Journal of European Public Policy

ISSN: (Print) (Online) Journal homepage: www.tandfonline.com/journals/rjpp20

Government ideology and labour policy reform in good times and bad

Matthew E. Bergman, Wolfgang C. Müller & Hanna Bäck

JOURNAL OF EUROPEAN PUBLIC POLICY
https://doi.org/10.1080/13501763.2024.2382978

Routledge
Taylor & Francis Group

Government ideology and labour policy reform in good times and bad

Matthew E. Bergman [a], Wolfgang C. Müller [b] and Hanna Bäck [c]

[a]Department of Political Science, Corvinus University of Budapet, Budapest, Hungary; [b]Department of Government, University of Vienna, Vienna, Austria; [c]Department of Political Science, Lund University, Lund, Sweden

ABSTRACT

Which governments implement interventionist or liberalising labour policy reforms, and does the economic context matter? Drawing on the previous literature on government ideology and public policy, we hypothesise that leftist governments are more likely to implement interventionist labour policies. However, we also expect that economic circumstances influence parties' room to manoeuvre, and we thus hypothesise that the impact of government partisanship on labour policy reform will be weaker during troublesome economic circumstances. The main contribution of this paper is empirical, in that we take seriously the 'dependent variable problem' of policy studies that look to aggregate measures to detect instances of retrenchment, by making use of a new dataset on the directionality of 1,446 individual labour reform measures enacted across 13 nations between 1978 and 2017, allowing us to compare government labour policy during periods of varying levels of budgetary deficit, employment, and debt levels. Our results show that left-wing governments implement more interventionist labour policies, but only during less economically 'challenging' periods – during dire economic circumstances, economic orthodoxy seems to trump ideology in governmental policy-making processes.

ARTICLE HISTORY Received 28 November 2023; Accepted 14 July 2024

KEYWORDS Labour policy; policy reforms; partisan policy; party ideology; policy-making

Introduction

Labour policies explicitly aim to shape the labour market risks faced by workers (Clegg & Durazzi, 2023). There is a growing literature on the political determinants of labour market policies, but 'few conclusive results have been

CONTACT Matthew E. Bergman MatthewEdward.Bergman@uni-corvinus.hu Department of Political Science, Corvinus University, Fővám tér 8, Budapest, 1093, Hungary

produced to date, and not least the role of partisan politics' (Cronert, 2022, p. 210). While the foundational literature on government partisanship (e.g., Hibbs, 1977) found strong effects of party families, more recent studies have challenged the expectation that left-leaning parties are more likely to be responsive to the preferences of below-average-income-citizens. For instance, Rathgeb and Busemeyer (2022, p. 4) note that the party politics of social investment cannot be easily matched to the traditional left–right scheme. The 'new school' of partisan politics suggests that the traditional party-family-based approaches are at odds with changes in the parties' electoral constituencies and a more competitive electoral context with new parties and new forms of party–voter linkages (Häusermann *et al.*, 2013, p. 226).

Taking note of such research, we rely on a continuous measure of the ideology of governing parties to examine the classic expectation from the partisan literature and hypothesise that left-leaning governments are more likely to implement interventionist labour policies. Drawing on an original data set on 1,446 individual policy measures in 13 EU countries from 1978 to 2017, we seek to provide conclusive evidence of a left–right difference in governments' approaches toward labour policy. In line with research that has suggested that economic crises are likely to influence this relationship between government ideology and policy output (e.g., Engler, 2021; Hieda, 2021; Jensen, 2012; Starke *et al.*, 2014; Tufte, 1979), we also evaluate a 'constrained partisan politics hypothesis', proposing that the impact of government ideology on labour policy reform will be weaker during unfavourable budgetary or economic circumstances – during 'bad times'.

The main contribution of this paper is empirical, in that we take seriously the 'dependent variable problem' of policy studies that look to aggregate measures to detect instances of retrenchment (Clasen & Siegel, 2007; Green-Pedersen, 2004; Horn, 2017). We argue that evidence of policy expansion and curtailment ought to be examined at the policy-level. As opposed to relying upon secondary indices, yearly aggregates, or expenditure measures, we thus analyse a dataset of 1,446 individual labour reform measures enacted across 13 nations between 1978 and 2017. Furthermore, since we are analysing individual reforms, we are able to focus on multiple policy areas at once, as opposed to concentrating on aggregate measures of passive unemployment benefits, active labour market policies, or labour market regulation.

Previous research has typically focused on time periods before (Avdagic, 2013; Becher, 2010; Korpi & Palme, 2003; Potrafke, 2010; Simoni & Vlandas, 2021), or during/after the Great Recession (Shahidi, 2015). We present analyses that are not limited to specific macroeconomic conditions and generalisable over an extended time period (Cronert, 2019; Savage, 2019; Schmitt & Zohlnhöfer, 2019; Starke *et al.*, 2014; Zohlnhöfer & Voigt, 2021). Instead of assuming that past decades constitute an era of 'permanent austerity' (Allan & Scruggs, 2004; Korpi & Palme, 2003; Pierson, 1996), we compare government labour policy during times of various economic circumstances. While others have used a variety of indicators that tend to demonstrate an overall trend towards liberalisation (Ferragina *et al.*, 2023), our reform-level data suggests that pro-worker policies continue to be implemented.

Our results show that left-leaning governments are more likely to implement interventionist labour policies as compared to right-leaning governments, which are more likely to implement liberalising policies, corroborating findings in previous studies that have identified partisan differences and 'politics as usual' in the era of 'new politics' (Allan & Scruggs, 2004, p. 509; Korpi & Palme, 2003). We also find support for a constrained partisan politics hypothesis, showing that the impact of government ideology on labour policy reform is weaker during budgetary or economic difficulties. During unfavourable economic conditions, both left- and right-wing governments implement liberalising labour reforms, suggesting that the room for manoeuvre for political parties is limited during periods of economic hardship.

Theoretical framework

Labour policy and the role of partisanship in reform making

Labour market policies fall under three broad categories: Passive, Active, and Regulatory. *Passive* employment policies relate to the unemployment insurance system: deemed passive because the beneficiary simply receives a fiscal benefit from the state or social security system. Reforms might alter the duration of benefits, qualification for benefits, level of benefits, or the contribution levels of employees, employers, or the government in funding such benefits. For example, in 1990, Austria lowered the contribution levels to the unemployment system from 5.2 per cent to 4.4 per cent from gross salaries.

Active employment policies require some behaviour of the recipient. Government might compensate or provide retraining opportunities or relocation; it might provide job subsidies or directly employ workers itself through temporary programmes. For example, in Austria, in 2005 3-year subsidies for firms that hired new trainees were instituted. As compared to simply compensating for labour risks *ex post* to prevent present-day poverty, some forms of active labour policies fall within the realm of 'social investment', seeking to prepare, mobilise, and equip individuals with the skills needed in a dynamic economy for the prevention of poverty *ex ante* (Garritzmann *et al.*, 2022).

Regulatory policy is the core of state power. In the domain of labour policy it includes hiring and firing regulation as well as wage and working-time requirements (Bonoli, 2010). In 1994, for example, the Spanish government liberalised working hours and removed the 75 per cent increase in overtime pay.

The study of partisanship in public policy dates back to a time when the major parties still had well-defined constituencies. Expectations of how these parties would conduct public policy when in government office could be derived equally from party ideology and the material interests of their constituencies. In terms of ideology, leftist parties tend to be more responsive to the preferences of the below-average-income citizen (Pontusson & Rueda, 2010) and tend to favour low unemployment (Hibbs, 1977). Specifically, with regard to labour market policies, they would aim for greater job protection of workers (Rueda, 2007), employment creation, higher levels of compensation during times of unemployment, and capping the required amount of working hours or days. Hence, leftist parties are expected to be more interventionist in economic affairs and more favourable towards the welfare state as their voters stand to benefit from such policies (Gingrich & Häusermann, 2015).

In contrast, centre-right parties believe that markets work better with less government interference. Such parties focus on deregulating or liberalising labour policy to incite stronger market-driven employment dynamics (Zohlnhöfer & Voigt, 2021). This benefits employers, managers, and the self-employed as it for example lowers their contribution of payroll or business taxes. Labour policy is specific in the context of welfare policies, as the median voter might not have strong preferences on unemployment policy, giving right-wing governments the flexibility to cut back these entitlements (Jensen, 2012).

