Lib-Lab Coalitions, Christian Democracy or Liberal Hegemony? The Political Origins of the Swiss Welfare State on the Cantonal Level

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Structure of the Presentation

1. Welfare State Development in Federalist States - Why is it important?
2. The Arguments
3. The Development of the Swiss Welfare State in International Comparison
4. Research Question and Theoretical Arguments
5. Research Design and Results

Welfare State Development in Federalist States

1. Federal states have been associated with late adoption of social policies and slow social expenditure growth –¿ "Welfare State Laggards"
2. This finding is attributed to the institutional fragmentation of federalist states. The dispersion of political power reinforces regional and social interests and impedes the formation of political coalitions that pursued welfare state development

Two Arguments

1. Sub-national jurisdictions introduced social policy programs because the federal government remained inactive or failed to do so (e.g. unemployment insurance in the US and Canada, health and unemployment insurance as well as family allowances in Switzerland)
2. Despite the adverse effects of federalism on pro-welfare state coalitions, the political actors that legislated social policies in Swiss cantons are similar to the actors that legislated social policies in other European countries: Radicals and the catholic party

Dominant Narrative on the Development of the Swiss Welfare State

- Welfare state development in Switzerland is shaped by the institutional setup of the political system and the strength of right parties (radicals, agrarian party) compared to catholic and left parties

