

CHANGING WELFARE STATES

Mind the gap

Anthony Kevins

Expanding Welfare in an Age of Austerity

Increasing Protection
in an Unprotected World

Amsterdam
University
Press

Amsterdam University Press

Expanding Welfare in an Age of Austerity

Amsterdam University Press

Changing Welfare States

For quite some time, a key finding and theoretical puzzle in comparative welfare state research was welfare states' remarkable stability. In the last decade, however, it has become clear that advanced welfare states were (far) less immovable than they seemed at first. In fact, speaking of *changing welfare states* captures much better the actual reforms that were taking place. This series is about the trajectories of those changes. Have there been path-breaking welfare innovations or are the changes incremental instead? Are welfare states moving in a similar or even convergent direction, or are they embarking on divergent trajectories of change? What new policies have been added, by which kind of political actors, how, and with what consequences for competitiveness, employment, income equality and poverty, gender relations, human capital formation, or fiscal sustainability? What is the role of the European Union in shaping national welfare state reform?

This series answers these and related questions by studying the socioeconomic, institutional and political conditions for welfare state change, its governance, and its outcomes across a diverse set of policy areas. The policy areas can address traditional "old" social risks like old age, unemployment, sickness (including the health care system), disability and poverty and inequality in general, or "new" social risks that have arisen mainly due to post-industrialization, such as reconciling work and family life, non-standard employment, and low and inadequate skills. In addition to focusing on the welfare state more narrowly defined, the series also welcomes publication on related areas, such as the housing market. The overriding objective of the series is tracing and explaining the full trajectories of contemporary welfare state change and its outcomes.

Series Editors

Gøsta Esping-Andersen, University of Pompeu Fabra, Barcelona, Spain

Brian Burgoon, University of Amsterdam, the Netherlands

Anton Hemerijck, VU University Amsterdam, the Netherlands

Barbara Vis, VU University Amsterdam, the Netherlands

Kimberly Morgan, George Washington University, Washington, USA

Herman van der Werfhorst, University of Amsterdam, the Netherlands

Expanding Welfare in an Age of Austerity

Increasing Protection in an Unprotected World

Anthony Kevins

Amsterdam University Press

Amsterdam University Press

Cover illustration: Wired Canvas (reproduced here without alteration under a Creative Commons license – <https://creativecommons.org/licenses/by/2.0/legalcode>)

Cover design: Coördesign, Leiden

Lay-out: Crius Group, Hulshout

Amsterdam University Press English-language titles are distributed in the US and Canada by the University of Chicago Press.

ISBN 978 94 6298 021 1
e-ISBN 978 90 4852 939 1 (pdf)
DOI 10.5117/9789462980211
NUR 752

© Anthony Kevins / Amsterdam University Press B.V., Amsterdam 2017

All rights reserved. Without limiting the rights under copyright reserved above, no part of this book may be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the written permission of both the copyright owner and the author of the book.

Amsterdam University Press

In memory of my father

Amsterdam University Press

Table of Contents

Acknowledgements	11
1 Struggling with Persistent Gaps	13
Studying the Welfare State	15
Partisanship and Welfare Reform	15
Expanding Dualism	18
Dualisation and the Left	23
Public Opinion and the Welfare State	25
Methodology	27
The Central Questions	29
The Central Cases	31
The Approach	33
Conclusion	35
2 A Tale of Two RMIs	37
Contextualising the Cases	39
France	40
Italy	41
Explaining Benefit Reform	42
Theory 1: Anti-Outsider Left	43
Theory 2: Egalitarian Left	44
Theory 3: Southern European Exceptionalism	45
Politics and the RMIs	46
Southern European Characteristics and Public Pressure	54
Conclusion	60
3 Public Attitudes towards the Unemployed in Continental, Southern Europe, and Beyond	63
Extending the Comparison	64
Continental Europe	65
Southern Europe	69
Examining Public Opinion	76
The Central Cases	76
Exporting the Model	80
Conclusion	84

4	Southern European Characteristics in the Broader Context	87
	The Models	88
	Dependent Variables	88
	Explanatory Variables	91
	Standard Variables	95
	Findings	97
	Understanding Attitudes	98
	Understanding Changes in Coverage Levels (Part One)	101
	Understanding Changes in Coverage Levels (Part Two)	105
	Summing Up	109
	Conclusion	110
5	Bismarck, Beveridge, and Making the Transition	113
	Contextualising the Cases	115
	France	116
	Italy	119
	Beveridge versus Bismarck	121
	Explaining Healthcare Reform	123
	Theory 1: Left-wing Strength	124
	Theory 2: Interest Group Weakness	124
	Theory 3: Political Decentralisation	125
	Italian Advancements	126
	Staying the Course in France	134
	Conclusion	141
6	Healthcare Reform and Public Opinion in Continental and Southern Europe	145
	Extending the Comparison	146
	Continental Europe	147
	Southern Europe	152
	Examining Public Opinion	157
	Conclusion	160
7	Examining Healthcare Coverage across the OECD	163
	The Models	164
	Dependent Variables	164
	The Explanatory Variables	166
	Standard Variables	171

Findings	171
Understanding Attitudes	172
Understanding Policy Changes (Part One)	179
Understanding Policy Changes (Part Two)	181
Summing Up	186
Conclusion	187
8 Rectifying Coverage Gaps	189
Appendix: A Brief Methodological Note	197
Bibliography	199
Index	215

List of Tables and Figures

Tables

Table 1.1	Conceptualising Dualisation	14
Table 1.2	Outcomes across the Core Cases	32
Table 3.1	Age and Mean Concern for the Unemployed in Italy	76
Table 3.2	Living with Parents and Mean Concern for the Unemployed in Italy	77
Table 3.3	Predicting Italian and French Concern for the Living Conditions of the Unemployed	78
Table 3.4	Predictors of Concern for the Living Conditions of the Unemployed in Southern Europe	81
Table 3.5	Predictors of Concern for the Living Conditions of the Unemployed in Continental Europe	83
Table 4.1	Concern for the Living Conditions of the Unemployed – Multi-level Model Analysis	99
Table 4.2	Time-Series Analysis – Unemployment Insurance Coverage Levels	102
Table 4.3	Time-Series Analysis – Unemployment Benefit Reciprocity Ratios	103
Table 4.4	Duration Analysis – Benefits for the Unemployed	108
Table 6.1	Total Healthcare Coverage as a % of the Population – Continental Europe	147

Table 6.2	Total Healthcare Coverage as a % of the Population – Southern Europe	153
Table 6.3	French and Italian Mean Survey Responses in Our Key Cases	158
Table 6.4	Mean Survey Responses in the Continental Cases	159
Table 6.5	Mean Survey Responses in the Southern European Cases	159
Table 7.1	Predictors of Belief in Government Responsibility to Ensure Access to Healthcare across Countries	174
Table 7.2	Predictors of Belief in the Need for Extensive Healthcare Reform across Countries	177
Table 7.3	Time Series Analysis – Healthcare Coverage Levels	180
Table 7.4	Duration Analysis – Healthcare	185

Figures

Figure 1.1	Outsiders as a % of Total Labour Force	19
Figure 1.2	Outsider Figures and Component Parts	20
Figure 2.1	Italian Attitudes towards Government Responsibility for the Unemployed	53
Figure 4.1	Informal Economy Size Comparison (1980s and 2000s)	92
Figure 4.2	Leaving Home Age Comparison (1980s and 2000s)	94
Figure 4.3	Countries without a National Social Assistance Programme	105
Figure 4.4	Median Home Leaving and Programme Introduction	106
Figure 7.1	Mean Left Government Presence	167
Figure 7.2	Mean Trade Union Density	168
Figure 7.3	Mean Structural Constraints	169
Figure 7.4	Countries without Universal Healthcare	182
Figure 7.5	Social Health Insurance, Left Government, and Programme Introduction	183

Acknowledgements

This book project has benefitted from a wide array of support over the years. The research contained within was developed at McGill University and substantially revised and expanded at Aarhus University, with generous financial support from the McGill Institute for Health and Social Policy, the Faculty of Arts at McGill, AU Ideas, and the Guy Drummond and Nathan Steinberg Fellowship Programmes.

