Comparative British Welfare Policy between 2007 and 2015:
Transformation or more of the same?

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Abstract:

This paper sets out to assess the change in British welfare policy in three areas, social security, health care, and labour market policy between 2007 and 2015, and whether these changes were conditional on party politics, or were similar across the board. First, a number of hypotheses are created based on both welfare change theory, and the historical context from the UK. Then a new operationalisation is employed to assess welfare policy change, and test these hypotheses. The new operationalisation creates a number of criteria for each of the policy areas, and assesses the number of changes that have taken part in each policy area, according to these criteria. This is done for both of the government’s that were in power during the time period, which enables us to look at the differences in the decisions taken by the two different governments. This leads to the findings that; the Coalition Government (made up of the Conservatives and Liberal Democrats) was responsible for more cuts in social security than the Labour Government, the two government’s followed similar policies with regards to health care. Finally, in labour market policies, the Labour Government was responsible for active labour market policies, but, the Coalition Government introduced more incentives to employees.

Key Words: welfare, social security, UK, Labour, Coalition, retrenchment
1: Introduction

Following Paul Pierson’s work on “The New Politics of the Welfare” (Pierson 1994, 1996 & 2001) there have been significant academic debates on the nature of policy change with regards to the welfare state. One important discussion has been on whether there really was a retrenchment of welfare institutions throughout developed economies in the 1980’s and 1990’s (Korpi and Palme 2003, Allan and Scruggs 2004, Pierson 1994, 1996 and 2001). A consensus has not arisen on this issue and continues to be a point of contention. This is due, in part, to a focus on different measurements for analysing welfare state change. However, party politics has been another key theme in this discussion of retrenchment, and when the impact of parties on policy change has been assessed, it has, typically, shown that parties of the right are more likely to cut the welfare state compared to those of the left.

In addition to this research, there has been a substantial amount of research on the topic of welfare policy change, as a whole, and, more specifically, incremental change (Ferrera and Rhodes 2000; Kuhnle 2000; Streeck and Thelen 2005). Incremental change is important for this study because it attempts to define a series of small changes over time, which may appear insignificant initially, but, when combined can cause a far more significant impact on policy in the long term.

After the global financial crisis of 2008, a new debate has emerged about the existence of a second era of retrenchment, and significant welfare policy change within developed economies (De La Porte & Heins 2016; Palme 2017; Van Kersbergen, Vis & Hemerijck 2014; Van Kersbergen, Vis & Hylands 2011). This has most notably been the case in Europe where austerity politics gained significant traction, in response to the crisis. (Van Kersbergen, Vis & Hemerijck 2014; Van Kersbergen, Vis & Hylands 2011). This new crisis offers a further opportunity to test the relevance of party politics, as a crisis provides the most likely scenario for a political party to undertake radical reforms (Van Kersbergen et al. 2011: 338). Additionally, it allows us to see how policy has changed over this period.
Similar to European economies, the UK, experienced negative effects as a result of the global financial crisis. The UK government, a Labour government at the time, had to bail out a number of major banks and the UK had a large rise in unemployment to around 8% by 2009 (The Guardian 2009). Following the policy response to the financial crisis, as unemployment rose, the UK Budget’s deficit reached 11% of GDP (UK Government 2010). This was used to attack the Labour Government, in the 2010 General Election, which resulted in a Coalition Government, made of the Conservative Party, the historically centre-right party in the UK, and the Liberal Democrats.

So, there is a need to address whether both the financial crisis and the change in government impacted on welfare policy, traditional research would suggest that it would indeed be likely to do so. But, there is limited research, so far, on the impact of these events on British welfare policy.

**Purpose**

To analyse policy change over the period to see to what extent policy has changed. The purpose of choosing this period is because it includes governments containing both major parties, Labour and Conservative, and additionally it is a period during which the financial crisis occurred. This is particularly interesting for looking at the impact that a crisis can have on policy making. Choosing this period also means that it will be possible to identify if policy changes were conditional on the political leanings of the government or whether there has been change from government’s representing both of the major parties in the UK. This is particularly important as we would expect ideological differences between political parties to crystallise during a time of crisis. The paper will also seek to identify if there have been different kinds of changes to those that have been seen before and whether there is a need for a new qualitative phenomenon to be identified.

Therefore, this leads to the research question:
How has British welfare policy changed between 2007 and 2015, in the areas of social security, healthcare and labour market policies, and were changes conditional on the political leaning of the government in power?

2. Previous Research

2.1. How can the welfare state be changed?

Given the nature of the research question, it seems prudent to start by asking how exactly the welfare state can be changed. It is important to stress that whilst there is a significant amount of literature that focuses on retrenchment, this is by no means the only change in policy vis-à-vis the welfare state. This is particularly important for this study as this gives theoretical background which can be used to assess how welfare policy has changed in the case of the UK.

2.1.1 Institutional Change

Institutional change can take many forms. A starting point for this discussion is Ferrara and Rhodes and their analysis of the need for a ‘recasting’ of the welfare state (Ferrera & Rhodes 2000). They argue that a number of internal challenges that European welfare states system face – amongst others; socio-demographic changes, which can be best explained as an ageing population and the changing nature of the labour market, as well as the external challenge of globalisation – have led towards the recasting of welfare state institutions (Ibid: 5). This is highlighted through four general trends.

The first of these trends is structural adjustments within policy, which have come about due to the aforementioned demographic changes. Here policies themselves have not been altered, just the conditions for receiving benefits, such as increasing the age of retirement on pensions, making a payment of a benefit tied more to prior contributions or limiting the increases of a benefit which would previously have been index linked (Ibid: 4). These are all
methods aimed at limiting increases in expenditure as an ageing population requires more from the welfare state.

Secondly, there has been a shift from a passive to active approach towards programmes that tackle the issue of unemployment (Ibid: 5) For example, seeking to get people back to work as soon as possible through training or subsidised work programmes. This will be an area which will be looked at when assessing the changes in the UK’s labour market policy between 2007 and 2015, to see whether the UK has followed this general trend.

Thirdly, the trend of increased targeting of benefits is identified. This is fairly self-explanatory, rather than universal benefits being offered, benefits are increasingly aimed at those who need it most, for example the poorest in society. This is a policy that Blair’s New Labour government were particularly interested in implementing when it came to power (Beland et al. 2014: 745).

Finally, the funding of social protection can be seen to have changed, however, this has mostly occurred in continental Europe. This has led to a shift away from employers providing high levels of social insurance contributions, instead the money for these programmes being drawn from general taxation. The rationale behind this is that high levels of contributions from businesses makes them uncompetitive (Ferrera and Rhodes 2000:7).

On a similar theme, Streeck and Thelen have created a framework that seeks to identify five different types of incremental change. They argue that, in the past, analysis of incremental change has focused on this change supporting institutional continuity (Streeck & Thelen 2005: 5). However, they argue that the extent of change has been understated and that incremental change, through gradual change over time, can also be something which leads to a transformation of institutions (Ibid: 18). This leads them to produce the aforementioned framework for understanding incremental change that categorises five forms of this change.
The first of these changes is labelled displacement. Displacement occurs when new ideas arise which call into question the existing institutional framework. Over time these new ideas gain greater traction and lead to what is described as “displacement through defection” (Ibid: 20). This is where actors within the institution shift to a belief in the new way of thinking. An example of this is presented by Crouch and Keune, in the same book. They highlight the case of the UK and its shift from Keynesianism to a neo-liberal approach in the 1980’s (Crouch & Keune 2005: 99).

The second type of incremental change is called layering. Essentially, layering is the creation of new programs or reforms which supplement the old or existing program. The idea is that, whilst the old system is maintained, over time more people will shift to also utilising the new program. There are some good examples of this, firstly, the layering of a voluntary private pension system onto an existing system (Streeck & Thelen: 23). A second example would be the creation of a system for private healthcare that complements the original universal healthcare system. Finally, Bruno Palier outlines some clear cases of layering within French social policy; specifically drawing on the creation of a minimum income and a universal health insurance system (Palier 2005: 128).

Thirdly, drift is identified as a kind of incremental change. Streeck and Thelen state that institutions require continuous maintenance to ensure that they continue to be relevant. This may require the goals of the institution to be refocused, as a result of changing socio-economic or political conditions (Streeck & Thelen: 24). Drift occurs when this process does not happen, and therefore the institution is no longer fit for purpose or has decayed, requiring it to be fundamentally changed or to continue its decay. A point of note here is that change which occurs due to drift may be hidden by perceived solidity on the surface (Ibid). This is a phenomenon that Hacker highlights in his case study of private social benefits in the US, which he argues have undergone fundamental change without obvious changes on the surface, and as a result of no large policy reforms (Hacker 2005: 45).

Conversion is the fourth kind of incremental change that Streeck and Thelen highlight. This is the process through which institutions are redirected to different goals, functions or
purposes, this stops them from decaying like they would through policy drift (Streeck & Thelen 2005:26). This could come about for a variety of reasons, specifically; as a response to socio-economic challenges or due to a shift in power relations. For example, if the actors that created the original institution are no longer in place (Ibid).

The final type of institutional change is exhaustion. This specifically focuses on institutional breakdown, as opposed to institutional change, but this will typically be a process that occurs over a prolonged period of time (Ibid: 29). A differentiation here is that, unlike with institutional drift, the institution will not hold on to its formal integrity as it becomes irrelevant due to ever-changing environmental conditions. An example of this is Germany’s early retirement policies, which were designed during a time of full employment to tackle the issue of declining industries, but came to be used as a way for companies, in any industry, to soften the blow of redundancy for older workers, in a period of high unemployment (Ibid). As such the system could no longer finance itself as it had become over extended (Ibid).

