Party-Political Implications of Economic Dualism and Immigration

Contribution for the workshop „Economic Integration and Political Fragmentation? Parties, Interest Groups, and Democratic Capitalism in Eastern and Western Europe

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The question: How do political parties react to dualization and immigration?

The purpose of this discussion paper is to defend three theses regarding the challenges dualization and immigration raise for political parties and – more specifically – for political science research on the dynamics of democratic distributive politics. Each of the three theses engages with particular assumptions that underlie much of the current research on comparative political economy and/or democratic representation in Western Europe and which, as I will contend, entail the risk of misleading both the questions we ask about these issues and the results we find.

The underlying thrust of my contribution is to establish a link between two fields of comparative politics: political economy and political parties / representation. Both fields have generated strong new insights over the last years, but they have developed rather separately and there is only limited exchange of theories and results. Comparative political economy research has a strong focus on the changing nature of policies: welfare politics is not just about more vs. less spending (anymore), but it has become multidimensional, involving issues of redistribution, social insurance, social investment or liberalization, which all benefit specific risk groups (such as insiders vs. outsiders, hence the link to dualization). Much of party research, however, still investigates whether parties demand “more or less spending”, rather than what kind of social and economic policies they advocate. On the other hand, party research has demonstrated how strongly party electorates have changed, with part of the middle class shifting to the left, while part of the working class is shifting to the right. This reconfiguration of electoral dynamics obviously has implications for the policies parties advocate and for the issues that shape representation and party competition
(notably economic vs. cultural issues, hence the link to immigration). Much of the comparative political economy literature, however, still focuses on “old electorates” and economic and social policies only. There is a risk that we misconceptualize both what parties do (policies) and why or for whom they do it (representation/politics).

Let me briefly introduce how I address the issues of dualization and immigration in this discussion paper. Dualization has both a structural and a policy-related aspect: structurally, it refers to the increasing segmentation of labor markets into insiders and outsiders (e.g. Rueda 2005). Insiders benefit from relatively secure, full-time and fully insured employment, while outsiders incur higher risks of unemployment and atypical employment. Politically, dualization denotes an increasing tendency in European welfare and labor market institutions to apply different rules (in terms of social rights and labor market protection) to insiders and outsiders, i.e. sheltering the privileges of insiders at the cost of outsiders (e.g. Palier and Thelen 2010). The insider/outsider divide challenges established parties, because it divides the working class into the “old” (blue-collar) workers and the new service proletariat, each with distinct risks and policy preferences.

Immigration and the integration of immigrants in the societies of Western Europe entail two challenges for the dynamics of democratic representation. First, immigrants are oftentimes labor market outsiders who are only weakly represented electorally and integrated in trade unions. Second, conflict over immigration has become the key issue of a cultural conflict dimension that characterizes Western European party systems (Kriesi et al. 2008). The anti-immigrant stance of many (populist) right-wing parties attracts part of the working class voters, thereby “distracting” them from distributive, economic politics. On the other side of the spectrum, part of the middle class has shifted to the left because of the very same cultural conflict, i.e. in defense of universalistic, pro-integration values (Kitschelt 1994). This reconfiguration challenges the role of political parties with regard to economic policies. Some even think that the cultural conflict obliterates distributive politics altogether.

Hence, political parties in a post-industrial society are challenged in two respects: whose interests do they represent? And through which policies?

The contributors to this workshop were asked to be bold and provocative in their theses and inputs. I selected the three theses below, because they have generated some heated debate in various workshops and conferences I have attended over the last two years, and I hope for the same effect in our discussion. However, as I rely on insights from one field to address blind spots of another field, each thesis will necessarily be bold for some people and common sense for others, which is exactly what triggers new research. Also, the whole discussion paper has a first, underlying bold claim: representation still matters. Parties still represent identifiable constituencies with specific policy preferences, rather than merely reacting to exogenous economic constraints. This is a contested claim, that must be empirically investigated (and discussed, e.g. in panel 2 of our workshop), but its accuracy cannot be tested unless we get the constituencies and their preferences right, and this is what this discussion paper is about.
**Thesis 1: In a post-industrial society, there are several “working classes” with different policy preferences.**

The first thesis addresses both the issue of constituencies and the issue of policy preferences (without establishing a direct link to political parties yet). Esping-Andersen’s claim that “it is difficult to imagine that anyone struggled for spending per se” (1990: 21) was probably right already 20 years ago, but it certainly points to a key issue in today’s dynamics of distributive politics: post-industrial distributive politics is not simply about “more vs. less” welfare spending or redistribution, but about specific policies that cater to specific constituencies. These differences have become more important in the era of financial austerity (Pierson 2001), in which governments face trade-offs and have to make hard choices between different kinds of benefits for particular groups (Häusermann 2010).

