

Article

# The paternalist politics of punitive and enabling workfare: evidence from a new dataset on workfare reforms in 16 countries, 1980–2015

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## Abstract

Does neoliberalism lie behind the increased use of social policy to control and incentivize labour market behaviour? We argue that this assumed connection is theoretically weak and empirically inaccurate, and we point to an alternative explanation centred on government paternalism. Using a new comparative dataset on workfare reforms, we first describe how the overall balance of punitive and enabling demands placed on the unemployed has changed across 16 countries between 1980 and 2015. We observe a growing number of workfare reforms, modestly tilted towards the punitive side—but without a broad shift towards punitive workfare. We then assess the drivers of policy intervention, finding that government paternalism, rather than neoliberalism, helps us to understand which governments enact enabling and punitive measures. In line with our broader argument, we suggest that this reflects the moral (rather than economic) foundations of social policy.

**Key words:** welfare state, unemployment, political economy, ideology, government, social policy

**JEL classification:** I38 Government Policy, Provision and Effects of Welfare Programs, H53 Government Expenditures and Welfare Programs

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The level of unemployment protection provided by welfare states against the whims of the labour market has substantially declined since the mid 1990s (Hemerijck, 2013; Van Kersbergen and Vis, 2014; Jahn, 2018; Morel *et al.*, 2018; Siebrits, 2019). Yet it is not simply that retrenchment policies have reduced unemployment benefit generosity by lowering replacement rates. Crucially, the social right to benefits in case of unemployment has also become increasingly restricted, while the obligation to accept a job and be active on the labour market has become more uncompromising (Clasen and Clegg, 2011; Rueda, 2015; Raffass, 2017; Knotz, 2018, 2019). Governments have introduced both ‘sticks’ and ‘carrots’ that are meant to ensure that the unemployed quickly find and accept a job.

Workers and employees who lose their jobs can no longer count on relatively unconditional, generous, and immediate compensation for their loss of income via benefits. Instead, they now face a host of negative and positive incentives to return to work as soon as possible. There seems to be general agreement in the literature that the reform of social protection systems against unemployment since the mid 1990s can best be characterized as a shift from welfare to workfare. Yet researchers disagree as to whether *punitive* demands (e.g. stricter job search obligations with attached sanctions) or *enabling* demands (e.g. requirements to accept training to improve job qualifications) have come to dominate social protection against unemployment. In addition, as Knotz (2020) has highlighted, our knowledge of the politics of workfare is wanting. The literature offers contradictory accounts of whether right wing (King and Ward, 1992) or left wing (Clasen, 2000) governments were mainly to blame for workfare policies. Some comparative welfare state studies theoretically expected social democracy to drive active labour market policies, but reported no partisan effects – instead highlighting unemployment rates and exposure to international economic competition as drivers of labour market policy reforms (e.g. Rueda, 2007; Bonoli, 2013). Similar work suggests that economic factors such as fiscal stress have driven labour market policy change (Jensen, 2007); while other studies reported indirect political effects, for example via (small) shifts in voter demands (Picot, 2009) and transnational policy advocacy and policy diffusion (Eichhorst *et al.*, 2008; Weishaupt, 2011). Finally, a large literature based in the regulation school and critical social policy (see, e.g. Kennett and Dukelow, 2018) argues that neoliberalism has been the major political cause of the turn towards the workfare state (see MacLeavy, 2016; Jessop, 2018) – highlighting that neoliberal social protection ‘should not be redistributive and should be individualized in the sense that aid should be granted in exchange for something’ a ‘*quid pro quo* condition’, which has led to ‘the redefinition of welfare as workfare’ (Amable, 2011: 23, original emphasis).

Drawing together insights from these various research traditions, this article makes two contributions to the existing literature. First, Section 1 introduces our new *workfare reforms* dataset, which tracks punitive and enabling unemployment policy measures across 16 OECD countries between 1980 and 2015. Using this dataset, we answer an initial set of (descriptive) research questions: to what extent have punitive and enabling demands been placed upon the unemployed, and how has the overall balance between these two measures changed over time across our cases? Our findings suggest an increasing number of workfare reforms, somewhat tilted towards punitive measures. With the exception of the UK, however, we do not find a pronounced overall shift towards punitive workfare.

Second, we argue that the claim that neoliberalism lies behind an increased use of punitive workfare measures – which is particularly influential among authors adhering to and inspired by the regulation approach – is theoretically flawed. As Peck and co authors

emphasize, ‘the ideology of neoliberalism is founded on an idealized vision of market rule and liberal freedoms, combining a utilitarian conception of market rationality and competitive individualism with deep antipathies to social redistribution and solidarity’ (Peck *et al.*, 2018, p. 6). Arguably, neoliberalism has had its biggest impact on the organization and character of state power, including the welfare state (Schram, 2018), via the importation of market principles (competition, monetary incentives) as well as through contracting out public tasks, privatizing state functions, and decentralizing and fragmenting governance. But although neoliberalism clearly demands a strong market making and regulatory state (Davies, 2018), the idea of radically rolling back the (welfare) state is hard to square with the scope and kind of interventionism that workfare policies imply, punitive or otherwise.

To better understand trends in workfare legislation, we move beyond the standard left right dichotomy of the early literature as well as the currently influential, but flawed, neoliberalism claim. Instead, we argue that the key explanatory factor is in fact *government paternalism*: a politically expressed moral conviction that the government should normatively direct and coerce (Krönke, 2018), or paraphrasing Mead’s famous words (1997, 1998) that the government should tell the unemployed and the poor what to do (and *make* them do that) (see Soss *et al.*, 2011; Whitworth, 2016).

To investigate these relationships empirically, Section 2 combines our new dataset with the Comparative Political Dataset (Armingeon *et al.*, 2017) to answer our second (explanatory) research question: what are the political determinants of workfare reforms across 16 countries from 1980 to 2015? Results suggest that the effect of neoliberalism on workfare is indeed empirically inaccurate, with neoliberal governments implementing fewer enabling *and* punitive measures. We show that it is government paternalism, rather than neoliberalism, that is associated with increased punitive and enabling legislative activity. What is more, these effects are robust to controlling for various political and economic scope conditions, as well as the cumulated level of punitive and enabling policy changes.

## 1. The workfare reforms, 1980–2015

### 1.1 Workfare or social investment?

Studies of welfare state reform, despite using different vocabularies, concur that social protection systems against unemployment have increasingly prioritized ‘work’ (e.g. via activation policies) over ‘welfare’ (e.g. benefits) since the mid 1990s. Both theory oriented studies (e.g. Jessop, 1993; Peck, 2001, 2003) and empirical analytical analyses (e.g. Rueda, 2015; Knotz, 2018) stress that the traditional, generous and lenient welfare state has given way to the modern workfare regime that increasingly emphasizes the demanding side of workfare though the latter analyses differ in how much they regard this as recommodification. Whether austerity has targeted the entire population or only welfare state ‘outsiders’ (see, for example, Emmenegger *et al.*, 2012), such studies tend to paint a relatively negative picture of social policy developments over the last few decades.

Others see a rather rosier picture in the emergence and the spread of a novel social policy paradigm *the social investment state* that characterizes welfare state developments in many countries (Hemerijck, 2013, 2017, 2018). Yet even the social investment literature concedes that moving from a passive, compensatory welfare state towards social investment oriented policies implies harsher eligibility criteria and punitive workfare policies. Still others, taking a position in between workfare and social investment, prefer to

avoid value laden terms and employ a more neutral concept such as ‘active social policy’ partly to stress that despite welfare to workfare tendencies, ‘the income protection function of welfare states still plays a very important (and controversial) role, which is increasingly obscured by the very strong emphasis on employment promotion and investment in human capital’ (e.g. Bonoli, 2013, p. 11).

### Workfare

Rueda (2015) holds that activation, by reducing social benefits and pushing people into work, represents the recommodification of labour power. He summarizes the features of workfare as follows:

First, activation is meant to push people into employment (although often this may turn out to be low pay employment) by reducing the attractiveness of social benefits. Second, attempts are made to develop or strengthen traditional active labor market policies so that benefit recipients are provided with the skills required to be successful when searching for a job (Rueda, 2015, p. 298).

With both conditionality and activation meant to prod individuals into employment, Rueda thus equates workfare with recommodification. For Rueda (2015, p. 300), then, ‘Far from emancipating, its explicit objectives are to make the individual more dependent on the market and the provision of benefits dependent on deservingness, not rights.’

Knotz (2019, p. 1), in turn, follows Rueda (2015) on workfare and refers to policies that involve ‘tightened eligibility conditions for unemployment benefits and ... tougher sanctions for claimants who fail to comply with these conditions’. He calls these policies ‘demanding activation’, borrowing a term proposed by Raffass (2017) for whom the ‘activation turn’ in an employment policies is characterized by intensified coercion against the unemployed. Although activation policies also have enabling mechanisms, Raffass’ (2017) assessment of the effectiveness of activation exclusively focuses on the punitive side of policies and hence affirms the workfare literature’s view that activation has been ineffective, stigmatizing and marginalizing.

