

Introduction

In a seminal contribution to the fledgling comparative literature on welfare state policies, Harold Wilensky once made the fateful claim that “education is special” (Wilensky 1975: 3). More specifically, he argued that:

A nation’s health and welfare effort is clearly and directly a contribution to absolute equality, the reduction of differences between rich and poor, young and old, minority groups and majorities; it is only a secondary contribution to equality of opportunity. In contrast, a nation’s educational effort, especially at the higher levels, is chiefly a contribution to equality of opportunity – enhanced mobility for those judged to be potentially able or skilled; it is only a peripheral contribution to absolute equality. (Wilensky 1975: 6)

In other words, Wilensky posited that education needs to be assessed and analyzed separately from other kinds of social policies, because its primary purpose is not necessarily to mitigate socioeconomic inequalities in terms of outcomes. Wilensky’s claim is not entirely unjustified: the promotion of educational opportunities, being a meritocratic good, entails both private benefits, in the form of wage increases for the better-educated, and public benefits. Nevertheless, his position has contributed to (or at least symbolizes) the neglect of the study of education in comparative welfare state research and in comparative political science in general (Busemeyer & Nikolai 2010; Busemeyer & Trampusch 2011; Iversen & Stephens 2008; Jakobi *et al.* 2010).

This book seeks to help reintegrate the analysis of education and training systems into comparative welfare state research (see Iversen & Stephens 2008: 602 for a similar argument). It does this not by comparing policy developments in education with other social policies, but primarily by identifying multiple linkages and connections between education and other parts of the welfare state. In brief, the

book traces the political and institutional connections between education and the welfare state at large in three domains. The first is *politics*: I argue and show that the politico-economic coalitions that supported the expansion of the welfare state in the postwar decades have also been influential in shaping the institutional design of education and training systems. The second is *outcomes*: the distribution of income and wealth in the political economy is affected by variations in the institutional setup of the education and training system, in particular the importance of vocational education and training (VET) relative to academic education, as well as the division of labor between public and private sources of financing. The third is *citizens' attitudes and preferences vis-à-vis the welfare state*: I document the effects of educational institutions on such attitudes and preferences, which provides the essential micro-foundation upon which to explain the durability and sustainability of welfare state arrangements.

As for Wilensky's claim, I find that although education may be different from other social policies in certain aspects, it is deeply interconnected to other parts of the welfare state via politics, outcomes, and popular attitudes. Neglecting these connections has prevented us from developing a deeper understanding of the driving forces of welfare state and education reforms, socioeconomic inequality, and citizens' attitudes towards the welfare state. The three domains of politics and policy output, socioeconomic outcomes, and public attitudes should be analyzed jointly, because they represent different stages of the policy-making cycle as it unfolds over time: political struggles and decisions during the critical decades of the postwar period shaped the policy-development paths of education regimes while access to higher levels of education was being expanded, and the educational institutions established during that time are now influencing contemporary patterns of socioeconomic inequality. These institutions have also shaped popular expectations of government's role in the provision of social services such as education, contributing to the stabilization of these development paths in the latter twentieth and early twenty-first centuries. To paraphrase Wilensky, education may be different from other kinds of social policies, but variations in the institutional setup of the education and training systems *do* have enormous consequences for the distribution of skills, income, and wealth in the political economy at large.

Common origins, different development paths: the variety of education and training systems in advanced industrial democracies

The starting point and motivation for this book is the observation that in the immediate postwar period, advanced industrial democracies and particularly Western European countries shared a similar institutional setup of education and training systems, but that they started to develop along very different paths quite soon thereafter (Ansell 2010: 164). Because the analytical perspective of this book is rooted in comparative political economy, the focus is on those types of education that are most relevant for labor-market actors (upper-secondary education, VET, and higher education), although I fully recognize that other educational sectors such as early childhood education are also important with regard to welfare state policies (Esping-Andersen 2002), and increasingly so.

Leaving aside the case of the United States for now (which was ahead of European countries in expanding higher education), we can see large historical similarities between the Swedish, German, and British education systems (Heidenheimer 1981: 296, 298): all had an elitist higher education sector and a segregated secondary school system, enforcing a strict distinction and hierarchy between academic and nonacademic types of secondary schooling. With regard to VET, the institutional legacy of firm-based, mostly voluntarist or self-governed apprenticeship training was strong in Germany and the United Kingdom, but less so in Sweden, although even there, firm-based apprenticeships remained rather popular in the 1950s and 1960s (Lundahl 1997: 93; Nilsson 2011: 27).

Today, however, the education systems of the three countries look very different. The British education system is characterized by a bias in favor of academic higher education, much like the US system with its focus on college education. VET is considered to be more important in Britain than it is in the United States, but the UK system is largely voluntarist and employer-dominated in character, which contributes to its perception as an unpopular choice for low-skilled youths who did not make it into higher education (Ryan & Unwin 2001). In Germany, by contrast, VET remains a popular alternative to universities. There is a well-developed dual-apprenticeship system that combines practical

education on the job with theoretical learning in vocational schools, whereas academic higher education remains underdeveloped in terms of levels of enrollment, and spending in this area is below the Organisation for Economic Co-operation and Development (OECD) average (Powell & Solga 2011; Schmidt 2007). Higher education in Sweden has expanded rapidly in recent decades and is open to a large share of the younger population. Vocational education remains important, but attempts to expand the involvement of employers in training have mostly failed, so VET is usually provided only in secondary schools. Thus, despite the fact that all three countries started from a very similar position in the immediate postwar period, they have developed in very different directions.

