Getting Tough on Unemployment

The advanced democracies of Europe, North America, and Australasia have gotten tough on unemployment. Since the mid- to late-1970s, they started to put greater pressure on the unemployed by reducing the time for which unemployment benefits were paid, by imposing stricter job-search requirements, by extending the range of jobs considered suitable for claimants, and by tightening the penalties for non-compliance with these rules. This dissertation addresses several important gaps in the existing research on the politics of these ‘demanding’ reforms. It overcomes a key limitation of previous research, the lack of systematic comparative data, by drawing on two novel datasets on demanding unemployment benefit reforms. Four essays provide novel insights about the changes that have been introduced, about the determinants of voter attitudes, and about the roles of economic conditions and the type of government. The first paper shows that, while the unemployed are indeed under greater pressure to seek and accept work, this has not led to a complete erosion of claimant rights. Not only are many rules and provisions now formulated more precisely, making enforcement more predictable, but some protective provisions have actually been strengthened. The second paper shows that tighter sanctions are introduced in order to address the concerns of voters about overspending on social protection in austere times. The third paper shows that politically weak governments tend to compensate those who are hurt by demanding reforms by expanding labor market training programs, while this is not the case for governments who are in a stronger position. The fourth and final paper shows that the attitudes of voters toward demanding reforms driven by different considerations, depending on whether such reforms are being introduced or not.
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Key words
Welfare state reform, Unemployment benefits, Conditionality, Attitudes, Coalitions

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Getting Tough on Unemployment

Essays on the politics of unemployment benefit reform in affluent democracies

by Carlo Michael Knotz
A doctoral thesis at a university in Sweden takes either the form of a single, cohesive research study (monograph) or a summary of research papers (compilation thesis), which the doctoral student has written alone or together with one or several other author(s).

In the latter case the thesis consists of two parts. An introductory text puts the research work into context and summarizes the main points of the papers. Then, the research publications themselves are reproduced, together with a description of the individual contributions of the authors. The research papers may either have been already published or are manuscripts at various stages (in press, submitted, or in draft).

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i Any Job Is A Good Job? The Development of Conditions and Sanctions for the Unemployed in OECD Countries, 1980–2012
  C. Knotz
  Manuscript

ii The Politics of Sanctioning the Unemployed
  C. Knotz
  Manuscript

iii Coalitions and Compensation: The Case of Unemployment Benefit Duration
  C. Knotz and J. Lindvall
  (Both authors contributed equally to this article.)

iv A Matter of Perspective: The Variable Effects of Authoritarianism and Welfare State Support on Attitudes toward Unemployment Benefit Reform
  C. Knotz
  Manuscript

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Acknowledgements

If I remember correctly, I started wondering about the politics of unemployment benefit reforms back in 2001, when Gerhard Schröder, then Germany’s Chancellor and head of a Social democratic-Green government, stated that there was ‘no right to laziness in this society’, and initiated a series of controversial labor market reforms commonly known as the Hartz-reforms. I found this puzzling. The country is considered the ‘sick man of Europe’, haunted by sluggish growth and persistent unemployment – and the problem is widespread laziness? More importantly, why would the Social democratic leadership pursue these reforms despite strong resistance from the party base, from the unions, and from many Social democratic voters? Whom were they responding to? The political debate about the ‘rights and responsibilities’ of the unemployed, and about the right balance between ‘enabling’ and ‘demanding’ policies brought up many more questions: What are the responsibilities of the unemployed? How demanding is the system, and what will the reforms change? And how does Germany compare to other countries? Does anyone have data?

I feel that I have now gotten a bit closer (although not as close as I wanted to be) to understanding what was going on back then in Germany, and what was (and still is) going on in the rest of the advanced democracies. I also know, however, that this would never have been possible without all the advice, support, criticism, and encouragement I have received from so many people over the years. If this dissertation is of any worth, it is because of them.

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Lund, November 1, 2016.
Summary

The advanced democracies of Europe, North America, and Australasia have gotten tough on unemployment. Since the mid- to late-1970s, they started to put greater pressure on the unemployed by reducing the time for which unemployment benefits were paid, by imposing stricter job-search requirements, by extending the range of jobs considered suitable for claimants, and by tightening the penalties for non-compliance with these rules. This dissertation addresses several important gaps in the existing research on the politics of these ‘demanding’ reforms. It overcomes a key limitation of previous research, the lack of systematic comparative data, by drawing on two novel datasets on demanding unemployment benefit reforms. Four essays provide novel insights about the changes that have been introduced, about the determinants of voter attitudes, and about the roles of economic conditions and the type of government. The first paper shows that, while the unemployed are indeed under greater pressure to seek and accept work, this has not led to a complete erosion of claimant rights. Not only are many rules and provisions now formulated more precisely, making enforcement more predictable, but some protective provisions have actually been strengthened. The second paper shows that tighter sanctions are introduced in order to address the concerns of voters about overspending on social protection in austere times. The third paper shows that politically weak governments tend to compensate those who are hurt by demanding reforms by expanding labor market training programs, while this is not the case for governments who are in a stronger position. The fourth and final paper shows that the attitudes of voters toward demanding reforms driven by different considerations, depending on whether such reforms are being introduced or not.
Getting Tough on Unemployment: Essays on the politics of unemployment benefit reform in affluent democracies

1 Introduction

Putting greater pressure on the unemployed to seek and accept work has been a leading trend in advanced democracies over the last three decades. Governments in Europe, North America, and Australasia introduced reforms that made it more difficult to rely on unemployment benefits for long periods of time, and that introduced stricter behavioral requirements for benefit claimants. These ‘demanding’ unemployment benefit reforms included reductions of the duration for which benefits were paid, tightened job-search requirements, a wider definition of ‘suitable work’, harsher sanctions, and mandatory ‘work-for-your-benefit’ (workfare) schemes.

Some statutory limits on eligibility to unemployment benefits have of course always been in place (Alber 1981; Clasen 2000; Kvist 1998). Unemployment benefits were typically paid for a limited duration, at least in the case of earnings-related insurance-type benefits, and claimants had to be at least available for work, which had to be shown by registering with a public labor exchange or employment service (see e.g. King 1995, Chapter 2). Claimants who refused an offer of employment that was considered suitable for them would risk being excluded from benefit receipt for at least some time. Nonetheless, unemployment benefit schemes used to be much more geared toward compensating temporary income losses rather than toward promoting the rapid re-integration of jobseekers into the labor market.

The reforms of the last decades brought about a clear departure from this ‘passive’ benefit model. The new emphasis on activation is arguably best exemplified by the requirement to
be ‘actively seeking work’ that has been written into the unemployment benefit statutes of the United Kingdom, Sweden, and Spain. The new goal is to turn passive benefit claimants into active jobseekers – if necessary, by coercion.

While this trend is to some extent visible in all advanced democracies, countries still differ significantly with respect to when and how they have reformed their unemployment benefit systems (Clasen and Clegg 2011). Some countries like the United Kingdom started to introduce reforms already thirty years ago, while others, for instance Greece, waited until the early 2000s. The changes introduced in the United Kingdom were also much more significant than those introduced in Greece. Countries differ also with respect to how they combine demanding reforms like benefit cutbacks or stricter conditions with supportive or ‘enabling’ reforms like labor market training programs. While some, like again the United Kingdom, place heavy emphasis on demanding policies, countries like Denmark balance demanding with enabling policies (Dingeldey 2007).

Some of this variation will likely result from the fact that countries experience different economic problems, or experience them at different points in time. But there are strong reasons to believe that the differences in how unemployment benefits are reformed, like welfare state reforms more generally, are politically determined (Myles and Quadagno 2002).

Comparative politics and comparative social policy has, of course, not been ignorant to the fact that unemployment benefits, and labor market and social policies in general, have been made more ‘employment-friendly’ or ‘activating’ (Barbier and Ludwig-Mayerhofer 2004; Eichhorst, Kaufmann, and Konle-Seidl 2008; Häusermann and Palier 2008), and several previous studies have been specifically concerned with demanding unemployment benefit reforms and their social, economic, and political determinants (e.g. Clasen 2000; Clasen and Clegg 2007; Larsen 2008; Rueda 2015). But gaps and inconsistencies remain nonetheless.

This dissertation includes four essays that address some of these gaps, drawing on theoretical insights from research on government responsiveness and the economy-attitudes link, coalition formation, and political psychology, and on two novel comparative datasets on demanding benefit reforms in more than 20 advanced OECD democracies.

In my first paper, I use a novel comparative dataset on the strictness of job-search and availability requirements as well as sanctions for unemployment benefit claimants in OECD countries to show how these rules have been changed. The paper shows that, while there is a general trend toward stricter rules, it is not the case that just ‘any job’ is considered a good job nowadays. A second trend is that the provisions that govern availability- and job-search requirements as well as sanctions have become more precisely defined, which at least makes the enforcement of these rules more predictable. The paper shows, finally, that the rules have, at least in some respects, been ‘updated’ to accommodate the needs of potentially vulnerable groups like working parents and religious and cultural minorities.
My second paper is concerned with the political determinants of demanding reforms, and looks in particular at the case of unemployment benefit sanction reforms. I show that governments tighten sanction in times of austerity in response to popular concerns about overspending on social protection and welfare abuse.

The third paper in this dissertation, co-authored with Johannes Lindvall, addresses the question of why countries package unemployment benefit reforms in different ways. Our explanation is that the type of government introducing the reform matters for how reforms are packaged. Single-party governments, made up of 'strong parties', simply introduce demanding reforms, while politically weaker coalition governments tend to combine demanding and enabling reforms.