The differentiation of policy interests is particularly relevant when it comes to the less privileged parts of the workforce. Traditionally, party research and political economy research have built on the assumption of a relatively homogenous working class, which a shared interest in “generous” welfare states and “high levels of redistribution”. Both the development of post-industrial economies and the maturation of welfare states have contributed to a more complex reality.

In post-industrial labor markets, we need to distinguish between an “old” and a “new” working class, which closely coincides with the distinction between the industrial and the service proletariat (Oesch 2006), as well as with the distinction between insiders and outsiders (Rueda 2005). The old blue-collar working class has been the traditional constituency of the left, for which the existing welfare state has been built. It relies on income replacement, job security and male breadwinner policies (Esping-Andersen 1990). The new service sector working class, by contrast, is characterized by precarious employment relations and a lack of full social insurance coverage. In Western Europe, both “working classes” represent about a quarter of the workforce (Oesch 2006). Women, immigrants and young workers are particularly overrepresented among the service proletariat, i.e. they tend to be outsiders. Therefore, insider blue-collar workers and outsider service workers have distinct policy preferences (see e.g. Rueda 2005, Kitschelt and Rehm 2005, Bonoli 2005, Häusermann and Schwander 2010 for empirical evidence on social policy preferences): insiders defend the old social policies against retrenchment and against new social needs and demands. Outsiders, by contrast, advocate a reorientation of welfare policies towards social investment, activation and redistribution (job creation and active labor market policies) - the new social policies. Consequently, distributive politics has become multidimensional.

The following schema tentatively maps the resulting two-dimensionality of the post-industrial social policy space (developed further in Häusermann 2009). The insider working class is mainly interested in welfare protectionism, i.e. the preservation of social rights at the expense of new needs and demands. Outsiders, by contrast, privilege a welfare readjustment, i.e. a re-allocation of resources for activation and redistribution.
What does the multidimensionality of welfare preferences imply for political parties, as well as for research on political parties? For parties, it becomes increasingly difficult to marry contradictory interests of different constituencies (see thesis 2 below for an argument along this line). For party research, thesis 1 implies that we need to be more specific when we analyze to what extent parties are “pro- or anti-welfare”. What does pro-welfare mean today? If a party advocates the reallocation of resources from generous insider-protection to activation and new safety nets for outsiders (a strategy Levy (1999) calls “turning vice into virtue”), is that a left-wing or a right-wing policy? Similarly, is the reduction of employment protection - which removes the very “barriers to entry” that create outsiders (Emmenegger 2009) – a left-wing or a right-wing policy? The literature to date provides no clear answer to these questions, which is why the ranking of voters and parties on a “left-right scale” become increasingly difficult to interpret.

**Thesis 2: Left parties are not “old working class parties” (anymore). Consequently, we should stop expecting “old working class policies” from them.**

This second thesis is linked to the first one, but it addresses the level of political parties and the policies they advocate. Here, we directly tackle the question of democratic representation in times of post-industrial dualization. I contend that we cannot judge the representative performance of political parties without carefully acknowledging whom these parties actually represent. This sounds at best straightforward and at worst banal, but it is not. At least, it is not what most of the literature in comparative political economy does. Hence, this second thesis claims that
political economy research needs to take insights from electoral and party research more seriously.

Most of the partisan politics literature on economic and social policies – especially in the power resources tradition – still assumes that the Left represents the interests of the old working class (which was probably never all that correct, see Bartolini 2000). However, none of the major more recent studies in the partisan policy tradition actually tests this assumption empirically (e.g. Huber and Stephens 2001, Bradley et al. 2003, Allan and Scruggs 2004, Korpi and Palme 2003, Iversen and Soskice 2006, Beramendi and Rueda 2007, Pontusson and Rueda 2009). Nevertheless, they all want to assess the extent to which “parties still matter”.