There are also obvious similarities between education systems and other welfare state institutions (Hega & Hokenmaier 2002). The Swedish education system, for example, epitomizes the notion of education as a social citizenship right (Marshall 1964), promoting educational mobility from vocational to academic education by integrating VET into the general secondary school system and offering generous educational subsidies to students. This is strongly reminiscent of the universal or social democratic model of welfare capitalism (Esping-Andersen 1990) and its intent to eliminate market-generated inequalities through the generous provision of welfare state benefits and services, including education. The German education system has characteristics similar to the conservative welfare state model. For one, it is far more tolerant of educational inequalities, as it is one of the very few countries to maintain a segregated secondary school system with early tracking of pupils onto academic and vocational tracks. The distinction between different kinds of education is clearly related to the stratification of welfare state institutions into different types of social insurance based on occupational status (Esping-Andersen 1990: 27). Finally, the liberal character of the British welfare state is mirrored in its voluntarist training regime (King 1997) and its competitive and market-based higher education system, in which the role of the state is increasingly reduced.

In addition to institutional similarities, one can identify regime-specific characterizations of the relationship between education and the welfare state. A pioneer in this respect, Heidenheimer (1973, 1981), pointed to the difference between European welfare states and the United States in their promotion of education as a functional equivalent

to social insurance (Heidenheimer 1981: 269). More generally, the relationship between education and the welfare state in different regimes has been characterized as follows (cf. Allmendinger & Leibfried 2003; Allmendinger & Nikolai 2010). In liberal welfare state regimes, the promotion of educational opportunities serves as a functional equivalent to more redistributive social insurance policies. For example, governments in the United Kingdom deliberately supported the promotion of VET as a social policy: a means to fight youth unemployment. In the social democratic or universal welfare state model, education is regarded as an integral part of the welfare state. This is widely acknowledged in Sweden, where the “Nordic model of education” is very much an integral part of the “Nordic model of the welfare state” (Arnesen & Lundahl 2006), both in terms of public perceptions and institutionally (e.g., via active labor-market policies). In the continental welfare states, the occupational stratification evident in the social insurance system is mirrored in a strict separation between education and other social policies in terms of both politics and institutions. The lack of coordination between different kinds of social policy may be a general weakness of the conservative welfare state model, but it is particularly pronounced with regard to education, because of the missing link between the social insurances at the core of the welfare state and education as a distinct policy field. Interestingly, however, when a training system has been used less for specific social policy purposes, as in Britain, a high level of employer commitment to the training of young people has been maintained, which in the end might actually have contributed to low levels of youth unemployment and moderate levels of social inequality.

The core argument

The book has two main goals: first, I want to understand how countries have ended up with different education and training regimes, and second, I want to study the contemporary effects of these educational institutions, which are the reflections of policy choices of the past.

Despite the complexity of the topic, the book’s core argument can be summarized in a straightforward way: existing scholarship in comparative welfare state research has underestimated the importance of education as an integral part of welfare state regimes. Furthermore, despite relatively similar starting points in the postwar decades,

education systems in Western welfare states developed along distinct historical pathways, displaying obvious institutional similarities to well-known worlds of welfare capitalism (Esping-Andersen 1990). Crucial dimensions of variation are the role of VET relative to higher education and the division of labor between public and private sources in education funding. Partisan politics help explain the political dynamics of education reforms that put countries on different development paths. Institutional choices of the past, in turn, shape contemporary patterns of social inequality and popular attitudes towards education policy and the welfare state.

To elaborate further, the cross-country differences in the balance of power between social democrats, Christian democrats, and conservatives help to explain the different choices in the institutional design of education and training systems in the postwar period. In Western Europe, this period was marked by the strong expansion of educational opportunities at the post-secondary level; that is, after the completion of compulsory schooling. Because this sector of education systems was institutionally underdeveloped, there was a lot of room for different paths of development. The main feasible policy options were to expand either academic higher education or nontertiary post-secondary education (VET). Partisan politics influenced both the speed and the intensity of educational expansion, as well as its direction. In contrast to traditional partisan theory, however, I emphasize in this book that the partisan struggle over policy choices needs to be put in context, in particular by taking into account the importance of socioeconomic institutions and organized labor-market interests. In coordinated market economies (CMEs) (Hall & Soskice 2001), nonmarket forms of coordination among economic actors via strong associations and corporatist institutions facilitate the formation of cross-class coalitions that support the maintenance of VET. Departing from the traditional varieties-of-capitalism (VoC) perspective (Hall & Soskice 2001), I argue that these cross-class coalitions still have a partisan nature, depending on which partisan force dominates the political arena. This is why leftist coalitions of social democrats and unions in Scandinavian countries have pushed for VET to be integrated into the general secondary school system, marginalizing the role of employers in the provision of vocational education. By contrast, the dominance of Christian democratic parties in some continental European CMEs, such as Germany, has contributed to keeping employers in the system by establishing a

corporatist framework built around apprenticeship training. In liberal market economies (LMEs) such as the United Kingdom, cross-class compromise between unions and employers, as well as between different parties in the electoral arena, has remained elusive. The absence of cross-class cooperation has led to the eventual decline of VET as a viable educational pathway, channeling the forces of educational expansion into academic higher education. This rapid expansion of higher education cannot be financed by public investment alone, so the private share of education financing has increased over time.

Whether and in what form VET has survived as a viable alternative to academic education and the ensuing division of labor between public and private sources of education funding has strong implications for patterns of socioeconomic inequality. The reason VET is so important with regard to inequality is that it opens up access routes to high-quality training and well-paid employment for individuals in the lower half of the academic skills distribution, who have little chance of being admitted to tertiary academic education. The decline of VET in liberal skill regimes, often accompanied by an increase in private education spending, has contributed to a polarization of skills and income on the labor market in the contemporary period. In contrast, countries with well-established VET systems and a predominance of public financing have significantly lower levels of socioeconomic inequality.