Correspondingly, Van Kersbergen puts forward four hypotheses as to what causes incremental change, and what he views as having been the case from the 1980’s through to the 1990’s. This is important for this study as it allows us to outline the reasons behind incremental changes being introduced. The first of these hypotheses is termed “politics for markets” (Van Kersbergen in Kuhnle 2000: 27), the basic premise here is that government focuses on responding to an economy that is become more globalised and, as such, they engage in the implementation of policies which deregulate the economy. This results in them neglecting the national population and protecting them against the spread of globalisation (Ibid). Secondly, he outlines “overriding resistance” (Ibid), this is essentially a process of engaging in blame avoidance and utilising the need to meet international targets like the budgetary rules of the Maastricht criteria as the basis for changing policy (Ibid). Thirdly, he describes “institutional transformation (Ibid: 28). Fundamentally, this is the maintenance of the same service but shifting it from being a public service to being provided by the private sector (Ibid).

Finally, Van Kersbergen outlines a type of incremental change that could be particularly
pertinent for this study, “creeping disentitlement” (Ibid). This is broken down into five strands. The first of which is incremental changes. For example, a benefit could be cut by 2%, but done so on multiple occasions so that it has a more substantial cumulative effect. Secondly, there is a strategy of incrementally reforming one area of social policy so that it weakens the financial feasibility of other programmes as former recipients of the old programme are moved on to another scheme, potentially resulting in an overload (Ibid:29). Thirdly, he argues that as small incremental changes continue they lessen the vested interests, and make it easier for policies to be transformed and for the narrative of the welfare state to be changed (Ibid). This is, fourthly, done as a new generation has grown up in a situation of declining welfare standards and therefore expect less from the welfare state, than those in the past (Ibid). Finally, creeping disentitlement aims to cut benefits for groups that have the lowest ability to fight back, and perhaps are not a large part of the electorate. For example; the disabled, single mothers or ethnic groups. Subsequently, governments can save a substantial amount of money without it being politically damaging (Ibid: 30).

The task of this assessment of the UK will be to see if policy changes have been recast in the various forms that Ferrera and Rhodes postulate, if they have been subject to incremental change of the nature that Streeck and Thelen outline or if they have been subject to a different nature of change entirely.

2.1.2 Social Investment

Social Investment is a perspective, and set of policies, that seeks to update the welfare state for the knowledge based economy and the challenges of the 21st century. Specifically, it aims to address new social risks such as single parenthood, the balance between work and family life, the decline in life-long careers, less secure job contracts and having skills that have become outdated (Morel and Palme 2012: 1). This is a program that has been taken on by the EU in its Europe 2020 Agenda. Launched in February 2013, it seeks to create a “strategic vision for welfare state modernization for post-crisis Europe, based on forward-looking social policies to ‘prepare’ individuals and families to respond to the changing
nature of social risks in the competitive knowledge economy” (Hemerijck in De La Porte & Heins 2016: xii).

The aim of this is to prepare the population, so they are able to tackle the social risks that they face. This is opposed to the traditional role of the welfare state which focuses on repairing through policies such as social insurance. The idea is that the state significantly aids the development of human capital, through increased funding in education and training, provides services such as child care; which means that single parents, and both the mother and father in a couple can participate in the labour market if they choose to do so. Subsequently, this increases the working population, which is vital as populations throughout Europe age. Finally, these policies seek to avoid the issue of human capital reduction by assisting with job training, job searches and offering in-work benefits alongside unemployment insurance (Morel & Palme 2012: 10). One could describe this as an expansion of the Beveridgean concept of cradle to grave, in that it seeks to assist not only in the early and later parts of life, but also when you are of working age, if necessary, to a much greater degree than is traditionally the case.

As Hemerijck states, “the social investment perspective is still an emerging paradigm, not a fully-fledge one” (Hemerijck 2015: 243). However, there is evidence in Europe of the implementation of policies that can be defined as social investment. Hemerijck himself highlights a “social investment turn in social policy” (Hemerijck 2011: 92) specifically in the goals that social policy seeks to achieve, with a shift from tackling unemployment to focusing on increasing labour market participation, this is matched with the definition given by Morel and Palme. Similarly, Van Kersbergen, Vis and Hemerijck identify a surprising level of social investment policy implementation in their study of the UK, Denmark, Germany and the Netherlands between 2010 and 2012 (Van Kersbergen et al. 2014: 894). This is of particular interest for this study is the fact that they outline that between a third and half of policies in the UK in this period can be deemed social investment. However, they stress that these are “lean” policies that are typically introduced alongside policies of retrenchment (Ibid).
So, whilst there is evidence to suggest that there have been policies that can best described as social investment policies, in the UK, further work needs to be done to see if this was just a phenomenon between 2010 and 2012, or whether it occurred for the whole period of this study, 2007-2015. The description of the policies as “lean” by Van Kersbergen et al. is also worth further investigation, to assess the true extent of the policies that were introduced.

The social investment perspective is particularly useful for this study as it focuses, on the labour force, and by extension, the labour market. Therefore, it will be possible to assess if labour market policy changes in the UK have had social investment characteristics.

2.1.3 Retrenchment

The question of retrenchment is one that dominates debate in welfare politics, as to whether it exists or not, and, secondly, whether it is conditional on a party of the left or the right being in power. Given the focus of this paper, it seems appropriate to focus on the latter question of whether retrenchment is conditional on party politics. This is because it will set the scene for the analysis of the UK and be used as a way test previous hypotheses that have been put forward. However, it seems appropriate to mention, at least in passing, whether or not retrenchment is perceived to exist or not.

Both Allan and Scruggs, and Korpi and Palme (Allan & Scruggs 2004; Korpi and Palme 2003) support the notion that welfare state retrenchment is conditional on party politics. Their articles assess data between the 1970’s and 1990’s to ask whether there has been a significant retrenchment of the welfare state over this period. Allan and Scruggs state that there is substantial evidence to question Pierson’s hypothesis of welfare state resilience (Allan & Scruggs 2004: 497). Their research uncovers considerable evidence that there has been significant welfare state retrenchment in their assessment of 18 countries between 1975 and 1999 (Ibid: 496). Notably, they find that partisanship, or party politics, has had a significant role to play in this (Ibid). They argue that the process began in the mid 1980’s (Ibid: 498), around the time that the economic orthodoxy was shifting to monetarism and neoliberalism. The findings of Korpi and Palme are similar, they assess net replacement
rates in the areas of sickness, work accident and unemployment in 18 countries, during the period of 1975 to 1995. They find that cuts can be seen in every country that they have assessed (Korpi & Palme 2003: 434). Additionally, they find that governments that had a higher left cabinet share are less susceptible to cuts, whereas centre right parties, particularly in basic security welfare states like the UK, produce the highest risk of cuts over the period (Ibid: 436).

Similarly, Huber and Stephens support the notion that it is parties of the left who are likely to expand the role of the welfare state (Huber and Stephens 2001: 4). Amable, Gatti and Schumacher also come to a similar conclusion, but also focus on the role that crises or economic shocks play in retrenchment of the welfare state. In their study of 18 developed democracies, between 1981 and 1999, they find that left wing governments typically expand aggregate social expenditure in response to economic shocks, whereas right wing governments engage in larger cuts in replacements in response to these same shocks (Amable, Gatti & Schumacher 2006: 426). As such, we can see that welfare cutbacks, particularly with regard to replacement rates, are conditional on party politics. Given that this paper focuses on responses to crises, in a similar way to what this paper will do, it offers insightful information for the research question which also focuses on a period that includes the global financial crisis of 2008. The question is whether this will hold for more recent crises. Basic evidence, based on total social expenditure, would suggest this to be the case with government spending on social protection increasing from £161bn to £189bn between 2007 and 2009 (UK Budget 2007 & UK Budget 2009), a time when a “left wing” Labour Party were in government. However, a real assessment will only be possible by looking at specific programmes, and, of course, as this was a time of crisis, it is likely that a substantial amount of this increase was due to a rise in unemployment and an increase in people claiming unemployment benefits.

Pierson’s work on the new politics of the welfare state has led to a great deal of debate on the existence of retrenchment and whether it is conditional on party politics. He argues that retrenchment has occurred in specific policy areas, but certainly not in all policy areas (Pierson 1996: 162). This leads him to draw on the case of Thatcher’s Britain, in the 1980’s,
and the successes of her privatisation of public housing and pensions, as effective examples of targeted welfare state retrenchment. However, he argues that, on the whole, it was not possible to cut back welfare provision across the board as public opinion remained in favour of preserving or increasing social expenditure (Ibid). High support from the general public meant that if the government had tried to implement policies that retrenched the welfare state then they would be doing something that was politically unpopular, and may have affected them negatively during the next election. This is one reason why across-the-board retrenchment does not occur, the weight of public opposition. This is an aspect that Van Kersbergen agrees with, specifically stating that radical retrenchment is only possible “when electoral risks are limited” (Van Kersbergen in Kuhnle 2000: 23). A second reason is policies that have long term commitments (Pierson 2006:153). For example, pay-as-you-go pensions that force a policy down a particular path of development (Ibid), as once this policy has been instituted it is difficult to change. For example, with regards to pensions, it is possible to change how old you have to be to draw the pension; something that has occurred in the UK, but now it is almost impossible to remove the system as it currently is, because too many people are reliant on it. As such, Pierson outlines that “everywhere, retrenchment is a difficult undertaking. The welfare remains the most resilient aspect of the post war political economy” (Ibid: 179).