On the whole, studies of workfare, recommodification or ‘demanding activation’ employ a conceptual framework that highlights the ‘intensification of behavioural conditionality in Western democracies’ characterized by ‘the *increased severity* of the sanctions to those whose conduct fails to conform to requirements’ (Watts and Fitzpatrick, 2018, p. 4, emphasis in original; see Marchal and Van Mechelen, 2017; Gerlitz, 2018; Dinan, 2019). Research in this vein thus generally equates workfare with the recommodification of labour and holds that punitive measures dominate labour market policy, including activation policies.

### Social investment

The literature on social investment, by contrast, tends to highlight that recent policy changes increase human capital and help individuals adapt to the new demands of the knowledge economy. The social investment approach tilts the welfare balance from *ex post* compensation in times of economic or personal hardship to *ex ante* risk prevention, for example by offering labour market training and assisting with, but also insisting on, job search.

The normative evaluation here is more positive: governments of various persuasions and operating in different welfare state regimes offer new enabling policies that better equip individuals for the labour market. These policies, alongside punitive measures that oblige the unemployed to find and accept a job, ultimately render jobseekers less dependent on passive transfers.

Key here are active labour market policies, which ‘remove obstacles to employment, upskill workers or provide access to work experience’ and which comprise an ‘extremely diverse range of policies, going from vocational retraining to welfare to work or workfare schemes for social assistance beneficiaries’ (Bonoli, 2013, p. 22). In Bonoli’s view, active labour market policies can have workfare like features, especially those pro employment policies that exclusively focus on incentive reinforcement via ‘measures that intend to strengthen work incentives for benefit recipients’ (2013, p. 25) and lack a social investment component. There are, however, also pro employment policies with social investment components, often referred to as employment assistance and upskilling, which include job search programmes, counselling and job related vocational training.

### **Agreement on trends, disagreement on the overall balance between punitive and enabling demands**

In sum, our discussion of the workfare and social investment literature indicates that notwithstanding important nuances, the different analyses converge around the conclusion that social protection systems against unemployment have shifted from welfare to workfare since the mid 1990s. The literature on workfare *per se* interprets policy developments almost exclusively in terms of an increase in punitive demands, highlighting, for instance, stricter job search obligations with attached sanctions. The social investment literature does not deny the existence of punitive workfare or workfare like developments, but tends to stress the increasing importance of the enabling side of such demands, including, for instance, requirements to accept training to improve job qualifications.

The various strands of research therefore seem to at least partly agree on the overall trend of development, but they reach different conclusions regarding the comparative weight of punitive and enabling demands. What is more, it is unclear whether enabling and punitive measures can accurately be treated as two sides of the same coin – and thus understood as driven by similar, though inverse, political factors – or if they are better understood as two distinct types of measures (see Dingeldey, 2007). Our first contribution thus concerns a new dataset that attempts to help settle these issues empirically.

## **1.2 The workfare reforms dataset**

To measure the punitive and enabling demands placed upon the unemployed, we developed a dataset on workfare reforms. Data are derived from an analysis of legislative developments from 1980 to 2015, conducted by research assistants under the supervision of senior researchers (who provided guidance, verified coding choices and ensured consistency across the cases). Together, we collected and coded data on punitive and enabling measures from 16 OECD countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, New Zealand, Norway, Sweden, the UK and the USA. The countries were chosen to provide a broad array of welfare states in our sample, while still maintaining the required linguistic competencies. These dataset parameters allow us to analyse the causes and consequences of reforms over a 35 year period and across a diversity of social policy contexts.

In developing our dataset, we sought to build upon existing research by adopting a broad comparative approach that still captures a large range of social policy complexity. Two aspects of this complexity are particularly crucial, as they form the crux of our contribution to the literature.

First, our dataset extends beyond reforms targeting recipients of unemployment insurance, giving us a broader scope than existing measures (Knotz, 2018). The literature on welfare state dualization highlights distinct trajectories in insurance and assistance reforms (e.g. Emmenegger *et al.*, 2012; Kevins, 2017), suggesting that past measures, with their focus on unemployment insurance, are likely missing important changes in conditionality. Our approach thus encapsulates all reforms intended to either punish or enable the unemployed, whether they are drawing on unemployment insurance, social assistance or neither. Data on these reforms were compiled using repositories on social security legislation (e.g. the International Labour Organization's *Database of National Labour, Social Security and Related Human Rights Legislation*) complemented by existing academic publications. Further details on the reforms were then collected using national online legislative archives and scholarly case studies. The result is a descriptive, coded and annotated overview of punitive and enabling measures as broadly conceived (i.e. not simply those that target unemployment insurance recipients).

Second, given the aforementioned disagreement in the literature, it was crucial to consider the development of both punitive (negative incentives) and enabling (positive incentives) measures – measures that were often introduced not only in parallel, but even as part of the same legislative act. In concrete terms, this meant that every punitive or enabling measure within a given law was individually recorded, described and coded.

Note that this means that policies were not simply given an overall coding, as we differentiated according to type (punitive or enabling) of measure. This allows us to analyse punitive and enabling measures separately alongside trends in absolute workfare activity. Note, however, that this focus on legislative changes limits our ability to capture policy reversals: as we are only able to capture active policy reversals (i.e. repealing a measure) and not passive policy reversals (e.g. stimulus packages coming to an end, programs which are not extended beyond their scheduled termination), our analysis focusses exclusively on the introduction of punitive and enabling measures. Nevertheless, robustness checks suggest that results are unchanged even if active reversals are included in the analysis.

Four possible (non zero) codes were employed, depending on the type of measure ( -1/-2 for punitive, +1/+2 for enabling) and the substantiveness of the change ( -1/+1 for smaller changes, -2/+2 for more substantive changes). Typically, measures coded as punitive strengthened the quid pro quo character of benefits (e.g. adding more demanding job search regulations, community work requirements, etc.) via the introduction of 'action plans', '(work) agreements' or 'activation plans' – often with the explicit aim to increase 'incentives to work'. By contrast, enabling measures sought to improve the qualifications and labour market position of jobseekers. Note that whether on the positive or negative end of the spectrum, 'substantive' changes were defined as those that entailed either a large programmatic reform or a multitude of very specific smaller changes that nevertheless formed part of a single broader measure.<sup>1</sup> Measures used to help ensure consistency included coder

1 Our data gathering procedures required that a clear justification was given in writing (in the dataset) to distinguish 1s and 2s. In controversial cases, the research assistant highlighted their thoughts and ambiguities and deferred the decision to the PI. In all cases, including non controversial ones, all justifications were assessed and greenlighted by one of the three senior researchers in light of the summary of the measure. If there was still uncertainty, both other senior researchers were consulted to decide upon a final score.

training, the need to justify the choice of each score in writing (see [Online Appendix 1](#)), and extensive team discussions.

It is also important to note here that cutbacks in the generosity of benefits are not *per se* relevant for our workfare indicators. While it is difficult to address this question without getting tied up in debates about semantics, we agree with the assessment of Clasen and Clegg, who write that ‘although measures such as decommodification are flexible enough to incorporate measures of changes in certain responsibilities (or conditions) for benefit receipt, they cannot capture all of these’ (Clasen and Clegg, 2007, p. 171). Two possible exceptions to this conceptual distinction are what Scruggs *et al.* (2014) call ‘qualification period’ and ‘waiting days’ (respectively called ‘contribution period’ and ‘suspension period’ in Clasen and Clegg) – however, our dataset focusses specifically on the conditionality that is placed on claimants who are accessing benefits (with the corollary that a rise in the qualification period or waiting days – covered by both Clasen and Clegg and generosity datasets – is not relevant for us). And while workfare dynamics might theoretically depend on the generosity of benefits and the size of the welfare state, neither correlation analysis nor country trends suggest significant links between workfare and classic generosity variables. Nevertheless, we control for both of these variables in our analyses (see [Appendix 1](#) and [Online Appendix 5](#)) to ensure that our results reflect changes in conditionality, not generosity.

To clarify the coding procedure as well as the content of the reforms under discussion, let us consider two sample pieces of legislation. First, Belgium’s 1999 ‘Rosetta Plan’ (Convention premier emploi), for instance, sought to reduce unemployment among under 26 olds. To do so, it created both a youth oriented activation programme and a ‘First Job Agreement’ designed to increase recruitment incentives among employers. The reform marked a substantive deviation from the existing policy framework (Nicaise, 2001) and was consequently coded a +2. Second, the 2003 Loi n° 2003–1,200 in France included both punitive and enabling measures. Unemployed persons who had been drawing on the pre-existing RMI minimum income scheme for at least 2 years could now qualify for a top up (+1). However, to do so, they were required to register with the public employment services, search for work, and take up a part time fixed term position (–2). Further illustrations of our dataset can be found in [Online Appendix 1](#), which presents the full inputs – including coding decisions, underlying information, and justifications – for two well known cases of workfare reforms: The Welfare Reform Act 2012 in the UK, better known as Universal Credit; and the German law *Viertes Gesetz für moderne Dienstleistungen am Arbeitsmarkt*, better known as Hartz IV. We also list the underlying information for a less comprehensive (and less well known) measure from Denmark (1992).