First and foremost, I owe a sincere debt of gratitude to Stuart Soroka, who served as my PhD supervisor and mentor since my time at McGill. His continual feedback, guidance, and support have been truly invaluable, both for the development of this book and my career as a researcher. I cannot thank him enough. This project also benefitted greatly from the helpful comments and suggestions of my dissertation committee members, Antonia Maioni and Hudson Meadwell, whose diverse interests dramatically improved the quality of the manuscript. I am grateful as well for all of the support I received from professors and colleagues at McGill's Department of Political Science, the Centre for the Study of Democratic Citizenship, and the McGill Institute for Health and Social Policy. I am especially indebted to Dietlind Stolle, Maria Popova, Michael Smith, Stephen Saideman, Naomi Lightman, Marc-André Bodet, Alessandra Radicati, Quinn Albaugh, Clare Devereux, Sarah Malik, and Virginie Lasnier.

The book also benefited greatly from the insights and comments of researchers at Aarhus University's Department of Political Science, where I have held a post-doctoral position for the past three years. I have been positively impressed by the friendly and extensive culture of peer feedback at the department. I am especially grateful for the assistance of Kees van Kersbergen and Carsten Jensen, who have been instrumental in enabling me to refine my manuscript and integrate into Aarhus. The book has also been improved by the comments of Bruno Oliveira Martins, Philipp Pechmann, Lisa Wewerka, Suthan Krishnarajan, and Alexander Horn, as well as by the technical assistance of Annette Bruun Andersen.

In addition, I have been lucky enough to receive extensive external feedback, and the manuscript is much improved as a result. Steve Hellman has been an endless source of encouragement and advice since my time at York, and I am very thankful for his many years of support. At the Institute for Qualitative and Multi-Method Research's summer programme, early comments from Patrick Emmenegger were central to setting in motion the rest of this project. Furthermore, he also provided key feedback for the

development of this book in his role as external examiner for my dissertation defence. My visits to the Università degli Studi di Milano, the European University Institute, and Sciences Po were also formative, with Maurizio Ferrera, Stefano Sacchi, Matteo Jessoula, Hanspeter Kriesi, Paul Marx, and Bruno Palier offering important insights and suggestions that would prove essential to the book's research design and analysis. Their generosity with their time and expertise was truly impressive. Similarly, I have also received helpful feedback on the manuscript from Bernhard Ebbinghaus, Mélanie Bourque, Jon Kvist, Daniel Béland, and Barbara Vis.

The staff at Amsterdam University Press – in particular Vanessa de Bueger, Jaap Wagenaar, and Kristin DeMint Bailey – have also been incredibly helpful over the past several years. The manuscript benefited greatly from the comments of the editorial board and anonymous reviewers at the AUP and the *Journal of European Social Policy*, where some of the book's ideas and analysis have previously been published (“Political Actors and the Extension of Welfare Coverage”, 2015, *Journal of European Social Policy*, 25(3): 303-315).

A special thanks also to the busy interviewees who set aside hours of their time to answer my questions and decipher my French and Italian. Our conversations were eye-opening, and I feel lucky to have met all of you.

Finally, my most heartfelt thank yous go to my family, for steeping me in familialism since childhood, and to my partner Morgan, for her boundless patience, support, and love – here as elsewhere, *sine qua non*.

1 Struggling with Persistent Gaps

Since their creation, welfare states have had to distinguish between individuals who should be given access to social programmes and those who should be excluded. The metrics of exclusion that governments have employed vary widely, from citizenship to residency to occupation, with often dramatic implications for the lives of individuals. While this means that the division between welfare state insiders and outsiders is in some sense a longstanding issue, countries that opted to structure benefit access around occupational and employment status have confronted additional challenges: in recent decades, the rapid expansion of atypical employment has created a growing group of not just labour market outsiders, but welfare state outsiders as well. This situation has been made all the more difficult by an economic climate that has generally been unfriendly towards generous welfare state benefits and coverage; as a result, governments have faced a trade-off between either extending coverage and retrenching the 'good' benefits given to 'insiders' *or* maintaining the protection, coverage, and benefits of the relatively well-off at the expense of a growing class of excluded 'outsiders'. In other words, they have had to choose between either providing lower-quality benefits for everyone or entrenching a 'dualistic' welfare state with two major, divergent sets of benefit levels.

This gives rise to a particular conundrum for the left, whose egalitarian and solidaristic ideological claims end up crashing up against the protection of the privileges of much of their core constituency (or membership, in the case of leftist trade unions). How do they balance the trade-off between coverage levels and benefit generosity, between leaving outsiders unprotected and increasing levels of welfare state dualisation? When, in the face of broader economic austerity, do governments actually extend welfare coverage, and why do they take different routes in doing so? Indeed, these questions are especially pertinent in today's Europe, given that coverage gaps persist and can contribute to a cycle of exclusion that will long outlast the current crisis.

In answering these questions, we build most directly on research examining welfare state dualisation: that is to say, insider-outsider divisions based on welfare state access rather than labour market status *per se*. It is worth noting at the outset that increasing (or decreasing) dualisation can be the product of a number of different kinds of policy change, and the link between dualisation and the quality or quantity of social support is not straightforward. Table 1.1 sets out some illustrative examples. As an illustration, we might envision a

hypothetical welfare state in which access to a given benefit programme is available only to 80% of the population – leaving the remaining 20% (the welfare state ‘outsiders’) with no access whatsoever. The first approach extends access to the programme to all residents in a country (universalisation), erasing the welfare state dualism in the process. While ideal with respect to addressing dualism, it is also likely to be financially burdensome for the state (even granting that in some instances economies of scale may offset some of the costs). The second and third approaches, coverage extension and coverage restriction, clearly decrease and increase levels of dualisation, respectively. The former might involve, for example, including new occupational groups within the social insurance system – an approach that was popular prior to the age of austerity, but has since fallen out of favour. The latter, in turn, while less central for our purposes, might involve introducing citizenship (rather than simple residency) requirements to gain access to benefits.

Table 1.1 Conceptualising Dualisation

	Universalisation	Coverage Extension	Coverage Constriction	Residualisation	Inaction
Impact on Level of Dualisation	Dualisation Eradicated	Decreased Dualisation	Increased Dualisation	Increased Dualisation?	No Impact?

The fourth and fifth approaches, however, are more difficult to assess in terms of their comparative impact on welfare state dualisation. ‘Residualisation’ creates a two-tiered system by introducing a less generous residual benefit programme for outsiders. At the very least, this approach entrenches welfare state dualisation by likely reducing the political demand for providing outsiders with access to the primary benefit system. By some formulations, this might be viewed as a prime example of welfare state dualisation, since it institutionalises the dualism. Despite the fact that inaction has no impact on dualisation levels, it is certainly worse for outsiders (in the short-term at least) than residualisation, since at least with the latter they would gain access to modest benefits.