It is important to note that Pierson focuses his analysis on expenditure levels rather than replacement rates, like the articles of Korpi and Palme, and Allan and Scruggs do. This is of particular importance because merely assessing spending levels does not allow us to gain great insight. Spending levels could have changed over time as a result of demographic changes, i.e. an ageing population (Allan & Scruggs 2004: 498). The two groups of authors are effectively studying different outcomes as one focuses on specific spending commitments, replacements rates, as the other looks at overall expenditure. This, perhaps, gives us some explanation of why they come to such different conclusions, as they are using different areas of focus.

Pierson has updated his analysis more recently and has discussed how certain areas of analysis, which were rather limited in his original study, have become increasingly important
and specifically focused on the importance of visibility. He argues that policies vary in the nature of how they distribute costs and benefits, but also their visibility. As such, different policy effects can be made visible to different socioeconomic groups that are effected by the policy. This means that politicians can alter policy design so that the electorate only sees the policy effects that they would like them to see (Patashnik:2015, 268).

Van Kersbergen views welfare state change much as Pierson does. He argues that the circumstances for policies has changed, but this has not led to the large-scale retrenchment of welfare regimes or of individual programmes (Van Kersbergen in Kuhnle 2000: 25). As Pierson notes, this is due to the continuing levels of support for welfare policies, even though there are policies, programmes and institutions which are deteriorating (Ibid).

Castles reaches a similar conclusion on the existence of welfare state retrenchment, as both Pierson and Van Kersbergen do. He argues that there has not been a race to the bottom according to the criteria that he uses (Castles 2004: 15). This is based on a number of measures; public expenditure as a percentage of GDP, social expenditure as a percentage of total public expenditure and welfare state generosity (Ibid) all increasing over the period of his study. He does, however, argue that this expansion of expenditure is slower than in the past, but, it is important to note that it is still increasing and therefore there is little to suggest evidence of welfare state retrenchment or declining welfare standards (Ibid).

Jensen accepts that, empirically, it is clear that there is a positive relationship between the role that the left has in a cabinet and public spending on the welfare state, and the redistribution that results from it (Jensen 2014: 3). However, he specifically criticises the notion that it is only governments of the right who seek to cut welfare and Pierson’s argument that it is only powerful interests that stop them from cutting more aggressively (Ibid :2). This refers to Pierson’s comments on the lack of retrenchment in areas such as pensions and healthcare. By drawing upon the cases of healthcare and pensions, he argues that that there is bi-partisan support for these programmes, but both the left and the right seek to satisfy the electorate that makes up their core voter base. For example, in the aforementioned policy areas the right maintains public provision, but, it also offers the
availability of private options too, i.e.) private healthcare and private pensions (Ibid: 6). This is what Jensen terms “marketization via layering” (Ibid).

However, when it comes to areas such as the labour market, the right takes a different approach entirely. Governments of the right are happy to cut social security programmes. But, Jensen argues that this is not because of their disdain for social programs but that this is only done once the power base of the unions have been attacked (Ibid). As such, social rights are only cut once union power has been limited. He terms this “erode and attack” (Ibid).

Essentially, Jensen is outlining that the right’s strategy is one of targeted retrenched, as opposed to trying to curtail the welfare state as a whole. This is important to note and will be put to the test when assessing healthcare policy in the UK, in particular.

Similarly, Ross argues that party politics does not play as large of a role in welfare state retrenchment as others argue. This comes from her study of expenditure cuts analysed in sixteen advanced industrial democracies between 1972 and 1990 (Ross 1997: 179). Her results, in fact, find that leftist parties are significantly more effective in cutting spending than parties of the right, this is due to the fact that it is perceived that the left is less likely to engage in the cutting of welfare spending, and therefore, more trusted not to do this (Ibid: 175). In addition to this, she highlights cases in which the left have inflicted greater damage on the welfare state than the right (Ross 2000: 155). An example of this, which Ross notes, is that of New Labour in the UK, who proudly touted their advancement of non-leftist policies and policies that could be viewed as those of retrenchment (Ibid: 156). She even goes as far as to say, “Tony Blair has chosen to abandon social democracy to a far greater extent than demanded by either globalisation or post-industrial transformation” (Ross in Ferrera and Rhodes 2000: 14).

Notably, Kittel and Obinger find evidence that concurs with Pierson, they claim that “what we can observe are efforts to renegotiate and restructure the welfare state but not to dismantle it” (Pierson 2001: 14). Their analysis of twenty-one democracies finds that social
expenditure has been increased due to increased dependency as a result of rising unemployment and an ageing population (Kittel and Obinger 2003: 38). They, however, identify that party politics has become less important. Since parties of the left were responsible for increasing spending during the 1980’s this was seen to have disappeared by the 1990’s (Ibid). As such, they state that “party politics seem to be in retreat” (Ibid: 40).

So, as we can see there is a substantial debate over the role of party politics in retrenchment, for those who argue that retrenchment has actually occurred, with the general consensus being that parties of the right are more likely to engage in cutting welfare policies. However, there are others who argue that the right is not as aggressive in cutting as they are perceived to be, with Ross and Jensen, in particular, emphasising this. So, in this study these theories will be put to the test.

2.2 The Importance of Ideas

Ideas play a key role in driving policy decisions, and it is these ideas which also form the basis for the policy platform of political parties. For example, the neoliberal era came about because of the rise of the idea of monetarism, which led to this idea being brought into the political mainstream by Ronald Reagan and Margaret Thatcher, amongst others. As such, a brief discussion on how ideas influence policy seems prudent, especially as these ideas also influence the actions of parties themselves.

Béland stresses the importance of ideas when it comes to policy development, and how this has been neglected in the past. This leads to a breakdown of the policy process into three streams; problem, policy and political (Béland 2005: 6) through which ideas permeate into policies.

The problem stream starts with civil servant, politicians and the general public becoming conscious of three aspects. Firstly, economic and social challenges as a result of statistics (i.e. unemployment figures, GDP rates etc.). Secondly, key events that focus their attention.
For example, surprising political developments which receive significant media exposure, and thirdly the effects of a prior policy becoming evident (Ibid: 7). From this the problem gains significantly more attention and involves the bureaucrats and politicians seeking a solution to the public’s grievances on this issue.

This leads to the policy stream where policy experts who work within academic institutions, the civil service and think tanks to come together to put forward policy ideas (Ibid: 8). These experts come up with policies that relate to the issue at hand (e.g. education) where a variety of different ideas will be put forward (Ibid). From this Bélard quotes Kingdon who describes this process as a “policy primeval soup where a variety of policy ideas combine with one another in various ways (Kingdon 1995: 117)” (Ibid). It is important to note that this is where policies that do not conform to the policy orthodoxy can arise as a way of solving the issue, this is where radical policies can occur and fundamentally change a policy area.

Finally, this leads to the last stream, the political one. Here the importance of framing is key in order to make the policy acceptable and to make sure that policy gets political traction. This requires the policy to draw support from influential politicians and for it to be easy to explain and understand, so that it can be easily diffused to the public (Ibid: 12). Examples of both failures and successes of this are Bill Clinton’s healthcare policy in the 1990’s, which failed due to its complex nature, and Thatcher’s rhetoric on the need to end welfare dependency during her term from 1979-1983 as a success (Ibid).

So, here we see the importance that ideas play in the formation of policy and the necessity to gain political support for them and to make them clear and easy to understand so that they gain support from the public.

2.3 Impact of crises on the welfare state

Given that the period of assessment is one that includes the Financial Crisis of 2008, it is important to focus on the impact that crises can, and have, had on the welfare state.
The basic mainstream approach to welfare state changes argues that financial and economic crises act as the catalyst for structural and radical reform (Van Kersbergen et al. 2011: 338). As they state, “a crisis causes urgent uncertainty and fosters the prompt take-up of ground-breaking and previously unacceptable ideas to transform the welfare state radically and rapidly” (Ibid: 339). However, this is a simplified version of what actually occurs. As Kuipers notes actors who are in favour of change intentionally create the narrative of a crisis, normally creating a simplified account of what has caused the crisis to support their views (Kuipers 2006: 12). This narrative is then manipulated by these actors to highlight the necessity for reform of institutions, and policy sectors, and in turn “de-legitimize the status quo and discredit the policy sector’s protagonists” (Ibid). This concurs with two of Van Kersbergen’s cases under which radical retrenchments and reform are expected (Van Kersbergen in Kuhnle 2000: 23). These being “when financial crises create an acute sense of emergency” (Ibid) and “when politicians manage to alter the institutional logic so as to generate more favourable context for reform” (Ibid). Similarly, Hemerijck agrees (Hemerijck 2009). The second of these cases is particularly in line with Kuipers analysis of what occurs. In some instances, these two cases are used in tandem, as the financial crisis is used as a justification to argue in favour of a change in institutional logic, and in many other cases. This brings forth the arguments of the Conservative Party in the UK from their acquisition of power in 2010, but of course, this will require further analysis.