To ensure consistency in the coding, the team started with an extensive discussion of the application of the coding scheme to specific countries. Senior researchers and student assistants were then assigned cases in pairs, with country assignments determined by language competencies. Coding decisions were first discussed within these pairs and then among the senior researchers, and senior researchers then discussed controversial cases until agreement was reached. For transparency, the justification for final decisions on controversial cases was added as an annotation to the dataset. Monthly meetings and a shared file with coding questions and answers helped to maintain common coding standards. Systematically coding the legislation in this way generated a final dataset that includes 390 reforms with punitive and/or enabling measures.

### 1.3 Changes and trends in punitive and enabling measures, 1980–2015

Using our new dataset, we describe the changes and trends in punitive and enabling measures across 16 OECD countries since 1980. We begin by noting that the year 1997, which also marks the mid point of the data set, is widely considered a turning point in the proliferation of workfare related ideas and policies. Observers regard New Labour, and third way social democracy more broadly, as marking a shift to more reciprocal social rights and a stronger emphasis on punitive and demanding measures. (Section 2 provides further analysis of partisan effects.) Reflecting this, our data suggest that both enabling and punitive measures became more common from 1997 onwards (punitive: mean increased from 0.38 to 0.61; enabling: from 0.34 to 0.52). Trends towards (a) more legislative activity and (b) changes in both punitive and enabling measures do not depend on the precise cut off we use and hold if we compare the old and the new millennium.

To properly assess whether governments have become more inclined to enact punitive and enabling measures over time, we use a trend variable, where ‘years’ are taken as the independent variable to explain policy changes (see [Online Appendix 4.1](#)). Results suggest a significant trend towards more punitive *and* enabling measures, both with and without a 1 year lag and irrespective of whether and how we control for the composition of government. Accordingly, the trend variable is also significant (and positive) with regard to the absolute cumulated workfare changes (see Section 2 for further econometric details).

Yet looking at [Figure 1](#), we see that this trajectory is far from universal and should not be exaggerated (indeed, the trend variable loses significance in models that include the variables we are substantively interested in). In the figure, black dots indicate enabling measures, grey dots indicate punitive ones, and larger dots indicate substantive change. Although the overall impression is one of persistent heterogeneity, there is some convergence over time across countries. Both for enabling and punitive measures, the coefficient of variation (i.e. the standard deviation divided by the mean) declined from the mid 1990s onward,<sup>2</sup> indicating sigma convergence ([Holzinger \*et al.\*, 2007](#), pp. 18–19) meaning that over time, policy patterns across countries became increasingly alike.

Turning to consider the specific trajectories of individual countries and country groups that emerge from [Figure 1](#), we can draw out several important observations that tie into the broader literature. First, we note that the UK, clearly the country that has been at the centre of the workfare debate (see [Jordan, 2018](#)), is atypical. No other country in our study has seen such a one sided focus on punitive measures. In this regard, the UK is best approximated by the other English speaking democracies – namely the USA, Australia, Ireland, and to a lesser extent New Zealand. Canada is an exception to this rule, as we find a strong focus on enabling measures (likely a consequence of our focus on the federal level).

France, Italy and (to a lesser extent) Belgium exhibit a trajectory that is characterized by a proliferation of small enabling measures that typically reformed pre existing programs. Austria and Germany show less frequent workfare reforms, though here too, the 1990s and 2000s are marked by reforms that increasingly emphasize punitive over enabling measures.

Within Scandinavia, we find clear cross country differences rather than a common Nordic pattern. The extremes are marked by Denmark and Sweden. In Denmark, the

2 Comparing the dispersion of workfare policies before 1997 with policies legislated from 1997 onward, the coefficient of variation falls from 2.0 to 1.5 for enabling measures and from 2.2 to 1.6 for punitive measures.



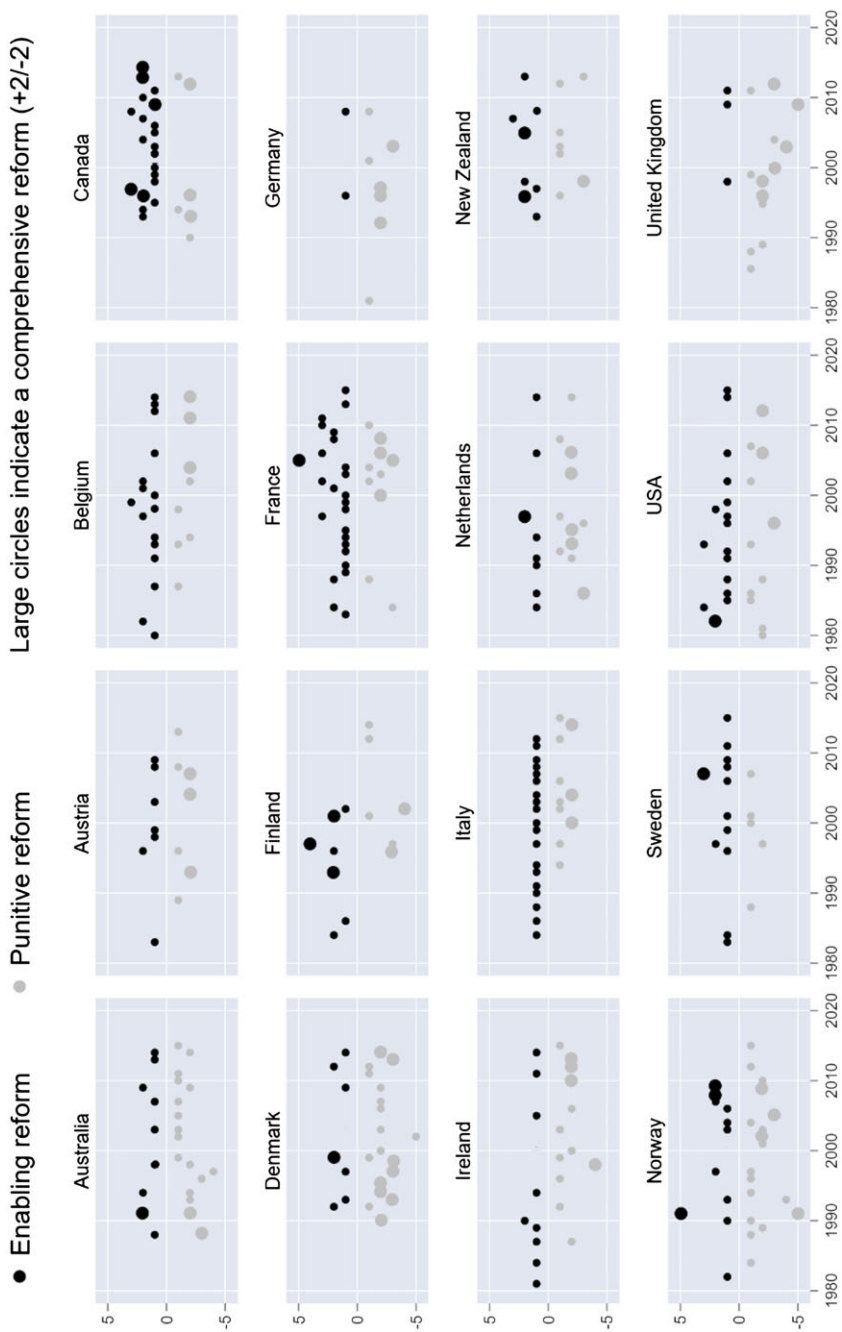
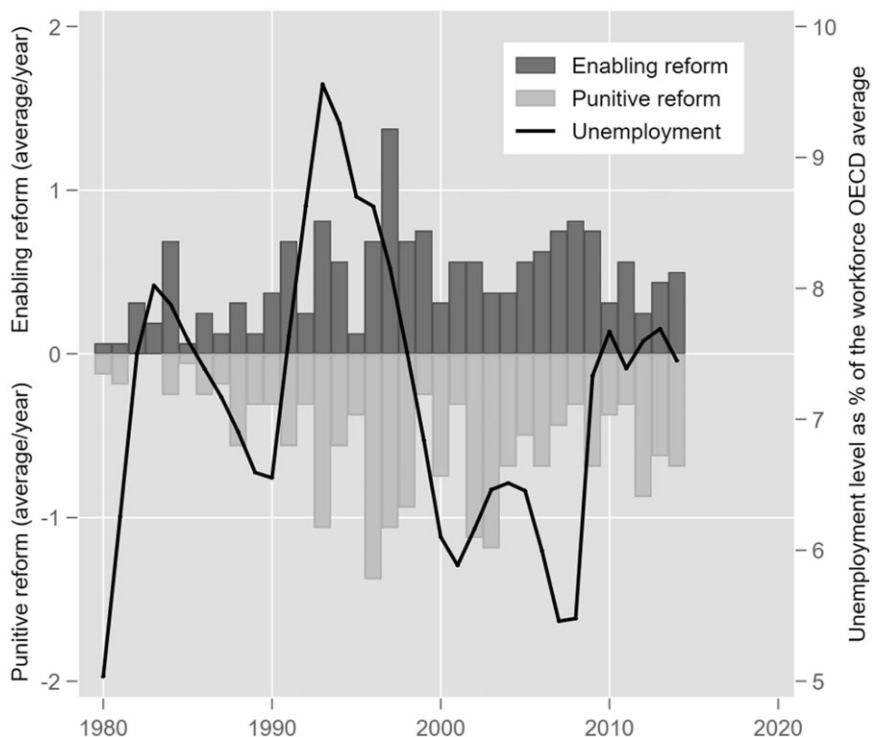