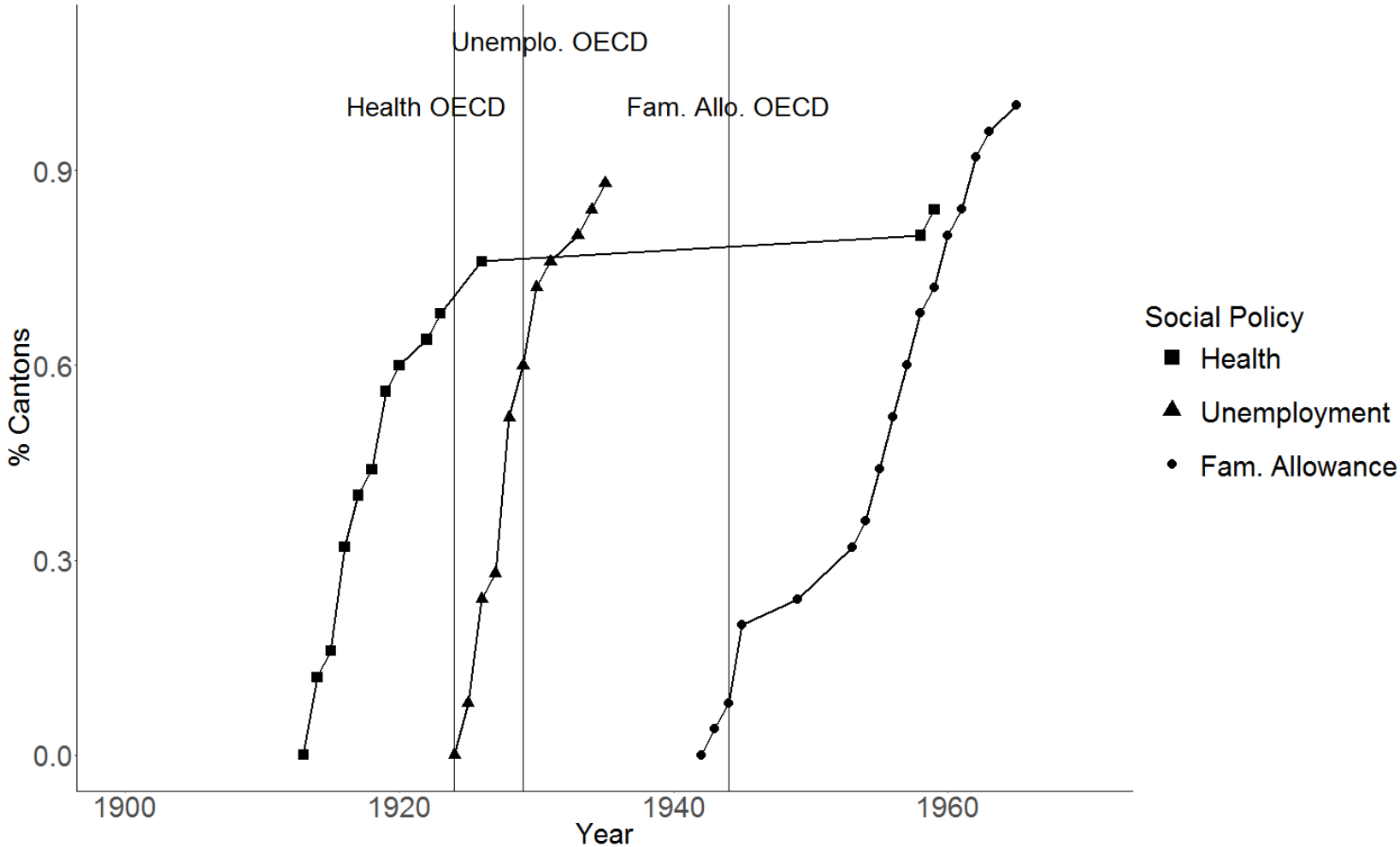
International Comparison

Table: Timing of Social Policy Introduction on the National Level

Social Policy	Switzerland	OECD Average
Work Injury	1918	1905
Health	1911/1994	1924
Unemployment	1982	1929
Old-age Pension	1946	1917
Family Allowances	1953	1944

$\rightarrow$ When focusing on social policy making in federalist states, the crucial question is not only "What is to be done?" but also "Who should do it?" (Pierson 1995).

Timing of Social Policy Introduction in the Cantons



Parties in Switzerland (First Half 20th Century)

Radical Movement

- Radicals (Protestant Cantons, of minor importance in Catholic Cantons)
- Liberals (Protestant, French-speaking Speaking Cantons and Basel City)
- Democrats (Protestant, German-speaking Cantons and Geneva)

Parties in Switzerland (First Half 20th Century)

Catholic Party

- Catholic Party, or Catholic-Conservatives, dominant in Catholic Cantons, in some Cantons with strong workers movement

Social Democrats

- Only important in Protestant Cantons

Agrarian Party

Research Question

Which political forces drove the introduction of social policies in the cantons?

- Lib-Lab Coalitions (cf. Luebbert 1991, Hicks et al. 1995)
- Catholic Party (cf. van Kersbergen 1995)
- Power resources (cf. Korpi 1983)
- Other approaches: red-green, red-black coalitions...

Theoretical Approaches

Lib-Lab Coalitions

- Liberal parties cooperate with left parties in elections (e.g. joint lists)
- Liberal parties try to appeal to working class voters by legislating social policies
- Evidence for Switzerland: Joint lists between radicals and social democrats were abandoned after 1914 but radicals shifted to the left during the 1920s

Theoretical Approaches

Christian Democracy/Social Capitalism

- Christian parties favor social policies that reproduce the system of social stratification
- Evidence for Switzerland: Catholic party was not a major proponent of social policies since it had to take into account the interests of employers and farmer
- Willingness of catholic party to pursue social policies did depend on the strength of the catholic worker's movement within the party

Theoretical Approaches

Power Resources

- Left parties favor social policies that are universal and tax-based; strong opposition towards the social insurance model (Esping-Andersen 1990)
- Evidence for Switzerland: Social democrats radicalized and blocked social policy legislation successful via direct democratic instruments (Schaffhausen 1917) or in parliament (Geneva)

Theoretical Approaches

Alternative Approaches

- Modernization/Functional Pressure
- Political Institutions
- Employers
- Diffusion

Summary of the Argument

- The catholic workers movement and democrats (later on the radicals) pursued health and unemployment insurance policies
- Social democrats were always in a minority position in cantonal governments; conflicts with other parties over generosity of laws, mode of financing etc. Therefore, the effect of social democrats on timing of social policy introduction is limited

