The COVID-crisis as an opportunity for welfare recalibration?
Panel-data evidence on the effect of the COVID-crisis on welfare preferences in Spain, Germany, and Sweden

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Abstract

The reform capacity of welfare states to adapt to the needs of post-industrial labour markets has been one of the key questions of the welfare literature for the last two decades. In a context of austerity, recalibrating reforms are notoriously difficult because of the extremely high levels of support for existing policies, in particular old age pensions. Building on prior research which has demonstrated the potential of economic crises to affect voters’ welfare preferences, we investigate how the recent economic shock caused by the COVID-19 pandemic has changed social policy preferences in three West European countries (Germany, Sweden, Spain). Relying on original panel data observing the relative support for social policies before and during the crisis, we show that the support for old age pensions has dropped massively relative to support for other social policies. This drop can be observed in all three countries, among all ideological camps and all age groups. However, the drop is most strongly driven by current and soon-to-be pensioners who in turn increased support for benefits to the working age population. At the expense of old age pensions, the economic shock has especially boosted support for active labour market policies and (in Germany) childcare services. This shift of support from pensions to social investment policies might open up a window of opportunity for recalibrating reforms of the welfare state, thereby overcoming gridlocks in reform efforts that have existed for years.

Paper prepared for the SPSA Annual Conference, 4.-5. February
1. The COVID-crisis, reform capacity and the recalibration of the welfare state

The Covid-19 pandemic constitutes a major sanitary, societal, and economic shock. On the health-related side, Covid-19 has caused the death of nearly two million people only between mid-March and December 2020. Moreover, the measures taken by governments to slow down the spread of the pandemic have led to the most severe economic crisis since the Great Depression in the 1930s. Every single European country is experiencing a recession with predictions that the economy might suffer for years to come. Looking only at Europe, more than five million jobs disappeared between April and June 2020 with another 59 million jobs (i.e. more than every forth job) in EU countries being at risk of layoffs or reduction in pay (Chinn et al. 2020).

This means that many people who previously experienced relatively stable economic conditions and continuous employment careers, are now at risk of severe economic strain. If the pandemic continues to disrupt the economy and normal life, the economic opportunities of employees in sectors affected strongly by the economic restrictions (e.g. catering, travel and event industry) might be hampered in the medium- or even long-term. Moreover, since these restrictions primarily affect industries in which lower paid workers are overrepresented and since lower paid jobs are less often feasible to be executed remotely, the COVID-crisis is expected to increase (labour market) inequalities (Goldin and Muggah 2020). Home office experiences and school closures have also highlighted issues concerned with reconciling work and family life.

These developments challenge European welfare states and potentially amplify a tension that the welfare literature has recognized and addressed for many years; namely the tension between preserving welfare arrangements introduced in the second half of the 20th century, and the risk structure of post-industrial labour markets, knowledge economies and 21st century societies (Häusermann and Palier 2008; Hemerijck 2013; Huber and Stephens 2010; Morel et al. 2012). Existing welfare states cater more strongly to labour market insiders but are less fit to safeguard against “new social risks” (Bonoli 2005) such as single parenthood, precarious forms of contracts, long-term unemployment or insufficient opportunities to reconcile work and family life. Often depicted as better suited to the risk structure of knowledge societies are policies usually subsumed under the term “social investment”. These include measures such as childcare services (reconciling work and care and bolstering female employment), active labour market policies or education policies. “Recalibration” then denotes the adaptation of the
welfare state from a primordially “social insurance” approach to a more equal consideration of a “social investment” approach.