So, what evidence is there of crises being the spur for change? The crisis of 2008 offers some understanding of the impact that a financial crisis can have on the welfare state. Both Van Kersbergen and Hemerijck (Van Kersbergen et al. 2011; Hemerijck 2011) identify two phases of the crisis. An initial Keynesian response to avert the banking crisis and fiscal stimulus to tackle a drop in demand, followed by a shift to a more conservative, austerity focused response. In the case of the UK, Van Kersbergen highlights a shift towards the cutting of welfare and, additionally, caps on benefits, a raising of the pension age and the freezing of other benefits (Van Kersbergen et al. 2011: 348).

In addition to this, there has been a response on the European level, to the crisis, which has constrained government expenditure. These are the two-pact and the six-pact, which are
further extensions of the Eurozone’s stability and growth pact (De La Porte & Heins 2016: 3). The main purpose of these agreements is to ensure that European member states are accountable to budgetary targets, this has been backed up by a more robust enforcement of these rules. As the budget deficit that countries can run is capped by these pacts it is difficult to expand social expenditure, and may in fact lead to cuts. In addition to this, the countries that suffered the most in Europe, as a result of the financial crisis; Greece, Ireland, Portugal and Spain, have all had to change their policies to meet these budgetary targets and institute structural reforms in return for the bailouts that they received. In the case of the UK this is less important, as the UK has an opt-out on financial legislation, however, it chooses to seek to meet the fiscal targets set out by both the two-pact and the six-pact. The difference is that the UK is not subject to the robust enforcement that other European member states are.

2.4 What has occurred in the UK prior to 2007?

Having focused primarily on the theory behind retrenchment thus far it seems prudent to turn to look at previous evidence of how policies have been changed by both of the major parties. This means specifically focusing on social security, healthcare and labour market policies. For the basis of this analysis it would be best to look back at the both the previous Conservative and Labour governments. This means briefly looking at how policies changed during the Thatcher and Major governments, Conservative Prime Ministers, and the Blair government, a Labour government that preceded Gordon Brown when he became PM in 2007, the period prior the focus of this study.

The UK can best be described as a liberal welfare state, where the state plays a complementary role as market-provided benefits are the central plank of welfare provision (Béland, Blomqvist et al. 2014: 740). Despite this, there are key elements of universality, down, in part, to the Beveridge report. The prime example of this is, of course, the NHS, which provides healthcare free at the point of access with only minor charges for eye care, dental care and prescriptions.
The NHS was created in 1948, by the Labour Party with little opposition from the Conservative Party (Jensen 2014: 85). Despite many organisational changes, the free access to healthcare continues to this day (Ibid: 89). Thatcher herself did not even contemplate taking this right away and went as far as to state that NHS spending would not be cut in the manifesto for her 1979 election victory (Ibid: 87). She did, however, introduce the Working for Patients reforms in 1989 and created the NHS’ internal market (Ibid: 89). This separated purchasers from providers and also gave general practitioners (GPs) the ability to manage their own budgets (Ibid: 91). It is important to note that this was continued by New Labour when they came to power in 1997 and into the 2000s (Béland and Blomqvist 2014: 747). Additionally, the Labour government continued with the Private Finance Initiative to build new hospitals and medical facilities. (Ferrera and Rhodes 2000: 180). However, New Labour increased spending on healthcare between 2000 and 2002 to improve health outcomes (Ibid). To summarise, healthcare policy in the UK has not massively changed up to 2007, there have been organisational changes and piecemeal reforms but healthcare remains free at the point of access. Importantly, the Conservatives have never tried to replace it with a privately funded system.

Social security and Labour Market policy were particularly intertwined during the Thatcher years. Set within the backdrop of the Winter of Discontent through the winter of 1978/79, Thatcher came to power with the stated aim of tackling the issue of militant union actions that had plagued much of the 1970’s and led to the three-day weeks and continued industrial strife. In 1980 unions were found in 73% of workplaces (Jensen 2014: 113) in the UK but by 1998 had fallen to 54% (Ibid: 115). This was due to Thatcher limiting the power in a number of ways through the introduction of anonymous balloting in strike votes, to avoid workers who voted against strike action being threatened, and the removal of the closed shop (Ibid). This was where only one union was allowed to operate in a workplace and those who were not members of the union could be fired for their non-membership. This led up to the brutal clash between the government and striking in the mid 1980’s which resulted in the closure of the majority of mines and the defeat of the unions.
There had been relatively minor changes to the social security system before this, with a 5% to replacement rates in 1980, which had not been opposed by the Labour party (Ibid: 116), and then the removal of earnings related benefits in 1982 (Ibid). However, the bigger changes ensued once the power of the unions had been reduced. In 1986, the Restart Program was introduced the aim of which was to alleviate the issue of long term employment through mandatory job search interviews after six months and a retrenchment of benefits for those under the age of 25 (Ibid). This was termed workfare and sought to lower benefits in order to incentivise working (Ibid). In addition to this, stricter rules for entitlements were introduced and greater conditions were put in place for continuing to receive social security benefits (Ibid). This continued into the 1990’s with social security becoming increasingly contingent on work or training requirements (Ferrera and Rhodes 2000: 175). At the same time, in-work benefits, like family credit were introduced to effectively subsidise wages (Ibid: 176). The social security system was replaced with a job seeker’s allowance in 1996 which could be received for half of the length of the previous programme, and reduced the benefit for under 25’s and had tighter qualification requirements (Ibid: 175).

New Labour sought to put a social democratic twist on these neoliberal policies. It did not seek to reverse jobseeker’s allowance and instead supplemented it with active labour market policies and in-work benefits (Jensen 2014: 116). This led to the introduction of a minimum income for the unemployed aged between 50 and 64 years of age and a £750 grant for help with training costs that may be required for someone to re-enter the job market (Ferrera and Rhodes 2000: 180). In addition to this, a minimum wage was introduced in 1999, despite stiff opposition from the business community (Ibid: 181), and working tax credits were introduced to replace the previous family benefit (Ibid: 182). This was a more substantial benefit than its predecessor. However, there was still a continuation of the Conservative party’s contract for welfare (Ibid).

As Rhodes convincingly shows, this process represented a fundamental change in the nature of welfare policy in the UK, despite the fact that welfare spending was roughly the same in 1997 as it had been in 1979 (Ibid: 173). Thatcher had successfully transformed the UK from
a country with high levels of taxation and spending to one that was relatively low (Ibid: 174). Additionally, these changes meant that the Labour Party had to accept the policy orthodoxy when it came to power in 1997. Huber and Stephens defined this as being the most radical transformation in terms of welfare, and highlighted it as one that was ideologically driven, and not driven by unemployment (Huber and Stephens 2001: 300).

3. Expectations

From the theory section, there are a number hypotheses which can be drawn of what to expect from the case study. To do this it seems prudent to discuss each of the policy areas in turn, followed by some general comments on the expectations of the study as a whole. This discussion will focus on a variety of factors that have led to the hypotheses which have been drawn. Specifically, this means looking at the past actions of both parties, and how this leads to path dependency. Moreover, particularly in the case of the NHS, how institutional design affects the parties’ ideological position in each of the policy areas.

From the beginning of the case study, 2007, until 2010 the UK had a majority Labour government, i.e. it governed without the support of another party. This will be compared to the government from 2010 to 2015. It is important to note that the government from 2010 to 2015 was a coalition government consisting of the Conservative Party and the Liberal Democrat Party, who can be considered a centrist party. So, when hypotheses are drawn in this section they will reflect the fact the government was a coalition government and not a Conservative one. However, given that the Conservative Party was the significantly larger coalition partner it is reasonable to assume that it would be their policy preferences which would drive policy decisions to a greater extent than those of the liberals. As such, hypotheses will be derived based on the historical nature of Conservative policy decisions. The impact that this may have on my results will be discussed further in the methods section.
In social security, the story in the past has been centred around the Conservative Party being the party that is most likely to fundamentally change the nature of the policy (Jensen 2014). For example, in its removal of earnings related benefits or the changing of social insurance to jobseekers’ allowance (Ibid: 116 & Ferrera and Rhodes 2000: 175). As such, we would expect the Conservative government to be the party, over the period between 2007 and 2015, to have engaged more in keeping the benefit the same or having cut it. Conversely, there is not a great amount of evidence to suggest that the Labour Party would greatly expand the nature of social security. Evidence from the Blair government, from 1997 (Jensen 2014: 116), would suggest that they would broadly keep the policy the same. Therefore, the hypothesis with regard to social security would be that: The Coalition Government is more likely to have cut benefits of social security than a Labour Government.

The area of healthcare seems to be the area where the parties have the most in common. In fact, neither party has ever tried to remove the central tenet of the NHS, the fact that it is free at the point of access to anyone who needs its services (Ibid: 89). Here, the nature of the institutional design is important. The universal access to the NHS has guided the position of both the Labour and Conservative Party, i.e. it is not politically viable to have a policy of not supporting the NHS. There have been bureaucratic reorganisation programmes introduced by the Conservative Party (Ibid), but this has been the extent of their changes in this area. Additionally, both parties have historically increased spending on the NHS (Ferrera and Rhodes 2000: 180). Therefore, the hypothesis on health care policy would be that: neither government undertook radical changes in health care policy, and, more than likely, continue to increase spending too.

Finally, with regards to labour market policy there appear to be two different approaches. The Conservative Party has focused on getting the unemployed back to work, even if it means subsidising jobs in the private sector (Jensen 2014: 116). Additionally, they have historically been opposed to the union movement and have clashed with them on a number of occasions (Ibid: 115). The Labour Party has sought to engage in more active labour market policies (ALMPs) and offered grants to workers to train themselves for jobs (Ferrera and Rhodes 2000: 180). Moreover, the Labour Party were behind the introduction of a
national minimum wage (Ibid: 181). As such, the hypothesis that can be drawn for this study is that the Coalition government is less likely to have instituted ALMPs than a Labour Government and they also more likely to have given incentives to employers than the Labour Government.