Research Design

- Units: 25 cantons
- Period: Health (1914-1959) and unemployment insurance (1924-1937)
- Event history analysis. Which covariates increase/decrease the hazard rate (probability) of experiencing an event?
- Binary dependent variable (1 = introduction, otherwise 0)
- Estimator: Penalized likelihood (Firth 1993)

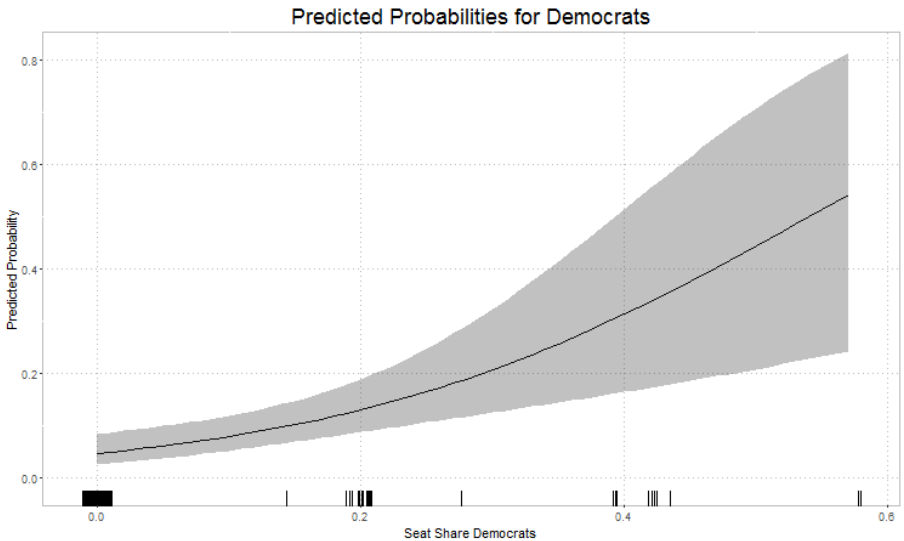
Results: Health Insurance 1914-1959

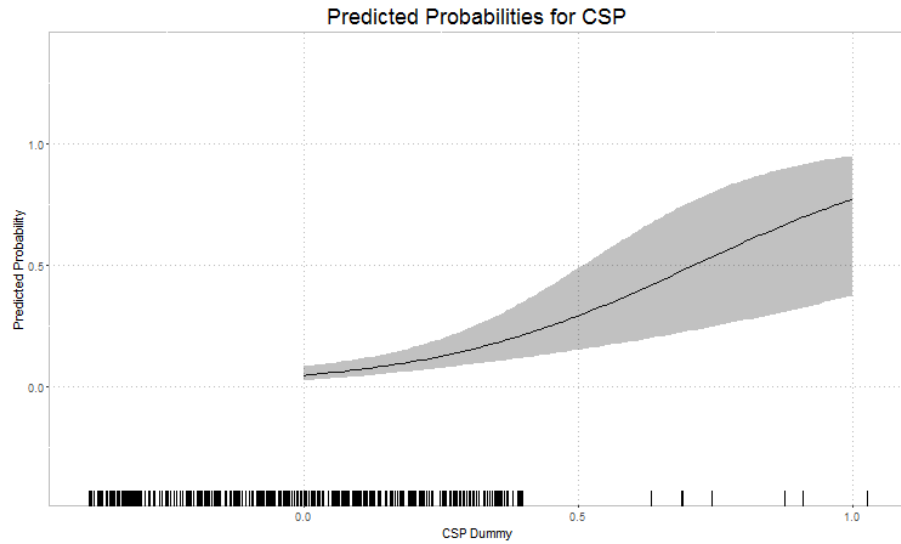
Table 2: The Introduction of Health Insurance Policies 1914-1959