In the light of this pressure for a recalibration of the welfare state, on the one hand, as well as demographic and fiscal pressures that call into question the financial sustainability of the welfare state on the other hand, the question of the reform capacity of the welfare state has become one of the key questions of the welfare literature (Brooks and Manza 2008; Häusermann 2010; Häusermann et al. 2019b; Hemerijck 2013; Huber and Stephens 2015; Palier 2010; Pierson 2001; Rehm et al. 2012; van Kersbergen and Vis 2014). Are consolidating and recalibrating reforms possible at all, and under which circumstances? Generally, these studies have found that both recalibration and financial consolidation are extremely difficult to implement. In a time that Pierson (2001) famously described as being characterized by “permanent austerity”, extensive welfare recalibration might require some extent of resource reallocation from insurance to investment (Häusermann 2012). However, reallocation is extremely difficult, because through institutional feedback mechanisms existing benefit programs have created constituencies staunchly defending these programs – especially if programs benefit broad segments of the society, insure against life-cycle risks (Jensen 2012) and are directed towards groups perceived deserving (van Oorschot 2006).

Old age pensions constitute a typical and the most extreme case of such entrenched policies. Not only are the financial resources dedicated to pensions massive in comparison to other social policy fields, but the dominance of pensions in contemporary welfare states is also reflected in public opinion. An overwhelming and hardly weakening support for pensions is one of the most robust key findings of welfare state research (Bremer and Bürgisser 2020; Ebbinghaus and Naumann 2018; Häusermann et al. 2019b; Pierson 2001).

This rock-solid support for and defence of generous old age pensions is extremely consequential, as it constitutes a challenge for policymakers and hinders the welfare state’s reform capacity. Especially demographic developments such as population ageing threaten the financial sustainability of pension systems since a declining working population needs to pay for an ever-increasing share of pensioners. To counter this threat and to free resources for recalibration, governments in most developed countries have striven for retrenching reforms including an increase in the retirement age or other measures trimming back the generosity of old age pensions – despite the electoral risks inherent in pursuing such reforms (Giger 2012; Schumacher et al. 2013). Due to the attachment of the public to pensions, these reforms have however been met with strong opposition and protest that were in many countries at least partially successful in hampering reform endeavours.
How would we expect the economic shock induced by the COVID pandemic to affect the reform capacity of the welfare state? As mentioned above, the crisis increases the need for recalibration because it amplifies many of the new social risks existing welfare states struggle to protect against. If this is recognized by both policymakers and the public, the crisis might boost recalibration endeavours. At the same time, however, the crisis could be expected to decrease the reform capacity of the welfare state since resources are spent in transfers and direct support for businesses, and fiscal leeway to expand social policies might thus be decreased. Hence, in times of economic crisis, recalibration could become even more difficult because investive expansion would be even more likely to come at the cost of retrenchment in existing social policies, which usually is prevented by the enormous public support for massive, existing policies such as pensions. In such a difficult situation when the need for a recalibrated welfare state is more pressing than ever, but small fiscal leeway impedes the expansion of new policies without retrenching traditional policies such as pensions, West European governments seem to have mostly refrained from taking difficult decisions. Most prominently, the highly contentious pension reform of French President Emanuel Macron was postponed for a year “to focus on economic recovery in the wake of the COVID-19 crisis” (Reuters 2020).

To contribute to understanding whether the COVID-crisis has indeed further decreased or even increased the reform capacity of the welfare state, we study how the crisis has affected public opinion. Has the crisis shock increased or decreased solidarity in general and specifically solidarity with more vulnerable groups? Has it increased or decreased support for a recalibration of the welfare state? It is these questions we investigate empirically in this article. Relying on original panel data tracking social policy preferences in three West European countries both before and during the COVID-crisis, we show that the crisis had a massive impact on the relative support for various social policies. During the height of the crisis, the dominance of old age pensions as the most strongly supported social policy eroded. The prioritization of pensions decreased in all three countries among all age groups and ideological blocs while support for policies benefitting the unemployed, immigrants or working parents heightened. These shifts were biggest among current and prospective pensioners who seem to have become more willing to share welfare benefits with working-age beneficiary groups during the course of the pandemic. Given the large substantive size of the observed shifts, our evidence seems to indicate that the COVID-crisis might have opened up a political window of opportunity for welfare state recalibration.