Figure 1 Workfare reforms, 1980–2015



**Figure 2** Workfare and unemployment, 1980-2015.

adjustment of the historically embedded ‘flexicurity model’ (a mix of lax dismissal protection, high replacement rates in the event of job loss, and a strong qualification and re-qualification focus) since the early 1990s meant tighter eligibility criteria that contrast with previously (de facto) unconditional insurance benefits. In Sweden, by contrast, social democratic and bourgeois governments have adjusted replacement rates, but focused on enabling rather than punitive workfare measures – most likely because the crisis of the early 1990s was, unlike in Denmark, clearly unrelated to labour market disincentives.

Notwithstanding these cross-country differences, the variation of punitive and enabling measures within countries over time by far exceeds the variation between countries.<sup>3</sup> Zooming out to better grasp trends over time, Figure 2 shows average changes against the background of average unemployment levels. A score of 0 for punitive or enabling measures indicates that there was no reform activity in a given year, while scores above 1 and below

1 suggest pronounced reform activities. Results illustrate that the greatest policy activity on both (conceptually distinct) types of measures occurred in the mid-1990s. Correlations indicate that the mid-1990s was also marked by a strong positive relationship between punitive and enabling measures – and the same is true of the 2007–08 economic crisis and its aftermath.

<sup>3</sup> The standard deviation for enabling measures is 0.7 for over-time differences and 0.3 for between-country differences. For punitive measures, the corresponding values are 0.9 and 0.3.

Figure 2 does not, however, allow us to assess whether and how problem pressure (unemployment) is related to workfare policy. The multivariate analysis we turn to now thus sets out to disentangle the political drivers behind increased punitive and enabling legislative activity, controlling for economic conditions.

## 2. The political determinants of workfare reforms

Our second contribution concerns the issue of the political determinants of changes over time and between countries, investigating the (party) political drivers of enabling and punitive workfare measures while accounting for relevant economic and institutional factors. We divide this analysis into two subsections. The first departs from the expectation that the left will focus on enabling measures, while the right will favour punitive measures. The second focuses on the relevance of neoliberal market ideology and paternalist moral convictions for workfare legislative activity.

All models embed the workfare reforms data in the Comparative Political Dataset (Armingeon *et al.*, 2017) meaning that the unit of analysis is the country-year period. Our dependent variables are (a) punitive changes, (b) enabling changes and (c) the absolute workfare activity (i.e.  $|\text{punitive changes}| + \text{enabling changes}$ ). While we spell out our expectations regarding the links between those workfare measures and our ideology measures below, for now, it is crucial to keep in mind that punitive measures are coded negative and enabling measures positive whereas the workfare activity is a proxy for legislative activity that rests on the absolute value function of (a) and (b). For each set of regression analyses, we focus primarily on the results if all data is taken from the same year ( $t_0$ ), but also complement this with dynamic models (DVs and IVs at  $t_0$  and  $t-1$ ). Tables 1–3 and Appendix 1 present the contemporaneous (year  $t_0$ ) models, Online Appendix 5.14 the dynamic models (along with many other robustness tests in Online Appendix 5). We do this as the temporal structure of the model could introduce misattribution of political determinants and policy change. For many cases, the relevant context is the current year; in others it may be the previous year. Since both scenarios are plausible, we present both approaches. The results are similar save for expectable differences regarding  $R^2$ .

We address common problems in time series cross sectional (TSCS) data analysis that would violate the assumptions underlying general Ordinary Least Square regression (Beck and Katz, 1995, 1996): heteroscedasticity (unit specific variation of errors), (serial) autoregression (correlation of error terms/residuals over time) and unit heterogeneity. With regard to heteroscedasticity, we follow Beck and Katz' (2011) solution of using panel corrected standard errors. For the  $t_0$  models we use Prais–Winsten regressions with a first order autoregressive process ('AR1') to obtain serially independent errors. This approach often yields results similar to the solution proposed by Beck and Katz (1995) to include a lagged dependent variable on the right hand side of the regression equation but avoids suppressing the explanatory power of other independent variables (Achen, 2000; Wilson and Butler, 2007; Keele and Kelly, 2006). Aside from modelling serial correlation (current error is part of the previous error plus shock), a practical advantage of AR1 is that the number of observations does not decrease by the number of clusters. Finally, regarding unit heterogeneity (i.e. vis à vis our 16 countries), we include country dummies (fixed effects) to exclude the possibility that unobserved, stable, country specific circumstances drive the regression

results. Using a country dummy de means the national time series allowing us to zoom in on the effect of fluctuations in ideology on fluctuations in workfare.<sup>4,5</sup>

All analyses are conducted and presented with and without the unemployment ratio the most direct problem pressure that could drive enabling and/or punitive policy changes as a control. Moreover, the results presented below hold under diverse political scope conditions and when we account for variations in the economic context (GDP growth, fiscal deficit, social transfer spending, openness of the economy; see [Appendix 1](#) for related models).

## 2.1 Theory

### Left versus right?

Conventional arguments on the role of partisanship in the classic welfare state literature suggest that the left focuses on enabling measures, while the right prioritizes punitive measures (e.g. [Korpi, 1983](#); see [Ahrens and Bandau, 2020](#) for a recent review of partisanship effects on welfare reform). Two measures of partisanship dominate this strand of the literature. The first, classic strategy for examining partisanship's policy effects follows [Mair and Castles \(1984\)](#) and relies on party labels (left, centre, right). This approach has the advantage of being grounded in the historical origins of parties and is easily understood, leading to its common use as a heuristic for understanding party positions. The trade off, however, is that these labels arguably do a poor job of capturing ideological shifts over time.

The second measure, in turn, tests the effect of ideology directly by combining classic labels with dynamic left right positions (RILE) from the Comparative Manifesto Project ([Volkens \*et al.\*, 2019](#)).<sup>6</sup> Our interest is in whether and to what extent the ideological shift of the left towards the centre right played a part in the surge of workfare legislation. This approach allows us to account for (traditionally) left wing parties that have moved to the centre, rather than simply assuming that the old left as a whole did so in the 1990s.

- 4 We adopt this approach since we are interested in the effect that changes in the ideological composition of government have on policies in a given context (*ceteris paribus*). Excluding country FE is advisable for the test of a cross sectional equilibrium hypothesis of the type that many macro sociologists and scholars of institutions are often interested in. We, by contrast, are not interested in sluggish or constant factors, but want to study if and how variations in government ideology (such as paternalism) in a country context affect workfare policies. We thus draw on the intra country variations in legislative changes.
- 5 A fourth potential problem is non stationarity of the dependent variables. We conduct Levin Lin Chu (LLC) tests, which suggest that the null hypothesis of non stationarity can be rejected for our three dependent variables.
- 6 The Right Left Index (RILE) of the Manifesto Project is the most widely used dynamic left right measure and is based on quantitative analyses of party manifestos. The relative emphasis on 13 items classified as left is subtracted from the relative emphasis on 13 right items (thus, negative values indicate that left positions outweigh right positions). The RILE 'opposes emphases on peaceful internationalism, welfare and government intervention on the Left, to emphasis on strong defence, free enterprise, and traditional morality on the Right' ([Klingemann \*et al.\* 2006](#), 5). Assessments of the underlying items (e.g. welfare) indicate strong content validity ([Horn \*et al.\* 2017](#)). As with party labels, the RILE is an influential measure without which any analysis of partisanship effects will be regarded as incomplete by many. Note, however, that we chose the RILE and classic expert judgment based party labels not because we approve of these measures, but rather to present the standard analysis of left right effects that most researchers use and will expect to see.