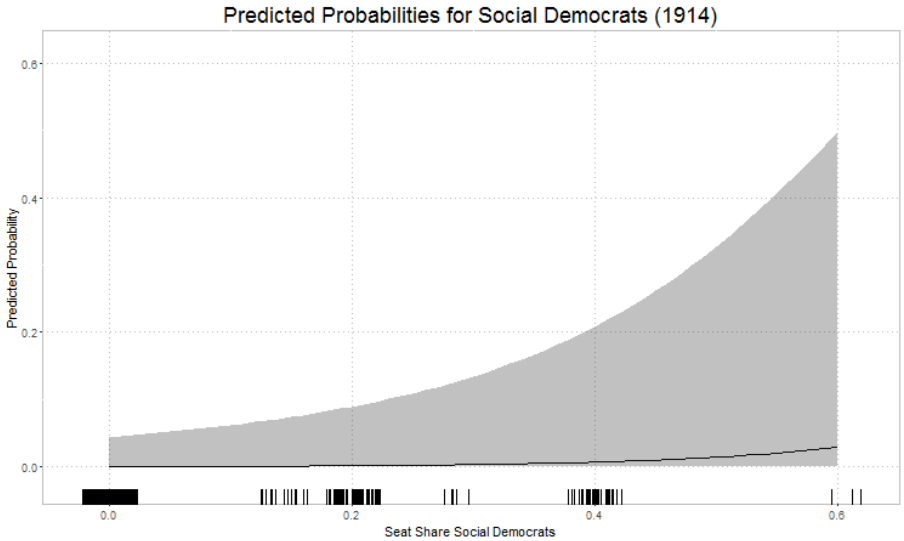
	Dependent variable:									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Left Parties		2.634*	7.639***	8.441***	9.202***	6.332**	8.378***	6.280***	6.458***	7.165**
		(1.474)	(2.263)	(2.516)	(2.724)	(2.466)	(2.754)	(2.433)	(2.449)	(2.915)
Democrats		2.829***	3.063***	4.651***	4.958***	4.252***	3.573**	4.170***	4.350***	5.579***
		(0.860)	(0.827)	(1.301)	(1.411)	(1.271)	(1.566)	(1.441)	(1.182)	(1.517)
CSP (dummy)		2.561***	2.940***	4.398***	4.612***	4.468***	4.124***	4.433***	4.152***	4.190***
		(0.522)	(0.528)	(0.885)	(0.989)	(0.868)	(0.962)	(0.850)	(0.858)	(1.007)
Radicals		−0.024	−0.052	1.504	1.773	1.321	0.581	1.366	0.992	0.569
		(0.911)	(1.035)	(1.014)	(1.150)	(1.128)	(1.354)	(1.088)	(1.280)	(1.091)
Soc. Dem.*log time			−2.104**	−2.096**	−2.373**	−1.788**	−2.601**	−1.810**	−1.816**	−2.725***
			(0.843)	(0.871)	(0.922)	(0.875)	(1.026)	(0.839)	(0.812)	(1.013)
Infant Mortality				0.043***	0.042***	0.035***	0.035***	0.035***	0.029**	0.042**
				(0.012)	(0.012)	(0.013)	(0.013)	(0.012)	(0.015)	(0.019)
Population Density				0.001***	0.001***	0.001***	0.001*	0.001***	0.001***	0.001***
				(0.0002)	(0.0002)	(0.0002)	(0.0004)	(0.0002)	(0.0002)	(0.0002)
Initiatives					1.612***	−22.819***	−20.157***	−22.492***	−24.042***	−27.706***
					(0.522)	(7.750)	(6.977)	(7.687)	(8.107)	(8.717)
Initiatives*log time						14.950***	12.794***	14.758***	14.986***	16.245***
						(4.768)	(4.263)	(4.718)	(4.951)	(5.022)
Landsgemeinde							−0.877			
							(0.629)			
Number of Parties								0.057		
								(0.278)		
Ave. Firm Size									0.012**	0.017***
									(0.005)	(0.004)
Size Export Sector									−0.882	
									(1.332)	
Diffusion										−3.051*
										(1.710)
log time	−0.603***	−0.475***	−0.215	0.888*	0.967**	0.092	0.160	0.099	−0.042	1.133
	(0.154)	(0.184)	(0.176)	(0.454)	(0.484)	(0.424)	(0.441)	(0.413)	(0.449)	(0.829)
Constant	−1.533***	−2.185***	−2.655***	−8.839***	−9.185***	−6.759***	−6.191**	−6.927***	−6.357***	−8.302***
	(0.316)	(0.656)	(0.668)	(2.247)	(2.414)	(2.245)	(2.573)	(2.252)	(2.326)	(2.857)
Cluster	25	25	25	25	25	25	25	25	25	25
Observations	375	375	375	375	375	375	375	375	375	375
Log Likelihood	−75.622	−69.695	−68.167	−62.691	−62.139	−58.458	−58.074	−58.501	−57.564	−55.405
Akaike Inf. Crit.	155.244	151.390	150.335	143.383	144.277	138.916	140.148	141.001	141.128	136.810