We start by discussing in more detail the role of old age pensions in hindering recalibration before describing expectations of previous research on how economic shocks might affect solidarity. We continue by focusing on our empirical findings about how the COVID shock
has affected social policy preferences. We end by discussing the implications of this shift for the reform capacity and welfare reform processes.

2. The role of pensions in hindering reform capacity and recalibration

Old age pensions are a dominant part of all developed welfare states. The financial resources dedicated to substituting income for the retired are massive. On average, OECD countries have spent nearly 16% of all their government expenditures on public pensions for the old in 2015 (OECD Social Expenditure Database 2015). In some countries such as Austria and Italy this share even amounts to about 25%. This means that in an average OECD country more than a third of all social expenditures are dedicated to old age pensions. Thereby, pensions are the most expensive social policy field (even more expensive than health care) with expenditures for the old more than three times higher than expenditures for families and six times higher than for the unemployed (in 2015).

However, the dominance of pensions in contemporary welfare states manifests itself not only in government budgets but is also strongly reflected in public opinion. Survey data from the ISSP 2016, for instance, show that in most West European countries more than 50% of the population would like to see the government to spend more on old age pensions (with percentages of nearly or over 70% in many countries such as Germany, Sweden, or Spain) and even 95% of respondents reject spending reductions. More importantly, support for pensions is not only widespread, but also characterised by particularly strong attachment. Busemeyer and Garritzmann (2017) as well as Neimanns et al. (2018) compare by how much support for expanding other policies such as education drops if this comes at different costs. Notably, this support drops most drastically if a proposal involves cuts in old age pensions – more so than if it involves tax increases or higher debts.

Häusermann et al. (2020) show that if expansions in other policies come at the cost of reduced pensions – even though the expansions might principally be largely popular – reform proposals are deemed unacceptable by most respondents. Even when the cost is not a generalized lowering of old age pensions but only a lowering of maximum pension benefits (i.e. affecting a rather small and the most well-off group among the elderly), only about 35% find it acceptable to reallocate fiscal resources from pensions to good-quality childcare, to unemployment benefits or to support and training for unemployed young people.

There exist many reasons why old age pensions occupy such a prominent position in the social policy preferences of West European publics. The elderly are perceived as the group most deserving of welfare benefits in all West European countries (van Oorschot 2006). Moreover,
pensioners constitute a big and politically active group which means that a broad segment of the society has a material interest in generous pensions. Younger people know that they will benefit from pension benefits in the future. Therefore, pensions are supported not only by the traditional left but also by a considerable amount of right-wing voters due to its characteristic as safeguarding against a life-course risk (Bonoli 2000; Jensen 2012; Pierson 2001). Thus, in contrast to other social policies, support for old age pensions requires less solidarity but might for many people rather be a manifestation of self-interest.

3. How does the COVID-crisis experience affect solidarity?

Many studies investigating previous economic crises have demonstrated that both risks and experiences of economic hardship greatly affect policy preferences, primarily by increasing the role of material self-interest. Especially, the risk of job loss (Rehm 2009) as well as actual unemployment experiences have repeatedly been shown to result in increasing support for redistribution and social policy (Hacker et al. 2013; Naumann et al. 2016; Owens and Pedulla 2014). In this vein, Margalit (2013) demonstrates that the experience of economic hardship during the Great Recession led to higher support for welfare and redistribution, especially among ideologically right-wing voters. Moreover, Margalit’s (2013) findings corroborate the increased role of self-interest during the Great Recession by showing that the economic downturn has not only positively affected redistribution preferences of voters personally affected by an economic setback but has decreased support among the broader part of the population which was not directly affected. These findings suggest that economic crises – despite increasing demand for social policy among specific parts of the electorate – generally suppress rather than fuel people’s solidarity. Already Alt (1979) has observed that economic decline in Britain has tended to reduce most voters’ altruism. More recently, Fisman et al. (2015) have conducted identical economic experiments before and during the Great Recession and show that people exposed to the recession act in more selfish ways and place less emphasis on equality.

