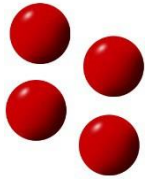


Marzo 2020

**NOTA 3/2020**



## Protest and the politics of unemployment protection in Western Europe<sup>1</sup>

*Rossella Ciccia, Queen's University Belfast and Scuola Normale Superiore*

*Cesar Guzman-Concha, University of Geneva*

The implementation of austerity has spurred in many countries large mobilizations, which have ranged from protests and the occupation of public squares to more violent forms of dissent such as riots. These events have drawn large masses of people with limited access to traditional channels of political influence and/or feeling that their interests are not well-represented by political elites. The aim of these protests is to oppose, disrupt or obstruct the dismantling of social protections. Proponents of the so-called 'social movement society' argue that protest has gained legitimacy as a regular feature of democratic politics. Thus, in the face of declining voter turnout, party membership and public trust in political elites, the legitimacy of social policy reforms rests also crucially on the ability of governments to respond to these disruptive forms of political participation.

Unemployment insurance represents an important case to test this claim because it is both one of the social programmes more exposed to pressure of retrenchment and an object of increased contention during economic crisis. France is probably one of the European countries where the mobilization of the unemployed has been more sustained and gained greater visibility, but several other countries – even the generally peaceful Sweden – saw the unemployed take to the streets during both the economic crisis of the 1990s and the great recession of 2008 (Giugni, 2010).

Did these protests produce policy impacts? When did governments concede to protestors? To answer these questions, we start by mapping the evolution of European approaches to unemployment protection and discuss how these reform trajectories relate to contextual conditions and the interplay of electoral and protest politics.

---

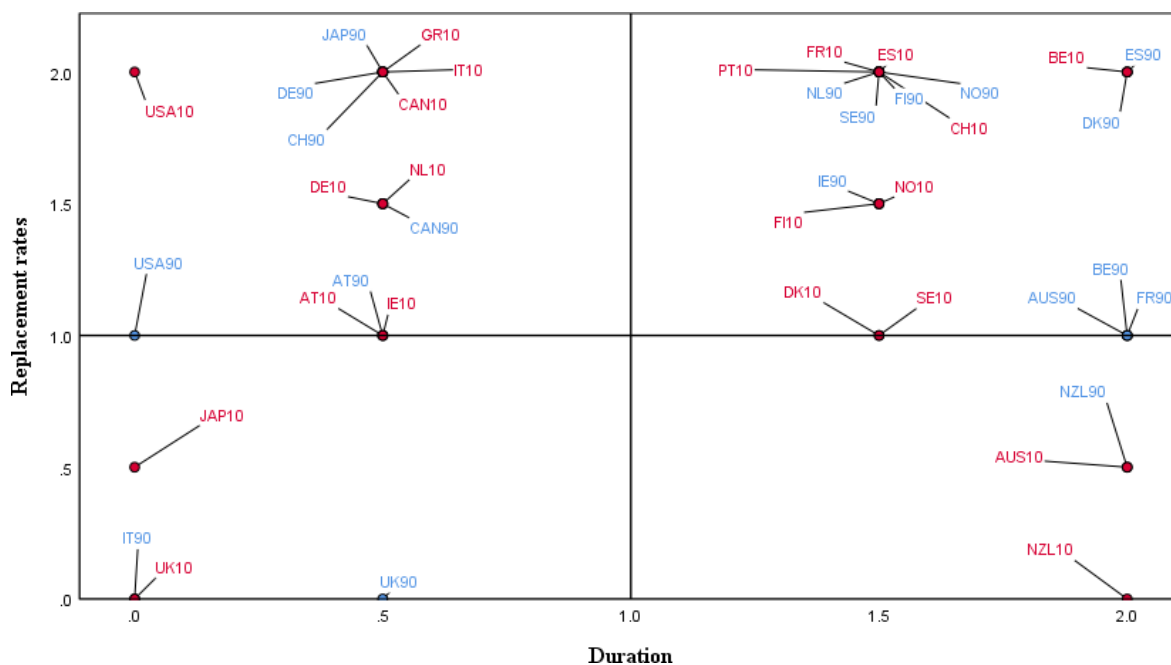
<sup>1</sup> This document is based on research funded by the H2020 Marie Skłodowska-Curie programme (grant agreements no.746168-AGenDA and no. 839483 MOBILISE).

## Four worlds of unemployment protection: policy evolution between 1990-2010

Governments in Europe have developed different approaches to support the unemployed which vary particularly with regard to whom is afforded protection, how much they are entitled to and for how long. Looking at the policy evolution in the last two decades, we can observe that European governments have not all equally implemented cutbacks and that reform strategies also differ across these three dimensions.