The survival of VET has not only shaped redistributive outcomes but has also influenced popular perceptions of educational alternatives, as well as attitudes towards the welfare state. Understanding these policy feedback effects reveals yet another linkage between education and the welfare state, as well as the causal mechanisms behind how past choices contribute to the consolidation of development paths. For example, in countries where VET has survived, popular support for maintaining and supporting this educational alternative is much higher, which explains why the expansion of academic higher education proceeded much more slowly in countries with well-developed apprenticeship systems. Furthermore, cross-national differences in the division of labor between public and private sources in education financing and institutional stratification shape patterns of public support for education spending and redistribution more generally.

The next section provides a more detailed summary and preview of the individual chapters. The book is divided into two parts. The first (Chapters 1, 2, and 3) approaches the subject from the classical

perspective of comparative public policy and welfare state research. Education policy is the dependent variable, and I explain how and why partisan politics and institutions are related to different choices in the institutional design of education and training systems. Chapter 1 develops the theoretical framework for this part, while Chapter 2 applies it to three case studies of historical development paths in Sweden, the United Kingdom (England), and Germany, and Chapter 3 extends it to a larger sample of OECD countries in a quantitative analysis of aggregate data. The second part of the book (Chapters 4, 5, and 6) aims to expand the analytical perspective of comparative public policy. As I argue in more detail below, in order to fully understand the complex dynamic of policy and institutional change, it is not enough to study the determinants of policy output alone; it is also crucial to understand how policies affect socioeconomic outcomes and patterns of popular support, because these feedback effects – between the level of policy-making on the one hand and the level of individuals on the other – are important driving forces of policy and institutional change. This is why in Chapter 4 I study the association between educational institutions and socioeconomic inequality (primarily wage and income inequality, but also youth unemployment), and in Chapter 5 I look at the impact of educational institutions on individual preferences and attitudes. In Chapter 6, I highlight the contribution of the book to current debates about skill-biased technological change and the social investment state.

Explaining variation: partisan politics in context

As stated above, the first part of the book (Chapters 1, 2, and 3) is devoted to explaining the observed variety of education and training institutions. There are two large strands in the literature that are commonly used to explain the differences in skill-formation (education and training) regimes. The first is the VoC school of thought (among many others, see: Hall & Soskice 2001; Hancké 2009; Iversen 2005), which draws a broad distinction between general skills systems, focusing on academic higher education on the one hand and specific skills systems, in which the provision of vocational skills is more important, on the other. The VoC paradigm also emphasizes institutional complementarities between the institutions of the skill-formation regime and the adjacent spheres of the political economy, such as industrial relations

between employers and unions, corporate governance, and labor-market policies (Estévez-Abe *et al.* 2001). While the VoC approach may be useful in highlighting broad differences between Anglo-Saxon and European countries, it is less able to account for variation within the group of CMEs (Busemeyer 2009a).

It is therefore necessary to bring in a second stream of literature, namely partisan theory. The standard model of partisan theory distinguishes between the partisan representatives of the upper and lower income classes (right-wing and left-wing parties, respectively) and explains differences in policy output related to the partisan composition of governments by referring to economic interests of the core electoral constituencies of political parties (Hibbs 1977; Schmidt 1982). The role of partisan politics as an explanatory factor for differences in education policy output is by now well recognized in the pertinent literature (Ansell 2008, 2010; Busemeyer 2007, 2009b; Castles 1989, 1998; Rauh *et al.* 2011; Schmidt 2007; Wolf 2009; Wolf & Zohlnhöfer 2009). Compared to other fields of social policy, the link between partisan politics and policy output is more complex and less straightforward, because the redistributive implications of educational investments are not as clear-cut as in the case of social transfers (Ansell 2010; Jensen 2011). Hence, the historical and institutional context matters enormously, as will be argued in greater detail below, when I assess the impact of partisan politics on policy change.

Both theories have certain weaknesses and blind spots that I address by developing a more comprehensive theoretical framework. The VoC paradigm has often been criticized for underestimating the role of politics in general (Streeck 2010), and partisan politics in particular. The VoC framework is helpful in highlighting the crucial role of cross-class coalitions in supporting VET. These broad coalitions are still partisan coalitions, however, and depend on which partisan actor is in charge of their formation. As a consequence, the policy choices made by such coalitions reflect the interests of unions and employers to differing degrees. One typical blind spot of classical partisan theory is in neglecting the institutional and political context in which the struggle between partisan forces plays out (see Häusermann *et al.* 2013 for a similar argument). Some variants of partisan theory (Hibbs 1977; Schmidt 1982) do not take sufficient account of the role of organized interests and economic institutions. The power resources variant (Stephens 1979; Korpi 1983) is very conscious of the

formation of coalitions between organized labor-market interests and political parties, but it also assumes a pervasive class struggle between business and labor, negating the possibility of sustainable cross-class coalitions despite their having become an empirical reality in many CMEs.

Compensating for the various blind spots of existing theories, the theoretical framework developed in Chapter 1 begins with the basic assertion that political parties have different policy priorities and that cross-national differences in the balance of power between partisan families explain variations in policy output and institutional choices. The chapter then proposes several extensions to this standard model of partisan theory. The first is that it is necessary to move beyond the dichotomy between left- and right-wing political parties and to recognize the fact that Christian democratic parties pursue a particular ideology that is different from that of secular conservatives in other countries, both in social policy generally (Van Kersbergen 1995; Wilensky 1981) and in education policy in particular. An important reason behind why these differences emerge is that political parties form preferences with regard not only to policy substance (as implied by the standard partisan model), but also to the political process. Christian democratic parties are different from secular conservatives in that they pursue a “politics of mediation” (Van Kersbergen 1999: 356), meaning that they promote cross-class compromise between unions and employers and delegate public responsibilities to corporatist bodies. Christian democrats are therefore much more supportive of collective forms of VET in education policy, even though these may impose short-term costs on employers. Conservatives, by contrast, are more in favor of promoting academic and elite higher and upper-secondary education.