My fourth and final paper is concerned with individual-level attitudes toward tighter conditions for the unemployed. Existing research has come up with differing results. Some studies find that these attitudes are strongly related to authoritarianism, whereas others suggest that general welfare state support plays a stronger role. I reconcile these findings by showing that the variation in the effects of these variables results from a framing effect. When reforms are actually introduced, welfare state support matters more.

The papers, taken together, show that political factors do indeed matter greatly. Sanctions are, other than often suggested, not tightened to activate the unemployed per se but to address voter concerns about overspending. And although there is a strong functionalist case for combining demanding reforms with supportive measures like training schemes (Layard, Nickell, and Jackman 2005), political factors determine to a large extent whether or not reforms are packaged in this way. My findings also suggest that, at least when reforms are introduced, the salient conflict dimension is the socio-economic left-right dimension and less so the cultural authoritarian-libertarian dimension.

The remainder of this introductory chapter is organized as follows. In the next section, I outline the existing research on the demanding aspects of unemployment benefits and their determinants. I then move, secondly, on to a more detailed discussion of the gaps and challenges that remain. The third section then discusses which methods I have used and how I have used them before, fourthly, I describe more at length how my papers contribute to filling these gaps. A final section concludes, points out some unresolved issues, and relates the findings to the larger literature.
Existing scholarship on demanding unemployment benefit reforms

It has long been recognized that demanding elements of unemployment benefits play an important role for the functioning of unemployment benefit programs. Checks on job-search activity limit the risk that the unemployed will rely on benefits for longer than necessary and therefore make the provision of unemployment benefits possible to begin with (Barr 2001, Chapter 3). How suitable work is defined has implications not only for the unemployed themselves, but also for the wider labor market. Forcing the unemployed to work for very low wages, for instance, may not only affect the unemployed but may also lead to downward pressure on the overall wage level (see also Saint-Paul 1998; Solow 1997). Rothstein (1992, 40) hence argued that “the paramount question in the implementation of an unemployment-insurance scheme is to decide what kind of job an unemployed worker cannot refuse without losing the insurance benefit” (see also Estévez-Abe, Iversen, and Soskice 2001, 167–168). Others considered the right to refuse an unsuitable job to be the 'basic right of the unemployed' (Hummel-Liljegren 1981).

Specialized single-country and comparative studies have been looking into the configuration of these rules, their politics, and their effects for quite some time (e.g. Alber 1981; Christensen 1980; Corson, Hershey, and Kerachsky 1986; Hummel-Liljegren 1981; Jordan 1975; Magnusson et al. 1978; Webber 1982). There is of course also a significant amount of research on the determinants of unemployment benefit programs and labor market policies (e.g. Anesi and De Donder 2013; Gordon 2015; Lindvall 2010a; Mares 2003, 2006; Picot 2012; Rueda 2005, 2006, 2007; Saint-Paul 1996, 1998), as well as welfare states more generally (e.g. Armingeon and Bonoli 2006; Bonoli and Natali 2012; Hall and Soskice 2001; Huber and Stephens 2001; Pierson 2001b). None of these fields has been ignorant of the fact that aspects like the definition of suitable work are important, or that unemployment benefits have been reformed significantly over the last decades. Still, the more general comparative research on the welfare state and its politics has not been concerned with these parameters to the same extent as it has been with, for instance, welfare state spending or indicators of the generosity of benefits like replacement rates. One reason may of course be that their interest was in labor market or welfare state policies more broadly, but data availability may also have played a role (Clasen and Clegg 2007, 168–171; Starke 2006, 2009; Wulfgramm 2011, 2014).
There is much more and better data on levels of welfare state spending or indicators of the generosity of social protection programs than there is on aspects like the definition of suitable work or benefit sanctions. The prominent data collection projects on social and labor market policies, most notably the Social Citizenship Indicator Program (SCIP) (Korpi 1989; Korpi and Palme 2008), the related Comparative Welfare Entitlements Dataset (CWED) (Scruggs, Jahn, and Kuitto 2014), or also the OECD’s SOCX Social Expenditure Database consider limits to eligibility either not at all or only in the form of the initial eligibility requirements and the statutory duration of benefit payments. The conditions for the ongoing receipt of benefits are not included, as are possible requirements to participate in mandatory workfare schemes (see also Grünewald 2014).

Scholarly interest in aspects like job-search requirements, sanctions, or workfare schemes increased, however, when it became apparent that there was a significant reorientation of labor market and social policies under way (Clasen, Clegg, and Goerne 2016, 22–23): The ‘activation turn’ in social and labor market policy (Bonoli 2013; Weishaupt 2010), which was based on an emerging consensus that social and labor market policies should be reformed in a way that would remove any incentives for workers to withdraw from the labor market or remain unemployed for longer than necessary. A specialized (but sizable) literature has developed that analyzed how countries sought to make their social and labor market policies more employment-friendly (Barbier and Ludwig-Mayerhofer 2004; Bonoli 2010, 2013; Dingeldey 2007; Eichhorst, Kaufmann, and Konle-Seidl 2008; Häusermann and Palier 2008; Kenworthy 2010; Serrano Pascual and Magnusson 2007; Stendahl, Erhag, and Deveizzi 2008; Weishaupt 2010, 2011).

One main goal of these studies was to map and categorize the variation in activation policies across the OECD world (Clasen, Clegg, and Goerne 2016, 23). It was found that activation policies fall into two broad categories. The first category includes policies that make it harder to claim benefits and increase the pressure on claimants to seek and accept work – ‘demanding’, ‘enforcing’, or ‘negative’ activation policies, including the ones described in the introduction: tighter sanctions and conditions or cuts to the duration of benefits. The other category includes supportive, ‘enabling’ or ‘positive’ activation policies. These policies provide the unemployed with the necessary skills and support to be actually able to compete for jobs. Labor market training or wage subsidy programs, but also employment-friendly family policies fall into this category.

Another key finding was that countries combine these demanding and enabling policies in significantly different ways. Some countries pursue a more balanced strategy and counterbalance demanding with enabling policies. The Danish ‘flexicurity’ approach is one example here. Other countries, however, focus more unilaterally on demanding policies. The United Kingdom is often seen as an example case for this strategy (Dingeldey 2007;
While most of the literature on the activation turn has a broad focus in terms of the policies they consider, there are also studies that specialize on the development of unemployment benefits (Clasen and Clegg 2006a,b, 2011, 2012; Clegg 2007) and their increasing conditionality (Clasen 2000; Clasen and Clegg 2007; Clasen, Kvist, and van Oorschot 2001; King 1992; King and Ward 1992; Tsebelis and Stephen 1994). A related literature, which takes a more critical approach, tends to see the turn toward more active social policy as part of a more general transformation of the welfare state into a 'post-national workfare regime' (Jessop 1993, 1999; Kildal 1999; Peck 2003; Peck and Theodore 2000; Torfing 1999).

What these different strands of research on the activation turn have largely in common is that their explanations for the trend toward activation, in its enabling and demanding forms, center around three groups of variables. The first group includes long-term socioeconomic trends like deindustrialization (Clasen and Clegg 2011) and globalization (Jessop 1993), which create a background of slower economic growth, reduced demand for low-skilled labor, and budgetary pressures to which countries have to adapt (Iversen and Wren 1998; Pierson 1996).

The second group includes institutions, broadly understood as both political institutions but also the existing institutional structures of social protection programs. While the former make it more difficult to governments to pass reforms by giving opponents veto power, the latter create path dependencies that make it more costly to introduce radical reforms (Bonoli 2010, 2013; Clasen 2000; Clasen and Clegg 2006a,b; King 1995, see also Tsebelis and Stephen 1994). The third main explanatory factors are ideas promoted by international organizations like the OECD and EU and which are found to have an effect on the reform agendas of governments (e.g. Weishaupt 2011, but see also Lindvall 2009).

In terms of methods, most of the existing research that has been concerned with demanding reforms has relied on small-N country studies, arguably resulting from the fact that only little comparative large-N data on aspects like the conditionality of benefits or workfare schemes exist.

A number of more recent data collection projects have tried to fill this gap by collecting data on job-search and availability conditions as well as sanctions for unemployment insurance claimants. The first of the more recent data collection projects was conducted by the Danish

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3There is, however, limited empirical support for the thesis that increased economic globalization leads to welfare state retrenchment and a global convergence towards a lean, cheap, and ungenerous liberal model of social protection (Brady, Beckfield, and Seeleib-Kaiser 2005; Burgoon 2001; Garrett and Mitchell 2001; Iversen 2001; Iversen and Cusack 2000).