Consequently, these studies interpret their empirical results with regard to the assumed preferences of an assumed electorate: those studies that find a positive impact of “left power” on different measures of redistribution and welfare generosity take this as evidence that welfare politics is still the same democratic class struggle it was 50 years ago. A weak or weakening explanatory performance of the “left power” variable, by contrast, is seen as evidence that parties matter less, and that their programmatic differences are increasingly constrained and narrowed by exogenous forces, such as globalization or fiscal constraints (Huber and Stephens 2001). Finally, studies that point to the absence of party differences or “unexpected” party behavior (such as left-wing parties cutting back on welfare or different left- and right governments pursuing very similar social policy agendas, e.g. Pierson 2001, Kitschelt 2001, Levy 1999) interpret this as evidence for a loosening link between parties and their electorates (similar to the idea of a “hollowing” of the representative function of parties, see Mair 2006). In short, if left-wing parties do not defend “old” welfare policies, this is seen as evidence that party politics is not driven by the interests of electorates anymore.

This is a very strong argument and it rests on the – untested – assumption that the electoral patterns have not changed. However, there is ample reason to believe that electorates and voter interests have changed profoundly over the past decades. Indeed, social structure and electoral structure have evolved since the 1970s, entailing a range of electoral dealignments and realignments that are well-researched in the literature on party systems, but almost completely ignored in the welfare state literature: on the one hand, the same parties mobilize different social groups than before, and on the other hand, part of the “traditional constituencies” have changed their electoral preferences.

The first development relates to the fact that left-wing parties increasingly attract high-skilled middle class voters. The shift of these voters to the Left is driven by cultural, rather than economic reasons. This cultural divide opposes libertarian to more traditionalist values (Kitschelt 1994) and it is closely linked to education and gender. Different left-wing parties (social-democratic parties, green parties, radical left parties) have mobilized this new electorate of younger, highly educated and highly libertarian voters, many of them women. However, even though the motivations of the electoral change may be cultural, it nonetheless has profound implications for distributive politics. (High-skilled) women working in the service sector obviously incur different social risks and have different social preferences from
the average male production worker. They claim “new” social policies linked to
education, social investment, universalism and gender equality. By contrast, they have
less interest in traditional income protection (because they lack the standard
employment career on which social protection has traditionally been modeled. This
implies that to the extent that left-wing parties rely on this “new” electorate, we
should expect a social investment agenda, rather than traditional social policy agenda.

The flip-side of this change is a shift in working class votes: workers and low-
income voters more generally increasingly desert left-wing parties. There are two
lines of explanation for this, one cultural (linked to immigration, see Bornschier 2010)
and one economic (linked to dualization, see Rueda 2007). Rueda (2005) as well as
King and Rueda (2008) argue (but do not test empirically) that insider workers
continue voting for social-democratic parties, while outsiders either abstain from
voting or vote for anti-system right-wing parties. If that was true, we would expect the
Left to defend the status quo of insider-protection, rather than pushing for more
outsider-oriented policies. In contrast, Häusermann and Walter (2010) argue that it is
actually the old insider working class that shifts to the right, in defense of welfare
chauvinism. Outsiders, by contrast, i.e. the truly vulnerable strata of the post-
industrial society, either abstain from voting or vote for left-wing parties. This implies
that we would expect those parties of the Left (be it green, social democratic or
radical left parties) who attract the outsider-votes to advocate a universalist and
redistributive agenda of welfare readjustment.

The question whether the Left represents insider- or outsider-interests is not
settled in the literature, and it probably differs across countries (because it depends on
the structure of national party competition). However, it is clear that different left-
wing parties are torn between a range of middle- and working class constituencies.
Hence, there is no reason to simply expect them to advocate the same economic and
social policy interests than in the industrial era. In a project on the “future of
egalitarian capitalism”, Kathleen Thelen, e.g., expects continental left-wing parties to
advocate dualization, i.e. to shield the old working class against new (outsider)
interests (for a similar argument, see Palier and Thelen 2010). If these parties,
however, are increasingly characterized by outsider interests, we might as well expect
an agenda of welfare readjustment (Häußermann 2010), and strong middle-class
interests may even favor these parties’ approval of liberalizing policies (Streeck
2009).