Regardless of whether one adopts the first or the second strategy, however, the assumption that the democratic class struggle still unfolds in the ways Korpi (1983) originally described is highly contested. After decades of dealignment of core electoral groups from ‘their’ parties, few scholars still hold that it is instructive to conceive of the left as the political arm of the labour movement and bourgeois parties as the representatives of capital (for a discussion, see Häusermann *et al.*, 2013). This is the case even in the realm of old compensatory politics and labour market protection, as ideological conversion (Horn, 2017) and a potential insider bias of social democratic parties (Rueda, 2007) call into question any clear cut expectations as to how different party families affect policies. Likewise, the literature on the ‘third way’ of European social democracy (Green Pedersen and Van Kersbergen, 2002) suggests that universal party effects along the lines of the old left right divide are less likely since the mid 1990s. We therefore expect that the classic party labels and the more dynamic left right divide have become less relevant for workfare, since they are overly imprecise proxies for ideological stances (Horn, 2017).

Deviating somewhat from the common measurement practices in comparative welfare state research, however, recent analyses of the activation policy impact of traditional partisan politics (e.g. Vlandas, 2013; Tepe and Vanhuyse, 2013; and especially Cronert, 2020) add nuance to this debate; research in this vein suggests that the party composition of governments may indeed matter since relative to right wing governments the left’s activation policies tend to be more inclusive (involving less targeting), more focused on facilitating standard employment, and more public policy (state) oriented. It may be that focusing on the disaggregated features of workfare, as we propose here, and using the left and right shares in government or the MARPOR Rile Index (see Footnote 6 for details), reveals the kind of partisan effects traditional partisan theory would predict.

### Neoliberal economics versus paternalist politics

Our second approach to investigating political effects suggests moving beyond dichotomous left right categorizations and focusing on more specific ways in which government ideology may be related to punitive and enabling measures. Here, we assess the much discussed impact of neoliberalism and point to the potential role of government paternalism as a moral foundation of workfare policies. Although moral beliefs are increasingly considered to be important for understanding individual level attitudes towards welfare and redistribution (Kevins *et al.*, 2020), the impact of moral political positions on workfare has not yet been tested in a large N study.

The conviction that, alongside structural economic and social changes, neoliberalism has been a main political force driving welfare state retrenchment in general, and the contraction of unemployment protection in particular, is a topic of broad agreement in the literature (see, e.g. Hemerijck, 2013, pp. 126–133, Horn, 2017). From this perspective, recommodifying reforms characterize the neoliberal approach to reforming the welfare state towards workfare that governments have adopted especially, though not exclusively, in the liberal, English speaking welfare states (Hay, 2013). The deep moral conviction under neoliberalism is that the market is ‘the most efficient and *moral institution* for the organization of human affairs, which ... could and perhaps even should replace all other institutions (e.g., family, state, community, and society) as the primary mechanism for producing, promoting, and preserving social order’ (Springer *et al.*, 2016, p. 3, emphasis added; see Mudge, 2011; MacLeavy, 2016; Cahill *et al.*, 2018). A neoliberal government should therefore put strict

limits on social and economic interventionism while also coercively generating markets by promoting competition, privatization and deregulation.

Our core criticism of the neoliberalism thesis is that the oft assumed nexus between neo liberal worldviews and (punitive) workfare policies neglects the fact that punitive and enabling measures all necessitate (long term) government interventionism. Contrary to the critique of workfare as an expression of neoliberalism, we hypothesize that neoliberal economic ideas of non intervention in the market and marketization hereafter called *market ideology* will be associated with fewer workfare policies, both of the punitive and of the enabling kind. The reason is that workfare in sharp contrast to retrenchment of passive transfer systems, for which market ideology is a key driver (see [Horn, 2017](#)) necessitates intrusive, paternalist state intervention that forces individuals to comply with government defined moral duties.

Economic rationales should thus do little to help us understand changes in workfare policies, because market ideology can be expected to reduce the number and scope of punitive and enabling measures. Previous research has shown that moral reasoning matters for individual attitudes towards income redistribution and social protection, and we argue that a moral foundation should also matter for the politics of workfare ([Jensen and Petersen, 2017](#); [Horn, 2018](#); [Taylor Gooby et al., 2019](#)). More specifically, two sets of moral convictions should make governments more susceptible to implementing workfare reforms: first, the conviction that there are mutual social obligations between citizens on the one hand and a paternalistic government on the other; and second, the conviction that the government has an obligation to uphold or enforce traditional morals if individuals or families fail to do so ([Van Kersbergen and Kremer, 2008](#)).

Government paternalism combines an ‘authority to judge individual interests’ with a ‘stress on enforcement’ ([Mead, 1998](#), pp. 98–99). It presupposes strong authoritative supervision, and is not averse to limiting individual freedom and autonomy and coercing individuals to live up to their moral obligations ([Ben Ishai, 2012](#)). Note here that the concept of government paternalism we adopt is analytically distinct from the *libertarian* paternalism as inspired by behavioural economics ([Thaler and Sunstein, 2003](#)) and prominent in political theory (see [Coons and Weber, 2013](#)). According to the libertarian approach, government intervention is permitted if and only if it does not infringe upon liberty and personal autonomy; it is acceptable that a government helps (‘nudge’) citizens to make the choice it considers to be preferable, but it is unacceptable that it constrains a citizen’s options. A paternalist government, by contrast, defines what citizens’ real interests are and is indifferent to their consent.

When it comes to enabling measures, the argument is that a paternalist government is best equipped to grasp the true interests of the unemployed; governments are thus duty bound to enforce behaviour (e.g. training and (re)qualification, job search, accepting (any) job, etc.) that aligns with these interests. The claim that such policies engender public sector expansion is, we think, uncontroversial. Yet reducing punitive workfare to a form of retrenchment (i.e. state retreat or risk privatization) would be problematic as well. Supervising and coercively implementing the job plans and activity requirements that underpin punitive workfare and penalties for non compliance generate new rules and more bureaucrats. This extends rather than limits the reach of the state, as workfare entails an increase in long term state intervention and an active attempt to shape labour markets (e.g. via training). This sits awkwardly with neoliberal principles, where short term interventionism would be justifiable

only by long term state retreat from the market. As [Mead \(1998, p. 111\)](#) wrote: ‘The chief drawback of paternalism is that it makes heavy demands on government’.

It is thus difficult to conceive of workfare as mere state retreat, even if we limit our focus to punitive measures. Instead, both punitive and enabling measures mark an extension of the reach and responsibilities of the state vis à vis individual freedom and market allocation and accords a moral superiority to government action that legitimizes tough supervision. To return to [Mead \(1998, p. 100\)](#): ‘Supervision is the essence of paternalism’. The neoliberal view contrasts sharply with government paternalism: if individuals are better positioned than the government to know what is best for them, and if ‘government is short sighted, bad at handling information, and subject to incentives that rarely line up with those of the public at large’, then ‘workfare has the potential to be massively distortional’ ([Bowman, 2012](#)).

To be clear, we are not arguing that there are no examples in which governments espousing neoliberal ideas have used workfare as a tool for cost cutting. Instead, the suggestion here is that governments wary of state intervention are less inclined to reinvigorate a culture of dependence via the introduction of rights and the enforcement of obligations which in turn generate paternalist public responsibilities to monitor, qualify and sanction welfare beneficiaries. We thus challenge the standard association between workfare and neoliberalism, and instead argue that the more a government commits to paternalism, the more likely it will be to legislate workfare reforms.

In sum, since we do not think that the old partisanship expectation – i.e. that the left enables while the right punishes – holds, we do not expect an effect on absolute workfare activity either. Our expectations for neoliberalism and paternalism, in turn, follow from our general argument: if neoliberalism is associated with non intervention, this should be reflected in a decreased number of (punitive and enabling) measures. To the contrary, if paternalist parties are more susceptible to passing enabling and punitive interventions, this should be reflected in an increased number of measures. For absolute workfare activity, we thus expect a negative slope for neoliberalism and a positive slope for paternalism.

### Left versus right?

As is customary, we investigate left right dynamics using the portfolio share to weigh parties according to their proportion of ministers in the cabinet (we follow this portfolio approach for all measures of partisanship used in this article). Our results indicate that scepticism regarding a clear ideological divide is indeed warranted: we find no robust partisan effects associated with the share of left or right parties in government, irrespective of the model specification and control variables. Tables in the [Online Appendix 4.2–4.5](#) show the effects of left and right partisanship with and without controlling for unemployment, both for the entire time series and for the post 1997 period only. In all models, the slopes for left and right partisanship of governments are flat (marginal effects are therefore not shown).

As for the trend towards more enabling and punitive measures that we reported in Section 1, we do not find that left parties behaved significantly differently during the post 1997 period; interaction terms consisting of time and partisanship were not significant. We read these results as tentative evidence against the claim that an effect of left parties can only be found after the transition to third way social democracy.