To summarise, the following hypotheses have been drawn:

- For social security: The Coalition Government is more likely to have cut benefits of social security than a Labour Government.
- For health care: neither government undertook radical changes in health care policy, and, more than likely, continue to increase spending too.
- For labour market policies: The Coalition government is less likely to have instituted ALMPs than a Labour Government and they also more likely to have given incentives to employers than the Labour Government.

In general, the evidence suggests that we would expect a government led by the Conservative Party to engage in more cutting of benefits than a Labour government, although both have been known to do this. The hypotheses drawn above will be tested by the case study to see if they hold for the UK between 2007 and 2015.

4. Methodology

This paper will focus on a single case study, the UK between 2007 and 2015, and use an analytical framework, discussed at length below, to assess whether there has been policy change during this period, and, if so, if it was contingent on the political leaning of government at the time. As such, it can be seen as a case of policy change in a developed economy, during the global financial crisis, to see whether this led to a crystallisation of party political differences. The generalisations that can be drawn from this case study are limited. This is because the UK is fairly unique in nature, with a liberal welfare state model, which combines universal access to health care, through the NHS, with a modest social security safety net. As such, it is difficult to use the findings from this study to generalise
about most European welfare states, with the exception, perhaps, being Ireland, which has a similarly liberal welfare state.

As previously alluded to, a conversation must be had on the impact of a Conservative-led coalition, as opposed to a Conservative majority government, on the results of this study. From 2010 to 2015, the Conservative Party were in a coalition with the Liberal Democratic Party, with the Conservatives winning 307 seats (BBC 2010) and the Liberal Democrats winning 57 seats (Ibid). In the British House of Commons a party must have 326 seats to hold a majority. Therefore, the Conservative Party entered into a coalition agreement with the Liberal Democrats to secure a working majority. As is evident, the Conservative Party were the significantly larger partner in this coalition. This was reflected in the cabinet with it being made up of 18 Conservatives and 5 Liberal Democrats (Guardian 2010). This means that a similar approach to Korpi and Palme (Korpi and Palme 2003) can be used to assess the impact of political leaning for this study on policy change. They used the variable of left cabinet share to assess if there was a negative correlation between this and retrenchment. Given the presence of the Conservative Party in the cabinet, there will be a low level of left cabinet share. Therefore, it is still possible to assess the impact of political leaning on policy change. However, the presence of a coalition member not of the right will likely lead to not being able to see the full impact of a party of the right, on policy change. Additionally, it will be very difficult to identify the individual impact that each of the coalition partners had on policy making and policy change. Conversely, if the results show what we would traditionally expect from the Conservative Party then this will strengthen the results because, despite a check on their power in the cabinet, they will have still have achieved the expected policy change.

4.1 Analytical Framework & Operationalisation

The basic analytical framework of this paper will be to analyse policies and how they have change according to criteria for each policy area. After consideration, it seems appropriate to have different criteria for each policy area, as there are significant differences in how
policies change. This will be explained below, discussing each policy area, the criteria and justification for this choice of criteria.

The three criteria for social security are benefit duration, eligibility and benefit amount. These criteria have been chosen because this seems to be the best way to capture changes in social security and draws inspiration from Palme’s 2017 article where he assesses the policy response of European member states to the global financial crisis (Palme 2017). Social security is typically based around benefits paid to recipients, as such, it seems sensible to focus on the key aspects of a benefit. Specifically, the duration of it, the eligibility criteria and the amount that is paid out. Historically, when changes have been made to social security benefits it has been in one of these three areas, therefore, they will be the areas of focus. The motivation for these changes has differed depending on what the policy is and the party that is in power. These motivations are a factor which will form part of the discussion. Benefit duration looks at how long the benefit lasts and whether this duration has been extended, kept the same or shortened. Eligibility is based on the criteria for being able to access the benefit. This could be universal or it could be income dependent. It could be expanded, kept the same or the conditions could be made tighter. Finally, benefit amount is rather self-explanatory, it is the amount of money that the individual receives from the benefit. This can increase, it can be frozen or it can be cut. Benefit amount, or replacement rates was the focus of Korpi and Palme’s 2003 study on the political conditionality of cuts in social insurance (Korpi and Palme 2003). This enabled them to state that cuts in replacement rates had a negative correlation with left cabinet share (Korpi and Palme 2003: 436). Therefore, given that this paper will seek to ask if welfare policy change in the UK was conditional on the political leaning of the government, this seems to be an appropriate criteria to use.

The specific policies that will be assessed for change, using the criteria, within social security warrant further discussion. This is because social security encompasses a significant number of benefits. The UK government’s classification of social security provides guidance as to what should be included:
“Social security benefits in Annually managed expenditure (AME) covers contributory, non-contributory and income-related benefits for children, people of working age and pensioners. Broadly, benefits are paid in respect of retirement, unemployment, or disability, caring responsibilities and bereavement, as well as housing costs for all groups.” (Budget 2007: 309)

As such, the following social security benefits will be assessed for change, through the use of the analytical framework for social security. Unemployment benefit, with a focus on the two specific policies for compensating the unemployed, jobseekers’ allowance and the employment support allowance. Pensions and associated benefits, in the UK this includes the state pension and the winter fuel allowance, which supports the elderly in heating their homes. Disability and care benefits, which support those who are disabled, and the people who care for them. Child benefit, which is paid to people with children. Finally, housing benefits, which are paid to those who need support with their housing costs.

Moving on to health care, the criteria which have been chosen are user charges and service provider. These criteria have been chosen based on the presumption that NHS services have remained free at the point of access throughout the time period, a fairly reasonable assumption, given the previous history of health care policy since the creation of the NHS in 1948. Pierson’s argument that high public support inhibits governments from cutting in all areas of welfare (Pierson 1996: 192). In the case of the NHS, 89% of British adults support the continuation of a tax-funded NHS (NatCen Social Research 2015). As such, these criteria have been chosen because they represent ways in which health care policy, can and has changed in the past. User charges accounts for the few services provided by the NHS which are subject to charges, optical care, dental care and prescriptions, being the most notable (NHS 2016). This will measure whether charges for these services have increased, stayed the same, or been decreased. In addition to this, it will assess whether any services have been added which are charged. Service provider assess whether the service continues to be provided by a public entity, i.e. the NHS, or whether it is a private provider which now provides the service. Any change in policy will be measured against these criteria to assess whether it has changed.
Finally, the criteria for labour market policies are as follows; benefit recipient and nature of benefit. These criteria have been chosen based on the nature of labour market policies. They typically take two forms, either to act as an incentive for companies to employ a worker – with some kind of subsidy, a means of increasing the labour – or by offering money to be invested in the skills of a worker. This investment can be paid to the worker or the employer, in exchange for skills training. Therefore, the first criteria is benefit recipient, this assesses who it is that receives the benefit, is it the employer or the employee? Secondly, nature of benefit, refers to whether the labour market policy offers an investment in skills (an ALMP) or acts as an incentive to the employer. Essentially these two are interlinked, we would expect that if a policy is targeted at an employee it will be one which offers some sort of skills training, and thusly it will be an ALMP. However, this does not always have to be the case.

To undertake this the UK budgets from 2007 to 2015 will be analysed, as well as the comprehensive spending review that was carried out by the coalition government in 2010, to assess how savings in government expenditure could be made. Typically, most of the major spending decisions are made in these documents, which is why they are a good place to start in analysing policy change. However, it is possible to hide changes within these documents, by not outlining the financial implication of the policy, and merely stating there will be a change. This is why in addition to this, all acts of parliament, for the time period, in all three areas of policy, will be assessed. This will mean it is easier to identify policy changes that are not financially focused, and instead deal with the provision of government services. For example, the introduction of further private provision of health care in the NHS, were this to occur. This will lead to a comprehensive analysis of policy change between 2007 and 2015, in social security, health care and labour market policy.

The number of policy changes observed in the documents, according to these criteria, will then be calculated to identify how much the policy has changed, in social security, health care and labour market policy. From this it will be possible to see if it was the Coalition government or the Labour government which engaged in the most policy change, and exactly how the policy has changed. The number of changes as well as the nature of these
changes will be used to evaluate the extent to which policy has changed in each area. These results can then be used to test the hypotheses that were developed in the expectations section of this paper.

When analysing the results of this paper, the changes in policy, if any have occurred, will be assessed to see if they align with previous theories of how policy can change. For example, they could be similar to one of Streeck and Thelen’s five criteria for incremental change (Streeck and Thelen 2005), or Ferrera and Rhodes’ four ways in which welfare state institutions have been recast (Ferrera and Rhodes 2000). Of course, there is the possibility that policy changes will not match any of the prior theories, and, if this is the case, this will be addressed in the analysis and discussion.

For cases where an old policy has been replaced, by a new policy, the criteria will be used to compare the old policy to the new policy. As such, it should be possible to identify policy changes whether they be within a policy or as a result of the creation of a new one.

This will lead to a new research contribution, one which focuses on policy changes in the UK, to see firstly, whether party politics is influential in the way policy changes, and, secondly, to see how the financial crisis of 2008 impacted on welfare policy too.