Aside from this direct effect of economic crises on solidarity, there are also reasons to expect an indirect pathway. Economic downturns usually restrict the fiscal leeway of the state by both increasing the cost of and demand for social security, for example because of an increase in unemployment benefit recipients, and decreasing fiscal revenues. Häusermann et al. (2019) show that people who perceive this fiscal leeway to be small and the context as difficult are less solidaristic with others and even less so with vulnerable groups such as immigrants or the unemployed. Thus, building on previous research about the effect of economic crises on
solidarity, expectations about how the COVID-crisis crisis might affect solidarity appear rather gloomy.

However, there is also reason to question whether this crisis is like any other. First of all, the economic crisis caused by the pandemic is completely exogenous. Unlike in previous crises, there is no obvious blame-attribution for this economic downturn. Which industries are hit especially hard is only weakly associated to pre-crisis performance. Moreover, the COVID-crisis affects peoples’ lives not only economically but also in various other ways. Thus, even people who are not at all at risk of losing their job have experienced the impact of the crisis first-hand. Lastly, the sheer size of the crisis means that nearly everyone has acquaintances whose economic livelihood is under severe pressure. This might be relevant since Liu et al. (2019) show that during the Great Recession not only one’s own economic experiences but also the crisis suffering of people in one’s social networks have affected preferences and attitudes – for example increased opposition to austerity. In the COVID-crisis, which is much more of a common rather than an atomized experience, consciousness for other people’s needs might increase. Indeed, Compton and Lipsmeyer (2019) emphasize the role of collective insecurity for preferences. They show that in contexts of high collective insecurity the role of self-interest diminishes.

4. Data and Methods

To investigate how social policy preferences have changed in relation with experiencing the COVID-crisis, we exploit the opportunity of a panel design implemented in the context of the ERC “welfarepriorities” project\(^1\). To understand what citizens demand and expect from the welfare state, a first cross-national survey was fielded in autumn 2018 (Häusermann et al. 2020), which in this study serves as the first wave of the panel design. The second wave stems from a survey fielded between June 4\(^{th}\) and 20\(^{th}\) 2020, i.e. a few months into the pandemic, at a time when in many countries the strict lockdown restrictions of the first wave were slowly being lifted, and the longer-term economic consequences of these restrictions started to become clearly visible. This second survey wave was specifically designed to allow an evaluation of how the pandemic-induced crisis affected social policy preferences. We chose to field it in three West European countries, namely Germany, Sweden, and Spain. These countries constitute a selection of cases as diverse as possible, since they vary both with regard to crisis affectedness and governmental reactions to the pandemic, as well as with regard to their welfare state regime (Esping-Andersen 1990).

\(^1\)www.welfarepriorities.eu.
For this second wave, only respondents who participated in the first wave were recontacted. Of the around 1500 respondents per country having taken part in the first survey wave (Germany: 1722, Sweden: 1500, Spain: 1503), slightly less than half could be both recontacted and were willing to take part in the follow-up survey (Germany: 892, Sweden: 653, Spain: 643). To alleviate potential problems of panel attrition, we use inverse probability weights to counteract the underrepresentation of young respondents and those with lower education attainment who were less likely to take part in the second survey wave.

Our main quantity of interest is the relative support respondents indicate to different areas of welfare state policy, i.e. which types of measures, benefits and services they prioritize. To measure these priorities, we implemented a point distribution question: respondents were asked to allocate 100 points to six different social policy fields, giving more points to those fields in which they consider benefit improvements more important and less points to fields where they care less about improvements. These fields are old age pensions, childcare, tertiary education, unemployment benefits, active labour market policies, and the social and labour market integration of immigrants. Answers to this question, hence, reflect not only general support or opposition to a social policy but combine support with importance attributed to a policy. This question introduces a (budget) constraint in our measure of social policy support, which is key to validly measure solidarity, as it introduces opportunity costs to the measure of preferences. In order to test how these social policy preferences have shifted after the shock of the COVID-crisis, we compare how the answers to this point distribution question have changed from the first to the second wave. This comparison unveils a massive shift away from the prioritization of old age pensions. To disentangle which respondents are driving this shift, we observe how priorities have changed over time by country, by ideology and by age groups.