Yet, as stressed by the new school of partisan politics, socio-economic transformation and important changes in European electoral and party politics since the 1990s have undermined the traditional linkages between social groups and political parties (Häusermann *et al.*, 2013). Specifically, social democratic parties' constituencies have evolved (Gingrich & Häusermann, 2015). The working class makes up less of the constituency of these parties and now is an important constituency of parties of the radical right (Oesch & Rennwald, 2018). In short, there is no longer a 'linear and direct relationship between the type of party in power (e.g., social democratic or conservative) and policy output' (Häusermann *et al.*, 2013, p. 221). Accordingly, one cannot expect social democratic parties to necessarily be in favour of greater government intervention and economically liberal or conservative parties to be necessarily favour the curtailing of such interventions.

The empirical literature researching partisan effects is rich of null findings. Potrafke (2010), for example, finds little evidence for partisan effects on a variety of aspects of labour market policy: unemployment replacement rate, benefit duration, active labour market spending, employment protection, and unemployment contributions. More recently, Negri (2021) found no short-term effect of partisanship on social expenditure broadly, active labour market spending, passive labour market spending, or the unemployment replacement rate, instead concluding that long-term economic dynamics affect such labour policy measures. Recent meta-analyses have also noted a lack of partisan findings on a variety of government expenditure programmes, especially when the analyses employed party-family approaches and estimated government ideology from the percent of cabinet seats held by parties of the left, centre, or right (Bandau & Ahrens, 2020; Horn, 2017; Potrafke, 2017).

The new school of partisan politics suggests that if parties were to represent their current electoral support bases, they would need to fine-tune their policies considerably. Some findings seem consistent with such expectations. For instance, social democratic parties have been identified as more likely to implement labour market reforms that worsen the situation of part-time workers, temporary workers, and the unemployed, though also associated with increased spending on active and passive labour market spending (Bürgisser & Kurer, 2021). Yet, as Häusermann *et al.* (2013) point out, such mirroring in policy of current supporters is not the only electoral strategy parties have available. Rather, they may aim at regaining traditional groups while paying tribute to the requirements of party competition.

Partisan ideology provides a framework for understanding the nature of political problems and proposes a particular set of solutions (Horn, 2017). As it relates to the economic left-right dimension, the left tends towards an equality-based pro-welfare ideology while the freedom-based right tends towards a pro-market ideology. Party elites have joined a party committed to the goal of certain policy outputs and are constantly reminded of the party's values in their interactions with party activists (Wenzelburger & Zohlnhöfer, 2021). From this perspective, parties are groups of people with similar beliefs, attitudes, and values and pursue policies that are congruent with those values (Wenzelburger & Zohlnhöfer, 2021). Even in an era of uncertainty from globalisation and state retrenchment, a party's ideology serves as a 'cognitive anchor' that 'preserve[s] their capacity to act' (Horn, 2017, p. 110). Focusing on the 'electoral connection', Kitschelt & Rehm (2015, p. 194) have alerted to the importance of party reputation and that voters value consistency – 'parties are therewith in part captives of their own past and policies'.

Drawing on this literature focusing on the role of government ideology in public policy, we present a first (two-part) hypothesis focusing on the expectation that the ideology of governments influences the directionality of labour reforms:

> **H1a:** Left-leaning governments are more likely to enact interventionist labour policies than right-leaning governments.

> **H1b:** Right-leaning governments are more likely to enact liberalising labour policies than left-leaning governments.

Labour policy making under unfavourable economic circumstances

While the new school of partisan politics literature focuses on the parties' electoral constituencies and party competition, a 'new politics' perspective suggests that partisan politics plays out differently under conditions of retrenchment and constrained budgets, whereby there is less fiscal room available for government to 'credit claim' on popular expansionary programmes. Parties of the right might even be less focused on implementing unpopular liberalising reforms, instead selecting to pursue a strategy of 'blame avoidance' (Pierson, 1996). A meta-analysis speaks to this perspective by indicating that for studies whose year of interest averages later than 1992, one is no longer likely to find the impact of partisan effects (Bandau & Ahrens, 2020). As it relates directly to labour policy reforms, some have even directly hypothesised that '[labour] policy reforms conducted by partisan governments are not likely to differ radically, but are better explained by the economic or political context' (Klitgaard *et al.*, 2015, p. 949).

Yet this perspective is at odds with the findings of Korpi and Palme (2003), who argue that party constituents' and potential policy reform benefit recipients do differ. Taking a class-based approach, they identify those representing employers being troubled about policies that might lead to full employment. Those most likely to be reliant upon government labour policy are a narrow interest of risk-adverse low-income groups. Thus, even in the time of the welfare state's 'golden age', not all reforms were broadly popular, as many contentious elections were fought over the choice between taxing and spending policies.

Some argue that since labour market policy tends to be less salient, parties might turn to labour policy during times of fiscal constraints. Aaskoven (2019), for example, finds that labour policies become more interventionist during times of left-wing governments facing high levels of national debt and labour market inequality. For constituency reasons, these parties focus on protecting low-income households and for ideological reasons such crises could be used by left-leaning parties to blame the market and look for state-based solutions. Conversely, parties of the right might blame state intervention for the crisis and look to reduce the role of the state in the economy (Starke *et al.*, 2014).

A 'constrained partisan politics hypothesis' which has been proposed by some scholars suggests that partisan differences become muted during crisis, or even propose a 'fiscal crisis hypothesis', suggesting that all governments respond with similar liberalising labour policy reforms to economic crisis (Shahidi, 2015). Shahidi's (2015) analysis of labour policy responses to the Great Recession show results in line with such a hypothesis. Others have also noted that unconditional effects of partisanship might not be detectable after the pre-1980s 'golden age' of welfare state development as a result of the higher and more variable levels of unemployment (Zohlnhöfer & Voigt, 2021).

Christian Democratic parties, for example might be unwilling to liberalise employment protection for their constituency of full-time workers. Yet, Social Democratic parties need not be opposed to some liberalising policies, as long as they do not lead to higher unemployment. As economists have indicated that labour market rigidities might pose a problem for these parties' full employment model (OECD, 1994) and low-income groups tend to be at greater risks of unemployment, Social Democrats might be able to defend labour-protective regulations in times of low unemployment, though agree with economic orthodoxy and institute liberalising reforms during times of high unemployment (Zohlnhöfer & Voigt, 2021). This would echo the calls that right-wing governments make when justifying the use of retrenchment during high unemployment (Korpi & Palme, 2003). There are also electoral incentives for leftist parties to institute liberalising reforms, as voters perceive them as particularly competent dealing with unemployment (Seeberg, 2017), and since they tend to lose electorally should the unemployment rate climb (Dassonneville & Lewis-Beck, 2013).

Thus, centre-left governments, while tending to be more interventionist during normal times, might need to liberalise during dire economic conditions (Simoni & Vlandas, 2021), for example they may loosen requirements on firing workers while implementing active policies to re-employ those who may be laid off. Another example is provided by Jensen *et al.* (2014), who find that governments tend to compensate for reducing unemployment replacement rates by introducing new policy instruments in other areas such as altering contribution levels or providing tax subsidies or grants. Avdagic (2013, p. 446) provides evidence of employers trading a reduction in regulatory employment protection for core workers for increases in passive unemployment benefits or active labour market measures.

Empirically, some studies have shown that partisan differences in labour policy reforms disappear during periods of high unemployment (Jensen, 2012), suggesting that ideological differences might be suspended in place of a 'rally-round-the-flag effect', guided by technocratic governance (Starke *et al.*, 2014, p. 230). Economic orthodoxy would suggest that when governments are confronted with a high 'problem load' (e.g., high-levels of debt or deficits) they should engage in budget consolidation and liberalisation (Simoni & Vlandas, 2021). Following Tufte (1979, p. 33), who notes that in 'pre-election economic plans the crisis area of economic policy dominates the priorities sought by the party platform of the incumbent', we hypothesise that economic circumstances condition the impact of ideology on the directionality of labour reforms:

H2: Governments are more likely to focus on economic orthodoxy during unfavourable budgetary and/or economic circumstances, weakening the impact of government ideology on labour policy reform.

Methods and data

Identifying labour policy reforms

Typically, research into labour policy reforms relies upon indices created by international organisations like the OECD or secondary data classified by think tanks (Aaskoven, 2019; Schmitt & Zohlnhöfer, 2019; Voigt & Zohlnhöfer, 2020; Zohlnhöfer & Voigt, 2021). These data are often available as yearly aggregates. However, many policy aggregates are slow-moving and using yearly models might bias against finding partisan results (Schmitt, 2016). Spending-based measures might be influenced by key co-variates of economic growth or the employment rate. These have characterised the 'dependent variable problem' associated with research on policy-making (Green-Pedersen, 2004). A recent meta-analysis has identified that studies using expenditure levels are four times less likely to find partisan differences than studies using alternative measures (Bandau & Ahrens, 2020). Noting this, we endeavoured to create an alternative measure of labour policy reforms.

