



The COVID-crisis as an opportunity for welfare recalibration?

Panel-data evidence on the effect of the COVID-crisis on welfare preferences in Spain, Germany, and Sweden

Matthias Enggist, Michael Pinggera, Silja Häusermann

University of Zurich

Vortragsreihe "Wissenschaft in Zeiten von Corona"

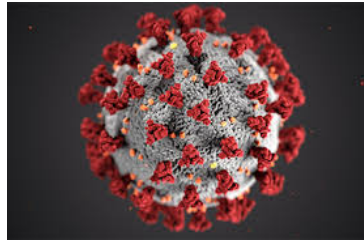
20 October 2021



Introduction – COVID-crisis and the welfare state

Nearly 60 million European jobs are at risk

The Economic Recovery Has a Child-Care Problem



COVID-19: Workers in precarious employment to be hit particularly hard

The Covid-19 wake-up call to buttress social investment

Welfare inequalities revealed by Covid crisis show why UK must modernise and 'future-proof' welfare state, says IPPR

by Anton Hemerijck and Robin Huguenot-Noël on 28th September 2020 [@r_huguenotnoel](#)



Old vs. New Social Risks

- Welfare literature: existing welfare states from the industrial era fail to adequately protect against post-industrial, «**new social risks**» (Häusermann and Palier 2008; Hemerijck 2013; Huber and Stephens 2010; Morel et al. 2012).
 - Long-term unemployment
 - Precarious working conditions
 - Single parenthood
 - Insufficient opportunities to reconcile work and family life
- Need for **recalibration** of welfare states
=> shift focus from «old» to «new» risks



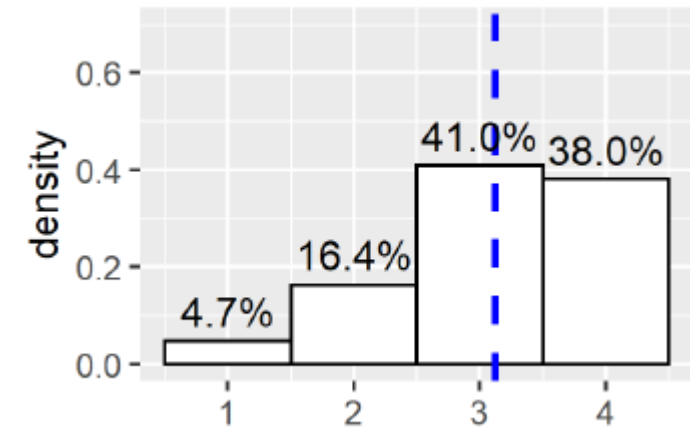
Reform Capacity and Recalibration of the Welfare State

- **Reform capacity** of the welfare state? Are reforms possible and under which circumstances? (Brooks and Manza 2008; Häusermann 2010; Häusermann et al. 2019b; Hemerijck 2013; Huber and Stephens 2015; Palier 2010; Pierson 2001; Rehm et al. 2012; van Kersbergen and Vis 2014)

➔ Recalibration of the welfare state is notoriously difficult

Why?

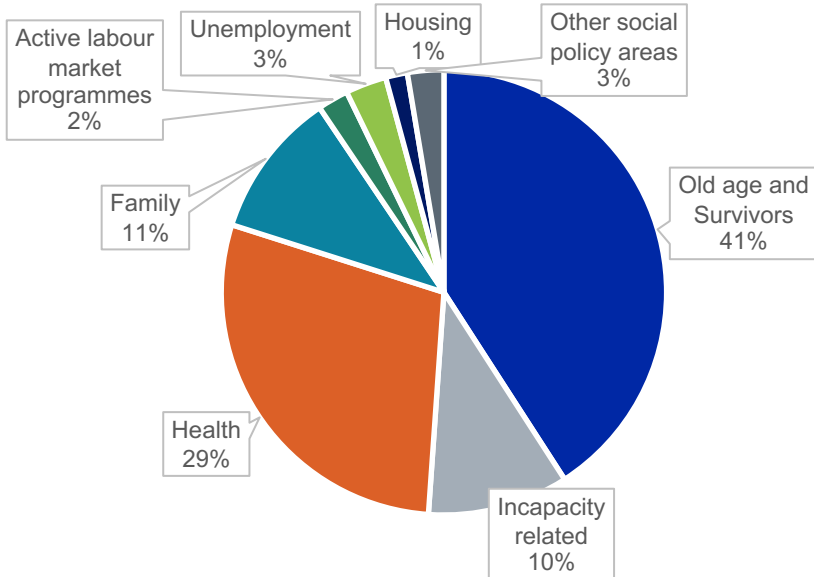
- Difficult to expand financial resources for the welfare state (Pierson 2001)
- Recalibration often requires reallocation of resources (Häusermann 2012)
- (Some) existing benefit programs are extremely popular