4A subfield of EU research has been specializing on the emergence and effects of the EU’s European Employment Strategy and its successor, the Open Method of Coordination, on the labor market and social policies of EU member states (Barcevicius, Weishaupt, and Zeitlin 2014; Foden and Magnusson 2003; Goetschy 1999; Heidenreich and Zeitlin 2009; Kröger 2009; Mailand 2008; Mosher and Trubek 2003; Zeitlin, Pochet, and Magnusson 2005).
Ministry of Finance (Hasselpflug 2005; Ministry of Finance Denmark 1998).\textsuperscript{5} The OECD conducted similar data collections (OECD 2001, 2007) before eventually following up directly on the Danish Ministry of Finance’s earlier studies (Langenbucher 2015; Venn 2012, see also Council of Europe 2009 and Allard 2005). While these studies all focussed on the rules applying to unemployment insurance (‘tier-1’) claimants, others collected similar data on conditions for social and unemployment assistance (‘tier-2’) claimants (Immervoll 2009; van Mechelen et al. 2011). Major limitations of these data collection projects are, however, that they have produced only cross-sectional data and that they have been conducted in unequal intervals.\textsuperscript{6}

There are, finally, several studies on individual-level attitudes toward reforms that put greater pressure on the unemployed, in particular toward reforms of job-search and availability conditions.\textsuperscript{7} These studies fall into two categories. The first type is primarily concerned with the politics of particular reforms, say the Hartz-reforms in Germany (Arndt 2013, 2014).\textsuperscript{8} The second type of study is concerned with the attitudes as such, outside of the context of a particular reform or country (Achterberg, van der Veen, and Raven 2014; Houtman 1997; Kananen, Taylor-Gooby, and Larsen 2006; Larsen 2008).

These studies have come up with differing results regarding the determinants of these attitudes. Objective socio-economic factors like age, gender, or a past experience unemployment have unstable effects. While Kananen, Taylor-Gooby, and Larsen (2006) find virtually no significant effects of these variables, they turn out to be significant in the study by Larsen (2008). Arndt (2013, 2014) suggests that the key determinant is one’s position on the socio-economic left-right dimension: Those who support a strong, redistributive welfare state tend to oppose demanding reforms. Houtman (1997) and Achterberg, van der Veen, and Raven (2014), however, find that cultural values matter as well. They point to one factor in particular, authoritarianism (cf. Lipset 1959).\textsuperscript{9} Authoritarians, they argue, have a preference for conformity and obedience, and therefore find coercive policies directed at marginal and deviant social groups appealing.

In sum, there is an increased scholarly interest in demanding unemployment benefit reforms, stemming from their increased importance on the political agendas of advanced

\textsuperscript{5}Similar studies of older date are Hummel-Liljegren (1981) or Magnusson et al. (1978).

\textsuperscript{6}Studies that have used these or similar data include Bonoli (2013), Tsebelis and Stephen (1994), Estévez-Abe, Iversen, and Soskice (2001), and van Vliet (2012).

\textsuperscript{7}The survey items used in these studies mostly refer to benefit condition reforms. Houtman (1997) and Achterberg, van der Veen, and Raven (2014) use aggregate indices constructed from several different items. While most of these also capture attitudes toward benefit condition reforms or, in the former case, the right to social security, they include also some items that refer to sanction reforms.

\textsuperscript{8}To be more precise even, Arndt is concerned with the effects of these reforms on the electoral prospects of social democratic parties.

\textsuperscript{9}Authoritarianism refers here to individual voters’ predispositions or ideological leadings (see Tillman 2013, 567), rather than a certain type of political regime (see e.g. Linz 2000).
democracies. Existing research has made great advances in mapping how countries put more pressure on the unemployed and how they combine such reforms with more supportive, enabling policies. Prominent explanations for the increased emphasis on activation include deindustrialization, globalization, the role of ideas promoted by international organizations, and existing institutions that determine the whether and to what extent reforms can be introduced. For all the advances that were made, several gaps remain, as I illustrate in the following section.
3 Open questions and unresolved issues

The first gap is empirical: Due to the lack of comparative data, we have only limited empirical evidence on what changes have actually been introduced. Second, and related to the first gap, there is comparatively little empirical evidence on the political determinants of these reforms. Third, it is not fully clear why some countries but not others combine demanding reforms with enabling ones. Finally, it is not clear why attitudes toward demanding reforms are driven by different determinants at different times.

Evidence on demanding reforms

One issue for research on demanding reforms is the lack of systematically collected data. While there is now a wealth of readily available datasets on a number of dimensions of social protection systems, no datasets of comparable scope are available on aspects like job-search and availability conditions, sanctions, or ‘workfare’ programs. The large number of single-country or small-N case studies in the existing literature have of course provided a great deal of valuable insights into these policies and their developments (e.g. Bonoli 2013; Clasen and Clegg 2007, 2011; Eichhorst, Kaufmann, and Konle-Seidl 2008; King 1995; Lodemel and Trickey 2000; Serrano Pascual and Magnusson 2007; Weishaupt 2011). But a main weakness of case studies is that it is never fully clear how generalizable the findings are until the case or cases are explicitly compared to the rest of the population (Gerring 2004). Such an explicit comparison, however, requires that the properties of the cases are measured in a standardized fashion and their resulting values are put on a common scale, yet such a systematic comparison is hardly possible without systematically collected and standardized large-N data.

A further problem results from the fact that existing research has tended to focus on some particularly interesting countries. Countries like Denmark, the United Kingdom, and the Netherlands were frontrunners in the activation turn, introduced a series of significant reforms, and have consequently been studied rather frequently. Countries like Germany and France were, at least initially, slow to reform their policies and have hence often also been included as comparison cases (e.g. Clasen 2000, 2005; Clasen and Clegg 2006a,b; Cox 1998, 2001; Lindsay and Mailand 2004; Lindsay and McQuaid 2009; van Oorschot and Abrahamson 2003). More comprehensive volumes have also included cases like Sweden, Belgium, Switzerland, Italy, or Spain (Clasen and Clegg 2011; Eichhorst, Kaufmann, and Konle-Seidl 2008; Serrano Pascual and Magnusson 2007), but many European countries are only infrequently studied; Ireland, Austria, Finland, Norway, Portugal are examples (but see Auer 2002; Weishaupt 2011). Many of these studies have also focussed explicitly on the developments in European countries, but not that many also make an explicit comparison between European countries and those outside of Europe (but see Eichhorst, Kaufmann, and Konle-Seidl 2008; King 1995). This means that, even if we were to pool the findings from all existing case studies, many white spots would remain.
Some have argued that it is possible to use data on how much countries spending on active labor market programs (ALMPs) or unemployment benefits to proxy for demanding reforms. Vis (2007, 109), for instance, argues that “[c]hanges in the obligation to work show up in expenditures on activation [ALMPs]”. A similar argument has been made by Rueda (2015, 301), who claims that the “demanding side of the workfare state is best captured by a measure of benefit generosity”, for which he uses spending on unemployment benefits per unemployed person. There are two problems with these claims.

First, spending on ALMPs does not reflect the extent to which the unemployed are obliged to take up employment. Many labor market programs, despite being labeled ‘active’, were really designed to hide open unemployment rather than to get the unemployed back into employment. Public job-creation schemes, where the state acts as an ‘employer of last resort’, are arguably the best example of supposedly active but effectively passive labor market programs. Higher spending on these programs therefore implies less, not more, pressure on the unemployed to accept work (Clasen, Clegg, and Goerne 2016, 26–29; Bonoli 2010, 441). More importantly, the so far best measurements of the actual extent to which the unemployed are under pressure to seek work show a moderately strong but negative correlation with ALMP spending (Venn 2012, 25). ALMP spending is hence a poor proxy for the demands put on the unemployed.

The same is the case for spending on unemployment benefits. It is of course plausible that spending per unemployed person decreases if a greater degree of pressure to seek work leads to shorter unemployment spells and fewer claimants. But spending also decreases when, for instance, replacement rates are reduced. Changes in spending reflect greater demands only under the assumption other parameters have not simultaneously been changed – yet we know for a fact that replacement rates as well as other parameters have been reformed quite significantly (Allan and Scruggs 2004; Korpi and Palme 2003). This means that spending on benefit payments is an equally problematic proxy for the degree to which labor market participation is enforced.

As discussed in the previous section, there have been a number of data collection projects concerned with the conditionality of unemployment benefits. Their main shortcoming is, however, that they provide only cross-sectional snapshots.

In sum, while there is a significant amount of empirical evidence on how unemployment benefits, and labor market and social policies in general, have been reformed in recent decades, this evidence comes mostly from small-N case studies, which typically have limited generalizability. Furthermore, not all countries are equally well covered. Existing large-N data sources are poor proxies for the degree to which demanding reforms have been introduced. The first main gap in existing research is hence:

- There is a lack of empirical evidence on demanding unemployment benefit reforms.
The politics of demanding reforms  The lack of systematically collected data has also constrained research on the determinants of demanding reforms. This is not to say that previous research, either on the ‘activation turn’ in particular or on labor market and welfare state reform more generally, has been completely ignorant of these policies and their reforms. Previous studies have identified key background conditions, but we do not yet fully understand the political processes behind these reforms.

As mentioned above, studies concerned with employment-friendly reforms of social and labor market policies have typically emphasized the roles of structural socio-economic transformations (deindustrialization, globalization), political and welfare state institutions, and international organizations as promoters of reforms (Clasen 2000; Eichhorst, Kaufmann, and Konle-Seidl 2008). However, rigid institutions can, by themselves, not really explain changes over time. And while it is far from implausible that structural transformations and international organizations are important, these can only matter as background conditions. Processes like deindustrialization may create new challenges which countries have to adapt to, and international organizations may provide potential solutions, but they are not sufficient as explanations for why reforms are actually introduced. As eloquently put by Gourevitch (1986, 17): “Policy requires politics. Ideas for solving economic problems are plentiful, but if an idea is to prevail [...], it must obtain support from those who have political power”.