In light of this conceptual difficulty, instead of concentrating on dualisation as a process, we focus on approaches to dealing with pre-existing welfare state dualism, defined as unequal programme access and benefit generosity. Specifically, we will address both changes in access to a particular family of benefits (e.g. for the unemployed) and whether these benefits are standardised. In this way, universalisation is seen as dealing more completely with

already existing dualism when compared to residualisation, while inaction is considered the least desirable option. Note also that, from a policy change perspective, this approach maps onto that of Hall (1993): universalisation addresses dualisation via revolutionary reform (what Hall refers to as ‘third order’ change), residualisation addresses it via piecemeal change (e.g. ‘second order’ change), while inaction of course leaves the status quo as is.

Overall, we will analyse the determinants of these three responses to a dualised system (though incremental coverage extension and restriction will also be discussed). We begin this investigation by focusing upon healthcare and benefits for the unemployed in the French and Italian cases, and then proceed to test the relevance of these findings in a broader context. The trajectories in France and Italy are such that they offer us valuable leverage on our topic. While both countries start out with relatively similar Bismarckian institutions in the two policy domains, we in fact see contrasting results: in unemployment, France gradually fills the many insurance-based gaps by building up benefit coverage via universally available means-tested benefits (shifting away from insurance principles, primarily from 1989 onwards), while in Italy the insurance approach remains paramount and large coverage gaps persist; in healthcare, by contrast, Italy makes a complete switch to a Beveridgean model in 1978, while France sticks to and expands its insurance model.

This chapter will lay the groundwork for the rest of the book, situating our research in the field and indicating what we will add to the current scholarship. This will include a brief summary of scholarly debates and consensus on the relationship between welfare state institutions, parties, and the public, focusing on research that directly touches upon our key questions and building upon it as we go along. Here we pay particular attention to work on: partisanship and welfare state reform; labour market dualisation; welfare state dualisation and the left; and public opinion and the welfare state. The chapter will then outline the questions to be addressed in this book – along with a set of general expectations – after which point it will present a brief justification for the use of France and Italy as case studies. It will conclude by providing an overview of the subsequent chapters and the structure of the argument.

Studying the Welfare State

Partisanship and Welfare Reform

We begin with the work on partisanship and welfare state reform in the age of austerity. Although much of the research this inspired was most

interested in welfare state retrenchment, it nevertheless offers an obvious starting point for our investigation, given our focus on welfare state expenditure and generosity.

Central to this wave of literature is Pierson's (1994) *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*, which sparked considerable debate. Here, Pierson argued that the relationship between the left and the welfare state is a variable one – that, while the left may have been responsible for welfare state expansion in the Golden Age, it is policy feedback, rather than partisanship, which matters most for welfare state reform (1994: 9). Thus, to label the left as the protectorate of the welfare state is to mistakenly extend the role of the left from welfare expanders to welfare defenders. Key here is the different logics of expansion and retrenchment: while the former involved directing benefits towards groups of voters, the latter involves taking benefits away from groups with a vested interest in organising to protect them (Pierson 1996). In tough fiscal times, then, benefit provision would become a zero-sum game, changing the cost-benefit calculations even among those with a desire to expand benefit coverage.

Research stemming from this analysis ultimately coalesced around three major arguments. First, a series of studies provide support for the Pierson's proposition that left-wing parties had become delinked from welfare state expansion, although authors disagreed when this shift occurred – with answers ranging from the 1970s to the 1990s (cf. Huber and Stephens 2001; Kittel and Obinger 2003). Explanations frequently point to the problem of the welfare state's economic unviability, caused by a combination of demographic and economic pressures as countries attempted to increase their economic efficiency and attractiveness to capital in a competitive global economy (e.g. Scharpf 2000; Burgoon 2001; Castles 2004).

A second group of scholars, however, argued that even in the face of demographic and economic pressures on the welfare state, the impact of the left on welfare state generosity has not significantly decreased. Arguing against the approach taken by many of the above authors, Allan and Scruggs (2004) pointed to the inappropriateness of welfare state expenditure as a dependent variable. The authors argued that entitlement data provides a more accurate measure of welfare state effort, and that when the dependent variable is properly specified, results demonstrate that the left does indeed continue to make a difference (Allan and Scruggs 2004). Similarly, work by Korpi and Palme (2003) concluded that a lack of left representation in cabinets was associated with an increased probability of social insurance programmes being retrenched. Perhaps most germane for our

purposes, Levy (1999; 2001) argued that in systems where not all welfare programmes are progressively redistributive, the left has had occasion to eliminate regressive programmes and use the freed up revenue both to expand progressive programmes and balance the budget.

Finally, a third group of researchers turned claims about the continued salience of partisanship in the post-expansionary age on their head. Most notably, Fiona Ross (2000) argued that although partisanship has continued to be of import in recent decades, the left has been disproportionately associated with welfare state retrenchment, not expansion. For her (F. Ross 2000: 162), partisan dealignment trends have provided incentives for left-wing parties to move to the right, while their status as traditional defenders of the welfare state has given them the means to retrench more effectively than the right. This position has found support in studies such as that of Kitschelt (2001), which suggested that during fiscal and economic crises, it was the parties of the centre-right rather than the left which were the most likely to resist retrenchment and try to protect existing welfare programmes. Other authors, such as Green-Pedersen (2003), suggest that the left may in fact not even be particularly fond of broad, universalist benefits; according to this argument, the right often prefers universal welfare state programmes due to their market-conforming qualities, while the left often opts for narrow targeted benefits since they are more redistributive.

In light of the conflicting evidence and claims, one may well wonder how so much variation in results is possible. The most obvious answer is that omitted variables, changes in variable specification, and – to a great extent – different measures of welfare state change (i.e. social expenditure levels versus replacement rates) lead to quite diverse findings. That so much diversity in findings is associated with even slight changes in specification should make us nervous. There are two likely explanations here, which in fact have important implications as we move forward with our own investigation: first, the diverse results may indicate that measurement error is a serious problem in many of these studies, and that as a result we need to more rigorously investigate how we can best operationalise the pertinent variables; second, the diversity in findings may be the result of heterogeneity, suggesting that there has not been a uniform cross-national process which has affected all welfare programmes equally. In order to address the potential that measurement error severely complicates research findings in this field, our statistical analysis will employ various dependent variables, approaching coverage from different angles and even using policy change itself as a dependent variable. The apparent lack of a uniform cross-national relationship between the left and welfare reform, in turn,

will serve as a central theme of this book, leading us to question what it is that explains variance in partisanship's impact across different programmes and policy reforms