### 5. Findings 1: less emphasis on old age pensions – especially among the elderly

Consistent with the existing research on this topic, the massive importance that West European publics attribute to old age pensions is strongly reflected in the survey data we have gathered in late 2018 (i.e. the first wave of the panel) (Häusermann et al. 2020). As a response to the

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2 The higher N in Germany can be explained not only by the slightly higher number of respondents in the first wave but is also due to the fact that Bilendi – the survey company – has exclusively used its own panel in Germany but resorted to partners in Sweden and Spain which made recontacting respondents more difficult.

3 We have extensively tested the consistency and validity of this measure in Ares et al.(2020), showing that not only respondents were willing and able to respond to the question, they also gave substantively consistent answers across a range of slightly varying tasks (expansion of benefits, retrenchment, policy fields, concrete policy reform proposals).
point distribution question introduced above, old age pensions emerged by far as the one policy field for which the public prioritizes the expansion of benefits. People in Germany, Spain and Sweden on average allocated more than 30 of their available 100 points to expanding this social policy. Remarkably, the number of points allocated to childcare expansion – the policy field the public deems second most important – amounts to less than 17 points. The predominant importance attributed to pensions is consistent across all countries for which we have obtained survey data.

Figure 1 shows the average number of points allocated to the expansion of six different policy fields pooled across three countries in late 2018 (darker grey) and during the COVID-crisis in June 2020 (lighter grey). We observe a severe decrease of importance attributed to expanding old age pension benefits. While in 2018, 31.6 out of 100 points were allocated to the expansion of pension, this number has decreased to 26.1 points during the COVID-crisis. This corresponds to a reduction of more than 17%. Given the extent and ubiquity of massive old age pension prioritization in 2018, this shift is extremely important, despite old age pensions remaining the overall most highly valued policy field. Old age pensions are the only policy field whose support has changed that drastically. Most other policies have gained slightly in importance from pensions – most strongly active labour market policies from 14.0 to 16.8 points. We will discuss changes in (rising) importance for other policies in greater detail below since they differ between countries and societal groups.

![Figure 1: Importance of expansion attributed to different social policy fields before and during COVID-crisis, all countries](image)

*Notes: pension=old age pension benefits; childcare=childcare services; tertiary=tertiary education; unempl=unemployment benefits; almp=active labour market policies; integr=integration of immigrants.*

*In the first wave of the panel, we also collected data from five additional countries (UK, Ireland, Netherlands, Italy, Denmark).*
Underlining the importance of this finding, the sharp decline of importance attributed to old age pensions is consistent across all countries. Figure 2 shows that this decline in pensions happened in Germany, Spain, and Sweden to a similar extent. The change amounts from 4.8 points in Sweden to 5.9 points in Germany (i.e. a drop of about 15 to 20% in every country). This uniform picture is striking given the differences not only in crisis affectedness across countries, but also concerning their welfare states. Slight differences exist concerning the extent to which pensions remain dominant compared to other social policies. While pensions are still considered the most important policy by far in Sweden, in Germany and especially Spain pensions have nearly forfeited their dominant role. The distance to the policy field considered second in importance has shrunk from 13 to five points (childcare in Germany) and from 13 to three points (ALMP in Spain) respectively.

![Figure 2: Importance of expansion attributed to different social policy fields before and during COVID-crisis, by country](image)

Notes: pension=old age pension benefits; childcare=childcare services; tertiary=tertiary education; unempl=unemployment benefits; almp=active labour market policies; integr=integration of immigrants.