There is a sizable literature on the politics of welfare state reform that holds many potentially relevant insights on how demanding reforms become politically possible (Häusermann and Palier 2008; Myles and Quadagno 2002; Vis 2010, Chapter 5). One view, which has long been dominant in this literature, is that reforms that cut existing levels of social protection and expose claimants more to the vagaries of the market – hence also demanding reforms – tend to be unpopular with voters and therefore electorally risky for governments (Pierson 1996; Starke 2006). It was hence long argued that the political viability of reforms depends on whether governments could find ways to avoid, tolerate, or at least divert the electoral blame for introducing unpopular reforms. A number of potential determinants have been identified in previous research, including for instance patterns of party competition (Green-Pedersen 2002; Kitschelt 2001, see also Lindvall 2010a), the ability of governments to frame public opinion (Elmelund-Præstekær and Emmenegger 2013, see also Wenzelburger and Hörisch 2016), or the status of the economy (Vis 2009a,b).

But there are also others who would suggest that reforms are not actually unpopular, or at least not at all times.¹⁰ Bonoli (2013, 170), for instance, argues that governments have used both demanding and enabling activation policies to claim credit with voters. Others argue that the (un-) popularity of demanding reforms depends on the economic context. This argument comes in two versions. One is that demanding reforms can be a vote-

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¹⁰The work by Nathalie Giger and her collaborators (Armingeon and Giger 2008; Giger 2011; Giger and Nelson 2010; Giger 2012) shows that welfare state cutbacks are not always costly to governments.
seeking strategy, but only in good economic times, when voters are less concerned about becoming unemployed and instead more concerned about their tax burden (Jensen 2007, see also Jensen 2012). There is, however, also the opposite argument: It is in times of crisis when voters become concerned about unemployment and the associated costs and expect governments to take action (Davidsson and Marx 2013).

Not only are there hence differing and partly contradictory theoretical arguments, these previous studies have typically not looked specifically at demanding reforms as such, as their concern was with the politics of welfare state retrenchment more generally. To the extent that studies were concerned specifically with demanding reforms, they have relied on small-N comparisons (Clasen 2000; King 1995). The fact that their more limited empirical scope does of course not render these studies inferior or even problematic, but it is always to some degree uncertain how generalizable their findings are (Gerring 2004).

In sum, while many potential political drivers of welfare state reforms in general have been proposed in existing research, it is so far at least uncertain whether and how they apply in the case of demanding reforms (Häusermann and Palier 2008, 567). The second gap in existing research is hence:

- There is limited empirical evidence on the politics of demanding reforms.

The determinants of reform packages A related aspect, since it also concerns the politics of demanding reforms, is why countries combine demanding and enabling reforms in different ways. Why do some countries rely only on demanding measures, while others combine demanding with enabling reforms? The political determinants behind this variation are not fully understood.

While there has been an almost universal activation turn, its precise shape differs significantly between countries (van Vliet 2012; Vis 2007). The United Kingdom and Denmark, for instance, have both tightened the access to unemployment benefits considerably, and have intensified checks on claimants’ job-search activities. Yet, while Denmark has at the same time expanded labor market training schemes and other ‘enabling’ policies considerably, this has happened to a much lesser extent in the United Kingdom (Dingeldey 2007; Martin 2004; Torfing 1999, see also Aurich 2011; Viebrock and Clasen 2009; Weishaupt 2013).

A possible explanation would be that enduring differences in the countries’ political and economic institutions not only make them cluster into specific welfare state regimes (Esping-Andersen 1990; Hall and Soskice 2001) but also pre-determine their approach to activation. Political institutions and the configuration or party systems, for instance, have been found to determine whether or not the interests of economically weaker groups are politically
represented, which, in turn, affects the degree to which countries adopt supportive and egalitarian labor market policies (Iversen and Soskice 2015a,b, see also Martin 2004).

What these arguments are less able to explain, however, is the significant within-country variation in how countries balance demanding and supporting policies. Some countries have, between the mid-1990s and mid-2000s increased the share of active compared to passive spending (Switzerland, for instance) whereas others have done the opposite (an example here is Portugal) (Duell, Singh, and Tergeist 2009, 35). Stable, regime-specific factors cannot really account for such over-time variation. There must hence be other factors that work within regimes that cause such variation in countries’ approaches to activation. The third unresolved issue is hence:

- It is not clear what causes the variation in countries’ activation strategies.

**The determinants of individual-level attitudes** The fourth and, for the purposes of this dissertation, final unresolved problem concerns the determinants of attitudes toward demanding unemployment benefit reforms, in particular to reforms that increase job-search and availability conditions. Previous studies have come up with differing results.

One would think that a greater support for redistribution or welfare state spending should also imply an aversion toward such benefit condition reforms. Imposing stricter requirements on claimants is, after all, a type of welfare state retrenchment with possibly harsh distributional consequences (Layard, Nickell, and Jackman 2005, Chapter 5).

Some of the studies that have looked at attitudes toward benefit condition reforms paint a different, more complex picture (Achterberg, van der Veen, and Raven 2014; Houtman 1997). They find that those who generally support the welfare state tend to oppose strict conditions for the unemployed – but they also show that there is a strong countervailing factor: authoritarian ideology or authoritarianism.\(^{11}\) Authoritarians are characterized by a strong affinity for order, conformity, obedience, and a preference for coercion as a tool to achieve these goals. Policies which rely on coercion to instill ‘decent work ethics’ among the unemployed, a group that is often seen as lazy or otherwise deviant, will therefore appeal to them. A key implication of this argument is that even strong welfare state supporters can have at least an ambiguous stance toward demanding unemployment benefit reforms if they are also authoritarians.\(^{12}\)

\(^{11}\)While the term ‘authoritarianism’ is often used as a label for a type of political regime (see e.g. Linz 2000), it refers here to individual voters’ predispositions or ideological leanings (see Tillman 2013, 567).

\(^{12}\)The fact that attitudes toward demanding reforms are only partly predicted by general welfare state support corresponds to the often-made finding that welfare state attitudes, like welfare state policies themselves, can be multi-dimensional (Cavaillé and Trump 2015; Fossati and Häusermann 2014; Hasenfeld and Rafferty 1989; Raven, Achterberg, and van der Veen 2013; Svallfors 1991, 1993; van Oorschot and Meuleman 2012).
This profile should in fact be most common among typical working-class voters (Lipset 1959; Svallfors 2005). While their lower social status should make them more supportive of redistribution and a strong welfare state (cf. Kitschelt and Rehm 2006; Svallfors 1997), their typically lower educational attainment, on the other hand, should make them more authoritarian (Dekker and Ester 1987; Middentorp and Meloen 1990). This could mean that, on the one hand, that working-class voters might exhibit an ambiguous, wavering attitude toward benefit condition reforms (Wilson and Turnbull 2001, 21–23). An alternative implication would be that they might exhibit inconsistent attitudes, and will in fact strongly support these reforms even if this conflicts with their preference for a strong welfare state (cf. Achterberg and Houtman 2009). It turns out, however, that when governments have introduced such reforms, it was lower-skilled workers who were least supportive, consistent with their aversion to welfare state cutbacks (Arndt 2013, 2014). There is obviously something about attitudes toward demanding reforms that we do not understand yet.

The fourth unresolved issue is hence:

• It is not clear why the effects of authoritarianism and welfare state support vary.
4 Methods & data

The general methodological approach  Rather than relying on one type of data or one particular method, I chose methods and data depending on the question at hand and the unit of analysis, and I combine different methods to draw on each of their strengths.

Different methods have different strengths and weaknesses or, in Gerring’s (2007, see also 2004; Laitin 2003) words, ‘affinities’. None is inherently superior to the other, but large-N methods are better at some things than small-N case studies, and vice versa. Large-N statistical analyses, due to the larger number of observations, allow researchers to make inferences for a larger population but are less ideal if the goal is to disentangle the causal mechanisms that link a predictor $X$ to an outcome $Y$. Small-N comparisons, on the other side, are superior when the goal is to examine causal processes, or also to examine previously unexplained variation and to generate new testable hypotheses to explain it. But generalizability is always an issue as it is never fully certain that the insights from single- or small-N studies apply to other cases as well.

In addition to having their own individual strengths and weaknesses, different methods also have particular methodological challenges. In the following lines, I will discuss the contributions of the quantitative and qualitative analyses to my research, as well as the key methodological challenges and how they were solved.

Large-N methods  The reader will find that quantitative analyses play a bigger role in this dissertation than qualitative ones. The main reason for this is that this dissertation aspires to overcome a main limitation of earlier research, the heavy reliance on small-N studies. The other reason for using large-N data and methods is, of course, that statistical analyses make it possible to control for at least some potential confounders. Large-N methods are also used to analyze individual-level attitudes and their determinants, as these are typically measured in large-N surveys.

Two of the papers in this dissertation draw on pooled time-series cross-section data, in which multiple countries are observed over longer periods of time. A central methodological challenge when working with such data concerns the model specification. The results from regression analyses of time-series cross-sectional data are often highly dependent on the choice of the model specification (Plümper, Troeger, and Manow 2005; Wilson and Butler 2007). This requires a discussion of the modeling strategy used in the analyses.

There is a long line of studies that have been specifically concerned with how to analyze pooled time-series cross-sectional data in comparative political research (Beck 2001, 2008, 2011; Stimson 1985). The key question has always been, as it was put by Beck and Katz (1995): ‘what to do (and not to do)?’ What is, in other words, the correct way to analyze
these data? Beck and Katz (1995, 1996) have established a standard for estimating the variance of the coefficient errors (the standard errors). But what the debate in this literature showed, at least so far, is that there is no ‘one-size-fits-all’ model specification (Plümper, Troeger, and Manow 2005; Wilson and Butler 2007). Models need to be chosen with the properties of the data and the question in mind.