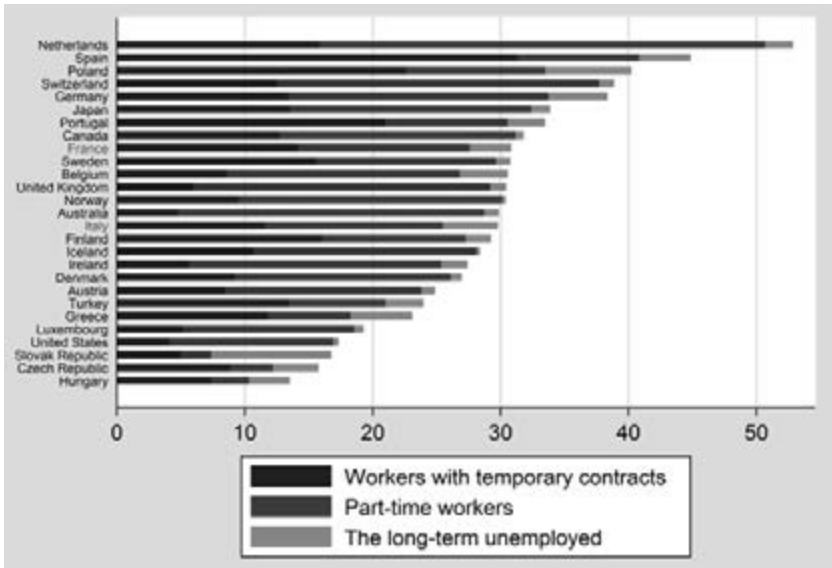
Irrespective of how one thinks to answer this question (cf. Pennings 1999; Kitschelt 2001; Vis 2010), it seems clear that the dispute about the effects of partisanship on welfare reform has not been resolved and that we are unlikely to discover a universal relationship between the left and welfare reform *writ large*. As a result, we must accept that the relationship is heterogeneous and complex and narrow our focus to specific types of welfare reform, particularly those that are of theoretical interest. To that end, we concentrate on reforms that deal with the dualised nature of welfare states – i.e. those that serve to extend access to benefits and, in some cases, even standardise their generosity. This is a particularly interesting research area both because of its practical implications and because it gives rise to conflicting incentives and raises interesting ideological questions for the left.

Expanding Dualism

Recent decades have witnessed a considerable dualisation of labour markets and, as a corollary, welfare programmes – developments which have led to a considerable expansion of political science literature on the topic (cf. Rueda 2007; Häusermann 2010; Emmenegger et al. 2012). In addressing these developments, we lay out what *labour market dualisation* is, indicate its broad prevalence and distribution, and highlight why it matters for the welfare state. In doing so, we will lay the groundwork for the discussion of *welfare state dualisation* that is at the core of our investigation.

Labour markets are said to be dualised insofar as they exhibit a split between a primary sector which contains better, well-paying jobs and a secondary sector which is characterised by less attractive, low-paying jobs, which are typically temporary and/or part-time in nature (Berger and Piore 1980). Much of the earlier work on this topic examined the United States within this framework, looking at the relationship between disadvantaged groups and jobs in the secondary sector, as well as the division's impact on weakening and dividing the American working class (Gordon et al. 1982). This approach has subsequently been exported and applied to a variety of cases, examining the division between labour market insiders (those with protected jobs in the primary sector) and outsiders (everyone else). The purported source of this division has seen various conceptualisations: insiders may, for example, derive their preferential position from issues such as higher labour turnover costs (Lindbeck and Snower 1988; 2001), insiders'

Figure 1.1 Outsiders as a % of Total Labour Force



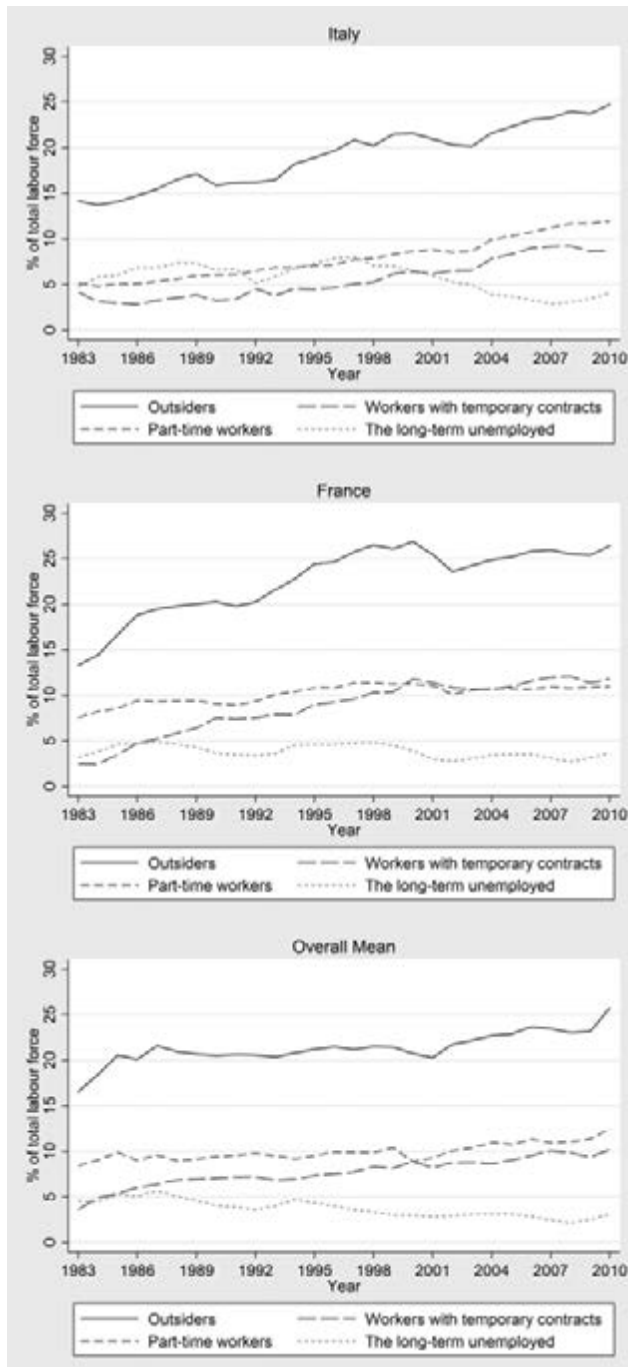
possession of firm specific skills (Solow 1985), or outsiders’ lack of political representation by trade unions (Saint-Paul 1996; 1998).

Yet regardless of where one thinks this division arises from, the approach has become increasingly relevant as the prevalence of nonstandard employment relations (such as jobs which are part-time, short-term, and/or temp agency based) have increased cross-nationally in recent decades. This has occurred partly as a result of post-industrialisation in general (Kalleberg 2000), but also in an attempt to avoid strict labour laws (Mitlacher 2007). As King and Rueda (2008) point out, dualisation has been a particular problem in countries with strict labour regulations (such as those found in Continental Europe); the centrality of cheap labour in modern economies leads countries which prevent these types of jobs from developing within the primary economy to develop a large sector of non-standard employment aimed at filling this role.

The prevalence of labour market outsiders across the Organization for Economic Cooperation and Development (OECD) is demonstrated by Figure 1.1, which presents average percentages of temporary contracts, part-time work, and long-term unemployment (defined as unemployment lasting longer than a year) in the labour force over the 2000-2009 period.¹ As one notes from the graph, our two central cases, France (at 30.8%) and

¹ Temporary contracts and part-time work are defined using the standard OECD definition.

Figure 1.2 Outsider Figures and Component Parts



Italy (at 29.8%), are in fact quite typical – with their scores hovering around the median (29.9%) and just above the mean (29.4%).

Figure 1.2 then traces this measure of labour market outsiders (along with its component parts) as a percentage of the labour force, comparing developments over time from 1983 through to 2010; Italian and French trends are listed, alongside overall mean changes across the OECD.³ Note that despite a general dip of long-term unemployment (defined as unemployment over twelve months), the overall number of labour market outsiders has consistently risen. As one would expect from Figure 1, Italy rounds out the period with a mean slightly below the broader average, while France's rate is slightly higher than the average. Although these numbers may only approximately track the actual number of welfare state outsiders (depending on the arrangement of welfare state programmes), they nevertheless indicate a broad pattern that is suggestive of the growing potential salience of insider/outsider divisions.³

It is also worth noting that these trends have not impacted all groups of workers equally, with women, youth, and immigrants making up a disproportionate percentage of labour market outsiders (Estevez-Abe 2006; Gash and McGinnity 2007; Lodovici and Semenza 2008). Furthermore, rather than serving as a stepping stone, these non-standard jobs have frequently lead workers into repeated bouts of non-standard employment (cf. Martin et al. 1999; Gash 2008; Lodovici and Semenza 2008). This is no small issue, since non-standard employment has often been associated with various negative consequences in addition to simple precarity (Booth et al. 2002; Blanchard and Landier 2002; D'Addio and Rosholm 2005).⁴ Add to these factors the negative conditions associated with our other component group of labour market outsiders – the long-term unemployed – and it becomes clear that the gap between insiders and outsiders is a large one.