Which groups of respondents drive the shift away from pensions? Is it the young who – in times of crisis and economic insecurity – become unwilling to support generous old age pensions and evaluate their self-interest differently than before? Or have the elderly become more solidaristic with the working-age population?

Figure 3 shows how the number of points allocated to old age pensions has changed for different age groups. Specifically, we differentiate between three age groups: pensioners\(^5\), middle-aged respondents aged 50 or older, who will become beneficiaries of old age pensions in the foreseeable future, and the young. The grey bar indicates the predicted number of points allocated to pensions in wave one, while the point estimate shows the predicted number of

\(^5\) To account for the fact that the retirement age is not the same in every country, we do not base classification into this category on an age threshold but on self-indication as pensioner.
points in the second wave. Importance of old age pensions has decreased in all age groups across all countries (with shifts being significant for every group except the young Swedes). More interestingly, however, the size of this decline differs strongly between age groups. More than young citizens, current and prospective pensioners have reduced their emphasis on expanding pension benefits. The biggest decrease in importance concerns current pensioners in Germany and the middle-aged groups in Spain which on average have reduced attributed importance by more than eight points.

While in 2018 the importance attached to pensions was strongly characterized by an age divide, with older voters prioritizing pensions significantly more than younger voters (very much in line with self-interest expectations), the COVID-crisis has dampened that divide. This is most obvious in Germany, where during the crisis pensioners have on average become the group emphasizing pension expansion the least (although differences are not significant). Hence, it seems that the recent crisis has increased the willingness of the elderly to support younger generations and to reduce their opposition to a certain recalibration of the welfare state.

**Figure 3: Importance of pension expansion by country and age group**

*Notes:* Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.

Now, turning from age to ideology as a predictor of importance attributed to pensions, Figure 4 shows that in 2018 in all countries people self-identifying as right-wing allocated more points to pensions than left-wing voters. This is not as surprising as it might seem on first sight, since we measure importance relative to other social policy fields. Old age pensions which insure against a life cycle risk, benefit a deserving group and are not particularly redistributive can be

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6 Predicted values for a woman with secondary education, average income, and average left-right self-identification.
expected to find more support than other welfare policies among the right (Busemeyer et al. 2020; Enggist and Pinggera 2020; Häusermann et al. 2019c).

Interestingly, the pandemic-related shift away from the emphasis on pensions is not uniform across the ideological spectrum. While in Germany mostly left-wing voters seem to have become more sensitive to other vulnerable economic groups beside pensioners, in Spain and Sweden it is rather the right-wing voters who have started to attribute more importance to benefits for other groups. In the latter two countries this almost amounts to a revolution of the conflict over pensions since the left-right divide in how much pensions are valued has nearly disappeared.

Figure 4: Importance of pension expansion by country and ideology
Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.

One could object that for the first wave of our panel we did not survey respondents directly before the start of the crisis but already in 2018, so that the changes we observe might be caused by other developments than the pandemic. Figure 5, though, reinforces our claim that attitudinal shifts are most likely caused by the recent economic shock. It shows predicted values of change in the number of points respondents attribute to pension expansion between the two waves conditional on how much respondents expect the COVID pandemic to affect their country’s economy in the future. While people not expecting the pandemic to have severe economic consequences are not at all the drivers of the shift away from pensions, this shift is strongest among respondents being very concerned about the economic ramifications.
Figure 5: Predicted change of points allocated to pension expansion from the first to the second wave by a respondent’s perception how much the COVID-crisis will affect the economy in the future

Notes: Predicted values from a linear regression with the change in the number of points a respondent attributes to pension expansion (points in wave 2 – points in wave 1) regressed on the perception of how severe the COVID-crisis will affect the economy (categorical variable). Controlled for country, age, sex, education, income, and left-right self-identification. Controls are kept at their mean. Inverse probability weight used.
6. Findings 2: more emphasis on benefits for the working population, in particular ALMP and childcare services