There are a variety of reasons why this operationalisation suits the study, and therefore is a good fit. Firstly, this operationalisation offers the opportunity to analyse changes in individual policies, for example, different elements of unemployment benefits within social security, and to see whether it is just one element of the benefit which changes, or all of them. This is then built on further by looking at the total number of changes in, to continue the example, the policy area, in this case social security. This is particularly useful when considering the theoretical discussion of incremental change, as put forward by Ferrera & Rhodes, Streeck & Thelen, and Palier, amongst others (Ferrera & Rhodes 2000; Streeck & Thelen 2005; Palier 2005). This is because incremental change is likely to take place over a longer period of time, rather than with just one policy change. For example, over a long period of time we could see a benefit increase in amount but at the same time, the
eligibility conditions be increasingly restricted so that fewer people can claim it. This would represent a significant change in the nature of the benefit, but it is hard to notice with previous operationalisations. By looking at the number of individual changes, we can see if it was a certain policy which changed a number of times, for example by cutting the duration, or whether all of the policies which fall under, for example, social security, had a reduction in benefit duration. As such, this operationalisation offers the opportunity to identify the number of individual policy changes and see the extent to which they result in overall policy change.

This operationalisation is particularly useful when considering the focus of this paper on whether policy change was conditional on the political leaning of the government in power. Previous studies have taken a quantitative approach to assessing whether the left or the right has been responsible for cuts in welfare spending, in general, and in specific areas. However, they have not focused so much on eligibility conditions and the duration of a welfare benefit. Therefore, this operationalisation seeks to change that, and identify the number of changes in each of these areas, as well as in the size of a benefit. In this way we can see if there is a previously unidentified link between party politics and changes in these other two factors. This also makes it possible to look at claims by authors such as Ross that it is in fact parties of the left who cut welfare more than those of the right (Ross 1997:175). This is in the sense that we can see whether perhaps a government of the left seeks to change eligibility conditions or benefit duration for social security, rather than focusing on the actual benefit amount, and therefore cutting welfare spending, through less obvious means.

This operationalisation provides a different angle for analysing policy change to previous operationalisations for analysing welfare policy change. The two most common operationalisations in the area have been to use expenditure rates and replacement rates. It seems prudent to talk about each of these and then discuss why an alternative operationalisation was used.
Firstly, if we look at the use of replacement rates this has been used primarily by scholars who come to the conclusion that the right is most likely to be responsible for cuts to welfare spending. When looking at replacement rates it is common for them to look at replacement rates in a number of areas of social security, for example, unemployment benefit or disability benefit and the replacement rate indicates the percentage of someone’s previous earnings which are replaced by the benefit. Then, the change is measured over time, so we see the replacement rate at the start of a time period and see how it has changed over certain intervals. To measure for party influence, a regression is done to assess the variables which have had the most impact on the change. This is what both Korpi & Palme, and Allan & Scruggs (Korpi & Palme 2003; Allan and Scruggs 2004) did in their analysis of welfare spending change. This is good for looking at the headline figures, to see how much the benefit has increased or decreased, but it does not tell us about the conditions attached to the payment of the benefit. This is something which is particularly important, in a country like the UK, where social security is not universal. Therefore, the usage of replacement rates is not perfect for measuring the changes that it is possible could happen in the UK. As such, this is why it makes sense for the new operationalisation to deal with not only changes in benefit amount, but also in benefit duration and eligibility conditions. By looking at this we get a broader picture of changes in social security spending.

If we move on to look at the use of welfare expenditure as an operationalisation, we see that this has been used by scholars who have come to the conclusion that there is no or little impact of political leaning on changes in welfare expenditure. In fact, both Castles and Pierson (Castles 2004 & Pierson 1996 & 2001) use this in their studies of how or if welfare spending has changed. By analysing how expenditure has changed over time they come to the conclusion that spending has either been stable or increased. However, there is a flaw in using expenditure to assess changes in welfare policy. It does not tell us whether the replacement rates have changed, or if the conditions have changed for receiving benefits. In addition to this, there are reasons why spending may have increased even if the benefit amount or conditions have changed. The primary reason here would be population increases. Over a 20-year period the population could have expanded significantly, whilst the benefit amount had been cut, or eligibility conditions had been tightened. However, by
merely looking at expenditure we have no idea if this has occurred or not. Again, this is why the new operationalisation chooses to look at a variety of criteria, and to see the number of changes in each of these criteria. From this we can identify whether the nature of receiving welfare was changed, or whether there were only a few occasions where, for example, eligibility conditions were tightened. This allows us to look at both the changes in expenditure with regards to benefit amount, but also the technicalities for receiving and the duration of the benefit.

To summarise, the new operationalisation offers the opportunity to take a broader look at changes in welfare policy, by categorising them differently from previous operationalisations, and, secondly, looking at the number of different changes that are made. This makes it possible to provide different results to previous operationalisations.

There are some elements of this operationalisation which should provide similar results to other operationalisations that have been used. We would expect that cuts in benefit amount for social security would correlate with previous studies on the party-political impact on welfare policy. As discussed above, if we look at replacement rates, it was found by most scholars that the right was responsible for more cuts. Therefore, we would expect to see similar results in this study, i.e. that there were a high number of cuts in benefit amount from the Coalition government, when compared to the Labour Government. In addition to this, we would expect similar results in the health care policy area, primarily as historically there has been sustained or increased spending in health care from both parties, as such, in this area, the operationalisation will more than likely not give different results.

In addition to this, however, this operationalisation provides broader results, because of the inclusion of a number of criteria for measuring policy changes, in each of the three policy areas, and therefore offers some different results to other operationalisations. With contrast to the work of Korpi and Palme, and Allan and Scruggs (Korpi & Palme 2003; Allan and Scruggs 2004), this means that rather than looking at the headline figure, such as replacement rates, and the change in these over time, it is possible to identify how exactly the policies have changed. For example, when looking at a replacement rate, it could have
decreased, but we do not know if the duration someone can receive social security benefits has changed, or if the eligibility conditions have changed. Therefore, by measuring the number of changes, and by using the criteria, it is possible to identify this.

The same can be said for operationalisations like Pierson’s (Pierson 2001) analysis of expenditure rates. In a similar way, this operationalisation offers the ability to analyse how the policy has changed, rather than just looking at changes in expenditure. Analysing expenditure shows the change in numerical figures but much like replacement rates it does not offer the ability to see whether changes have occurred in eligibility conditions or the benefit duration. A good example of this, which has already been alluded to, are the changes to welfare policy made by the Conservative government between 1979 and 1997, where spending was the same at the end of the period, but there had been a fundamental change in the nature of the welfare state (Ferrera and Rhodes 2000: 173). The operationalisation in this paper would be better suited to identify these changes, particularly with regards to social security, with the criteria of eligibility and benefit duration.

Another area where we would expect to see different results because of the operationalisation is in Labour Market policy. This operationalisation measures the number of policy changes in each category; employee recipient or employer recipient, and, ALMP or Incentive to employers. This is not an operationalisation which has been used before, so it will shine a light on each governments support for different types of labour market policies in a different way.

To summarise, this operationalisation offers broader results, some of which are similar to other operationalisations, specifically the results with regards to cuts or increases in spending, this is something which is possible to look at with replacement rates and expenditure rates. However, it also provides results which other operationalisations do not, which allow us to get a more detailed understanding of policy changes, i.e. the change in conditions of a social security benefit or who was the recipient of a Labour Market programme.
5. Results

The results will now be presented for each of the policy areas, in turn, offering a description of the results accompanied by a graphical depiction of these results.

5.1 Social Security

A total of 23 policy changes were found for the period of 2007 to 2015 in the area of social security. As can be seen from the graph, the Coalition government were responsible for a higher number of decreases, in all three of the criteria, for social security with the greatest number of decreases, six reductions, in both eligibility conditions and benefit amount. Specific examples include a cap on the amount that households could receive in benefits, at the level of the average household income, restrictions on access to child benefit for higher earners, which led to the removal of the universal nature of this benefit, and, a decision to make all those claiming disability benefits subject to a medical assessment. Similarly, there were two instances of the Coalition government decreasing benefit duration, both of which focused on employment and support allowance. These changes led to the allowance being limited to a 12-month period, after which it was no longer possible to claim this. However,
the Coalition government was also responsible for an increase in benefit amount, this was a guaranteed increase in the old age pension, of 2.5% per year, that could potentially be higher depending on inflation.

Conversely, the Labour government’s policy changes focused primarily on the increasing of benefit amounts, with 5 such cases. Examples of this include; two increases in child benefit, one of £150, and two increases in winter fuel payments to the elderly. But, there was also one decrease in benefit amount introduced by the Labour government which capped the amount of housing benefit that could be paid to a family. The Labour government was also responsible for two decreases in eligibility conditions, which were when they made access to incapacity benefit subject to claimants undertaking a work capability assessment before they received the benefit and when they capped the size of the property for which housing benefit can be paid.

5.2 Health Care

There was only one policy change observed in the area of health care between 2007 and 2015, however, a graph of these results is presented above, to highlight exactly what the type of change was. The one policy change that was observed was an increase in the private
provision of health care by the Coalition government in 2012. The nature of this change and what it could mean will be looked at in greater depth in the analysis section.

