
**Introduction: Moving bulky goods.
How new ideas and partisan politics
are transforming the German
welfare state**

Wolfram Lamping

Institute of Political Science,
University of Hannover

Friedbert W. Rüb

Institute of Political Science,
University of Hamburg

The focus of interest surrounding the welfare state has changed gradually but sustainably, given the challenges of economic globalization (Scharpf/Schmidt 2000), the segmented Europeanization of national welfare states (Lamping 2009) and the huge internal problems mature Western welfare states face (Ferrera/Hemerijck/Rhodes 2004). Traditional normative premises have eroded while new ideas, interpretations and ideologies have entered the political agenda. But how to move the welfare state as a bulky commodity and in which direction? In the wake of increasing transformation pressures, new protagonist constellations have emerged. Facing new challenges and new uncertainties, welfare states seem to be less resilient to change than expected in the early “new politics of the welfare state” debates. The literature provides a plurality of concepts in order to explain both ground-breaking policy innovations as well as stepwise policy change – or indeed inertia. One of the core findings of comparative welfare state research is that *political* institutions as independent variables certainly matter (veto points or veto players, bicameralism, federalism, party system, etc.) when it

comes to reforming advanced Western welfare states. But politics and “creative opportunism” (Offe 2001, 368) of governments also play an important role. This includes, for example, the deliberate strategy of “experimental law-making” in German pension policy (Lamping/Rüb 2006), the institutionalization of ad-hoc reform commissions in German labor market and health policy reform in order to involve other players in the reform process, to circumvent veto points and to increase the legitimacy of reform proposals (Lamping 2006), or the engagement of complex processes of political exchange (such as in pension and long-term care policy). Therefore, the politics of “defrosting” (cf. Hering 2002; Palier 2000) the welfare state, i.e. when governments push forward and successfully overcome institutional rigidities and political resistance by opening up new windows of reform, appear to be more contingent, surprising, disorderly, and “messy” (Offe 2001, 368) than often presumed. The ‘new politics of the welfare state’ literature, by contrast, tends to underestimate politics and to overestimate the effect of political institutions.

Conflicts of interest and electoral threats can be ‘tamed’ when governments choose a strategy which helps to manage a bundle of political risks and trade-offs, because in the ‘new politics of the welfare state’, governments are simultaneously – and perhaps predominantly – concerned with solving their *own* problems. In welfare-state restructuring or retrenchment it is these pragmatic or ‘purposeful opportunists’ who are the most creative and effective ones: They make a difference. We call that the purposeful *self-enabling of politics*. With regard to Germany, the argument, therefore, is that a highly horizontally and vertically fragmented, veto-heavy political system could make fundamental policy change less likely, but it may also facilitate and promote it because it provides governments with many opportunities to shift the blame, to share the blame, to blur accountability – and thus to reduce electoral risks. The scope for policy

manoeuvre and reform success might be even larger than in political systems where power is concentrated.

Welfare state literature shows that there is a different logic between the old and new politics of the welfare state:¹ Whereas it is relatively easy to receive support for the development of popular social policies, political leaders are generally afraid of negative reactions to rollbacks of the welfare state (vested interests, welfare-state clientele, etc.). Electoral competition is thus risky for governing parties when it comes to adopting far-reaching reforms which are often painful for and unpopular among voters. While the *trente glorieuses*, i.e. the post-war phase of expansion of the western welfare states, seems to have been sufficiently investigated, the contested politics of re-structuring the welfare state is still a challenging field of research: retrenchment and recalibration politics put high strategic and political demands on governments, as many studies demonstrate, since the distribution of cuts and costs and there-adjustment of programs is a sensitive and barely manageable issue in liberal democracies.

Against this background, the overall approach of this publication is in line with Green-Pedersen and Haverland (2002, 49), who claim that the theoretical understanding of examples of ground-breaking reforms and major retrenchment policies continues to be limited. Existing literature still seems to be poorly equipped to specifically account for far-reaching policy change, since it systematically underestimates the political capacities for initiating and pushing through policy change. We therefore suggest taking into account the political dimension (interactions, strategies, party politics, ideas, discourses, etc.) more systematically and combining institutionalist concepts with 'action-' or 'situation-centred' concepts, be it in single case studies or comparative research (such as the study by

¹ See Starke (2006) for a good literature review on the welfare state *retrenchment* debate.