We have observed that the dominance of old age pensions in peoples’ attachment to the welfare state has decreased during the COVID-crisis. This begs the obvious question of which social policies and recipient groups have increased their importance in voters’ perceptions instead. For which policies has the emphasis on expansion heightened? For several policies such a shift would be theoretically plausible. Most obviously, the increased risk of unemployment caused by the crisis should have increased the self-interest of substantial parts of the working-age population in unemployment benefits. Moreover, it might have also increased the solidarity with and deservingness perceptions of the unemployed since in this crisis more than ever blame for unemployment cannot be attributed to individual responsibility (Van Oorschot and Meuleman 2014). Active labour market policies might have the additional and currently required purpose to contain the public costs of unemployment if effective in reintegrating the jobless into the labour market. In a very different vein, home-office experiences and lacking opportunities of intergenerational childcare might have raised awareness for the importance of public childcare. Moreover, it is also imaginable that the crisis has increased solidarity with immigrants as one of the most vulnerable groups in society. Lastly, we think that an increase in importance of higher education lacks a theoretical foundation.

While the decline in pension importance is clear and consistent, no uniform pattern emerges regarding the increase in importance of other policy fields. We proceed by showing the most important changes by age or left-right self-positioning, depending on the policy field.
The COVID-crisis had the biggest positive effect on support for active labour market policies. Figure 6 depicts change in the predicted number of points allocated active labour market policies by age group and country. Especially in Spain and Sweden, the surge in support for ALMP was mostly driven by the younger cohorts, i.e. the group which might benefit from these measures the most (Figure 6). However, it is not only the young but also right-wing voters (Figure 7) who particularly increased attributed importance to active labour market policies with the crisis. While support for ALMP was relatively unpoliticiized in 2018, in Spain and Sweden a slight partisan divide has opened: it seems that especially right-wing voters deem activation measures an important measure when addressing labour market problems.
Figure 6: Importance of expansion of active labour market policies by country and age groups

Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.

Figure 7: Importance of expansion of active labour market policies by country and ideology

Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.

Figure 8: Importance of expansion of unemployment benefits by country and ideology

Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.
Interestingly, while support for active labour market policies has increased on average, less change can be detected with regard to passive unemployment benefits for which support is only boosted slightly in Sweden but not in the other countries. Except for young Swedes (see Figure A2), there is no notable and significant increase or decrease in support by neither age nor ideology. However, we can detect a politicization of unemployment benefits in Germany (Figure 8). The crisis has increased the importance left-wing voters attribute to unemployment benefits but has had the reverse effect among right-wing voters.

A slight increase in support can be detected for good quality childcare services in Germany and Spain. Interestingly in terms of interpretation, Figure 9 shows that the most marked increase does not come from younger cohorts who would be most likely to benefit directly from childcare services, but from pensioners in Germany. This again serves as an example of the increased solidarity of pensioners with their younger fellow citizens and of their increased support for a recalibration of the welfare state.

Figure 9: Importance of expansion of good-quality childcare services by country and age groups

Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.
Figure 10: Importance of expansion of tertiary education and of services for the integration of immigrants, by country and ideology

Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.

Figure 10 shows change in the predicted number of points allocated to tertiary education (top panel) and services for the social and labour market integration of immigrants (bottom panel). Concerning tertiary education, almost no changes are observable. Both the level and the distribution of support across ideology remain almost identical in all countries. With regard to the importance of services for immigrants, a slight increase in support can be detected. However, this increase does not change existing levels of politicization since it occurs across the ideological spectrum and across age groups.

7. Discussion: Policy implications

This paper provides evidence on how the COVID-crisis has affected peoples’ social policy preferences and thereby the potential reform capacity of the welfare state. We find that the crisis has indeed led to shifts in the importance attributed to different policies, to new conflicts and polarization in some cases but to convergence in others. Our finding of quite sizeable shifts
in the importance attributed to specific social policies complements emerging research on the attitudinal repercussions of the COVID-crisis, which have so far detected more stability than change regarding overall attitudes towards redistribution and spending (Reeskens et al. 2020, Ares et al. 2020).