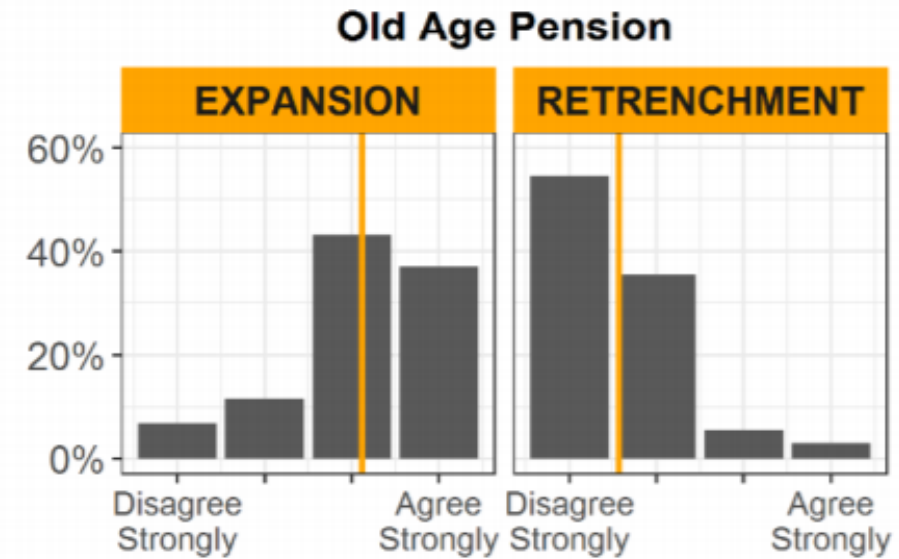
“Taxes are already high. The government should not levy more money from citizens via taxes anymore.” To what extent do you agree with this statement?

The Role of Old Age Pensions for Welfare Reform Capacity

Old age pensions constitute a huge share of social expenditures



Share of social expenditures by purpose; OECD Average 2017
 OECD Social Expenditures Database



Häusermann et al. (2020: 29)

Die grosse Rentenreform scheitert an der Urne

Für das ambitionierte Projekt des Bundesrats und einer Mehrheit des Parlaments heisst es nach dem Verdikt des Stimmvolks: zurück auf Feld eins. Die letzte Revision der beruflichen Vorsorge in der Schweiz fand im Jahr 1997 statt. In den letzten 20 Jahren sind sämtliche Reformversuche gescheitert – entweder im Parlament oder an der Urne.

The COVID-Crisis and Recalibration of the Welfare State: Depends on how Public Opinion has Changed

- COVID-crisis increases the need for policies against new social risks
- However, reallocation of resources from policies protecting against old risks to policies protecting against new risks remains difficult

 Depends on **whether and how economic shock has changed public preferences for different policies!**

Previous research on the effect of economic crises on welfare preferences / solidarity:

- Increasing role of self-interest (Margalit 2013; Alt 1979; Fisman et al. 2015)
- This crisis might be different: blame attribution more difficult; everyone is affected; common experience
- **More self-interest vs. more solidarity?**