Natali/Rhodes 2004) in order to better explain both policy change and reform *processes* within a given institutional setting. Nevertheless, one should bear in mind that “bringing politics back in” does not imply conceptualizing politics one-dimensionally as a problem-solving activity, but as a political activity concerned with passions, struggles for power, framing, manipulation, and creative strategies for remaining in office (Lamping/Rüb 2006; Immergut/Anderson 2007). Political science is still in need of a better understanding of “political competition” that is more overarching than “electoral” or “party” competition. The interaction and interplay of politicians is contingent upon the conditions of political competition, concerning the formation and change of political preferences, the power relations between political agents, the strategies of parties, the deliberate framing of reforms, the skillful usage of the media, and electoral campaigning (Immergut/Anderson 2007: 36-37).

Retrenchment and the *failure of governments* to actually and effectively cut their welfare state institutions and programs have been the cognitive points of reference of most of the studies on welfare state reform. We have argued so far that both perspectives might be misleading. As far as the reform content is concerned, empirical evidence should be approached with caution: In all welfare states, cost-containment and retrenchment go hand in hand with new reorganizing and expansionary initiatives responding more effectively to new socio-economic challenges (such as in family policy, population ageing, or with respect to new social risks) or to ‘old’ and persistent deficits (such as in long-term care, labor market policy, and the like). Two conclusions can be drawn from this: Firstly, since the welfare state is a ‘composed entity’, policy sectors make a difference. We can observe policy developments in some policy fields which cut welfare benefits and others which go in the opposite direction. Secondly, one can assume that governments do not strive for retrenchment *per se*, i.e. there is certainly no intrinsic

motivation for mere cost containment or any dismantling of the welfare state *as such*. There are, without any doubt, overall goals such as the promotion of financial stability or the increase in economic competitiveness, but beyond these goals and sometimes co-existing with them, governments often implement new (re-)distributive programs and search for greater equity and equality. Frequently, cost containment is a means of achieving greater effectiveness and efficiency of welfare programs. Similarly, welfare programs are often cut in one sector of the welfare state in order to relocate these financial resources to new demands in another sector. These aspects are frequently played down in the ‘new politics’ literature. In other words, the ‘new politics’ is, in fact, often about cost containment *and* the selective improvement of benefits/programs, and about blame avoidance (for retrenchment) *and* credit claiming (for improvements or at least for achieving financial stability) at the same time.

Welfare state research has been built up on two – allegedly contradictory - argumentative pillars. The first of these is a strong emphasis on the “prediction of crisis and even downfall of the welfare state” (Hemerijck and van Kersbergen 1999, 168). The welfare state is apparently jeopardized, under pressure to legitimize itself and under attack by governments eager to adjust their welfare states in a phase of ‘permanent austerity’. The second line of argument, dominant in the welfare state research of the 1990s, “documented empirically that welfare states have been remarkably resistant to change notwithstanding the mounting challenges they face” (Hemerijck and van Kersbergen 1999, 168), due to electoral constraints, widespread resistance, and path-dependent mechanisms. When reflecting on reform processes, scholars tend to emphasise the difficulties of reform and the barriers to structural change, while assuming reform attempts to be highly incremental and status-quo-oriented. In addition, a large number of studies argue that despite serious external and internal challenges, “the institutional landscape of the

contemporary welfare state has largely remained intact. If the environment of the welfare state has changed, the welfare state itself has not” (Hemerijck and van Kersbergen 1999, 170). We question this line of argument which apparently backs Paul Pierson’s popular main argument (1994; 1996), namely the stability of the welfare state despite mounting pressures for retrenchment. Although the overall architecture of the welfare state is still impressive, in some policy sectors major policy change has taken place behind the scenes.