2 The OECD mean includes values for: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain, Turkey, the United Kingdom, and the United States. Note that data for certain years are missing for some countries, however.

3 Furthermore, when examining the data on part-time workers, it is also important to note the prevalence of involuntary part-time employment: indeed, both France and Italy have considerably higher rates than the averages in the EU15 and the OECD. Italy in particular had its rates more than double in the 2000s, while France peaked in the 1990s (unfortunately pre-1993 data is missing in the French case, however).

4 Worse still, these negative effects often persist for workers who enter into this type of employment even after they gain standard employment; this is particularly problematic since these positions are prevalent among labour market entrants (Scherer 2004; Gagliarducci 2005; Bernardi and Garrido 2008).

Crucially for our purposes, this distinction between the divergent benefits accrued by labour market insiders and outsiders is (unsurprisingly) expected to lead to divergent preferences. This division is further complicated by the fact that in many instances, the benefits of insiders come at a cost to outsiders (and vice versa). It is this logic which underpins, for instance, Saint-Paul's conclusion that 'incumbent employees will favour policies that increase the exclusion of "outsiders" in order to increase their ability to bid up wages and other dimensions of their welfare associated with their insider status' (1996: 266). Similarly, active labour market policies may remain unpursued, even if costless to enact, as they would potentially allow the long-term unemployed to underbid insiders (Saint-Paul 1998; Gaston and Rajaguru 2008).

What is more, these divergent preferences go well beyond the labour market. Here it is key to note that in many instances (particularly across the corporatist welfare states of Continental Europe) the privileges associated with standard employment extend into the realm of welfare benefit provision. This is the case because occupation, employment status, and employment history (with regard to both occupation and the number of years spent in full-time standard employment) are often intricately tied up with access to welfare state programmes. As a result, even in instances where welfare state dualism is not already common, one notes two potential routes to welfare state dualisation: the first is through the increase in the number of labour market outsiders, which, without a commensurate policy change in the link between employment status and access to welfare benefits, leads to further dualisation (i.e. a greater number of welfare state outsiders); and the second, more direct route, is through welfare reform which trades the protection of benefits for welfare state insiders for increasingly poor coverage and benefits for outsiders.

The importance of benefit extension and standardisation to mitigate welfare state dualism (whether driven by economic developments or past policy choices) has thus become especially evident in recent decades. What is more, the distinction between the interests of welfare state insiders and outsiders raises the ideological dilemma for leftist actors highlighted above: in light of the circumstances, it would appear that they are forced to choose between either defending the insider privileges of many of their traditional supporters or upholding claims of broad solidarity and egalitarianism, reaching out to attract outsider support as well. Indeed, this growing division among workers gives rise to what Esping-Andersen (1999a) labelled one of the three new emerging class cleavages – that between welfare state insiders and outsiders – and it is here that the literature on dualisation and partisanship most clearly intersects.

Dualisation and the Left

At a broad level, there is evidence to suggest that social policy segmentation is intricately connected to party dynamics, with more parties and greater ideological polarisation associated with higher levels of segmentation (Picot 2012). Research focusing expressly on the left, however, has tended to concentrate on the connection between leftist parties/unions and insider/outsider preferences more generally. Looking at France, for example, Smith (2004) argues that parties of all stripes have purposefully directed resources towards insiders and that as a result, the French left (despite its own rhetoric) has been responsible for increasing inequalities between classes and generations. Rueda (2005; 2006; 2007) has made similar arguments using a cross-national approach, but with specific reference to employment policy – suggesting that Social Democratic governments have largely abandoned their commitment to egalitarianism, opting instead to represent the interests of insiders. Other evidence, however, suggests that Social Democratic parties may in fact be pursuing outsider support (Schwander 2013) or that insider and outsider preferences (at least around employment policy) may not in fact be notably different (Emmenegger 2009).

Despite this debate, at the very least it seems safe to conclude that leftist parties will likely vary in their pro-outsider orientation (see Marx 2014 for evidence of this). If we take the pursuit of outsider votes as a central element in explaining benefit extension and standardisation, the obvious next point of inquiry is why some parties pursue outsider support while others do not. Indeed, this question brings us back to our discussion about the variation in findings in the literature on partisanship and the welfare state. As we briefly suggested above (and will further discuss in the next section), electoral incentives likely explain a large part of this variation. We would therefore expect, *ceteris paribus*, that the substantial increase in the number of outsiders will impact party positions, at least past a certain tipping point (insofar as those outsider preferences conflict with those of the traditional support base). Note that since the policy has ideologically attractive characteristics (e.g. as related to solidarity and egalitarianism), the key factor here would appear to be the potential for the party to expand its vote share.

Before we proceed to discussing the opinion-policy link in more detail, however, we first turn to consider trade union preferences vis-à-vis dualisation. There are two reasons for doing so: first, work on the topic complements research on leftist parties, since trade unions are faced with

similar conundrums around solidarity, egalitarianism, and the protection of insider privileges; and second, although our primary focus is on parties, trade unions will play a prominent role in our investigation thanks to their broader political role in many European countries. This latter relevance arises from the fact that, as Béland (2001) has observed (in a study on the French case), in countries where trade unions are involved in the management of social insurance schemes, these unions are accorded an ‘ideological veto point’ that augments their political influence. This is the case even when union membership is low. In many instances this influence finds its expression in mass protest – or at least the threat of mass protest – thus harkening back to Pizzorno’s (1978) concept of ‘political exchange’ (i.e. the use of the political resources of labour to gain concessions from the state). Thus, while their influence can vary dramatically across time, space, and reform type (see, for example, Da Conceicao-Heldt 2008; Häusermann 2010), unions clearly have a potential role to play.

While this research suggests that trade unions can potentially have a strong influence over which social policy reforms are passed, what stances should we expect unions to take with regard to dualisation? Although union members within the standard economy are likely to favour dualism insofar as it protects their own benefit levels, many leftist unions have traditionally made ‘mass-class’ claims that contradict such a position. In addition, representing the interests of outsiders also offers a potential source of revitalisation for the union movement, presenting an opportunity to increase membership and, consequently, maintain broader relevance and sway.⁵ As a consequence, cases in which unions reach out to precarious workers remain relatively common across Europe, with union ideology (specifically a focus on the working class) key in low-membership countries like France and Italy (Benassi and Vlandas 2016).⁶

Yet unions are faced with the additional problem of maintaining specific gains, achieved through bargaining, for their paying membership. As a result, as Palier and Thelen (2010) suggest, organised labour – generally hard-pressed to defend past gains – has in many instances been quick to ignore the needs of outsiders. What is more, trade union positions on the sorts of reforms we are interested in are shaped by strategic and institutional contexts that increasingly push them towards supporting

5 This can be thought of as akin to the vote seeking behaviour of left-wing parties.

6 Indeed, the conflict of interest between the ‘old working class’ and labour market outsiders creates a situation in which unions often struggle to redefine an encompassing working-class identity (see G. Ross 2000).

dualisation (Clegg et al. 2010). This is especially the case when they feel that the only alternatives are even less agreeable. Union leaders may well also feel compelled to defend the overall organisational interests of the union by defending its institutional position but acceding to otherwise problematic reforms (Davidsson and Emmenegger 2013). Yet, even where union leaders have a strong preference on a particular social policy reform, internal union democracy can lead lower-level representatives to wield considerable power in mobilising an alternative consensus (Baccaro et al. 2002). The result is a complex interplay of organisation and membership preferences, similar to the electoral incentives for left-wing parties – at least in their mass-class heyday – but with a generally more long-term focus (due to the absence of electoral competition for office).