Replacement rates as measures might also be problematic as these are usually taken as an index (Allan & Scruggs, 2004) so multiple reforms in one year, perhaps to different categories of workers or to reforms to the taxation of benefits (Horn, 2017, pp. 38–40), would not be accounted for. It might also be difficult to tie specific spending outcomes to particular governments, given that policies take some time to come into effect (Bürgisser & Kurer, 2021). We concur with recent research that has identified the conventional foci on welfare generosity and economic redistribution as 'too crude' (Rathgeb & Busemeyer, 2022, p. 9).

Instead, we adopt a different approach and collect information on labour policy reforms at the individual-reform measure level as reported in more than 1,000 periodical country reports issued on a quarterly/monthly basis by the Economist Intelligence Unit (EIU) and the (bi)yearly Organization for Economic Cooperation and Development (OECD) country profiles. The EIU reports contain information on recent economic and political developments and provide a review of the most important socio-economic changes and reforms in a given country. They provide reliable and comprehensive information about concrete policy changes relevant to potential business investors, international organisations, government agencies, and academic institutes.[1] We also coded more than 200 country reports issued annually or biannually by the OECD to add anything that these experts might have missed.

We code labour policy measures that change the policy status quo. Such policies may be introduced by laws, decrees or through actions of the national government. Local or regional reforms are not included nor are statements of economic data. A statement such as 'the unemployment rate dropped to 5.7%' would not be relevant for us as it does not indicate any government action. Instead, we code only those policy measures which indicate a policy change and specify a policy instrument which was used to introduce this policy change.

We categorise the reform measures by the criteria presented in Table 1. We label reforms 'interventionist' following Schmitt and Zohlnhöfer (2019) as those that lead to greater government involvement in labour policy such as stricter regulations, increased subsidies, reduction of unemployment through job creation, redistributive programmes, or those that more broadly aim to control market forces. These types of policies are often associated with the political left and the mainstream social-democratic and labour parties (Schmidt, 1996). Following Avdagic (2013) and Simoni and Vlandas (2021), we label reforms 'liberalising' should such policies make markets more flexible: those that attempt to remove government intervention from the economy and reinstate market mechanisms such as policies that reduce levels of social expenditure, reduce employment protection and working regulations, and lower subsidies and business tax rates. Table 1 summarises our classification schema.

Every reform measure is coded individually, even if they occur in packages. This allows us to have a greater level of detail than other studies that use yearly or cabinet aggregates[2] including both the conditionality (such as waiting periods or extra effort by claimants like training programmes) and generosity of benefits (Clasen & Siegel, 2007; Horn, 2017). Take for example the following information from the February (1996) EIU report on Austria:

> The main outlines of the two federal budgets were presented in February. The minimum eligibility period for unemployment benefits will be increased from

Table 1. Direction of labour market reforms and associated reform measures[a].

	Interventionist	Liberalising
Passive measures	Increase of Government or Employer Contributions; Decrease of Individual Contributions; Increase in Direct or Indirect Individual Benefits	Decrease of Government or Employer Contributions; Increase of Individual Contributions; Decrease in Direct or Indirect Individual Benefits
Active measures	Increase in job subsidies, incentives to find work, improvement of skills, or job creation	Decrease in job subsidies, incentives to find work, improvement of skills, or job creation
Regulatory measures	Tightening work regulations, requirements, labour cost/dismissal cost increase	Loosening of work regulations, requirements, labour cost/dismissal cost decrease

[a]Shahidi (2015), using the language of (Esping-Andersen, 1990), would classify liberalising reforms as 'decommodifying' and interventionist reforms as 'recommodifying'.

> six and a half months to seven months. A system of incentives will be introduced, whereby enterprises must pay fines for dismissing old employees, but will receive subsidies out of these funds for recruiting old employees.

Here, we code three types of reforms: (1) A *liberalising* reform to the *passive* unemployment benefits system: to capture the fewer number of beneficiaries qualifying for unemployment benefits; (2) an *interventionist regulatory* reform: to capture the greater costs to dismissal for firms; (3) an *interventionist active* reform: to capture the increase in job subsidies.

We include all labour policy reforms in our dataset, even if they do not have a direction. Those lacking direction we label as 'non-directional'. Reforms about bureaucratic reorganisation or contractual changes would fall into this category. One such example can be found in the (1998) OECD report on the Netherlands:

> As a complement to the Melkert jobs, the government has prepared the Job Seekers Employment Act (WIW), which is expected to come into force in January 1998. It will consolidate the various programmes for subsidised jobs – but not the Melkert jobs – with all responsibilities decentralised and entrusted with the local authorities.

Our data covers a period of 39 years (1978–2017) for 13 countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. Our goal was to select countries under the regulatory framework of the European Union's Treaties of Amsterdam and Nice. Our cases are thus the universe of the EU-15, with the exception of one economic outlier (in terms of economic size and GDP/capita) and one with unreliable economic data, respectively: Luxembourg and Greece. Our timeframe allows us to capture labour market reforms before, during, and after the Great Recession. In total, we have identified 1,446 labour policy reforms. This is the largest collection of individual labour policy reforms known to the authors. By our classification schema, Table 2 provides for their distribution.

First in examining the types of labour policy reforms, we find an almost equal amount of passive and regulatory reforms. Our data fits the standard narrative. We see approximately 4 per cent more of our cases being liberalising reforms to unemployment systems and employment regulation than policy changes in the opposite – interventionist – direction.

Table 2. Distribution of labour reform types (1978–2017).

	Category of Reform Type (in %)			
Direction	Passive	Active	Regulatory	Total
No Direction	1.18	2.97	2.49	6.64
Interventionist	11.89	38.11	9.47	59.47
Liberalising	15.98	5.19	12.72	33.89
Total	29.05	46.27	24.69	100

Avadagic's (2013: 434) analysis of the *FRdB Social Reforms Database* 1990–2007 also notes that, contrary to popular narratives, liberalising regulatory reforms were only 4 per cent more common than interventionist reforms during that more limited timeframe. Bürgisser and Kurer's (2021) nine-country sample of individual reforms between 2000 and 2016 also identify several reforms that expanded regulatory protections, though the majority were in the liberalising direction. Non-directional reforms make up the smallest category of our data.

In terms of reform type, active reforms make up the largest category in our dataset, which might seem surprising. It is important to note here how our data generating process differs from other sources. While other data sources simply identify yearly aggregates in government outputs or policy outcomes, we are here capturing each policy measure. So, if a government created jobs in March, provided educational benefits in June, and relocation subsidies in November, yearly data would just note the expenditure on that, while we code each event.

Previous research suggests that active labour market policies can be favourable to both left and right governments (Cronert, 2019). With their full-employment goal (Iversen & Wren, 1998), leftist governments would be inclined to expand programmes that reduce unemployment. Rightist governments would be interested in programmes that target individuals not yet participating in the labour market to reduce the incidence of labour shortages and potentially drive down labour costs. Training programmes and labour market services also serve the interests of workers and employers alike, providing the opportunity to find new gainful employment for workers and for employers to have workers with the requisite skills and to increase their productivity (Farnsworth, 2013; Swenson, 2002), though the centre-left tends to turn to such measures more often (Bürgisser & Kurer, 2021).

In analysing the Spanish and Portuguese cases, for example, the governments paying the greatest attention to expanding activation policies were the centre-right Rajoy (2011–2015) and Passos Coelho (2011–2015) cabinets, even though they were also the most restrictive on passive and regulatory policy (Bürgisser, 2022). Similar to others who have coded specific activation measures (Bürgisser, 2022; Bürgisser & Kurer, 2021), we find few examples of governments removing such programmes. All in all, we find a greater number of interventionist measures than expected given the 'era of permanent austerity'.

We note the date of each reform along with information about the government that implemented the policy (which we use to assign independent variables). In looking at the temporal aspects of our dataset, we can see that it conforms to *prima facie* expectations (and with greater detail in Clegg & Durazzi, 2023). Figure 1 displays a lowess plot of directionality taken over the timeframe of our data.