What is more, replacing the party labels with the dynamic and multidimensional Left Right Index from the Manifesto Project still produces a null result. [Online Appendix 4.6](#) shows no robust effects, regardless of whether we control for unemployment. Again, to us,

these non effects of partisanship conceived of in terms of the old left right divide are not surprising and suggest that we must engage with more refined ways of measuring ideology if we want to assess the question of whether and how politics matters for the introduction of workfare reforms.

### Neoliberal economics versus paternalist politics

Turning to that task, we begin with the question: are neoliberal governments less active in workfare policy reform? To do so we use the Manifesto Project data to summarize the emphasis parties put on the limits of state intervention and the merits of free market allocation. Here we focus on a battery of Manifesto items used in previous studies (Horn and Jensen, 2017; Jensen and Wenzelburger, 2021) to decipher if/how much parties prioritize economic orthodoxy over state intervention. The categories we draw on are welfare state limitation (505), free market economy (401), economic orthodoxy (414), negative references to labour groups and trade unions (702) and favourable mentions of status groups (704).

While assessments of the dataset's content validity suggest that the Manifesto items in general measure what they are supposed to (Horn *et al.*, 2017), we begin by briefly illustrating the validity of this market ideology (neoliberalism) measure. Figure 3 thus outlines over time trends in market ideology (i.e. neoliberalism) in all 16 countries since 1980. The score on the y axis is the relative emphasis (relative to the entire manifestos) devoted to the selected items. The figure reveals that the measure captures well known phenomena, including Thatcherism in the UK (from 1979 on) and the emphasis that the newly elected Kohl led coalition in Germany initially put on 'less state, more market' (Kohl, 1982) before this enthusiasm for marketization vanished. Similarly, it also reflects less well known peaks in the strength of market ideology, for instance under Poul Schlüter in Denmark in the early 1980s.

Models in Table 1, in turn, confirm our expectation that Manifesto based measures of market ideology were associated with lower absolute change and fewer punitive and enabling measures. Note that the signs of the effects must be interpreted in light of the negative coding of punitive measures and the positive coding of enabling ones.<sup>7</sup>

In order to facilitate interpretation and to convey how substantial these effects really are, Figure 4 illustrates our results as predicted changes. Essentially, these predictive margins/adjusted predictions allow us to compare the reforms of an 'average' government depending on its market ideology. The market ideology score on the x axis is the percentage share of quasi sentences (relative to the entire manifesto) that the government devoted to market ideology categories. To ensure that our conclusions do not depend on non existing or extreme values of market ideology, we add a histogram of market ideology to each plot.

Panels A and B show that both punitive and enabling measures are primarily undertaken by cabinets with low or medium levels of market ideology. For governments with pronounced market ideology, by contrast, predicted changes are statistically indistinguishable from zero (though confidence intervals for governments with extremely pronounced market ideology are particularly large). This suggests that workfare may well be regarded as a form

7 To be clear: the more punitive changes there are in a given year, the more negative the punitive value will be and the highest possible value is thus 0 (no punitive measures); while the more enabling changes there are in a given year, the more positive the enabling value will be and the lowest possible value is thus 0 (no enabling measures).



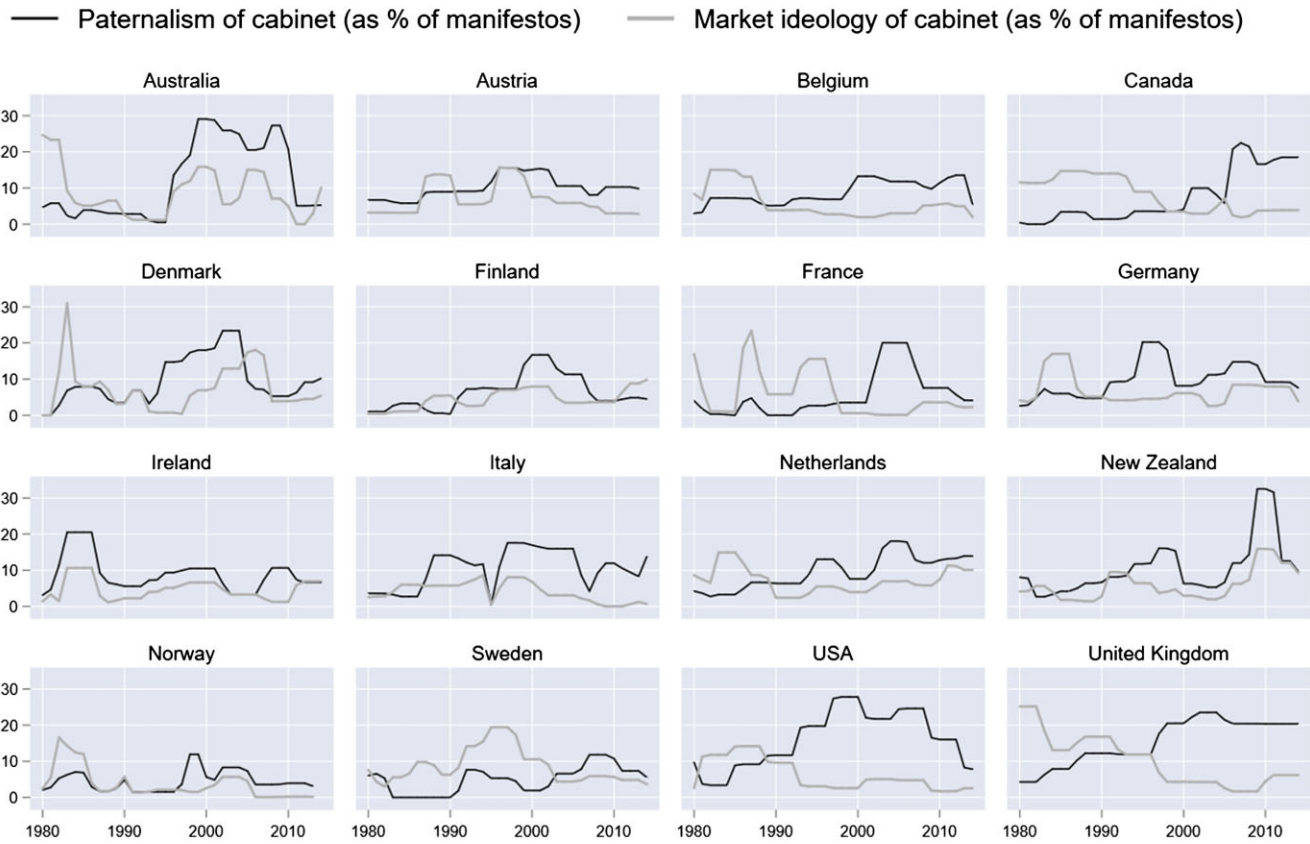


Figure 3 Paternalism and market ideology over time.

**Table 1** Market ideology and workfare policy reform

	(1)	(2)	(3)	(4)	(5)	(6)
	Punitive	Enabling	Absolute	Punitive	Enabling	Absolute
Market	0.0172*	0.0176**	0.0192	0.0204**	0.0211***	0.0260**
Ideology	(0.00880)	(0.00693)	(0.0124)	(0.00913)	(0.00691)	(0.0125)
Unemployment rate				0.0356	0.0398**	0.0780***
				(0.0227)	(0.0160)	(0.0251)
N	557	557	557	557	557	557
R <sup>2</sup>	0.080322	0.136507	0.051212	0.087568	0.150514	0.067376

Note: Prais–Winsten regressions, PCSE in parentheses. All models with country fixed effects.

\* $P < 0.1$ ,

\*\* $P < 0.05$ ,

\*\*\* $P < 0.01$ .