Overall, then, we can separate past research into two broad camps: one which suggests that leftist organisations (whether parties or unions) turn in on themselves, ignoring the plight of outsiders and contributing to welfare state dualism, and another which avers that they pursue outsider support. That this general debate in the literature has been occurring underlines the extent of the problem, especially in insurance-focused systems, where generous benefits for those with standard employment biographies often exist alongside weak or non-existent coverage for those without. The pattern is visible across programme areas, ranging from unemployment benefits to pensions to healthcare (Freeman 2000; Palier and Martin 2007; Raitano 2007). While this process has occurred in all three of Esping-Andersen's (1990) worlds of welfare, it has been most acute and pervasive in on the European continent (Häusermann and Schwander 2012). Dualisation thus presents a particular challenge for the left in Continental and Southern European states.

Public Opinion and the Welfare State

Political actors do not exist in a vacuum, however, and we therefore finally need to consider the potential role of public opinion in this story.⁷ While we are ultimately interested in how and when public opinion might matter for welfare state reform, the first point to note is that the relationship is clearly reciprocal: welfare states (e.g. Dallingier 2010) and their consequences (e.g. Milanovic

⁷ Note that although we can generally distinguish redistributive benefits (such as unemployment benefits) from life-cycle ones (such as healthcare) (e.g. Jensen 2012), the connection of healthcare coverage/benefit generosity to occupational status within the health insurance systems upon which we are focusing does suggest redistributive conflict.

2000; Lupu and Pontusson 2011) shape attitudes towards redistribution.⁸ This is the case not only at the aggregate level of ‘the welfare state’, but also with regard to individual social policy programmes, which derive considerable continuity on the basis of their existing institutional design. As Pierson argues, the welfare state acquires its political strength from two principal sources: ‘the electoral incentives associated with programmes which retain broad and deep popular support and the institutional “stickiness” which further constrains the possibilities for policy reform’ (2001b, 411). Prospect theory is especially relevant here, as it suggests that, even where they are equal, losses elicit more opposition than gains elicit support (see Levy 2003). As a result, we might expect governments to avoid reforms that could be perceived as enacting broad losses on certain groups, even when public opinion supports major reorganisations of the welfare state (e.g. Boeri et al. 2001b).

At the same time, while these considerations potentially shape both opinions themselves and the attention governments give to different groups, it nonetheless leaves room for public opinion to impact policy change. First, reform is quite evidently still possible, even from an institutionalist perspective, whether through punctuated equilibrium (offering the potential for radical change) or subtler processes such as institutional drift, layering, or conversion (cf. Pempel 1998; Schickler 2001; Thelen 2003; Hacker 2004; Streeck and Thelen 2005). Second, there is a sizeable body of research suggesting that the public opinion/policy change connection is of considerable import in democracies (e.g. Erikson et al. 2002; Brooks and Manza 2007; Soroka and Wlezien 2010), even though certain groups may exert greater influence than others (cf. Downs 1957; Dahl 1961; Jacobs and Skocpol 2005; Enns and Wlezien 2011). Insofar as politicians are concerned about re-election, we should therefore expect public opinion to have at least some potential influence on social policy reforms.⁹

That leaves us with the question of what, aside from the welfare state, shapes the content of public opinion. For some, standard variables such as

8 Economic transformations also matter here, with the shift to post-industrialism arguably undermining traditional welfare state solidarity (e.g. Pierson 2001a; Taylor-Gooby 2011a).

9 Although some authors (e.g. Przeworski and Sprague 1986; Kitschelt 1994) have argued that left-wing, Western European parties in particular are policy- rather than office-seeking and are constrained by strong ties to the labour movement, we would contend that they are nevertheless still sensitive to public opinion. Especially in light of declining ties to the labour movement and a shift away from mass-class party structures, it seems reasonable to conceive of these parties as bundles of both ideological commitments and organisational incentives. This latter characteristic involves both short-term office-seeking behaviour and long-term concerns vis-à-vis the future of the organisation. While parties themselves clearly have an influence on public opinion and the way it is expressed at the ballot box (see, for example, Holian 2004; Meguid 2005), a reciprocal relationship remains.

age, income, gender, social class, and political orientation do most of the work in explaining variation (cf. Van Oorschot 2006; Bonoli and Häusermann 2009; Busemeyer et al. 2009; Taylor-Gooby 2011b). There is also considerable evidence to suggest that the insider-outsider cleavage also matters (see Esping-Andersen 1999a; Boeri et al. 2001a). As numerous authors have argued, part-time and temporary employment (in addition to frequent bouts of unemployment) engender a sense of economic insecurity, which in turn increases support for social assistance, redistribution, and social investment (e.g. Burgoon and Dekker 2010; Schwander and Häusermann 2013). (At the same time, however, outsiders may also be less likely to wield democratic influence than insiders [see Häusermann and Schwander 2012].¹⁰)

In conclusion, we note that – even in the face of institutional inertia – public opinion (whether at the aggregate or group level) has the potential to shape the social policy reforms that governments enact, as parties seek office and policy influence. They do so both by appealing to voters with popular policy proposals and by attempting to attract further attention to somewhat salient issues already within their wheelhouse (see Petrocik 1996). This process plays out in a broader setting in which public opinion itself is being shaped by demographic factors, policy choices, and institutional arrangements that condition not only preferences, but also the relative influence of different groups in society. Our investigation will proceed by embedding this dynamic within a context of partisan politics and economic constraints, and welfare state dualism in order to examine attempts to extend and standardise coverage.

Methodology

As Davidsson and Naczyk (2009: 32) point out, the roles of parties in reforms that mitigate or exacerbate welfare state dualism has been comparatively understudied, as has unions' use of political influence or institutionalised

10 The potential weight of these opinions is likely compromised by some of the issues discussed above (regarding Prospect theory), particularly since political coalition building is affected by the comparative institutional advantages that welfare regimes afford certain sectors and factors of production (Manow 2001). A study of debates around unemployment in Italy by Baglioni et al. (2008) provides an excellent illustration of how this might impact outsider influence: although they find that debates around unemployment benefits arise when there are large number of unemployed persons, business and labour organisations have the loudest voices within this debate (forming a 'golden triangle' with national ministries). This is then reflected in the media, with the unemployed themselves largely absent from the discussion (Baglioni et al. 2008: 847).

roles in this regard. This book, by presenting an in-depth investigation of two cases in two policy domains and then turning to assess the generalisability of our findings, is intended to help expand our understanding of these processes. What is more, by including a specific consideration of reform itself in the quantitative analysis (as opposed to simply looking at incremental changes in outcomes), we hope to rectify a common failing in quantitative studies by more directly aligning the analysis with our qualitative research. Too often, quantitative analysis has focused on changes in spending or coverage levels that may not adequately reflect the timing or import of policy changes, which can in turn lead to an exaggeration of either continuity or change. We therefore hope to make a strong methodological point in addition to our substantive arguments about coverage extension and dualisation.