In our study we identified four distinct approaches to unemployment insurance based on the intersection of two dimensions: the average net replacement rate (*how much*) and the maximum duration of entitlements (*for how long*) (Ciccia and Guzman-Concha, 2019). Thus, in the first world unemployment benefits amount to between 50 and 100 per cent of average wages and can be drawn for periods of 1 to 2 years; this world comes closer to treating unemployment on equal terms to work. The second also provides benefits comparable to wages but for shorter periods of time (1 year or less); the third offers minimal benefits but for extended periods (1-2 year); finally, the fourth does not consider protection from unemployment a public concern and does little in terms of protecting the jobless. These four approaches can be characterized as different worlds because they work according to distinct paradigmatic logics of risk protection: shielding individuals from the risk of long-term unemployment (W1), from short-term unemployment (W2), providing a minimal safety net for long unemployment spells (W3) or very residual protections both in terms of resources and duration (W4)

Figure 1: *The Four worlds of unemployment insurance (1990, 2010)*



Source: Own elaboration based on data from the Social Citizenship Indicator Programme (SCIP)

The majority of European countries fall within the first or second worlds. The United Kingdom is instead an emblematic case of the residual approach. Looking at patterns of reform between 1990 and 2010, we can observe that these logics are rather resilient and that reform activities have generally entailed marginal (within-world) rather than paradigmatic (between-worlds) changes (figure 1). A few exceptions stand out. Italy together with Switzerland are the only cases of paradigmatic expansion. Italy has historically lagged behind other countries in the protection of the unemployed with a system that distinguished itself because of the scarcity of resources and fragmentation of benefits. However, starting from the late 1990s reforms have made the system progressively more generous towards the short-term unemployed (moving from W3 to W2), although coverage remains comparatively low. In Switzerland, reforms have considerably extended the duration of unemployment insurance, shifting its approach from protecting the short- to the long-term unemployed (from W2 to W1)<sup>2</sup>. Ireland and the Netherlands are instead the only paradigmatic cases of retrenchment, having both moved from protection of the long- to short-term unemployed (from W1 to W2)<sup>3</sup>. Beyond these cases, few countries have reformed both the duration and the level of benefits; and even fewer have made unemployment benefits available for shorter periods (Denmark and the United Kingdom). The majority of countries have instead introduced some downward adjustments to financial support, but only Sweden considerably so (Ciccia and Guzman-Concha, 2019).

To gain an overall picture of European reform trajectories in the period, we need to add the dimension of entitlement (*who*). We can contrast three basic principles of entitlement to unemployment protection: need, merit<sup>4</sup> and citizenship. In this view, a system of unemployment insurance will be all the more universalistic the less it takes into account economic need and past contributions in granting support to the jobless.<sup>5</sup> Our analysis showed that a few countries rendered their policies more difficult to access – particularly, Denmark, Switzerland and Spain –, and that only Portugal and Ireland moved in the direction of greater universalism. Still, the majority of countries have remained stable on this aspect (Ciccia and Guzman-Concha, 2019).

As we have shown, the overall reform trends are far from univocal and both cases of outright retrenchment and expansion are rare. In some countries the focus has been on limiting entitlement to fewer people (Denmark, Spain, Switzerland), while others have rather curtailed the generosity of existing schemes (e.g. Ireland, the Netherlands). The two strategies have clearly different social and political consequences since the first tends to create small niches of better protected people (thus, increasing divides in the labour markets), while the second is more likely to recognize some basic entitlement to almost all the unemployed.

---

<sup>2</sup> However, reforms in Switzerland have also made conditions of entitlement (e.g. work history and income tests) more stringent, thus reducing the number of people able to claim these benefits.

<sup>3</sup> Nonetheless, Ireland is also one of the few European countries that has rendered its unemployment insurance more universal by relaxing the criteria of entitlement (Ciccia and Guzman-Concha, 2019).

<sup>4</sup> That is, work history and past contributions.

<sup>5</sup> In our study we measured this aspect through an index of universalism which equally weighted three aspects: the qualifying ratio, the period of contributions needed to qualify and the presence of means tests

## Explaining different reform trajectories: the interplay of electoral and protest politics

What explains the different reform trajectories observed across Europe? The literature puts forward a number of explanations which rely on combinations of three types of factors: 1) *problems pressure* produced from economic globalization, fiscal austerity, employment restructuring and the growth of mass unemployment; 2) *pre-existing policy legacies* such as the four worlds described above; 3) *political actors and institutions* structuring electoral competition and decision-making processes. While all these (f)actors are indeed important, it is noticeable the lack of attention paid to contentious forms of political participation. In particular, the increased participation of citizens in anti-austerity protests and large scale demonstrations in many European countries beg the question about their political efficacy in curtailing the retrenchment of established social protections.

