the beholder. It is probably better to carefully listen to politicians themselves and others within the party than to try to indirectly assess when such shocks have occurred. Parties undergoing vehement debates over how to “improve the dismal situation” can be assumed to have experienced such a shock, whether it concerned a thirty percent or a five percent drop in electoral fortunes (Harmel and Janda 1994: 269). Furthermore, electoral losses may become particularly crucial once parties drop below thresholds needed to be a majority party or to be represented in parliament (Müller and Strøm 1999: 27).

For parties that are primarily office maximizers the willingness of other parties to join you, or to let you join them, is crucial. If other parties declare their unwillingness to join you (as a large party) or to let you to join them (when you are a small party), that shock might be felt throughout the party. This is most likely to occur when the other important parties have altered themselves, creating what they see as an unacceptable distance between them and you, or when circumstances have altered in
ways that have changed the perception of your party’s acceptability as a partner. Alternatively, other, more acceptable partners can have arisen and made themselves available to your former coalition partners (Harmel and Janda 1994: 270). Or it might be the loss of the post of the prime minister that allows you to place important ministerial aspirants and influence government policy in general (Müller and Strøm 1999: 27).

In parties whose dominant coalition prefers policy purity over votes and office, electoral losses and even government exclusion will be less of a shock than shocks more directly to the party’s policy positions. Such a shock causes even policy purists to consider changing the party’s identity because of losing confidence in the correctness or relevance of key positions. An example involves the impact that the failure of Soviet communism and the fall of the Berlin wall had on other communist parties, like in Italy. Another concerns the impact of successfully negotiated reductions in Europe-based nuclear weapons on green parties. The party context in these cases rendered key positions less relevant which – even for policy purists – caused the need for rethinking policy priorities and, to some degree, party identity (Harmel and Janda 1994: 270-71).

Though external shocks may take several forms, a prominent view in the literature on large, competitive parties is that at least parties of that type tend to be most responsive to electoral defeats (Wilson 1989; Harmel et al 1995; Janda et al 1995). This view has been pointedly summarized by Janda (1990) as ‘defeat is the mother of party change’. As to social democratic and Christian democratic parties, it is, of course, difficult to make direct comparisons of the goal priorities of social democratic and Christian democratic parties across countries, time and situational contexts. Yet, current research spells out some quite distinct behavioral patterns, which I attempt to capture here.

In the case of social democracy, recent analyses highlight the importance of office-seeking behavior rather than electoral defeats. Notably, two country specialist used the Harmel and Janda model of external shocks for social democratic parties. In his study of Danish social democracy between 1960 and 1995, Bille (1997) pointedly claims that ‘for a party which for decades has been accustomed to being in office, performance as regards governmental power counts for more than electoral performance in the short and medium term’. Accordingly, he shows that the dominant
cause of party leadership change is to be understood in the light of office-seeking behavior. Likewise, Müller (1997), argues that office can be considered the primary goal of the Austrian social democrats. From 1945 to 1966, the party had continuously participated in a government with the Christian democrats. However, once the Christian democrats gained an absolute majority in 1966, the majority of the social democratic party executive concluded that the party system had become duopolistic and that government participation would depend upon the party’s ability to maximize votes. Accordingly, the 1966 election result helped in bringing about leadership change, a change in the dominant faction and organizational change, which in turn provided the new party leader the opportunity to carry out his ideas. The party opted for a strategy of oligopolistic competition – that is, long-term vote seeking at the expense of short-term vote or office seeking. This enabled the party to achieve an absolute majority from 1970 to 1983 and, accordingly, to govern alone throughout this period.

Other studies on competitive party behavior also point out that office is the primary goal of social democratic parties. The Spanish social democrats, for instance, rapidly shifted from a policy-seeking party to an office-seeking party between 1978 and 1982 (Share 1999). Further, Kitschelt has shown that office-seeking and vote-seeking collided in countries with duopolistic party systems, like France, Great Britain and (until 1983) Austria. Afterwards, the Austrian social democrats clearly committed themselves to a pivoting strategy, that is, a strategy aimed at remaining the dominant government party. Likewise, the Swedish social democratic party adhered to pivoting throughout the 1980s. In Germany, however, social democrats grappled with the choice between vote-seeking and policy-seeking during the 1980s. Only in 1991, after nearly a decade in opposition, did the party begin to shift toward a more consistent office-seeking strategy (Kitschelt 1994). Finally, the Dutch social democrats moved from policy-seeking to office-seeking by 1986 after the policy-seeking strategy had kept the party on the opposition benches for over a decade (Kitschelt 1994; Hillebrand and Irwin 1999).

The consequences of this shift in political strategy become clear in a fascinating study by Green-Pedersen. He convincingly shows that major social security retrenchment in the Netherlands was possible once the pivotal Christian democratic party, the CDA, opted for retrenchment together with the market-liberal
party. This forced the Dutch social democratic party to accept retrenchment in order to regain office (Green-Pedersen 2002).

Indeed, the few studies that exist on the party behavior of Christian democrats have highlighted that these parties can be considered office-seekers par excellence. Panebianco argues, for example that ‘the CDU generally fits the category of parties driven by office concerns’ (Panebianco 1998: 258). Accordingly, ‘expulsion from central power (in 1969: author’s information) was the chief catalyst of change’ (ibid: 258). Furthermore, Duncan (2007) used the Harmel and Janda model of external shocks for the Dutch CDA, a clear office-maximizer. As such, sudden government exclusion in 1994 triggered changes in party leadership, internal factional balance, strategy, organization and programmatic change.

