

Barbara Vis: *Politics of Risk-Taking: Welfare State Reform in Advanced Democracies*

Amsterdam 2010: Amsterdam University Press, 248 pp.

This book addresses two fundamental questions in comparative social policy and comparative politics: First, to what extent have welfare states been reformed over the past few decades and which principles have underlain these changes? Second, why have governments taken the risk of pursuing—often painful—reforms in some instances and restrained from doing so in others? To answer these questions, Barbara Vis adopts an innovative approach. On the theoretical front, she deploys a novel argument based on Kahneman's and Tversky's prospect theory [Tversky and Kahneman 1981; Kahneman and Tversky 2000]. Vis suggests that governments are most likely to accept the risks involved in unpopular reforms when they face important political or economic losses. In order to gauge the extent of policy change and to test her causal argument, Vis uses fuzzy-set analysis. This methodology allows researchers to measure qualitative changes in variables' membership in theoretically defined sets. It is also used to assess whether one or several factors are a necessary and/or a sufficient condition of an outcome. Empirically, the book focuses on reforms of labour market policy in affluent democracies between 1985 and 2002.

The first half of the book offers a detailed analysis of the degree and the direction of welfare state change. To begin with, Vis evaluates for 16 OECD countries whether policies such as employment protection, unemployment benefits and active labour market policies (ALMPs) have converged on a model of workfare or whether they have retained the features of their original—liberal, conservative or social-democratic—welfare regime. She finds that almost all countries have made unemployment benefits less generous and that many

have increased spending on ALMPs. However, a fuzzy-set ideal-type analysis shows that labour market policies have not been radically overhauled and have generally remained regime-specific. Only one country, Ireland, has radically shifted from a liberal welfare regime towards a 'lean workfare model' characterised by low income protection, strong activation and low employment protection. Denmark has moved towards a 'generous workfare model' with much higher income protection than in the lean model. Interestingly, the study suggests that the Netherlands and Belgium have moved from a conservative towards a social-democratic model while Finland has followed the reverse direction.

After having revealed the general picture of changes at the country level, Vis zooms in on the different reforms pursued by specific governments. She distinguishes between two types of reforms: unpopular and not-unpopular ones. Unpopular reforms are 'those policy changes that do not favour the median voter' and 'usually mean the imposition of losses without clear, identifiable and present winners' whereas not-unpopular reforms 'affect the median voter neither positively nor negatively' (p. 14). Popular reforms—i.e. reforms that positively affect the median voter—are left out of the analysis because they are assumed to be very rare in the current era of austerity. Given her focus on labour market policies, Vis sees reductions in the generosity of unemployment benefits as a typical example of unpopular reforms while the expansion of ALMPs and restrictions in employment protection are considered as not-unpopular reforms. This cabinet-level analysis focuses on Denmark, Germany, the Netherlands and the UK, four countries that belong to very different worlds of welfare and have very dissimilar patterns of party competition. The main and most striking finding is that very similar governments may adopt widely divergent stances on reform in consecutive periods in office.

A telling example cited by Vis is German Chancellor Gerhard Schröder's reluctance to pursue labour market reform during his first term in office and his second cabinet's U-turn with the introduction of dramatic cuts in unemployment benefits (dubbed the *Hartz IV* reform).

This variation in the attitudes of similar governments towards reform constitutes a theoretical puzzle, particularly for partisan theories of economic policy-making which would expect right-wing and left-wing governments to hold distinct and relatively stable policy preferences. According to Vis, other theoretical approaches such as those focusing on institutions, socio-economic changes or ideas shed light on the drivers of reform and on the constraints politicians face, but they fail to account for the circumstances under which or *when* governments decide to pursue unpopular or not-unpopular reforms. The second half of the book strives to advance an explanation for this. Vis starts from the assumption that reforms involve substantial political risks for all governments, particularly the risk of losing elections. Thus, incumbents must decide whether to 'bite the bullet' and accept these risks, or 'steer clear' of reform. Vis argues that the attitude of governments towards such risks and their willingness to pursue reforms depends on the context in which they find themselves. She bases her theoretical argument on prospect theory [Tversky and Kahneman 1981; Kahneman and Tversky 2000]. This behavioural theory of choice under risk has shown that people are risk averse when they believe they are in a favourable situation and expect to make gains. But, when they confront losses, they are more willing to take risks, because they may want to recover the losses that they have incurred (for modified arguments along these lines, see Mercer [2005] and Tepe and Vanhuyse [2012]).

Using this insight from prospect theory, Vis contends that governments accept

to introduce unpopular reforms and thus risk losing votes only in the face of a worsening economic climate and/or of a deteriorating political position. Conversely, they pursue not-unpopular reforms in a situation of improving economic conditions and/or if they enjoy high levels of political support in the polls. This applies to all governments whatever their political orientation. However, Vis also hypothesises that, due to their ideological orientation, right-wing parties are more likely to pursue unpopular reforms such as cuts in benefits, whereas left-wing parties may favour more spending on ALMPs, i.e. a 'not-unpopular' reform (see also Tepe and Vanhuyse [2013]). Vis tests her argument with a fuzzy-set Qualitative Comparative Analysis (fsQCA) of reforms introduced in the four selected countries. Her evidence shows that a worsening economic climate is a necessary condition of unpopular reform and becomes a sufficient condition only when combined with a deteriorating political position or a right-wing government. On the contrary, an improving political position is a necessary condition of not-unpopular reforms and is also a sufficient one in combination with an improving economic situation or a left-wing cabinet.