Did these protests produce policy impacts? When did governments maintain protections for the unemployed in the face of adverse economic conditions? Reform trajectories are first of all shaped by the characteristics of the broader contexts in which governments operate. Not all countries were equally affected by the crisis, and the nature and intensity of the problems faced by governments deeply shaped their room for manoeuvre. For instance, contexts of rapidly growing unemployment as those in post-2008 Spain and Ireland generated more direct pressure to curtail unemployment benefits than situations of slow economic growth and large budget deficits (France, Germany and Italy), which may have constrained governments' agenda but did not per se put pressure on governments to diminish support to the unemployed.

Another important feature of context shaping governments' responsiveness is represented by the policies which are already in place. The vast literature on policy feedbacks identifies several mechanisms through which policy legacies condition political elites and interest groups' mobilizations. Looking at reform trajectories in the last decades shows that governments were sometimes induced to extend protections for the unemployed when existing instruments were minimal or almost inexistent (W3, e.g. Italy during the 1990s). In countries instead where existing schemes provided support for very long spells of unemployment (W1, e.g. Ireland and the Netherlands) – a feature which has come under increased criticism by the EU and OECD – governments implemented changes that, while limiting the duration of benefits, also enlarged the pool of beneficiaries to try to avoid being blamed for unpopular reforms.

The sets of problems faced by national government and policy legacies such as the four worlds described above are important sources of influence on patterns of reforms. Yet, the fact remains that contextual conditions need to be channelled by political actors in the political system to materialize in reform trajectories. In an analysis of 20 OECD economies, we found that protests, corporatism and the presence of a high number of constitutional veto points all played a role in resisting retrenchment in different contexts, and that the effect of all these variables was shaped by the interplay of problems pressure and political conditions (Ciccia and Guzman-Concha, 2019).

The presence of frequent protests was an important factor behind the resilience of unemployment protections in Germany, France and Italy. In these countries, the presence of left parties at the opposition played in favour of protesters. Conversely, large protests did not stop cutbacks to unemployment insurance under left-wing governments in Spain and the United Kingdom because, with high unemployment and large budget deficits, these countries faced one of the most difficult context of reform.

Widespread protests were not the only factor behind the resilience of unemployment protections in Europe. Corporatist institutions effectively hindered retrenchment in Austria, Belgium, Sweden and Portugal, but they became a precondition of retrenchment in countries where unions were strong and/or actively involved in administering unemployment insurance (Denmark, Finland, Ireland, Norway). Similarly, a high number of veto points hindered reforms in contexts of moderate problem pressures, but did not stop retrenchment in contexts of greater pressure on unemployment insurance such as those entailing high unemployment, large budget deficit and slow economic growth.

Political partisanship clearly played an important role in determining both the trajectory of unemployment insurance and the responsiveness of governments to protests. In particular, left-wing parties in Italy, France and Germany were more responsive to the demands of protesters because they could use protests as political ammunition against the government to gain an electoral advantage. However, when left-wing parties were in government, they were not only more constrained by the demands of this position but also more likely to capitulate to arguments about retrenchment as an economic necessity and/or as a remedy to policy failures (e.g. taking away benefits from underserving groups) (e.g. in Spain and the United Kingdom). Indeed, the emergence of populist political actors in many European countries represents also a response to the perceived closeness of mainstream political actors to demands of social protection.

## **The contentious politics of unemployment insurance and the social legitimacy of reforms**

Social policies are collective goods which simultaneously advantage and disadvantage different social groups. As such they are fields of contention which reveal the distributive preferences of authorities and express power relations between actors. In this context protest is as an important and legitimate mean to express political preferences and the belief that political decisions, including social and employment policies, can be changed through collective action remains an important reason why people engage in protests. Therefore, governments' legitimacy is determined not only through electoral preferences but also through their ability to appease widespread social unrest and concede to protesters' demands.

Sustained protests produce policy impacts through a variety of mechanisms ranging from providing signals to policy-makers about widespread social problems, swaying public opinion in favour of demonstrators and constituting electoral threats to incumbents. However, it is not rare that even large protest movements lack the power to force public authorities to satisfy their claims, and a number of campaigns have produced no or little outcomes. The extent to which protesters are able to exercise an influence on policy-making depends on a large extent on the set of problems faced by governments, the type of policies in place and the ability of protesters to forge alliances or enter into

bargaining with opponents within the institutional arena. In sum, electoral and contentious politics should be viewed as interconnected rather than separate spheres, whose interplay is shaped by political dynamics and the characteristics of the broader socio-economic and political contexts (Ciccia and Guzman-Concha, 2019).

### Further readings:

Ciccia, R., Guzman-Concha, C. (2019), *“Reforming welfare states in times of austerity: protest and the politics of unemployment insurance”* in Arp Fallov, M., Blad, C. (eds.), *Social Welfare Responses in a Neoliberal Era: Policies, Practices and Social Problems*, Leiden, Brill Publishers, pp. 88-118.

Giugni, M. (ed.) (2010), *The Contentious Politics of Unemployment in Europe*, Basingstoke, Palgrave.

Nota 3 | Marzo 2020