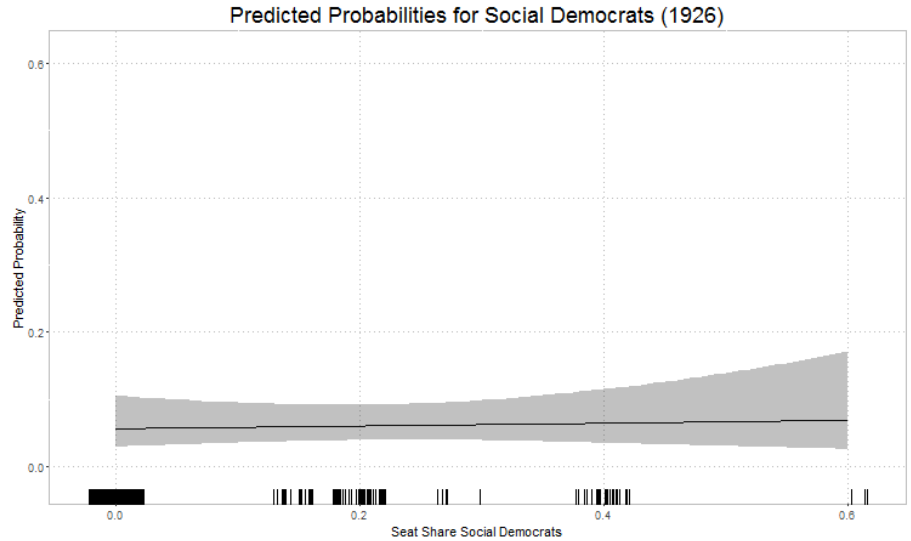
Note: *p<0.1; **p<0.05; ***p<0.01

Results: Party Effects









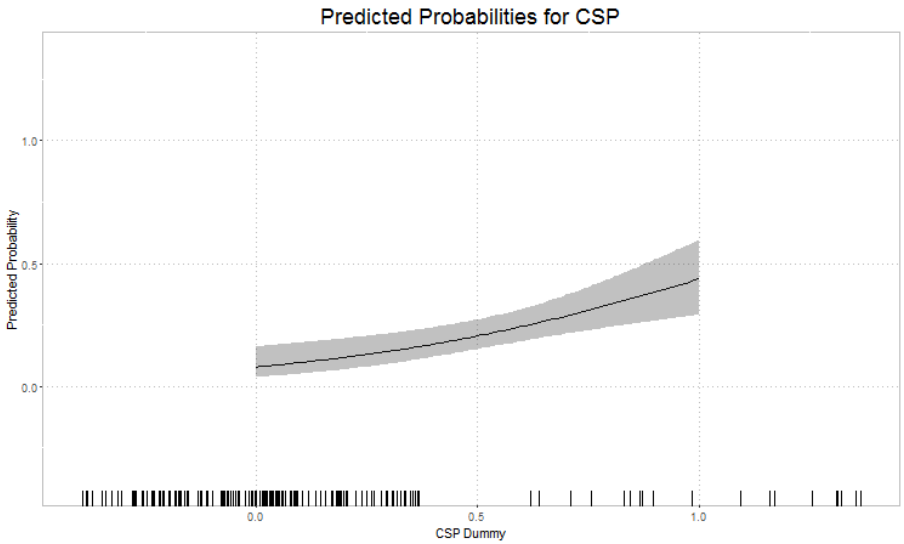
Results: Unemployment Insurance 1924-1937