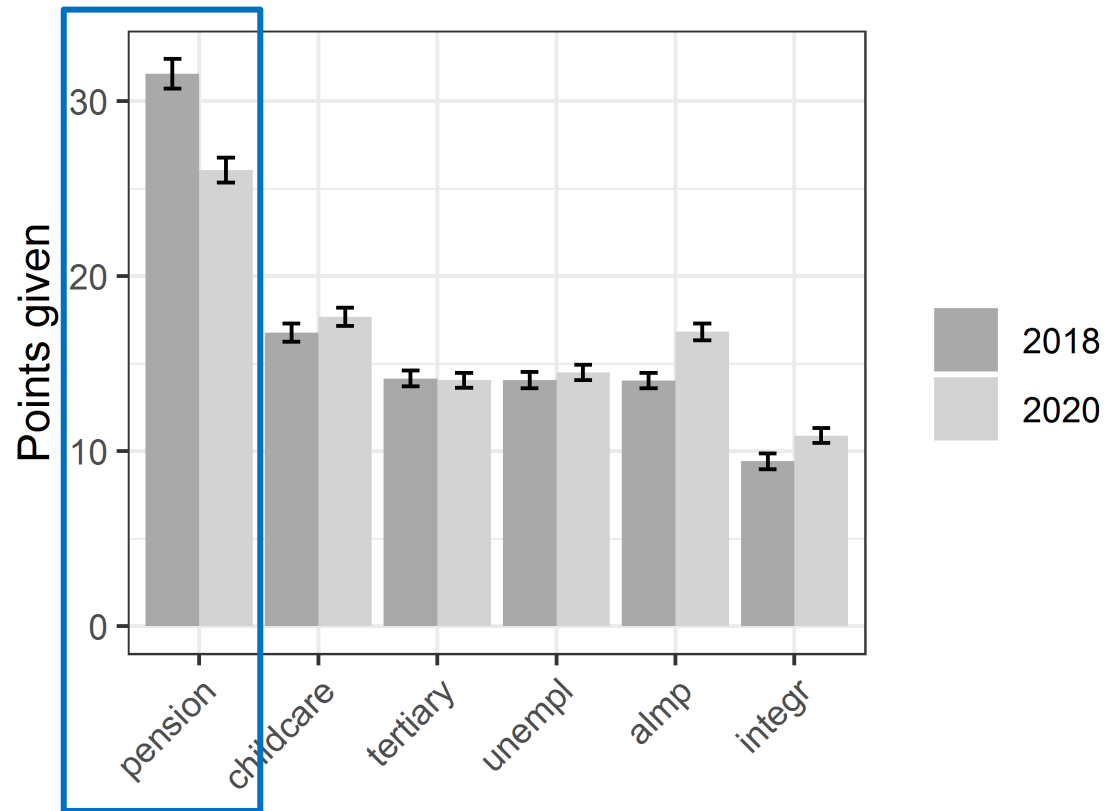


Data & Operationalisation

*“Imagine that the government had the means to improve benefits in some social policy fields, but not in all of them. You can allocate 100 points. Give **more points** to those fields in which you consider **benefit improvement more important**, and fewer points to those areas in which you consider benefit improvement less important.”*

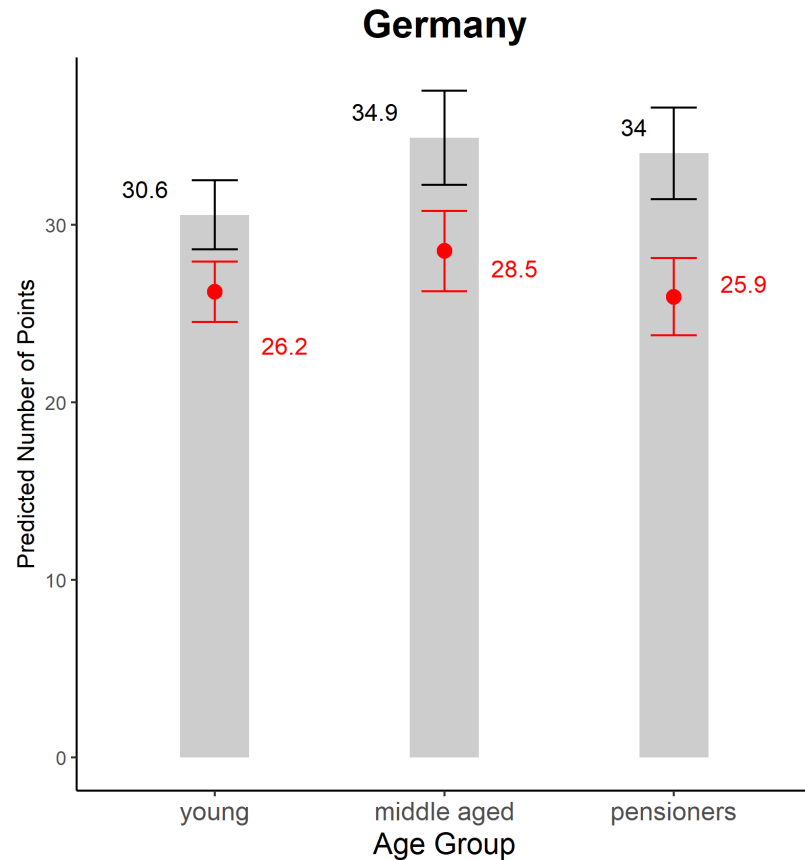
- *Old age pensions*
 - *Childcare*
 - *Labour market reintegration services*
 - *University Education*
 - *Unemployment benefits*
 - *Services for the social and labour market integration of immigrants*
-
- Panel data: respondents were asked about their social policy preferences before the pandemic (autumn 2018) and during the pandemic (June 2020)
 - Analysis based on 2188 respondents (online survey)
 - 3 countries: Germany, Sweden, Spain