At first glance, Germany is widely regarded as an example of strong path-dependency and resilience. Indeed, with respect to constitutional arrangements and institutional features, the German political system can be understood as an elaborate structure of institutional checks and balances and numerous veto points along the chain of decision-making, which makes policy changes slow and incremental change much more likely than any kind of dramatic break with established policy. However, although we are witnessing the end of the ‘heroic welfare state’, we can observe that the intensity of governing in welfare state matters has been increasing in Germany over the last decade. A large body of literature exists on the matter of why, how and to what extent welfare state reconfiguration is taking place. In contrast to institutionalist and structural approaches, the debate on the relevance of discourses (Radaelli/Schmidt 2005) and ideas (Béland 2007) in welfare state politics is still far from settled. Only a small number of studies are concerned with the role of ideas or ideological factors for welfare state reforms. The political construction and interested definition of problems and the framing of policy programs can certainly have an effect on reform trajectories and may be key factors for the success of political initiatives. Furthermore, discourses and ideas can add to the debate on the new politics of the welfare state because they may help to explain *why* policy change occurs, to identify the *motives* of those involved, and to

understand what *meaning* a policy change has. In this respect it is poignant to ask whether the German welfare state is still on the conservative path. Or, as we have recently claimed rather unspecifically (Lamping/Rüb 2004), is it shifting towards an “uncertain something else”? From a political perspective, the publication at hand draws attention to the ideas, paradigms, opportunities, mechanisms and features of change within the German welfare state. However, before the world changes, the ideas about the world have to change. Consequently, the publication begins with the change of ideas of the tasks and functions of the welfare state.

As *Antonio Brettschneider* outlines in his contribution “On the way to a social investment state”, the change in the German welfare state began with the change of basic paradigms. Although the idea of the so-called social investment state was not extensively pronounced in the German discourse, its basic assumptions decisively shaped the German reforms debates as well as social policy reforms. At the core of the institutional restructuring of the German welfare state lies a redefined idea of social justice. A gradual shift from the “protective” to a “productive” social insurance state on the ideological and institutional levels coincided with the basic assumptions of the social investment state outlined in the writings of A. Giddens (1998) and G. Esping-Andersen (2002; idem (ed.) 2002).

According to *Brettschneider*, the social investment state has two basic rationales. Firstly, the *economic rationale* claims that the economic function of social security should be to activate, educate, train and counsel the inactive labor force in order to integrate as many people as possible into the labor market. In the long run the argument goes, there will be economic returns for the society and for each activated individual. Secondly, the *social rationale* claims that a reciprocal exchange between individuals and the state or society increases

the legitimacy of social policies and contributes to an improved social cohesion.

The article convincingly describes how the ideas and paradigms of the social investment state spread into party programs, political statements, parliamentary debates and other communicative actions. But while these general ideas are now in a dominant position in the welfare state discourse, the policy responses seem incomplete. Due to the abstract nature, ambiguity, and overdetermination of the many political statements, policy makers have a wide range of possibilities to translate the paradigms into concrete policies. In addition, German politics is confronted with coalition governments, various ideological streams within the governing parties, and a wide range of veto powers which all force decision-makers to bargain and compromise. It is small wonder that the policy responses are always incomplete, messy, half-baked and inconsistent. But once the course is set, be it as inconsistent as it may, there is no turning back. However, the concrete policy design and the institutional architecture of the new German social investment state is nevertheless on the way.

Martin Seeleib-Kaiser, in his article on “Reframing Social Policy”, argues from a somewhat different perspective. Like *Antonio Brettschneider*, he observes that the normative foundations and ideological frameworks of social policy in Germany have changed significantly since the 1980s, but in his view there has been a gradual shift in the grammar of the German welfare state towards what he calls “liberal communitarism”. He alludes to the fact that in addition to the implementation of liberal welfare state policies (such as the introduction of market mechanisms, a stronger emphasis on focusing public resources on the “truly needy” and public support for private self-help), family policy developments and justifications are rooted in communitarian approaches, and are thus conceptualized very differently from (former) conservative approaches.

As discussed above, a prominent part of the “new politics debate” is the focus on (strong) vested interests, electoral threats and blame avoidance, especially when it comes to pushing through unpopular reforms in mature welfare states. One of the most interesting and most important issues in the corporatist welfare states is the transformation of structures of interest mediation. Is the German welfare state losing its corporatist shape, and if so, which new channels of interest mediation are coming into operation? Has the German “Verhandlungsdemokratie” (Czada 2004) come to a standstill?