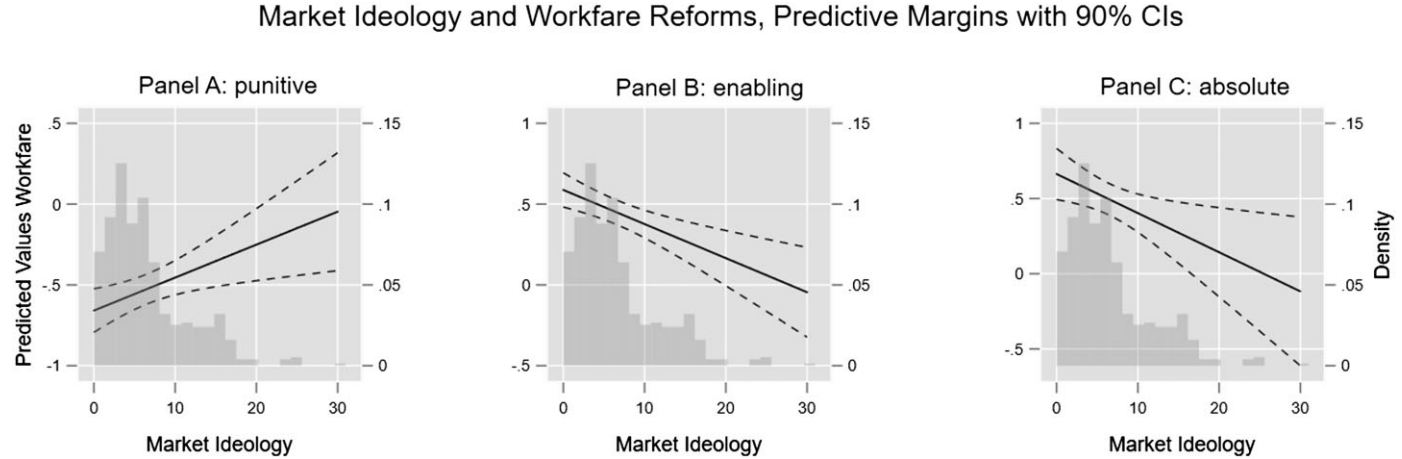
of state intervention that more neoliberal cabinets dislike. In line with this expectation, Panel C indicates that the number of absolute changes (punitive and enabling) falls from about 1.3 to 0 if market ideology is high.

That leaves us with our final research question: do paternalist governments implement more reforms? To test this, we again rely on Manifesto data to construct a measure of paternalism. More specifically, our measure for government paternalism summarizes the emphasis parties put on three aspects: traditional morality (603), which entails favourable mentions of traditional moral values such as suppression of unseemly behaviour or the maintenance of stability; political authority (305), in particular of the party and its politicians; and law and order (605), understood as a favourable mentions of the strict enforcement of domestic law.<sup>8</sup> To further illustrate what these items entail, [Online Appendix 2](#) lists item definitions and 30 illustrative examples of statements that fall into these three categories. Crucially, we note that any connection between these items and workfare legislation is non trivial: as can be seen in the item description and the examples, statements that go into the index are not themselves linked to workfare. What is more, the results we present here hold irrespective of the exclusion of any one of the included manifesto items.<sup>9</sup>

[Figure 3](#) then documents how governments' emphasis on state paternalism has changed since 1980. Here again, the score on the y axis is the emphasis (relative to the entire manifestos) devoted to the key items. Perhaps the most well known example of a government with high values are the first and (especially) second Clinton administration in the USA, following the elections in 1992 and 1996, which come out clearly in the figure and we further

8 To give readers an idea of the underlying statements, we list the item descriptions and examples of statements that fall into these three categories in [Online Appendix 2](#). The descriptions and the examples show that workfare is not usually the subject of the statements. Finally, we discuss the validity of our ideology measures in [Online Appendix 3](#). Focusing on the USA and the UK (as suggested by a reviewer), we show that the trajectories in [Figure 3](#) are plausible.

9 We also note that the effects are equally strong or stronger if we extend our definition of paternalism to include items that are prima facie less apt to capture paternalism per se, such as 'national way of life positive' and 'multiculturalism negative'.



**Figure 4** Market ideology and workfare reforms. (A) Punitive, (B) enabling, (C) absolute.

*Notes:* The solid line represents the predicted workfare change (i.e. adjusted predictions at the means also known as predictive margins, following Williams, 2011) based on models as listed in Table 1 (Panel A: Model 4; Panel B: Model 5; Panel C: Model 6). Dashed lines represent the 90% confidence interval.

**Table 2** Paternalism and workfare policy reform

	(1)	(2)	(3)	(4)	(5)	(6)
	Punitive	Enabling	Absolute	Punitive	Enabling	Absolute
Paternalism	0.0250*** (0.00792)	0.0173*** (0.00625)	0.0284*** (0.00960)	0.0255*** (0.00776)	0.0179*** (0.00610)	0.0297*** (0.00933)
Unemployment rate				0.0303 (0.0212)	0.0333** (0.0155)	0.0710*** (0.0237)
N	557	557	557	557	557	557
R <sup>2</sup>	0.098686	0.145348	0.065720	0.103507	0.154457	0.079050

Note: Prais–Winsten regressions, PCSE in parentheses. All models with country fixed effects.

\* $P < 0.1$ ,

\*\* $P < 0.05$ ,

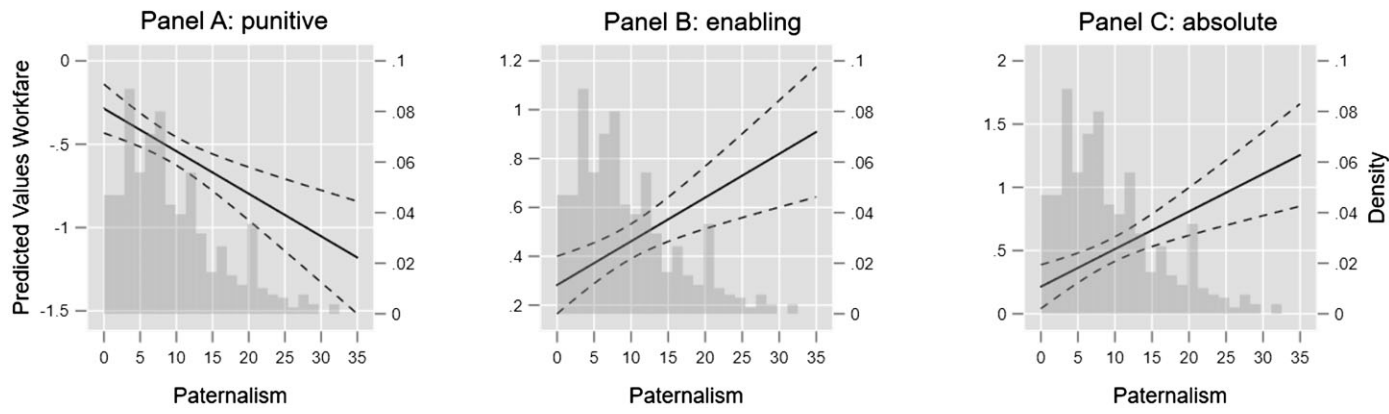
\*\*\* $P < 0.01$ .

unpack this case, along with the much discussed British one, to assess the face validity of our ideology measures in [Online Appendix 3](#).

As with market ideology, we report the effects with and without unemployment (see [Table 2](#)) and show how the predicted changes vary across (observable) values for paternalism (see [Figure 5](#)). Findings are the mirror image of those looking at market ideology despite the fact the correlation between market ideology and paternalism is only 0.01 (indicating no association). [Figure 5](#)'s panels are based on the models from [Table 2](#) that control for unemployment (Models 4, 5, 6), but results are not substantially different if we exclude unemployment. Panel C shows that government paternalism has a substantial and significant impact on the level of workfare policy activity. Panels A and B, in turn, indicate that paternalist cabinets can be expected (on average) to legislate one punitive (−1) and one enabling (+1) measure per year. In the absence of paternalism, by contrast, we would expect to observe little to no changes, with a predicted value of approximately zero. The differences in the predictions are significant from medium high levels of government paternalism onwards, and amount to a full standard deviation (enabling: 0.79, punitive: 0.95, absolute: 1.39) if we compare low and high values of government paternalism in Panels A–C.

Robustness tests show that our results do not depend on differences in the political, fiscal, or economic scope conditions: [Appendix 1](#) adds in controls for union density, the effective number of legislative parties, left right partisanship of cabinet, the unemployment rate, social transfer spending/GDP, real GDP growth, the budget deficit and openness of the economy. It is also worth noting here that including government paternalism and market ideology simultaneously (with or without controlling for unemployment) leads to similar findings (see [Table 3](#)). The contrasting results for paternalism and market ideology are also stable when the number of laws, i.e. the overall reform activity is controlled for (as [Appendix 5.13](#) shows, if anything, results are more pronounced if we control for the volume of laws). Finally, we conduct a variety of additional robustness tests with a differently specified dependent variable, alternative measures of independent and control variables, additional variables, various lag structures, and different model specifications. These tests are reported in [Online Appendices 5.1–5.12](#) and suggest that our main findings are robust regardless of the precise model setup that is used.

Paternalism and Workfare Reforms: Predicted Values with 90% CIs



**Figure 5** Paternalism and workfare reforms. (A) Punitive, (B) enabling, (C) absolute.

*Notes:* The solid line represents the predicted workfare change (i.e. adjusted predictions at the means also known as predictive margins, following Williams, 2011) based on models as listed in Table 2 (Panel A: Model 4; Panel B: Model 5; Panel C: Model 6). Dashed lines represent the 90% confidence interval.