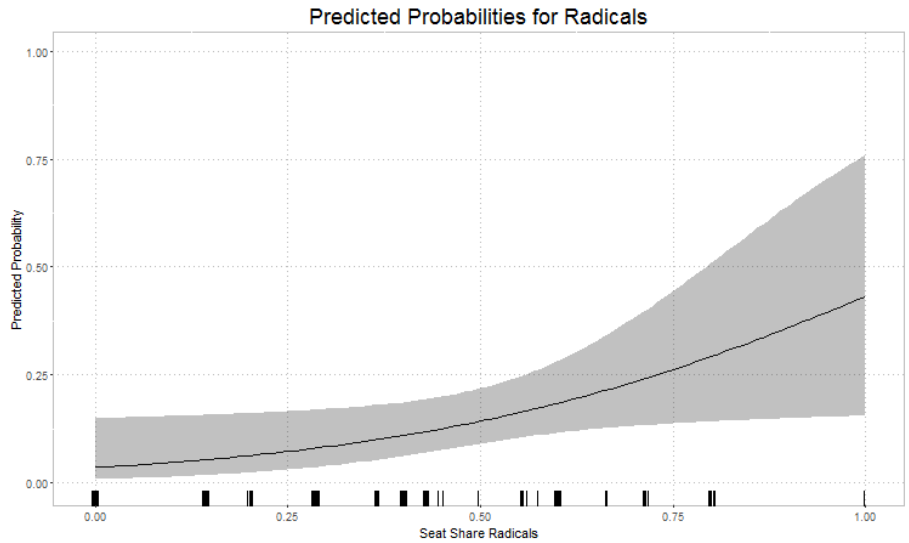
Table 3: The Introduction of Unemployment Insurance Policies 1924-1937

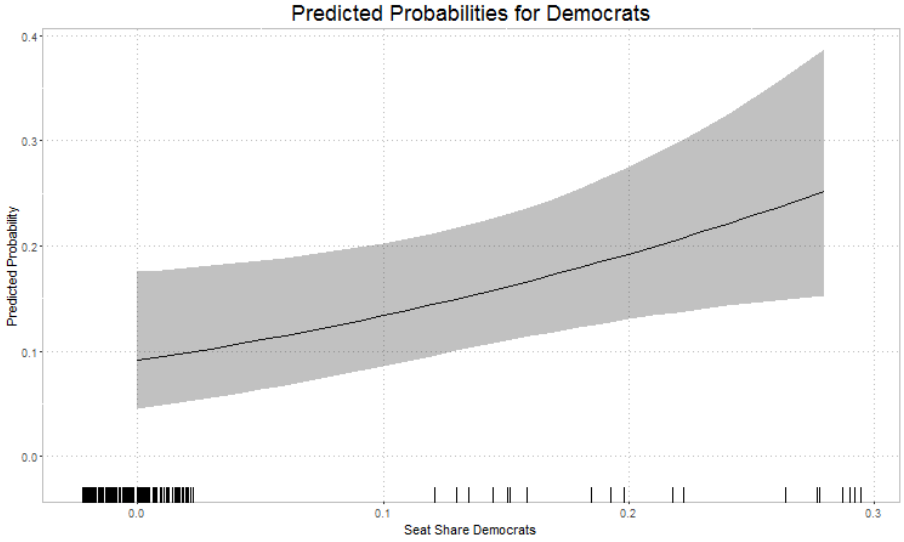
	Dependent variable:									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Left Parties		2.612	1.076	2.498	2.494	2.808	2.755	1.908	2.622	2.740
		(2.171)	(2.934)	(2.062)	(2.162)	(2.004)	(2.403)	(2.393)	(2.306)	(2.360)
Democrats		4.329**	4.527**	4.161**	4.051**	4.901**	4.334*	5.139***	5.310***	4.902**
		(1.922)	(1.919)	(1.854)	(2.028)	(2.445)	(2.586)	(1.894)	(2.009)	(1.999)
Radicals		3.034**	3.086**	3.058*	2.955*	3.431*	2.958**	3.178**	3.219***	3.242**
		(1.433)	(1.439)	(1.649)	(1.633)	(1.826)	(1.413)	(1.235)	(1.162)	(1.288)
CSP (dummy)		2.200***	2.137***	2.171***	2.136***	2.270***	2.176***	2.136***	2.070***	2.184***
		(0.638)	(0.624)	(0.652)	(0.675)	(0.704)	(0.625)	(0.557)	(0.622)	(0.585)
Population Density			0.0003*							
			(0.0002)							
Size Second Sec.			1.572							
			(3.661)							
Initiatives				−2.947	−0.497					
				(9.248)	(17.731)					
Initiatives*log time					−1.361					
					(9.927)					
Landsgemeinde						0.475				
						(0.648)				
Number of Parties							−0.016			
							(0.369)			
Ave. Firm Size								0.008*	0.007*	0.008*
								(0.005)	(0.004)	(0.004)
Size Export Sector								1.803		
								(1.769)		
Diffusion									−1.431	
									(1.019)	
log time	0.609**	1.345***	1.375***	1.346***	1.370*	1.381***	1.329***	1.448***	2.040***	1.382***
	(0.286)	(0.417)	(0.426)	(0.426)	(0.777)	(0.423)	(0.401)	(0.384)	(0.563)	(0.414)
Constant	−2.718***	−5.586***	−6.278***	−5.413***	−5.393***	−5.939***	−5.476***	−7.306***	−6.847***	−6.446***
	(0.392)	(1.345)	(2.122)	(1.271)	(1.871)	(1.662)	(1.598)	(1.564)	(1.501)	(1.485)
Cluster	25	25	25	25	25	25	25	25	25	25
Observations	166	166	166	166	166	166	166	166	166	166
Log Likelihood	−62.913	−56.198	−55.895	−56.160	−56.230	−55.997	−56.247	−55.377	−54.898	−55.758
Akaike Inf. Crit.	129.827	124.395	127.789	126.321	128.460	125.995	126.494	126.753	125.795	125.516