Findings – Drop in Support for Old Age Pensions



- In 2018: 31.6 points (out of 100) on average given to pensions
- In 2020: 26.1 points
- **Drop by 5.5 points (17%)**
- Consistent across all countries

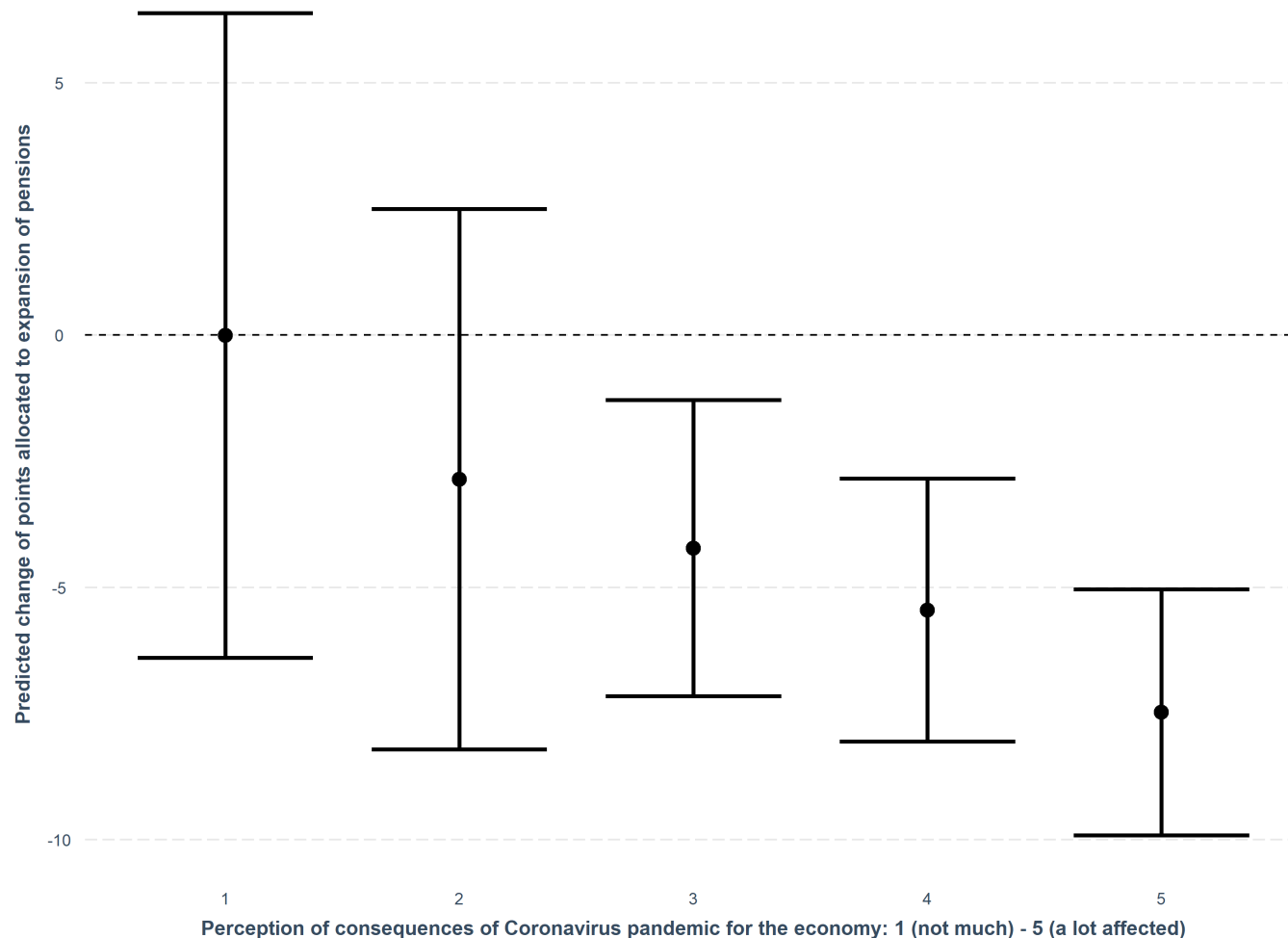
Findings – Drop most strongly driven by current and soon-to-be pensioners