In her contribution “Between corporatism and lobbyism. German welfare associations in transition”, *Katrin Toens* concentrates on the transformation of the German welfare associations. They do not only play a key role in providing social services, but are also part of the meso-corporatist arrangement which is typical of the German welfare state. The state provides them with a privileged legal rule in exchange for the production of many of the social services. The recent process of state transformation and the increasing Europeanization of social policies have contributed to a massive change from welfare corporatism to a more flexible and situative arrangement of lobbyism. The case of the welfare associations is part of a more general development transforming the structured, secure and moderating corporatism to a new arrangement. In contrast to corporatism, lobbyism may be characterized by the following five elements. It faces (i) a stagnation, reduction or fragmentation of membership and thus of interested influence. It then is confronted (ii) with a growing specialization of interest representation which works against routinized alliances between interest associations and the state. An increasing number of business ventures opt (iii) for independent lobbying outside the traditional corporatist venues. In addition, (iv) increasing professionalization of interest representation brings into the game private consulting and lobbying firms which undermine the exchange

relationships between the associations and the state. And (v) the new strength of NGOs and social movements contributes to the rise of new participants who concentrate on punctual campaigns and media-effective events. In the end, a moderate and negotiated transformation of the welfare state via “social pacts” (Rhodes 2001) seems to have become obsolete.

Besides interest groups, the electorate also seems to be a strong force resisting reform, forcing politicians to choose a strategy of “blame avoidance”. Recently, I. Schulze has labeled the resistance of elderly segments of the electorate as that of “veto voters” (Schulze 2007). However, there is still a need to analyze the voting motives of the elderly electorate in “ageing” democracies. “Oldies with muscle” was the headline of an article in *The Economist* (April 26th 2008) dealing with Germany’s alleged “generation gap” and the growing fears about the political power of pensioners. It is evident that demographic shifts and the electoral dynamics of ageing democracies are part of the “new politics” casting doubt that any effective reform in social policy which runs against the (material) interests of older people would be at all possible. Consequently, strong resistance against any substantial retreat from the status quo is likely to emerge among the “gray” electorate, which is expected to react strongly to losses. More bluntly: Do the older voters (more than half of them will be 50 or older in the 2009 federal election) actually make use of their political power in order to establish what former president Roman Herzog called in April 2008 a “pensioners’ democracy”, in which “the old plunder the young”? Is the unwritten inter-generational contract actually in danger? At first glance, great attention has been paid by the ruling Grand Coalition government of the CDU and the SPD to the elderly. Examples of this include the 2007 decision to extend unemployment pay for workers over 50 to 24 months, the 2008 reform of the long-term care insurance which introduced selective improvements of benefits, and not least the political decision to raise

pensions in 2008 and 2009 (though pensioners' incomes will still fall in real terms, since inflation will be even higher). Some of these policies explicitly rolled back reforms enacted by the previous Social Democrat/Green federal government in the wake of the so-called Agenda 2010.

Though empirical evidence seems to be striking, the political (and electoral) reality is much more complicated: On the one hand, many of these recent policies apparently enacted by the German government in favor of older people can only be explained by unpredictable self-dynamics, complex negotiation processes and strategic package deals characteristic of the Grand Coalition which has been in power since 2005 (see the article by *Merkel* and *Wessels*). On the other hand, the German governments have gradually increased the (financial) burden on the "younger generation" in pension policy by gradually decreasing the public pension level, introducing a quasi-obligation to take up additional private pension insurance, or by raising the pension age stepwise from 65 to 67 from 2012 onwards. Finally, apart from deliberate political strategies pandering to the elderly, there is much ignorance about the actual electoral interests of older people. The article by *Achim Goerres* offers a more balanced perspective on this topic and challenges core assumptions of a growing body of what he calls "alarmist literature". *Goerres* doubts the idea of a generational war and argues that both the reasons for electoral decisions as well as the interests of older people are more heterogeneous and less self-serving than often assumed. Moreover, he emphasizes that age is not a political division line between young and old voters – i.e. both groups are interested in a certain level of material security in old-age. *Goerres* concludes that the notion of an antagonism between young and old in the electoral arena that could lead to the obstruction of welfare state reforms is a myth and lacks empirical evidence, at least for the case of Germany.