The second extension is to take into account the socioeconomic institutional context in which partisan politics plays out, taking on board crucial insights from the VoC debate. There is value in the distinction between LMEs and CMEs found in the VoC literature, in the sense that the existing institutional structure of the economy shapes the menu of feasible policy options: less so in the initial stages of path formation, and increasingly more so over time. Repeated attempts by various British governments to introduce and resuscitate apprenticeship training have generally failed, for example, because employers could not be convinced to participate in these collective schemes. Instead of falling into the trap of economic functionalism, however, I emphasize that

the effects of economic institutions are always mediated by political factors, in particular the prevailing balance of power between partisan forces.

Third, I argue that the long-term balance of power between different partisan families is more important than the short-term effects of partisan government. The shift in perspective from the short to the long term is one of the crucial insights of historical institutionalism (Pierson 2004; Thelen 1999), because even large-scale institutional change can happen in a gradual manner (Streeck & Thelen 2005). Government parties can and do affect policy output in the short term, of course, but the implementation of educational reforms takes a considerable amount of time, often decades, such that the absence of short-term effects should not lead to us to underestimate partisan ideology as a driving force of policy change.

In Chapter 2, I apply the theoretical framework to the three cases of Sweden, Germany, and the United Kingdom. The case studies show that the educational reforms of the postwar period were promoted by the same politico-economic coalitions that were driving the expansion and development of other parts of the welfare state during that time period, indicating a strong connection between the politics of education reform and welfare state expansion in terms of the underlying coalitions. As a consequence, the “worlds of human capital formation” (Iversen & Stephens 2008) are quite similar to the well-known “worlds of welfare capitalism” (Esping-Andersen 1990; see also Busemeyer & Nikolai 2010).

I first discuss the social democratic model of a *statist skill-formation regime*, looking particularly at Sweden as a concrete example of this variety. A powerful alliance between the Social Democrats and rural interests was formed in this country in the 1930s (Anderson 2009: 216–17), which laid the foundation for the universal welfare state model to be established and then expanded and built up in the postwar period. Labor and business ended a period of intense industrial conflict by agreeing to settle disputes peacefully in the historic Saltsjöbaden Agreement of 1938. These coalitional patterns continued to hold well into the postwar period, and are thus tremendously important with respect to the enactment of educational reforms (Nilsson 2011). According to Manow and Van Kersbergen (2009: 27), the universalist character of the Swedish welfare state can largely be attributed to the pivotal position of the agrarian Center Party in its political system, which compelled the Social Democrats to form various minority governments

despite their being the strongest political force. The education reforms of the 1950s and 1960s, in particular the gradual introduction of the comprehensive secondary school, were promoted by a universalist coalition between rural interests and the urban working class (Husén 1965), whose declared goal was the full-scale comprehensivization of the whole education system, from primary to post-secondary and higher education. A crucial step in this process was to fully integrate VET into the general secondary education system, which happened in the early 1970s (Lundahl 1997), setting the system on a path towards a school-based VET system. This integration was pushed by a coalition of Social Democrats and unions, although employers reluctantly supported the reform as well (Lundahl 1997: 95). In a classical “battle of the sexes” game, employers agreed to the promotion of VET via schools: they would have liked a more firm-centered system, but still preferred school-based VET over general, nonvocational types of education. In the long term, the leadership of the Social Democrats and unions in promoting school-based VET led to the marginalization of the role of employers in vocational training. Employers, especially large firms, adjusted their hiring practices to rely on the relatively broad vocational skills provided in the school system and augment these with firm-specific training for internal labor markets. As a result of this adaptation, attempts by the nonsocialist government of the early 1990s to expand apprenticeship training largely failed (Lundahl 1997: 98). Access to higher education was opened up as VET was integrated into the secondary school system, in order to maximize educational mobility: while a distinction between an academic and a vocational track remained at the upper-secondary level, completion of the VET track in principle enabled students to go to university. This kept the more well-developed VET track from depressing the expansion of higher education, as it did in the German-speaking countries.

I focus next on the United Kingdom (more specifically, England) as an example of a *liberal skill-formation regime*. In contrast to other countries of the Anglo-Saxon world, such as the United States, the British education system until the postwar period was on a development path quite similar to that of Germany and Sweden, but its postwar record of partisan government and economic governance is less clear-cut. Although the Conservative Party was in power longer than Labour, significant changes in the welfare state were initiated during the brief time Labour dominated after World War II (note that

this was not the case in education, as we will see). Before Thatcher, Britain's economic governance regime resembled an uneasy and conflicting mix of Keynesianism and liberal voluntarism. This state of affairs is reflected in the education and training system: as in Sweden, the primary concern after the war was to reform the segregated and elitist secondary school system by gradually introducing comprehensive secondary schools. Unlike the United States, the United Kingdom had a well-established apprenticeship training system (Gospel 1994). The 1964 Industrial Training Act even established a kind of corporatist institutional framework in the form of Industrial Training Boards (ITBs), albeit with a much lower degree of statutory commitment than in the case of Germany, and the institutional legacy of voluntarism lingered on (King 1997). Even more ambitious attempts at corporatist steering, set up by the Labour governments in the 1970s in the form of the Manpower Services Commission (MSC), likewise failed to shore up employers' commitment to training and to prevent craft unions from abusing the system as an instrument to limit access to skilled labor. Thus, various governments were unable to establish a collective training regime because the institutional setup of the economy effectively prevented nonmarket forms of coordination from becoming institutionalized (Finegold & Soskice 1988; Ryan 2000). The decline of the traditional apprenticeship system, furthered by Thatcher's government policies to use training as an instrument of labor-market policy instead of skill formation, contributed to a polarization of skills on the labor market. The concurrent expansion of higher education opened up new access routes for the children of the middle class, but it cemented the distinction between academically talented youth on the one hand and low-skilled youth in precarious employment and low-quality training on the other. Both the Conservative and New Labour governments tried to resuscitate apprenticeship training in the 1990s, but to no avail. By abolishing the traditional apprenticeship system and replacing it with a voluntarist, employer-dominated "quasi-market" of government-subsidized training, the Thatcher government had effectively and deliberately destroyed any foundation for cross-class compromise. This example shows how partisan politics and policies can tip the balance in favor of particular institutional outcomes during critical junctures of path development and contribute to the gradual phasing-out of institutional alternatives that had remained potentially alive during previous periods.