5.3 Labour Market

In the area of labour market policies there were 19 observations for the period of the case study. The Labour government introduced more policies that made the employee the recipient, but it is important to note that one policy made both the employee and employer recipients, therefore, it has been classified in both categories. The Labour government also introduced more policies that can be deemed to be ALMPs than incentives to employers. Examples of this include the introduction of the “Train to Gain” service which provided low skilled workers with access to free and flexible programmes to educate themselves, and a guaranteed job, training or work placement for all 18-24 year olds who had been unemployed for over 12 months. However, they did introduce subsidies to employers such as their “New Deal”, in 2007, which encouraged large retailers to employ the long term unemployed in communities where they had stores. The Coalition government introduced an equal number of policies where the recipient was the employee as they did where the recipient was the employer. However, it also introduced more policies that can be deemed to be ALMPs than incentives to employers, with six ALMPs and two policies which offer
incentives to employers. These ALMPs included three investments in increasing apprenticeship schemes, where workers learn a skill, for example, plumbing, whilst also working on the job. In addition to this, there was an introduction of a “Youth Contract Programme” to give 500,000 young people support into either education or employment.

5.4 Policy Changes following the crisis

The financial crisis commenced in 2008, and as such, we can identify the changes in welfare policy that occurred after this date. However, we cannot assume that these changes were made solely with the crisis in mind, but it is possible that it had an impact. This will be discussed at greater length in the analysis section.

Following the crisis of 2008, the Labour Government introduced one cut in social security, capping the benefit amount which could be paid out in housing benefit. However, at the same time there were also three increases in benefit amount, announced in 2009, which increased the cash benefit for the state pension, child benefit and the winter fuel allowance. In addition to this, the Labour Government also introduced four labour market policy changes, three had the employee as the recipient and mostly focused on improving skills for people in work, and the unemployed, as such, they can be seen as ALMPs. The other policy that was introduced made the employer the recipient, and offered a subsidy to create 100,000 new jobs.

The coalition government made a significant number of policy changes, upon coming to power in 2010. There were four policies introduced that year which tightened the eligibility conditions for social security benefits, and two which lowered the level of benefit amount in real terms. In addition to this, the rate at which benefits and tax credits are increased was changed from Retail Price Index (RPI) Inflation to Consumer Price Index (CPI) Inflation, which is typically lower, and thus there would not be a real terms increase in the benefit. Conversely, whilst the age at which the state pension could be taken was increased, pensioners were given a guarantee of a minimum increase of 2.5% a year on their pensions.
Social security policy changes followed a similar pattern in 2011 with a cap being placed on the total amount of benefits that could be received, at a level equal to average household income, and a restriction on child benefit so that higher rate tax payers would no longer receive child benefit.

Similar to the Labour Government, the Coalition Government introduced a majority of labour market policies that focused on funding employee focused programmes which improved skills for both workers and the unemployed. In 2011, three employee focused programmes were introduced as well as one employer focused programme. Of these programmes, three were ALMPs and one was a subsidy to encourage employers to offer work experience to young people.

6. Analysis

Following on from the results, it seems appropriate to first discuss the hypotheses that were formulated to see if the case study affirms or disproves these for each policy area.

In the area of social security, the results showed that the Labour Government primarily focused on increasing benefit amounts, with five cases of this. This was as well as two decreases in the eligibility conditions. Contrariwise, the coalition government enacted policy changes that resulted in six decreases in eligibility conditions and six decreases in benefit amount, as well as one in benefit duration. They did, however, increase the benefit amount for pensions. The hypothesis for social security was that: The Coalition Government is more likely to have cut benefits of social security than a Labour Government. The results from the case study show that this hypothesis holds. Given the number of decreases in the benefit amount and eligibility, for the coalition government, it is seems reasonable to argue that the policy changes were in stark contrast to those of the Labour Party, due to the sheer number of them, in a variety of different social security policies.

The nature of these changes needs to be discussed too, particularly in the case of the Coalition Government. The changes that the Coalition Government introduced seem to be
incremental changes when applying previous theory to them. Firstly, they appear to fit with one of Van Kersbergen’s criteria for “creeping disentitlement”, incremental changes (Van Kersbergen in Kuhnle 2000: 28). He describes this as when a number of small cuts to a benefit are made which result in a substantial cumulative effect. An example of this would be when the Coalition Government froze the benefit amount for three years, from 2010. Cumulatively this would have resulted in a substantial in the benefit after the three years were up. In addition to this, the number of changes to eligibility conditions made by the Coalition Government represent what Ferrera and Rhodes describe as structural adjustments (Ferrera and Rhodes 2000: 4). This is where the policy has not been altered but the conditions for the benefit have, an example being the increase of the pension age from 65 to 66, which was announced in 2010. As such, costs can be controlled within social expenditure, without changing the way the policy operates. Finally, the Coalition Government changes in social security policy also characterise what as an increased targeting of benefits (Ibid: 5). The perfect example here, is child benefit. This had traditionally been a universal benefit until the Coalition Government capped the income level at which you could receive it, in 2011.

As previously highlighted in the results section, there was only one health care policy change for the time period. This was the Coalition Government introducing a health care reform bill in 2012 which included a provision that increased the possibility and provision for private companies to operate services within the NHS. However, no evidence was found for the period between 2007 and 2015 of the Labour Government introducing health policy that changed either user charges or increased the private provision of NHS services. Therefore, it is possible to state that that the hypothesis for health care holds. The hypothesis for health care policy change was: neither government undertook radical changes in health care policy, and, more than likely, continue to increase spending too. Given that only one change was observed over the time period it seems fair to say that radical change did not occur.

However, whilst there was only one policy change, in this area, it is entirely possible that this is the sort of incremental change which seems like a small one over time but becomes
bigger as time passes. This is due to the fact that it opens up the ability for private providers to provide more services. As such, if it leads to an increase in private providers within the NHS, then it could be lead to what Van Kersbergen terms institutional transformation (Van Kersbergen in Kuhnle 2000:28). In this case, the institutional transformation would be that NHS services are increasingly provided by a private company, instead of the public sector, whilst keeping the same institution, the NHS. This change also means that there is still universal access to the NHS, however, there is no longer a universal provider. This is similar to changes which were made in Sweden in the 1990’s and 2000’s, which has led to private provision accounting for 10% of the health service (Béland, Blomqvist et al. 2014: 746). Importantly, in Sweden, there is still universal access to healthcare, and there is equal access to the best services (Ibid). It is possible that the result of the change in the UK will be similar to this, and, if this is the case, then universal access will remain, it will just be the provider which differs. This certainly changes the way the NHS operates, but, it does not represent a radical change in policy, as the key element of the NHS, free and universal access, remains.

Finally, the area of labour market policy presented some surprising results, when compared to the hypothesis which was drawn. As was expected, the Labour Party introduced a significant number of ALMPs, with a total of seven, however, the Coalition government introduced six itself. In addition to this, the Labour Government actually introduced more incentives, or subsidies, to employers than the Coalition Government did, with Labour introducing four such policies and the Coalition Government introducing two. The hypothesis for labour market policy change was that: The Coalition government is less likely to have instituted ALMPs than a Labour Government and they also more likely to have given incentives to employers than the Labour Government. Therefore, it can be reasonably argued that the hypothesis for labour market policy change does not hold when applied to the case study. This is given that the Coalition Government introduced almost as many ALMPs as the Labour Government, albeit over a longer period of time. This supports Ferrera and Rhodes prior assertion that labour market policy has shifted from being passive to being active in tackling unemployment (Ferrera and Rhodes 2000: 5). This seems to be the case here with both governments introducing more active labour market policies than incentives
to employers. Additionally, the Labour Government was responsible for more incentives to employers than the Coalition Government. Potential reasons for this will be considered in the discussion section to follow.

Following the analysis of whether the case study proved or disproved the hypotheses, attention turns to the impact that the global financial crisis, of 2008, had on policy change.

The Labour Party only delivered one budget following the financial crisis, so it is difficult to prove the impact that it had on policy change. In addition to this, we do not have transcripts of the conversations, from within the government, when the nature of the budget was being deliberated. However, it is certainly possible to make suggestions as to how it impacted policy by looking at how the Labour Government motivated welfare policy changes in their 2009 Budget. They state that “the Budget announces targeted discretionary support for the economy through these difficult times” (UK Government 2009: 1) and that it was “delivering a comprehensive and coherent package of targeted support to continue to help households and businesses” (Ibid). This is evidenced in three increases in benefit amount and a variety of ALMPs targeted at both those in work, and the unemployed. Whilst it cannot be stated for certain, it appears that the Labour Government’s policy response to the financial crisis was to increase the safety net, and to try and insure that the unemployed did not fall into long term unemployment. This is a typical Keynesian response to crisis, and matches with the description of the first stage of European policy response to the crisis put forward by both Van Kersbergen and Hemerijck (Van Kersbergen et al. 2011; Hemerijck 2011).

There is, however, more evidence that can be drawn upon to discuss the impact of the financial crisis on the Coalition Government’s policy decisions, with regards to welfare policy, specifically. Again, we were not a party to the private discussions between government ministers and civil servants, so we cannot fully understand the motivations behind the policy decisions. Despite this, it is possible to infer the impact that it had on policy decisions. The Coalition Government stated in its first budget in 2010 that “the most urgent task facing this country is to implement an accelerated plan to reduce the [budget]
deficit. Reducing the deficit is a necessary precondition for sustained economic growth” (UK Government 2010: 1). For reference, the UK budget deficit sat at 11% of GDP in 2010, when the Coalition Government came to power (UK Government 2010: 22). This was followed up in 2011 where the budget stated that the government was “continuing [its] course, and now accelerating the process of reforming the British economy, to achieve a new model of sustainable and balanced growth” (UK Government 2011: 1). In addition to this, with regards to the welfare state they detailed that they were “committed to reforming the working age benefit and tax credit system so that it [was] fair and affordable” (UK Government 2010: 33) and that “the Government’s reforms will reduce benefit dependency and promote work, while protecting those who are most vulnerable and have the highest level of need” (Ibid).