Before proceeding to an overview of the research project, however, a definitional comment should first be made, so as to clarify how the relationship between the left and insiders/outsideers will be conceptualised. In defining the distinction between insiders and outsideers we broadly follow Schwander and Häusermann's (2013) lead, treating the division between insiders and outsideers as more than a simple binary one. Instead, it is possible for an individual to be neither a full insider nor a full outsideer, with three components comprising the division: labour market dualism, which 'refers to structural disadvantages of outsideers in terms of earnings possibilities, job mobility and access to training'; political integration dualism, wherein 'labor market outsideers are politically under-represented and alienated from democratic decision-making'; and social protection dualism, marked by outsideers who 'are structurally disadvantaged with regard to social right coverage and welfare benefits' (Häusermann and Schwander 2012: 30; Schwander and Häusermann 2013).

While it is this final division (i.e. welfare state dualism) that is at the core of this book, our investigation will pay close attention to the varying degrees of insider/outsideer-ness that exist along different dimensions of dualism. This point is especially pertinent with regard to reforms that predate the massive rise in labour market segmentation, as it highlights the potential relevance of dualism to earlier periods. Most importantly for our purposes, this suggests that even in cases where the percentage of labour market outsideers is relatively small, we may still find a substantial divide in welfare state coverage. Moreover, this distinction makes it clear that, depending on the structure of the welfare state, even individuals not typically classified as labour market outsideers might accurately be considered welfare state outsideers.

With that in mind, we now turn to outlining the research to be carried out in this book. We will begin by delineating the questions that the study will attempt to address and presenting the potential relationships suggested by existing research. A justification of the cases selected will then be provided, after which point we present the general research strategy and methodology.

The Central Questions

The central research question which this book will attempt to answer is the following: what accounts for divergences, both within and across cases, in the approach of leftist parties to dualised welfare states (pushing for either universalisation, residualisation, or the status quo)? In other words, when, why, and how do governments, faced with economic constraints and limited protection for vulnerable populations, extend benefit access? Alongside this primary question, we also address the extent to which public opinion may have shaped government responses to growing gaps in welfare state coverage, as well as the contextual factors that have shaped those opinions.

Competing hypotheses will be listed in detail in subsequent chapters, as we deal with our different policy domains specifically, but the literature review suggests a broader framework from which we will, over the course of the book, extrapolate. Given that leftist parties have been in power in both France and Italy, yet their respective welfare state programmes have experienced different trajectories of reform, it seems clear that there is no consistent relationship between partisanship and reform vis-à-vis all dualised welfare state programmes. This observation points towards a number of potential relationships:

Scenario 1: The left may opt to maintain the backing of traditional (insider) supporters with pro-status quo preferences, leading partisanship to have a limited impact on the relevant party preferences. This decision may be based, for example, on the perceived feasibility of poaching more votes than might be lost by pursuing reform.

Scenario 2: The left may seek the support of outsiders where possible, but their preferences across countries may differ (being sometimes pro-reform, sometimes pro-status quo), with outcomes in line with those preferences. Outsider preferences might be shaped, for example, by the distribution of access to social programmes in society.

Scenario 3: The left may seek/oppose the extension and standardisation of benefits for reasons unrelated to insider/outsider cleavages – perhaps because it is of use to the leftist organisations themselves. This might be

the case, for example, because leftist parties/unions prioritise the status quo to maintain political resources derived from the current institutional arrangement (or oppose it to undermine the political resources of rival parties/unions).

Scenario 4: Different relationships may dominate different policy domains. This could be the result of issues related to an issue inherent to the policy domain (e.g. is it dominated by life-cycle or redistributive characteristics?) or the specific institutional context of the relevant programme.

All of these relationships are likely conditioned by contextual factors alluded to in the broader literature, so the chapters will outline relevant theories within each of the two policy domains. In brief, we will argue that institutional factors play a key role in shaping the likelihood of benefit reform and standardisation, and that they do so by shaping partisan interests and influence. In many instances, especially with regard to benefits for the unemployed, the key factors are those that distinguish Southern European welfare states from their Continental counterparts.

As we will explore in subsequent chapters, there are two routes by which typically Southern European institutional characteristics might matter. First, they may have a *direct* impact on leftist parties and organisations, shaping their preference for either reform or the status quo, regardless of popular opinion (i.e. institutions → leftist reform proposals). In cases where the left is pro-reform, we would then expect benefit extension (and possibly standardisation) to come about once windows for change arise. Second, the impact of institutional factors may be *indirect*: rather than influencing leftist organisations directly, they may help to shape public opinion, which in turn has the potential to influence the reform proposals that leftist parties support and put forward. This mechanism (i.e. institutions → public opinion → leftist reform proposals) may play out at the level of aggregate public opinion and/or at the level of groups in society which might potentially press for reform. As we will discuss below, while this public pressure is enough to push the left towards forwarding reform proposals, the specific content of the reform pursued will depend on organisational incentives (e.g. the power resources that the left derives from a corporatist social programme). Taken together, these factors help us to understand when, why, and how governments extend benefit access in the age of austerity.¹¹

¹¹ Absent these pro-reform influences, external pressures for benefit extension are required – but in these cases both the implementation and the long-term prospects of the change are seriously at risk.

The Central Cases

In investigating the processes at work and attempting to answer our research questions, the study will focus half of its attention upon two cases: France and Italy. Both countries will be examined in the context of broad economic constraints on welfare state expansion and an increasingly dualised system (both due to changes in the economy and policy choices). The selection of these countries is based both upon: (a) certain institutional similarities that posed a challenge to the existent system; and (b) the cross-country and cross-domain differences in outcomes as the countries dealt (or failed to deal) with these challenges.

Turning first to similarities between the cases, both countries are classified by Esping-Andersen, originator of the dominant typological welfare state framework, to be central cases of the Corporatist-Statist welfare type (1990; 1999b). These welfare states are marked by their attempt to preserve rather than overcome status differentials tied up with, for example, class and gender differences; this leads them to be interventionist (except regarding family services) yet not particularly redistributive (Esping-Andersen 1990: 27). At the same time, both France and Italy may be considered atypical Continental welfare states, and both countries consolidated their welfare states considerably later than their neighbours (Schmidt 2000: 269).

Despite these similarities, the French and Italian welfare states are quite obviously not functional equivalents. Indeed, there are numerous other scholars who would place Italy into an alternate, Southern European world of welfare, which is in some ways characterised as an extreme version of the Corporatist-Statist model (Ferrera 1996b; 2000; Martin 1996; Rhodes 1996; Naldini 2003). The main characteristics of this Southern welfare type include (as delineated by Ferrera):

- 1 The peculiar 'excesses' in income maintenance: peaks of generosity accompanied by vast gaps of protection.
- 2 The departure from institutional corporatism in the field of healthcare and the (partial) establishment of national health services, based on universalistic principles.
- 3 The low degree of state penetration of the welfare sphere, in a broad sense, and the peculiar mix between public and non-public actors and institutions.
- 4 The persistence of clientelism and the formation – in some cases – of fairly elaborate 'patronage systems' for the selective distribution of cash subsidies. (1996b: 29-30)

In keeping with this broader picture, Italy is indeed much more fragmented and clientelistic in its service provision than France, with a strikingly large proportion of social spending directed towards pensions over other services, and is generally much more traditional – placing a high emphasis on traditional family structure and gender roles (Schmidt 2000: 269).