One key challenge was how to deal with the temporal dynamics in the data. In the two comparative papers, papers II and III, the descriptive analyses indicated that at least some of the main predictors have effects which materialize only in the long-run. Yet, not all statistical models are able to estimate such long-term effects. As De Boef and Keele (2008, see also Beck 2011; Podestà 2006) spell out, different model specifications imply different assumptions about the temporal properties of the effect one is interested in, which means that one needs to specify the model with this in mind. Earlier comparative welfare state research has often used a static model specification (e.g. Garrett and Mitchell 2001; Huber and Stephens 2000), which assumes that any potential effect materializes instantaneously. Others have used models that can estimate only effects that materialize in the long run, so called ‘dead start’ models (Allan and Scruggs 2004). While static models are hence not able to detect any effects that work in the long run, a dead start model would not be able to pick up any short-term effects, even if such effects would actually exist. Type-II errors, falsely concluding that an effect does not exist, are hence a real possibility if the model makes inappropriate assumptions.

A different approach, which has recently gained prominence in large-N welfare state research (e.g. Iversen and Cusack 2000; Jensen 2012; Jensen and Mortensen 2014), is to use models that allow researchers to estimate both short- and long-term effects. These models come in two variants (De Boef and Keele 2008): The autoregressive distributed lag (ADL) model and the error-correction model (ECM). While the dependent variable is in levels in the ADL model and in first-differences in the case of the ECM model, the two models are otherwise mathematically equivalent (De Boef and Keele 2008, 190). Paper II employs ECM models, whereas paper III employs ADL models.

Small-N methods Two of the papers also employ small-N case studies. Three reasons motivate this: First, small-N studies can be used to, first, cross-validate the findings from the large-N analyses, which is especially important in the case of time-series cross-sectional regression analyses since, as discussed above, the results from these analyses can be heavily dependent on the choice of the statistical model. Second, case studies are used to verify that causal mechanisms work in the way hypothesized, which is important to assess the plausibility of proposed arguments (Hedström and Ylikoski 2010). Finally, even if a correctly

¹³Allan and Scruggs (2004) do not explicitly say that they use a dead start model. Their motivation for lagging all their time-varying predictors is to reduce simultaneity bias. In effect, however, they use a model specification that does not pick up any short-term effects.
specified statistical model in conjunction with a small-N analysis provides strong support for a given causal argument, one argument will typically account for only a part of the overall variation in the dependent variable. Case studies are hence used to generate new testable hypotheses that might potentially account for any remaining unexplained variation (Gerring 2004; Laitin 2003).

A key methodological issue in small-N comparative research is the selection of cases. Poorly designed analyses can, at best, produce inconclusive results or, at worst, lead to biased inferences (Geddes 1990; King, Keohane, and Verba 1994). Biased conclusions about causal effects can, first, result when there is a lack of variation on either the dependent or the independent variable(s) one is interested in (King, Keohane, and Verba 1994, 146–149). A case study design can, finally, also be flawed if it includes fewer observations than variables, which would result in an indeterminate research design (King, Keohane, and Verba 1994, 119–122), meaning it does not allow to disentangle the effects of the variables of interest.

The prescriptions that follow from this are rather clear-cut: Cases should not be selected in a way that holds either the key explanatory variable(s) or the dependent variable constant, and a sufficient number of cases should be included. Although the two papers employ different case selection strategies, the general approach both have in common was to select the cases in order to ensure sufficient variation on the explanatory variables and without regard to the outcome of interest (as recommended by King, Keohane, and Verba 1994, Chapter 4).

In paper II, which is concerned with sanction reforms, I compare two very different countries, Australia and Germany, over time. Comparing very different countries allows me to rule out a number of alternative explanations (Przeworski and Teune 1970, Chapter 2), while looking at changes over time provides me with sufficient observations and variation in both the dependent and independent variables. Johannes Lindvall and I, in paper III, provide several short, illustrative case studies of unemployment benefit reforms in five countries. We vary our key independent variable, the type of government, by including both single-party and coalition governments. While two cases would in principle be sufficient to show the difference between coalitions and single-party governments, we also ‘control’ for another variable, partisanship, by including both left- and center-right governments. In order to have sufficient variation on the independent variables, we include five reform cases.

4.1 Data

A fundamental challenge for research on demanding reform is, as was pointed out in the sections above, the lack of systematically collected, comparative data. This dissertation overcomes this obstacle by drawing on two new datasets on different types of demanding
reforms. One dataset provides novel indicators of the strictness of job-search and availability conditions as well as sanctions for unemployment benefit claimants, the other provides novel data on reforms that impose limits to the duration of benefit payments. I will briefly describe how these improve over existing data sources.

The first dataset, which I use in the joint paper with Johannes Lindvall, provides more comprehensive data on reforms that reduce the duration of unemployment benefits than existing datasets. The two most prominent comparative datasets on the generosity of social protection programs, the Social Citizenship Indicator Program (SCIP) (Korpi and Palme 2008) and the Comparative Welfare Entitlements Dataset (CWED) (Scruggs, Jahn, and Kuitto 2014) both include variables that measure the statutory duration of unemployment benefit payments. The key limitation of these datasets is, however, that they provide only data for selected types of claimants. In the case of CWED, this is a 40-year old average worker with a continuous employment record, and with either a non-working partner and two children or no dependents. One main problem is, however, that duration limits often differ between younger and older claimants, or claimants with longer and shorter employment records. Older workers or those with a longer employment record can often receive benefits for longer periods of time than younger workers with a shorter employment record. By focussing on one type of benefit claimant, both CWED and SCIP record only reforms that affect this type of claimant. The dataset Johannes Lindvall and I use includes duration cut reforms that affect most claimants.¹⁴

Our dataset also considers three other types of limits to the duration of unemployment benefits not included in existing datasets. First, we include reforms that abolish the possibility to re-qualify for unemployment benefits by participating in ALMPs. Second, we include reforms that introduce a gradual reduction of benefit levels (‘tapering-off’) over the unemployment spell, thereby introducing a softer but nonetheless tangible duration limit. Finally, we consider also other limits to benefit payments that are used in countries where no formal duration limit exists, as for instance in New Zealand and Australia.¹⁵ These countries use typically other measures to impose some form of limit to benefit payments, for instance mandatory workfare programs like the Australian ‘Work for the Dole’ program.

The second dataset is a dataset on unemployment benefit conditionality, which I have compiled together with Moira Nelson and several other collaborators.¹⁶ The advantage of this dataset is not so much that it provides entirely new indicators, but rather that it provides longitudinal data where only cross-sectional data have been available before. As mentioned

¹⁴We exclude reforms that are targeted at specific groups of claimants.
¹⁵These two countries operate assistance-type benefit schemes where benefits are paid for as long as claimants can show that they have no other source of income and that they are available for work.
¹⁶The data on Greece were collected by Varvara Lalioti, the data on Portugal were collected by Luis Gonzales da Silva, the data on Japan were collected by Takeshi Yanagisawa, the data on Italy were collected by Stefano Sacchi and Patrik Vesan, and the data on the Netherlands were collected by Albertjan Tollenaar, Gijsbert Vonk, and a research assistant. Alexandra Keidel Fernandez assisted in the collection of the data on Spain.
above, several previous data collection projects undertaken by the Danish Ministry of Finance (Hasselpflug 2005; Ministry of Finance Denmark 1998) and later the OECD (Langenbucher 2015; Venn 2012) provide cross-sectional data on the configuration of these rules at four points in time (1997, 2003/04, 2011, and 2014).\(^{17}\) The main problem with those existing data is that the gaps between these studies are quite large and that most of the 1990s and basically the entire 1980s are not covered since no such studies were conducted between 1980 and 1997. It is very likely that quite a number of reforms have been introduced in the years that lie between the various studies (e.g. Clasen and Clegg 2007). One previous study (Allard 2005) has produced an indicator of the conditionality of unemployment benefits in most OECD countries and over a long period of time. These data are, however, apparently based on “much guesswork” (Allard 2005, 5) and, more importantly, they were never made public.

The dataset we have compiled covers 21 core-OECD countries between 1980 and 2012 (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, South Korea, Sweden, Switzerland, and the United Kingdom). It includes variables that measure the strictness of three central provisions: Availability requirements, job-search and reporting requirements, and sanctions for various types of infractions.

One key difference between our dataset and previous ones, next to its longitudinal nature, is also that we use a different data collection method. Previous studies have sent out questionnaires to various countries in which experts from these countries were asked to describe the rules currently in place (Hasselpflug 2005; Hummel-Liljegren 1981; Langenbucher 2015; Ministry of Finance Denmark 1998; Venn 2012). This method is appropriate when it is really the current rules that are of interest.\(^{18}\) Our interest, however, was in the historical development of these rules and a survey-based inquiry would not only have placed considerable demands on the respondents, but might also have led to a high non-response rate or very long turnaround times.

We collected our data instead by carefully inspecting historical legislation, regulations, guidelines, and other official policy-related documents. We usually started with the earliest general revision of the relevant social security or labor market policy act in any country prior to 1980, identified the relevant paragraphs or sections, and then carefully traced the development of these provisions through subsequent amendments up to 2012. In those cases where the main legislative act was too vague or did not include any specific rules at all, secondary legislation or regulations had to be identified, retrieved, and their revisions traced.