With regards to passive measures, the 'era of permanent austerity' becomes quite visible. Starting after 1985 we are much more likely to see a passive measure be liberalising, such as cutting back unemployment benefit levels or their duration, than one that is more interventionist, such as raising the rate of unemployment payroll tax on employers. This is one such way that governments reduced their social expenditure budgets. One can similarly note a downward trend in interventionist active measures in the early 1990s.

This marks the end of the era of active measures being used as alternatives to employment through government programmes and a shift towards more recommodifying reforms (Bonoli, 2010). That the Great Recession and Euro-Area crises have reversed this trend has been noted in other more recent studies (Bürgisser & Kurer, 2021).

Before the crisis, interventionist and liberalising reforms were about equally as probable. This is perhaps one reason why previous studies might have found it difficult to detect partisan influences on these. However, with the onset of the Great Recession and Euro Crisis, the increase in regulatory reforms that liberalise the labour market come to dominate more interventionist regulatory reforms. Our data thus conforms to findings of previous research (Bürgisser & Kurer, 2021; Emmenegger & Marx, 2019). That said, interventionist policies did not disappear in this timeframe (Clegg & Durazzi, 2023), and our expectation is that this might be an era when there will be partisan influences.

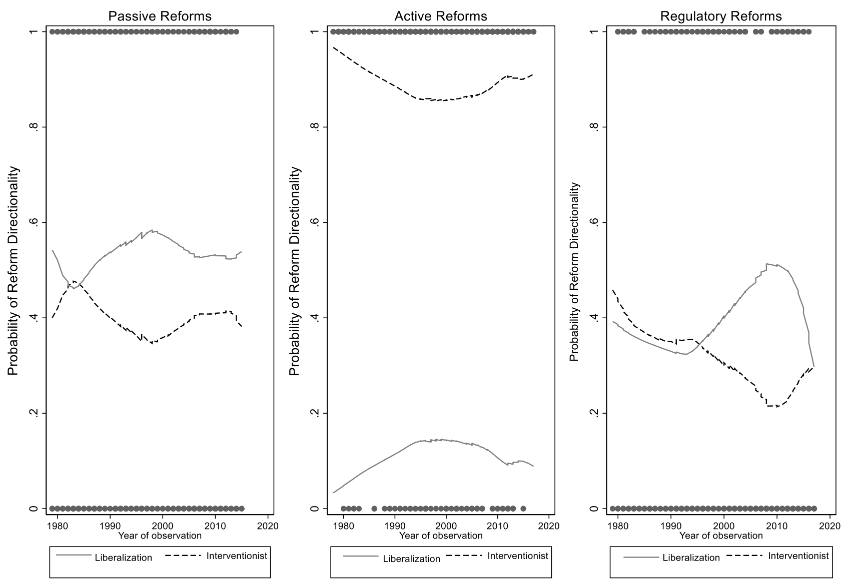

Figure 1. Type of labour market reform over time.

Independent variables

As noted above, we record the date of each labour policy reform. We then match this date to the government that was in office at that time using the *Coalition Governments in Western Europe dataset* (Bergman *et al.*, 2021). We match the parties identified as being members of a government with their positions using party manifesto data provided by MARPOR (formerly CMP; Volkens *et al.*, 2017) following the dimensional and logarithmic scaling approach suggested by Lowe *et al.* (2011) to create an overall left–right 'state involvement in the economy' position of each of the parties.[3] We then weigh these positions by parliamentary seats to get a measure of the *ideological position* of the government at the time of a reform. This serves as our key independent variable.[4] Higher values on this scale indicate a greater salience of economically right-wing measures on the government parties' agenda (e.g., limiting welfare state expansion or opposing protectionist measures), whereas negative values indicate greater prominence of economically left-wing measures on the government parties' agenda (e.g positions supportive of market regulation or nationalisation).

This 'centre of gravity' approach (Bandau & Ahrens, 2020) stands in contrast to a majority of the previous literature examining labour policy that suffers from an 'independent variable problem' (Horn, 2017; Negri, 2021), using dichotomous measures based on party-family approaches of a left (right)-party-led-government (Aaskoven, 2019), or specific parties or party shares in governing coalitions (Hibbs, 1977; Jensen, 2012; Savage, 2019; Schmitt & Zohlnhöfer, 2019; Simoni & Vlandas, 2021; Voigt & Zohlnhöfer, 2020; Zohlnhöfer & Voigt, 2021); such approaches assume a party's goals based on a label, rather than its specific constituency or ideology (Häusermann *et al.*, 2013; Horn, 2017).

Recent research has demonstrated that, for example, social democratic parties have varied in their emphasis on economic intervention over our time period of interest, especially after the Great Recession (Trastulli, 2022). Mainstream right parties might aim for work-life reconciliation programmes targeting managers while the radical right might argue for policies that target the working class advocating for policies considered to be centrist or even economically left-leaning (Rathgeb & Busemeyer, 2022).

As opposed to a crude measure based on a classification of parties into party families, whereby we would be unable to detect a party's interventionist or liberalising position and might bias our results by not allowing for variation of economic ideology at the party level, we employ this continuous measure which allows for the same party and party family members to vary their economic positions over time. The new school of partisan politics would also caution against the use of party labels as a proxy for the policies or constituencies that the party advocates for (Häusermann *et al.*, 2013) as empirically this approach is less likely to find significant results (Bandau & Ahrens, 2020; Horn, 2017).

We also use the party positions to identify the level of *ideological conflict* within a government by taking the difference between the maximum and minimum values of the left–right 'state involvement in the economy' position. This measure is quite standard as an operationalisation of partisan veto players (Aaskoven, 2019; Avdagic, 2013; Becher, 2010; Zohlnhöfer & Voigt, 2021) drawing from Tsebelis' (2002) assumption that each party in a coalition government is a veto player. Becher (2010) argues that ministers should be able to implement their party's programme if there is no ideological divergence among those that could potentially veto the legislation; ministers' ability to implement their party agenda declines as the ideological distance between veto players increases.[5] Avdagic (2013) takes the veto players logic further by integrating it with the blame avoidance strategy of the 'new politics' perspective (Pierson, 1996), arguing that veto players might enable policy change.

There is also some debate over the impact of a government's majority status. Theoretically, minority governments should have difficulties in producing desired outcomes compared to majority ones (Klitgaard *et al.*, 2015), because there is an extra-governmental veto player in parliament that is needed to pass a reform. As such, we include a variable for *minority governments*. We also control for *union density*, as a strong union movement could put pressure on governments to resist liberalisation (Simoni & Vlandas, 2021).

Another key variable related to the date of the reform are the economic conditions. We hypothesise that partisan differences will matter less during times of economic stress. Economic conditions might also have a structural impact on which types of policies are in the realm of possibility. For example, in times of high budget deficit, it might be difficult to find the resources to spend on active labour market policies. We thus record the *unemployment rate, debt levels,* and *budget deficit* and *GDP growth* as recorded in the Comparative Political Data Set (Armingeon *et al.*, 2020) for the year in which the labour policy reform was legislated. GDP growth is measured in real terms (as opposed to nominally), unemployment is taken as a percentage of the civilian workforce, debt as general government debt as a percentage of GDP, and deficit as government balance as a percentage of GDP (i.e., positive values would indicate a surplus). Following Schmitt and Zohlnhöfer (2019), the economic variables serve as controls when testing our base hypothesis (*H1*) and are interacted with partisanship to determine the conditional effect of ideology on policy making during times of varying economic circumstances (*H2*). Appendix table 4 is a table of summary statistics for all independent variables and appendix figures 2 through 5 show the distribution of the economic variables for each country.

Figure 2 provides some indication of the conditioning nature of economic conditions. In the left-hand figure, we (lowess) plot the probability of the direction of the reform over the levels of government debt included in our data. In periods of high debt, we no longer see the majority of reforms being in the interventionist direction. A similar effect of economic orthodoxy can be observed on the right side of the figure that plots the probability of the direction of the reform over the unemployment rate. Here again we see that during periods of high employment, interventionist reforms are no longer the majority type of reforms being introduced. This too is in line with previous research on the topic (Korpi & Palme, 2003).