Lastly, I describe the *collective skill-formation regime*, with Germany as a prime example. Collective skill-formation regimes differ from the other two types of systems because employers, unions, and the state are all highly and jointly committed to the promotion of skill formation at the intermediate skills level (i.e., through apprenticeship training) (Busemeyer & Trampusch 2012: 14). In the other systems, either the market or the state dominates in matters of skill formation, whereas in collective skill regimes, market and state actors, including unions, cooperate with each other in forming cross-class coalitions.

A crucial supporting factor for these cross-class coalitions that has been severely underestimated so far is the role of Christian democratic parties in government. Of course, it is well recognized that the state plays an important role in stabilizing and nurturing corporatist coalitions, such as by delegating quasi-public obligations to associations or by acting to mediate conflict between opposing interests (Streeck & Schmitter 1985). In matters of skill formation, Thelen (2004: 20) has argued, state action or inaction is important in supporting or dismantling coalitions that are formed in the socioeconomic arena. In all these accounts, however, the state remains essentially a bureaucratic or at least a nonpartisan actor (even in Martin & Thelen 2007). My argument here is to emphasize the importance of *political ideology* in shaping governments' attitudes towards cross-class coalitions and corporatist decision-making in general, since different political actors will have different ideas about which economic interests should be granted access to decision-making. I have already hinted at the peculiar position of Christian democratic ideology in this respect: in contrast to both liberalism and conservatism, Christian democratic ideology promotes a "politics of mediation" (Van Kersbergen 1999: 356), or the deliberate promotion of cross-class compromise. Christian democrats also cherish the subsidiarity principle, delegating as much autonomy as possible to societal actors, in particular associations.

Christian Democrats were the dominant political force in German government from 1949 until the advent of the Brandt government in 1969. They maintained a strong influence on the policies of the federal government during the 1970s, despite their opposition status in the Bundestag, because of their majority in the second parliamentary chamber, the Bundesrat. The 1950s were a period of intense industrial conflict, and the Christian Democrats aimed to remedy this by promoting the expansion of the welfare state, for example by passing a

generous pension reform in 1957. Because of the countermajoritarian nature of German political institutions, and probably also in order to move the Social Democrats from their position on the radical left towards the political center, the Christian Democrats cooperated with the Social Democrats in informal grand coalitions (Schmidt 2008). In line with this, Manow & Van Kersbergen 2009: 22) have claimed that continental welfare states are “the product of a coalition between Social and Christian Democracy (red-black coalition).” Christian Democrats occupied an effective veto position in education policy, blocking moves away from the traditional, elitist, and segregated education model. Opening up of access to higher education did not happen until the 1970s (later than in other countries), when the Social Democrats were in government. The Christian Democrats *did* support the promotion and expansion of firm-based apprenticeship, however. The dual-apprenticeship training system had a long tradition and history, but it was not yet fully institutionalized in the postwar period and it remained for the most part a system of private-interest governance driven and maintained by employer initiative (Thelen 2004: 249). The critical piece of legislation was the 1969 Federal Law on Vocational Education and Training (Berufsbildungsgesetz, BBiG), which created a statutory framework for apprenticeship training and ensured the participation of unions and other stakeholders. This law was in fact supported and passed by a *formal* grand-coalition government of Social and Christian Democrats in power from 1966 until 1969. The institutionalization of a well-developed firm-based training system had huge implications for the future development of the education and training system. Most importantly, it depressed the demand for academic higher education (see Ansell 2010: 191), both among young people and their parents and among employers, who adjusted their production strategies accordingly. In contrast to liberal Conservatives, however, the Christian Democrats did not adopt a voluntarist approach to training. Subsidiarity implies delegating quasi-public obligations, such as the education and training of young people, to associations, but this delegation of authority has a price: economic actors are expected to deliver their part of the deal, namely to provide a sufficient amount of training places for young people.

In sum, the political origins of collective skill regimes in the postwar period lie in cross-class coalitions dominated by Christian democratic government, in combination with high levels of economic coordination.

Chapter 3 continues along the lines of Chapter 2 and broadens the comparative perspective to the larger sample of advanced industrial democracies in the OECD world. It first presents descriptive statistics on central institutional characteristics of education and training systems, including a hierarchical cluster analysis that confirms the existence of three distinct country clusters. Despite some limitations in the dataset, it then engages in cross-national analyses of the determinants of the central characteristics of education systems, such as levels of enrollment in vocational and academic education and the private share of education financing. These analyses confirm the central role of partisan politics and economic coordination: social democratic government is associated with higher levels of public involvement in education, both in higher education and in VET; Christian democratic government correlates with lower levels of enrollment in higher education, but is positively associated with the expansion of opportunities in VET; conservative parties, on the other hand, promote private financing of education and lower spending on VET. There is also a strong positive association between economic coordination and the importance of VET, especially apprenticeship training.