The upshot of this second thesis is clear: Only if we formulate expected party
policies based on their current and empirically established – rather than assumed -
electoral basis can we test whether parties still fulfill their representative functions.
Just because they “do different things” than 30 years ago does not disprove this
representative function. Parties may as well defend different policies because they
represent different social groups, and they defend different groups because the post-
industrial society generates different class- and risk-structures than the industrial
society.
Thesis 3: The cultural conflict over immigration does not obliterate distributional politics.

Thesis 2 argues that political economy research should integrate insights from research on party systems and electoral dynamics. The third thesis, by contrast, goes in the opposite direction. I would like to argue that despite the saliency of immigration as a topic of political conflict, party system research should not discard the importance of distributive politics too soon. Economic conflicts remain important, not only in and for themselves, but also because they are linked to issues of cultural conflict in several ways.

Recent party research has increasingly focused on cultural issues for two reasons. On the one hand, it was assumed that parties had only little remaining room for maneuver in economic policies, being increasingly constrained by exogenous forces. On the other hand, several studies observed the rise of (new) cultural conflicts (Kitschelt 1994, De la O and Rodden 2008, Kriesi et al. 2008, Bornschier 2010), which “distract” the working class from economic issues and rush them in the arms of new right-wing parties – contrary to their economic interests, as it may seem. Consequently, research on political parties became increasingly concerned with right-wing parties, immigration and cultural traditionalism. Implicitly or explicitly, it was assumed that party choice today depends on cultural, rather than economic considerations, and therefore cultural policies are also what matters when it comes to explaining and assessing government policies.

The cultural conflict – especially the conflict over immigration – however, does not obliterate distributional politics for three reasons. First, the rise of cultural determinants of party choice does not eclipse economic motives for party choice. Lachat and Dolezal (2008), e.g., found that in countries where unemployment rates are particularly high, economic preferences overall still outweigh cultural attitudes in explaining voters’ decisions. Right-wing populist parties obviously mobilize voters with traditionalist and anti-immigration positions, rather than with economic policies, but this is not the case for all parties. Second, the relative convergence of party positions on economic and social policies may to some extent be linked to a misleading measurement of these positions. As I have argued with respect to the first thesis, distributive politics are not about “more vs. less” welfare spending anymore, but about specific policies for specific groups. The fact that these issues are more fine-grained does not make the conflict necessarily less intense.

Finally – and this is the third reason why distributive politics is not off the agenda of party competition – cultural value conflicts are linked to questions of economic and social policies. Immigrants are more likely to be unemployed, precariously employed and dependent on welfare. Emmenegger and Careja (2010) show that parties have framed anti-outsider policies in terms of non-deservingness of immigrants to enhance support for these reforms. But this is only one side of the coin. Cultural values also affect party positions on economic policies on the left. Left-wing parties in a range of continental European countries agreed to cuts in social insurance programs in exchange for outsider-policies that benefit mostly women and part-time employed. They motivated their approval for these reforms with reference to universalistic and gender egalitarian values (Häusermann 2010). Hence, cultural and economic
preferences cannot easily be disentangled and their relative saliency is not a zero sum game. Rather the emergence of cultural conflicts contributes to reshape the content and configuration of distributive conflicts and vice versa.

The upshot of this third thesis is that distributive politics still matters. The topic of immigration has not replaced economic issues, but it contributes to a different understanding, or framing, of economic interests. Parties may talk about immigration, but this also affects their economic policy stances. And parties may talk about social and economic policy, but these positions are also influenced by their value profile.

**Conclusive remarks**

In this paper, I have developed three theses on the challenges that dualization and immigration raise for political parties and for research on representation and public policy. I argued that dualization leads to a diversification of welfare policy preferences. This diversification confronts parties with challenges as to the interests they prioritize in times of scarce resources. I also argued that this challenge or trade-off is particularly strong for left-wing parties, who struggle representing an increasingly heterogeneous electorate. Finally, I argued that cultural (immigration-related) and economic (dualization-related) challenges to parties cannot and should not be analyzed separately or seen as a zero sum game, since they are interrelated and can be strategically linked by parties.

Underlying these three theses, however, is one key concern: that we cannot assess the representative performance of political parties unless comparative political economy and party research take each other’s insights into account. Political economy research needs to update its assumptions on electoral dynamics, and party research needs to update its conceptualization of distributive politics.

**References**