Empirical analysis

As there are three types of discrete, mutually exclusive reform directions (no direction, liberalising, and interventionist), a multinomial logistic regression model is used. Fixed country effects are included to account for unobserved heterogeneity in country-policy making to aid in causal identification (Pforr, 2014). For example, some countries often pair an increase in worker contribution rates with that of business, while others tend to focus all contributions on one group or the other. This would inevitably lead to differences in the probability of direction of a labour reform between countries. By introducing fixed effects, we are comparing labour policy making *within* our country cases: thus, comparing the effect of ideology and economic variables within a country at two different points in time. The implementation of fixed effects also allows us to account for the fact that there are different

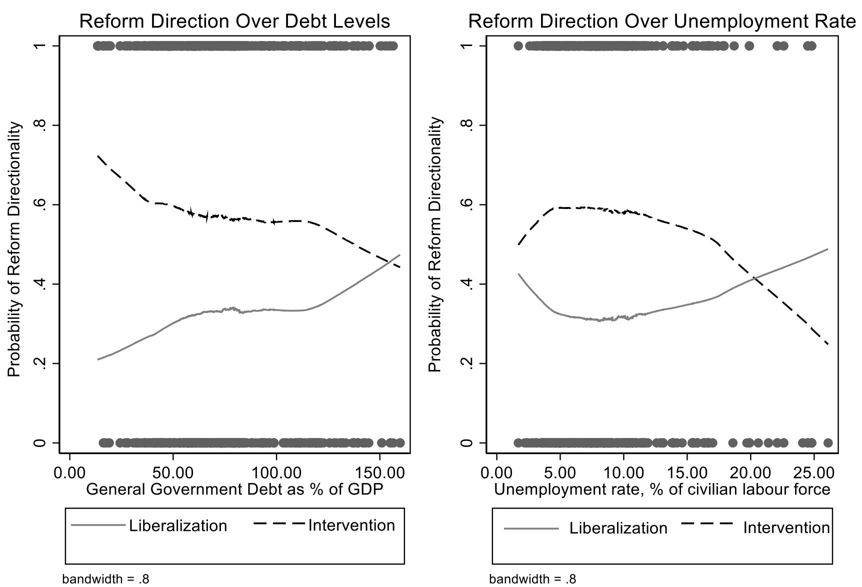

Figure 2. Economic conditions and reform direction.

average levels of co-variates in our different country cases. Belgium, for example, has had higher levels of debt than Germany during the study period. The regression coefficient on debt thus is a measure as to whether during above-average levels of debt within a country ('within-unit'), which type of reform is more likely. While this procedure does limit the overall variance in the independent variable, it has the added benefit of removing omitted variable bias (Mummolo & Peterson, 2018).

We also control for the reform type, for as noted in the descriptive section active labour market policies are more frequent in our dataset than others. This control allows us to examine the effect of our independent variables of interest within a policy field. As noted above, we include government, economic, and budgetary controls as well. All models also include errors clustered at the government level, whereby some unobservable features might make some governments more or less predictable in their labour policy making than others.[6] Our full regression equation is as follows:[7]

$$\eta_{ijk,c} = \alpha_c + \zeta_{j,c} + \beta_{nk,c} + \lambda_{mj,c} + \delta_{pi,c} + \varepsilon_{k,c}$$

The unit of observation is each individual reform. As noted above, the outcome (reform type) $\eta_{ijk,c}$ is the log-odds of a policy reform i in cabinet k nested in country j as compared to the base of an interventionist reform; thus there are two coefficients c presented in the appendix: one of the log-odds of liberalising reforms compared to interventionist reforms and one of non-directional reforms as compared to interventionist reforms. This is a function of a α_c grand intercept, $\zeta_{j,c}$ country-specific intercepts for each of the j countries, $\beta_{nk,c}$ cabinet-related characteristics for each of the n cabinet-level variables of ideological position, ideological conflict, and minority status, $\lambda_{mj,c}$ country-related characteristics at the time of the reform for each of the m country-level economic variables and union density, a $\delta_{pi,c}$ control for the p policy type of active or passive with regulatory taken as the base term, and $\varepsilon_{k,c}$ errors clustered at the cabinet level. Beyond the base model, interaction terms are included for economic conditions and government ideology.

Multinomial logistic regression coefficients are difficult to interpret (Pforr, 2014), and when presented in a table, multinomial models also need one category to be the base, to which the coefficients indicate if an independent variable makes a type for reform more or less likely than the base category. For ease of interpreting our key variables, we have set the base to interventionist reform. Thus, if there is a positive coefficient on governing ideology on the equation representing liberalising reform, then this is an indication that a government with greater economic liberalism would be more likely to make a labour reform in the liberalising direction, rather than one in the interventionist direction. The full output table is provided in Appendix 1. Given the difficulty of interpreting coefficients from a table, we graph the predicted probabilities associated with each hypothesis.

We can note that our models consistently indicate that active policies are more likely than passive ones, while regulatory measures are less likely, which fits with the descriptive patterns noted above. Though not significant, greater ideological range within the government increases the probability of a directional reform. Greater union density decreases the probability of a liberalising reform as compared to an interventionist reform, as noted by the negative coefficient on the liberalising model for the union density variable.

The first hypotheses suggested that we would be able to detect ideological patterns in labour reform making when analysing reforms at the disaggregated policy-level. Figure 3 provides evidence in support of this hypothesis. First in comparing the vertical distance between the two lines, a government with a leftist ideology would be more likely to make an interventionist form of labour policy than a liberalising one. In looking at the slope of each line, one can see that should a government be more economically market liberal, the likelihood of interventionist policies is lower while that of a liberalising policy is higher. The appendix shows how the coefficient on the governing ideology on liberalising reforms is significant and positive in model H1. This indicates that the upward slope of the liberalisation line is greater than the slope of the interventionist line.

These findings corroborate research from two decades ago that noted an ideological difference between the likelihood of instituting retrenchment to

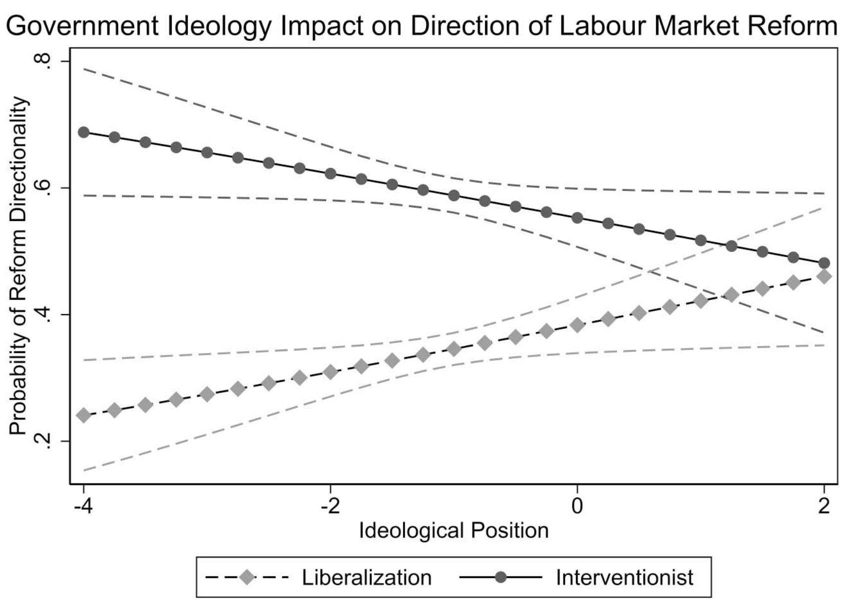

Figure 3. Government ideology's impact on the direction of labour market reform.

unemployment systems (Korpi & Palme, 2003). For most governments, labour reforms are more likely to be in the interventionist direction. This corroborates the findings of those scholars who have hypothesised about the universal appeal of active labour market policy measures (Cronert, 2019; Farnsworth, 2013; Rickard, 2012; Swenson, 2002; Zahariadis, 2010). Looking at the right side of Figure 3, for the most economically market liberal governments, the aggregate pattern of being more likely to have an interventionist reform is no longer observable.

Figure 4 examines our second hypothesis, regarding whether ideological position also matters during varying economic circumstances. These models interact the relevant economic variable with government ideology, while holding the other economic variables constant. The figure displays predicted reforms at the minimum, maximum, and mean values of the relevant economic measure within our sample. As suggested by Mummolo and Peterson (2018), we remind the reader that these are just values used to aid in the interpretation of the regression coefficients and that no single country-case actually includes all of these values.