As mentioned in the introduction, the possibilities and restrictions of successful policy change very much depend both on the institutional/political opportunity structures (fragmentation of the political system, number of veto players, party system, etc.) *and* the ability of politicians to open up “windows of opportunity” (crisis scenarios, timing, political entrepreneurship, blame avoidance, and the like). The construction of large reform coalitions might certainly increase governments’ capacity and capability to act. The German Grand Coalition of CDU and SPD, however, is a very specific political constellation: though ad-hoc, issue-specific, temporary coalitions between Christian and Social Democrats have been a well-known phenomenon in German welfare-state politics (for example in pension or health policy), a CDU/SPD federal government is still an exception. At least theoretically, such a political constellation could make even unpopular and large-scale welfare state restructuring feasible given its majority in both legislative chambers. In a fragmented political system such as the German one (bicameralism, federalism), grand coalitions, at least theoretically, provide for some concentration of power at federal level which could make it easier to both politically integrate and circumvent veto players. However, it is plausible to assume that the famous politics of blame shifting or blame diffusing between levels of government, parties and office-seeking politicians do not really work in a grand coalition, which could make retrenchment less likely because grand coalitions share the blame and cannot pass it. Therefore, they could tend to shy away from unpopular policies. On the other hand, although dissatisfied voters know fairly well who they may blame for cutbacks, it is difficult to punish CDU and SPD in the electoral arena unless a convincing political alternative emerges. The risk of electoral retribution is thus relatively low.

The CDU/SPD Coalition which came into power in 2005 was a second-best solution for all parties involved.

The coalition was marked from the very outset by a climate of mistrust, numerous attempts to shift blame to the coalition partner, and a sort of “permanent election campaign” with regard to several state parliamentary elections and the 2009 federal election. A long sequence of negotiated bargains and complex processes of political exchange have been the consequence of this uneasy political constellation. What was the effect on welfare-state reforms? In their article “On the Horns of a Dilemma”, *Wolfgang Merkel* and *Bernhard Weßels* contribute to the debate on the impact of party politics and partisan composition on the governments course of action to welfare state reforms. In the coalition agreement of 2005, the CDU and the SPD identified five policy areas, in which reforms are urgent: family policy, federalism, public debt, labor market and health policy. One can observe only in family policy a relatively large win set in programmatic items, whereas in all other fields the win set is medium to small. If partisan competition and vote seeking dominates politics, and the upcoming elections enforce these tendency, the grand coalition is trapped in a zero-sum-game. If the coalition parties are unable to resist this temptation, effective cooperation will hardly be possible. Then, welfare state reforms will be reduced to the lowest common dominator and will not open the door for far ranging decisions.

The argument we put forward in this introduction - namely that detailed studies are required both of the political processes and the context in which they take place and of strategic activities of persons and organizations engaged in politics in order to understand the complex and challenging world of welfare state reform - is incomplete. We also need detailed studies of the *policy* change which precisely analyze the measures taken by governments. In a second volume to be published in 2009, we address this dimension of policy change in more detail drawing on in-depth studies in policy fields such as health policy, unemployment policy, pension policy, and family policy. Some of the

articles provided in the volume at hand suggest that Germany is no longer moving along the “middle path” (Schmidt 1996).