\(^{17}\)Additional data could be taken from earlier and intermediate studies (Council of Europe 2009; Hummel-Liljegren 1981).

\(^{18}\)It should be mentioned that the survey method is not free from problems. It turned out, when we collected the data on Austria, that the Austrian respondent in the latest Danish study (Hasselpflug 2005) misreported the strictness of occupational and geographical mobility requirements.
and documented in country-specific summaries. Once a country’s historical timeline was complete, the summary was reviewed by at least one expert from the respective country. Although analyzing historical documents proved to be quite time-consuming and labor-intensive as well, this method in combination with the expert review promises a lower risk of gaps or errors due to non- or false response.
5 Paper summaries


This paper addresses the first gap in existing research: The lack of empirical evidence on demanding reforms. The paper focuses in particular on reforms that increase the conditionality of unemployment benefits. We know from several previous studies that job-search and availability requirements as well as sanctions have become stricter in many countries (Clasen and Clegg 2007, 2011), but we still lack a precise picture of the over-time changes in OECD countries. Precisely the longitudinal dimension is, however, the most crucial one as both the literature on the activation turn and the rise of the workfare state imply that something has changed significantly over time since around the 1970s or 1980s. It is hence unclear to which extent ‘workfareist’ elements have been implemented into unemployment benefit systems in recent years – has ‘any job’ really become ‘a good job’?

Drawing on the novel dataset on the strictness of unemployment benefit conditions and sanctions (as described above), the paper provides several important insights. First, it does confirm that conditions and sanctions have, overall, become stricter. This is most clearly visible in the case of occupational mobility and job-search requirements. At the beginning of the 1980s, most countries had mostly no or only vaguely defined job-search requirements, and claimants were often allowed to limit their availability to their own occupation for the entire duration of their unemployment spell. This changed significantly over the following three decades as formal requirements to report job-search activities were formalized, individual action plans were introduced, and many countries started to require claimants to be available for work in different occupations from the start of their unemployment spells.

The second main development is that many of the rules have become more clearly defined. While, for instance, it used to be often the case that a suitable wage was defined as the ‘usual’ wage in the area and occupation, it is now more commonly defined as a set percentage of the claimant’s former wage or benefit. These changes limit the discretion granted to caseworkers, and make at least the implementation of these rules more predictable for claimants. Whether it will really strengthen the position of claimants will of course depend on the precise content of the rules.

In some respects, thirdly, claimant’s rights have in fact been expanded. More countries now permit claimants to refuse offers of employment if they would have to neglect their caring responsibilities, or if they could not perform the work for moral or religious reasons. The fact that these expansions have addressed in particular the concerns of ‘new social risk’ groups like working parents (Bonoli 2005) or of religious minorities indicates, furthermore, that the rules have been ‘recalibrated’ or ‘updated’ in response to more diverse labor forces.
and changing family structures (Pierson 2001a, see also Levy 1999).

Another contribution this paper makes, besides showing more clearly what has changed, is that it shows how countries actually compare with regard to the strictness of their rules. The patterns challenge some previous findings. Previous studies suggested that countries like Norway should grant jobseekers relatively wide discretion in selecting jobs, whereas these rules should be tough in liberal countries like the United Kingdom, Ireland, or Canada (Estévez-Abe, Iversen, and Soskice 2001). The opposite is actually the case.

This paper is ‘merely’ descriptive (Gerring 2012), which is often seen as inferior to causal analyses. It is therefore relevant to point out why such a descriptive paper still makes a valuable contribution and also why the paper is deliberately kept uninformed by causal arguments. First, the existing literature does make explicitly descriptive claims, for instance that there has been an increase in conditionality in certain countries or that a workfare state is on the rise, and the natural way to assess these claims is via description. Causal analysis is an important next step – but only the next one. Second, description must sometimes be conducted independently from any causal questions (Gerring 2012, 733–735). The reason for this is that causal questions narrow the perspective to those particular aspects that are relevant to the question at hand. When, however, the very goal is to illuminate a less well-known phenomenon, a narrow view is a disadvantage as many important aspects of that phenomenon will necessarily be ignored. Any filters or lenses imposed by a causal framework would, in other words, obstruct rather than focus one’s view and therefore impede the analysis.
5.2 Paper II: ‘The Politics of Sanctioning the Unemployed’

My second paper is concerned with the political determinants of demanding reforms. It looks at the case of sanction reforms, and develops an argument about when governments will move to tighten unemployment benefit sanctions. My argument combines insights from two literatures. The first one is the literature on political responsiveness, which suggests that governments, as vote-seeking actors, are responsive to the policy demands of voters. They will hence introduce reforms when the public is supportive – when they can claim credit for it (cf. Bonoli 2013).

The second literature I draw on is concerned with the relationship between economic conditions and political attitudes. Here I build on recent (and older) findings suggesting that public support for demanding reforms should increase in times of austerity. Although hard times should increase the need for social protection for many voters and should hence increase opposition to any type of cutback among them (Iversen and Soskice 2001; Rehm 2009; Schwander and Häusermann 2013), most voters will arguably be more concerned about other problems, including the fiscal sustainability of social protection systems (Giger and Nelson 2013, see also Durr 1993; Vis 2009a,b). Responding to greater concerns about overspending, policy-makers introduce tighter sanctions. Sanction reforms provide a convenient option for politicians since tightening sanctions allows them to limit spending while focusing the negative effects on a particularly unpopular social group, the ‘undeserving’ unemployed.

My empirical analysis draws on three types of data. First, I show, using attitudinal data, that voters in countries with higher unemployment rates and budget deficits are significantly more concerned about overspending on social protection and benefit abuse. A pooled time-series analysis of data on sanction reforms in 21 OECD democracies shows that sanctions are tightened precisely in times of high unemployment as well as in times of budget deficits. In some cases, for instance in Sweden in the 1990s, and in Ireland and New Zealand in the late 2000s, significant sanction reforms have followed sudden and dramatic increases in the unemployment rate.

Two in-depth case studies of sanction reforms in Australia and Germany confirm the argument in general, while also providing some more nuanced insights. One additional insight is that tighter sanctions have at times been introduced in order to compensate, at least in part, for increased spending in other areas (on labor market training schemes in Australia, or on early retirement in Germany). Usually the opposite pattern is found: Policies are expanded in order to compensate for cutbacks in other areas (e.g. Häusermann 2010, see also

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19 I thereby follow the advice by Geddes (2003, Chapter 2) and focus on one small part of a larger research problem at a time rather than trying to explain the politics of all types of demanding reforms at the same time. As I show in the concluding section, the case of benefit condition reforms seems to be more complex that the case of sanction reforms.
Another additional finding is that sanctioning rules are sometimes more clearly defined, and thereby in part relaxed, in order to tighten their implementation in practice (as in the case of the Hartz-reforms in Germany).

The paper contributes to the literature on the politics of welfare state reform in three ways. First, it provides an explanation for a central type of welfare state reform, sanction reforms, and contributes therefore to the literatures on the activation turn as well as to the literature on welfare state politics more generally. Second, it contributes to clearing up an unresolved issue in the literature on welfare state politics (Starke 2006, 107): How do changes in the economic climate affect popular support for the welfare state and, in turn, the likelihood of retrenchment. Some studies suggest that worsening economic conditions should increase public support for social spending and hence make retrenchment less likely (Jensen 2007, 2012, see also Blekesaune 2007; Blekesaune and Quadagno 2003). Others argue that it should be in hard times when voters see most need for reforms and will hence support or even demand welfare state cutbacks (Davidsson and Marx 2013). I provide one piece of evidence which speaks for the latter view.

A question that may arise at this point is this: Since there are many more potential determinants (see above), and since large-N data are available that make it possible test several explanations simultaneously, why limit the paper to testing only a few determinants rather than testing many more hypotheses? There are strong reasons that speak against such an ‘include-everything’ approach. Including more variables than would be necessary to test a particular relationship into an analysis with a finite amount of data can render the estimates less efficient and hence affect the results. This is particularly the case if predictors are included that are strongly correlated with the key explanatory variable (King, Keohane, and Verba 1994, 182–185). My approach, therefore, is to focus on one determinant at a time (see also Geddes 2003, Chapter 2).
This paper addresses the third gap in existing research: The reasons for why countries combine demanding and enabling reforms in different ways are not fully understood. Putting greater pressure on the unemployed to seek and accept work is, as mentioned above, only one type of activation policy. The other type of policy includes measures like labor market training schemes that enable the unemployed to compete for jobs. Countries have combined these in specific ways. Some have placed emphasis on demanding measures while offering little support, whereas others have counterbalanced demanding measures with enabling ones (e.g. Dingeldey 2007; Torfing 1999).

Johannes Lindvall and I (Knotz and Lindvall 2015) address this question in the third paper of this dissertation. We build on a theoretical insight that has recently become prominent in research on the politics of welfare state reform: Reforms tend to be more balanced when more potential veto players need to be ‘bought off’. In other words, rather than simply preventing reforms from being passed, as the influential veto player model would suggest (Immergut 1992; Tsebelis 1999, see also Ganghof 2003), more veto players require that reforms be more balanced. Such balanced reform packages make sure that those veto players who can expect to lose will get some compensation in return for their consent (Bonoli 2001, see also Lindvall 2010b; Tommasi, Scartascini, and Stein 2014). A similar argument is that of Häusermann (2010, see also Häusermann 2012), who has shown that a greater number of veto players need not prevent reforms from happening, as long as veto players do not form a united front against reform proponents, and as long as side-payments are possible. In a situation in which veto players are sufficiently fragmented along multiple dimensions, reform proponents are able to forge reform coalitions by ‘buying’ the support of the potential opponents.