- Relative support for pensions has decreased above-average among pensioners and the middle-aged rather than the young
- **Increased solidarity** of the elderly with the working-age population

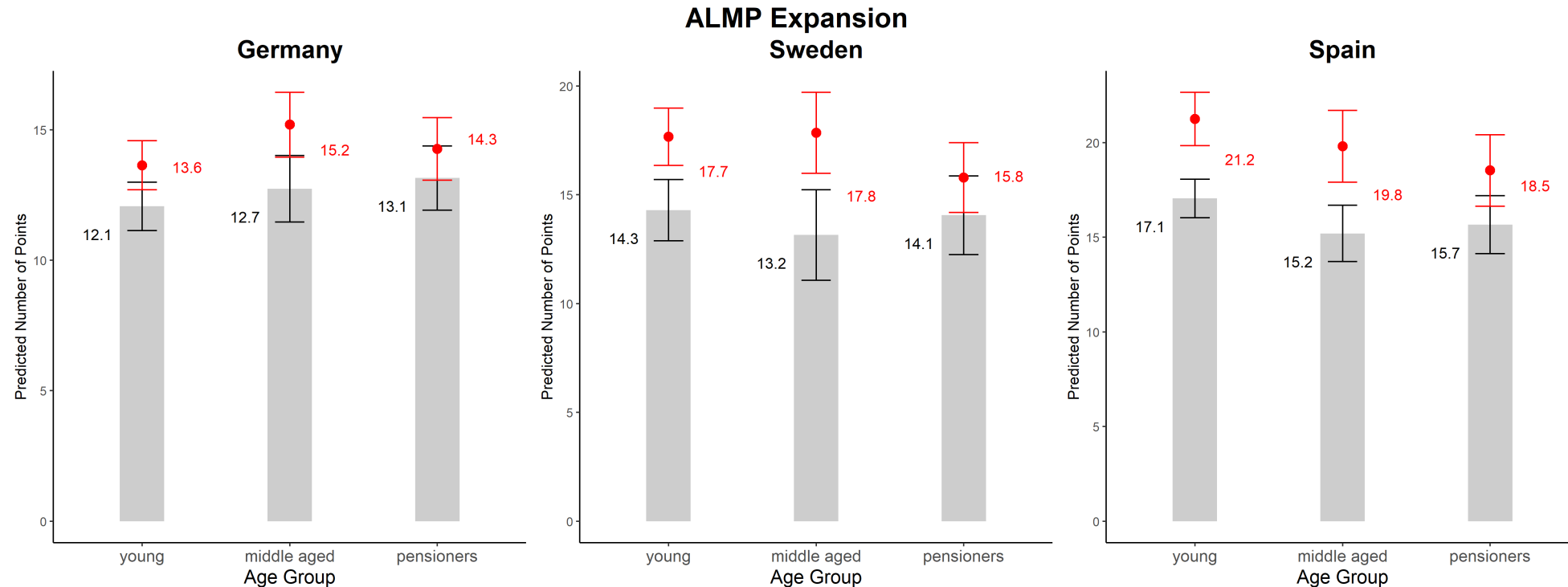
Findings – Shifts due to COVID-Crisis?