Here we can see that when unemployment is low (left panel) or moderate (middle panel) there is a clear ideological impact on policy making, whereby more leftist governments are more likely to have interventionist policies as compared to more rightist ones. At high levels of unemployment, the ideological placement of cabinet has minimal effect on the probability of what type of reform is instituted. Also at high unemployment, the most left-leaning parties are most likely to institute liberalising reforms (see Zohlnhöfer & Voigt, 2021). We also note that during high levels of unemployment, governments are equally likely to institute both directions of reforms, suggesting

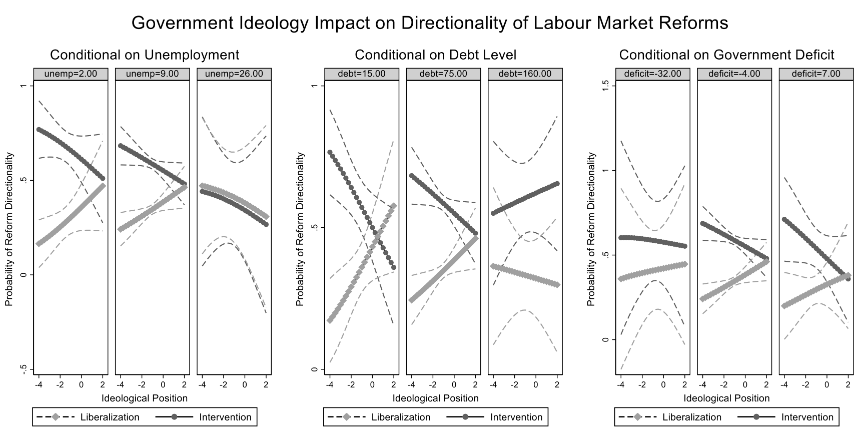

Figure 4. Ideology's impact on the direction of labour market reforms under different economic context conditions.

that governments employ compensatory mechanisms to liberalising reforms (Jensen *et al.*, 2014; Simoni & Vlandas, 2021).

Next, a similar model is presented looking at varying debt levels. The figure looks quite similar to the figure describing the unemployment relationship. At low (left panel) and moderate (middle panel) levels of debt there is a clear ideological difference in the direction of labour market reforms. Not only can we observe a vertical difference, in that left-leaning governments are more likely to implement interventionist reforms as compared to liberalising ones, but we can see upward sloping liberalising reforms, showing that more economically market liberal governments are more likely to implement liberalising reforms, and downward sloping interventionist reforms, showing that more economically market liberal governments are less likely to implement interventionist reforms.

The final panel depicts the conditional nature of ideology at various levels of government deficit.[8] As compared to the previous two, for this measure, more troubling economic times occur when deficit, as we have measured, is low (leftmost panel). For times of high deficit (on the left), we see the greatest amount of overlap in the directional predictions. This conforms with Korpi and Palme (2003) who found that left parties are likely to retrench when government budget balances are worse. During normal levels of deficit or surplus, we see the standard pattern of ideological policy making. This can be viewed in the appendix table. There is a positive coefficient for the liberalising reform model on each of the interaction models that we would expect there to be the 'politics as normal' differences when the measures of economic conditions are zero.[9] Thus, should deficit or debt be low, we expect ideological differences between the type of reform enacted, specifically that right-leaning governments would have a greater probability of passing a liberalising reform.

Concluding discussion

This paper utilised a dataset on labour policy taken at the level of individual reform measures to detect the impact that governing ideology has on labour policy making. This stands in contrast to much of the previous research that uses aggregated or yearly outcome measures (Potrafke, 2010; Savage, 2019) or requires the use of interaction effects that condition ideology (Aaskoven, 2019; Bürgisser & Kurer, 2021; Zohlnhöfer & Voigt, 2021). Our results corroborate findings from two decades ago identifying partisan differences in the era of 'new politics' (Allan & Scruggs, 2004, p. 509; Korpi & Palme, 2003) though here using individual government policy measures as the dependent variable – so to overcome the 'dependent variable problem' (Green-Pedersen, 2004). These results are important reminders that parties do indeed continue to implement policies that they campaign on and that voters can choose between the direction of policy offers.

We also identified the effect that economic problem-load has on policy making. In line with a 'constrained partisan politics' hypothesis, we found that while left-leaning governments are usually less likely to institute liberalising reforms, economic problems increase this likelihood (Shahidi, 2015; Simoni & Vlandas, 2021), as 'domestic economic problems constrain the room to manoeuvre for parties and limit their possibility to make a difference' (Schmitt & Zohlnhöfer, 2019, p. 989). This finding challenges the representational aspect of governance, whereby parties that campaigned on alternative policy agendas end up implementing similar policies.

Reform measure data could be employed in future research to analyse the impact of the social bases of governing parties. As Bürgisser and Kurer (2021) noted how conflicting constituency bases of Social Democratic parties might affect which types of policies they implement, others might explore which types of policies are instituted by centre-right parties with their own conflicting social bases (Gidron, 2022). Additionally, during times of crises, parties of the right tend to benefit electorally (Lindvall, 2014). Might this be in response to policies enacted by incumbents that lead voters to perceive rightward shifts (Adams *et al.*, 2023)? Some scholars have argued that liberalising reforms might be more palpable when paired with compensatory reforms (Jensen, 2011) and retrenchment requires particular strategies to cloud the character of the reforms (Pierson, 1996). Analysing the directionality of policy reform at the level of individual measures would allow scholars to answer such questions. As opposed to focusing on the directionality of a reform, future research could address the type (active, passive, regulatory) of reform and what effects economic 'problem load', government composition, or secular or spatial trends have on such choices.

This paper has focused on the economic aspects of the left–right dimension, yet others have identified that multidimensional competition might have a role in labour market reform. Reform priorities of governments might vary based on the how libertarian or authoritarian their constituent parties are (Hieda, 2021). The social bases of parties in government, be they libertarian or authoritarian (Enggist & Pinggera, 2022), or middle class versus working class based (Garigliano, 2024; Gingrich & Häusermann, 2015; Häusermann *et al.*, 2022) might clearly also impact their labour policy reform priorities. Radical right parties have also been advocating different positions on alternative forms of labour policy, supporting passive measures while opposing more active ones (Enggist & Pinggera, 2022). Reform-level data could be used for future research that examines other aspects of parties or their political-economic context, besides their left–right ideology, on the types of labour market reform they engage in, be they *active* and investment-oriented or *passive* and related towards consumption (Beramendi *et al.*, 2015).

All in all, our results are more optimistic regarding policy representation than others that fail to detect a relationship between the ideological leaning of governments and labour policy. Indeed we find that parties that claim to be more in support of economic interventions are, in fact, more likely to implement interventionist labour policies, supporting the idea of 'democratic responsiveness' (Powell, 2004). That said, we also find that economic difficulties decrease the impact that ideology has on the direction of labour policy reforms. Hence, during difficult economic circumstances – during 'bad times' – economic orthodoxy seems to trump ideology in governmental decision-making processes.

Notes

1. EIU reports are prepared by country experts who use various information channels, such as official documents and statements, media reports, as well as direct contact with government officials to record reforms.
2. A few other studies of labour policy also take this disaggregated approach (see e.g., Bürgisser & Kurer, 2021; Cronert, 2019). Yet each decides to aggregate to the country-year level (see however Klitgaard *et al*., 2015).
3. This follows from the recommendation to focus on the economic sub-dimensions of the left–right scale for analysis of socio-economic reforms (Bandau & Ahrens, 2020; Horn, 2017).
4. This follows the approach of Becher (2010) who notes that positions over labour policies might be multidimensional, for example, more generous unemployment insurance but easier dismissal conditions, but assumes, like Tsebelis (2002), that parties have single-peaked preferences over a one-dimensional policy.
5. In analysis of unemployment rates and strictness of employment protection, Becher (2010) finds that veto players may actually hamper ideologically driven policy.
6. There is also the possibility that some unobservable cabinet characteristics also make them more or less productive. In appendix table 2, we thus also include random effects at the cabinet level. When comparing appendix table 1 and 2 one can note the similarity in sign and significance for our key independent variables.
7. Here we follow the model of a recent work that also uses multi-level multinomial logistic regression models (Jabkowski & Piekut, 2024).
8. In the appendix we present a figure depicting the conditional nature of ideology at various levels of economic growth. We present this in the appendix as this is not one of the more common macroeconomic variables associated with government macroeconomic policy (Hibbs, 1977), though might be of interest to readers. We find that during times without negative or extremely high levels of economic growth, the standard pattern of ideological policy making can be observed. When economic growth is negative, we also find patterns of partisan policy making, which is not what we would expect given our argument that the effect of government partisanship should be weaker during economic hardship. However, the confidence intervals of the predictions have the greatest amount of overlap, and there is only a significant difference between interventionist and liberalising policies for the most left-wing governments.