References

- Béland, Daniel (2007): Ideas and Institutional Change in Social Security: Conversion, Layering and Drift, in: *Social Science Quarterly* 88 (1): 20-38.
- Czada, Roland (2000). Konkordanz, Korporatismus und Politikverflechtung: Dimensionen der Verhandlungsdemokratie, in: Holtmann, Everhard/Voelzkow, Helmut (Hg.): *Zwischen Wettbewerbs- und Verhandlungsdemokratie. Studien zum Regierungssystem der Bundesrepublik Deutschland*, Wiesbaden: Westdeutscher Verlag: 23-49.
- Ferrera, Maurizio/Hemerijck, Anton/Rhodes, Martin (2004): *The Future of European Welfare States. Recasting Welfare for a New Century*, Oxford: Oxford University Press.
- Green-Pedersen, Christopher and Haverland, Markus (2002): 'The New Politics and Scholarship of the Welfare State', in: *Journal of European Social Policy* 12 (1): 43-51.
- Hemerijck, Anton and van Kersbergen, Kees (1999): Negotiated Policy Change: Towards a Theory of Institutional Learning in Tightly Coupled Welfare States, in: Braun, Dietmar/Busch, Andreas (eds.): *Public Policy and Political Ideas*, Cheltenham: Edward Elgar: 168-185.
- Hering, M. (2002): *The Politics of Privatising Public Pensions: Lessons From a Frozen Welfare State* (paper presented at the American Political Science Association, 98th Annual Meeting, Boston).
- Immergut, Ellen M./Anderson, Karen M. (2007): The Dynamics of Pension Politics, in: Immergut, Ellen M./Anderson, Karen M./Schulze, Isabelle (eds.): *The*

Handbook of West European Pension Politics,
Oxford: Oxford University Press: 1-45.

Lamping, Wolfram (2006): Regieren durch
Regierungskommissionen? Funktionen und
Implikationen der Hartz- und der Rürup-Kommission
im Vergleich, in: Evers, Adalbert (eds.): Regieren in
der Sozialpolitik, in: Zeitschrift für Sozialreform 2:
233-251.

Lamping, Wolfram (2009): European Union Social
Policy. Towards a Post-national Welfare State?, in:
Schubert, Klaus/Hegelich, Simon/Bazant, Ursula
(eds.): European Welfare Systems, London/New
York: Routledge (i.p.).

Lamping, Wolfram/Rüb, Friedbert W. (2004): From the
Conservative Welfare State to an 'Uncertain Else':
German Pension Politics in Comparative Perspective,
in: Policy & Politics 32 (2): 169-192.

Lamping, Wolfram/Rüb, Friedbert W. (2006):
Experimental Law-Making and the Politics of
German Pension Reforms, in: Hegelich,
Simon/Schubert, Klaus (eds.): The Politics of
Pension Politics. Special Issue of German Policy
Studies 3 (3): 446-491.

Natali, David/Rhodes, Martin (2004): The New Politics
of the Bismarckian Welfare State: Pension Reforms
in Continental Europe (Working paper of the
European University Institute, Social and Political
Sciences Department, 2004/10, Florence).

Palier, Bruno (2000): "Defrosting" the French Welfare
State, in: West European Politics 23 (2): 111-136.

Pierson, Paul (1994): Dismantling the Welfare State?
Reagan, Thatcher, and the Politics of Retrenchment,
Cambridge: Cambridge University Press.

- Pierson, Paul (1996): The New Politics of the Welfare State, in: *World Politics* 48 (1): 141-179.
- Radaelli, Claudio/Schmidt Vivien A. (eds.) (2005): *Policy Change and Discourse in Europe*, London: Frank Cass.
- Rhodes, Martin (2001): The Political Economy of Social Pacts: 'Competitive Corporatism' and European Welfare Reforms, in: Pierson, Paul (ed.): *The New Politics of the Welfare State*, Oxford: Oxford University Press: 165-194.
- Scharpf, Fritz W./Schmidt, Vivien A. (eds.): *Welfare and Work in the Open Economy*, Vol. 1 and 2, Oxford: Oxford University Press.
- Schmidt, Manfred G. (1996): Germany: The Grand Coalition State, in: Colomer, Josep (ed.): *Political Institutions in Europe*, London/New York: Routledge, 62-98.
- Schulze, Isabelle (2007): *Der Einfluss von Wahlsystemen auf Politikinhalt: Electoral Threat in der Rentenpolitik*, Baden-Baden: Nomos.
- Starke, Peter (2006): The Politics of Welfare State Retrenchment: A Literature Review, in: *Social Policy & Administration* 40 (1): 104-120.