The book's approach provides an original and a penetrating insight into the cognitive factors affecting government decision-making. Its publication is very timely as it sheds light on some of the political dynamics behind the implementation of budget cuts during the recent debt crisis. An illustration is French President Nicolas Sarkozy's renewed dash for structural reforms in the second half of his term in office. In a context of eroding support for his presidency at the end of 2009, Sarkozy announced an unpopular increase in the statutory retirement age and decided to push it through despite massive protests. With the economic situation deteriorating at the end of 2011 and the next presidential election looming, Sarkozy decided to acceler-

ate the reform agenda and announced potentially unattractive tax measures such as an increase in VAT. These moves were deliberately made to demonstrate his leadership in the management of the economic crisis and thereby to possibly generate support among voters worried about the state of the economy. Vis's model can very adequately account for this type of decisions. Nevertheless, her demonstration suffers from some weaknesses at the theoretical and at the methodological level.

Central to the book's theoretical framework is the distinction between unpopular and not-unpopular reforms. However, its definition of these two types of reforms lacks clarity. Vis initially suggests that the first type of reform 'does not favour' the median voter, while the second type 'affects' him or her 'neither positively nor negatively' (p. 14). Yet, when she names specific examples of unpopular or popular reforms in her empirical analysis, she cites two ways in which the median voter may be affected by these reforms. One way is for the median voter to be *directly* affected by the policy change and therefore to be a loser or a winner in the reform. A second way is for the median voter to *perceive* the reform as just or unjust. Thus, cuts in the generosity of unemployment benefits are presented as 'a typical example of an unpopular reform' because they 'negatively affect a substantial group of voters, which likely includes the median one' or because cross-national studies of public opinion data show that the median voter is 'in favour of reducing benefit generosity' (p. 49). Similarly, ALMPs are presented as a not-unpopular reform because they 'have only a direct effect on a relatively small group of voters (especially the unemployed), probably therefore hardly influencing the median voter' (p. 14) or because responses to survey questions show that the median voter is neither in favour nor opposed to ALMPs.

It would have seemed important to specify which of these two criteria really

distinguishes between different types of reforms. If for Vis the criterion that matters is the reform's direct effect on the well-being of the median voter, it is difficult to understand why she claims that cuts in benefits have more chances to affect the median voter than increases in ALMP spending. To be affected by either of these policies, presumably one needs to be unemployed or at least expect to be unemployed. And this is a factor that remains constant for the median voter. This conceptual inconsistency unfortunately undermines the demonstration.

Questions can also be raised about some aspects of the book's methodological approach. Although fuzzy-set analysis proves a very fruitful method to measure the degree and the direction of institutional change, its use by Vis to test her causal argument is less convincing for two reasons. First, she evaluates the relevance of causal paths that include only the variables that she hypothesises to be key determinants of reform. She does not construct causal paths incorporating the variables that other researchers have identified as important conditions of reform and thereby fails to assess how her explanation compares with existing theories. Second, she evaluates her argument using macro data, although she essentially develops a theory about the micro-foundations of government decision-making. The economic and political contexts in which different cabinets were active may very well have shaped their assessment of the risks involved with different reforms. However, with this type of data the government remains a black box and the reader is left to assume that the causal mechanism advanced by the author is the relevant one. Perhaps, complementing the fsQCA with case studies based on interviews with policy-makers or quotes from newspapers would have bolstered the theoretical claim.

All in all, *Politics of Risk-taking* is a provocative book which addresses key questions and develops an original theoretical

and methodological approach. It will be relevant not only to students of the welfare state but to all those with an interest in policy-making and in the difficult choices governments have to make. There is no doubt the book will serve as source of inspiration for future scholarship.

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Richard Rose, William Mishler and Neil Munro: *Popular Support for an Undemocratic Regime: The Changing Views of Russians*
Cambridge 2011: Cambridge University Press, 206 pp.

When authoritarian communist regimes collapsed in the late 1980s, social scientists broadly assumed that they would 'transition' to democracy. With the passing of more than two decades, we know that most post-Soviet regimes transitioned instead to some form of electoral-authoritarianism.

Richard Rose and his co-authors begin their study with the insistence that we should not judge this transition—at least in Russia—as stalled or failing, because that is not how most Russians see it. Indeed, the main goal of their book is to explain why popular support for Russia's regime grew as democracy declined. Relying on National Russian Barometer (NRB) surveys, they show that a popular consensus in support of the regime had developed by 2003 and peaked in 2008, coincident with the rise and consolidation of power or Putin and United Russia, the hegemonic 'party of power.' In sum, there was an 'upward trend in popular support for the regime /as it became/ more undemocratic' (p. 77).

In seeking to explain this pattern of support, the authors turn to classic social science theory that identifies four categories of determinants: sociological, defined as socialisation or learning; political, defined as individuals' evaluation of the performance of political institutions; economic conditions, both household and national; and time, or how long the regime has persisted. These explanations are tested with a rich source of survey evidence: eighteen years of reports from the NRB, from 1992 to 2009, each surveying more than 34 000 Russian respondents with a similar set of questions. The surveys follow systematically the evolving political attitudes of Russians, from the inception of the post-communist regime almost to the present. They constitute an exceptionally consistent and rich source of evidence for each of the four explanations, allowing for rigorous statistical testing and comparison.

The book's findings are always interesting and sometimes surprising. The evidence shows, for example, that a majority of Russians ideally favoured a democratic regime throughout these years, i.e. popular support for democratic ideals in principle does not decline even as support for Russia's increasingly authoritarian regime grows. The authors find little role for so-