**Table 3** Market ideology, paternalism, and workfare policy reform

	(1)	(2)	(3)	(4)	(5)	(6)
	Punitive	Enabling	Absolute	Punitive	Enabling	Absolute
Market	0.0157*	0.0165**	0.0173	0.0191**	0.0201***	0.0243**
Ideology	(0.00854)	(0.00682)	(0.0122)	(0.00883)	(0.00677)	(0.0123)
Paternalism	0.0242***	0.0165***	0.0276***	0.0248***	0.0171***	0.0287***
	(0.00778)	(0.00614)	(0.00953)	(0.00757)	(0.00593)	(0.00923)
Unemployment rate				0.0382*	0.0417***	0.0813***
				(0.0214)	(0.0157)	(0.0239)
Observations	557	557	557	557	557	557
R <sup>2</sup>	0.105708	0.152219	0.069928	0.113955	0.166626	0.086998

Note: Prais–Winsten regressions, PCSE in parentheses. All models with country fixed effects.

\* $P < 0.1$ ,

\*\* $P < 0.05$ ,

\*\*\* $P < 0.01$ .

Taken as a whole, Section 2 thus shows that the trend towards more legislative activity on workfare cannot be explained by problem pressure, left/right power resources, neoliberalism or the rise of third way social democracy. The results we find are more complex and contradict the argument that workfare is an intrinsically neoliberal project. Instead, and in line with our theoretical critique of explanations focussed on neoliberalism, we find that government paternalism is a robust and substantial driver of punitive and enabling reform measures.

### 3. Conclusion

The reform of social protection systems against unemployment since the 1990s is best portrayed as a conversion from welfare to workfare. Workfare policies, however, have both a punitive and an enabling side, and researchers have disagreed as to (a) whether punitive or enabling measures dominate workfare policy and (b) what political factors have driven this turn. To tackle these issues, we collected new data on punitive and enabling legislative measures implemented between 1980 and 2015 across 16 OECD countries.

Section 1 of the article described over time trends in workfare, illustrating an increasing number of reforms and a slight tendency toward punitive over enabling measures. Yet we did not find a pronounced and generalized shift towards punitive workfare; instead, many countries seem to strike a balance between punitive and enabling measures. Our data also reveal that punitive and enabling measures were often not only legislated in parallel, but also laid out in the same laws. What is more, while many workfare studies have generalized from the British case, we note that the UK is a uniquely punitive workfare case and broadly unrepresentative of general trends. The continental welfare states typically show a mix of measures, but with an increasing emphasis on sticks over carrots. Cross country differences in Scandinavia are also worth noting, with Denmark opting for increasingly tight eligibility criteria and Sweden introducing enabling rather than punitive workfare measures.

Section 2 of the article then investigated the political determinants of enabling and punitive measures. We questioned arguments that conceive of workfare as a neoliberal political project and pointed to government paternalism as a better potential explanation. Empirical results, in turn, suggested that classical assumptions about partisan politics (enabling left vs. punitive right), third way social democracy, and neoliberalism cannot account for increased legislative activity. To the contrary, while much of the workfare literature qualifies workfare as intrinsically neoliberal, findings suggested that non-interventionist market ideology led to fewer workfare measures. Instead, and in line with recent studies that focus on moral rather than economic foundations of social and economic policy, government paternalism was a robust predictor of workfare policy. In line with the argument outlined by Mead (1997) and others (e.g. Soss *et al.*, 2011), such paternalism is politically both left wing as it is pro-government intervention on behalf of the unemployed and right wing as it is driven by concerns about social order rather than social justice. Paternalism is therefore hard to capture with classical approaches to measuring how politics matters.

In sum, it is too simplistic to view workfare as (a) solely punitive and (b) a product of neoliberalism as commonly understood (i.e. economic orthodoxy prioritizing market allocation). Our findings support the argument that *laissez faire* beliefs are hard to reconcile with workfare and point to the moral foundations of workfare. Neoliberalism is associated with fewer workfare measures (with governments instead opting for retrenchment), while paternalism appears to push governments toward more workfare policies and the creation of new moral monitoring, enforcement, and behavioural control measures.

At the party level, then, paternalism and not neoliberalism tends to be associated with workfare reforms. Yet our present study can only take us so far up the causal chain. What might lead a party to adopt a paternalist or neoliberal ideological position in the first place? Most of the literature acknowledges both the role of structural changes such as post-industrialization or globalization and the role of ideas, such as third wayism and libertarianism and their diffusion within and across countries. Three shifts are referenced in the literature (e.g. Ross, 2000; Green Pedersen and Van Kersbergen, 2002; Hopkin, 2020): the stagflation crisis of 1973 and the ensuing electoral crisis of *tax and spend* approaches that appear to have pushed the old left toward the centre; the transformation of right parties under the influence of anti-interventionist think tanks and economists such as Hayek or Friedman (e.g. on Thatcher, Reagan, Schlüter, the early Fogh Rasmussen and the early Kohl); and the incorporation on the centre left of ideas and rhetoric of ‘rights and obligations’ from intellectuals such as Giddens or Bobbio (manifest, for instance in the Schröder Blair Paper). While parsing out these higher level determinants is beyond the scope of this article, the empirical connections drawn out here highlight the value of future work focussed on the spread and adoption of paternalistic ideas in particular.

## Supplementary material

[Supplementary material](#) is available at *Socio Economic Review Journal* online.

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**Appendix 1. Determinants of workfare reforms, political, and economic context variables**

	Political context			Economic context			Combined		
	(1) Punitive	(2) Enabling	(3) Absolute	(4) Punitive	(5) Enabling	(6) Absolute	(7) Punitive	(8) Enabling	(9) Absolute
Market	0.0116	0.0172**	0.0186	0.0170*	0.0199***	0.0243**	0.0135	0.0219***	0.0267**
Ideology	(0.00931)	(0.00765)	(0.0130)	(0.00903)	(0.00681)	(0.0124)	(0.0101)	(0.00738)	(0.0131)
Paternalism	0.0199**	0.0145**	0.0271**	0.0212***	0.0149**	0.0276***	0.0177**	0.0124*	0.0243**
	(0.00868)	(0.00705)	(0.0110)	(0.00762)	(0.00598)	(0.00946)	(0.00846)	(0.00697)	(0.0109)
Partisanship	0.000588	0.0000469	0.000232				0.000645	0.0000770	0.0000762
	(0.000684)	(0.000569)	(0.000935)				(0.000719)	(0.000560)	(0.000972)
N of parties (legislative)	0.0511	0.00828	0.0831				0.0606	0.0317	0.0876
	(0.0551)	(0.0512)	(0.0874)				(0.0582)	(0.0519)	(0.0898)
Labour union density	0.0117*	0.00403	0.00424				0.0143*	0.00728	0.0130
	(0.00706)	(0.00523)	(0.00795)				(0.00818)	(0.00793)	(0.0119)
Unemployment rate				0.0345	0.0589***	0.0812***	0.0409*	0.0685***	0.0901***
				(0.0232)	(0.0184)	(0.0283)	(0.0241)	(0.0195)	(0.0304)
Transfer spending				0.0280	0.00442	0.0114	0.0226	0.00415	0.0124
				(0.0223)	(0.0201)	(0.0343)	(0.0242)	(0.0223)	(0.0381)
(Real) GDP growth/year				0.0132	0.0142	0.0231	0.0155	0.0133	0.0244
				(0.0226)	(0.0186)	(0.0298)	(0.0232)	(0.0189)	(0.0303)
Budget deficit				0.00844	0.0243**	0.00384	0.00722	0.0248**	0.00396
				(0.0150)	(0.0112)	(0.0181)	(0.0157)	(0.0115)	(0.0188)

*continued*

## Appendix 1. Continued

	Political context			Economic context			Combined		
	(1) Punitive	(2) Enabling	(3) Absolute	(4) Punitive	(5) Enabling	(6) Absolute	(7) Punitive	(8) Enabling	(9) Absolute
Openness of the economy				0.00611*	0.000246	0.00166	0.00337	0.00152	0.00171
				(0.00313)	(0.00223)	(0.00342)	(0.00353)	(0.00309)	(0.00483)
Observations	535	535	535	551	551	551	529	529	529
R <sup>2</sup>	0.113085	0.160007	0.075470	0.121613	0.176880	0.087673	0.125847	0.191314	0.097007

Note: Prais–Winsten regressions, PCSE in parentheses. All models with country fixed effects. Variations in case numbers are the result of fluctuations in the availability of data on the variables.

Sources: Market ideology and paternalism as described in the article (based on MARPOR data, Volkens et al., 2019). All other variables based on Comparative Political Data Set (CPDS, Armingeon et al., 2017): N of parties (in CPDS: *effpar leg*), union density (*ud*), openness of the economy (*openc*), budget deficit (*deficit*), unemployment rate (*unemp*), social transfers (*sstrans*), GDP growth/year (*realgdpr*). Partisanship is measured as the portfolio share of right parties in government minus the share of left parties in government (*gov - right1 - gov left1*).

\* $P < 0.1$ ,

\*\* $P < 0.05$ ,

\*\*\* $P < 0.01$ .