Before moving on, it is important to briefly highlight the limits of the explanatory framework developed in the first part of the book, or, in other words, to define the scope conditions of the argument. The theoretical argument is very much inspired by the three cases of the United Kingdom, Sweden, and Germany – countries of northwest Europe – and therefore does not necessarily apply equally well in other areas of the world with different economic and political conditions. For example, southern European countries could represent a distinct development path of their own, locked into a low-skills trap (Allmendinger & Leibfried 2003). In Chapter 3, however, I show that southern European countries are not that different from other continental European countries and that the peculiar case of Italy, a country with a long history of Christian democratic government but without strong apprenticeship training, may be explained by its complex and conflictual territorial politics. At first glance, it seems that the countries of eastern Asia (Japan and South Korea) and of North America (the United States and Canada) would be difficult to explain with my theory, since there are no Christian democratic parties there. However, it is the very absence of Christian democracy and the dominance of conservative and liberal parties that may explain why these countries turned away from VET and towards academic higher education and

expanded private spending, to a much greater extent than the United Kingdom. My theoretical argument does not necessarily apply to the countries of Eastern Europe either, because they went through the phase of post-secondary educational expansion under very different political conditions, namely authoritarian socialist rule.

From policy output to outcomes and popular attitudes: rethinking the scope of policy analysis

The analytical perspective above (as well as of the first part of the book) represents the classical approach to comparative public policy analysis: “the study of how, why, and to what effect different governments pursue particular courses of action or inaction” (Heidenheimer *et al.*, 1990: 3). This definition of the purpose of comparative public policy analysis is mirrored in Scharpf’s (2000: 33) distinction between interaction- and problem-oriented policy analysis. According to Scharpf, political science has a comparative advantage compared to other social sciences in interaction-oriented policy analysis, a term that here refers to how strategic interactions between political actors shape policy output. Other disciplines, such as economics and sociology, are better placed to study how policies affect outcomes, and potentially to contribute to the solution of societal problems such as inequality and unemployment. While I certainly agree with Scharpf’s diagnosis of the current state of affairs in the prevailing disciplinary division of labor, I would argue that the traditional scope of comparative public policy analysis can and should be expanded, for two reasons. First, from a purely analytical perspective, we need a better and more comprehensive understanding of how the policy-making cycle unfolds over time. Understanding how past decisions influence today’s outcomes and popular attitudes towards policy change will improve our understanding of the sources of institutional stability and change. Second, from a more normative perspective based on the principle of democratic accountability, we should ask not only whether “parties matter” (Schmidt 1996) but also to what extent policy output affects societal outcomes and how much popular opinion responds to changes in policies and shapes patterns of policy-making (Soroka & Wlezien 2010).

For this reason, the second part of the book is devoted to studying the impact of educational institutions and policies on outcomes and popular attitudes. If in the first part education policy was the dependent

variable, it now becomes a crucial independent variable, explaining variation in other dependent variables such as wage inequality and individual-level support for education spending. The overarching theoretical framework, which provides the binding glue that holds the two large parts together, is inspired by the heuristic model of the policy cycle (cf. Easton 1965; Sabatier 1991). This ideal-typical model of the policy-making process posits in a stylized fashion that voters/individuals have political demands that are aggregated by intermediary associations (organized interests) and political parties to be fed into the policy-making process proper. Earlier research (most famously Hibbs 1977) assumed that policy-makers and government parties could directly influence economic outcomes such as growth, unemployment, and inflation. More recent scholarship is more critical in asking whether and to what extent government policies actually do influence socioeconomic outcomes such as family patterns and educational choices (Castles 2013; Hacker 2004; Schlicht 2010). It may well be the case that actual outcomes are more influenced by structural changes in the economy than by policies as such. In the case of education, for example, a prominent argument by Goldin & Katz (2008) is that the increasing inequality in countries such as the United States is a consequence of the increasing demand for high-skilled (and therefore better-paid) individuals due to technological change. From their perspective, the mediating influence of policies on inequality is limited, because structural effects dominate.

In order to fully understand the impact of partisan politics on societies and economies, however, it is necessary to understand and show that partisan forces shape policy output *and* that policies have an effect on socioeconomic outcomes such as inequality (Hacker 2004). This distinction between policy output and outcomes is not recognized in most of the literature on the determinants of inequality (e.g., Bradley *et al.* 2003; Kenworthy & Pontusson 2005); one notable exception is Rueda (2008). Regarding education policy, the literature cited above has mostly focused on determining the impact of partisan politics on policy output: usually education spending. So far, however, it remains unclear how educational institutions shape patterns of socioeconomic inequality and which particular characteristics of educational institutions tend to do so.

In addition to their impact on outcomes, policies may also shape popular attitudes and individual preferences. This is generally

discussed in the literature as the policy feedback effect (Mettler & Soss 2004). Pierson (1993) was one of the first to highlight the importance of positive feedback effects as factors stabilizing divergent policy development paths: he argued (Pierson 1993: 598, 610) that existing policies have both resource and interpretive effects. Welfare state policies distribute and redistribute resources between social groups (see Esping-Andersen 1990 for a similar argument) in a way that causes those groups privileged by a particular policy to develop an interest in the continued existence of the program. One obvious example of this kind of feedback effect would be that pensioners who are beneficiaries of a generous pension scheme have a strong interest in maintaining this system, and may become more politically active as a consequence (see Campbell 2002 for the case in the United States). Other factors besides self-interest that are involved in shaping the “cognitive processes of social actors” (Pierson 1993: 610) are existing policies and institutions, or, to put it simply, popular expectations of government’s role as a provider of social services such as education. Taken together, these two mechanisms generate an expectation of positive feedback effects: the longer that institutions are in place, the less likely they are to radically change, because important social groups will have developed a strong interest in maintaining them, and the corresponding popular perceptions of the legitimate role of government in the welfare state and education system will be deeply entrenched.