Yet crucially for our purposes, the countries do share two key traits: a historically insurance-based focus that has resulted in benefit rationing via occupational and contribution-based controls on access to benefits (whether within the unemployment insurance or social health insurance systems); and a broad, historical unavailability of universal benefits for those who lack access to the main system – with residual benefits traditionally both means-tested *and* categorical, thereby requiring recipients to belong to a protected category of individuals (e.g. the disabled). As a result, in-built welfare state dualism became increasingly exaggerated as the number of labour market outsiders began to expand in the 1970s. This division was then further reinforced by the protection of insiders via labour market protection not extended to outsiders.

Table 1.2 Outcomes across the Core Cases

	Benefits for the Unemployed	Healthcare
France	Two-tier system (evolutionary change)	Two-tier system (evolutionary change)
Italy	Status quo (no change)	Universal system (revolutionary change)

Not only were France and Italy relatively late to address these problems (to the extent that they have addressed them at all), but as was previously mentioned, they also employed divergent approaches (see Table 1.2). France ultimately pursued a process of residualisation in both policy domains, extending access to benefits for the unemployed (via the Revenu Minimum d'Insertion) and healthcare (via the Couverture Maladie Universelle). Italy, by contrast, failed to institute a comparable, nationally available benefit for the unemployed, while in healthcare it instituted revolutionary reform, replacing the social health insurance system with a universal one (the Servizio Sanitario Nazionale).

While the relevance of the dualism to benefits for the unemployed is clear, it is worth pausing for a moment to consider the value of the concept to discussions of healthcare. First, we note that healthcare has been a comparatively neglected domain within studies of dualisation. On the

one hand, it is true that other, non-labour market-related factors – most notably age and illness – complicate the insider-outsider divide on health-care access by affecting levels of concern about health benefits. Yet, as our investigation will demonstrate, there are nevertheless important welfare state insider-outsider divisions that have both health-status and monetary (via co-payments, lack of coverage, etc.) implications. Second, there is the question of timing, related specifically to our two healthcare cases: given that our reforms of interest started in 1978 and spanned several decades, it is clear that the context in which these programmes were introduced varies considerably over time. While the Italian healthcare reform was undoubtedly influenced by more straightforward class politics, the focus on austerity in the late 1970s and the debates around access across insiders and outsiders, as we shall see, in fact give the comparison considerable force.

The book will therefore explore, given certain similar problems, what led the two countries down different paths and, in the case of Italy, how we can understand different approaches across different domains. Lessons drawn from these case studies will then be tested on a broader sample of countries to explore whether and to what extent the conclusions drawn can be extended to other countries. We also employ a series of investigative case studies on six additional Continental and Southern European cases in order to better situate France and Italy within their welfare state and healthcare families. In doing so, we are able to further assess the extent to which our core cases are deviant, typical, or simply different.

The Approach

In carrying out this research, we employ a mixed-methods approach. For our qualitative analysis, we combine research from secondary sources, archival research, and elite interviews.¹² For our quantitative analysis, we utilise survey analysis (in both country-specific and multi-level model form), time-series analysis, and duration analysis.

The remainder of the book proceeds as follows. Chapter 2 will compare developments in France and Italy vis-à-vis benefits for the unemployed, using the French case as a foil for the Italian. In particular, it will contrast the residualisation of the French system, particularly via the 1988 *Revenu Minimum d'Insertion*, with the failed attempt at residualisation in Italy through the 1998 *Reddito Minimo di Inserimento*. The chapter highlights

¹² The Appendix contains further details on how I obtained, conducted, and made use of the interviews.

the impact of certain Southern European characteristics on popular demand for benefit extension: namely, the prevalence of informal work, limited administrative capacity, and the central role of the family unit. Chapter 3 then examines how well the French and Italian cases reflect developments in other countries, using illustrative case studies from other Continental (viz. Belgium, Austria, and Germany) and Southern European welfare states (viz. Portugal, Spain, and Greece) on the introduction of broadly available social assistance. It then explores public opinion in Continental and Southern Europe, both in our two central cases and the others. Chapter 4 then builds on the findings of the previous chapter by investigating the determinants of attitudinal variation alongside the factors driving changes in outcomes in European and other OECD countries. This latter analysis is carried out first through examining changes in coverage levels over time (using time-series analysis), then through examining policy change directly (using duration analysis). Together with the results from the previous chapter, the findings serve as support for both the conclusions of Chapter 2 and the broader argument about the importance of properly defining the dependent variable in quantitative studies that seek to assess policy changes.

Chapter 5 then shifts our focus into the healthcare domain, again comparing the French and Italian cases. The analysis will centre upon the contrast between the transformative universalisation of the Italian system (with the 1978 Servizio Sanitario Nazionale) and the residualisation of the French system (with the 1999 Couverture Maladie Universelle), drawing out contrasts with the developments highlighted in Chapter 2. The chapter argues that the direct impact of institutions on party preferences is key to this divergence, here again noting the importance of defining institutional features of Southern European welfare states. Chapter 6 serves as a first step in examining the generalisability of the findings on healthcare, beginning with an investigation into developments across our other European case studies and then proceeding to a discussion of public opinion across our cases. Chapter 7 then broadens this analysis, expanding the list of countries under investigation and incorporating outcomes into the analysis. This begins with an analysis of public opinion and then turns to examine what shapes changes in healthcare coverage levels, exploring the factors influencing the likelihood of universalising reforms being introduced. This investigation provides support for the findings from the case studies: social health insurance systems and structural constraints are seen to have a notable impact. Chapter 8 will then draw out a series of conclusions from the findings as a whole, comparing the results of the analysis in the two policy domains in order to hypothesise about potential explanations for the

contrasts. The book then concludes by stressing the implications of these findings for the possibility of rectifying coverage gaps in Europe today.

In accordance with the research questions laid out above, this investigation will be couched within a consideration of institutional factors that directly shape government responses (and thus, potentially, the role of partisanship) and/or shape them through an impact on public opinion. To preview our conclusions, we will ultimately argue that certain institutional arrangements (typically those associated with Southern European states) have had a considerable impact on the left's relationship to welfare state dualism. While public opinion helps to explain whether or not reform occurs at all (through the shaping of electoral incentives for parties to adopt pro-reform stances), institutionally derived party preferences appear to impact the type of reform pursued (through creating organisational incentives that are either pro- or anti-status quo).

Conclusion

This chapter has presented a framework for the remainder of this book, which will examine when and how partisanship matters with regard to the extension and possible standardisation of benefit access in dualised welfare states. In laying out this outline, the chapter began by drawing out lessons from the existing literature, focusing upon the scholarship on partisanship and the welfare state, labour market dualisation, and welfare state dualisation and the left. It then proceeded to present the research questions to be explored in the proposed study, as well as a justification for the use of France and Italy as our central comparative case studies. The chapter then concluded by outlining the structure of the book.

Overall, this research project aims to fill a gap in the literatures on dualisation, partisanship, and the welfare state by examining the relationship between public opinion, the left, and the extension of welfare coverage. It will do so by comparing two infrequently compared welfare state programmes and employing a more nuanced approach to combining qualitative and quantitative evidence than is typically used. In the latter instance, the goal will be to assess the likelihood of reform itself rather than the potential outcomes associated with policy change. In light of increased dualisation and the growing number of welfare state outsiders, particularly in Continental and Southern Europe, it is hoped that this research will provide some insight into an on-going political process which continues to affect the benefits available to millions of individuals in these countries.