9. In appendix table 3 we include time trends as an additional control. All models demonstrate similar signs to those presented on the main model. The coefficient in the base model for the ideological variable increases in statistical significance, though there is not much of a change in magnitude. The only notable difference is on the coefficient for the liberalising interaction with deficit, which takes on a negative sign.

Acknowledgements

This research was conducted under the auspices of the SFB 884 'Political Economy of Reforms' at the University of Mannheim and the University of Vienna. We gratefully acknowledge funding by the DFG and the FWF (I1607-G11, I3793-G27). We want to thank our former research associates Mariyana Angelova, Daniel Strobl, Sebastian Hartmann and Katharina Barié and the many student assistants who worked in the project for their diligent work in data collection and Robert Klemmensen, Thomas M. Meyer and the reviewers of the *Journal of European Public Policy* for helpful comments.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by FWF (Austrian Science Fund) [grant number I 1607-G11, I 3793-G27].

Note on contributors

Matthew E. Bergman is an assistant professor at Corvinus University of Budapest at the Department of Political Science, Institue of Social and Political Sciences.

Wolfgang C. Müller is a professor at the Department of Government, University of Vienna.

Hanna Bäck is a professor of political science at Lund University.

ORCID

Matthew E. Bergman http://orcid.org/0000-0001-8879-4615

References

Aaskoven, L. (2019). Redistributing under fiscal constraint: Partisanship, debt, inequality and labour market regulation. *Journal of Public Policy*, *39*(3), 423–441. https://doi.org/10.1017/S0143814X18000193

Adams, J., Bernardi, L., Ezrow, L., & Somer-Topcu, Z. (2023). Why parties gain votes when the public perceives them shifting to the right. *Political Studies*. https://doi.org/10.1177/00323217231178979

Allan, J. P., & Scruggs, L. (2004). Political partisanship and welfare state reform in advanced industrial societies. *American Journal of Political Science*, *48*(3), 496–512. https://doi.org/10.1111/j.0092-5853.2004.00083.x

Armingeon, K., Wenger, V., Wiedemeier, F., Isler, C., Knöpfel, L., Weisstanner, D., & Engler, S. (2020). *Comparative political data set 1960–2018*. Department of Political Science, University of Zurich.

Avdagic, S. (2013). Partisanship, political constraints, and employment protection reforms in an era of austerity. *European Political Science Review*, *5*(3), 431–455. https://doi.org/10.1017/S1755773912000197

Bandau, F., & Ahrens, L. (2020). The impact of partisanship in the era of retrenchment: Insights from quantitative welfare state research. *Journal of European Social Policy*, *30*(1), 34–47. https://doi.org/10.1177/0958928719868446

Becher, M. (2010). Constraining ministerial power: The impact of veto players on labor market reforms in industrial democracies, 1973–2000. *Comparative Political Studies*, *43*(1), 33–60. https://doi.org/10.1177/0010414009341716

Beramendi, P., Hausermann, S., Kitschelt, H., & Kriesi, H. (Eds.). (2015). *The politics of advanced capitalism*. Cambridge University Press. https://doi.org/10.1017/CBO9781316163245.006

Bergman, T., Bäck, H., & Hellström, J. (Eds.). (2021). *Coalition governance in Western Europe*. Oxford University Press.

Bonoli, G. (2010). The political economy of active labor-market policy. *Politics & Society*, *38*(4), 435–457. https://doi.org/10.1177/0032329210381235

Bürgisser, R. (2022). The partisan politics of family and labor market policy reforms in Southern Europe. In J. L. Garritzmann, S. Häusermann, & B. Palier (Eds.), *The world politics of social investment: Volume II* (pp. 86–107). Oxford University Press. https://doi.org/10.1093/oso/9780197601457.003.0004

Bürgisser, R., & Kurer, T. (2021). Insider–outsider representation and social democratic labor market policy. *Socio-Economic Review*, *19*(3), 1065–1094. https://doi.org/10.1093/ser/mwz040

Clasen, J., & Siegel, N. A. (Eds.). (2007). *Investigating welfare state change: The "dependent variable problem" in comparative analysis*. Edward Elgar.

Clegg, D., & Durazzi, N. (2023). Introduction: Labour market policy as a field of government action and an object of research. In D. Clegg & N. Durazzi (Eds.), *Handbook of labour market policy in advanced democracies* (pp. 1–12). Edward Elgar Publishing. https://doi.org/10.4337/9781800880887.00006

Cronert, A. (2019). Unemployment reduction or labor force expansion? How partisanship matters for the design of active labor market policy in Europe. *Socio-Economic Review*, *17*(4), 921–946. https://doi.org/10.1093/ser/mwx014

Cronert, A. (2022). The multi-tool nature of active labour market policy and its implications for partisan politics in advanced democracies. *Social Policy and Society*, *21*(2), 210–226. https://doi.org/10.1017/S1474746420000597

Dassonneville, R., & Lewis-Beck, M. S. (2013). Economic policy voting and incumbency: Unemployment in Western Europe. *Political Science Research and Methods*, *1*(1), 53–66. https://doi.org/10.1017/psrm.2013.9

Economist Intelligence Unit. (1996). *Country report: Austria, February 1996*. The Economist Intelligence Unit.

Emmenegger, P., & Marx, P. (2019). Regulierung der Arbeitswelt: Der Kündigungsschutz. In H. Obinger & M. G. Schmidt (Eds.), *Handbuch Sozialpolitik* (pp. 679–718). Springer VS.

Enggist, M., & Pinggera, M. (2022). Radical right parties and their welfare state stances – not so blurry after all? *West European Politics*, *45*(1), 102–128. https://doi.org/10.1080/01402382.2021.1902115

Engler, F. (2021). Political parties, globalization and labour strength: Assessing differences across welfare state programs. *European Journal of Political Research*, *60*(3), 670–693.

Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*. Princeton University Press.

Farnsworth, K. (2013). Bringing corporate welfare in. *Journal of Social Policy*, *42*(1), 1–22. https://doi.org/10.1017/S0047279412000761

Ferragina, E., Danilo Filetti, F., & Arrigoni, A. (2023). Assessing labour market policy change. In D. Clegg & N. Durazzi (Eds.), *Handbook of labour market policy in advanced democracies* (pp. 68–86). Edward Elgar Publishing. https://doi.org/10.4337/9781800880887.00012

Garigliano, J. (2024). Class differences in precarity and welfare priorities within Europe's center-left coalitions. *Party Politics*, https://doi.org/10.1177/13540688231199448

Garritzmann, J. L., Silja, H., & Palier, B. (Eds.). (2022). *The world politics of social investment: Volume I: Welfare states in the knowledge economy*. Oxford University Press.

Gidron, N. (2022). Many ways to be right: Cross-pressured voters in Western Europe. *British Journal of Political Science*, 1–6. https://doi.org/10.1017/S0007123420000228

Gingrich, J., & Häusermann, S. (2015). The decline of the working-class vote, the reconfiguration of the welfare support coalition and consequences for the welfare state. *Journal of European Social Policy*, *25*(1), 50–75. https://doi.org/10.1177/0958928714556970

Green-Pedersen, C. (2004). The dependent variable problem within the study of welfare state retrenchment: Defining the problem and looking for solutions. *Journal of Comparative Policy Analysis: Research and Practice*, *6*(1), 3–14. https://doi.org/10.1080/1387698042000222763

Häusermann, S., Picot, G., & Geering, D. (2013). Review article: Rethinking party politics and the welfare state – recent advances in the literature. *British Journal of Political Science*, *43*(1), 221–240. https://doi.org/10.1017/S0007123412000336

Hibbs, D. A. (1977). Political parties and macroeconomic policy. *American Political Science Review*, *71*(4), 1467–1487. https://doi.org/10.2307/1961490

Hieda, T. (2021). Linking electoral realignment to welfare politics: An assessment of partisan effects on active labour market policy in post-industrial democracies. *Comparative European Politics*, *19*(5), 555–575. https://doi.org/10.1057/s41295-021-00246-5

Horn, A. (2017). *Government ideology, economic pressure and risk privatization: How economic worldviews shape social policy choices in times of crisis*. Amsterdam University Press.