While our argument follows the same intuition, we focus on a specific variable, the type of government, rather than looking at veto players in general. We draw on an insight from research on coalition formation, which is that ‘strong’ parties, those that are large and centrally located, are able to impose their ideal policy without requiring the direct support of the opposition (Crombez 1996; Laver and Shepsle 1996). Strong parties are those that control a majority of seats in parliament by themselves, but single-party minority governments can also be strong parties. The fact that they can sustain themselves in office without being overthrown by the opposition suggests that there is no other party or coalition that could credibly replace them or their preferred policy. Coalition governments, on the other hand, are formed when no single party is strong enough to form a government on its own. Coalition governments are hence a sign that the strongest party is relatively weak and needs the support of others to stay in office. We argue that ‘strong’ parties, those who can form governments on their own, can simply introduce reforms, whereas weaker parties, those who
have to form coalitions, need to be more careful and introduce reforms in a more balanced fashion.

In our empirical analysis, we find that single-party governments tend to simply introduce duration cutbacks without taking measures to compensate losers. Coalition governments, on the other hand, tend to combine cutbacks with increased spending on labor market training programs. We also show that, next to training spending, coalition governments also tend to increase the levels of both unemployment insurance and social assistance benefits when they introduce duration cuts. Four illustrative case studies of reforms in Denmark, France, the Netherlands, Spain, and the United Kingdom confirm the findings of the large-N analyses.

Our paper makes, first, a direct contribution to the literature on the activation turn since we provide an explanation for why demanding and enabling activation policies are balanced differently. We provide an explanation for why, as an example, Denmark adopted a much more balanced approach to activation in the 1990s than the United Kingdom or also Spain. Our argument implies that Spain might have adopted a strategy more like the Danish one if political power in Spain had been distributed more evenly among the Spanish parties. Considering the determinants of labor market training by itself, our findings also suggest that spending on these programs might not be increased purely out of a concern for the situation of the unemployed, but also for more political reasons.

Our paper makes also a more general theoretical contribution to research on the politics of welfare state reform. Since simple party labels as such have lost significantly in explanatory power (Johannes Lindvall and I do also not find an effect of partisanship), contextual factors like patterns of party competition or the shape of the electoral system have been proposed to explain what parties and governments do or refrain from in welfare state politics (Häusermann, Picot, and Geering 2013). We show that the type of government is one such factor. Furthermore, we show that insights from research on coalition formation can be fruitfully applied to understand the politics of welfare state reforms (see also Bäck and Lindvall 2015).

The last paper in this dissertation is concerned with the determinants of individual-level attitudes toward reforms that put greater pressure on the unemployed to accept work quickly (‘benefit condition reforms’). Some existing studies find that authoritarianism, next to general welfare state support, is a strong predictor of these attitudes (Achterberg, van der Veen, and Raven 2014; Houtman 1997). Other studies indicate that, at least when reforms are introduced, welfare state support becomes the key predictor (Arndt 2013, 2014).

My fourth and final paper proposes a way to reconcile these findings. I argue that the variability in attitudes results from a framing effect (Chong and Druckman 2007). Framing affects how people form attitudes toward certain objects – policies, parties, persons, et cetera. In the process of attitude formation, people draw on considerations they see as relevant to the issue at hand. A consideration relevant to the question of whether the unemployed should have to accept work quickly would be whether one believes that the unemployed are generally not making enough effort to find work. Another possibly relevant consideration would be that policies that putting greater pressure on the unemployed constitutes a break with the principle that welfare states should protect claimants from market forces. Usually, however, people will draw on only a limited number of considerations, for instance because people cannot think of them quickly enough or because they are generally not aware of them. Framing works by leading people to put more weight of some considerations than on others, which can be done by conveying to people that some considerations are more important to the issue at hand.

My argument is that, in normal times, people find it more straightforward to think of the issue of whether more pressure should be put on the unemployed as one about obedience, conformity and work ethics. This is why authoritarianism has usually a strong and welfare state support a weaker effect. I also argue, however, that this can be counteracted in the context of reforms. Unemployment benefit reforms are often (although not always) publicly debated. The political debates around such reforms establish a common frame of reference, and help people to see that the issue is really about welfare state reform. Considerations about how they feel about welfare state reforms will then be more influential, and how people think about the welfare state becomes a stronger predictor. The effect of authoritarianism, on the other hand, is weakened.

To provide empirical support for this argument, I use data from three waves of the European Values Survey (EVS) and combine these with the dataset on unemployment benefit conditionality. The dataset on unemployment benefit conditionality contains information on when unemployment benefit condition reforms are introduced, which I use as a proxy for reform debates. Combining both in a multilevel regression analysis (Steenbergen and
Jones 2002), I show that the effect of authoritarianism is in fact reduced when reforms are introduced whereas the effect of welfare state support is strengthened.

In addition to clearing up an unresolved issue in research on demanding unemployment benefit reforms, the paper makes two more general contributions. One contribution is methodological, since the paper shows that survey questions used to gauge attitudes toward demanding unemployment benefit reforms should be formulated in a way that indicates clearly that the question is about welfare state reform rather than about the unemployed as a group. The other contribution is to provide one piece of evidence that the politics of demanding reforms are about socio-economic rather than cultural issues, at least as long as voters adopt the right frame of reference.
6 Conclusions and outlook

To conclude, the papers in this dissertation provide four new insights into the politics of demanding activation reforms: They show that the type of government matters for whether demanding reforms are combined with enabling reforms. They show how exactly conditions and sanctions for the unemployed were tightened since the 1980s (and where they were not tightened). They show why sanctions are tightened: in response to increased voter concerns in times of high unemployment and budget crises. And they show that cultural values matter less for attitudes toward benefit condition reforms, at least when reforms are introduced. For all answered questions and resolved issues (if that is in fact possible), there are always at least some issues that cannot be resolved and new questions that emerge. It is no different in my case. I therefore want to point out and discuss some issues that I was not yet able to resolve, and I want to suggest a few potential avenues for future research.

The first issue concerns the determinants of unemployment benefit conditions. The reader might have noticed that the dissertation includes a paper which explains why sanction reforms are introduced, but there is no similar account for reforms that tighten job-search and availability requirements. While there is no a priori reason for why the political dynamics should differ between these variables, it does seem that they are different, indeed. The second paper showed that sanctions are tightened in times of high unemployment. The situation seems to be more complicated in the case of benefit conditions, because these are tightened in times of both low and high unemployment.

Two countries where this pattern is very pronounced are Denmark and Finland. Figure 1 shows the relationship between the strictness of unemployment benefit conditions and the unemployment rate in these two countries. Looking first at the unemployment rate (the dashed line), it is obvious that both countries struggled with rising unemployment at the beginning of the 1990s. The crisis in Finland was clearly more significant, but Denmark nonetheless experienced an increase in the unemployment rate from around six percent in 1987/88 to more than ten percent toward the mid-1990s. The initial response in both countries was to tighten job-search and availability conditions. But, even as unemployment started to decrease, both countries then continued to tighten benefit conditions. Similar patterns, albeit less pronounced, are visible in other countries as well.

There are a few potential explanations for why condition reforms, unlike sanction reforms, seem to be unrelated to unemployment. One is that governments have had to implement reforms in incremental steps to avoid stirring up too much resistance (cf. Hinrichs 2001). Another is that a cross-party consensus about the usefulness of these reforms emerged at some point, possibly accompanied by a similar shift in public opinion. The Danish case in particular seems to fit this account quite well (Cox 2001; Green-Pedersen 2002). Another possibility is also that the promotion of ideas by international organizations and learning
The level of unemployment is shown on the right-hand scale.

Figure 1: The relationship between unemployment and benefit conditions

matters more in the case of benefit conditions than in the case of sanction reforms. Benefit sanctions are far from a novel instrument – they have been in place ever since unemployment benefits were introduced (Alber 1981) – and simply increasing the number of weeks a claimant is disqualified from benefit payments does arguably not require much creativity. This might be different, however, in the case of job-search and availability requirements, were a number of policy innovations were introduced over the last three decades. The best example of a new instrument to structure job-search activities are the so-called Individual Action Plans. Such plans had been a part of the ‘Employment and Training (ET) Choices’ program in the state of Massachusetts in the mid-1976, subsequently served as a template for the British ‘Jobseeker Agreement’ (King 1992, 240; see also Kusserov 1990), and were later actively promoted by the OECD (Weishaupt 2011, 167–168). While this does not seem implausible, the issue is still where the political support for lessons from the OECD or the EU comes from, and why political elites decide to learn (Lindvall 2009).

The second unresolved issue concerns my fourth paper on individual-level attitudes. The issue is that the pattern I show in my analysis of the determinants of individual-level attitudes is particular to benefit condition reforms. While, when benefit condition reforms are introduced, the effect of authoritarianism on attitudes becomes weaker and the effect of welfare state support stronger – but this is not the case when sanction reforms are introduced (the results are not shown but available upon request). A possible explanation for the absence of an effect could be that the survey item in the EVS simply does not pick up what people think about sanctions for the unemployed. The focus of this item is on whether the unemployed should be forced to accept a job. This issue could be resolved with better survey data, where attitudes toward sanctions and conditions are measured directly and
separately. Such data are, to my knowledge, so far only available for individual countries at single points in time, which means that they cannot be used to test if there is a change in attitudes or their determinants.