2.4.5 Phase II: Change in Dominant Coalition Composition

Duncan’s note on the internal factional balance brings us to the second phase of organizational change. According to Panebianco, this phase witnesses the discrediting of the old dominant coalition which was unable to handle the crisis, the formation of new alliances, and the replacement of the leading group. External shocks show that the old strategies of adjustment to or predominance over the party context no longer reduce or control environmental uncertainty. This uncontrollability triggers a party crisis which actually is an identity crisis. Accordingly, the organization’s active members shift their support to minority elites who, having been excluded from decision-making, are not held responsible for the crisis and have their own recipe for solving it. These minority elites represent a move towards the unknown, a modification of contextual relations, and thus, at least partially, a change of the party’s identity (Panebianco 1988).
The third phase is that of organizational restructuring which involves two key organizational “areas”. First, a party’s internal decision rules are often altered, since the new leaders are likely to support their newly acquired control of the party with organizational innovations. The organogram usually is restructured: offices controlled by former leaders or their supporters decline in importance and are reorganized, while new ones grow in importance. Second, the party’s overall goals are changed. We see a “succession of ends”. At times “ultimate ends” are changed and the party’s identity and electoral hunting ground are radically altered. But usually it involves a change in the party’s strategy (Panebianco 1988: 244-6).

Here, Panebianco stops. Whereas we have already seen in the case of Dutch social democracy that changes in party strategy can have major consequences for social policy preferences, we are instead left wondering which groups have become dominant and what they want in certain policy domains. However, this cycle can be completed.

In pensions, pragmatists may become dominant over traditionalists. This enables the party to seek new solutions to cope with welfare austerity, including market options and retrenchment. In family policy, equal right supporters within a Christian democratic party may become dominant over famialists. This enables a Christian democratic party to pursue policies promoting working mothers. Here, it is worth noting that there is no straightforward correlation between traditionalists or pragmatists and famialists or equal right supporters. For instance, a dominant Christian democratic coalition may be pragmatic in the field of pensions, but either support familism or equal rights in the case of family policy. This nuanced picture of the meaning of Christian democracy across policy domains is likely to make it increasingly difficult to identify partisan effects.

Elaborating on the work of Panebianco, I break down organizational change into three phases (see figure 1.1). The first phase takes place against a background of contextual challenges, i.e. austerity, de-industrialization, secularization and women’s emancipation. Here, the catalyst is an external shock which causes a party to reevaluate its effectiveness in meeting its primary goal. For a social democratic and a Christian democratic party, failure to dominate government is the most potent external stimulus. The second phase witnesses the replacement of the dominant coalition
which was unable to handle the crisis. In the third phase, a party’s internal decision rules are often altered to consolidate the power of the new dominant coalition. Furthermore, we see a change of policy preferences (i.e. a substitution of new policy values for older policy values). Please note that table 2.1 comprises three partisan ideal types, each of which with distinctive policy values. The latter include earnings equality, status maintenance and equality of opportunity in pensions, and equality of opportunity for individual family members, support for the traditional family and the family as a private matter. Once such a policy value is altered, power resources theory has less explanatory power than before.

At this point the cycle is complete and the crisis has been resolved through organizational restructuring. As noted by Panebianco himself, such a ‘model clearly exposes itself to the criticism of being overly mechanistic. Like all models, however, it does not pretend to exhaustively describe change, but simply to explain certain recurrent developments and their relations’ (Panebianco 1988: 247).

One empirical problem is that changes of preferences are accompanied by leadership continuity, or, at least, relative stability in the most visible leadership. This would appear to throw into question the causal relationship between ruling group turnover and changes in policy preferences. However, as noted by Panebianco, change in dominant coalition composition does not necessarily imply the replacement of the most visible leader – though this is usually the case (Panebianco 1988: 248).

Panebianco also highlights a second apparent difficulty in arguing ‘that change and goal redefinition often take place cautiously and slowly. To speak of a succession of ends might thus seem an exaggeration, for official goals are rarely entirely replaced. This objection, however, does not invalidate the model: it merely demonstrates that organizational change may be more or less thoroughgoing. Change in organizational order depends, in fact, on how much renewal has occurred in the dominant coalition…The fact that organizational change in parties is often small, is due to the circumstance that changes in the composition of the dominant coalitions are often small as well’ (ibid).
As such, we now have the basis for the central propositions to be explored in the empirical chapters:

**Proposition 1:** Against a background of austerity and de-industrialization, failure to dominate government is the catalyst triggering a coalition of pragmatists to become dominant within a social democratic party.

**Proposition 2:** Against a background of austerity and secularization, failure to dominate government is the catalyst triggering a coalition of pragmatists to become dominant within a Christian democratic party.

**Proposition 3:** Against a background of secularization and women’s emancipation, failure to dominate government is the catalyst triggering a coalition of equal right supporters to become dominant within a Christian democratic party.

Perhaps superfluously, it is worth stressing here that these propositions sharply contrast with the expectations derived from power resource theory (see table 2.1). To be more precise, proposition 1 runs counter to the assumption that social democrats promote earnings equality. In addition, proposition 2 diverges from the expectation that Christian democrats try to maintain status differences. Finally, proposition 3 contrasts with the expectation that Christian democrats promote gender stratification.