The COVID-crisis has especially polarized social policy preferences along ideological lines in Germany. Already in 2018, right-wing voters attributed significantly more importance to the expansion of pension policies than the left. During the crisis, left voters have reduced their importance for old age pensions by nearly a third, meaning that pensions have forfeited their position as the most prioritized policy among the German left. They shifted their support particularly to unemployment benefits instead. This stands in contrast to right-wing voters, who upheld their strong support for pensions and even slightly decreased support for unemployment benefits. Taking together ideology and age, we see that in Germany mostly the elderly left and centre-left voters became more solidaristic with the working population and especially its more vulnerable members. Whereas changes in Germany increased polarization, declines in the importance of pensions led to convergence along ideological lines in Sweden and Spain. While in 2018 right-wing voters put relatively more emphasis on generous benefits for the old, their turning away from pensions during the crisis has erased partisan conflict about pensions. In both countries, right-wing voters have turned primarily towards active labour market policies.

While the country context seems to influence the consequences of the COVID-crisis on social policy preference, we observe one striking similarity across all countries and (although to different degrees) across all age and all ideological groups: the importance voters attribute to pensions has declined drastically. This shift might entail far-reaching policy implications since it potentially opens up a window of opportunity for recalibrating welfare reform. In “normal times”, expansion of social investment policies and policies mitigating new social risks tends to remain blocked since pensions bind an enormous, ever increasing amount of resources and policymakers are reluctant to touch old age pensions because of political risks. As previous research has shown, even the expansion of other policies tends to be hugely unpopular if it comes at the cost of lowering old age pensions. We show, however, that the COVID-crisis has reduced the attachment of people to pensions, thereby potentially providing an opportunity for policymakers – who have strived for recalibrating welfare reforms but failed because of public opposition – to advance reform proposals. This opportunity, though, so far seems to have remained largely unnoticed by policymakers. Decisions of policymakers such as French president Emanuel Macron to postpone the hotly contested pension reform (France24 2020),
which among other things aims at financial consolidation, until after the crisis appear in a
different light given our findings that the importance of pensions has decreased.
However, it is important to stress that we do in no way claim or predict that already ongoing
but gridlocked processes with hardened fronts such as the French pension reform will suddenly
evoke no more opposition and go through smoothly. Opinions on particular reform proposals
developed before the crisis might be unshakeable and pensions obviously remain to be very
strongly supported. Rather we would expect our findings to indicate that the recent crisis might
provide opportunities for policymakers to develop new “frames” and measures such as
proposing “Corona-solidarity reforms”. Reforms aiming at assisting vulnerable groups
particularly affected by the pandemic and the concomitant economic shock might have a
greater chance to attract support even among groups which have to pay for these reforms -
groups that during “normal times” are more inclined to reject reforms running against their
material self-interest. If used wisely by policy entrepreneurs, the traumatic experience of the
COVID-crisis might therefore open up new windows of opportunity to recalibrate welfare
states.
The prospects of such recalibrating reforms, of course, not only depend on frames, but also on
the temporal sustainability of the crisis effects we showed in this paper. If the COVID-crisis
and its related economic measures had remained a time-limited “shock”, one would probably
have been very sceptical about the durability of the observed preference shifts. However, the
realization of the long-term duration and even longer-term consequences of this pandemic
might suggest more durable preference realignment at least over the coming few years.
8. References


9. Appendix

Figure A1: Importance of expansion of good-quality childcare services by country and ideology
Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.

Figure A2: Importance of expansion of unemployment benefits by country and age groups
Notes: Grey bars: Predicted number of points attributed in 2018 with confidence intervals; Red dots: Predicted number of points attributed during COVID-crisis with confidence intervals.