Another unresolved issue, now concerning specifically the paper on sanction reforms, is that I could not fully account for how exactly the public forms the perception that overspending and welfare fraud are important issues. Members of the public often lack detailed political information, and it is hence not clear that they will be well-informed about such matters without any kind of outside influence (Gilens 2001). Information can, of course, come from both political elites as well as the mass media (Lupia 1994; Soroka, Stecula, and Wlezien 2015). A possibility is hence that voters learn about these issues from the elite level to begin with. There is at least anecdotal evidence against this, however. In 2001, and only weeks after new survey data had shown widespread public concern about benefit abuse among German voters, German Chancellor Schröder’s made his now famous statement, ‘there is no right to laziness in this society’, in an interview the widely read tabloid Bild.²⁰ At least in this case it seems that political elites responded to the public, and not vice versa (see also Picot 2009). Still, the question of where the increased public concerns come from remains an open one.

A final limitation of this dissertation concerns the empirical scope in terms of policy. While the two new datasets provide many new insights into when and how countries have changed demanding reforms, they still do not cover the entire range of demanding activation policies. First, both datasets focus on reforms that affect unemployment insurance (‘tier-1’) benefits. While these are traditionally the main unemployment benefit schemes for most of the population, they represent only one part of the entire unemployment benefit system of any country. Countries typically operate also means-tested and flat-rate social assistance (‘tier-2’) schemes (Bahle, Hubl, and Pfeifer 2011; Kvist 1998; Pfeifer 2012). Many activation reforms have in fact focused on these schemes, in particular in Continental Europe (Clegg 2007). A related type of demanding reform that I consider only in part are ‘work-for-your-benefit’ or workfare schemes, which typically target precisely social assistance claimants (Lødemel and Trickey 2000).

The obstacles for a comprehensive data collection project on activating social assistance reforms are formidable, however. Social assistance benefits are often administered by sub-national (state or municipal) entities (Nelson 2007, 37), which means that the number of units for which data would have to be collected increases exponentially. It would therefore take a substantial investment in time and resources – more than I have at my disposal – to fill this empirical gap.

Next to these not yet resolved issues, there are a few other questions that would be worthwhile to address in future research. One important complex of questions concerns the ef-

ffects of demanding policies, which have been of interest to much research in economics and sociology. Many have been concerned with the effects of job-search and availability conditions as well as sanctions on transitions into and out of unemployment (Abbring, van den Berg, and van Ours 2005; Boone, Sadrieh, and van Ours 2009; Røed, Jensen, and Thoursie 2008; Røed and Westlie 2012; Steffen 2005; Svarer 2011; van den Berg, van der Klaauw, and van Ours 2004), and subsequent employment stability and post-unemployment wages (Addison and Blackburn 2000; Caliendo, Tatsiramos, and Uhlenhorst 2012). Others have been concerned with the implementation of conditions and sanctions (Handler 2009; Schram et al. 2009), and the experience of poverty or deprivation among former benefit claimants or among those being sanctioned (Tomlinson and Walker 2012; Watts et al. 2014). These previous studies have typically relied on either experimental or administrative data from single or a small number of countries, yet the dataset on conditions and sanctions provides a new empirical basis for investigations of the effects of these policies. The new dataset makes it not only possible to conduct large-N comparative analyses (as e.g. Bradley and Stephens 2006), it also provides a inventory of reforms that can be used in future studies of administrative data.

Figure 2 suggests that some interesting insights could emerge from systematic comparative analyses of the effects of conditions and sanctions. The graph on the left shows that countries with stricter job-search and availability conditions tend to have lower long-term unemployment rates (several outliers notwithstanding), which is consistent with the findings in the existing literature (Fredriksson and Holmlund 2006). The pattern in the graph on the right, however is not. The graph shows that countries with stricter statutory sanction-
ing rules tend to have higher long-term unemployment rates, which contrasts with earlier results showing that the imposition of sanctions increases transitions out of unemployment and lowers unemployment rates (Steffen 2005; Svarer 2011). A possible explanation might be that what really matters for unemployment rates is how rigorously sanctions are applied in practice (which is what, for instance, Steffen 2005 looks at), rather than how strict the statutory rules are (cf. Grubb 2000) – but whether this is the really case is still an open question.

The papers in my dissertation look at the particular case of demanding unemployment benefit reforms. Still, these reforms are one case in the larger class of labor market policy reforms which, in turn, are one case of welfare state reform. The papers can hence also be read as case studies of labor market or welfare state reform more generally (cf. Gerring 2004, 345).

As a case within the larger universe of studies on activating unemployment benefit reforms, this dissertation confirms an assertion made by Clasen and Clegg (2006a,b) around ten years ago and, in a different way, by Pierson (2001a) even earlier: There is more going on than merely ‘activation’ or ‘recommodification’. We find also evidence of what Pierson called recalibration (the adaptation of policies to new demands and needs) as well as cost-containment. As the first, descriptive paper showed, there are obviously clear signs that there is an increased emphasis on getting the unemployed back into work. This is best exemplified by the increasing strictness of job-search conditions and the proliferation of individual action plans. But the fact that many rules are increasingly precisely defined and that the concerns of ‘new social risk’ groups are more commonly acknowledged suggests that unemployment benefits also change along other dimensions, which may best be characterized as recalibration. Similarly, the political logic of sanction reforms suggests that these fall more into the category of cost-containing rather than activating reforms. If the goal behind tighter sanctions was really to activate the unemployed, then they should be tightened in times of low or at least decreasing unemployment, when it is more likely that those still unemployed might be lacking motivation. But the fact that they are tightened in times of high unemployment as well as the stated motives behind sanction reforms indicate rather clearly that the real goal is cost-containment. If that is the case, the normative question follows of whether the goal of cutting costs really justifies the often harsh consequences of these policies (Watts et al. 2014).

Labor market policy reforms as a whole constitute one case of welfare state reform, which means that the findings presented here have implications for the wider field of research on welfare state politics. One important question in this literature is whether and when welfare state retrenchment is unpopular. While it was long believed that cutting entitlements is indeed unpopular and risky (Pierson 1996), later research has put multiple question marks behind this assumption (Giger 2011; Giger and Nelson 2013; Vis 2009a,b). It is now argued that cutbacks can be popular, at least for some types of programs and under
some conditions (Davidsson and Marx 2013; Elmelund-Præstekær and Emmenegger 2013; Elmelund-Præstekær and Klitgaard 2012; Elmelund-Præstekær, Klitgaard, and Schumacher 2015; Jensen 2007, 2012; Vis 2016). My paper on sanction reforms provides one small piece for this larger puzzle, since it shows that, at least for the case of sanctions and in dire economic circumstances, sanction reforms are a type of popular welfare state retrenchment.

This dissertation, and particularly the first descriptive paper, also contribute to remedying the ‘dependent variable problem’ in comparative welfare state research by providing new comparative indicators of policy change (Clasen and Siegel 2007; Danforth and Stephens 2013; Ferrarini et al. 2013; Green-Pedersen 2004; Jensen 2011; Scruggs 2013; Wenzelburger, Zohlnhöfer, and Wolf 2013). I can of course claim only a part of the credit for providing the underlying data.

This dissertation has attempted to push research on unemployment benefit reforms a bit further, drawing on new data and insights from various subfields of political science. The first paper set out to answer the question of ‘What happened?’. I wanted to provide a clearer picture of the reforms that were introduced since the 1980s, and the subsequent papers sought to provide a better understanding of the politics behind these reforms. ‘What drives their introduction?’, ‘Why are they combined in certain ways?’, and ‘What do people think about them?’ were the central questions. The papers provided but small answers to the bigger question of how the politics of unemployment benefit reform work (Geddes 2003). I hope the findings and the data will provide a foundation on which future research can build and improve on.
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Scientific publications

Author contributions


Paper ii: The Politics of Sanctioning the Unemployed

Paper iii: Coalitions and Compensation: The Case of Unemployment Benefit Duration

Getting Tough on Unemployment

The advanced democracies of Europe, North America, and Australasia have gotten tough on unemployment. Since the mid- to late-1970s, they started to put greater pressure on the unemployed by reducing the time for which unemployment benefits were paid, by imposing stricter job-search requirements, by extending the range of jobs considered suitable for claimants, and by tightening the penalties for non-compliance with these rules. This dissertation addresses several important gaps in the existing research on the politics of these ‘demanding’ reforms. It overcomes a key limitation of previous research, the lack of systematic comparative data, by drawing on two novel datasets on demanding unemployment benefit reforms. Four essays provide novel insights about the changes that have been introduced, about the determinants of voter attitudes, and about the roles of economic conditions and the type of government. The first paper shows that, while the unemployed are indeed under greater pressure to seek and accept work, this has not led to a complete erosion of claimant rights. Not only are many rules and provisions now formulated more precisely, making enforcement more predictable, but some protective provisions have actually been strengthened. The second paper shows that tighter sanctions are introduced in order to address the concerns of voters about overspending on social protection in austere times. The third paper shows that politically weak governments tend to compensate those who are hurt by demanding reforms by expanding labor market training programs, while this is not the case for governments who are in a stronger position. The fourth and final paper shows that the attitudes of voters toward demanding reforms driven by different considerations, depending on whether such reforms are being introduced or not.