Iversen, T., & Wren, A. (1998). Equality, employment, and budgetary restraint: The trilemma of the service economy. *World Politics*, *50*(4), 507–546. https://doi.org/10.1017/S0043887100007358

Jabkowski, P., & Piekut, A. (2024). Not random and not ignorable. An examination of nonresponse to income question in the European Social Survey, 2008–2018. *Field Methods*, *36*. https://doi.org/10.1177/1525822X231194178

Jensen, C. (2011). Marketization via compensation: Health care and the politics of the right in advanced industrialized nations. *British Journal of Political Science*, *41*(4), 907–926. https://doi.org/10.1017/S0007123411000159

Jensen, C. (2012). Labour market- versus life course-related social policies: Understanding cross-programme differences. *Journal of European Public Policy*, *19*(2), 275–291. https://doi.org/10.1080/13501763.2011.599991

Jensen, C., Knill, C., Schulze, K., & Tosun, J. (2014). Giving less by doing more? Dynamics of social policy expansion and dismantling in 18 OECD countries. *Journal of European Public Policy*, *21*(4), 528–548. https://doi.org/10.1080/13501763.2013.866262

Kitschelt, H., & Rehm, P. (2015). Party alignments: Change and continuity. In P. Beramendi, et al. (Eds.), *Politics of advanced capitalism*. Cambridge University Press.

Klitgaard, M. B., Schumacher, G., & Soentken, M. (2015). The partisan politics of institutional welfare state reform. *Journal of European Public Policy*, *22*(7), 948–966. https://doi.org/10.1080/13501763.2014.978355

Korpi, W., & Palme, J. (2003). New politics and class politics in the context of austerity and globalization: Welfare state regress in 18 countries, 1975–95. *American Political Science Review*, *97*. https://doi.org/10.1017/S0003055403000789

Lindvall, J. (2014). The electoral consequences of two great crises. *European Journal of Political Research*, *53*(4), 747–765. https://doi.org/10.1111/1475-6765.12055

Lowe, W., Benoit, K., Mikhaylov, S., & Laver, M. (2011). Scaling policy preferences from coded political texts. *Legislative Studies Quarterly*, *36*(1), 123–155.

Mummolo, J., & Peterson, E. (2018). Improving the interpretation of fixed effects regression results. *Political Science Research and Methods*, *6*(4), 829–835. https://doi.org/10.1017/psrm.2017.44

Negri, F. (2021). Partisan influence on social and labor market policies in the Silver Age of welfare state retrenchment: Evidences from 19 OECD countries. *Acta Politica*, *56*(1), 89–107. https://doi.org/10.1057/s41269-020-00147-7

OECD. (1994). *The OECD jobs study: Evidence and explanations*. Organisation for Economic Co-operation and Development.

OECD. (1998). *OECD economic surveys: Netherlands 1998*. OECD. https://doi.org/10.1787/eco_surveys-nld-1998-en

Oesch, D., & Rennwald, L. (2018). Electoral competition in Europe's new tripolar political space: Class voting for the left, centre-right and radical right. *European Journal of Political Research*, *57*(4), 783–807. https://doi.org/10.1111/1475-6765.12259

Pforr, K. (2014). Femlogit—implementation of the multinomial logit model with fixed effects. *The Stata Journal: Promoting Communications on Statistics and Stata*, *14*(4), 847–862. https://doi.org/10.1177/1536867X1401400409

Pierson, P. (1996). The new politics of the welfare state. *World Politics*, *48*(2), 143–179. https://doi.org/10.1353/wp.1996.0004

Pontusson, J., & Rueda, D. (2010). The politics of inequality: Voter mobilization and left parties in advanced industrial states. *Comparative Political Studies*, *43*(6), 675–705.

Potrafke, N. (2010). Labor market deregulation and globalization: Empirical evidence from OECD countries. *Review of World Economics*, *146*(3), 545–571. https://doi.org/10.1007/s10290-010-0056-8

Potrafke, N. (2017). Partisan politics: The empirical evidence from OECD panel studies. *Journal of Comparative Economics*, *45*(4), 712–750. https://doi.org/10.1016/j.jce.2016.12.004

Powell, G. B. (2004). The quality of democracy: The chain of responsiveness. *Journal of Democracy*, *15*(4), 91–105. https://doi.org/10.1353/jod.2004.0070

Rathgeb, P., & Busemeyer, M. R. (2022). How to study the populist radical right and the welfare state? *West European Politics*, *45*(1), 1–23. https://doi.org/10.1080/01402382.2021.1925421

Rickard, S. J. (2012). A non-tariff protectionist bias in majoritarian politics: Government subsidies and electoral institutions. *International Studies Quarterly*, *56*(4), 777–785. https://doi.org/10.1111/j.1468-2478.2012.00760.x

Rueda, D. (2007). *Social democracy inside out: Partisanship and labor market policy in advanced industrialized democracies*. Oxford University Press. https://doi.org/10.1093/acprof:oso/9780199216352.001.0001

Savage, L. (2019). The politics of social spending after the Great Recession: The return of partisan policy making. *Governance*, *32*(1), 123–141. https://doi.org/10.1111/gove.12354

Schmidt, M. G. (1996). When parties matter: A review of the possibilities and limits of partisan influence on public policy. *European Journal of Political Research*, *30*(2), 155–183. https://doi.org/10.1111/j.1475-6765.1996.tb00673.x

Schmitt, C. (2016). Panel data analysis and partisan variables: How periodization does influence partisan effects. *Journal of European Public Policy*, *23*(10), 1442–1459. https://doi.org/10.1080/13501763.2015.1091030

Schmitt, C., & Zohlnhöfer, R. (2019). Partisan differences and the interventionist state in advanced democracies. *Socio-Economic Review*, *17*(4), 969–992. https://doi.org/10.1093/ser/mwx055

Seeberg, H. B. (2017). How stable is political parties' issue ownership? A cross-time, cross-national analysis. *Political Studies*, *65*(2), 475–492. https://doi.org/10.1177/0032321716650224

Shahidi, F. V. (2015). Welfare capitalism in crisis: A qualitative comparative analysis of labour market policy responses to the Great Recession. *Journal of Social Policy*, *44*(4), 659–686. https://doi.org/10.1017/S004727941500029X

Simoni, M., & Vlandas, T. (2021). Labour market liberalization and the rise of dualism in Europe as the interplay between governments, trade unions and the economy. *Social Policy & Administration*, *55*(4), 637–658. https://doi.org/10.1111/spol.12648

Starke, P., Kaasch, A., & Van Hooren, F. (2014). Political parties and social policy responses to global economic crises: Constrained partisanship in mature welfare states. *Journal of Social Policy*, *43*(2), 225–246. https://doi.org/10.1017/S0047279413000986

Swenson, P. (2002). *Capitalists against markets: The making of labor markets and welfare states in the United States and Sweden*. Oxford University Press.

Trastulli, F. (2022). More left or left no more? An in-depth analysis of western European social democratic parties' emphasis on traditional economic left goals (1944–2021). *Frontiers in Political Science*, *4*. https://doi.org/10.3389/fpos.2022.873948.

Tsebelis, G. (2002). *Veto players: How political institutions work*. Princeton University Press.

Tufte, E. R. (1979). Political parties, social class, and economic policy preferences. *Government and Opposition*, *14*(1), 18–36. https://doi.org/10.1111/j.1477-7053.1979.tb00240.x

Voigt, L., & Zohlnhöfer, R. (2020). Quiet politics of employment protection legislation? Partisan politics, electoral competition, and the regulatory welfare state. *The ANNALS of the American Academy of Political and Social Science*, *691*(1), 206–222. https://doi.org/10.1177/0002716220964388

Volkens, A., Lehmann, P., Matthieß, T., Merz, N., Regel, S., & Weßels, B. (2017). *The manifesto data collection. Manifesto project (MRG/CMP/MARPOR). Version 2017b*.

Wissenschaftszentrum Berlin für Sozialforschung (WZB). https://doi.org/10.25522/manifesto.mpds.2017b.

Wenzelburger, G., & Zohlnhöfer, R. (2021). Bringing agency back into the study of partisan politics: A note on recent developments in the literature on party politics. *Party Politics*, *27*(5), 1055–1065. https://doi.org/10.1177/1354068820919316

Zahariadis, N. (2010). State aid and partisan government in the European Union. *Social Science Quarterly*, *91*(2), 436–454. https://doi.org/10.1111/j.1540-6237.2010.00701.x

Zohlnhöfer, R., & Voigt, L. (2021). The partisan politics of employment protection legislation: Social democrats, Christian democrats, and the conditioning effect of unemployment. *European Political Science Review*, *13*(3), 331–350. https://doi.org/10.1017/S1755773921000114