The innovative contribution of this book is to combine the study of political conflicts during critical junctures from a historical-institutionalist perspective (Chapters 2 and 3) with an analysis of how these institutions systematically shape socioeconomic outcomes (Chapter 4) and patterns of popular support (Chapter 5). This kind of encompassing analytical perspective is necessary if we are to fully understand the dynamic of the policy-making cycle as it unfolds over time. Critical institutional choices in the past have implications for the distribution of resources in the contemporary period. Once institutions are established, they influence popular expectations with regard to the role of the state in the provision and financing of education and the welfare state more generally. Understanding the complex feedback effects of institutions and policies on popular attitudes is therefore necessary in order to explain the long-term political sustainability of institutional paths. Without taking feedback effects into account, it would be hard to understand why in some countries high tuition fees

are an accepted part of life, while in others the state is expected to provide and finance education. Feedback effects also help to explain the political sustainability of segmented secondary school systems, which limit social mobility for those in the lower half of the income and skills distribution.

Educational institutions and socioeconomic inequality

If Chapters 2 and 3 identified partisan politics as one important mechanism linking education policies and the welfare state, Chapter 4 addresses the question of whether educational institutions are also relevant determinants of socioeconomic outcomes such as the distribution of income and labor-market stratification. My motivation for studying the implications of educational institutions for socioeconomic inequality is based on an interesting puzzle: as I show at the beginning of Chapter 4, there is no simple (linear) relationship between educational and socioeconomic inequality; higher levels of educational inequality do not automatically translate into higher levels of socioeconomic inequality in terms of wage and income inequality.

The concept of educational inequality is prominent in the field of educational sociology and captures the degree to which access to higher levels of education is affected by parental or family background. For example, educational inequality is higher in cases where the association between parental background and educational performance or access to education is stronger, but a lower degree of educational stratification can still be accompanied by a high level of socioeconomic inequality (in terms of income, wealth, and wages). In the United States, for instance, high levels of socioeconomic stratification are associated with relatively *low* levels of educational inequality. High schools in the United States are comprehensive, and the higher education system offers a huge variety of educational alternatives for different educational needs, which contributes to high levels of tertiary enrollment, although there is of course a hierarchy of more or less prestigious institutions within the higher education sector (Allmendinger 1989). Nevertheless, the level of socioeconomic inequality there is high. The contrasting cases are, of course, the Scandinavian countries. Here educational inequality is low because secondary schools are comprehensive and access to higher education is open to a large share of the population. Unlike in the United States, however, the level of socioeconomic inequality is also

low. Finally, both Germany and Switzerland have exceptionally high levels of educational inequality, as has often been documented in the OECD Programme for International Student Assessment (PISA) studies (OECD 2010). Family background has a strong impact on educational attainment and the probability of completing higher education (Pfeffer 2008). Note that the level of socioeconomic inequality remains quite moderate: somewhat higher than in the Scandinavian countries, but much lower than in the Anglo-Saxon world.

This observation is important because it points to a large blind spot in the literature, one that in my view is aggravated by a lack of interdisciplinary exchange. Educational sociology has a huge literature documenting the impact of educational institutions on stratification in terms of educational choices and educational inequality (e.g., see Allmendinger 1989; Blossfeld & Shavit 1993; Breen *et al.* 2009; Müller & Shavit 1998; Pfeffer 2008). One core finding in this literature is that educational inequalities in terms of class biases in access to education are persistent despite the decades-long trend of educational expansion. A second core finding is that segregated educational institutions (early tracking) exacerbate educational inequalities (Pfeffer 2008). This literature essentially equates “inequality” with educational stratification, however, and does not look at the relationship between educational inequalities and stratification of the labor market.

In the political economy literature on the determinants of socioeconomic inequality, by contrast, educational institutions are rarely included as independent variables. Popular topics in this field of research include the various effects on inequality of the power of the left (Bradley *et al.* 2003; Rueda 2008), VoC (Pontusson *et al.* 2002; Rueda & Pontusson 2000), collective wage bargaining (Wallerstein 1999), and electoral institutions (Iversen & Soskice 2006, 2009). There are a couple of exceptions, however. Estévez-Abe *et al.* (2001) have argued that countries with a well-developed vocational training system exhibit lower levels of inequality because the availability of vocational-training opportunities opens up access to high-skilled and well-paid labor for students with few academic skills, but Bradley *et al.* (2003), as well as Lupu & Pontusson (2011), tested this hypothesis in a way that was more methodologically rigorous than the initial explorative approach applied in Estévez-Abe *et al.* (2001) and found no support for this claim. One important shortcoming of this research is that it does not distinguish between different *kinds* of VET (school-based

versus workplace-based). Addressing this problem, Busemeyer & Iversen (2012) distinguished between public investment in VET on the one hand and employer involvement on the other. This distinction was important because it allowed them to show that public investment in VET *does* in fact reduce wage inequality, but not youth unemployment. Conversely, the strong involvement of employers in training (i.e., a higher share of students in workplace-based forms of apprenticeship training) reduces youth unemployment but has *no* significant effect on inequality.

This book extends the work of Busemeyer & Iversen (2012) by engaging in an in-depth analysis of the role of educational institutions as determinants of socioeconomic inequality and labor-market stratification. In addition to the distinction between academic education on the one hand and different kinds of vocational education on the other, I introduce the division of labor between public and private sources in funding education as a second important dimension of variation. In combination, these two factors contribute significantly to explaining variation in inequality: higher levels of public involvement in the funding of higher and vocational education are associated with reduced levels of wage inequality. However, a high level of statism in the provision of education has negative side effects. In countries like Sweden and Finland (but not Denmark, whose training system is more similar to the German one), the crowding out of employers in the provision of training has led to high levels of youth unemployment.