Therefore, we can see that the primary motivation for government fiscal policy was to work on reducing the deficit, part of this was of course to cut the budget for welfare policy. But, the claim was made that this would be done whilst maintaining security for the people who needed it most. The social security policy decisions which were made broadly support this notion, given the significant number of reductions in benefit amount, lowering expenditure, and to eligibility conditions, which again would enable an expenditure saving. Therefore, it seems that these policy changes were motivated as means of reducing the welfare budget, and the deficit as a whole. The Labour Market policy changes also seem to support this with a number of schemes aimed at improving the skills of employees and the unemployed. Thus, making them more skilled and more attractive in the job market, and, at the same time, using this as a way to ensure that they did not continue to need unemployment benefits from the state, once they found work. As such, it seems that the crisis did play a factor in policy changes, as the budget deficit, a result of the initial fiscal response to the financial crisis, was the thrust behind changes in policy throughout government, as well as in welfare policy.

7. Discussion
The results of the case study provide a lot of points for discussion. Firstly, the results for the specific policy areas differed from the hypotheses that were drawn, why was this? Labour market policy had the most notable differences, between the expected outcome and the findings as the Coalition Government created a higher percentage of policies (75%) which were ALMPs. There could be a number of reasons why this is the case. As previously discussed, it could have been driven by the Coalition Government’s aim to make sure less people were reliant on social security benefits. ALMPs, such as these, which provide opportunities to gain skills for the low skilled or the unemployed are a means of getting people out of unemployment and into work and they make these workers more appealing to potential employers. Also, with these skills, even if they do become unemployed again, they should be better positioned to find another job, than they would have been before.

Another reason for the unexpected result could be an emergence of social investments policies. This concurs with the findings of Van Kersbergen, Vis and Hemerijck, who identified that between a third and a half of policies in the UK, introduced between 2010 and 2012, could be considered social investment policies (Van Kersbergen et al. 2014: 894). Therefore, this could be considered an unsurprising result, especially as social investment policies are an “emerging paradigm” (Hemerijck 2015: 243). Given that social investment policies are a major focus of the Europe 2020 Agenda put forward by the European Commission as a means to modernise the welfare state, it is possible that these types of policies will gain more traction in the future.

The impact of the Conservative’s junior coalition partner, the Liberal Democrats could also have played a role here. The Liberal Democrats are considered a centrist party, in British terms, and as such it could have been their influence that led to the introduction of these ALMPs. This is especially the case given that this is a change from traditional Conservative Party policies when it comes to the labour market. Therefore, this can undoubtedly be speculated upon, however it is difficult to prove this.

The health care policy area provided only one observation of a policy change, and perhaps this was not a revelation given the high standing that the NHS holds in the UK. The free
access to health care within the NHS continues to this day, and as such the basic service itself does not change, just the way services are provided. For example, having more private providers of health care under contract from the NHS. Perhaps this high standing, stops the NHS from being subject to radical policy change. This would be backed up by Pierson’s assertion that certain welfare services are untouchable because of the support for them and the vested interests, from the people who receive the service (Pierson 1996: 162), in this case every person who lives in the UK.

The specific nature of policy changes undertaken by the Coalition Government provides a stark contrast, particularly in social security. There was an explicit focus on working age benefits as part of welfare reforms, with most of these being subject to a decrease in eligibility conditions and or benefit amount. Where there was not a decrease in these elements of the benefit there was a stealth, real terms decrease, in the benefit amount with the rate at which annual increases were set, being changed. Interestingly, the only social security benefit that had its benefit amount increased under the Coalition Government was the state pension. It is interesting to see this when pension expenditure makes up a significant portion of overall welfare expenditure, and the government was seeking to substantially decrease government expenditure, as a whole. The dissimilarity between working age benefits and elderly benefits suggest that there must be some motivation behind this decision. Perhaps it is a political one. Pensioners make up a large part of the population, and are a powerful group, as such, was the Coalition Government seeking to ensure that they did not lose their votes by radically changing this policy? This is certainly possible, given that 60% of pensioners, those aged 65 or over, voted for the two coalition parties in the 2010 General election (Ipsos Mori: 2010). Or, was it simply that there would be too much opposition to making radical changes in this area? This would support Pierson’s assertion that powerful vested interests stop radical changes taking place in certain policy areas (Ibid), in this case, pensions.

The importance of ideas in the decision-making process of these policy decisions is also worth consideration. It is clear that there are two different views on the role of social security policy, when comparing the Labour Government to the Coalition Government. The
Labour Government’s policies suggest a Keynesian approach to economics in general, especially given its policy response to the financial crisis, i.e. increasing spending. This is further highlighted by the stated aim of supporting those who rely on the social security safety net after the financial crisis, with an increase in a number of benefits in 2009. The Coalition Government, by comparison sought to achieve budget deficit reduction and this clearly drove the policy decisions which they chose to make. This was certainly the case with another specified aim, which was to reduce reliance on the welfare state. The question is how two such different views come to be, is it merely a question of ideological differences? This would appear to be the case, but it could also be that the Coalition Government made a decision which was made solely on the basis of the UK’s already large deficit in 2010, and a need to do this without further increasing the deficit, something which could have had negative consequences for the UK economy.

The political leanings of the two major parties, the Labour Party and the Conservative Party, are also something which require attention for how they could have impacted on the results. Firstly, the Labour Party, which was referred to as New Labour, in the Blair and Brown prime ministerships, was notably more centrist than it had been in the past, with Tony Blair reforming the party and attempting to disassociate it from “Old Labour” before he came to power in 1997. As such, the Labour Party from 1997 to 2010, and more importantly from 2007 to 2010, for the purposes of this case study, was different to how it had been in the past. Therefore, this could have impacted on the study and why it did not result in the change in policy that history would have suggested. Given that the Labour Party has shifted again since 2010, to the left, it is likely that were the Labour Party to come to power again, it would not replicate the New Labour era policies.

A similar question can be posed with regards to the Coalition Government and whether a majority Conservative Government would have introduced similar policy changes or followed a similar course to that which the Coalition Government did anyway. It is difficult to predict this, but, as previously discussed there is a possibility that welfare policy decisions between 2010 and 2015 influenced by the role of the Liberal Democrats in the coalition. Given that they are a party nearer to the centre than the Conservatives, this would not be a
shock. Historically, we would have expected a Conservative-led government to do mostly the same with regards to social security and health care policy, that it did between 2010 and 2015. However, the area of labour market policy would have been different with a closer focus on incentives to employers to increase job opportunities. But, this wasn’t the case, so could this be the new normal for the Conservative Party or was it the impact of the Liberal Democrats as a coalition partner. Future research on the policy changes of the majority Conservative Government between 2015 and 2017 could provide answers to this. Yet, the Conservative Party had to enter into another coalition agreement with the DUP, a Northern Irish party, after the 2017 election, so it would be interesting to see if this again has an influence on the policy decisions or whether the 2010 to 2015 period was just an anomaly.

8. Conclusion

In conclusion, this study has assessed welfare policy change in social security, health care and labour market policy in the UK between 2007 and 2015, and found a variety of results on how policy has changed and whether this policy change was conditional on the political leaning of the government.

In the area of social security there was a clear difference between the Labour Government and the Coalition Government. The Labour Government mainly expanded benefit amounts, whereas the Coalition Government decreased benefit amounts and eligibility conditions significantly, in what can be best described as a series of incremental changes. So, in this area it was clear that the type of policy change was conditional on the political leaning of the government. Health care policy provided very few policy changes, in fact, only one. The free access to health care remains and there was no consideration by either government to change this. The only change occurred in the Coalition Government increasing the ability for private companies to take on frontline NHS services. Given this, and that there was only one policy change, it has to be assumed that the political leaning of the government of the day does not impact on policy change when it comes to health care policy in the UK. However, the change that did occur, increasing the private provision of health care, is one which will require further attention in the future. This is because it has the ability to change the way health care is provided in the UK, if more private providers start to take over the delivery of
services within the NHS. Finally, labour market policy change does not appear to be conditional on the political leaning of the government. Both governments introduced policy changes which primarily could be seen as active labour market policies, the only difference here being that a higher number of the Labour Government’s policies made the employer, and not the employee the recipient. This was contrary to what was initially hypothesised. However, it seems fair to say that with this case study, political leaning is not important for the outcome of policy change with regards to the labour market.

There was also relatively clear evidence that the financial crisis of 2008 had an impact on policy change, particularly in social security. It exposed the ideological differences between the Labour and Conservative parties, and thus between the Labour Government and the Conservative Government. The Labour Government sought to respond to the financial crisis by securing the safety net for those who had to rely on social security, whereas the Coalition aimed to cut the budget deficit, and did through to welfare policy. It seems that this was out of both fiscal necessity and because of ideology. Therefore, it would be fair to argue that the financial crisis also had an impact on policy changes, so it was not political leaning on its own that influenced these changes.

Due to the unavoidable methodological shortcomings, it has been difficult to assess the impact that the Liberal Democrats had on the policy decisions of the Coalition Government but it seems likely that they had some impact, it is just hard to quantify exactly how much. Therefore, a future study assessing policy changes by the majority Conservative Government from 2015 onwards may yield more accurate results when it comes to the policy preferences of the Conservative Party.

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