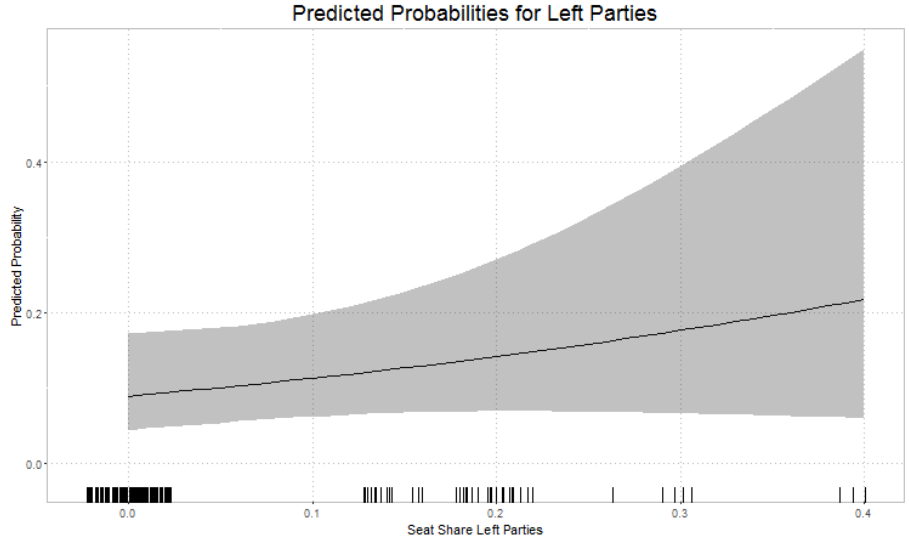
Note: *p<0.1; **p<0.05; ***p<0.01

Results: Party Effects









Summary

- Majority of welfare state programs experienced a bottom up development
- In catholic cantons, catholic worker's movement was the main driver of social policy development
- In the remaining cantons, the democrats and the radicals later on pursued the introduction of social policies
- Evidence shows that social democrats had no influence on the timing of social policy legislation