Policy feedback: the impact of educational institutions on attitudes and preferences

Finally, in Chapter 5 I look at a third linkage (in addition to politics and outcomes) between education and the welfare state at the micro-level of individual preferences and attitudes. It is important to consider this additional linkage in order to fully understand the development of path dependencies over time, as well as the micro-level foundations and causal mechanisms underlying the macro-level associations found in previous chapters. In an ideal world, it would be possible to trace the feedback effects of institutions upon attitudes throughout the entire postwar period. Unfortunately, large cross-national datasets on surveys of public opinion are only available for the last ten to fifteen years. The goal of this chapter is much more modest: I am interested

in tracing the effect of past institutional choices, manifested in cross-national differences, on contemporary patterns of popular attitudes and individual preferences.

Above, I presented hypotheses on factors explaining these institutional choices; this is the focus of the first part of the book. In Chapter 5, I am concerned with their consequences and their feedback effects on the politics of institutional change, in particular citizens' attitudes and preferences. This research question is connected to a broader literature analyzing the effects of welfare state institutions on popular attitudes. A well-established finding in this literature is that welfare state cutbacks are unpopular in general, and politicians are unlikely to move forward with large-scale retrenchment against widespread popular opposition (Boeri *et al.* 2001; Brooks & Manza 2006, 2007). There has also been debate on whether the institutional setup of the welfare state has consequences for individual-level support. Going back to the influential work of Rothstein (1998), the common expectation is that popular support for the welfare state is higher in universal, Scandinavian welfare states than in the means-tested, residual welfare states of the Anglo-Saxon world, but the empirical evidence remains ambiguous (Andreß & Heien 2001; Arts & Gelissen 2001; Blekesaune & Quadagno 2003; Jaeger 2009). A counterargument is provided by the "public as thermostat" model developed by Wlezien (1995) and expanded in Soroka & Wlezien (2010). This model anticipates that popular support for the expansion of the welfare state will decline after a certain threshold is reached; in other words, citizens do not want to expand the welfare state indefinitely.

As a reminder, the crucial variables are whether vocational training as an alternative to academic higher education "survived" (remained a viable and popular educational pathway next to university education) and which division of labor between public and private sources of education funding emerged. The analyses in Chapter 5 confirm that these institutional macro-level contexts have shaped popular attitudes towards education policy and the welfare state more generally. For example, high levels of educational stratification (i.e., a strong class bias in access to higher levels of education) are associated with higher levels of support for public education spending among the rich and the well-educated, since the children of upper income classes are more likely to benefit from these additional investments. Furthermore, a large share of private financing in education is related to a lower

willingness to support redistribution at the micro-level, because individuals who have paid for a significant share of their human capital stock out of their own pocket are less likely to support government measures that would reduce their wage premiums. Finally, this chapter also documents the special status of education in comparison to other social policies: I find that individual income and educational background are significant negative determinants of individual-level support for social policies, in line with the model developed by Meltzer & Richard (1981). Richer and better-educated individuals are less likely to support the expansion of the welfare state, because they will largely be the ones to pay for this, in the form of higher taxes. In the case of education, by contrast, there is no statistically significant association between individual income and support for more public education spending, and I even find a positive effect for individual educational background. This indicates that education may indeed be less redistributive than other social policies and that institutional context is paramount in mediating the impact of micro-level variables.

Concluding outlook and added value

The purpose of this book is to promote the reintegration of the study of education into comparative welfare state research. I will show that there are multiple linkages between education and the welfare state in terms of politics, outcomes, and popular attitudes. Despite this broad scope of analysis, however, open questions are bound to remain. With this in mind, in Chapter 6 I will comment briefly on how the project contributes to contemporary debates about the “race between education and technology” (Goldin & Katz 2008) and the social investment state (Morel *et al.* 2012). I also mention avenues for future research, in particular the study of early childhood education and lifelong learning.

Skills and Inequality moves beyond existing scholarship in three ways. First, it combines the study of politics and policy output with an analysis of how policies affect outcomes and popular attitudes. This kind of encompassing analytical perspective is my attempt to transcend the disciplinary boundaries that separate comparative welfare state research, political economy, and labor-market sociology, as well as to extend the classical analytical perspective of comparative public policy. The book also combines different methods – from historical process

tracing via quantitative analysis of macro-level data to analysis of micro-level survey data – in order to develop a deeper understanding of the dynamics of welfare state and education reforms.

Second, the book studies different kinds of upper and post-secondary education at the same time: general secondary education, VET, and higher education. Existing scholarship with a similar analytical perspective (rooted in comparative political economy) tends to focus on any one of these without taking into account the feedback effects of institutional developments in adjacent sectors of the education system. For example, Ansell (2008, 2010) focuses primarily on higher education, while Thelen (2004) studies vocational training.

Third, the book proposes several extensions to the standard model of partisan theory. Again, existing scholarship runs the risk of presenting an overly simplified account of the complex dynamics of partisan conflict. For instance, some applications of the partisan model to education policy (Ansell 2008, 2010; Boix 1997, 1998; Busemeyer 2007; Castles 1989) focus on partisan conflict without taking into account the role of organized labor-market interests and the mediating influence of the institutional context. In addition, the peculiar approach of Christian democratic parties to education policy and their divergence from both social democracy and conservatism has not been sufficiently acknowledged in the literature on skill-formation regimes. As I argue in the first chapter, broadening the analytical perspective of the standard model by placing partisan politics into context has the potential to provide us with a better understanding of the complex dynamics of political conflict.