Change in importance of pension expansion conditional on perceptions about pandemic



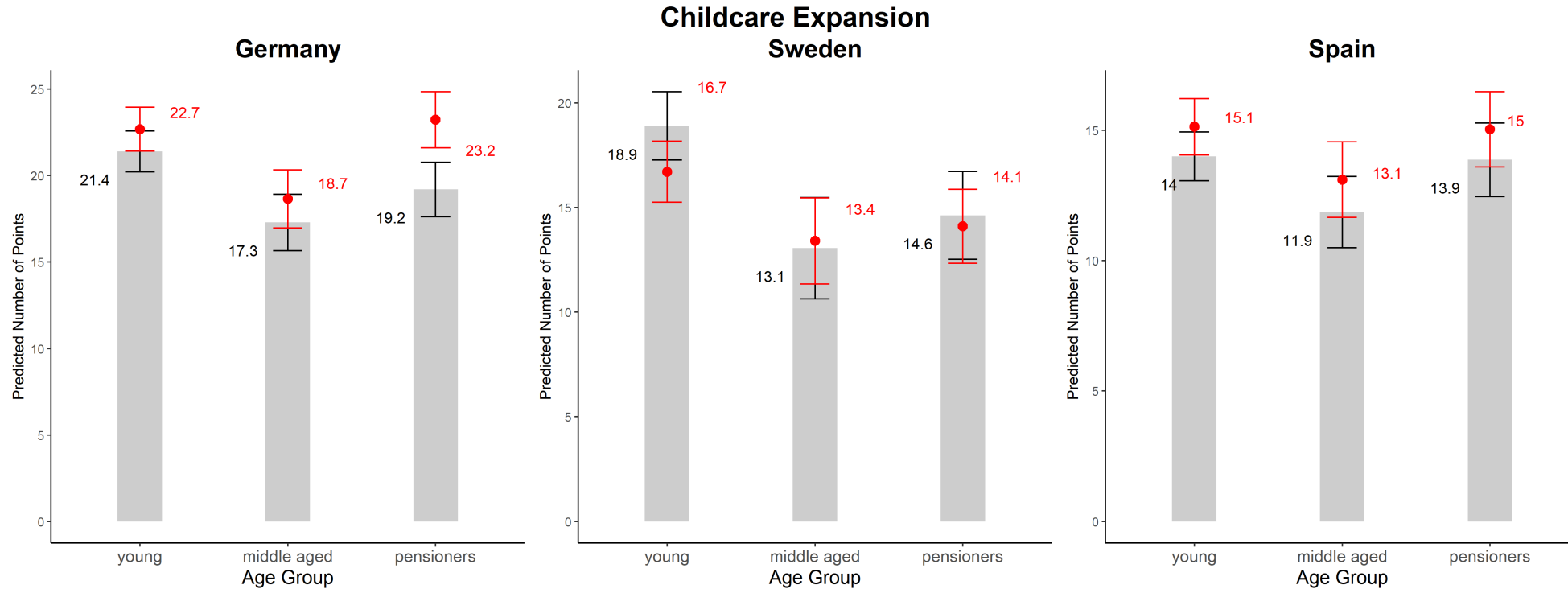
- The more respondents are worried the greater the shift in support from pensions to other policies
- No effect among respondents not worried by the crisis
- **Yes, shifts are most likely due to COVID**

Findings – Which Social Policies Have Become More Popular?



- Biggest increase in support for **active labour market policies (ALMP)**
- Increase in most age groups
- More pronounced in Sweden and Spain

Findings – Which Social Policies Have Become More Popular?



- Slight increase in support for **childcare services**
- Stronger among pensioners than among direct beneficiaries (solidarity)
- More pronounced in Germany



Conclusion

- **COVID-crisis** has led to **sizeable shifts** in the relative support for different social policies
- Massive **decrease in relative support for old age pensions**
- Increasing support for new social risk policies (ALMP & childcare)
- COVID-crisis might
 - **increase solidarity**, i.e., willingness among more privileged groups to support reforms assisting more vulnerable groups even if this goes against their material self-interest
 - provide a **window of opportunity for welfare recalibration**



Thank you for your attention.

Questions?

Matthias Enggist, enggist@ipz.uzh.ch

Michael Pinggera, pinggera@ipz.uzh.ch